UK RAIL INDUSTRY – FAQs

How big is the UK rail industry?

- The UK rail industry employs more than 190,000 people, from train drivers and station staff to those responsible for managing and maintaining the network’s 20,000 miles of track. The UK rail network includes more than 2,500 stations and more than 40,000 bridges and tunnels. Every year, there are more than 1.3 billion passenger journeys, including nearly 270 million business trips.

Who is responsible for the UK rail network?

There are a number of bodies which collectively have a role in the running of the UK rail network:

- **The Department for Transport (DfT)** sets the strategic direction for the UK rail network and works with various partners to deliver major projects. It is also responsible for specifying and letting contracts to train operating companies to run franchised passenger services in England and inter-city services to and from Scotland and Wales.
- **Transport Scotland**, an agency of the Scottish Government, is responsible for letting the contract to operate train services within Scotland.
- **Train companies** are responsible for the day-to-day running of services, as well as managing most stations on their routes.
- **Network Rail** has responsibility for the management of the track and signal infrastructure, rail bridges, and for carrying out engineering work and setting speed restrictions. It also manages some larger stations.
- **The Office of Rail Regulation (ORR)** is the economic and safety regulator and is independent of the railway industry and government. It is responsible for ensuring all organisations working on the railways comply with health and safety regulations. The ORR also monitors the performance of Network Rail to ensure it manages the railway infrastructure efficiently and safely.
- **The Rail Accident Investigation Branch (RAIB)** is the independent railway accident investigation organisation for the UK and works closely with the ORR.
- **The British Transport Police (BTP)** is the national police force for the railways, which works to protect the safety of railway staff and passengers throughout England, Wales and Scotland.
- **Passenger Focus** is the independent consumer watchdog. As well as protecting the interests of Britain’s rail passengers, its role also covers England’s bus passengers outside London, coach passengers on scheduled domestic services and tram passengers. **London Travelwatch** is the independent, statutory watchdog for transport users in and around London and its remit includes rail journeys through London.

How are rail services decided?

- The vast majority of rail passenger services in the UK are contracted by the Government under the rail franchising system established by the Railways Act 1993.
- A small number of rail services provided by what are known as “open access” operators. They may identify a new market for train services not currently served by a franchise, and can apply to Network Rail for open access rights to run those trains.
• Under rail franchising, companies are involved in a competitive process to win the right to operate individual networks of varying sizes for a specified period. There are currently 16 passenger rail franchises in the UK.

• The system is designed to ensure value for money for taxpayers and provide assurance for the Government that the franchises are delivering efficiently. It allows the Government to manage the financial risks of providing train services rather than running them directly itself.

• The Department for Transport, following consultation with stakeholders, sets the requirements that the train company must meet, including:
  - the minimum number of services that the company must run
  - providing safe, clean and reliable journeys for passengers
  - giving passengers information about train times and services, including when trains are delayed or cancelled
  - a passenger’s charter setting out the level of service that passengers can expect on their rail journey and their rights

• Transport Scotland, an agency of the Scottish Government, is responsible for letting the contract to operate train services within Scotland.

• The Welsh Assembly Government (WAG) is a joint signatory with the Secretary of State for Transport to the Wales and Borders franchise for train services operating within Wales. WAG has powers to develop and fund infrastructure enhancement schemes, develop new rail passenger services, invest in improving the journey experience for rail users and fund rail freight improvement schemes.

• Transport for London and the six English passenger Transport Executives - Merseyside (not including Merseyrail), Greater Manchester, Tyne and Wear, West Midlands (Centro), West Yorkshire and South Yorkshire – also have a role in rail franchising and the long-term planning of the network in their regions. This includes a statutory right to be consulted on rail franchises in their area and a role in proposing amendments and enhancements to the franchise specification in their area.

• Franchising is used by a number of European countries, including Sweden, Holland, Denmark and Germany.

Do train companies support the way the way rail franchises are managed?

• Franchising creates a strong incentive for train companies to attract additional passengers to maximise revenue. Since privatisation, train operators have delivered 22% more services and attracted over 60% more passengers.

• However, train companies believe there are ways to improve the franchising process in order to stimulate innovation and investment – and deliver further benefits to passengers.

• A key issue is that Government over-prescribes in franchise specifications – from the detail of train timetables to the hours of opening of ticket offices.

• Train operators have called for:
  - flexibility to give passengers what they want
  - longer franchises to allow managerial focus and facilitate investment
  - a focus on quality, not just price, when awarding franchises
  - franchises to be better designed to ensure financial stability
  - train companies to have the option to take on greater responsibility for stations, depots and rolling stock
  - a mix of franchise sizes
Who decides fare rises?

- Fares are determined largely as a result of Government policy, regardless of whether they are classed as regulated or unregulated. About half of fares are directly regulated according to a formula linked to the rate of inflation. The rest are set by train companies so that they can honour financial commitments set out in their franchise agreements with the Government.
- For several years these agreements have been signed against the background of the Government’s policy to sustain investment in the railways by reducing the amount that taxpayers contribute and requiring passengers to pay more.
- The money passengers spend on fares covers around only half the cost of running the railways, with taxpayers making up the difference. Money from fares raises around £6bn a year, paying for around half of the industry’s £12bn annual costs.
- More than 80% of people travel on some form of discounted ticket. Only 2% of long-distance passengers travel on a full fare ticket.
- In 2011, the average price of a single rail journey was:
  - £3.79 in London and the South East
  - £20.92 on long distance
  - £3.37 on regional routes

Where does the money go?

- The vast majority of the money raised from rail fares goes towards paying for the cost of running services.
- The main items are track access charges levied by Network Rail, train leasing charges, staff costs, train maintenance costs, and paying for fuel and energy.
- The amount which train companies (TOCs) make as a return for their role in managing and delivering services is relatively small, and lower than businesses in many other sectors of the economy.
- The table below shows where the money goes on average for every pound in rail fares:

![Source: Association of Train Operating Companies, 2010](chart.png)

- Network Rail
- Staff costs
- Misc costs
- Leasing trains
- Fuel/energy
- TOC profits
How do rail fares compare with other modes of transport?

- Official figures from the Office for National Statistics show that rail fares have risen more slowly than other transport costs, including vehicle running costs, for more than a decade. Over many years, household disposable income has risen faster than rail fares.

What has happened to fares since privatisation?

- Fares have risen at a significantly slower rate since privatisation than during the last 20 years of British Rail. The average annual real terms increase between 1996 and 2011 was 1.3% compared to a 2.7% increase during the last 20 years of British Rail.
- The average price paid per mile is 19p – in real terms, the lowest level in five years. Season tickets, as measured by pence per mile, are now lower in real terms than at privatisation. In contrast, according to the RAC Cost of Motoring Index 2010, car travel costs £48.91p per mile.
- Sales of cheap Advance tickets have risen 80% in the last four years and the number of journeys made on Railcards has risen by 70% in the last decade.
- The perception that rail fares are too high is partly driven by the most expensive, fully flexible Anytime fares on long distance routes. However, only around 2% of journeys are made using these fares.

How do passengers find cheap tickets?

- Book early
- Avoid busy times of the day
- Use a Railcard - young people, the over 60s and families can get a third off most tickets
- Go to the National Rail Enquiries website, run by and paid for by train companies, which has up to date information on all the best deals and a Cheapest Fare Finder