

Regulator's rail finance report highlights impact of pandemic

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The Office of Rail and Road (ORR) has published its annual report on the rail industry's finances for 2019-20.

The Rail Industry Finance (UK) 2019-20 report shows the income, expenditure, and government funding of the UK rail industry for the financial year 1 April 2019 to 31 March 2020, together with an update for the impact of the coronavirus (Covid-19) pandemic.

The main points include:

- As a whole, the industry in 2019-20 cost £20.2bn, which was funded through fares and other passenger income (£11.6bn), government (£6.5bn) and other sources (£2.0bn).
- Fares income in 2019-20 dropped by 1.1% to £10.4bn, largely due to the impact of Covid-19 in March.
- Government funding of the operational railway increased by 45.2% to £6.5bn, largely due to the planned increases in Network Rail's funding at the start of control period 6 (CP6), but also due to the impact of Covid-19.
- Industry costs were £20.2bn in 2019-20. This represents a £0.8bn (4.0%) annual increase, largely due to increased infrastructure operating and maintenance costs (£0.4bn), and increased rolling stock leasing costs due to the introduction of new trains (£0.4bn).

The impact of Covid-19 on the rail industry in 2020-21:

- Passenger journeys started to decline from the beginning of March 2020 and by the end of Q1 (1 April to 30 June) had dropped to as low as 5% of normal levels. Income from fares in 2020-21 Q1 was £184m, £2.5bn (93.1%) lower than 2019-20 Q1.
- As a result of the reduction in passenger and other income, governments have increased financial support to maintain train services. Department for Transport payments to train operators between April and June 2020 was £2.0bn. This is higher than the £1.2bn of government funding for franchised passenger operators during the whole of the 2019-20 financial year. These numbers are not finalised and could change.

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