

Regulator reveals how much it costs train companies to carry their passengers (and the results may surprise you!)

By [Daily Mail Reporter](#)

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How much it costs train companies to carry passengers has been revealed by the industry regulator for the first time, in an examination of the running expenses of operators.

The Office of Rail Regulation (ORR) has officially analysed the cost for each of the 19 companies, as part of a report which it hopes will improve understanding of expenses in the rail industry as 'it is considered by many that GB rail costs are too high'.

The report found Northern Rail - which serves Cumbria, the North West and Yorkshire - spent the most carrying a passenger one kilometre at 19.10p. East Coast, which carries passengers between London and Edinburgh, was at the other end of the scale, spending 8.09p/passenger km.

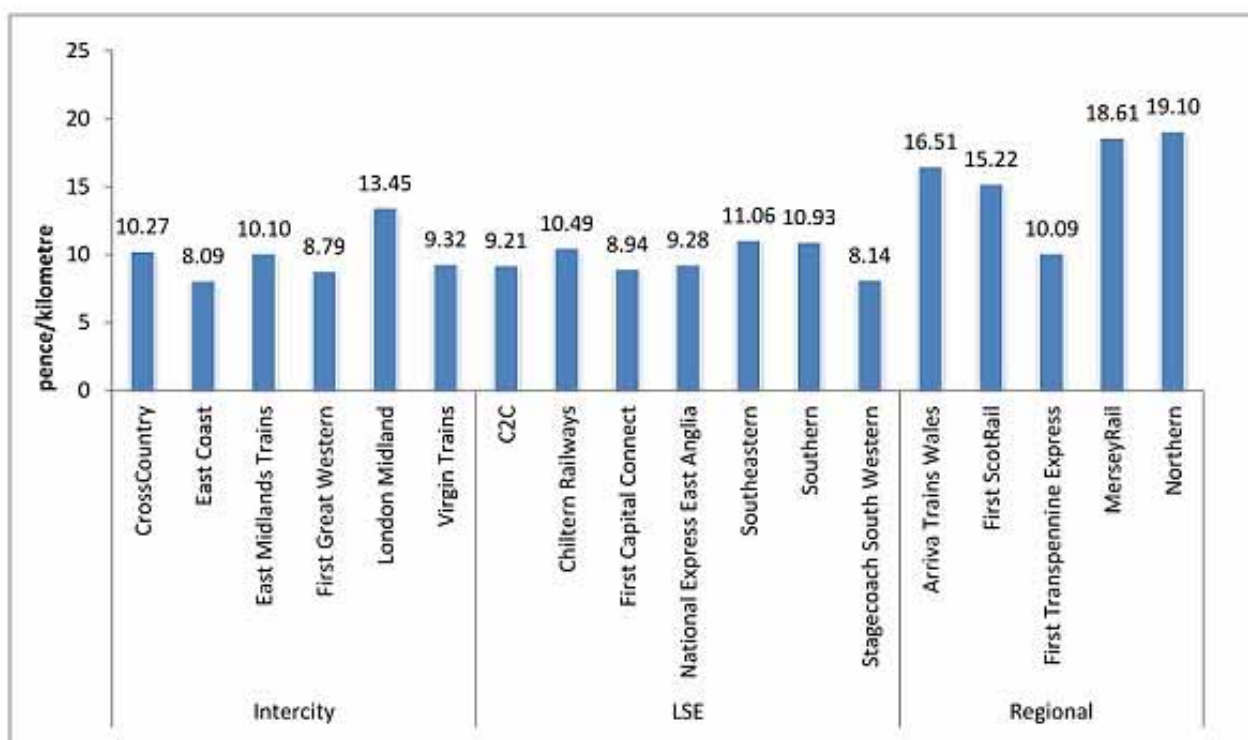


Figure 35: Total cost per passenger kilometre in 2010-11 (source: TOC management accounts/NRT)

Cost: The ORR analysed the costs of each train operator per passenger

The report divided companies into three groups - intercity, regional, and London and the Southeast - with the most costly intercity service provided by London Midland, at 13.45p per passenger km.

For London services, the highest was Southeastern trains at 11.06p per passenger km, with the cheapest Stagecoach South Western at 8.14p.

The report, Costs and Revenues of Franchised Passenger Train Operators in the UK, was commissioned to understand cost 'drivers'.

It came about following a value for money study commissioned by the Department for Transport and the ORR 'identified that UK rail industry costs could be reduced by between £2.7bn and £3.8bn per annum by 2018-19, with around 70 per cent of this reduction coming from Network Rail, and 30 per cent from the rest of the industry'.

The ORR says it expects the report will now be conducted annually and hopes it will give transparency to taxpayers, and also help operators compare their costs with others.

However, the ORR says it does not aim to establish a 'league table' of efficiency, because of the variety of 'market characteristics, franchise specifications and management policies'.

The lengthy report states that 'there is no one measure by which all TOCs [Train Operating Companies] can be compared unambiguously.



Tracked: Virgin Trains was found to spend 9.32p per passenger km

'Using costs per train kilometre makes those TOCs who travel shorter distances and stop more frequently (such as MerseyRail or Northern) seem more costly, while using costs per train hour makes high speed services (such as East Coast and Virgin Trains) seem more costly.

'Any comparison of costs between TOCs must therefore take into account their franchise characteristics and conditions in which they operate'.

A Northern rail spokesman told The Times: 'Many of our services operate in rural areas, providing lifeline services.'



Costs: The Office of Rail Regulation analysed the costs of the 19 rail companies

Earlier this year, research showed rail passengers in the UK were becoming increasingly fed up with the expense of train travel.

There was a fall in the proportion of rail passengers satisfied with value for money to 46 per cent compared with 49 per cent last year, Passenger Focus found in a national survey carried out in 2011.

Last month, Prime Minister David Cameron said that the rise in fares would be lower than expected for the next two years at RPI inflation plus one per cent.

This means that in January 2013 commuters will have to fork out for average rises of 4.2 per cent rather than the planned 6.2 per cent.

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Bike it, you'll like it.

- [Philip](#) , Bankrupted Britain, 26/11/2012 03:00

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I travel Chiltern railways each day and have to say they are superb, trains usually on time and always clean, people use the bins, whilst Chiltern staff clean them before and after each journey. I recently went on South East railways, and by contrast the trains were dirty and the passengers treated the them like a toilet, with rubbish everywhere.

- [laurencechris](#) , London, United Kingdom, 25/11/2012 14:06

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At these costs my trips to London should cost about £6 so what happens to the rest of the £24 I have to pay .?????? - Dave , Hitchin, 25/11/2012 10:44 It's called a business that is out there to make money and not cut even. Simple!

- [Will Bailey](#) , Milton Keynes, United Kingdom, 25/11/2012 13:20

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Certain roads in cities need to be closed or shared to create more bike routes. - samiam 24/11 13:40

Would these roads be RAIL roads? In fact, why don't we have cycle routes down ALL railway lines? After all, they are nice & level, just what cyclists need in our hilly country, & could bring our cycling levels up to those of nice, flat countries such as the Netherlands. Of course, the trains would have to go slower & give way to cyclists, but, then again, "Speed Kills!", so that would be a GOOD THING, yes?! Of course, there is ONE argument against this, it would inconvenience, & even slow down, the 8% of people who travel by, and 2% of journeys made by, rail. But then again, then again, the cyclists & rail fans never worry about the 92% that drive on the roads. In fact, & did I mention this, they argue that slowing travel down is safer, more economical, more efficient, greener, more sustainable.....

- [bjmann](#) , Nottingham, United Kingdom, 25/11/2012 13:11

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> > "It is a fallacy that trains are 'green'. Each carriage weighs 40 tons... < < Most weigh a lot less, but with regards load factors against energy consumption on a seat/km basis all electric trains in the UK and all but two types of diesel train are more efficient than a car is, even with load factors down to 12%. Very few services run today at below 30%..... - Denver Bronco 24/11 23:16

Does that include shunting & marshalling and going to and from depots, etc, etc? Does it also include mileage (kilometrage?!) of maintenance trains allocated per passenger? And what about the energy used by & what is) the proportion of freight trains that are carrying ballast for maintenance? And is there any allowance in the energy efficiency calculations for the fact that trains can't go round corners, or even tight bends, nor steep inclines, & so always have to go the pretty way, rather than the direct route?!?!

- [bjmann](#) , Nottingham, United Kingdom, 25/11/2012 12:57

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Drive and pollute the atmosphere. It's what they want us to do with such high prices... but the sheep keep paying! Get on a bike or drive your car for goodness sake, then they'll lower train prices. - JazzStuff, London, United Kingdom, 25/11/2012 12:09

Yes, as any fuel know, trains run off the electricity generated by the windmills on the roof of Greenpeace HQ!

- [bjmann](#) , Nottingham, United Kingdom, 25/11/2012 12:51

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From these... At these costs my trips to London should cost about £6 so what happens to the rest of the £24 I have to pay .?????? - Dave This is only one half of an article. The article should have then looked at what the rail companies charge each passenger per k/m - Foghornleghorn The actual report, Network Rail accounts for 52% of the train operator companies' (TOC) costs. Network Rail receives £3.8 billion in taxpayers' subsidies, compared to £0.2 billions for the TOCs. 70% of the billions of savings can be made by the (effectively what is really nationalised) Network Rail. Who is the real "villain"? - John S So if it costs 8.9 pence per kilometre on the East coast line, for example, why do they charge so much for rail tickets? Makem These say it all - will their points ever be looked into by a good journalist. I for one would certainly love to see something done about this part of rip of Britain

- [Beenice](#) , Derbyshire, United Kingdom, 25/11/2012 12:42

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Ooops, my 25/11/2012 12:20 comment should have read:I have a friend works in a senior position with Virgin Trains I was flabbergasted to learn that it takes only..... 24 full fare paying passengers..... in direct costs to run a train from Edinburgh to London. So why are we paying obscene monstrous fares????? - Old and wise, WHITLEY BAY, United Kingdom, 24/11/2012 13:37

Why don't you ask him what the INdirect costs are, then you'll see why they need a massive subsidy to remain viable!

- [bjmann](#) , Nottingham, United Kingdom, 25/11/2012 12:29

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"Profit seems to be a dirty word with some of you, yet it's where your wages come from." Oh dear, Mike - you seem to have a rather poor grasp of economics - profit is money made over and above costs, costs include wages, so your point is incorrect. - samiam, Reading, 24/11/2012 17:42

Really? If you

work in the public or subsidised sectors (private sector) profit IS where YOUR wages come from!

- [bjmann](#) , Nottingham, United Kingdom, 25/11/2012 12:26

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Capitalism has been a disaster in everything Thatcher got her hands on, & the railways are no exception. Instead of looking after the passengers, the new companys have looked after their director & shareholder interests instead. It is time to nationalise the railways, & add the electric & gas companys as well, then the British public, who are totally fed up of being ripped off, can enjoy decent prices if the companys are managed correctly. - Oldcogger 24/11 13:44

Except that Thatcher didn't privatise the railways, didn't even want to privatise the railways, & even voted against railway privatisation. I bet you even think that she didn't believe there was any such thing as society & we should all selfishly think of number one. In fact I bet you believe she swung the Beeching Axe & started snatching school milk too. Try doing some research instead of believing the propaganda Labour spouts to cover their posteriors!

- [bjmann](#) , Nottingham, United Kingdom, 25/11/2012 12:24

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