

## Measurement template

| Field                | Notes   |
|----------------------|---|
| Short title          | Cost of running the rail network  |
| Technical definition | <p>Two components are included for this indicator:</p> <ul style="list-style-type: none"> <li>a) Costs incurred by operators including Fixed Track Access Charges. This excludes any premia paid or subsidy received.</li> <li>b) an allocation of the Network Grant (that is, payments made directly to Network Rail).</li> </ul>  |
| Rationale            | Publishing this information forms part of the Government's wider transparency agenda. It provides information to both passengers and taxpayers, helping them to hold operators to account.  |
| Formula              | <p><u>a) Operating Costs</u></p> <p>Operating costs are taken from each operator's statutory accounts, with adjustments made for premia paid if they are included within the operator's cost estimate. For example, East Coast's statutory accounts show operating costs of £640.1m for the year ended 31 March 2011. Within this total is a premium paid to the Department for Transport of £176.3m. Therefore East Coast's operating cost excluding any premia paid is £463.8m.</p> <p><u>b) Network Grant</u></p> <p>This is calculated by taking the total Network Grant, apportioned according to each franchise's share of Fixed Track Access Charges, charged by Network Rail to run trains on the network (<a href="http://www.rail-reg.gov.uk/upload/pdf/cp4-pl-fixed_track_charges_sched_181208.pdf">http://www.rail-reg.gov.uk/upload/pdf/cp4-pl-fixed_track_charges_sched_181208.pdf</a>)</p> <p><u>Example: c2c</u></p> <p>In 2010-11, c2c accounted for 1.3% of total fixed access charges paid to Network Rail (excl First Scotrail)</p> <p>1.3% of Network Grant = £43.5m</p> |
| Start date           | October 2011  |

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| <b>Latest data</b>                     | Varies. The year ended dates to which the costs apply are included in the notes to the tables.   |
| <b>Behavioural impact</b>              | N/A  |
| <b>Comparability</b>                   | <p>Comparisons across franchises need to be made with great care:</p> <ul style="list-style-type: none"> <li>• The level of service provision varies greatly from franchise to franchise;</li> <li>• The operating costs apply to different periods, and, in the case of Southern, is not for a full year;</li> <li>• some operators may treat some aspects of costs differently; and</li> <li>• changes to franchise boundaries make year-on-year comparisons difficult.</li> </ul>                 |
| <b>Collection frequency</b>            | Annual   |
| <b>Time lag</b>                        | Varies. The year ended dates to which the costs apply are included in the notes to the tables.   |
| <b>Data source</b>                     | <p>a) Operating costs are sourced from train operating company statutory accounts. In some instances, further information concerning premia was provided by the TOCs.</p> <p>b) Network Grant data are supplied by DfT Finance. Fixed track access charges are published by ORR</p>  |
| <b>Type of data</b>                    | <p>a) Operating costs are sourced primarily from statutory accounts (which are available from Companies House)</p> <p>b) Network Grant data appear in DfT's audited published accounts.</p>  |
| <b>Robustness and data limitations</b> | <ul style="list-style-type: none"> <li>• For each operator, the latest available statutory accounts have been used. As indicated above, the periods covered by each set of accounts do not always match. Because of this, it is not appropriate to sum up each item to derive a total cost.</li> <li>• Although we have aimed to be as consistent as possible, operators may not treat all aspects of operating costs in the same way in their accounts, and so care should be taken when</li> </ul> |

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|   | <ul style="list-style-type: none"> <li>There is no recognised rule for allocating the network grant across franchises. Using Fixed Track Access Charges to allocate the grant by train operator is an appropriate rule, albeit somewhat arbitrary</li> </ul> |
| <b>Collecting organisation</b>          | <p>Who collects and/or calculates the measure?</p> <p>a) Operating costs are calculated by the operators themselves and recorded in their statutory accounts.</p> <p>b) The allocation of the Network Grant has been calculated by DfT</p>                   |
| <b>Return format</b>                    | £millions.   |
| <b>Geographical coverage</b>            | DfT franchised train operators in England  |
| <b>How indicator can be broken down</b> | By DfT franchise   |