



## Train Operating Companies' pandemic profits top £300 million and show industry leaking cash for dividends

Management fees have been published for the Train Operating Companies (TOCs) under their contracts with the DfT for the period from April to September 2021.<sup>1</sup>

This supplements existing data for the period from March 2020 at the beginning of the pandemic, to March 2021. These management fees represent the TOCs profits, available to be turned into dividends for their owning groups.

While this latest data is still 18 months out of date, it is the latest data available because the contractual profit margins for the TOCs are now almost all set at 1.5%, it gives an indication of the scale of the profit extraction that has taken place since the pandemic and the scale of that which can be expected going forwards.

Using the data we have, we can forecast that by September 2022, train operating companies are likely to have made £310 million in profits, all of which is available to be turned into dividends, with the Secretary of State's approval. By September this year, that is likely to be in excess of £412 million (Table 1 below).

**Table 1: Total Train Operating Company Profits<sup>2</sup>**

Payment period	Total TOC profits
March 2020 to September 2022	£310,649,333
March 2020 to September 2023	£412,684,667

Aggregate staff costs for the TOCs in the national rail dispute last year were £2,917,000,000.<sup>3</sup>

That means that the profits made by the private sector TOCs (excluding Northern and LNER) during the pandemic between March 2020 and September 2022 would have funded a pay rise of 10.6% in 2022 for TOC staff in the dispute (including those of Northern and LNER).

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/124137/ema-and-erma-performance-scores-and-fees.ods](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/124137/ema-and-erma-performance-scores-and-fees.ods)

<sup>2</sup> Source – calculations from Table 2 below.

<sup>3</sup> [Table 7223 – Franchised Passenger Train Operator Finances by Franchise\(latest year\) | ORR Data Portal](#)

**Table 2: Profits from management fees under EMAs, ERMA's and NRCs, March 2020 to September 2023.**

	Management fees under EMAs (2% profit)	Management fees under ERMA's (1.5% profit)	Management fees under ERMA's and NRCs 1.5% profit)	Projected fees for September 2021 to September 2022		Projected fees for September 2022 to September 2023	
				Sept 21-April 22	April 22-Sept 22	Sept 22-April 23	April 23-Sept 23
Train operator	March 2020 - Sept 2020	Sept 20 – March 21	April 21 – Sept 21	Sept 21-April 22	April 22-Sept 22	Sept 22-April 23	April 23-Sept 23
Chiltern <sup>i</sup>	£1,885,000	£1,329,000	£1,540,000	£1,026,667	£1,026,667	£1,026,667	£1,026,667
Cross Country <sup>ii</sup>	£5,386,000	£2,443,000		£2,443,000	£2,443,000	£2,443,000	£2,443,000
East Midlands	£4,798,000	£3,007,000	£2,577,000	£2,577,000	£2,577,000	£2,577,000	£2,577,000
East Anglia	£6,169,000	£4,627,000	£3,728,000	£3,728,000	£3,728,000	£3,728,000	£3,728,000
Essex Thameside (c2c) <sup>iii</sup>	£1,428,000		£1,224,000	£816,000	£816,000	£816,000	£816,000
South Western <sup>iv</sup>	£10,033,000	£8,192,000		£8,192,000	£8,192,000	£8,192,000	£8,192,000
Thameslink, Southern and Great Northern	£17,831,000	£13,117,000	£10,160,000	£10,160,000	£10,160,000	£10,160,000	£10,160,000
TransPennine Express <sup>v</sup>	£2,876,000	£2,454,000		£927,000	£927,000	£927,000	£927,000
West Coast Partnership	£11,313,000	£5,819,000	£6,545,000	£6,545,000	£6,545,000	£6,545,000	£6,545,000
West Midlands	£5,187,000	£2,430,000	£2,855,000	£2,855,000	£2,855,000	£2,855,000	£2,855,000
Great Western <sup>vi</sup>	£13,911,000	£13,706,000	£11,748,000	£11,748,000	£11,748,000	£11,748,000	£11,748,000
South Eastern <sup>vii</sup>	£7,973,000	£7,973,000	£14,350,000	£0	£0	£0	£0
TOTAL	£88,790,000	£65,097,000	£54,727,000	£51,017,667	£51,017,667	£51,017,667	£51,017,667

Source:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1124137/ema-and-erma-performance-scores-and-fees.ods](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1124137/ema-and-erma-performance-scores-and-fees.ods)

## Notes to table 2:

<sup>i</sup> Data for Chiltern covers the period from 01 April 2021 to 31 December 2021 after which the operator moved to a National Rail Contract (NRC) from 01 January 2022 and will have a single evaluation for the period January 2022 to March 2023. Chiltern's 6-month fee for September 21 onwards is calculated by dividing its fee for a 9-month period by 9 and multiplying by 6.

<sup>ii</sup> Cross Country will have an annual ERMA performance evaluation for the period April 2021 to March 2022. Cross Country' fee for September 21 onwards has been calculated based on its last reported ERMA fee for 6 months.

<sup>iii</sup> The c2c Essex Thameside ERMA was in place from September 2020 to July 2021 and the operator's performance scores and fees and the management fee cover this period. The operator moved to a National Rail Contract (NRC) from July 2021 and will have an annual

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NRC evaluation for the period July 2021 to March 2022. To calculate a potential fee for c2c for September 21 onwards, we've divided the fee received for the period of 10 months September 2020 to July 21 and multiplied by 6.

<sup>iv</sup> South Western moved to a National Rail Contract (NRC) from May 2021 and will have an annual NRC evaluation for the period May 2021 to March 2022. Their fee is calculated using their last ERMA 6-month fee from Sept 2020-April 2021.

<sup>v</sup> TransPennine Express moved to a National Rail Contract (NRC) from May 2021 and will have an annual NRC evaluation for the period May 2021 to March 2022.. Transpennine Express's 6- month fee for September 21 onwards is calculated by looking at its ERMA fee for the period September 2020-March 2021.

<sup>vi</sup> First Greater Western's EMA which carries a 2% management fee, continues to be extended until March 2023.

<sup>vii</sup> Southeastern was on an EMA with a 2% management fee until it was nationalised in September 2021 so its profits from this point onwards are rolled back into the DfT and are accordingly discounted for these purposes.