Department for Transport

A Railway Fit for Britain's Future

Government Response

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November 2025

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Department for Transport

A Railway Fit for Britain's Future Government Response

Presented to Parliament
by the Secretary of State for Transport
by Command of His Majesty

November 2025

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Foreword

Declining public trust and pride in today's railway are symptoms of a system which has lost sight of the very people and customers it is meant to serve. A railway that, for three decades, has been focused on contracts and codes rather than the needs of its customers and taxpayers.

Britain deserves a railway fit for its future. One that restores a lost sense of pride and rebuilds the trust of each and every one of its passengers, with a relentless focus on their needs and the growth of their communities. As Transport Secretary, delivering this change is one of my top priorities. This vision is already becoming a reality as we bring more operators back into public ownership. But the outdated model of franchising and structural fragmentation still inhibits how the railway is run.

To fix this, we will introduce a new Railways Bill to fundamentally reform the sector and establish Great British Railways (GBR) as its directing mind.

GBR will deliver the leadership and long-term strategic thinking the sector sorely needs. There will be no more red tape or contracts to hide behind: GBR will be unambiguously accountable to its customers for the service it provides. It will have clear targets on service performance and quality it must meet, and real consequences where it does not. The new streamlined and simplified structure will make it easier for GBR to take decisions that reflect the needs of the passengers and communities it serves, while also maximising the economic and environmental benefits from opportunities such as rail freight. Our reforms will also enable staff to get on with delivering a better railway for all users, ensuring the benefits of their hard work can truly be realised.

These structural changes will provide the foundations for a transformed sector. This means passengers up and down the country will once again be able to rely on our railway, knowing that their interests are firmly at its heart, and feel the benefits through improved performance, reliability and value for money.

Importantly, they will also deliver a railway which can maximise the social, economic and environmental value of every pound passengers pay and taxpayers invest. This means a railway that puts its customers first, that connects families and friends, and that supports the diversity of Britain's economy, from tourism to steel, banking to housebuilding. A

railway that reduces congestion, keeps supermarket fridges stocked and contributes to cleaner air.

The Government's Plan for Change requires a high performing railway to drive economic growth and support the creation of new jobs and new homes. GBR will improve reliability, generate better usage of our trains and reduce public subsidy.

The views received from passengers, industry stakeholders, and taxpayers on our public consultation have been fundamental in shaping the Railways Bill and putting our railways back on track. This Government Response sets out our final plans for this landmark legislation, taking us one step closer to delivering a railway fit for Britain's future, and one that we can all be proud of.

Rt Hon Heidi Alexander MP

Secretary of State for Transport

Our vision: a railway fit for Britain's future

This year marks 200 years since the birth of the modern railway. We rightly reflect on the railways as a core part of our national identity; a British technological revolution which supercharged growth, drove opportunity, and brought the country together in a way never possible before. Today those images of steam and steel, progress and new horizons, have faded to delay, dysfunction and decline. Britain deserves better.

As this government presses ahead with a decade of national renewal, our reforms will ensure the railway is once again a source of pride. We will deliver a reliable and efficient railway that gives passengers and taxpayers a better deal, driving the economic growth this country needs to raise living standards and investment in our public services. A railway that connects communities up and down the country, providing people with greater choice about where they work and spend their time. A railway that keeps goods flowing, ports bustling and reduces congestion on our roads.

We have taken that mission seriously from the beginning. On day one of the new Parliament, we brought forward the Passenger Railway Services (Public Ownership) Bill, paving the way for a railway that, after three decades of privatisation, puts the public first. Services from South Western Railway, c2c and Greater Anglia have already come into public ownership under this legislation, and by the middle of next year 80% of passenger journeys the department is responsible for will be made on a publicly owned service. Despite public ownership delivering this platform for change, our ability to deliver true reform remains hampered by a railway still rooted in the failed franchising model. It is a model which has instilled spiralling taxpayer subsidy, vague accountabilities and poor democratic oversight over how decisions are made. It has left behind a culture focused on regulation over delivery, where staff are confronted by a myriad of contracts and regulatory hurdles to make even simple decisions in the best interests of customers. That is why, earlier this year, we consulted on the legislation that will pave the way for the fundamental reform the sector desperately needs.

Great British Railways (GBR) is at the centre of these plans. A new publicly owned company that will be at the core of the reformed rail industry, it will unite responsibility for providing safe and reliable passenger services with efficiently managing infrastructure as a critical UK asset. GBR will usher in a new, agile, and commercial industry structure, charged with delivering the Transport Secretary's agenda, from improving performance and growing revenue, to unlocking new house-building opportunities and increasing the use of rail freight.

At the same time, we will deliver a democratic and common-sense approach to running and regulating the sector. The layers of bureaucracy and unnecessary burdens that have taken hold since privatisation will be stripped back. The new model will provide true democratic accountability and cement a better approach to running the railways, with the focus squarely on customers. With GBR at their heart, our plans will deliver on the Transport Secretary's six objectives for a reformed railway – *reliable, affordable, efficient, high quality, accessible,* and *safe.*

- *Reliable* – by bringing the management of track and train together to improve performance, with GBR managing day-to-day operations and taking long-term decisions in the public interest.

- *Affordable* – ensuring the railway works for both passengers and taxpayers to deliver financial sustainability and value for money, with clear oversight of fares by the Transport Secretary and safeguarding of railcards.

- *Efficient* – by doing away with more than a dozen existing rail bodies whose functions will move into GBR, reducing duplication and ridding the sector of the current fragmented web of interfaces and competing interests.

- *High quality* – with a powerful watchdog to champion passengers' interests, equipped with tough powers to investigate issues, settle disputes, and highlight where improvements for all passengers can be made.

- *Accessible* – maximising integration across the whole rail network so that disabled, and all other passengers get a safe and reliable service while removing barriers and delivering accessibility improvements in a more joined-up way.

- *Safe* – ensuring everyone feels safe when travelling on the railways while preserving our world-leading culture of rail safety, with oversight by the Office of Rail and Road (ORR).

This government has set a clear ambition for our railways: to make them fit for Britain's future. From the millions who use the network to travel every day, to the thousands of suppliers – big and small – whose businesses keep the railways on track, the need for fundamental reform is clearly recognised. Bold, decisive action is needed to fully unlock the potential of our railway and drive forward the government's missions to **kickstart economic growth, break down barriers to opportunity,** and **make Britain a clean energy superpower**.

Informed by thousands of consultation responses, this document sets out the legislative changes that will unlock that transformation and provides the government's detailed response to the feedback we have received.

The railway today

The need for reform

Today's railway simply cannot deliver the improvements its customers and taxpayers rightly expect to see. Despite the best efforts of those working on the front line, the contractual nature of our railway, the vacuum of leadership and absence of true accountability means our railway has lost sight of the needs of those it serves. And the result is clear: customers and taxpayers are getting a bad deal for the fares they pay and the billions they invest.

Overcrowding, delays and cancellations are an all too familiar story for millions of passengers day-in-day-out, with a fares and ticketing system that is difficult to navigate for even the most seasoned travellers. The consequences of this are not just measured in time lost or money wasted. Every time the system fails to deliver means yet another family dinner put on hold; a medical appointment missed; or a business meeting cancelled. The railway can't make the changes customers and taxpayers rightly deserve to see without legislative reform.

Driving this failure is a model which for three decades has prioritised extracting dividends over reinvestment and public service. It is a model which has fragmented the sector across more than 17 different organisations, with hardworking staff forced to go from pillar to post to try to get the best results for passengers within a system that is fundamentally not set up for them to succeed. It incentivises rigid and siloed thinking, a deeply embedded adversarial culture and results in an entire sector unable to seize new opportunities to drive genuine change – meaning improvements are hard to embed even when there is agreement they are needed. The country saw these effects most acutely in 2018, where the absence of clear accountability and inability to manage systemic risks meant that the May timetable collapsed, triggering chaos and misery for the travelling public on a huge scale. Even when train operators were delivering profits, the old franchising model meant that much of this money was handed over to shareholders rather than being reinvested back into the system.

This broken model has been embedded over the years within an increasingly complex regulatory system, with each iteration consolidating a structure which delivers conflicting accountabilities and unclear leadership, ultimately selling customers and staff short. Excessive red tape blocks innovation before it can even begin and an engrained culture of blame when things go wrong prevents real change and improvement. But despite these

huge challenges, up and down the railway there are examples of staff delivering genuine improvements for customers; we want to create a rail system that supports these efforts, making them the rule not the exception.

Blame game

Conflicting priorities, complex contractual relationships, and a lack of clear accountability have resulted in the allocation of resource and effort towards identifying who is to blame when things go wrong. For example, a 2020 report found that Network Rail and Train Operating Companies (TOCs) were employing hundreds of full-time staff to establish who should cover the cost of delays, leading to inefficiency for both users and government.

GBR will provide a clear point of accountability for performance, doing away with the adversarial nature of the current system and focusing on getting the best possible outcomes for passengers and freight customers.

How many rail sector bodies does it take to change a lightbulb?

At most stations, TOCs are responsible for maintenance (including changing light bulbs) while repair responsibility sits with Network Rail. When a faulty light is reported, the TOC sends out its contractor to investigate what has happened. If the contractor determines that the fault is not due to a blown bulb and instead requires a repair, the TOC contractor will report back to the TOC, who will let Network Rail know. Network Rail will then send out its own contractor to repair the issue. This system results in additional cost (due to multiple contracts) and worse customer experience (the light takes longer to fix). In future, GBR will be responsible for asset management activities at most stations, taking a cost efficient, joined-up approach to station asset management.

Making the most of the Railway

On the busiest parts of the network, demand is high, space is tight, and choices really matter but today's system doesn't plan for that. On major national routes like the East Coast Main Line, timetables are often built by trying to piece together layers of past decisions and contractual rights. This means even when a timetable can be agreed, it may not make full use of upgraded infrastructure or reflect how travel patterns have changed since the pandemic.

For example, many passengers interchange between services at Guildford when travelling from Reading towards London. Fragmented planning and contractual rights have resulted in no consideration of the timing of that interchange, with connections often only passenger-friendly by chance at times of disruption. An effective interchange would not only improve the experience of the many passengers that make this journey each day, but also encourage more people to use the railways, increasing revenue, reducing congestion on the local road network, and supporting the government's net-zero goals.

The establishment of GBR gives us a chance to realise this in the future. GBR will be able to shape timetables with the whole network in mind. It will honour existing rights but it *will* allow smarter decisions about how new services are added, what trade-offs are

worth making, and how to build a railway that runs more reliably, carries more people and goods, and delivers better value for the country.

Leaves on the line

Where trains are delayed due to leaves on the line, Network Rail is usually responsible for paying the related performance penalties and other associated costs. Train operators therefore have little incentive to fit additional sanding equipment on their trains that would help reduce the problem of leaves on the line and improve performance.

By bringing together track and train under GBR's leadership, the misaligned incentives which prevent customer focused decisions being taken will be removed. Instead, GBR will focus on whatever delivers the best service for all customers.

We regret to inform you…

Passengers have become all too familiar with announcements that their train has been cancelled at the last minute due to a shortage of staff. This is because train operators currently have little incentive to plan how to staff services for the long term and no single body is responsible for training and developing train staff at a strategic level. GBR will be able to take long-term decisions focused on passengers, not profit – including creating more flexible and resilient workforce plans to cut down on cancellations.

The power you're supplying (it's not electrifying)

The programme to electrify the Great Western Main Line by 2017 was delivered significantly over budget, three years behind schedule, and ultimately de-scoped. The National Audit Office was heavily critical of both the Department for Transport and Network Rail, describing a lack of joined up thinking during the project. Despite the project being de-scoped, it was still £1.2 billion over budget, and that bill was picked up by the taxpayer.

Integrating responsibility for the railway will mean GBR will oversee all aspects of a project like this and be the one body ultimately accountable for its delivery. It will be able to take a more joined-up approach to planning major improvements.

What's in motion

The government has already made major steps in its rail reform agenda. We have acted swiftly to pass the Passenger Railway Services (Public Ownership) Act, which will enable us to bring all franchised passenger services into public ownership by October 2027. Shadow GBR continues to bring together the leaders of the publicly owned railway (the Department for Transport, Network Rail and the DfT Operator) to start to unlock the benefits of integration between track and train. We have also already begun putting passengers back at the heart of our railways again. Latest performance data can now be found at over 1,700 stations, reflecting a new era of transparency and accountability to help rebuild passengers' trust and drive-up performance. Passengers across Greater Manchester and the West Midlands will soon join many stations in the South East, benefiting from a simpler way to travel as the rollout of pay-as-you-go ticketing promises to transform the customer experience. Passengers can use their tickets on another publicly owned operator at no extra cost during disruption and are now able to make cheaper

journeys with expanded availability of advanced fares across LNER, Northern and TransPennine Express.

While public ownership and Shadow GBR provide a solid platform to make changes now, the need for deeper structural reform means there is a limit to the progress we can make without further legislation. Without reform, taxpayers would continue to be left with the absurd reality of footing the bill for a railway they own and pay for being fractured across 17 different industry bodies. The current system is fundamentally not set up to work together to best serve the needs of local communities, passengers and customers. Wholesale reform is needed and that is what this government will deliver.

Our plan for change: a new Railways Bill

The legislative framework that has built up since privatisation is a complex web of rules and requirements, beginning with the Railways Act 1993.

The government will change the fundamental basis of that Act to create GBR and deliver the necessary changes to support a predominantly publicly owned and operated network. The Railways Bill will provide the legislative foundation for a transformed rail sector structure. Our reforms will sweep away much of the complex, bureaucratic, and outdated web of regulations and requirements introduced since privatisation and create a more agile sector with the right culture and incentives. It will be rooted in the public interest, balancing the need for a streamlined sector with the Transport Secretary's six key objectives, with a particular focus on ensuring our railways are safe and accessible for all.

For any transformation this significant, it is vital the transition is as smooth and efficient as possible for passengers, freight customers, and businesses. As a result, arrangements will be provided for in legislation to ensure a safe and smooth transition to the GBR model that works for the sector.

A new industry landscape

The Railways Bill will consolidate functions currently spread across at least 17 different industry bodies into GBR. This will include – among others – responsibility for passenger services, infrastructure management, decisions on the use of network capacity, supporting functions currently performed by the Rail Delivery Group (RDG), and ownership of the customer experience.

This will mean that, after decades under a fragmented model, there will be a single body accountable for the overall performance of the railway and the experience of its customers. This in turn will drastically reduce duplication of regulation and process, increase purchasing power and economies of scale, and make it easier and cheaper to plan maintenance, renewals and upgrades. Meanwhile, the wider sector and supply chain will benefit from fewer interfaces to navigate, clarity of direction, and greater long-term certainty.

Similarly, we want to have a more rational and streamlined framework for setting technical standards on the railway that weighs up the cost to taxpayers and passengers against each benefit. We are pursuing this outside the Railways Bill and will consult on proposals in due course.

A new directing mind

GBR will be at the core of the reformed railway. It will bring together responsibility for track and train under a single organisation, planning and running the railway as one connected system, and delivering benefits for passengers, freight customers, and taxpayers. It will operate the railway in the public interest, running publicly owned passenger services and managing access to the network in line with its duties and strategic direction set by Ministers. It will drive and deliver efficiencies, be incentivised to grow revenue, and make decisions with a long-term, whole-system financial perspective.

Setting direction

GBR's purpose as the directing mind for the railways in Great Britain will be established in the Railways Bill through the provision of a clear set of statutory functions. GBR will be subject to a streamlined set of general statutory duties which will apply across the breadth of its statutory functions, thereby establishing how GBR will deliver on its purpose as the directing mind. These general duties will also apply, where relevant, to the Transport Secretary, the ORR, and Devolved Ministers to ensure consistency across the system. This will include duties relating to passengers and accessibility, freight, performance, and the public interest. A new access framework will also be established in law, enabling GBR to take access and charging decisions.

GBR will be steered by the objectives and outcomes set by the Transport Secretary via a new Long Term Rail Strategy (LTRS), and by Scottish Ministers within the Scottish Government's Rail Strategy. The Railways Bill will set out a new Periodic Review (PR) funding process, under which the Transport Secretary and Scottish Ministers will set a Statement of Objectives and will sign off GBR's Integrated Business Plans. The Transport Secretary (as the funder of GBR's infrastructure in Wales) will be required to consult Welsh Ministers in the preparation of both the LTRS and her Statement of Objectives to ensure Welsh Ministers have an opportunity to influence GBR's objectives in Wales and promote alignment with their objectives for Transport for Wales (TfW).

While Ministers will set its overarching objectives and strategic direction, GBR will be an empowered organisation with the independence and expertise to balance customer, planning, and operational needs. It will be a commercial and agile company. Where consistent with its objectives and duties, it will be able to seek out opportunities that deliver benefits for customers and reduce costs to the taxpayer. GBR will be incentivised to deliver wider social good, balancing its objectives and available funding to achieve wider benefits such as housing, net zero and regional growth across the country.

A further benefit of consolidating accountabilities under GBR is an industry that is more responsive to local priorities. GBR will collaborate with local partners to bring decision-making as close to communities as possible. It will work in partnership with Mayoral Strategic Authorities (MSAs), enabling genuine local influence and control to support multimodal integration and the development of local public transport networks. Legislation will play a role in ensuring that national and local strategies are factored into GBR decision-making. GBR will also be required to consult Devolved Governments and MSAs on certain significant changes to rail passenger services, have regard to their transport strategies and share certain information.

Integrating track and train locally

GBR will be structured to focus on delivering for its customers locally. Business Units will be the powerhouse of the organisation, bringing together today's infrastructure management functions provided by Network Rail, and passenger operations currently led by TOCs into a single local team, providing a locally focused 'face of the railway' and managing track and train together. This will provide a single point of leadership for local stakeholders and devolved leaders, as well as enabling the development of local initiatives to encourage more people to use the railway.

To fulfil the government's vision of GBR being a 'directing mind', some functions will need to sit centrally in the organisation. This will provide a whole system approach that ensures the government's outcomes are delivered and maximises value from the system. GBR's Network organisation will take on this role and have overall accountability for railway outcomes. It will set the strategic, planning and financial frameworks that its Business Units will operate within, aligned to the LTRS set by the Transport Secretary.

The Network will deliver nationally co-ordinated initiatives to drive customer satisfaction, patronage and revenue growth, and house GBR's Strategic Freight Unit. A new strategic system operator function will administer GBR's Access and Use Policy (AUP), lead the industry timetabling process, and drive integrated system-wide decision making. It will also manage GBR's finances in line with the framework set by the government and provide direction to Business Units on business planning and financial management.

Streamlining regulation

GBR will be accountable for the performance of the railway. It will have clear targets and will be held to account for delivery first and foremost by its Chair and Board. The Transport Secretary will appoint the Chair and will have a role in shaping the Board to ensure it is equipped to deliver this vision.

GBR will operate under a streamlined regulatory framework that recognises its unique position as a publicly owned company managing the rail network in the public interest. It will be subject to a single, streamlined licence covering its activities across all its assets. This will be issued by the Transport Secretary and will comprise a targeted set of conditions focused on the key outcomes expected of GBR – particularly around passenger experience, industry obligations and standards that GBR must fulfil or facilitate. The licence will be independently enforced by the ORR. The Passenger Watchdog will monitor compliance with consumer standards made binding on operators via licence conditions. GBR's draft licence will be subject to public consultation. We expect to consult on a draft version of the licence following the introduction of the Railways Bill, and for it to be finalised once the legislation has received Royal Assent.

We are clear that getting best use of the network must be driven by the people who own and maintain it, those who can prioritise and adjust capacity in the best interests of all users of the railway. Therefore, GBR will take on the decision-making responsibilities of overseeing access to and use of the network and how much operators who use it pay to access it. It is essential that decisions are made within a clear and transparent framework and that GBR is held accountable for sticking to it. That is why legislation will establish the ORR as an appeals body, ensuring GBR's capacity allocation, access and charging decisions are in line with its duties, and that GBR has had the appropriate regard for

interventions from Ministers (such as guidance) and its own published AUP. The ORR will advise the Transport Secretary and Scottish Ministers on GBR's financial settlement, awarded via the new PR, and will continue to regulate the whole industry, including GBR, for health and safety. It will continue to oversee licensing of all non-GBR entities, as it does today.

Establishing GBR

The establishment of GBR is complex, bringing together a number of TOCs, the DfT Operator, Network Rail and parts of the RDG. We intend to amalgamate the DfT Operator, its TOC subsidiaries, and parts of the RDG into Network Rail's group structure. This will avoid making the establishment of GBR dependent on highly complex transfers of Network Rail's historic assets to another body, which would cause unnecessarily delay.

GBR will be a new organisation, with a new culture and mindset from the very beginning, drawing in a greater diversity of skills and experience from the sector and beyond. We are committed to making GBR an employer of choice, where working on the railways is not just a job, but a career people take pride in.

Derby will become the heart of our rail network as the home of GBR. The national headquarters will bring high-skilled jobs to a city already brimming with rail industry talent. Derby already has well-established connections with the rail industry, supply chain and customers, as well as an extensive local cluster of private sector rail businesses. Existing centres of excellence across the network, including Birmingham, Manchester, London, Milton Keynes and York will serve as hubs for decision making and industry leadership.

Putting passengers back at the heart of our railways

We know passengers want a reliable railway that delivers value for money and a quality service. GBR will, therefore, place a relentless focus on passenger experience, guided by its statutory duties and incentivised to grow its revenue by providing a service that all passengers want to use. The new, streamlined regulatory framework will give GBR the freedom to own the overall customer offer, while ensuring the right mechanisms are in place to hold it to account on passengers' behalf if it falls short. The Railways Bill will just be the start of embedding this relentless passenger focus within GBR. Work is already underway to ensure that delivering for passengers is also central to GBR's culture and organisational design.

An independent voice for passengers

A strong advocate is needed in a reformed railway to ensure the passenger's voice is heard at every step and that GBR consistently delivers excellent services. Legislation will pave the way for a powerful passenger watchdog to be established from Transport Focus to champion improvements across rail services. It will protect and advocate for all passengers' interests and rights, offer advice, ensure the continued provision of Alternative Dispute Resolution service (ADR) for unresolved passenger complaints and independently monitor passenger experience, holding operators to account and reporting on its findings publicly and transparently. This will bring roles and functions currently split across the ORR, Transport Focus and the Rail Ombudsman (RO) into one place, simplifying the consumer landscape and making it easier for passengers to navigate, while preserving the expertise these bodies have built up over many years.

GBR is expected to succeed in delivering for the passenger and will have every incentive to do so. If it does not, the watchdog will have tough investigation powers, and will be able to demand data and information from GBR and other operators to expose issues where passengers feel they are being let down. This could help highlight – for example – a pattern of defective ticket machines, persistent issues at particular locations or routes, failures to provide information during disruption, or common issues faced by passengers on complex fares and tickets.

GBR and the government will be expected to consider the watchdog's advice when making decisions, writing policies, and setting strategies which affect passengers. In some cases, there will be a legal obligation to consult the watchdog. That means when decisions are made, passengers will have an independent voice fighting their corner, ensuring a continued provision of an independent service to help passengers pursue unresolved complaints when they are unsatisfied with GBR or another operator's response.

In line with consultation feedback, the watchdog will also have the ability to set and monitor passenger experience standards which are conferred on operators through consumer licence conditions. This will mean it can amend or develop guidance and codes of practice in the areas of accessible travel policies, passenger information, complaints and delay compensation, ensuring it is equipped to drive forward improvements for all passengers. All operators, including GBR, will be required to meet these minimum standards and the watchdog will be able to escalate issues to the ORR for enforcement action where necessary.

Simplifying fares & ticketing

The current landscape of fares and ticketing is overly complex and has lost the trust of passengers. With 55 million fares available, it can be hard to know what ticket to buy, how to buy it, whether it will be accepted, and whether it represents the best value for money. This is partly the result of the historic, fragmented approach to the railways – where the ticket offer was more reflective of how the multitude of private operators preferred to receive their revenue, than of how passengers preferred to travel. For example, between Coventry and Birmingham, passengers face five different ticket options for a day return, and it can be unclear which tickets are valid on which services.

We are already making progress on improving this for passengers – including with the expansion of Pay As You Go schemes across the country and the success of fares trials on LNER services, and public ownership is already helping to reduce confusion for passengers. For example, when disruption occurs, it has not always been clear if passengers can use their ticket to hop on an alternative train. We have made it easier for tickets to be used interchangeably across some publicly owned operators.

Once GBR is established we will be able to go further and faster. GBR will consolidate the 14 existing operator websites into a single online platform that will compete alongside independent retailers. GBR will also be empowered to build on the reforms highlighted here to strip back the fragmentation created by franchising to deliver a fares system that is easy for all passengers to navigate and reflects how they want to travel.

A railway that is accessible for all

All too often, the railway has fallen short in delivering the services and assistance that disabled passengers rely on. This must change. The government recognises the importance of an accessible network and has clearly named accessibility as one of the Transport Secretary's six key objectives for the railway. If this priority is to be met, GBR must succeed in serving the diverse needs of all passengers up and down the country.

Disabled passengers are a key priority within this and have directly felt the impacts of the current fragmented system, where the need to navigate a maze of competing operators has meant that they cannot always be sure they will have the right assistance across the whole of their journey. Consolidation of services under GBR will mean better coordination of end-to-end journeys for disabled passengers, which in turn will enable better delivery of safe and reliable passenger assistance.

Similarly, bringing together the operations of the various TOCs under GBR will make it easier to deliver consistent, simplified fares and ticketing for disabled passengers by removing the need for complex negotiations across multiple organisations. Alongside ticket offices, an integrated, accessible and user-friendly GBR website and app will also make it easier for disabled passengers to navigate bookings, reducing the number of interfaces they have to deal with.

Integrated decision making will also enable GBR to leverage greater resources in its approach to decisions, procurement, and prioritisation. For example, GBR will be able to provide more consistency around future specifications for new rolling stock to better reflect the needs of disabled passengers. By taking a whole-system approach to station management and delivering upgrades and enhancements across both track and train, GBR will be able to utilise resources more efficiently, removing the barriers faced by disabled passengers and delivering on accessibility objectives more effectively than under the current fragmented system. These integration benefits and accessibility improvements will make the railway easier to use not only for disabled passengers but also for groups such as passengers with reduced mobility and the elderly. Furthermore, our commitment to ensuring there will be a representative on the GBR board with responsibility for accessibility will make sure GBR is supported and held accountable for delivering a more accessible railway.

The Railways Bill will provide the legislative foundation for this accountability. It will include a passenger and accessibility duty in primary legislation to ensure GBR factors in the needs and interests of disabled passengers when carrying out its statutory functions. This is one of the general duties which will also be applied to the Transport Secretary, Scottish and Welsh Ministers, and the ORR, ensuring focus and consistency by embedding accessibility in the legislative foundations of the whole system – with all these bodies required to take disabled passengers into account when making decisions across the railway.

The GBR licence will also require GBR to meet minimum standards for how its passenger services will serve disabled passengers, with the ORR ready to take action if it falls short. The content of GBR's licence will be defined outside legislation, and will be subject to public consultation before being finalised. The draft licence brought forward for consultation will outline a requirement for GBR to engage with stakeholders, including relevant accessibility stakeholders.

These measures and provisions will enhance and strengthen existing protections such as the Public Sector Equality Duty (PSED), the Disabled Persons Transport Advisory Committee's (DPTAC) role as an expert, statutory advisor to the Transport Secretary and the department, as well as key regulatory standards including the *Rail Vehicle Accessibility (Non-Interoperable Rail System) Regulations 2010* and the *Design Standards for Accessible Railway Stations*. The Bill will also protect discount schemes like the Disabled Persons Railcard.

However, the government is not waiting for the Railways Bill to continue delivering meaningful improvements for disabled passengers. This is why we have published an Accessibility Roadmap setting out the actions being taken in the lead up to GBR, demonstrating that improving rail accessibility and delivering better services and assistance continues to be a priority for the government. The roadmap includes key activities and deliverables that are already underway such as the Access for All programme, which has delivered over 260 additional step free stations, with more underway, but it also includes new ideas and initiatives – such as extending the eligibility criteria for the Disabled Persons Rail Card to make it available to a wider range of disabled people, as well as a small, dedicated funding stream that will deliver a series of projects with the aim of making the day-to-day travelling experience for disabled people easier so they can travel with greater confidence.

A financially sustainable railway

For decades, taxpayers have provided funding for a railway that fails to meet the standards they rightly expect. Conflicting priorities and interests from competing arms of the sector have led to inefficiencies, misaligned incentives and a lack of focus on what really matters: delivering a railway that works. This has not only eroded confidence in the railway, letting down passengers and freight customers, but has also left taxpayers picking up the slack. Despite recovering passenger numbers following the pandemic, taxpayer funding for the day-to-day running of the railway is more than double pre-pandemic levels. This is clearly unsustainable, which is why GBR will be tasked with maximising cost efficiency, improving financial sustainability, and growing revenue to reduce this financial subsidy and ensure a fair deal for taxpayers. This will also allow GBR to focus on increasing passenger numbers for the purpose of revenue generation, with the organisation incentivised to deliver for its customers rather than focusing on isolated aspects of the railway, as is the case under the current system.

Streamlined incentives

By bringing responsibility for track and train into one organisation, GBR will be incentivised to deliver for passengers, customers, and taxpayers. GBR will be expected to achieve efficiencies and drive value from the improved coordination this integrated system offers. The new structure will encourage GBR to achieve this by removing the mixture of conflicting incentives across multiple organisations, meaning accountability will be focussed on GBR to deliver results. Not only will this incentivise better strategic decision-making for the railway, the alignment of motivations and rewards within GBR will drive efficiency – ensuring financial sustainability and delivering for taxpayers are no longer an afterthought.

The Transport Secretary, alongside Scottish Ministers, will also incentivise strong financial performance from GBR to foster a culture of continuous improvement and innovation. GBR will be incentivised to deliver high performance and will be rewarded through a framework agreed by the government.

Long-term confidence

The government recognises that certainty of funding is key to driving growth, better efficiency, and value for money. It not only ensures GBR has the confidence to deliver for all passengers but provides certainty to the wider rail supply chain and to businesses across the country who rely on Britain's railways. Having a tried and tested financial framework that instils confidence in the financial sustainability of the railways is key to providing a platform for innovation and greater efficiency within the sector.

That is why the government will retain many of the benefits generated by the established PR processes, by taking what works from this current process and adapting it for the publicly owned, integrated railway that GBR will direct. Doing this will reinforce confidence in GBR's financial sustainability, empowering both GBR and the wider sector to maximise efficiency and promote innovation. This approach also ensures that taxpayers are not forgotten, with the ORR continuing to scrutinise the sufficiency and efficiency of the funding agreed via this process, meaning the government and Scottish Ministers are fully equipped to maximise the value of the support taxpayers provide to the railways.

By establishing GBR with reformed incentives and a funding model that instils confidence, the government will deliver a more efficient, financially sustainable railway for passengers, customers and taxpayers. We are committed to delivering a railway that can once again be relied upon, not only to move passengers from A to B but to be a vital part of the growth, innovation and efficiency of the whole economy.

The railways as an engine for growth

As the directing mind, GBR will be empowered to make smarter decisions about how public money is spent by joining up business planning across track and train, and leveraging the best of both the public and private sectors. This will unlock efficiencies and maximise the value of every single taxpayer pound for the public benefit. Additionally, GBR will have various tools at its disposal to increase revenue and grow passenger numbers, because it will be incentivised to focus on its own finances and customers' experience holistically.

As well as helping to ensure GBR can run a better railway for all its customers, meeting the government's objectives for the railway will unlock the full potential of Britain's towns and cities up and down the country. Our proposals will improve connectivity, opening new opportunities for people and supporting the flow of goods across the country. This will help to build on the already considerable agglomeration benefits the railway delivers each year, improving productivity and access to labour markets across Great Britain.

By delivering customer-focused leadership, clear accountability for meeting the Transport Secretary's LTRS and simplifying the complex industry processes and structure, a reformed railway will be more focused and able to grasp opportunities for growth. These include building on the momentum of the new government-owned company Platform4, delivering up to 40,000 new homes and putting the railway at the heart of regeneration and

stations at the centre of communities. GBR's ability and remit to break free from the short-termism today's system incentivises will deliver stability and confidence to investors, making it easier to introduce innovation and seize new opportunities as they emerge.

The government's reforms will put industry experts in the driving seat, grow a diverse, skilled workforce, and unlock the long-term and strategic leadership the whole sector agrees is desperately needed. For the rail sector, the benefits could be substantial, with partners from freight, the supply chain and open access benefiting from GBR's directing mind.

Rail freight

The government recognises the huge economic and environmental potential of rail freight to support our wider missions and is committed to growing the sector further. In 2023, rail freight accounted for 8% of UK domestic freight moved and this government is committed to realising the potential of this industry.

Rail freight is also critical to the UK's economy and national resilience. It is already attractive to investors, creating jobs in the sector and wider supply chain that can support in delivery of the government's number one mission to kickstart economic growth. As a sector with a wide geographic footprint, it can offer career pathways and progression to people right across the country, breaking down barriers to opportunity and raising living standards in regions outside London and the South East.

Rail freight is a crucial tool in bringing down overall transport emissions as we drive towards Net Zero, through both modal shift and transporting greener fuels that will allow other sectors to decarbonise. It will also play an important role in delivering the government's housebuilding targets by efficiently transporting building materials across the length and breadth of the country. The sector is innovative, and is already growing into new markets such as express services for parcels and medical consignments. Investors in the sector will be confident that under a reformed railway, the benefits of their investment will be realised in a way that the current complex web of regulation, contracts and codes does not always allow.

Recognising this vital contribution, the Railways Bill will apply a statutory duty to GBR, the ORR, the Transport Secretary, and Scottish and Welsh Ministers to promote the use of rail freight in Great Britain. The Transport Secretary will have a duty to publish a freight growth target and GBR will have a duty to have regard to it, alongside any freight growth target published by Scottish Ministers (see chapter 1 for more detail). In addition, the Transport Secretary will have the power to issue directions to GBR when proportionate and justified, and this power includes directions in relation to rail freight. Though not set out in the legislation, there will also be a representative on GBR's Board with responsibility for freight, and a central freight team within GBR to give freight customers a single point of contact for promoting freight growth across the organisation.

Open Access

Open access can help to deliver our vision by opening up new markets, increasing connectivity for passengers, and driving innovation across the rail industry to deliver growth. At its best, open access has harnessed the risk appetite of the private sector to exploit new opportunities that may be too risky for public investment, and we recognise the benefits many communities have seen from this.

However, in order to ensure we maximise the benefits from the whole network and deliver a railway that is more than the sum of its parts, we need to take a holistic approach to the network which drives the best possible value for passengers, customers, and taxpayers, and which remains responsive to the needs of all its users. We want GBR to be offering services the public need and want but we also want the private sector to seize the opportunities where its risk appetite and innovation can provide solutions a publicly owned company cannot. However, this needs to be delivered in a financially sustainable way, which takes into account the large amount of cross-subsidy across the network and balances the comparatively few profitable routes with the need for the broader financial sustainability of our railways.

Therefore, whilst open access will continue to play an important role on the network, it must genuinely add value that benefits the public and aligns with the overall strategy for growth on our railways set by the government and delivered by GBR. Existing access rights for open access operators will be honoured by GBR until the end of current contracts. This will ensure open access operators can continue to play their part in driving innovation and growth across our railways, while balancing the needs of passengers and taxpayers.

Open access will also continue to play a vital role in international passenger services between Great Britain and mainland Europe, which carried a record 11.2 million passengers in 2024. A number of potential new entrants have announced their ambitions to launch services to compete with Eurostar in the coming years. The government is committed to the continued growth and success of international rail services, which provide a greener means of travelling internationally, providing socio-economic benefits for both the UK and Europe. The government wants to see a thriving and competitive international rail services market, which will ultimately benefit all passengers in terms of greater choice and potentially lower fares.

These services will continue to be provided on an open access basis and the rules underpinning these operations will not be affected by the reforms planned under the Railways Bill. This will provide a level playing field for operators running services between Great Britain and the EU and ensure the UK's obligations under bilateral treaties with France are protected, while also providing certainty, clarity and confidence to operators and investors.

Rolling Stock

Rolling Stock Leasing Companies (ROSCOs) play an important role in the industry, bringing benefits to both taxpayers and passengers. Since 1995 there has been significant private sector investment in rolling stock totalling over £20 billion. Rolling stock owners have used their commercial, engineering and technical expertise to supply over 15,000 vehicles for passenger operators to meet passenger demand, improve efficiency and reduce delays.

However, under the current system the interaction between operators and ROSCOs has been inefficient and ineffective. Each operator procuring different specifications of rolling stock from different companies has created challenges for production and has rendered delays in the delivery pipeline.

Therefore, under this new sector model, GBR will work with ROSCOs and manufacturers in a much more effective and streamlined way. By setting out a longer-term approach, we

will sustain the manufacturing and assembly market and the jobs in it, give industry the confidence to innovate, and back technologies that will help to meet our economic and environmental goals for the UK. The government's public sector holding company, and, in the longer term, GBR, will continue to lease existing rolling stock from ROSCOs where they can offer value for money terms. The government will develop a long-term industrial strategy for rolling stock which will support manufacturing and ensure a stable pipeline of work. Once established, GBR will take a whole-system and long-term approach to using rolling stock across the network, providing certainty to manufacturers and rolling stock companies across the country and globally. Taking this approach to rolling stock will enable greater certainty and lower risk for the supply chain and will be a better way to secure value for money.

The Luxembourg Rail Protocol was signed by the UK in 2016, and the government remains committed to ratifying the protocol, given the clear benefits to unlocking greater private sector financing of rolling stock, securing inward investment and promoting UK rail. The government will therefore include a legislative power within the Railways Bill which will enable the UK to ratify and implement the Protocol through secondary legislation to unlock its benefits. We are committed to a full consultation and impact assessment before implementing the Protocol.

The supply chain

The supply chain is crucial for the day-to-day running, maintenance and development of the railway, supplying infrastructure, trains and other services to Network Rail, HS2 Ltd, train operators and manufacturers. Currently Network Rail spends £8 billion with more than 4,000 rail suppliers each year, 75% of which are small and medium-sized, and 99% of which are based in Britain. It also creates and maintains skilled jobs in signalling technology, engineering and innovation, and has an important role in helping government achieve its goals on decarbonisation, safety and passenger experience.

All of this will continue under the new sector model, but with the benefit of GBR's strategic leadership, meaning better coordination between track and train, a centralised point of contact and greater long-term certainty for manufacturers and operators. Providing certainty for the sector is key to its long-term growth; there will therefore be no impact on international obligations and treaties to instil confidence throughout the rail supply chain.

Summary of Responses

In February 2025, we published the consultation '**A railway fit for Britain's future'**, which sought views on new policies to be included in the forthcoming Railways Bill.

We consulted on primary legislative changes to bring about the government's vision for the railways, seeking views on 20 questions. As this was a consultation focused on how to deliver the specific vision through legislation, it did not seek views on public ownership more generally, the price of fares, or operational issues, as policies such as these sit outside the remit of legislation.

The consultation was open for 8 weeks from 18 February 2025 to 15 April 2025. It was published on GOV.UK. Responses were accepted via online survey, email and written correspondence.

We received thousands of responses to the consultation. It was vital we took the time to carefully analyse and consider all the feedback received alongside finalising our legislative plans. This is a once in a generation chance to transform our railways and we need to ensure a change this significant reflects the views of the public, understands the impacts on businesses, and can be delivered successfully. Therefore, this response has not been published within 12 weeks of the original consultation closing. In the period following the consultation, we have undertaken further close engagement with affected stakeholders, the devolved governments, MSAs and affected public bodies to further test and refine our proposals ahead of legislation. The consultation and this response form just one part of the continued engagement with passengers, parliamentarians, operators, communities and businesses that will continue as we deliver a railway fit for Britain's future.

The consultation received 8,453 responses, including campaign responses. Devolved Government input into the consultation was conducted through an exchange of ministerial letters, with these responses being considered within this document. 'Campaign responses' refer to responses prepared by particular campaign groups on specific issues, to which respondents attach their names. This is addressed in a standalone section below. For the purpose of the statistical summaries for each question, campaign responses have only been counted once, regardless of how many individuals submitted them.

Across the many other responses we received from individuals, industry and other organisations, there was broad general support for the proposed primary legislative changes set out in the consultation, including for:

- The establishment and proposed role of GBR within a streamlined regulatory framework
- The Transport Secretary setting a LTRS for the government's vision and desired outcomes for the railway
- The establishment of a powerful passenger watchdog to be an independent champion for passenger interests, built from a strengthened Transport Focus.
- A new, simpler access framework to enable GBR to take decisions on the best use of its network, putting the interests of passengers and freight customers first
- A new funding process to facilitate integrated decisions and enable GBR to plan with certainty and provide confidence to the wider sector and supply chain
- Industry-wide modernisation and reform of the complex and fragmented fares landscape, including GBR retailing tickets directly alongside other third-party retailers
- Creating a statutory role for Devolved Governments and MSAs in governing, managing, planning and developing the rail network
- Addressing an existing legislative power gap in relation to train driver licensing and certification

The tables below provide a breakdown of the general consultation responses by type of respondent (Table 1), and a breakdown of the campaign responses received (Table 2).

Types of consultation respondent

Types of respondents	Number of responses
Academic body	3
Action group	18
Business representative group	15
Charity	17
Community rail	10
Devolved Government	2
Environmental interest group	1
Financial services	1
Freight	15
Individuals	532
Infrastructure organisation	11
Other	9
Other private sector	47
Passenger rights group	18
Parliamentarian	9
Public body	11
Regional/ local government	42
Rolling stock	5

Sub-national transport body	7
Supply chain	20
Trade union	6
Train Operating Company/ Owning group	18
Tourism	2
Total	819

Campaigns

Campaigns	Number of responses
We Own It[1]	6131
Bring Back British Rail[2]	1493
Other Campaign	10
Total	7634

Campaign responses

Due to the high number of responses which were wholly, or significantly, based on campaign templates, and the fact that several of the issues raised such as public ownership relate to many of the topics and questions considered throughout the consultation, we are responding to issues raised in campaigns here. This means that when we refer to respondents in the main body of the document, we are not referring to responses that were wholly or significantly based on these templates.

What they told us

The We Own It campaign supported the approach being taken towards public ownership but encouraged the implementation of four additional points to ensure it would be a success:

- Include key accessibility, environmental and socioeconomic duties – regarding reinstating duties set out in the previous government's draft Rail Reform Bill – to ensure that the railway works for all customers and delivers on net zero targets

- Create Great British Trains – a publicly owned rolling stock company – removing the railway's dependence on private rolling stock companies and bringing these into public ownership

- Give passengers a real voice in GBR – providing passengers with a real say over what happens on the railway

[1] 11 responses from the We Own It template campaign were received by the consultation team. Due to technical issues with an external spam filter service, a significant number of the campaign's template responses were not received by the consultation team. To ensure the scale of the campaign is properly reflected, this figure has therefore been provided by the campaign coordinator on the basis of the number of responses sent, and is reflected in the totals found above.

[2] 1,480 Bring Back British Rail responses were received by the team. 13 were affected by the issue above.

- Back reforms with greater investment – increase investment in the railway to encourage increased ridership and improvements to the environment through reduced carbon emissions

The Bring Back British Rail campaign respondents explained why they advocate for a fully publicly owned railway with no private sector involvement. The key proposals put forward were:

- Create one publicly owned ticket retailer – where concerns were raised regarding the consultation's commitment to ensuring a thriving third-party retail sector

- End all privatised passenger services – which requested that GBR take control of all passenger services and remove access rights for open access operators

- Ensure new rolling stock is publicly-owned – where concerns were raised regarding the omission of rolling stock from the consultation and public ownership programme

- Always put the public interest first – which requested social and economic value, accessibility, and environmental statutory duties on GBR

The final campaign response focused on the following two areas:

- Demand for public interest duties (questions 1 and 2) – expressing concern about the lack of detail about GBR's duties, changes from the previous government's draft Rail Reform Bill and stating that there should be a priority to focus on a socioeconomic duty; this accompanied a desire to disapply competition law with respect to GBR

- Expressing concern about a perceived lack of focus on accessibility and a desire for this to be prioritised

Our response

Public ownership

There was significant support for public ownership across all campaigns. While that support aligns with the government's approach in relation to franchised passenger services, further public ownership is not being prioritised by this government and is not considered to be in scope of this consultation.

Regarding the creation of one publicly-owned ticket retailer, the government is planning to implement this measure through the consolidation of different ticketing functions of existing TOCs into one central retailer under GBR. However, this does not include third-party retailers as the government wants to continue to enable a thriving market to ensure that there is always the best available offer for customers and that standards continue to be driven upwards through a competitive market.

While the creation of GBR will mean the incorporation of all franchised TOCs into one organisation managing passenger services and infrastructure, that will not preclude the

involvement of private sector operators on the rail network. The government is keen to ensure that there is availability for open access operators to run passenger services on the network where there is value in them doing so. Rail freight will also be essential in ensuring this government can continue to build on the economic and environmental benefits that rail freight offers. Given the value of the private sector in rail markets such as these and others (e.g. supply chain), GBR will remain subject to competition law.

Regarding the nationalisation of rolling stock companies, the government will not mandate public ownership of all new rolling stock as there is significant value in private investment in rolling stock and the benefits this has brought to passenger experience. Nationalising rolling stock companies and their assets would be incredibly costly, and it would not be right to spend significant amounts of taxpayers' money on buying existing rolling stock at a time when there are considerable other demands on the public purse.

However, we do expect the owners of existing rolling stock to provide good value for money in the terms on which they provide rolling stock to the DfT Operator, and subsequently GBR. We will consider the best financing structures for future orders and contracts that both give taxpayers better value and private capital a fair return on the investments they make. Both the DfT Operator, which runs the publicly owned rail operators, and Department officials carefully scrutinise the contracts we agree with rolling stock companies to ensure they deliver benefits for all passengers while also delivering value for money for the taxpayer.

Passenger interest and accessibility duty

In line with the feedback and strong support outlined in responses to the consultation, the passenger interest duty will explicitly reference the needs and interests of passengers with disabilities. This will hold GBR to account on this important issue, in line with the government's priorities.

Passenger voice

The request from the We Own It campaign for GBR to deliver for passengers will be answered directly through the creation of reformed incentives and a simplified and streamlined regulatory framework. This will enable GBR to be more focused on outcomes for passengers rather than trapped in bureaucratic contracts and regulations; where this does not happen, the Passenger Watchdog will be able to ensure passengers' interests are factored into every decision the organisation makes. This body will champion passengers' interests and monitor that GBR and other operators are meeting minimum standards. The body will also have a specific role on accessibility to ensure that there is a critical focus on GBR and other operators' delivery for disabled passengers.

Greater investment

The We Own It campaign raised a concern about there not being enough investment in the railway. The government provides considerable funding to the rail industry in the UK, which has increased in recent years, particularly since the pandemic. Total enhancements funding was £10bn in 2023-24 and total operational funding to the railway was £12 billion. Whilst this has ensured the railways have been able to continue to operate, it has also led to an increased burden on taxpayer funding, with operational support more than doubling compared with 2018-19. Therefore, the reforms we are implementing will ensure the

considerable investments being made in our railways provide the best possible value for money for taxpayers, while attracting more people back to rail, increasing overall revenue and reducing taxpayer subsidy.

Summary of consultation responses

This document provides a summary of the consultation responses received. It does not attempt to capture every point made, nor does it seek to cover comments on aspects of policy that fall outside the scope of the consultation. This document sets out the changes the government intends to make to its proposals in response to the main points raised in the consultation. Where the government is not proposing to make changes, the reasons are explained.

The government recognises that there was some confusion between the terms “access” and “accessibility” in the consultation document. We would therefore like to clarify that where “access” appears in this document; this relates to the framework through which operators access the rail network. Generally, where the term “accessibility” is used, this relates to passengers not being excluded from using trains, stations, apps and websites due to a disability or relying on extra assistance (for example older passengers, or passengers with prams or luggage).

We have provided a statistical summary of respondents for each question where relevant, i.e. where a yes/no answer was sought, or a range of options was given. The government’s responses to some questions have been consolidated where there are significant similarities in responses to avoid repetition. We have indicated throughout this document where responses to questions have been grouped.

A number of respondents chose not to answer some questions. For the purposes of the statistical summary of responses to each question, we have excluded those respondents who did not answer the question.

For some yes or no questions there was the option of adding an accompanying qualitative response. Qualitative responses have been reviewed, regardless of whether respondents answered the yes or no question.

Some respondents provided evidence on wider themes broadly related to the railways and industry but not related to a specific question in the consultation. Some of the topics raised sit more appropriately outside of legislation or as part of wider reform programmes. Nevertheless, while the points themselves are not addressed in detail in this response, the evidence provided has informed the development of policy and, where appropriate, legislation.

1. Leadership for Britain's Railways

We asked

Question 1 –

Do you agree that GBR should be empowered to deliver through reformed incentives and a simplified and streamlined regulatory framework?

Question 2 –

Do you agree that the Secretary of State should be responsible for issuing and modifying a simplified GBR licence enforced by the ORR, and that the ORR's duties with respect to GBR should be streamlined to reflect the new sector model?

Question 3 –

Do you agree that the Secretary of State should be responsible for setting a long-term strategy for GBR to align with government priorities?

We heard

Question 1

Of the 642 responses to this question, 73% of respondents supported empowering GBR to deliver through reformed incentives, with 9% opposing the position, 9% providing no view, and a further 9% providing an alternative view. Additionally, 82% of respondents supported streamlining the regulatory framework, with only 5% opposing, 5% not expressing a view, and 8% providing an alternative view. Overall, there was considerable support for empowering GBR to deliver through reformed incentives, with respondents emphasising the need for a simplified and streamlined regulatory framework.

Key points:

- Respondents generally felt there was a need to clearly define what 'streamlining' entailed and its impact on cost reductions and efficiency improvements, with detailed explanations of proposed incentives and their effectiveness.

- Public sector bodies and TOCs highlighted the importance of specifying commercial, public, and passenger objectives and providing a clear decision-making framework.

- Across all stakeholder groups, there was a strong emphasis on improving service quality and satisfaction for passengers, and prioritising passenger safety and accessibility.

- The majority of respondents agreed a streamlined regulatory framework should be enshrined in law, with clear statutory duties for GBR to implement and uphold safety and accessibility policies.

- There was also an emphasis on ensuring the Transport Secretary has the powers to instruct GBR and that the ORR, as the regulator, can hold GBR to account with legislated enforcement powers.

- Transparency in the decision-making processes and governance structures was a recurring theme. Stakeholders, including Sub-national Transport Bodies and private sector companies, stressed the need for clear definitions of roles and responsibilities.

- Respondents, including business representative groups, requested a simplified regulatory framework, which eliminated complexities and focused on value for money for the taxpayer and customers, ensuring passenger, freight, community, and environmental needs are met.

- Trade unions, passenger representative groups and other stakeholders expressed concerns that streamlining the regulatory framework could potentially mean cutting corners and reducing, for example, health and safety standards or protections for disabled passengers.

- The freight sector stressed the importance of accountability and a secure regulatory framework for freight operators to promote fair competition in the freight sector.

- Other key themes raised were employee protections, safeguarding employee rights and pensions, GBR's operational independence, and efficiency and technological reforms.

Question 2

Of the 614 respondents to this question, 67% agreed with the Transport Secretary issuing and modifying a simplified GBR licence enforced by the ORR and streamlining the ORR's duties; 12% disagreed, 12% did not express a view, and 9% provided an alternative view. Overall, respondents expressed considerable support for the Transport Secretary issuing and modifying a simplified GBR licence, with enforcement functions retained by the ORR. There was also considerable support for streamlining the ORR's statutory duties to ensure alignment with the reformed sector model.

Key points:

GBR's licence

- The majority of respondents felt the Transport Secretary would be the most suitable authority to issue GBR's licence given GBR will be a publicly owned company. Supportive stakeholders included public sector bodies and business representative groups. Similarly, respondents thought the Transport Secretary issuing the GBR licence would enable the Transport Secretary to clearly define GBR's objectives in a transparent manner.

- The majority of respondents were supportive that the GBR licence should be a streamlined and targeted document. Respondents thought this approach provided an opportunity to clarify responsibilities, reduce complexity and ensure GBR was empowered to deliver under proportionate regulation. While there was broad agreement on the benefits of a streamlined licence approach, respondents emphasised that this should not come at the expense of robust and effective oversight of GBR. Respondents were strongly supportive of the ORR retaining responsibility for enforcing GBR's compliance with its licence.

- The most common concern from those opposed to the proposal was based on the view that the ORR, not the Transport Secretary, should issue and modify the GBR licence, as is the case today. Some respondents from the charity sector felt that the Transport Secretary issuing the GBR licence would increase the risk of frequent changes to the licence and adversely affect accountability. A minority of respondents stated that GBR did not need a licence and that alternative governance arrangements should be utilised.

- Several respondents offered views on the design and content of the GBR licence. This included views that the GBR licence should help deliver economic, social, and environmental benefits, as well as accessibility protections. A particular view from freight bodies was that existing requirements in the Network Rail network licence for land disposal should be retained in the GBR licence. This included a view that GBR's decisions related to land disposal should be subject to consultation.

- Respondents also highlighted that the GBR licence should provide benefits for both passengers and freight. Finally, a number of respondents emphasised the importance of consulting on the GBR licence when it is initially drafted and when it is updated, including that there should be specific statutory consultees.

Streamlined ORR duties

- Overall, there was considerable support for our proposals to streamline the ORR's duties to reflect the new sector model and align with the government's ambition to create a more agile state. It was recognised that the ORR has an important role to play but that its roles and responsibilities should be clarified. Respondents welcomed the opportunity to reduce duplication and clarify the ORR's duties to ensure they are fit for purpose in a reformed railway.

- There was widespread support for the ORR to retain its role as the health and safety regulator, with respondents emphasising the importance of maintaining independent oversight of safety across the rail network. Respondents also emphasised that any reform to the ORR's duties should ensure the ORR remains capable of enforcing the new GBR licence.

- Some respondents raised concerns that reform of the ORR's duties could reduce its effectiveness as a railway regulator. Some highlighted that streamlining duties might lead to a perceived weakening of the ORR's role, and a risk that GBR would not be sufficiently held to account. While respondents were less concerned about removing specific duties, there was a general concern reform could undermine the ORR's overall effectiveness. A few respondents also cautioned that reform could inadvertently lead to increased fragmentation and create regulatory gaps.

- Finally, some respondents used this question to raise additional concerns that were most relevant to other consultation questions. For example, some respondents believed the ORR should retain its existing role on access decisions, to ensure fair use of and access to the network for non-GBR entities like freight and open access operators (see chapter 3 for further detail). Another theme was the importance of establishing clear lines of accountability between the Transport Secretary, ORR, GBR, and the Passenger Watchdog, and of avoiding duplication in oversight of GBR (see chapter 2 for further detail).

Question 3

Of the 627 respondents, 74% agreed that the Transport Secretary should be responsible for setting a long-term strategy for GBR to align with government priorities, 15% did not agree and 11% were indifferent. Overall, this indicates there was considerable support for the proposal.

Key points:

Ownership and alignment with wider policy and other strategies

- There was considerable support for the Transport Secretary to set the LTRS and for it to be aligned with government priorities. However, while many stakeholders wanted the Transport Secretary to set the vision, strategic objectives and desired outcomes for the LTRS, there was strong support for GBR to set the strategy for delivering against them.

- Many stakeholders said the LTRS should take account of other government strategies (in particular the Integrated National Transport Strategy (INTS) and the 10-year infrastructure plan), with others also referencing the need to have regard to the transport strategies of the Scottish Government, Welsh Government and regional and local strategies across England. A small number of key stakeholders specifically called for the LTRS to be framed by rail's five strategic objectives (consulted on in 2022), which are based around meeting customers' needs, financial sustainability, economic growth, addressing inequality and environmental sustainability.

- Another common theme was the concern that shorter-term electoral cycles would lead to short term political and/or financial decisions being made to the detriment of long-term planning for the railway.

Mechanisms and accountabilities

- Stakeholders, particularly those from devolved, regional and local government, wanted to understand what the mechanisms would be for embedding the LTRS in GBR's planning and decision-making processes. Some called for there to be a duty to consult, and for that requirement to be embedded in either legislation or GBR's licence.

- A small number of key stakeholders also raised the suggestion that the LTRS should be independently reviewed and scrutinised by another organisation, with the ORR, the Passenger Watchdog and National Infrastructure and Service Transformation Authority all suggested as potential options, alongside parliamentary scrutiny. A number of stakeholders questioned what was meant by GBR being required to have regard to the LTRS when carrying out its functions.

Devolution and engagement

- Some respondents were concerned about how a national LTRS could be developed without clarity over the different roles of the Devolved Governments and MSAs and their rail services, and that devolved operators would be disadvantaged. There was a proposal that the Transport Secretary should have a duty to consult MSAs or their nominated bodies on the LTRS, to account for how decisions made at a national level will affect delivery and priorities locally. There were also some questions on how Scotland and Wales will be engaged with the LTRS.

- Stakeholders across all groups raised concerns around the need to be engaged or consulted on the LTRS. There were calls from a small number of stakeholders for consultative mechanisms for the LTRS to be included in either the legislation or in GBR's licence.

Freight

- Many respondents stressed the importance of rail freight for economic growth and supporting house building ambitions. There were strong calls for the LTRS to reinforce commitments to freight and for it to include proposals for increasing rail freight traffic, with substantial numbers of respondents wanting a freight (and in some cases passenger) target to be included in the LTRS, and some calling for this to be a statutory requirement. Some stakeholders raised the issue of fair access for freight to the rail network and that costs associated with track access charges should be competitive with the costs of road freight to support mode shift to rail.

Accessibility

- Improved accessibility for disabled passengers who use or want to use the rail network was another key theme from a range of respondents, and there was a concern it could be deprioritised in favour of other political or policy objectives. There was a call for the LTRS to have a commitment for GBR to be responsible for

routinely reviewing how to improve station and rolling stock accessibility for disabled passengers, and for that to be fed into monitoring frameworks overseen by the Passenger Watchdog. There were also calls for a separate National Rail Accessibility Strategy. Another respondent called for there to be a legal duty for the Transport Secretary to prioritise accessibility for disabled passengers in all aspects of strategic planning and decision making.

Integrated transport

- Respondents raised the importance of integrating rail with other modes of transport and wanted reassurance that the LTRS would support and align with the INTS. Respondents also raised the importance of rail supporting housing and spatial plans and connecting with international ports and airports.

Our response

The government proposed that GBR should be empowered to deliver through reformed incentives and a simplified and streamlined regulatory framework. In addition, the government proposed that the Transport Secretary should issue a simplified licence and that the ORR's duties with respect to GBR should be streamlined. The government also proposed that the Transport Secretary should be responsible for setting a long-term strategy to align with the government's priorities.

Given the considerable support shown for the proposals and with careful consideration of a wide range of responses, the government intends to proceed with the proposals consulted on.

Reshaping the State and the regulatory framework

The Prime Minister has committed to reshaping the state, ensuring that those who are democratically accountable set the direction of travel, and reducing the number of strategic decisions taken by regulators. In line with wider government plans to overhaul our regulatory system, the government proposed to establish a streamlined regulatory framework for the rail sector that is targeted, proportionate, and reduces complexity.

The structure of the current railway incentivises each part of the system to act in isolation and often in conflict with one another. Operators are incentivised to focus on their own revenue and costs, while Network Rail focuses on infrastructure upgrades and maintenance, with little ability to ensure that these are reflected in improved services for passengers.

Bringing track and train together into the same organisation will create a more aligned sector structure and incentivise better strategic decision-making for the railway. In addition, the alignment of incentives and rewards within GBR as the directing mind will set it up to deliver better outcomes for its customers. GBR will be incentivised to deliver high performance and will be rewarded through a framework agreed by the government.

Increased revenue generation will be a key indicator of whether the public are choosing the railway and GBR will be expected to own the financial consequences of its decisions. These measures are intended to encourage a culture of continuous improvement and innovation where GBR will be a leader of change for the sector. The new structure will

also allow for local arrangements that cater for local needs and improve efficiency to achieve value for money for taxpayers. To reduce complexity and eliminate inefficiencies, the regulatory framework will be clear, consistent, and conducive to the effective management and operation of the railways. All bodies in the system will have clear accountability, and there will be improved transparency and efficiency across the rail network.

A fundamental part of the changes to the regulatory framework is the approach to capacity allocation. The government will establish a simpler and more proactive capacity allocation framework in primary legislation, with GBR responsible for making the best use of the rail network. GBR will be empowered to plan and manage the network strategically, working with all parties to ensure best use that supports growth, improved performance, and better passenger outcomes. Simpler and more efficient industry processes with fewer prescriptive regulations will allow GBR to be agile and innovative to emerging trends and priorities (see chapter 3 for further detail).

Further reforms towards these goals will be delivered separately to the Railways Bill, including reform of the regulatory framework for the application of rail technical standards. Previous reviews of this framework, and of Britain's National Technical Specification Notices for rail interoperability, have demonstrated a clear case for change to streamline, simplify and reduce regulatory burden. The government intends to create an improved standards framework for the new sector model that delivers better outcomes for rail users, reduces cost, and supports innovation while maintaining high levels of safety and interoperability. We will consult on proposed changes to the regulatory framework for rail technical standards in due course.

Oversight of the Rail Sector

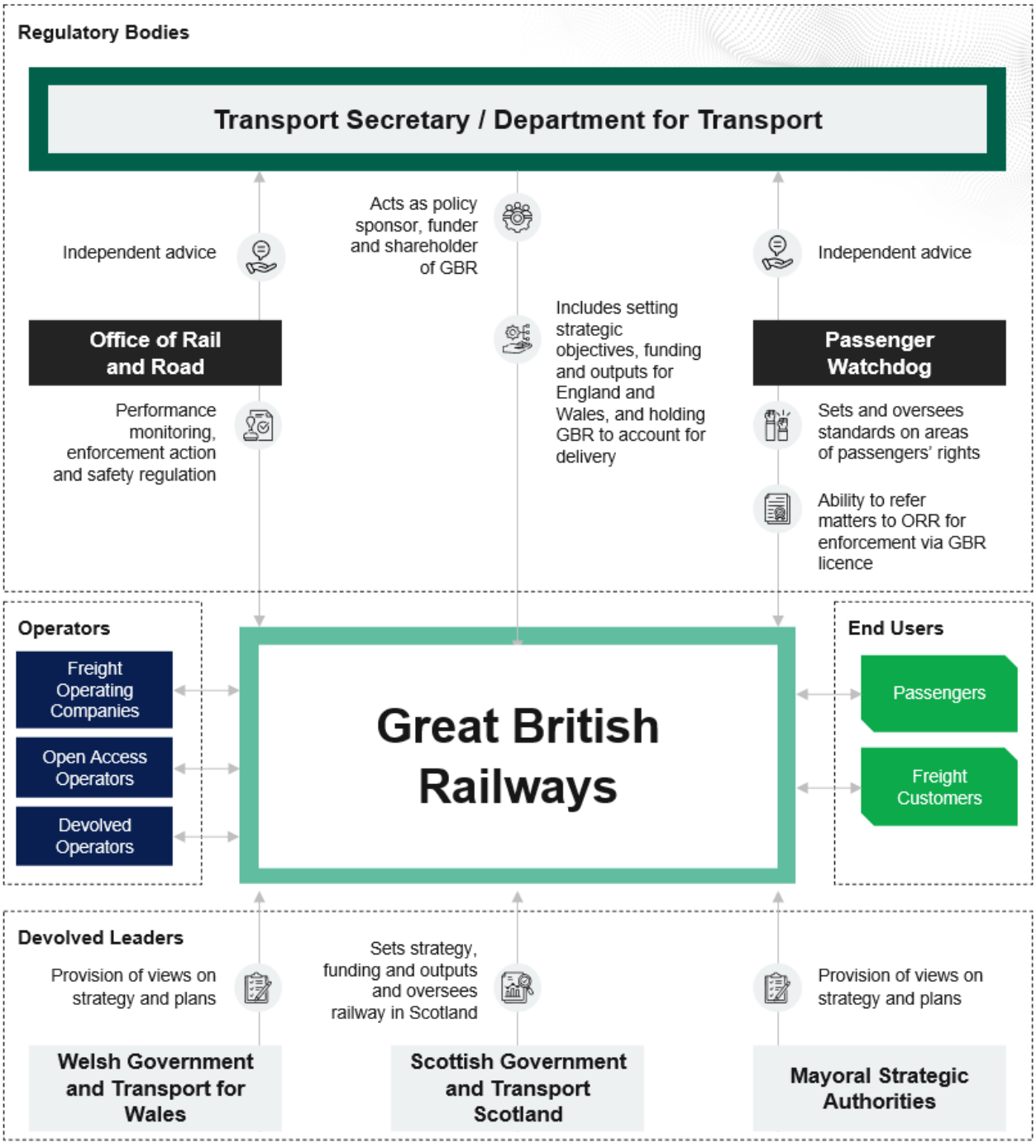
It is imperative that GBR is an empowered directing mind with strong incentives to deliver improved performance and grow revenue, but alongside this there must be the right external mechanisms to hold it to account for delivering. Our proposed oversight framework reflects this with the Transport Secretary being the ultimate source of democratic accountability for GBR, and accountable to Parliament for delivering an effective rail sector. The Transport Secretary will also have a clear role in setting GBR's strategic objectives and, alongside the Scottish Government, providing the funding to support the running of railway infrastructure.

GBR will be at the centre of the new model, set up to deliver a better railway from the outset for passengers, freight customers, taxpayers and the wider public. We will strengthen the ORR's ability to be an expert advisor to the Transport Secretary on the entirety of GBR's business performance, and the ORR will also have strengthened scrutiny and information gathering powers. This will ensure Ministers have expert insight into how GBR is performing to reflect their democratic accountability for the overall performance of the system supported by a strong regulator.

The ORR will remain the independent health and safety regulator for the sector and continue to enforce licences, but its other roles and functions will be streamlined to reflect the new sector model. These are set out in more detail below. Alongside the ORR, the Passenger Watchdog will be established from Transport Focus, taking on most of the ORR's consumer-related functions to provide a strong advocate for passengers in the

sector and simplify the current fragmented passenger landscape (see chapter 2 for further detail).

This new, simplified framework will ensure clear lines of accountability between the key sector bodies, empowering GBR to deliver but ensuring there is no ambiguity as to who should hold it to account if it fails to do so.



All public bodies subject to NAO scrutiny and audit and judicial review

<u>The sector will be subject to a streamlined set of statutory duties</u>

In line with the wider government agenda on regulatory reform, and to support the new sector model, GBR and other key sector bodies will be subject to a new streamlined set of

general duties within legislation. These duties are those essential to delivering the government's six key objectives for the railways (*reliable, affordable, efficient, high quality, accessible, safe*) and will ensure the railway consistently delivers for passengers, freight customers, taxpayers and the wider public. A set of general duties will be shared by GBR, the ORR, the Transport Secretary, and Scottish and Welsh Ministers. This will ensure improved alignment in decision-making by establishing a common set of statutory requirements across key sector bodies, and these, alongside other specific duties, will replace the general duties currently applying to many of the sector bodies in section 4 of the Railways Act 1993 that the Railways Bill will repeal. The shared general duties will cover:

- **Passengers and accessibility** – We will require passenger interests to be a fundamental part of decision-making on the railway. This duty is an integral part of the new passenger-focused culture that will be fostered under GBR. It will put passengers back at the heart of the railways by ensuring that GBR and the other key sector bodies always consider the interests of all passengers when taking decisions. Accessibility is a core priority for this government. We recognise the additional barriers that disabled passengers face and improving their experience will be integral to GBR. This duty will therefore have an explicit requirement relating to the interests of disabled passengers. This will support the sector in delivering our objective to create a railway that is truly accessible. Furthermore, we will consult on including a specific requirement in the licence for GBR to engage with stakeholders, including relevant accessibility stakeholders.

- **Performance** – Railway performance has too often fallen short in recent years and addressing this is a key driver of the government's reforms. Therefore, we will include a duty within the Railways Bill for the sector bodies to achieve and maintain high standards of performance when they carry out their statutory functions.

- **Public interest and use of public funds** – We will require sector bodies to consider the interests of the wider public, which would include social, economic and environmental considerations, when they carry out their statutory rail functions, and to ensure public funds are used effectively and efficiently to the benefit of taxpayers. For GBR, these duties will ensure that its decisions are not exclusively focused on its own commercial interests, and that the interests of the public and taxpayers are considered. These duties will also support GBR to make decisions on access proposals from freight and open access operators when managing the use of its network more broadly in the public interest.

- **Enabling industry planning** – It is important that the decisions sector bodies take enable providers of railway services to plan the future of their business with confidence. This duty reflects the need to ensure that railway service providers (including GBR) are able to plan, invest and make decisions about their own businesses, contributing to the government's Growth Mission and providing businesses in the sector with certainty, clarity and confidence.

- **Funder strategies** – To ensure that the strategic objectives set out by funders are considered by relevant bodies, the ORR and GBR will be required to have regard to the LTRS and the Scottish Minister's Rail Strategy when exercising their relevant rail functions. This reflects the fact that the UK Government is the funder for GBR in England and Wales, while the Scottish Government is the funder for the GBR

infrastructure in Scotland. This is intended to provide continuity of approach over the long-term. Although Welsh Ministers do not directly fund railway infrastructure, a further duty concerning the transport strategy of the Welsh Government will be placed on GBR and the ORR to ensure that these bodies demonstrate regard for the strategies of Welsh Ministers when exercising their functions.

- **Promoting rail freight** – The government is committed to growing the rail freight sector, recognising its key role in our Growth Mission and Net Zero ambitions. GBR, the ORR, Transport Secretary, and Scottish and Welsh Ministers will therefore be subject to a general duty to promote the use of rail freight in Great Britain. In addition to this shared general duty, GBR will also have a general duty to have regard to any freight growth target issued by the Transport Secretary or Scottish Ministers (in relation to Scotland). This duty will ensure that GBR considers the impact on and growth of rail freight when making decisions, thereby providing certainty to the sector and its investors that rail freight will be a much-valued part of the railway.

- **Safety** – We will ensure that safety is central to the railways in Great Britain so that they continue to rank amongst the safest globally. To ensure that sector bodies are aligned with the government's safety objectives the ORR, Transport Secretary, and Scottish and Welsh Ministers will be subject to a general duty on safety. GBR will be subject to the robust legal framework that currently underpins railway safety, including the Health and Safety at Work Act 1974 and the Railways and Other Guided Transport Systems (Safety) Regulations 2006, and so a general duty on safety would be unnecessarily duplicative and detract from the existing framework. The ORR will continue to perform its role as Health and Safety Regulator and applying a general safety duty will embed safety considerations when the ORR exercises its broader non-safety functions.

The Railways Bill will not create a hierarchy between the general duties. It will be incumbent upon the bodies subject to the duties to ensure that their decision-making demonstrates consideration of competing requirements, where these exist, and seeks to strike an appropriate balance when making these decisions.

It is imperative that GBR is supported by a streamlined accountability framework that establishes an appropriate level of oversight, whilst still enabling GBR to focus on delivering high quality outcomes rather than compliance with overburdensome regulations or conflicting duties. Enabling GBR to act as the single directing mind that delivers in the public interest is vital to delivering the full benefits of public investment in the railways. Therefore, there are duties proposed by some respondents which have not been included because they are either redundant or conflicting, would not have the desired effect, or would prevent GBR from delivering in this way. Duties with support from a significant number of respondents but which are not being taken forward included:

- **An environmental duty –**
  This is because environmental considerations will be included when the sector bodies take decisions and discharge their wider general duties, in particular, the public interest duty. This approach aligns with the ambition to streamline the regulatory framework and remove duplicative or unnecessary duties on public bodies, whilst making sure existing environmental measures remain a key area of consideration when the sector bodies take decisions.

Additionally, there are environmental requirements set out in existing legislation, both at a national and devolved level, that will already apply to GBR and other key sector bodies when exercising their rail related functions. Therefore, an additional duty on the environment is not necessary, given existing regulations and other mechanisms will be available to achieve the outcomes desired.

- **A duty to grow passenger numbers and/or improve passenger experience** – This is because the general duties being taken forward in relation to passenger interests and railway performance will already incentivise GBR to grow passenger numbers and improve passenger experience. The railway is one of the country's most important national assets and the government is committed to increasing the number of passengers and improving the passenger experience. GBR will have the flexibility to determine how it can deliver on these ambitions, without establishing adverse incentives which may conflict with the overall vision for rail reform. For example, if there was a duty to grow passenger numbers, it could incentivise GBR to increase passenger numbers through congesting the network, at the expense of passenger experience. Conversely, a duty to improve the passenger experience could incentivise GBR to reduce journey times by cutting the number of passenger services, limiting the availability of services for passengers.

  Finally, including such duties would mandate the sector bodies to deliver growth in passenger numbers or improvements in passenger experience on an indefinite basis. This would not be possible due to practical constraints such as finite network capacity, resourcing and the limited number of potential users of passenger services.

The Public Sector Equality Duty (PSED)

To support the Transport Secretary's six objectives for rail reform, GBR will be subject to the PSED when it carries out its public functions, including operating passenger services and managing network infrastructure in Great Britain. This means that the PSED will play a much more substantial role in a reformed rail sector than it does today.

Furthermore, the application of the PSED to GBR will mean that all key sector bodies will be subject to the general equality duty under PSED as set out in Section 149 of the Equality Act. This means that the key bodies in the reformed rail sector will all share a common objective and legislative duty to promote and improve equality and accessibility when taking decisions related to the railways.

The role of the Transport Secretary

While GBR will be an independent organisation at arm's length from the government and with responsibility for operational decision-making, it will be directly accountable to the Transport Secretary. To that end, the Transport Secretary will have a set of targeted and proportionate mechanisms through which they will set GBR's remit. These mechanisms are designed to ensure the railway remains responsive to the public interest and aligned with the government's wider transport and economic objectives, while preventing undue political interference in GBR's day-to-day decision making so improvements can be realised efficiently.

As GBR will be a large publicly owned company responsible for significant amounts of taxpayer money, it is right that Ministers continue to have a role in certain important areas to ensure democratic accountability. The Transport Secretary will therefore retain key controls in a limited number of areas, for example signing off GBR's business plans (chapter 4) and setting parameters for fares (chapter 5). In addition, the Transport Secretary will retain responsibility for setting overall rail budgets and approving key strategic decisions. This will include continuing to oversee the closures regime alongside the ORR, meaning any proposals to close or modify parts of the rail network will be subject to the same process as they are today, ensuring continued independent scrutiny and democratic accountability over these important decisions. Scottish and Welsh Ministers will also have defined roles in holding GBR to account (see chapter 6 for more detail).

The Transport Secretary will use the mechanisms set out below to ensure that GBR remains focused on delivering better outcomes for passengers, freight users and taxpayers, while operating with the independence and commercial flexibility required to succeed as a modern, integrated rail body.

The Transport Secretary will appoint the Chair of GBR's Board

GBR will be held to account first and foremost by the Transport Secretary through its Chair and Board. The Transport Secretary will appoint the Chair, have a clear role in the appointment of Board members, and will continue to seek the views of Scottish Ministers, as funders of rail infrastructure in Scotland, and engage with Welsh Ministers on these.

GBR's success relies on its Board being empowered to:

- Focus the organisation's culture on delivering for passengers and freight
- Ensure GBR carries out its duties as a publicly owned company
- Provide strong assurance to the Transport Secretary

While not specifically consulted on, a range of views were expressed in relation to GBR's Board, centred primarily on ensuring it would be able to properly represent the views of different railway users.

The government recognises the importance of all users of the railway having appropriate and sufficiently senior representation when key decisions affecting them are made. We are therefore committed, in line with consultation feedback, to ensuring there will be a representative on the GBR board with responsibility for freight, as well as a board member with responsibility for accessibility. These measures will be set out in GBR's Articles of Association and framework document to ensure proper representation.

The Transport Secretary will set the Long Term Rail Strategy (LTRS)

The Transport Secretary will be responsible for setting a long-term strategy for the railways. The LTRS will ensure GBR aligns with, and supports, the INTS, the government's priorities including rail reform, and broader social, economic and environmental policy ambitions. The LTRS will set out the Transport Secretary's vision for rail, the strategic objectives that will be used as a framework for decision making, and the desired outcomes for GBR and the rail industry to work towards.

The LTRS will be a strategic framework supporting GBR to make trade-offs and choices in how it sets out its plans within the funding allocated by Ministers. This will give GBR the freedom to make decisions that will have positive, long-term impacts both on and beyond the railway, while remaining agile to emerging operational challenges and opportunities. When responding to the LTRS, GBR will be required to set out its plans for delivering the priority outcomes set by the Transport Secretary, framed against the strategic objectives and wider government ambitions.

The strategic objectives within the LTRS will support delivery of the Transport Secretary's objectives for a reformed railway (*reliable, affordable, efficient, high quality, accessible, and safe*) within a single, overarching, strategy, while ensuring GBR plays its role in supporting rail freight customers, taxpayers, devolved authorities and wider society through:

- Meeting customers' needs
- Financial sustainability
- Long-term economic growth
- Reducing regional and national inequality
- Environmental sustainability

Considerable work and stakeholder engagement went into the development of rail's long-term strategic objectives, including a call for evidence in 2022. They are designed to be resilient and useful in long-term planning cycles. By retaining them, the government is demonstrating its commitment to long term strategic planning on our railways. As part of the above objectives, the government will expect GBR to have a particular emphasis on supporting economic growth and house building.

The LTRS will be developed in tandem with other key government strategies including the INTS and the 10-year Infrastructure Plan. GBR will be required to take those strategies, alongside those of the Devolved Governments and other transport authorities, such as MSAs, into account when developing its response to the LTRS.

Key themes for inclusion within the LTRS raised in consultation responses were:

- Growing freight traffic
- Improving accessibility
- Improved integration of rail with housing and other modes of transport, including international ports and airports

The LTRS will primarily be a tool for GBR and other stakeholders to frame their planning and decision making, ensuring that choices they make, including in the short and medium term, are contributing to the desired long-term outcomes for the railway. Business planning processes, notably the five-year PR, Statement of Objectives, and Statement of Funds Available (SoFA) will be used to ensure that the long-term direction of the LTRS is embedded in the business plans for GBR, with appropriate funding allocated to those plans. It is imperative that the LTRS promotes collaboration and ensures strategic alignment between the Transport Secretary, Scottish and Welsh Ministers, GBR, and local

leaders, such as mayors, and their respective transport plans. By setting a decision-making framework through the strategic objectives, the government is enabling GBR to retain the freedom to balance its plans and recommendations from Devolved Governments and local leaders to ensure it delivers the best solution for the railway.

The LTRS will set out clear strategic objectives and high-level outcomes which, to provide certainty to industry and unlock innovation and efficiencies, must stand true over thirty years. As there has already been in-depth engagement and a call for evidence receiving high levels of support on the strategic objectives, there will not be a further formal public consultation.

However, engagement with a wide range of stakeholders, including Devolved Governments, MSAs and local government, will be vital to the development of the LTRS. The Department for Transport will therefore undertake extensive engagement to discuss emerging thinking and to obtain evidence and analysis to inform the LTRS evidence base. Additionally, GBR will be required to engage with stakeholders on its approach to delivering against the required outcomes in the LTRS.

The government is also committed to improving accessibility on public transport and will work to ensure this commitment is carried through in the strategic objectives. Specific delivery plans on how accessibility will be widened will be set out by GBR in its response to the LTRS. Delivering an effective, efficient and integrated transport system that meets local, regional and national needs will play a vital role in delivering the missions of this government. The railway plays a crucial role in realising this ambition.

The INTS will be published later this year, setting the vision for how transport should better meet the needs of its users across England. It will recognise transport's role in supporting growth and access to opportunities and equip local leaders to deliver the right transport for their communities. We expect the INTS to be clear about how transport planning, the planning system and the delivery of homes and spatial planning work together. The LTRS will be aligned to the INTS's vision through the LTRS's five strategic objectives. The government is committed to ensuring that the outcomes of the railway are aligned with the ambitions of the INTS, particularly economic growth, access to opportunity and the delivery of homes and spatial planning.

<u>The Transport Secretary will issue a streamlined GBR licence</u>

GBR will be subject to a streamlined and targeted licence, issued and modified by the Transport Secretary with independent oversight and enforcement by the ORR. The GBR licence will be tailored to reflect GBR's roles and responsibilities as the directing mind for the reformed rail sector, setting clear conditions that GBR must adhere to. As a principle, the government's position is that the GBR licence should not duplicate requirements that will be established in legislation. The licence will also be limited to areas where independent enforcement by the ORR delivers clear value to the wider railway.

Under the new model, the Transport Secretary, rather than the ORR, will be responsible for granting and modifying the GBR licence to ensure clear democratic accountability. However, the ORR will retain the ability to modify the GBR licence, with the consent of GBR, in relation to technical matters. The ORR will oversee GBR's compliance with the GBR licence and will be solely responsible for enforcement. The government response regarding the role the Passenger Watchdog will play in setting minimum standards for

passenger experience-related licence conditions can be found in chapter 2. Any modifications to the GBR licence by the Transport Secretary will be subject to a transparent process set out in legislation, including consultation requirements.

The GBR licence will be an enduring document designed to provide stability to GBR and the wider industry. It is envisaged that the licence will be reviewed approximately every five years, at an appropriate point in the funding cycle, to ensure it remains fit for purpose. It will cover GBR's activities across each of the assets it operates (the rail network, passenger trains, depots and stations). Therefore, GBR will not require a separate train operator licence under The Railway (Licensing of Railway Undertakings) Regulations 2005.

Work is ongoing to develop the contents of the GBR licence. The intention is that it will establish key industry obligations and minimum standards that GBR must fulfil or facilitate. The licence will prioritise requirements that GBR must meet in order to ensure consistency and fairness between GBR and non-GBR operators, this includes a consistent passenger experience.

The government has also considered the ORR's role in relation to monitoring GBR's business performance. Currently the ORR monitors and enforces Network Rail's business performance by assigning Network Rail's functions and duties in its licence. The ORR monitors how Network Rail is delivering against its licence conditions covering areas such as network management, performance planning, and asset management. Separately, the Department for Transport currently monitors and incentivises passenger service performance through legally binding passenger contracts between the Transport Secretary and TOCs. These include establishing performance metrics to measure how well operators meet service delivery targets, such as on-time arrivals and cancellations.

The government greatly values the ORR's expertise and independence, and the ORR will play a central ongoing role in ensuring that the reformed rail system works effectively. It will act as a critical friend to both the Department for Transport and GBR – trusted to speak candidly, operate independently, and add value through expertise. We therefore propose to reshape the ORR's role, removing its role in independently enforcing on GBR's network management, to instead becoming the Transport Secretary's independent expert advisor on the whole rail system, with strengthened advisory, scrutiny and information-gathering functions established through legislation.

We propose that the ORR will provide independent advice to the Transport Secretary and Scottish Ministers on the development of GBR's business plan, and then on GBR's subsequent performance against this, including efficiency, asset management and emerging risks. The ORR will be expected to report regularly and proactively to the Transport Secretary, drawing on GBR's own data, with the power to request further information where needed. A key aspect of the ORR's role will be regular dialogue with GBR to identify risks before they escalate and flagging issues to GBR in the first instance for GBR to rectify where needed. Where concerns remain, the ORR will advise the Transport Secretary and escalate concerns where it believes action may be necessary, enabling the Transport Secretary to make an informed decision about what action to take.

Through this strengthened advisory and scrutiny function, the ORR will be positioned as the trusted independent voice that Parliament, GBR, and stakeholders turn to for authoritative insight and expertise, challenging GBR to shape long-term improvements

across the system. Reflecting this, we are proposing that the ORR's role in monitoring GBR's business performance should be set out in legislation, and supported by guidance from the Transport Secretary, rather than through a licence condition.

While the ORR will no longer independently enforce GBR's general network management, it is our intention that the licence include a strategic outcome-focused condition to ensure GBR has due regard to long-term asset stewardship, and this will be included in the draft licence subject to statutory consultation. This will enable the ORR to carry out a focused enforcement role on this specific issue, giving government additional confidence that the long-term health of the infrastructure is being managed appropriately.

The government reaffirms its statutory commitment to consult on the GBR licence, which will enable any interested parties to make representations on the proposed contents. Consultation will take place after the introduction of the Railways Bill, with the final GBR licence being issued after Royal Assent and ahead of GBR becoming operational. A single, streamlined GBR licence represents a significant step towards ensuring GBR's licensing arrangements are fit for purpose under the new sector model.

In preparing the consultation, the government will consider the points raised by respondents regarding additional requirements for the GBR licence. The government acknowledges the existing Network Rail network licence provides certain protections to third-party interests – including requirements for land disposal. Work is underway to determine the appropriate requirements for GBR in this area.

The Transport Secretary will be able to issue directions and guidance to GBR

The Railways Bill will grant the Transport Secretary new statutory powers to issue binding directions to GBR, as well as non-binding guidance to which it will need have to have regard, on any matter at any time. This will include a requirement to publish any directions, as well as variations or revocations. This will allow Ministers to steer GBR on key issues while respecting its operational independence in day-to-day delivery.

Directions will be used proportionately and with strong justification, with GBR's overarching objectives set by the Transport Secretary through the appropriate levers to ensure that the right expectations and requirements are being set for GBR.

As Scottish Ministers fund GBR and Scotland's Railway activities, they will have powers of providing guidance and directions to GBR over GBR functions to the degree they affect Scottish railway activities. This will ensure that GBR meets Scottish Ministers objectives for the railway in Scotland.

To avoid a scenario where GBR receives contradictory directions from the Transport Secretary and Scottish Ministers, there will be a power for Transport Secretary to revoke directions that are inconsistent or in conflict with a direction from the Transport Secretary, or the direction appears to go beyond the Scottish Ministers' responsibilities.

Passenger Services Responsibilities

The Railways Bill will also ensure clarity of responsibility for passenger services between relevant authorities (such as the Secretary of State for Transport, Scottish Ministers,

Welsh Ministers or other devolved authorities). Legislation will retain a power for the relevant authority to grant exemptions to allow services or areas to be carved out or devolved. Exemptions may be made conditional and time-limited and may be revoked if conditions are breached or time limits expire. All existing exemptions, known as exemption orders (such as those for London or Liverpool City Region), will continue.

The Transport Secretary will set a Rail Freight Growth Target

The government recognises the critical role rail freight plays in moving goods around the country and across borders, supporting our Net Zero ambitions as a low-carbon form of transport, and contributing to our Growth Mission. Therefore, the Railways Bill will include a requirement for the Transport Secretary to issue a freight growth target. This is intended to support delivery of the objectives set out in the consultation, and the longer-term strategic objectives in the LTRS.

Alongside the general duty on GBR to promote the use of rail freight, this demonstrates the government's commitment and support for the rail freight industry, and will provide long-term certainty, clarity and confidence to freight operators and investors. In addition to this, GBR will be required to have regard to any rail freight growth target issued by either the Transport Secretary or Scottish Ministers. The Transport Secretary will also have the power to issue directions to GBR when proportionate and justified, and this power includes directions in relation to rail freight. This is intended to ensure that GBR has regard to any targets issued and takes rail freight into account when making decisions.

The LTRS will further reinforce the government's commitment to the freight growth target through strategic objectives and associated outcomes. Specific plans on how GBR will promote rail freight usage and achieve the strategic objectives will be set out in GBR's response to the LTRS.

The role of GBR

GBR will bring track and train together into the same organisation to deliver better strategic decision-making for the railway. The alignment of incentives and rewards within GBR as the directing mind will set it up to better deliver for passengers, customers, and taxpayers. GBR will be empowered to plan and manage the network strategically, working with all parties to ensure best use that supports growth, improved performance, and better passenger outcomes.

GBR will be empowered to deliver against the strategic objectives set by the Transport Secretary. It will be accountable for both its delivery and performance in carrying out the breadth of its statutory functions and duties, including its responsibility to manage network infrastructure and operate designated passenger services.

GBR will have targeted duties

In addition to the general duties set out above, GBR will be subject to additional duties relating to specific aspects of its role, for example allocating access to its network. These are set out in more detail in the relevant sections of this document, but as with the general duties they have been limited to only those which are appropriate for inclusion in primary legislation and essential to ensure GBR is able to deliver on our six key objectives for the railway (reliable, affordable, efficient, high quality, accessible, and safe).

GBR's functions will be set out in statute

In order to deliver its envisioned roles and responsibilities, legislation will provide GBR with a clear set of statutory functions. These will establish the purpose of the organisation and provide the statutory footing required for GBR to act as the directing mind for the railways in Great Britain. Legislation will also include a power for the Transport Secretary to confer further statutory functions on GBR through secondary legislation.

In addition to taking decisions on access to its network, GBR will be responsible for managing the rail network infrastructure as Network Rail does today. GBR will have responsibility for the operation of most passenger services and will be able to set fares and sell tickets for those services. GBR will be able to provide systems to facilitate the running of railway services, including certain functions currently delivered by the RDG. This includes activities such as customer support and information services. GBR will also be able to carry out research and publish advice.

GBR will develop plans to deliver a high-performing railway

GBR will be responsible for planning at all levels across its business. As part of the new funding process (see chapter 4), GBR will set out, in its Integrated Business Plans how it will deliver its plans in line with the objectives of the Transport Secretary and Scottish Ministers set out in the LTRS. These plans, approved by the Transport Secretary and Scottish Ministers, will have success measures that will be key performance indicators used to publicly hold GBR to account. These measures will only cover monitoring of these high-level integrated plans and will not include regional or day-to-day business planning that GBR will carry out.

GBR will take decisions on access to its network

GBR will be responsible for taking decisions on access to its network and the ORR will be responsible for hearing appeals on GBR decisions. For access decisions on GBR's network, the ORR's duties will align with GBR's duties, and the ORR will have a robust and meaningful appeals function, which could require GBR to review an access decision and – in certain circumstances direct GBR to change a decision (see chapter 3 for further detail).

GBR will be subject to today's world-leading safety regime

Great Britain has one of the world's safest railways and maintaining our high levels of safety remains a top priority as we deliver reform. The Railways Bill will not introduce any changes to the regulatory framework for managing rail safety. However, we will keep safety regulations under regular review to ensure they remain fit for purpose and will consider the case for any changes to improve them under the new rail sector model.

GBR will consolidate functions from multiple industry bodies

To ensure GBR can be established and can get on with the job of delivering for all passengers as quickly as practicable, it will be established out of Network Rail Infrastructure Limited, Network Rail's main operating company. This will avoid highly complex, time-consuming and potentially costly transfers of Network Rail Infrastructure

Limited's assets and contracts, as well as over 40,000 staff it employs, as part of the project to set up GBR.

While GBR will be formed out of Network Rail Infrastructure Limited, the way it is set up and operates will be fundamentally different to Network Rail. Operating within the streamlined sector structure and with the reformed incentives set out in this chapter.

GBR will bring together roles, functions and capability from across the industry – including the RDG, the DfT Operator, parts of the Department for Transport and 14 separate TOCs in addition to Network Rail. In doing so, GBR will be focused on getting the best out of both the services it operates and the infrastructure it manages to deliver for its customers and drive a culture of innovation and continuous improvement.

To deliver this, the Railways Bill will include a power for the Transport Secretary to create transfer schemes to transfer the necessary staff, property, rights and liabilities:

1) from the Transport Secretary to GBR or a wholly owned subsidiary of GBR

2) from GBR or a wholly owned subsidiary of GBR to the Transport Secretary

The Railways Bill will also ensure that these transfers can happen successfully in relation to Scottish and Welsh Ministers, with agreement from the Transport Secretary if there is a transfer into GBR. Any Transfer Scheme must be done in accordance with the Transfer Schemes Schedule in the Bill. The exact detail of each transfer will be set out in each transfer scheme itself.

In the event a transfer scheme is used for the transfer of employment into GBR, appropriate consultation will be undertaken with trade unions and impacted staff before any transfer and will be undertaken in line with Cabinet Office Statement of Practice guidance on staff transfers in the public sector. The Cabinet Office Statement of Practice is a policy statement as to how government conducts the transfer of staff in the public sector and the steps which can be taken, through transfer schemes and other means, to ensure continuity of employment and of terms and conditions.

Similarly, to ensure that the Passenger Watchdog is set up with the right people and expertise from its inception, the same transfer scheme approach will be taken regarding moving staff between the ORR and the watchdog.

At present, the RDG oversees schemes and functions that deliver a wide range of critical industry functions such as managing central retailing systems and access to journey information for passengers. We anticipate that GBR will ultimately assume the delivery of the majority of RDG's functions, to a timeline that ensures the continuity and sustainability of critical industry functions.

The government is reviewing the RDG's functions with a view to ensuring the right arrangements are in place to deliver on our objectives for a railway fit for the future. Consideration will be given to the policy outcomes currently effected by the RDG's capabilities and agreements, as well as any relevant governance matters and how this may be delivered in the new model. The RDG and other industry stakeholders will be key partners in this work as it progresses.

It is essential that GBR and the wider sector has the right people, expertise, and tools to succeed from the outset and that the Transport Secretary has the ability to transfer what is needed into GBR and the watchdog.

Building on the lessons from alliancing, where elements of the current sector culture work well and produce good outcomes, they will be preserved. For example, the new system will seek to emulate the existing level of collaboration we see when it comes to railway safety, building on the requirements for cooperation established by the Railways and Other Guided Transport Systems (Safety) Regulations 2006, and the leadership and culture of the industry to take a unified and coordinated approach to address common issues. Open communication, integrated systems, shared data analysis, and harmonised industry strategies, will define this framework. It is these features and behaviours that have led to Britain having one of the safest railway networks in the world. The government's aim is to build upon this success and enhance it even further.

The role of the Office of Rail and Road

Today, the ORR is the economic and safety regulator that oversees the railways. It licences operators and infrastructure managers, and enforces competition, consumer law, and safety requirements. It also approves access rights, sets charges, and monitors the delivery of performance and efficiency targets for Network Rail.

The ORR's role has evolved over the years since privatisation to accommodate the complex web of regulations and competing interests which characterise the current system. The fragmented system has also created a risk that the ORR is required to focus on taking actions on parts of the system where things have already gone wrong to improve outcomes on a case-by-case basis and has not always had the necessary information and levers to make proactive, strategic decisions across the system as a whole. For example, in access decisions, operators must navigate a complex and legalistic process, including securing rights from Network Rail and approval from the ORR, all while aligning with different strategic goals.

The ORR's current role also reflects the current fragmentation in the system, with responsibility for running rail services and managing infrastructure split between different bodies. This will no longer be the case under the new model and therefore the ORR's role has to be adapted within a system that is changing. Establishing GBR as a directing mind while streamlining the role of the ORR will create a clear, accountable system that manages risks, assumptions, and changes with clarity and fairness. This is, therefore, a vital step in delivering a simplified regulatory framework focused on the passengers, businesses, and customers it is there to serve.

In the future, the ORR will be a more focussed organisation with a streamlined role. It will retain critical responsibilities where the system works, in areas such as safety regulation and competition law enforcement, but it will no longer have decision-making power over access rights. Instead, GBR will be the primary decision-maker for managing capacity, access and network planning – consolidating roles that are currently fragmented across multiple bodies. The ORR's new role will include:

- Monitoring and enforcing the Transport Secretary issued GBR licence; focused on passenger experience, industry obligations and processes that GBR must fulfil or facilitate

- A strengthened independent expert advisory role in legislation to monitor GBR's business performance and advise the Transport Secretary and Scottish Ministers.

- Taking up a new access appeals function to give confidence to freight and open access operators (see chapter 3 for more detail)

- Advising Funders on whether GBR's business plans are efficient and align with their Statement of Objectives and Statement of Funds Available (see chapter 4 for more detail)

The ORR will also retain existing functions where parts of the system currently work or are safety critical, including:

- Its role as the health and safety regulator for rail, maintaining the system that has led to Britain's railways consistently ranking among the safest in the world

- Licensing of non-GBR operators, stations, depots and infrastructure managers and managing the access regime for the non-GBR network

- The overall regulation of cross-border services between the UK and France

- Enforcing competition law concurrently with the Competition and Markets Authority (CMA) and enforcing consumer law in relation to the railways

- Continuing to produce and publish ONS-accredited Official Rail Statistics for the rail sector

- Acting as highways monitor for strategic roads

<u>The ORR will have specific additional duties</u>

To support its new role, the ORR will be subject to the streamlined set of general duties set out above. It will also retain some specific duties to fulfil its unique roles, for example:

- **To have regard to general guidance issued by the Transport Secretary when exercising its general safety functions, other than in respect of its enforcement of the Health and Safety at Work Act 1974 and associated regulations** – this exception is to preserve the operational independence of the ORR in carrying out its safety enforcement. This duty is the only duty in the Railways Bill that applies to the ORR's safety functions and will ensure guidance issued by the Transport Secretary can be considered across safety as well as the ORR's other functions.

- **To have regard to guidance issued by the Transport Secretary and Scottish Ministers when exercising non-safety functions** – both the Transport Secretary and Scottish Ministers will be funders of GBR, meaning it is right that the ORR has

regard to their guidance. This will ensure existing devolution arrangements are maintained and that the ORR takes the views of Scottish Ministers into account on matters related to Scotland.

- **To promote competition** – the application of the ORR's existing duty to promote competition in the provision of railway services will be amended to ensure it is focused on rail markets where competition adds most value in the new model, for example in the supply chain. This duty will not apply to the ORR's access appeals function, to ensure access decision-making remains with GBR as the directing mind and that it can run the network in the public interest.

The ORR has other duties set out in legislation that it will continue to be subject to, such as the Growth Duty – which the government has recently announced plans to strengthen and also provide more clarity around what growth means in practice for regulators. The government is clear, however, that reform of the ORR's duties must not reduce its ability to act as an effective regulator for the railways or provide effective oversight of GBR and the wider railways. The purpose is to ensure the ORR is set up to fulfil its role effectively in the reformed rail sector.

The ORR will receive funding from GBR

We are also making a legislative change to how the ORR's non-safety functions, such as economic regulation, will be funded. This is to replace Network Rail's licence fee, which currently funds most of the ORR's non-safety railway functions, with a new statutory levy on GBR to cover the costs incurred. Adjacent infrastructure managers (AIMs) such as High Speed 1, Northern Ireland Infrastructure and the Core Valley Lines will continue to pay a levy as they do today. This change is necessary to ensure the ORR receives a stable and legally secure funding stream that is independent of direct departmental budget decisions, and independent of the Transport Secretary-issued GBR licence, but which also reflects the financial flows under the new sector model.

The ORR will not have the power to fine GBR in relation to its licence

As GBR will be a publicly owned company overseeing a primarily publicly owned railway, we intend to remove the ORR's power to fine GBR when enforcing the GBR licence. Fines would simply recycle public funds and risk distorting incentives in ways that undermine its intended goals. The ORR will still retain other robust enforcement powers to ensure GBR's compliance with its licence, including issuing enforcement notices. Additionally, the ORR will retain its health and safety, consumer law and competition law enforcement powers. The ORR will retain the ability to issue fines for breaches of licence conditions by non-GBR licensees.

Most of the ORR's consumer functions will move to the Passenger Watchdog

As part of the Railways Bill, the government will strengthen Transport Focus to create the Passenger Watchdog to advocate for all passengers and hold GBR accountable for delivering excellent services to them. The government is clear the watchdog should reduce the fragmentation of the current passenger focused functions in the industry and clear lines of accountability should be established between the roles of the Transport Secretary, GBR, the ORR and the Passenger Watchdog. In the new system, we propose that the ORR will enforce minimum consumer standards, set by the watchdog, which operators

must adhere to ensuring a consistent passenger experience across the system including for accessible travel policies, complaint handling, passenger information, and delay compensation. Full details on the functions of each body can be found in chapter 2.

2. An independent voice for passengers

We asked

Question 4 –

What are your views on the proposed functions of the new passenger watchdog?

Question 5 –

Which of the approaches would best enable the establishment of the new passenger watchdog?

Question 6 –

Which of the options to establish the Alternative Dispute Resolution function as part of the passenger watchdog would deliver the best outcome for passengers in your view?

We heard

Question 4

We received a total of 604 responses to this question. There was considerable support for the proposed functions of the Passenger Watchdog, with 69% of respondents agreeing with all the proposed functions. 16% of respondents were supportive or open to the idea of a watchdog but did not agree with all the proposed functions or had further suggestions. Only 5% disagreed with the proposal altogether and 10% of respondents did not express a view.

Key points:

- Most responses across all groups supported the creation of a strong, independent watchdog to advocate for passengers, provided it has sufficient resources, independence from government influence, and a clear focus on improving

passenger experience. The most supportive groups were individual respondents, passenger rights groups and private sector rail organisations.

- Many respondents emphasised that the watchdog must have clear authority and enforcement powers to ensure its effectiveness. Without these, there was concern that it would be reduced to an advisory role with limited impact.

- Some respondents disagreed with the proposed functions of the watchdog, citing concerns about inefficiency, unnecessary bureaucracy, and potential overlap with existing bodies like the ORR and Transport Focus. Some suggested that the watchdog's creation may not add value and could complicate the current system. Individual respondents expressed the most sceptical views.

- Some respondents also advocated for enhancing the roles of existing bodies like Transport Focus or the ORR instead of creating a new watchdog. Others proposed alternative solutions, such as regional or locally based oversight mechanisms.

- Several responses highlighted the need for the watchdog to focus on accessibility for disabled passengers and other vulnerable groups. Suggestions included stronger enforcement powers, proactive monitoring, and a clear mandate to address system wide accessibility issues.

- There were calls for the watchdog to adopt a multi-modal approach, integrating oversight of buses, trams, and other transport modes to ensure a seamless passenger experience. Some also suggested including freight considerations within the watchdog's scope.

Question 5

For Question 5, a total of 605 respondents provided a view on which approach would best enable the establishment of the Passenger Watchdog. There was considerable support for the watchdog to be a statutory advisor with regulatory functions, with 66% of all respondents agreeing with the proposal. 14% wanted the watchdog to be a statutory advisor only. 20% did not agree with the proposal, didn't have an opinion, or wanted something else.

Key points:

- The majority of responses were supportive of the Passenger Watchdog having a statutory advisor and regulatory role. The support came widely from different groups of respondents including individuals, local authorities, TOCs, rail and other private sector organisations, passenger rights and business representative groups, as well as charities and unions. The recurring theme among those supporting the proposals was that the watchdog should be powerful. Each group had a few responses that did not support the proposals citing concerns around duplication of functions between bodies already in existence.

- The majority of respondents supported the statutory advisor with regulatory functions option for the watchdog. They believed that this approach would provide a structured and effective way to manage regulatory functions.

- A significant number of respondents stated that they would like the watchdog to have the power to hold GBR to account and expressed a desire for the watchdog to have a strong oversight role and mechanisms to ensure accountability.

- Some respondents said that the watchdog should be independent and have enforcement powers, with a small number wanting it to have the ability to sanction and fine operators. There was also a preference for a watchdog that can operate autonomously and take binding action when necessary.

- A small number did not consider that change was needed and were concerned about costs and duplication with the ORR's role. This reflects a minority view that the current system is sufficient, and that changes could be costly and unnecessary.

- A few respondents also raised the issue of open access operators and wanted reassurance that the watchdog would also oversee them.

Question 6

For Question 6, a total of 569 respondents provided a view on which of the options to establish the ADR function as part of the Passenger Watchdog would deliver the best outcome for passengers. 24% agreed with the proposal to transfer the ORR's sponsorship of RO to the watchdog, while 42% supported the transfer of the RO's powers and functions. 14% said they disagreed with both options and 20% either did not have an opinion or offered alternative views.

Key points:

- The majority of respondents agreed with either transferring the sponsorship of the RO or its powers to the watchdog. Most, especially individual respondents, supported simplifying the system and giving the watchdog the responsibility to address unresolved complaints, citing that this would give the watchdog a better ability to drive change and make the complaints process quicker and simpler for passengers.

- Those who supported the transfer of the RO's sponsorship mostly believed it would reduce disruption to passengers during the transition period and maintain the high standard and independence of the current ADR service. This option had most support from rail industry bodies, including the current watchdog, Transport Focus.

- Some respondents disagreed with both options, citing concerns about the ombudsman's independence, the addition of more bodies, and the cost to taxpayers.

Our response

Establishing the Passenger Watchdog

The current landscape of passenger rights, standards, and redress is frustratingly complex and difficult to navigate. Passengers dealing with limited access to services, persistent delays, and cancellations during their journeys are faced with a lack of clear routes to raise concerns or reliable mechanisms to bring about change. Therefore, we will establish a powerful passenger watchdog to ensure there is an effective passenger focused body to support GBR and other operators in delivering an excellent passenger experience, including more accessible services, and to address the fragmentation of the current rail consumer landscape. While GBR will own its relationship with passengers and be responsible for delivering excellent passenger services from the outset, the watchdog will:

- Advise and support GBR to help shape its passenger offer and advise the Transport Secretary on passengers' interests and needs
- Monitor passenger experience across rail services in Great Britain
- Shine a light on any issues that passengers face, ultimately raising persistent issues that impact passenger experience more formally with GBR, other operators and the ORR
- Hold GBR and other operators to account for how well they are delivering for all passengers

The Passenger Watchdog will not be a new body but will be established from Transport Focus by transferring the sponsorship of the RO and most consumer functions of the ORR into it. This will help to streamline the currently fragmented rail consumer landscape, in line with the government's ambitions to create a more agile state, and ensure all passengers are represented more effectively. It will also create clearer lines of accountability, so that passengers know where to go when issues arise and can be confident they have a powerful voice in the sector standing up for them. In addition, we will expand on Transport Focus' existing rail powers in legislation to ensure the watchdog is sufficiently powerful and able to seek improvements from operators where necessary. This includes enhanced investigation powers so the watchdog can request information from operators in a timely manner. We also considered creating an entirely new body or establishing it from the ORR. However, our approach was chosen for the following key reasons:

- Transport Focus is already a recognised and independent passenger watchdog, and its cultural values closely align with the single-minded passenger focus desired of the new body. Expanding its powers and bringing other consumer functions into its remit will maintain the already established watchdog and give it more power to advocate on passengers' behalf.
- Transport Focus has existing powers and expertise to assess and publish information about the performance of Britain's railways, investigate issues affecting passengers and make recommendations for improvements. These powers will be strengthened further through the Railways Bill.

- Building the watchdog out of Transport Focus is the quickest approach to implement and will have the lowest impact in terms of the transfer of staff and other assets.

- Transport Focus is already multi-modal, allowing the watchdog to access these functions from the start. This is especially important as passengers often use more than one mode of transport when making their journeys. The watchdog is therefore able to take a more holistic view of the challenges passengers face, investigate issues and advocate improvements for cross-modal journeys.

- Creating a new body and transferring more staff and assets into it would need considerably more time, resources and incur more cost. Due to the scope of the Bill, we would also be unable to transfer Transport Focus' functions in non-rail modes, which would create further fragmentation of the transport consumer landscape.

- Until the Railways Bill is introduced and during the subsequent transition period, Transport Focus will continue operations until its new powers and functions are fully set up alongside GBR, providing continuity to passengers.

Several respondents raised concerns about whether the watchdog would be sufficiently independent from both the industry and government to freely express its views on the performance of publicly owned railways. Ensuring its independence is essential. While we acknowledge that Transport Focus as a non-departmental public body (NDPB) receives government funding, it independently determines its funding needs to meet its statutory duties (which will increase as it takes on an expanded watchdog role). These requirements are approved by a Board and Chair appointed by the Transport Secretary. As part of its NDPB classification, Transport Focus is funded through a government grant in aid, and the Department for Transport does not exercise detailed controls over day-to-day spending. Therefore, although Transport Focus is sponsored by the Department, its operations and policymaking remain independent. This independence will be preserved as it transitions into its new role.

The watchdog will cover all the national rail services which are currently in Transport Focus' scope, including open access services. Transport Focus currently engages with all open access operators on the GB network and with some owning groups. The exception to this is Eurostar services, which are primarily overseen by London TravelWatch. This includes bilateral meetings, providing feedback on passenger experience when relevant, and sharing data and publications. Open access operators are also included in relevant user surveys. While this will not be mandated in legislation, we expect this engagement will continue as Transport Focus transforms into the strengthened watchdog.

The watchdog will also set some passenger experience standards which will be conferred on operators in licences, this will apply to all licensed passenger train operators and station operators. Some responses also called for freight services to be included in the remit of the watchdog. However, we do not consider it to be appropriate for a passenger watchdog to also cover rail freight services, as the needs of these two client groups are different and sometimes competing. The ORR will act as a robust and independent appeals body for operators including rail freight to ensure fair and transparent network access. The rail freight growth target, GBR's freight duty, and accountability for freight on

GBR's Board will ensure the interests of the freight sector are properly considered and championed alongside passenger interests.

The functions of the Passenger Watchdog

While we are establishing the watchdog from Transport Focus, the Railways Bill will expand its powers to ensure it is able to hold GBR and other operators to account.

Watchdog

The watchdog will cover all rail services within its remit and play an important role in holding rail operators to account for how effectively they are delivering for all passengers. It will do this by monitoring passenger experience, investigating emerging issues, and overseeing ADR to identify repeated issues and common themes.

As Transport Focus does today, it will be able to conduct research into passenger experience and investigate issues using strengthened information gathering powers. It will draw on additional sources of data and intelligence including open access sources to provide a holistic understanding of the rail passenger experience. It will ensure issues and passenger priorities identified are raised through advice to the Transport Secretary, GBR, and any other relevant operators and rail bodies, encouraging action to address them. This direct dialogue with operators and key industry bodies can also include highlighting areas of concern or interest, publications of the watchdog's research, and analysis so the industry are regularly updated on how the network is performing for passengers. The watchdog could also call GBR and other operators to public meetings to discuss their performance, a provision which we will consider including in operator licences subject to further consultation. Legislation will specifically give the watchdog:

- Powers to investigate any matter relating to the provision of rail passenger or station services, except where the provision of those services is wholly within the London Railway Area where London TravelWatch has the lead responsibility to investigate. Where a matter affects services both within and out of the London Railway Area, the watchdog must work with London TravelWatch to ensure passenger interests are represented in the most effective way.

- Powers to obtain any information it considers necessary during an investigation from providers and operators of rail passenger and station services for the purpose of carrying out the investigation. The operator must provide the information within a reasonable period specified by the watchdog.

- The ability to refer non-compliance to the ORR for potential enforcement action.

- The ability to make representations to anyone it thinks appropriate for the purpose of achieving a satisfactory resolution of an investigation.

- The ability to report on its findings publicly and share a copy of the report with the Transport Secretary, Welsh and Scottish Ministers, GBR, or any other person it thinks fit.

Currently many passengers, particularly disabled people, find it complex and confusing to raise issues when things do not go well, and find lines of accountability ambiguous. The

need to strengthen monitoring and enforcement of existing standards and make it clear where and how to lodge complaints, has been raised as key improvement area. The Transport Select Committee report Access Denied: rights versus reality in disabled people's access to transport underscores the importance of addressing this. Therefore, a core part of the watchdog's function will also be an explicit duty on accessibility. The watchdog will specifically monitor how services are delivered to disabled people (for example, by gathering information through surveys and complaints data) and will be expected to engage directly with accessibility stakeholders and disabled passengers to gain insight on persistent issues which it will raise with operators to seek improvements.

The watchdog will not replace any current accessibility bodies or statutory advisors such as DPTAC. While we are not mandating specific representation on its board in legislation, we are committed to the disabled representation currently found on Transport Focus' board continuing. The watchdog must consider the diverse needs of all passengers and is expected to engage with relevant organisations when fulfilling this duty. This new specific duty will ensure disabled passengers have a strong advocate in the railways that can drive improvements on their behalf.

Statutory Advisor

In addition to Transport Focus' current functions and powers, the watchdog will be empowered to become a statutory advisor to the Transport Secretary and GBR. It will also be able to advise other rail bodies, operators, and Devolved Governments where appropriate or if asked. It will advise the Transport Secretary on passenger priorities including on policies and strategies which affect passengers – for example, the LTRS (chapter 1) and priorities for funding periods (chapter 4). It will advise GBR on its policies and strategies which affect passengers including business plans, plans for managing upgrades and service disruption, and passenger charters and policies. GBR will be expected to have regard to the watchdog's advice.

Regulatory functions - setting standards and enforcement

The consultation responses indicated strong support for the watchdog to have a regulatory role in addition to its statutory advisor and watchdog functions. The government has therefore decided to proceed with this approach and give the watchdog the ability to set standards. For the watchdog to have a meaningful ability to drive up standards for all passengers, we consider it is important it has input when minimum passenger experience standards are developed, while also balancing ambition with operational and financial realities. Therefore, we believe the best approach is to transfer the development and monitoring of passenger experience related standards from the ORR to the watchdog.

In practice, this means the watchdog can amend or develop guidance and codes of practice against consumer licence conditions, which will be subject to public consultation, in the areas of accessible travel policies, passenger information, complaints and delay compensation. This process could work in the following way:

- **Development and consultation on standards**: if the watchdog wishes to update the current codes of practice and guidance, it must consult accordingly. It will first involve the ORR and the Department for Transport in the process before seeking the expert advice of DPTAC and consulting relevant stakeholders as the ORR does today. The feedback should be considered when it finalises the proposal.

- **The Transport Secretary and ORR consent:** the watchdog must seek consent from the Transport Secretary as GBR's licence issuer and the ORR as the issuer of other licences on the updated codes of practices/guidance. This is to ensure the proposed amendments are affordable and enforceable. The Transport Secretary and the ORR must consider if updates in licence conditions are needed, discuss with the watchdog where necessary and inform it of the final agreed licence conditions set.

- **Publication and compliance monitoring**: should the licence conditions have been updated, the watchdog will publish the updated standards on its website and is responsible for the ongoing monitoring of GBR and operators' compliance with them. It will consider core compliance data collected and provided by the ORR. It can also follow up issues by requesting further information or investigate issues where necessary.

- **Action short of enforcement**: the watchdog can encourage compliance with licence conditions ahead of any formal enforcement action by publishing performance data, directly engaging with operators, asking for information and improvement plans, and by issuing warnings of potential referral to the ORR for enforcement action.

- **Enforcement (if required)**: if the watchdog has exhausted all avenues to seek compliance, it can refer cases to the ORR for enforcement. The ORR would consider each case on an individual basis and decide appropriate action. It must keep the watchdog informed of its decision and outcomes.

This process will ensure the watchdog can drive up standards and advocate improvements for passengers, while having a powerful but proportionate voice in the industry. We acknowledge many respondents called for the watchdog to have enforcement powers in addition to regulatory powers. However, the ORR will remain the sector's safety regulator and will retain powers to monitor and enforce GBR's licence, including conditions on passenger experience, and will therefore hold enforcement powers in relation to its functions. Giving enforcement powers to two separate bodies would pose a high risk of duplication and inconsistent enforcement, which creates a risk of additional fragmentation and is not in line with the government's ambition to create a more agile state. Therefore, we believe one sector enforcer will be more effective, provide clarity and confidence to operators and clear lines of accountability. The ORR as the current regulator has the relevant experience and access to information required to be an effective and fair enforcer.

<u>Alternative Dispute Resolution (ADR)</u>

Today, if passengers do not receive the expected standard of experience regarding a train or station service, in the first instance they should contact the operator directly. Operators can help with problems such as compensation for delays, reservations, or train service and station facilities. If the complaint cannot be resolved satisfactorily, a passenger can use the ADR service and appeal their case to the RO (the current ADR service provider), who can assess the complaint from an independent perspective and make decisions that are binding upon the service provider. If a complaint does not meet the Ombudsman's eligibility criteria, they will transfer the complaint to Transport Focus and London TravelWatch, who can review complaints and, where appropriate, follow issues up on passengers' behalf. This basic process will remain unchanged in the new model.

The consultation laid out two options for the future of the ADR service for passenger rail. To transfer the sponsorship of the RO's contract to the watchdog, or to give the watchdog itself relevant powers in legislation to make it the ADR service. While most respondents supported the transfer of ADR powers to the watchdog, the transfer of the RO's sponsorship represents the simplest option with the least disruption to the passenger experience as outlined in the consultation document. This was supported by key industry bodies including the RO, Transport Focus, and the RDG. Having analysed the range of consultation feedback in detail, we consider this the more desirable option for the following reasons:

- The current service is fit for purpose and decisions on disputes are made by legally trained staff, which gives passengers and operators assurance and confidence the disputes are handled fairly and correctly.

- We recognise the RO holds experience and expertise specific to rail and the ADR process and can promote cross-sector best practice sharing.

- Sponsorship helps to preserve the impartial nature of the ADR service. The RO is currently independent of its sponsor and has an independent governance structure where the sponsor's role is to monitor its performance against agreed objectives to ensure high standards of service to all users. The resolutions the RO makes are binding; impartiality and neutrality between passengers and operators is therefore key to resolving disputes fairly. This ensures passengers achieve fair solutions while operators will be required to issue reasonable compensation. The watchdog will rightly have a single-minded focus on passengers, and it would be more difficult for it to achieve the required impartiality were it to become an ombudsman itself.

- The RO has been accredited by the Chartered Trading Standards Institute and the Ombudsman Association, meaning it meets the high standards to be expected of an ADR service provider. We do not expect the watchdog could achieve the Ombudsman Association's accreditation as it would not meet the high threshold of impartiality and objectivity. Therefore, the sponsorship would preserve the currently independent status of the scheme.

- There is no clear benefit that might be experienced by passengers or operators as a result of taking on the more challenging approach of making the watchdog itself the ADR service. While the provision of the ADR service would be similar to passengers under both options, it would be more difficult to ensure its impartiality if it was provided by the watchdog directly rather than through sponsorship of the ombudsman.

Dispute resolution focuses heavily on generating insights into persistent issues across the industry. Both approaches, the transfer of sponsorship and the transfer of powers, can ensure opportunities for improvement are identified and be used by the watchdog to drive standards. We also believe there are opportunities to enhance the passenger-facing presence of the ombudsman and deliver an optimised 'single front door' experience to passengers, ensuring the clearest possible journey for unresolved complaints. Therefore, we believe transferring the sponsorship will achieve a solution where passengers find it easy to contact the watchdog as a passenger-facing service (or the ombudsman directly) with any issues they face, with the reassurance that disputes will be resolved by an independent and accredited ombudsman.

Other functions

Some respondents also called for more specific roles in areas such as personal safety, safety more widely, timetabling, routes and fares. We are not giving the watchdog specific roles in these areas for several reasons. Firstly, the operational safety of the railway is and will continue to be the responsibility of the ORR, recognising its strong track record and expertise as a world-leading independent safety regulator. While not specified in legislation, Transport Focus can investigate areas of personal safety, and we do not plan to specify this in legislation as the watchdog does not need specific powers to undertake research or investigations on personal safety matters. Fares, routes and timetabling are both operational and policy matters which are currently set by the Department for Transport, Network Rail and operators. The watchdog may, as part of its advisory role, feed in passengers' priorities and key issues when decisions are made, but the legislation must remain suitably flexible and will not name these as specific areas.

Devolution, local and regional services

Transport Focus, the RO, and the ORR all cover the rail services across Great Britain in their remit, including devolved services in England (except for watchdog functions in London, which are covered by London TravelWatch), Scotland and Wales. This will not change and the watchdog will continue to cover all rail services in Great Britain with a limited number of exceptions as set out below.

Like the ORR today, the watchdog will set passenger experience related standards, which all licensed operators must comply with, including devolved rail operators. The watchdog will also monitor compliance and may directly engage with operators who do not comply with the standards satisfactorily. However, any enforcement action for non-compliance will still be taken by the ORR. Transport Focus is the current rail passenger watchdog and covers all services in Great Britain except international rail services and services operating within the London Railway Area. These will continue to be covered by London TravelWatch. The RO also already covers all devolved operators, including Transport for London (TfL) rail services, meaning the ADR function will be GB wide without exceptions. Therefore, the Passenger Watchdog is set to be a GB-wide body.

Ensuring sufficient representation of devolved services will be crucial. Transport Focus is led by a Board of non-executive directors, including members for Scotland, Wales and London appointed by the respective governments and the London Assembly. These are currently statutory appointments and will be retained in the Railways Bill. While it is important the watchdog is aware of and considers local needs around the country, we will not add more statutory appointments to its board to ensure there is flexibility to have the right composition and size of the board.

Transport Focus currently has a regional approach to engagement, with engagement managers responsible for each English region, and two Senior Engagement Managers responsible for Scotland and Wales. While these roles will not be set in legislation to allow flexibility in the organisation, we expect this two-way relationship with local and regional authorities, including community rail groups, to continue.

London TravelWatch

Several responses sought clarity on London TravelWatch’s role alongside the watchdog. London TravelWatch is the statutory transport watchdog for all passengers in the London

Railway Area. It represents the interests of passengers using all TfL services, as well as international rail services serving London. It works alongside the RO, which provides ADR services covering all London rail services (including the Elizabeth Line and London Overground) and their stations. The government recognises the role that London TravelWatch plays in championing the interests of people who travel across all modes of London's integrated transport network, and does not intend to change its purpose, role or remit as part of the Railways Bill.

Some respondents commented that the current boundary between the geographic remits of London TravelWatch and Transport Focus adds complexity and confusion to the complaints process. We note these concerns but observe that London TravelWatch and Transport Focus work closely together on cross-boundary issues to ensure complaints are dealt with by the appropriate organisation. We expect this to continue as Transport Focus becomes the watchdog.

London TravelWatch will continue to have a voice on matters that could impact the London transport network. The Passenger Watchdog will be required to consult appropriate bodies when it is setting passenger experience related standards, providing the basis to consult London TravelWatch. We also intend to expand London TravelWatch's investigatory and information-sharing watchdog powers and duties for rail to align with the new powers for the watchdog to ensure London passengers have the same level of consumer protection and advocacy as those in the rest of the UK. The government will continue to work with the Greater London Authority and London TravelWatch as work to establish the watchdog continues.

Modal scope

The watchdog will be multi-modal through the inclusion of passenger watchdog functions currently carried out by Transport Focus. This currently covers bus, coach and tram passengers and users of the strategic road network in England (outside London) in addition to rail passengers across Britain. The Watchdog will retain Transport Focus' current responsibilities and functions in these modes. This means it will, for example, continue to conduct user surveys and can advocate on behalf of the passengers using these modes.

Our focus right now is to establish a powerful rail watchdog. However, we will continue to examine whether there is scope in the future to further expand the watchdog's modal scope to cover multi-modal journeys more comprehensively, noting we would expect this to require further primary legislation.

3. Making best use of the rail network

We asked

Question 7 –

Does the proposed new access framework enable GBR to be an effective directing mind that can ensure best use of network capacity?

Question 8 –

What - if any- key access rules and requirements for GBR should be updated and included in legislation?

Question 9 –

Does the proposed role of the ORR acting as an appeals body to ensure fairness and non-discrimination provide sufficient reassurances to all operators wishing to access the GBR-managed network?

Question 10 –

Do you foresee any unintended consequences of the ORR retaining its existing powers with regard to adjacent infrastructure managers (AIM) which might affect the smooth passage of trains between the GBR and non-GBR network?

Question 11 –

The government intends to include in primary legislation a power to enable amendments to the Railways (Access, Management and Licensing of Railway Undertakings) Regulations 2016 to ensure consistency with GBR's processes used by AIMs. Do you agree with this approach?

We heard

Question 7

A total of 599 respondents answered question 7. There was considerable support for the proposed new access framework and its role in enabling GBR to be an effective 'directing mind' that can ensure best use of capacity on the network. 61% of respondents agreed with the proposal, while 14% disagreed and 25% were unsure, did not express a view, or provided alternative views.

Key points:

- There was a general consensus among respondents that GBR's role could support the integration of track and train and create more efficient processes by acting as a single decision-making body.
- Local authority groups stressed the importance of GBR balancing the interests of passengers, freight, and open access operators to ensure that equal access rights are granted for all types of services to run smoothly.
- Local authority groups wanted increased powers to help ensure that local strategy goals were taken into consideration in GBR decision making.
- Freight and other private sector organisations wanted clear definitions of GBR duties and wanted these reflected in the AUP for transparency. This was seen as important in giving investors certainty and to enable GBR to be held to account during the appeals process.
- Freight and open access operators highlighted the risk that GBR would favour its own passenger services given the pressure it will be under to grow revenue. Here, operators wanted clear safeguards in legislation to protect them from discrimination and to provide assurance to investors prior to them making track access requests.
- Freight groups were keen for further details on how the AUP would be designed and developed and what it would contain. This was seen as important, particularly for investors who will want transparency in the capacity allocation and charging processes and how guidance from the Transport Secretary will be reflected in the AUP.

Question 8

A total of 276 respondents provided views on which key access rules and/or requirements for GBR should be updated and included in legislation.

Key points:

- Respondents highlighted the need for robust legislative safeguards to be in place to protect private sector investment. Freight groups and local authority groups suggested that such safeguards should include protection against discrimination

against non-GBR operators, and a requirement for GBR to support long-term private investment by offering track access contracts for longer than five years.
- Business representative groups also highlighted the importance of including GBR's decision-making criteria, application processing timescales, and the methodology for calculating costs and charges in the AUP. This was seen as vital in ensuring transparency of decisions and providing assurance to existing and future private investors.
- Respondents also thought that legislation should include a requirement for GBR to work closely with AIMs to ensure better alignment of processes and the smooth passage of trains between networks.

Question 9

A total of 579 respondents answered Question 9. About half of respondents (51%) agreed that the proposed role of the ORR acting as an appeals body to ensure fairness and non-discrimination provided sufficient reassurances to all operators wishing to access the GBR-managed network. 18% disagreed, and 31% were unsure, did not express a view, or provided an alternative view.

Key points:

- There was a general consensus among respondents that the existence of an appeals body would provide non-GBR operators with greater confidence to invest. Respondents were concerned that the ORR must have the ability to direct GBR to change a decision and have the power to enable it to be an effective regulator of GBR decisions.
- All stakeholders thought that the ORR's appeals role should be set out in legislation. This was seen as vital to ensuring the ORR had the necessary power to hold GBR's decisions to account, ensuring fairness and non-discrimination and providing assurance to private operators.

Question 10

A total of 273 respondents gave examples of unintended consequences of the ORR retaining its existing powers with regard to AIMs which might affect the smooth passage of trains between the GBR and non-GBR network.

Key points:

- The majority of respondents agreed that the ORR should continue to regulate AIMs under the existing regime. This was seen as important in providing stability at a time of significant reform.
- Both TOCs and freight operators expressed concerns that not maintaining the ORR's role for AIMs might have adverse impacts, especially for HS1 and Channel Tunnel operators.

- This concern was also highlighted by other private sector operators, who requested clarification on how two regimes might work in practice. They stated that the legislation should also require GBR to collaborate directly with AIMs to manage cross-boundary paths effectively and ensure the smooth passage of trains between networks as part of capacity allocation processes.

Question 11

A total of 561 respondents answered Question 11. There was considerable support for the proposal, with 65% of respondents agreeing with our proposal to include in primary legislation a power to enable amendments to the Railways (Access, Management and Licensing of Railway Undertakings) Regulations 2016 to ensure consistency with GBR's processes used by AIMs. 6% disagreed, whilst 29% were unsure, did not express a view, or provided alternative views.

Key points

- There was a broad consensus amongst respondents that the power could facilitate more integrated and consistent processes between GBR and non-GBR networks where issues of divergence may arise.
- Both private sector operators and freight stakeholders responding agreed that any proposed changes to the Access and Management Regulations 2016 (AMRs) should first be consulted with industry. Concerns around changes being made without parliamentary scrutiny and proper consultation were also highlighted by Local Authorities.

Our response

Creating GBR offers a once in a generation opportunity to deliver a railway that better serves passengers, taxpayers and freight operators and which delivers economic growth. GBR cannot deliver these benefits within the existing regulatory and contractual framework as complexity, conflicting priorities and fragmentation of decision-making means it is not fit for purpose. Without reform, GBR will not be able to take the long-term strategic view necessary to ensure the very best use is being made of the rail network.

The problems within the existing framework are compounded by the realities of growing demand for access rights on an already highly constrained network. This means decisions on management of the infrastructure are taken separately from decisions on how the network is used and the design of passenger and freight services, resulting in a fragmented system that fails to deliver for taxpayers, passengers and operators.

To deliver the benefits of GBR as a directing mind, we will fundamentally reform the existing contractual and legislative framework for access to and use of the railway. That means putting the day-to-day running of the railway into the hands of GBR, who will be tasked with making the best use of the network. It will be GBR that will have the authority and expertise to make the difficult trade-offs between competing options and priorities, whether this be proposals for new passenger services, opportunities for rail freight,

growing important supply chain capabilities, or realising the ambitions of devolved governments and mayors.

This chapter will detail how GBR will make these difficult trade-offs. This includes how it will allocate capacity and set charges in line with its new duties and policies and deliver greater efficiency and better performance, ending the current separation of decision making and inconsistent priorities that have hindered the railway for 30 years. Our new access framework will put the government's strategic goals for the railway at the heart of GBR's decision-making, removing barriers to economic growth in an improved system.

A new capacity allocation framework to make the best use of the network

Creating GBR as an integrated directing mind that is responsible and accountable for making the best use of the railway requires the establishment of a new framework in legislation. We will therefore disapply the existing access specific legislation within the Railways Act 1993 for GBR, including the powers of the ORR under Section 17-22C and its corresponding Section 4 duties. We will also disapply for GBR those parts of the 2016 AMRs necessary to enable GBR to act as the directing mind for the railway.

A new capacity allocation framework will be established through the Railways Bill to create a simpler, more efficient system that empowers GBR to make the very best use of the network. We will take the best aspects of the current model, those that operators care about most such as fairness, transparency, and long-term certainty, and build them into the new framework. This will give GBR a coherent structure to act as a proactive, innovative, directing mind, able to balance freight and passenger needs while managing the difficult trade-offs on a finite network.

Within this new framework GBR will need to weigh its general statutory duties outlined in chapter 1 with its access-specific duties, while aligning with government priorities in the LTRS; any guidance issued by the Transport Secretary; and having regard to the strategies of devolved governments and MSAs.

We note the general concerns raised by stakeholders around providing strong safeguards to ensure fair access to the network, as well as concerns around operators losing existing rights. We recognise the need to balance fair access to the network and a continued role for open access operators alongside our commitment to deliver maximum value for passengers and taxpayers. So, in addition to the government maintaining its commitment to honour existing rights in Schedule 5 of track access contracts until they expire, the Railways Bill will also place duties on GBR for how they take decisions on access, ensuring that they strike a fair balance between the impacts on their decisions on taxpayers, passengers and the performance of the network. We will also include a duty on GBR that provides all investors and operators with a reasonable degree of assurance to plan, something we recognise as being vital to the sector following the consultation feedback.

Legislation will require GBR to publish its criteria for how it will make the best use of the network in its AUP. We expect this criteria to include a test to guide its decision making and consider the impacts and benefits of applications to access the GBR network,

including how it will assess the level of revenue abstraction that might be caused to GBR passenger services[3]. Today, it is the ORR, through its own devised tool (the Not-Primarily Abstractive Test), which considers the ratio of generation of services to the abstraction of existing services (funded by the government). In the future, GBR will take into account the level of taxpayer funding of the railways, including on enhancements and investments.

We expect that GBR will look at much more than the financial impacts on GBR services: it will be taking all decisions in a way that fulfils all its statutory duties. A well-designed set of criteria will be a core component of GBR's AUP that must provide a clear, consistent, and defensible basis for approving or rejecting aspirations from all parties – including GBR operators. When considering aspirations GBR will be informed by HM Treasury's (HMT) Green Book principles and relevant transport appraisal guidance. Decisions will be based on (but not limited to):

- GBR's statutory duties including economic benefit, passenger interests, performance of the network, freight growth and value for money
- Impact on public finances and operational revenues (e.g. abstraction)
- Impact on network efficiency
- HMT's Green Book principles, and relevant transport appraisal guidance.

Capacity allocation and timetable production process

We have carefully considered the feedback received from stakeholders which emphasised the importance of clarity and transparency in how capacity allocation and timetable production will be managed. The Railways Bill will set out a clear and robust structure for managing capacity allocation and timetabling with key stages and decision points that GBR must adhere to, ensuring transparency and accountability at every step. This structure has been designed to:

- Embed strategic planning into GBR's decision making process
- Allow difficult decisions on capacity to be resolved earlier in the process, rather than left until the very late stages of timetable production
- Ensure that key decisions taken during the capacity allocation process give certainty for all parties
- Provide a robust appeals process

GBR will be required under legislation to produce, consult on, and publish its policies, processes and criteria on capacity allocation, timetabling and use of the network and its dispute resolution processes. In addition, legislation will enable GBR to deliver to specific obligations at the following key stages:

- **Infrastructure Capacity Plans:** Following consultation with the market, key bodies and the public and in accordance with its general duties, GBR must develop and consult on Infrastructure Capacity Plans. These Plans will set out how operators of various kinds may expect to use its network, which could include allocating capacity where GBR is satisfied is appropriate. As today, individual operators will

[3] A test of the economic impact on other operators and the public sector, including where income expected to be generated by new proposed services results from passengers switching from existing services (often referred to as level of abstraction).

then receive specific contracts allocating them capacity, to be known as ‘‘capacity commitments”. In this way, GBR will provide multi-year contractual allocations of capacity made at a higher level than timetable paths that give long-term certainty to operators and funders. Infrastructure Capacity Plans will be enduring, and we expect GBR to only develop new Plans when there are significant and material changes to the capacity on that part of the network to ensure that operators can plan their businesses with a degree of certainty. Where an operator has an existing capacity commitment GBR will prioritise this should a new Infrastructure Capacity Plan be triggered.

- **Timetable production:** GBR will develop the timetable in accordance with its Infrastructure Capacity Plans and any issued capacity commitments. Requirements for the frequency of timetable changes and notice periods for engineering work and short-term changes will not be set in legislation.

A number of responses to the consultation highlighted the importance of placing a legal requirement on GBR to support long-term private investment by offering access contracts exceeding 5 years. Therefore, we are reaffirming our commitment that the new access framework will enable increased opportunity for GBR to offer longer-term certainty to third parties – including contracts beyond 5 years.

Following the consultation, the department has undertaken further policy development to ensure there is clarity on how GBR will make access decisions to enable best use of the network and also operate services itself. GBR will be required to ensure that it has the available capacity it needs to run those passenger services that the government has required it to provide. This requirement will not change the proposition on access and capacity allocation that was set out in the consultation. GBR will need to work with devolved authorities, freight and open access operators to consider their aspirations for the services they want to run, and where these represent ‘best use’ of the network, they can expect to be awarded capacity commitments. The role of the ORR as an independent appeals body overseeing GBR’s access and charging decisions (as set out later in this chapter) is also not impacted.

Access to stations, depots and service facilities

Stations and light maintenance depots operated by GBR will be exempt from the provisions in the Railways Act 1993 that would ordinarily give ORR a right to approve or direct GBR into access agreements. This exemption is to protect GBRs ability to act as the directing mind. GBR will still, however, be required to provide fair access to its GBR operated service facilities, including stations and light maintenance depots.

AIMs sought clarity regarding privately owned facilities located on the GBR network and what rules might apply. Both GBR and non-GBR operated service facilities, including stations and light maintenance depots will remain subject to existing rules in the AMRs. The only distinction is that non-GBR operated facilities will also be subject to the role of the ORR in relation to access agreements in the Railways Act 1993. Therefore, in cases where GBR sought access to any privately managed stations or light maintenance depots, GBR would be able to make use of the provisions in relation to access agreements and the role of the ORR in the Railways Act 1993, as per the existing regulatory framework.

GBR's Charging Functions

GBR will establish a charging framework that must be consistent with its duties and functions set out in legislation. This will include maintaining broad principles of cost reflective charges; as well as setting charges that enable non-GBR operators to plan the future of their businesses with a reasonable degree of assurance. Operators will be able to appeal the decision to the ORR, if they allege that GBR has not acted in accordance with its duties.

As set out in the consultation, the final determination made by the ORR on access charges for Control Period 7 will be honoured. We therefore intend for the GBR charging framework to become operational from Control Period 8.

Requirements for transparency

In response to questions raised to the consultation on transparency of charges set by GBR, the government will place a requirement in legislation that GBR must consult on and then publish its charging principles.

To avoid a complex 'money go round' of one part of GBR paying another within a single organisation, GBR passenger services will not pay track access charges to use the GBR managed network. To ensure transparency and fairness, we expect GBR to carry out a transparent cost apportionment process which will account for the cost of providing rail infrastructure and record the costs of its own passenger services using GBR managed infrastructure. This will enable non-GBR operators to directly compare their own charges with the published 'indicative charges' so that the risk of unfair charging is mitigated.

Types of charges

Cost directly incurred (CDI)

Some responses to the consultation expressed concern that Commission Implementing Regulation (EU) 2015/909 on costs that are directly incurred – the cost that is directly incurred by Network Rail as a result of operating the train service (CDI) – would not apply to GBR. Although this Implementing Regulation is being disapplied for GBR, the terminology is being replicated in the Bill to ensure consistency between networks for the benefit of all users.

While this broad definition will remain, GBR will be permitted to develop (having separately consulted with industry on its broad commitments and principles for charging as part of its AUP) its own methodology for how all charges, including CDI, will be calculated – though legislation will require that, subject to the exclusions (discounts and mark-ups), charges must reflect the CDI as a result of running the train service.

Discounts

There was support from consultees for the proposal that GBR would have the flexibility to offer discounts on CDI where it is financially viable to do so, on any part of the GBR

network, and to any market segment outside of its own services that would ordinarily be subject to paying CDI.

Legislation will set out a non-exhaustive list of criteria for when discounts can be offered, including to encourage use of GBR infrastructure where there is spare capacity, to promote new rail services or to give effect to any guidance issued by the Transport Secretary.

Some responses to the consultation called for additional funds to be made available to GBR specifically for discounts. Legal requirements around subsidy control and competition rules, as well as the requirement for GBR to have regard to Transport Secretary funds, mean that any discounts must be funded from existing budgets and be balanced within GBR's own revenue stream within a set period. Any discounts will need to be in line with GBR's funding settlement.

Mark-ups

GBR will have the ability to impose additional costs (mark-ups) on operators who can afford to pay higher charges. GBR will design a test of affordability to measure this in consultation with industry. This test will also consider where the benefits realised by an operator as a result of an enhancement to GBR infrastructure justifies a higher charge. There will be a clear route to appeal should an operator feel higher charges have been imposed unfairly or against GBRs agreed published policies.

Reservation charges

Where an operator fails to make use of an allocated path, GBR may levy a charge as if the service had run as intended. The extent to which this charge is used will be at the discretion of GBR and is not mandated in all instances. This is particularly important for taking into consideration divergent industry operating models, such as freight, which is market driven and therefore has less assurances on services. If an operator believes they have been disadvantaged by a GBR decision, then they will be able to appeal to the ORR.

Performance Schemes

There was significant support across all sector responses for the GBR network to be subject to a performance scheme. As with commitments on Control Period 7, GBR will maintain the existing performance scheme (schedule 8 provisions) until Control Period 8.

The legislation will provide GBR with the scope to design a bespoke scheme of its own making – contingent on a robust consultation process – that ensures certain protections are in place for all operators. When designing the scheme, GBR should set out how it intends to be accountable and how it will be incentivised to avoid disruption where it can reasonably do so, as part of wider requirements for transparency and fairness.

Dispute resolution mechanisms will be available, including for matters of contractual dispute, such as delay attribution. Legislation will include a route to appeal to the ORR on GBR's performance scheme.

As is the case today, GBR will be the central counterparty through which all performance scheme payments are made in relation to its infrastructure, such that there is no need for contractual arrangements between train operators themselves.

The Access and Use Policy (AUP)

The AUP will be an important document containing the detailed processes that sit behind legislative requirements, including the criteria for how GBR will take decisions on the 'best use of the network' when balancing its statutory duties, guidance and, should they be issued, any directions from the Transport Secretary on use of the network.

The majority of responses to the consultation called for a need for GBR to have a legislative requirement to consult on and publish its policies relating to access to and use of the railway. Therefore, to provide reassurance that the AUP will be fair and transparent, there will be a legislative requirement for GBR to consult the sector on its policies and processes, and for the ORR and the Devolved Governments to be statutory consultees as part of this process. In its role as a statutory consultee, we expect the ORR to ensure that as it is developed by GBR, the AUP is consistent with and reflects any guidance issued by the Transport Secretary on the government's priorities for how the network is used. The ORR will report periodically on how the access regime is facilitating private investment in rail consistent with GBR's duties and its wider objectives set by Ministers.

We noted some concerns raised that the AUP would enable GBR to set its own rules for access and charging without any checks and balances. This is not the case, as the AUP must align with clear legislative requirements.

The consultation sought views on what requirements there should be in legislation for GBR to publish specific policies and processes. The Bill therefore contains a number of requirements on GBR that may form part of its AUP, including but not limited to its criteria for deciding what train paths over GBR infrastructure are to be available and to whom those train paths should be allocated.

In advance of GBR being formally stood up, we have commissioned Network Rail to work with industry, Devolved Governments, the ORR and other interested parties to develop a technical discussion paper on the content of the AUP to be published shortly after Bill introduction. This technical document is expected to contain detail on proposed GBR processes for capacity allocation, charging and performance schemes, subject to formal consultation. While they will not own the final product, the Department has tasked Network Rail (as the body with the right technical expertise) to start discussions with industry on the AUP.

A new GBR network code will be created based on Network Rail's Network Code but with some key changes to reflect the new industry structure and role of GBR as integrated directing mind. This will include changes to Part C and replacing the voting and ORR's approval. Over the longer term, GBR will update the code through consultation to reflect new industry processes on access, including on timetabling. Operators will have a route of appeal to the ORR if amendments are unfair, or they have been disadvantaged.

Model Contracts

As GBR assumes its new role as decision maker on access and capacity allocation, it will develop, consult on and publish its own model contract with new terms as an industry standard for new operators seeking access onto GBR's network. This will ensure that operators have confidence that there is a fair and transparent approach to access contracts and also makes it administratively efficient for GBR to make updates.

ORR as an Independent Appeals Body

To establish GBR as the directing mind, the ORR's role will need to change. Under the new framework, the ORR will act as a robust and independent appeals body for access decisions made by GBR on the GBR-managed network.

We recognise concerns from some respondents about the impact of this change on their ability to access the GBR-managed network. The ORR's appeals function will provide a clear, credible, and accessible route for any directly affected railway undertaking or operator to challenge decisions that they believe are unfair or inconsistent with GBR's duties and AUP.

Respondents sought reassurance that the appeals function would be defined in legislation, with sufficient scope to deliver fair outcomes while ensuring the process be timely, accessible, and not undermine operational certainty. Others also wanted reassurance that remedies would be transparent and enforceable. We have worked closely with the ORR to ensure the new appeals function addresses these concerns.

Scope of Appeals

We agree with consultation feedback that the scope should cover a wide range of GBR decisions, processes and policies, for example where GBR may not have acted in accordance with its legal duties or established procedures. Legislation will therefore clearly state that appeals can be made on GBR's capacity allocation, access and charging decisions.

Appeals Process

Legislation will require the ORR to comply with its duties in addition to existing public law duties when hearing appeals. The ORR will also apply the same set of duties as GBR, so the ORR can assess whether GBR has acted in accordance with its duties, without substituting its own judgement, or applying different priorities.

As part of developing its appeals process, the ORR will be required to ensure that its policies on timescales are reasonable and that the process is credible and capable of delivering meaningful outcomes, while allowing GBR to manage the network effectively.

Remedies

Respondents demonstrated concern regarding previous wording around 'direction' and 'recommendations' for remedies. In response, this language has been replaced to offer reassurance on the extent to which ORR can always issue remedies in a meaningful way. So, where an appeal is successful, the ORR will select appropriate remedies on a case-

by-case basis, determined in a way that proportionately considers the specific appeal in question. The ORR will be able to dismiss the appeal and support GBR's decision, send the decision back to GBR for reconsideration, or substitute GBR's decision with its own.

Limits on appeals and remedies

When determining the appropriate remedy, the ORR will be expected to consider its effect on the network's stability and the certainty needed by operators. In particular, we expect the ORR to consider:

- Protections for confirmed access rights granted through previous processes
- The stability and integrity of already published timetables
- The interests of other network users and passengers

The ORR will not be expected to propose a remedy that conflicts with already confirmed access capacity allocations, or which would require GBR to change previously allocated paths to accommodate a successful appeal. This balance is important, it gives GBR the space to plan best use of the network, while giving operators a reasonable degree of assurance that GBR's capacity and access decisions are not at risk of being overturned many weeks or months after they have been taken.

In instances where a GBR decision is found to be inconsistent with the framework but paths have already been allocated, the ORR would likely consult all parties to agree an alternative remedy. This would ensure a resolution for the appellant without undermining the wider timetable or negatively affecting operators outside of the original claim.

Adjacent Infrastructure Managers (AIMs)

The existing legal framework and ORR's regulatory responsibilities will continue to apply to non-GBR infrastructure and facility managers, such as the privately owned HS1 Ltd, the Core Valley Lines (owned by the Welsh Government), and parts of the network in London operated and managed by TfL. This ensures that these parties (some of which are privately owned with commercial interests) have a stable and predictable framework under which they can operate alongside the GBR-managed network. The ORR will recognise GBR as a network-wide organisation with widely drawn duties to support public benefit.

Stakeholders broadly supported retaining the ORR's existing powers, recognising the value of regulatory continuity and the ORR's expertise in overseeing AIMs. Many respondents emphasised that maintaining the ORR's oversight of these networks would provide necessary independent scrutiny and help avoid the creation of a fragmented regulatory landscape.

Respondents also highlighted that effective coordination and alignment between GBR and AIMs will be essential, particularly where services cross network boundaries. We agree, and GBR will be expected to collaborate with AIMs on capacity allocation and timetabling to support operational efficiency. Consistency in approaches across networks will be essential to avoid undue complexity and ensure fairness for operators.

The Power to Amend

While GBR will not be within the scope of the AMRs as an infrastructure manager, all AIMs such as TfL, HS1 and Core Valley Lines will continue to be within scope. As GBR's new processes evolve and bed in there may be opportunities for these other bodies to benefit from similar flexibilities that are being provided to GBR, for example on timetable changes dates. We also want to ensure that where necessary processes can align, and these bodies are able to benefit from greater flexibility in the new framework. To enable this, we will include a power to amend the AMRs in the Bill.

Overall, most respondents were supportive of a power to amend the AMRs and recognised our objective to facilitate integrated and consistent processes between GBR and non-GBR networks where issues of divergence may arise. Several respondents, however, specified a desire for more detail on the scope and intended use of the power, as well as indicative examples of what a *"targeted power to make technical amendments"* means in practice. While we do not wish to restrict the power by attempting to predict what type of changes might be necessary or advantageous, it is important that the power enables consideration of a wide range of policy options, including consequential amendments to other legislation where this might be necessary, procedural changes to rules such as performance schemes, charging and requirements for timetable change dates.

A common theme amongst all responding groups was the preference that government consult on any proposed changes made using the power. Concerns were also raised by private sector operators that that this could give the Transport Secretary excessive powers to amend the AMRs without clear consultation with stakeholders. In order to place the appropriate necessary checks and balances on the use of the power, it will be subject to the affirmative procedure to ensure mandated parliamentary scrutiny and there will also be a statutory consultation requirement for any time the power is used.

Transitioning to the new framework

Under today's legislation, the ORR is responsible for approving or directing the access and station contracts that operators hold with Network Rail. We have committed that all existing schedule 5 rights to access the network (those with contracts approved by the ORR) will continue under GBR until they expire. The terms of those bilaterial contracts specify that only the ORR can approve amendments to the contracts. The ORR also has the power to update access contracts to implement the final determination of a periodic review for example a new charging framework for the next Control Period. Finally, under Part C of the Network Code, only the ORR can approve a proposition to amend the Network Code that has gone through a class representative committee voting process.

A time limited power for the Transport Secretary to amend existing access contracts will be a necessary backstop to ensure that the transfer to the new access and charging regime under GBR can happen. This is because certain changes to existing contracts must be made to ensure that they function properly under the new system. A solution is required to ensure that in continuing to respect existing operators' schedule 5 access rights, the necessary changes to contracts are made to implement the new regime.

For example, the Railways Bill will see the ORR's powers under S17-22C of the Railways Act 1993 and its corresponding Section 4 duties disapplied. As a result, the ORR will no longer be able to approve changes to existing access contracts and will have no legal basis to amend an existing contract without an operator's consent. This would mean that, routine and periodic updates to access charges which are an essential requirement both now and in the future could not happen and existing contracts would become unworkable with no legal way of updating them.

Ahead of GBR stand-up, it is proposed that Network Rail will work with the ORR and engage and consult with operators to identify inoperable clauses and propose replacement wording to amend contracts.

The clause will provide the Transport Secretary with a power to amend contracts and the Network Code that have not been amended following this programme of engagement and consultation. It is to be used as a backstop measure only to ensure that existing operators (some of whom have several-year contracts) cannot prevent transition to the new model or be left with unworkable arrangements. The power to amend contracts will not be exercised lightly and would only be used as a last resort to ensure necessary changes to contracts, such as to reflect the changing role of the ORR and creation of GBR. We are committed to honouring ORR's Periodic Review 2023 final determination, including conditions on charging and incentives (up to Control Period 8 when GBRs new charging framework will be applied).

The Role of Devolved Governments in Access and Charging

We recognise the railway's role in serving diverse communities across Great Britain and the importance of the Scottish and Welsh Governments in shaping transport priorities in the devolved nations. Our reforms aim to enable effective collaboration between GBR and the Devolved Governments, while maintaining the clarity needed to manage the network efficiently and ensure best use.

A single, integrated access regime will be established for the GBR network, underpinned by a published AUP. The AUP will be underpinned and informed by meaningful engagement with Devolved Governments as key public sector funders and strategic partners. Ongoing collaboration will ensure devolved priorities are reflected in GBR's decision-making.

We have listened to the concerns raised about how the access framework can best reflect devolved strategies and needs. To give practical effect to this commitment, legislation will:

- Place a statutory duty on GBR to have regard to the rail strategy of Scottish Ministers and the Welsh Ministers' Wales Transport Strategy; and
- Make Scottish and Welsh Governments statutory consultees in the development of GBR's AUP.

GBR's usage planning and timetabling functions will be delivered in close partnership with GBR Wales and Borders and delegated to GBR's Scotland business unit. This will ensure local operational knowledge informs access decisions and capacity allocation in line with devolved strategies. For example, Infrastructure Capacity Plans in Scotland will take

account of Scottish Ministers' Statement of Objectives and rail strategy, while the Wales and Borders business unit will work with TfW and have regard to the Wales Transport Strategy.

We acknowledge that trade-offs will sometimes be necessary between local, regional, freight and cross-border priorities. GBR will make those decisions transparently and with due regard to statutory consultation responses and its wider duties, including to promote rail freight. Where a Devolved Government believes that GBR has not acted reasonably or in line with its statutory duties, it will have the right to appeal to the ORR.

Legislation will enable GBR to develop a more targeted and effective model than exists today. For example, legislation will allow GBR to develop bespoke performance schemes for different parts of the network where appropriate to do so, including for Devolved Governments. In Scotland, we would expect GBR to work with Transport Scotland to develop a performance scheme that reflects the specific funding arrangements between Scottish Ministers and GBR, the existing alliance model, and opportunities for further integration. In Wales, we would expect the regime to take account of TfW status as a public service operator and future partnership arrangements. In both cases, the goal is to enable a more responsive, outcomes-based approach to performance management that aligns with the roles and strategies of the Devolved Governments.

4. Financial framework

We asked

Question 12 –

Do you agree with the proposed legislative approach regarding a 5 year funding settlement for GBR?

We heard

Question 12

A total of 608 respondents answered this question. 64% agreed with the proposed legislative approach regarding a 5 year funding settlement for GBR, 18% disagreed and 13% did not know, with 5% expressing a different view. More than three times as many respondents supported the proposals as did not, demonstrating considerable support for our proposals.

Key points:

- In almost every type of stakeholder group identified, the majority agreed with the proposals. The exceptions were Devolved Governments and freight stakeholders, who were generally supportive in tone of the direction of travel but provided more nuanced and detailed responses.

- From all stakeholders who provided comment, there was overwhelming support for the continued focus on certainty for railway funding. Generally, the 5 year funding commitment was welcomed and the continued role for the ORR throughout the process was seen to provide important protections. It was emphasised that longer-term funding commitments were the best way to achieve best value for money and foster a stable operating environment. It is worth highlighting that those in support cited a robust long-term strategy as the key to any funding settlement's success.

- From those critical, most said that proposals did not go far enough in providing certainty given the long-term nature of rail and railway projects. The top concern

was that 5 years of funding was not long enough, and greater efficiencies could be achieved if funding was committed for longer. Alongside this, many were concerned that the new PR settlement would be subject to additional change in-life, particularly from Ministers, reducing the overall certainty of the grant. Lastly, there were calls to include passenger services and enhancements within the new PR settlement, further extending the benefits of long-term certainty to these budget areas.

- Additionally, there were concerns related to the fixed settlement and control period model resulting in uneven periods of spend. This means projects slowly start up at the beginning of a control period, and peak mid to late in a control period causing uneven activity. It was suggested that a programme of rolling planning and funding, where GBR's plans retain a fixed planning horizon rather than decreasing as the end of a control period neared, could solve these issues by smoothing out demand and creating further certainty.

- While a statutory requirement to consult MSAs was welcomed, some Local Authorities called for greater transparency of GBR's activity and an ability to fund and direct GBR in the areas they served. This was focused on the benefits that local funding and insight could bring to railway enhancements.

Our response

The government will create a new PR which takes the best from the current PR and control period process but which is designed for the publicly owned and integrated railway that GBR will direct. Our proposals aim to carry over the certainty created by today's PR, leading to value for money for the taxpayer, a stable operating environment for industry, and a solid foundation from which GBR can deliver over the long-term. Given the considerable support shown for the this, alongside strong recognition of the benefits awarded by 5 year funding certainty, the government plans to proceed with legislation to create a new PR.

Designing the New Periodic Review

The government has considered the comments related to the design of the new PR. In particular, we have heard the calls to increase the funding duration beyond 5 years, extend the scope of the new PR to include passenger services and enhancements, and require that rolling planning be conducted by GBR.

The new PR will be a new funding power and determination process based in legislation and designed to fund GBR over a 5 year period. Like the PR today, Scottish Ministers will be 'Funders' of the new PR like the Transport Secretary, following the same steps to reach a funding settlement for Scotland. The government has decided not to change the duration of the settlement because of the balance needed between industry certainty and a changing operational environment. Any period longer than 5 years is more likely to result in a reopening of the settlement regardless, as inflation predictions and other forecasting become increasingly unreliable and need reevaluating beyond 5 years. Any period shorter than 5 years would not preserve the benefits of longer-term certainty seen today.

Respondents widely expressed that connection to a longer-term strategy will be important to enable a coherent integrated business plan. This is why legislatively, continuity between control periods will be maintained through general duties on Funders and GBR to have

regard to the LTRS. In terms of rolling planning, this does not need legislation for GBR to undertake. Recognising the potential benefits to delivery continuity, the government will continue to consider forms of rolling planning during the set up and detailed design of GBR.

Related to these considerations, the government has also heard the suggestions to implement rolling funding, where funding is reviewed with a 5 year outlook annually, maintaining a 5 year settlement at all times. Despite this being suggested by a number of different types of stakeholders, overall, rolling funding has been discounted as the arrangement has the potential to evolve into a yearly funding agreement, reducing certainty and the benefits it drives.

The government has also decided to proceed with plans to retain flexibility over what funding can be committed to GBR as part of the new PR. However, only infrastructure operations, maintenance, and renewal activity will be determined through the new PR process until Ministers decide it is appropriate to commit other aspects of GBR's funding and there is agreement across government. This decision reflects the difficulty of forecasting passenger services spend over 5 years, particularly throughout the period of change brought about by the creation of GBR. GBR will, however, be required to produce an Integrated Business Plan as part of the new PR which will outline the plan across all of GBR's activity.

Establishing GBR's New Funding Framework

The PR today is a flexible process with only the core activities set out in legislation. The new PR will be the same in practice and contain more than what is just set out in legislation. Since the ORR will continue to hold responsibility for the efficient running of the process, we would expect the exact activity carried out during the new PR to adjust over time. Given that the majority of respondents supported our proposals to preserve the benefits that the current PR provides, at a high level the new PR's legislative process will be as follows:

- The Funders of the new PR will each be required to provide GBR with a high-level Statement of Objectives, setting out their vision for the railways over the 5-year funded period. Given the duties on the Transport Secretary and Scottish Ministers, these Statements of Objectives will need to have regard to the LTRS of each Funder.

- Funders will also be required to set out how much will likely be made available to GBR for the funding period.

- GBR will be responsible for creating draft Integrated Business Plans for each Funder, setting out GBR's proposed plans for delivery across all its functions, both track and train.

- The ORR will scrutinise GBR's plans and advise Funders throughout. This will culminate in a final piece of overall advice for each Funder on GBR's Integrated Business Plan which provides an assessment of the plan's efficiency and effectiveness in delivering the Funder's Statement of Objectives.

- After considering this advice, Funders will sign off plans for delivery, and the 5-year funded period will be ready to begin.

- Throughout the control period the ORR will have an enhanced advisory and scrutiny function set out in legislation, to provide independent advice to the Transport Secretary and Scottish Ministers on GBR's performance against its business plan, efficiency, asset management and emerging risks

Alongside these changes, the government will ensure that there are powers to fund (where appropriate) GBR activities outside the new PR's scope and will ensure that these powers comply with the UK's international subsidy control obligations. These powers will be used following Spending Review and Rail Network Enhancement Pipeline determinations, with GBR's Integrated Business Plan ensuring that there is a single strategic thread between GBR's different funding settlements and that Funders have sufficient information upon which to make their decision. It also promotes a transparent environment, as GBR will be required to publish any new version of the Integrated Business Plan when agreed.

Long-term Confidence

Reflecting the feedback from all types of respondents, the government recognises that the greatest value brought about by the PR for industry is certainty of funding that can drive better efficiency and value for money. Industry respondents particularly supported the independent scrutiny the ORR provides and the positive impact that long term certainty has on their ability to plan and carry out their business. Therefore, it is important that this certainty is encouraged during the control period of a new PR too. In order to promote certainty, legislation will allow the Transport Secretary to set out a process that must be followed should there be material changes to operations, maintenance, and renewals funding.

This new approach is a change from how the grant is protected today. However, the government believes it will be the most effective way to ensure stability and certainty, while embracing the new role of Ministers in a publicly owned railway.

Value for taxpayers

The government also recognises that the PR today is an effective way for both the government and GBR to achieve value for money and high quality delivery. As expressed by many stakeholders, including in particular those from freight and the supply chain, a key part in ensuring this value is the role of the ORR as an independent and expert third party. Respondents were supportive of the scrutiny the ORR provides today on the sufficiency and efficiency of funding, and its role in helping maintain certainty. Therefore, the future role of the ORR in funding will be to:

- Manage the new PR by controlling the core deadlines.

- Scrutinise GBR's draft Integrated Business Plan as part of the new PR, assessing it to ensure efficient use of public money. In order to create a collaborative and challenging development environment, GBR will be required to consult ORR during development of the Integrated Business Plan.

- Advise Funders throughout the new PR process. Funders will need to consider the ORR's advice before approving GBR's plan, ensuring that the government is fully informed before making decisions on 5-year funding commitments.

While the ORR will be a valued part of the new PR, it is important that Ministers, who are accountable for the spend of public money, retain all the tools and power to make decisions on the outcomes of funding. Ministers will therefore finalise any new PR settlement and have responsibility for signing off the key outcomes they expect GBR to achieve, rather than maintaining the ORR's current responsibility to set out a 'final determination'. This reflects the requirements of the new system compared to today; from the ORR setting the level of access charges for a private industry also resulting in the determination of a government grant, to the funding of a publicly-owned directing mind. The ORR will also move to having a strengthened advisory role in monitoring GBR's business performance as set out in chapter 1.

Delivering for local communities

The government recognises and values the expertise that local communities can have in their rail services. That being said, because the new PR represents the determination of a large long-term government funding commitment, and due to GBR's role as the directing mind, providing further representation in the new PR would not be appropriate. As set out in chapter 6, GBR will be working closely with local communities and any plan created by GBR as part of this process will reflect this working relationship.

It is important that any new PR settlement considers the priorities of the Welsh Government and as such Welsh Ministers will be bedded into the new PR process where appropriate. In particular, the Transport Secretary will be required to consult and have regard for any representations made by the Welsh Ministers when developing the Statement of Objectives.

In addition, following previous commitments, the government will proceed with legislation to give MSAs a statutory role in the new PR.

5. Fares, ticketing and retail

We asked

Question 13 –
Do you agree with the legislative approach set out to retain the Secretary of State's role in securing the overall affordability of fares and continuing to safeguard certain railcard discount schemes?

Question 14 –
What, if any, safeguards are needed to ensure a thriving and competitive rail retail market while also ensuring GBR can deliver a high-quality offer to its customers?

We heard

Question 13

A total of 581 respondents answered this question. 74% agreed with the above proposal; 15% disagreed; and 11% did not know, did not express a view or provided alternative views. This indicates considerable support for the proposal.

Key points:

- Overall, there was strong support for GBR setting and managing fares for the services it controls. There was also support for the Transport Secretary retaining a role in guiding the overall level of fares GBR charges passengers, reflecting the importance of their role in managing the overall balance of funding between passenger and taxpayer.

- There was significant support for railcards being continued – both those provided for by existing legislation and additional railcards introduced by government and operators to support specific groups, such as the veterans railcard and the 26-30 railcard. Passenger rights groups were particularly supportive of this. Whilst there was strong support for the overall approach, there was a broad range of views around how fares for GBR's services and the oversight role for the Transport Secretary should work in practice.

- TOCs were in support of retaining railcards but thought that the Transport Secretary should hold GBR to account on overall outcomes rather than specifics, capping certain fares and allowing GBR flexibility, especially for local areas. Some local authorities also proposed a legislative role for local leaders in setting fares for their areas.

- With respect to concessionary discounts, there were diverse suggested alternatives to the existing railcard offer, including introducing a national railcard (rather than various concessionary discounts), stepping back from railcards altogether and pushing for fares being more affordable overall.

- For respondents who did not agree with the overall proposal, a significant theme was concern around the risk of political interference due to the Transport Secretary retaining a role in the safeguarding of fares and affordability measures. Some respondents suggested that it would be preferable for GBR to have full autonomy in setting fares, to allow for long-term plans to be made that remain separate from politicians and changes of government. Others suggested the government should consider further safeguards in relation to the Transport Secretary role, for example requiring the Transport Secretary to consult publicly regarding fares setting.

- Some respondents suggested an alternative model where decision-making on these matters should be conducted with independent oversight, to avoid political interference.

- Whilst outside of the direct scope of the legislation we are proposing, many respondents took the opportunity to outline the need for both simpler fares structures and more affordable fares.

Question 14

A total of 485 responses to this question were received. There was a strong level of support for the online retail position set out in the consultation. Most respondents provided suggestions to ensure a thriving and competitive retail market – although some responses questioned the need for a competitive retail market, in favour of an approach focused on GBR as the only ticket retailer.

Key points:

- Most respondents agreed that GBR should retail and consolidate TOC websites into GBR. Many respondents also recognised the value that independent retailers have delivered in the market in driving up standards to make purchasing tickets easier for passengers.

- There was considerable support from passenger rights groups and some individuals for GBR to deliver a high quality retail offer to passengers, supported by a well-designed and accessible GBR website and app, that is universally easy to use. However, they emphasised that this should not come at the expense of passengers on lower incomes or with disabilities, who may not have ease of access to smartphones or online ticket purchases, and that physical retail channels should also be retained.

- In general, there was strong support from local authorities, individuals, passenger rights groups and business representative groups for a simpler and transparent ticketing system with a fair and robust licensing framework for ticket retailers. Private sector organisations agreed with this but also stressed the importance of the rail retail market being a 'level playing field'.

- Independent retailers expressed a strong preference for the ORR becoming a regulatory body that oversees the retail market as a whole and delivers some functions therein. This would make it responsible for managing access to the markets and the standards retailers need to follow, including that of GBR's retailer, and enforcing a code of practice for all retailers to follow. Some also suggested making this role stronger by having a duty in legislation to treat all retailers fairly and that this should be enforced by the ORR. A smaller number of private sector respondents suggested that the CMA should take on this role, rather than the ORR.

- Additionally, independent retailers expressed a desire to (preferably via legislation) make GBR's online retailer structurally and commercially separate from the wider GBR Group.

- We also heard that more clarity on what the proposals meant for open access operators would be desirable.

- Whilst most respondents saw value in a competitive market in which GBR retails alongside independent retailers, a small number of campaign groups and unions did not see the need for the private sector rail retail market to remain – instead suggesting that it be removed entirely.

Our response

Fares

GBR will operate most of the passenger rail services in England. As outlined in the consultation and supported by most respondents, this means one of its core functions will be to set fares for the services it operates.

Given the considerable support set out for this approach, the new framework will also retain a role for the Transport Secretary in determining the overall parameters for rail fares to ensure that fares balance the need for taxpayer and passenger funding alongside ensuring that they are affordable for passengers.

To do this, we envisage that the Transport Secretary will set one or more parameters for fares which are aligned to GBR's financial settlement, and which GBR must work within. These will be defined in due course, and it is intended that these are strategic in nature, providing GBR with freedom to manage fares on a day-to-day basis to meet operational and local requirements.

The Bill will also continue to safeguard discounts that are already provided for in statute – those being discounts for disabled persons, younger and older passengers – and which today are delivered via railcards. Whilst other concessionary discounts not currently defined in statute will not be included in the Bill, we agree with the responses to the consultation that they are also important, particularly the variety of discounts available

(currently offered through railcards). There are no current plans to withdraw these offers. In addition, we recognise how important staff travel provisions, including those for retired and current staff who are safeguarded, are to both past and present rail workers. This was raised as part of the consultation and existing legislation relating to this will be preserved.

Some responses highlighted that the involvement of the Transport Secretary might lead to unacceptable levels of political interference in GBR's fare setting. The government considers there is a need for the Transport Secretary to have a clear role in oversight of fare setting, given their responsibility for overall affordability of the railway, and its reliance on both passengers and taxpayers for funding. However, GBR will have increased autonomy and flexibility in setting fares compared to the system today. Given that GBR will be a publicly funded service, it is right that the Transport Secretary should be able to set strategic direction, but the intention is not that the Transport Secretary routinely interferes with the day-to-day management of fares. Instead, they will provide GBR with a set of parameters to follow. Within this, GBR will have the freedom to act. Changes to these overall parameters are only to be expected to the extent necessary to ensure alignment with GBR's financial settlement, or in exceptional circumstances.

We heard from many respondents that the current fares system is overly complex. The new system we are implementing will remove the perverse incentives and fragmentation of the franchising system that has resulted in increased complexity of fares. This approach will enable GBR to develop and deliver a simpler, more consistent fares system that passengers can trust. This will build on progress already made outside of legislation to deliver fares reform, for example the expansion of Pay As You Go schemes across the country and ongoing simpler fares trials on LNER long distance routes.

We also heard from local authorities, some of whom wanted a statutory role in relation to setting fares in their areas. Fares revenue is a key source of funding for the railway, so it is important that whoever is responsible for deciding fares policies also has a financial responsibility for those decisions. As such, the devolution of decision-making on fares is a complex matter that cannot be addressed as a single issue. However, the framework we have set out for mayoral partnerships (see Chapter 6) provides a pathway for MSAs to have more influence on all aspects of rail services in their region, including fares.

Other responses encouraged GBR to review the current railcard discounts on offer. Rather than setting this out in legislation, the government's intent is for GBR to also have flexibility regarding these discount schemes going forward, allowing for the customer offer to evolve over time with changing passenger requirements, but also ensuring that discounts for specific groups (young, senior and disabled people) remain protected. A number of the other discount schemes currently apply across the network, and GBR will engage with other operators before making any changes.

Delivering a thriving retail market

The consultation set out our intention that GBR would retail online, bringing together the 14 rail operator websites and apps to reduce fragmentation, deliver savings through removing duplication, and provide a more coherent passenger offer. It was also clear that we see significant value in the role of independent retailers, as they help to innovate and drive up standards for passengers. We set out that independent retailers would continue to retail alongside GBR, in a fair and open market.

Responses indicated that there was strong support for both the establishment of a GBR retailer and the continuation of a thriving independent retailer market. The proposed

legislation will enable GBR to retail directly to customers by delivering a user-friendly website and app, as well as selling tickets at station ticket offices, ticket vending machines and, where required, onboard trains so that passengers who do not want to or are unable to buy a ticket online (and/or need additional assistance) can purchase a ticket with ease and travel with confidence. Open access and devolved operators, such as TfW and ScotRail, will also be able to retail to passengers, just as they do today.

We heard from some stakeholders that GBR should be the only retailer in the market. However, we believe that competition in online retail has helped to drive up standards to the benefit of passengers, and this should continue.

In terms of how GBR's online retailer is set up, some stakeholders suggested that to deliver a competitive market its website and app should be, in effect, an independent retailer, structurally separated from GBR. However, whilst GBR will compete with independent retailers, it will not be a comparable organisation. GBR will first and foremost be an operator, and retailing is a core function of any transport operator. And as above, GBR will have a broad retail function, using all available channels to serve passengers, however they buy their tickets. In carrying out these activities, it will be subject to public law duties that private businesses are not.

Therefore, and recognising the need for joined-up thinking across all of these passenger-facing functions, the intention is for GBR retail (including its website and app) to form an integrated part of GBR's wider operational business, rather than being established as an independent retailer. This is the usual structure for public and private transport operators across many different countries and modes of transport. It will also contribute to the efficiency of the overall organisation, maximising benefits to taxpayers and passengers alike.

The government's intention is also to move the retail industry management functions currently performed by the RDG to GBR. This includes:

- The oversight and management of central systems that all retailers use

- Making decisions on and enforcing the requisite standards for third parties to operate as rail ticket retailers.

The government has been clear that addressing fragmentation in the rail industry is central to reducing costs and delivering better outcomes for passengers and taxpayers alike. GBR is best placed to manage the day-to-day realities of running industry systems, ensuring they are maintained for the long term, and it will have the technical and operational expertise necessary to deliver an efficient setup for all market participants.

Some respondents highlighted potential risks with such an approach – under which GBR will become both a retailer and take on responsibility for access to and governance of the market. Of these, a subset indicated that they felt this could damage a fair and open market for all retailers, and that they would prefer to see the ORR or the CMA take on this role.

To manage any such concerns, and to ensure fairness, it is intended that the retail industry management functions managed by GBR will have reporting lines that are separate and distinct from its operational and commercial arm – with appropriate information safeguards also put in place. These functions and other relevant GBR activity will be governed by a

code of practice, which will incorporate clear requirements for how GBR interacts with all market participants and impose separation of decision-making where relevant. GBR's licence will require it to comply with the code (with enforcement action possible for any failure to do so), which will be owned and managed by the ORR. The initial code and any changes to it (following a process run by the ORR) will require approval by the Transport Secretary. The production of the code will be subject to full consultation, thereby ensuring significant input from industry, regulatory and other stakeholders. The government recognises that there will be a range of interested parties in managing both its original development and any ongoing updates to ensure it remains relevant and effective.

To ensure that GBR abides by the rules set out in the code of practice, affected third parties will be able challenge any decisions or actions they consider to be non-compliant, by raising them directly with the ORR. The ORR will be required to investigate and, if it considers that GBR has not complied, it will be able to demand corrective action by issuing binding orders on GBR.

This framework provides GBR with the environment it needs to successfully deliver for passengers and taxpayers alike. In addition, it provides robust safeguards to ensure that GBR acts impartially in overseeing the retail market. The government believes this approach will deliver a fair and open market, in which a diverse range of retailers (including in the private sector) continue to play a key role in driving growth and delivering improvements for passengers.

6. Devolution

We Asked

Question 15 –

The government intends that Great British Railway's (GBR) statutory duty in relation to devolved leaders should strike a balance between enhancing their role whilst also ensuring that GBR has the appropriate flexibility to direct the national network. Do you agree with this approach?

Question 16 –

Do you agree with the proposed approach in Scotland on enabling further collaboration between track and train while preserving the devolved settlements?

Question 17 –

Do you agree with the proposed approach in Wales on enabling further collaboration between track and train while preserving the devolved settlements?

Question 18 –

Do you agree with the government's approach of making targeted amendments to existing legislation to clarify the role of devolved leaders in relation to GBR?

We heard

Question 15

There were 625 responses to this question, with 64% agreeing with GBR having a statutory duty in relation to devolved leaders which should strike a balance between enhancing their role, whilst also ensuring that GBR has the appropriate flexibility to direct the national network. 14% disagreed, and 22% unsure, not expressing a view, or providing a view not in scope of the question. There was considerable support for the proposed approach. Amongst those who disagreed, there was broad opposition to devolution on the railway in general, in favour of a single organisation in charge. There was also caution

expressed about the risk of creating additional complexity for GBR through this statutory role, even amongst those who agreed with the proposed approach.

Key points:

- MSAs were broadly positive about the proposed approach, with one highlighting the synergy with wider government policy on devolution given the emphasis on the role of mayors. There was a clear desire expressed that the role of MSAs should be set out in statute to provide clarity regarding their role and how GBR would engage with them.

- TOCs, freight companies, and business representative groups highlighted the importance of establishing clear lines of decision making to ensure that the statutory role does not create additional complexity in the system.

- Many respondents, particularly local authorities, would like to see the statutory role incorporate other levels of local government.

- There were also concerns raised related to potential impacts of devolution and the risk of further fragmentation. This point was highlighted by TOCs and other private sector organisations in particular.

Question 16

Of the 542 responses to the question, 62% agreed with the proposed approach and 11% disagreed, with 27% unsure, not expressing a view, or providing views beyond the scope of this question. Overall, this demonstrates considerable support for proposals in Scotland to explore options to enable further collaboration between track and train within the existing devolved settlement. As with question 15, those who disagreed were broadly opposed to devolution and expressed a preference for devolved responsibilities in Scotland to be delivered through GBR.

Key points:

- The Scottish Government argued for full devolution of rail to the Scottish Parliament and of the infrastructure assets to the Scottish Government. However, the Scottish Government indicated their willingness to continue working with the UK Government to explore options for how Scotrail and GBR could work together in the future within the existing devolution settlement. Scottish Ministers argued for an integrated railway for Scotland, accountable to Scottish Ministers.

- Individuals expressed concern that the proposals in the consultation will not deliver an integrated railway for Scotland and risk adding more complexity. It was also suggested that further devolution of infrastructure to the Scottish Government could be a better route to integration. The aim is to build on, and not undermine, the progress made in Scotland through the integration achieved via the ScotRail Alliance.

- There was a clear desire amongst respondents to see how the collaboration could work practically. It was noted by one private sector organisation that the

consultation provided little detail on how the interface between GBR and devolved Scottish roles would operate in practice. A passenger rights group also highlighted the need for including how the GBR/Scottish Government relationship would be funded and which standards will apply.

- Freight companies noted the importance of the Scottish Government's freight target and that should it be embedded in GBR's activity, supporting continued smooth cross-border freight operation.

- Similar points were made in relation to cross-border passenger services. A business representative group highlighted the importance of this and learning lessons from the ScotRail Alliance in developing new arrangements in Scotland.

Question 17

Out of a total of 546 responses to the question, 60% agreed with the proposed approach and 12% disagreed, with 28% unsure, not expressing a view, or providing views not in scope of the question. There is therefore considerable support for our proposed approach in Wales to enable further collaboration between track and train whilst preserving the devolved settlement. As with the previous two questions, those who disagreed were broadly opposed to devolution and expressed a preference for GBR to take on responsibilities currently devolved in Wales.

Key points:

- The Welsh Government argued for greater accountability of GBR to Welsh Ministers as well as a bespoke approach to public sector operators like TfW compared to open access or freight operators. They were strongly supportive of greater integration and simplification of railway organisations and processes while respecting the devolved settlement for Welsh Ministers.

- Local authorities, particularly MSAs whose areas are served by devolved TfW Rail services, expressed a desire to be consulted on possible impacts to cross-border services.

- Some individuals expressed concern that the proposals in the consultation will not deliver an integrated railway for Wales and risk adding more complexity. Alternative suggestions included infrastructure devolution, or devolution of infrastructure funding powers to align with the Scottish Government.

- Respondents felt that more detail regarding how the proposed collaboration could work practically, including funding arrangements and the application of standards, would have been helpful.

- Private sector organisations and business representative groups noted the importance of cross-border services, and that any collaboration would need to recognise TfW's role as operator of some stations in England.

Question 18

There were 575 responses to this question. 68% agreed with the proposal, 10% disagreed, and 22% were unsure, did not express a view, or provided a view not in scope of the question. Therefore, this indicates there was considerable support for making targeted amendments to existing legislation to clarify the role of devolved leaders in relation to GBR. However, many respondents did not feel qualified to provide a response, citing a lack of detailed knowledge regarding the legislation and how it could be amended. The importance of establishing a clear legislative framework for MSAs to engage with was also highlighted.

Key points:

- As with other devolution questions, some expressed disagreement with devolution generally and pointed to the complexity and fragmentation it can bring.

- Local authorities, including MSAs, were broadly supportive but reserved some judgement until it was clear exactly which elements of existing legislation would be amended. For similar reasons, many respondents did not feel qualified to provide a response.

- There was also a suggestion to re-establish s.20 of the 1968 Transport Act which was in place until 2005 and provided mechanisms to enable local control and oversight. Overall, the importance of establishing a clear legislative framework for MSAs to engage with was emphasised.

- Respondents from the freight industry highlighted the importance of GBR being able to deliver its duties in relation to freight whilst also supporting the role of devolved leaders. Business representative groups made similar points, with one noting that amendments must be focused and aligned to meet the interests of passengers and freight.

- Reflecting on the consultation responses and subsequent progress with the development of legislation, we plan to include some new provisions to clarify the role of devolved leaders alongside targeted amendments to existing legislation.

Our response

A statutory role for devolved leaders

Devolution has a vital role to play in supporting the government's mission to kickstart economic growth and in ensuring that every nation and region realises its full potential. Linked to this approach, the Railways Bill will include a new statutory role for devolved governments and MSAs in governing, planning, managing, and developing the railway under GBR. The government supports greater involvement for devolved and local leaders as they know their areas best. This intends to balance GBR's directing mind role with ensuring that devolved and local priorities are a significant consideration in its decision making. About a third of respondents did not support the statutory role. Many of these responses were opposed to existing devolution altogether, suggesting that all rail operations should be delivered through GBR. Others argued that the statutory role risked

bringing additional complexity into the system at a time when GBR creation provides an opportunity to simplify processes.

As outlined in the consultation, existing devolved responsibilities in Scotland, Wales, London and the Liverpool City Region will remain in place. The government is supportive of existing devolution, particularly on discrete standalone networks, and the benefits that local control can bring to passenger experience. It is also vital that GBR is an outwardly facing organisation that is not overly centralised and distant from the communities it serves. GBR will work closely with Devolved Governments, MSAs and devolved transport agencies, which have substantial transport responsibilities, to draw on local expertise in its decision making.

Legislation is not the only mechanism that will enable local engagement, but it will play a role in ensuring that national and local strategies are factored into GBR decision-making. GBR will be required to consult Devolved Governments and MSAs on certain significant changes to rail passenger services, have regard to their transport strategies and share certain information.

Some respondents felt that the statutory role as presented in the consultation was weak and would not provide sufficient opportunities for local influence of GBR. Others highlighted a desire to see more explicit statutory obligations placed on GBR and how it carries out its activity. In response to those concerns, we are clear that legislation will enable a range of potential options to integrate track and train in Scotland and Wales alongside partnership and devolution options between GBR and mayors in England. The statutory role for devolved leaders therefore provides the underpinning of these relationships, the practicalities of which will be detailed in documentation. This approach will allow GBR to operate with flexibility, rather than being overly restricted by statutory requirements that may prove to be inappropriate once GBR has been established. Overall, there was considerable support for the proposal and after considering the range of responses, a statutory role will be implemented.

Devolved leaders' role in relation to GBR

There was strong support regarding plans to make targeted amendments to existing legislation. Whilst many agreed, citing it as a sensible approach, some felt unable to comment due to unfamiliarity with relevant legislation such as the Railways Act 1993 and Railways Act 2005 and lack of detail on which provisions would be amended. Those who agreed also stressed the need for amendments to be made with care, highlighting the importance of establishing a clear legislative framework for Devolved Governments and MSAs to engage with. Those who disagreed with the approach highlighted that the Railways Bill provided an opportunity to include new provisions in legislation to further clarify the role of devolved leaders in relation to GBR.

Reflecting on the responses received, and ongoing development of the Railways Bill since publication of the consultation, new provisions to further clarify the role of devolved leaders will be included alongside targeted amendments to existing legislation. In relation to clarity regarding roles, the position is GBR is the directing mind and therefore must be the ultimate decision maker, if there appears to be an inconsistency between local or devolved decisions and areas of GBR decision making with the important right of appeals to the ORR on access decisions. One such provision within the Bill will be two separate clauses requiring the Transport Secretary to prepare and publish a Memorandum of Understanding (MoU) with their counterpart Ministers in Scottish and Welsh Governments respectively.

The clauses will include a high-level indication of what will be included within each MoU, this will include Welsh and Scottish Ministers roles in GBR governance, and an intention to support track and train integration in both Scotland and Wales and Borders.

Scotland

GBR will play a vital role in maintaining continued cross-border connectivity and ensuring that Scotland is fully integrated with the national network. The consultation confirmed the government's intention to preserve the devolved settlement in Scotland, whilst enabling possible options for further integration between track and train if agreed between Scottish and UK Ministers. Consultation responses indicated considerable support for this, citing achievements made through the existing ScotRail Alliance. We recognise that many responses noted a lack of clarity regarding future arrangements. Since publication of the consultation there has continued to be frequent engagement with the Scottish Government on an appropriate model for rail reform. Key issues to determine relate to how future arrangements could work practically in relation to governance, cross border services (passenger and freight), funding and standards. The Scottish Government in their response specifically highlighted concerns regarding the future of accessibility improvements and this issue will be prioritised in discussions regarding future arrangements.

Some responses highlighted that rail infrastructure should be entirely devolved in Scotland whilst others were concerned that any increased devolution could lead to further fragmentation and limit GBR's ability to deliver a coherent national network. Strong consideration will be given to how integration options interact with GBR operations and its network-wide functions such as cross-border services, a frequently raised issue in consultation responses. Reflecting on the feedback, as Scottish Ministers fund and are responsible for Scottish railway activities, an organisational solution has been identified to meet their objective of achieving vertical integration of the railway within Scotland. An MoU with Scottish Ministers will address how the governance and accountability to Scottish Ministers and GBR is organised for their respective responsibilities within Scotland.

Scottish Ministers fund GBR and Scotland's Railway activities and to provide assurance that GBR will meet Scottish Ministers objectives, they will have powers of providing guidance and directions to GBR over GBR functions to the degree they affect Scottish railway activities. To avoid a scenario where GBR receives contradictory directions from the Transport Secretary and Scottish Ministers, there will be a power for Transport Secretary to revoke directions that are inconsistent or in conflict with a direction from the Transport Secretary, or the direction appears to go beyond the Scottish Ministers' responsibilities.

The freight industry reflected on the Scottish Government's role in relation to rail freight, noting that they have a freight target distinct from the UK Government's. GBR will continue to drive forward freight growth and it will be required to have regard for rail freight growth targets issued by either the Transport Secretary or Scottish Ministers. This will be factored into future arrangements with the Scottish Government and GBR.

Wales

As the infrastructure manager of most rail infrastructure in Wales and the operator of non-devolved cross-border services, GBR will play a vital role in ensuring that the railway in Wales is fully integrated with the national network. The consultation confirmed the

government's intention to maintain the devolved settlement in Wales, whilst enabling possible options for further integration between track and train, if agreed between Welsh and UK Ministers. Consultation responses indicated substantial support for the proposed approach, although there were also calls for further devolution to the Welsh Government in respect of infrastructure ownership or funding. Further opportunities for 'track and train' integration in Wales will be outlined at a government level in the inter-ministerial MoU that will be prepared further to the Bill. The intention is to include a requirement in this MoU for Welsh and UK Ministers to set joint objectives for the railways of Wales and Borders.

As with Scotland, there was significant interest in and emphasis on the importance of cross-border services. The rail network between England and Wales is highly connected, with a significant proportion of devolved TfW services crossing into England. Reflecting this, MSAs served by TfW expressed an interest in the future arrangements in Wales. The Welsh Government has an ambition for an empowered Wales & Borders business unit within GBR's regional structure, reflecting the geography of devolved services. Since the publication of the consultation, we have continued to engage with the Welsh Government on an appropriate model that will enable close joint-working between TfW and GBR's Wales and Borders business unit and is sufficiently accountable to both the Welsh and UK Governments. The Bill will enable close working relationships between GBR and TfW, with the Wales and Borders Business Unit entering into a partnering arrangement to collaborate on delivering their respective responsibilities for infrastructure and passenger services. This partnering arrangement will build on the partnering arrangement that is already being developed currently between Network Rail's Wales and Borders route and TfW.

England

There was extensive support for the proposed approach in England and broadly positive reaction to the Mayoral Partnerships Framework diagram included in the consultation. Along with bringing the railway closer to communities, partnerships will enable close joint working between GBR and MSAs, or organisations acting on their behalf, on local priorities to deliver for passengers. This could enable increased local influence on issues such as accessibility and stations, alongside improvements in multimodal connectivity. Although final agreement of partnerships will not take place until GBR is formally established, the government is committed to working with mayors to explore opportunities for progress ahead of GBR operation so engagement with MSAs and other local transport bodies will continue.

Some responses pushed for further devolution to English regions, particularly Greater London, citing the success of London Overground and the Elizabeth Line. As highlighted in the consultation, the English Devolution White Paper outlined an intention to establish a 'right to request' further devolution. This will create a formal process for mayors in Established MSAs to make their case for further devolution of services or infrastructure, including control of stations. Any decisions around further devolution will also need to carefully consider the financial and commercial implications of this given the current level of taxpayer subsidy on the rail network. Guidance will be published in due course and, reflecting on feedback received in the consultation, we will also ensure that the views of wider industry stakeholders such as freight and other tiers of local government are taken into consideration as guidance develops. This will be in addition to engagement with Established MSAs.

In opposition to the above, another common theme here was a concern that mayors being given more influence could conflict with the vision for an empowered GBR as a directing mind for the whole network. On this note, freight stakeholders suggested that there is a risk that an enhanced role for mayors could undermine GBR's requirements in relation to freight. To clarify the position, mayors will not be able to determine the freight requirements for local networks unless responsibilities have been devolved. As the directing mind for the national network, GBR will have the final say on national priorities in a local or regional context. Furthermore, as covered in the statutory role section above, the legislation will be an enabler of a wide range of relationships with GBR, providing a baseline for engagement for all MSAs. Therefore, our approach will ensure that the key principles that enabled greater local involvement in rail will be embedded in legislation and the culture of GBR. The details and priorities agreed through local partnerships with GBR will therefore vary, as demonstrated by the Mayoral Partnerships framework. There is ongoing engagement between the Department for Transport and Ministry of Housing, Communities and Local Government to ensure that MSAs are equipped with the appropriate powers to enable partnerships and devolution.

Concerns were also raised on the lack of statutory role for other layers of local government, with respondents commenting that overly focusing on mayors could exclude parts of the country where MSAs do not exist. As set out in the English Devolution White Paper, the government is committed to universal coverage of Strategic Authorities in England with the most far-reaching and flexible powers available to MSAs. Mayors have a mandate to take difficult decisions, can convene local partners to tackle shared problems, and have a platform to remove barriers to growth that need a regional approach. That said, we acknowledge that railway services do not always map on to political geography and it is anticipated that GBR will be organised to work collaboratively with devolved leaders and local stakeholders to ensure rail meets local needs. As referenced in the consultation, all tiers of local government in England will benefit from empowered local GBR business units who will provide a single point of contact for local railway matters. GBR design is being progressed separately to legislation and detail regarding the regional structure will be confirmed ahead of GBR operation.

7. Train driver licensing and certification regime

We asked

Question 19 –

The government intends to create a new delegated power that would enable the Transport Secretary to update, amend or revoke provisions in the Train Driver Licensing and Certification Regime (TDLCR) and related assimilated law in Great Britain, subject to public consultation. Do you agree with this approach?

We heard

Question 19

A total of 537 respondents answered this question. 64% agreed with the above proposal, 8% disagreed, and 28% of respondents did not know or provided alternative views. This demonstrates considerable support for these proposals, with over seven times as many respondents in favour as against.

Key points:

- Groups largely supportive of the proposed new delegated power were passenger rights groups, business representative groups, TOCs and owning groups, trade unions, and individuals. Views were more mixed amongst charities, private sector bodies, local authorities, and freight operating companies. However, disagreement was minor, with most of these groups being indifferent or supportive under certain conditions, such as ensuring any changes to Train Driving Licence and Certificates Regulations 2010 are widely consulted on.

- Among those who supported the proposal, a strong recurring theme across most respondent groups was that it would allow flexibility to update TDLCR as needed. There was also an equally strong agreement with the proposal in principle, provided that any use of the powers or proposals to amend TDLCR would be subject to public consultation. Several stakeholders felt that there should be a strong

commitment to public consultation to ensure all viewpoints are considered when implementing changes. Many individual respondents in favour of the proposal also stressed the importance of prioritising safety whilst implementing any changes to TDLCR.

- Concern about potential impacts on safety was the most common theme amongst those against the proposal, predominantly from individuals. Views on safety concerns included concern that this is a highly regulated area of safety and needs to be managed carefully. Another common concern was the potential impact on, or involvement of, trade unions. Some individual respondents were concerned that the proposal would disproportionately increase the power of trade unions, whilst others were concerned that it could weaken the powers of train drivers.

- A very small number of individual respondents were of the view that the government is not best placed to make decisions regarding train driver licensing and certification. Some felt that the responsibility for setting requirements should sit with GBR. Others argued that the Transport Secretary should not have direct powers on matters relating to train drivers, or that decisions on licensing should be independent of politics altogether.

- A frequent theme across most categories of respondents was that any powers or proposals to amend the TDLCR should be subject to full public consultation, and only when this commitment to public consultation was made clear would they agree with the proposal. Several of these respondents expressed concern about the potential use of the powers, emphasising that they should not result in additional burdens for industry. Some respondents also stated that any potential reforms should be led by industry rather than government.

- A few local authority respondents with mixed views expressed concern that the views of devolved leaders may not be fully considered unless they were made statutory consultees to any changes proposed by the Transport Secretary.

- Two charities who responded to the consultation highlighted the importance of allowing sufficient time and providing accessible formats to ensure passengers with a range of needs can contribute their lived experience to consultations.

Our response

We consulted on proposed powers to amend the TDLCR and related assimilated law to ensure the train driver licensing regime remains fit for purpose and responsive to changing industry needs. These new powers will support the government's strategy to create a streamlined regulatory environment that encourages innovation, delivers efficiency, reduces bureaucracy, and enhances safety and performance. This will be possible because the government will have enduring powers to deliver proportionate and evidence-based reforms to train driving regulations, based on consultations with industry, to meet the priorities of those within industry and the wider public.

Future reforms, which will be subject to public consultation, could improve train driver recruitment and retention, reduce burdens, support safety outcomes, and improve the operational effectiveness of TDLCR.

The results from the consultation have demonstrated that there is widespread support for this proposal to amend the TDLCR.

Some stakeholders expressed concerns about needing the measures to require public consultation before implementing any changes. We can provide categorical assurance that this will happen. The Transport Secretary will be required to put any changes to a public consultation as a condition of using these powers. This requirement to consult will be an explicit condition set out in the Railways Bill. This means that the Transport Secretary will be legally required to carry out a public consultation before any changes to TDLCR can be made using these powers.

The Transport Secretary will only be able to use the power to amend TDLCR and related assimilated law. It will not be possible to use it to alter employment terms or those pertaining to workforce rights. The power itself will also not alter the role or influence of trade unions. The purpose of the power is to provide a mechanism for reforming train driving regulation in a structured and iterative way based on strong evidence and views of the public and industry. We consider this necessary to keep the regime up to date, given the limited and single use powers to amend this legislation under the Retained EU Law (Revocation and Reform) Act 2023.

Any changes made using the delegated power will be subject to formal public consultation, while ensuring high safety levels remain central to the regime. Any future reforms will also involve full consultation with industry to ensure any proposed changes are shaped by those working within the regime. We will work closely with industry to develop reform proposals that identify opportunities to reduce burdens, when there is clear evidence and a strong case for doing so.

We also recognise the importance of ensuring that the views of devolved leaders are considered in any future changes to the train driver licensing regime. As we are committing to a statutory public consultation on any use of the powers, all interested parties, including Devolved Governments and MSAs, will be able to submit their views.

Additionally, we will ensure that the needs of disabled passengers are fully considered in any future amendments to the TDLCR. The government’s commitment to public consultation will ensure that a broad range of perspectives will be considered, with sufficient time and accessible formats provided to enable meaningful participation from all respondents.

In line with the widespread support for this power and the benefits it will deliver, the government therefore intends to proceed with creating a new delegated power that would enable the Transport Secretary to update, amend or revoke provisions in TDLCR and related assimilated law in Great Britain, subject to public consultation on any proposals that are developed for reform.

Additional Evidence and Next Steps

We asked

Question 20 –

Please provide evidence on anticipated transitional or ongoing costs or benefits for you or your business resulting from these proposals.

We heard

A total of 207 respondents answered this question. 21 responses provided evidence. This is defined as responses that have directly answered the question by providing either qualitative or quantitative evidence on the anticipated costs and benefits to the respondent as a result of the proposals.

Key Points:

- The majority of responses were from individuals and related to their personal experiences and issues with the railways, such as their experiences with delays, timetable changes and the cost of purchasing train tickets. Individuals also provided suggestions on how these issues should be fixed based on their personal experience. Many organisations re-iterated thoughts and opinions on specific policy areas, which are covered elsewhere in this government response.

- Many respondents suggested that it was difficult to provide high quality evidence on the expected costs and benefits they would experience at this stage without further details on the future structure of the industry, which is dependent on decisions made post-legislation on GBR design. Nevertheless, some organisations provided assessments of likely impacts on them, as set out below.

- One key impact raised by respondents include transition costs. This was raised by a variety of organisations, including Public Sector organisations, train and freight operating companies, business representative groups, infrastructure organisations, and rail supply chain companies. The types of transition costs raised include

familiarisation with the new industry structure, regulatory frameworks and operational models, as well as costs for systems integration, legal costs, and administrative adaptation including monitoring how potential changes might impact businesses. Responses varied in terms of the size of these costs. Some respondents claimed that they would incur no cost at all, some disclosed transitional costs would be modest and unlikely to be significant, whilst others required more detail to be able to give a sense of scale.

- Other potential costs raised by organisations include short-term disruption to the wider supply-chain and investment should uncertainty around details of the new industry structure continue. Concerns were raised about small and medium-sized enterprises' future in the rail supply chain, were GBR to seek economies of scale in procurement in such a way which led to a few dominant suppliers, reducing competition. It was noted by some organisations that short-term costs may potentially be outweighed by the benefits of GBR, such as the financial stability and associated boost in investor confidence, as well as enabling greater long-term planning for upgrades and maintenance and potential growth of rail freight volumes.

- Some charities highlighted the need for GBR to engage in certain issues, such as safeguarding of children, accessibility, and the use of shared transport measures. They provided evidence and data to highlight trends and current issues surrounding these areas, as well as evidence on the social, environmental and economic benefits of rail.

Our response

We acknowledge the range of responses received to Q20 of the consultation on the Railways Bill, which requested evidence on anticipated transitional or ongoing costs or benefits to respondents or their organisations resulting from the proposals.

We will seek to capture key evidence provided within the Railways Bill Final Stage Impact Assessment. For instance, the list of respondents has informed our assessment of the organisations likely to face material administration and familiarisation costs, and we have used their responses to inform the assumptions in our analysis. The responses have also supported the identification of potential risks and benefits of the legislation, which have been reflected in the Impact Assessment.

Next Steps

Britain deserves a reliable, efficient railway, one that prioritises passengers, maximises growth, and delivers for taxpayers. The insights and experiences shared through this consultation have been central to shaping the legislative proposals needed to enable this transformation. Ultimately, the consensus was clear, wholesale reform is required, and that is what this government will deliver. As part of this we are committed to continue engaging with passengers, campaigners, and industry stakeholders to ensure this transformation results in the biggest improvement to our railways in a generation with passengers, freight operators, and taxpayers back at the railways heart once again.

The next step to realising this is overhauling our outdated, complex legislative framework and the government intends to introduce the Railways Bill into Parliament in the first session to achieve this. This will provide the foundations to begin the set up of GBR and provide the framework needed to deliver a railway fit for Britain's future.

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