ALLRAIL

BRIEFING NOTE

Response to the Railways Bill

Delivering Growth and Fiscal Discipline through Rail Reform

13th November 2025

Executive Summary

The Railways Bill gives the UK a pivotal opportunity to align rail reform with the Government's broader objectives of economic growth, productivity, and fiscal responsibility. The Bill represents a significant shift in the governance of Britain's rail sector - moving away from the competitive framework that has encouraged innovation and growth over the past three decades, and towards a more centralised, state-directed structure.

This is the exact opposite approach that the many other countries are taking - liberalisation and market opening, realising the benefits of private sector investment, providing more choice and better outcomes for customers, whilst reducing the costs and risks to taxpayers.

Whilst the Government emphasises the need for agility and commercial flexibility, the proposed framework for Great British Railways (GBR) would consolidate decision-making across infrastructure, operations, and market access. GBR would be responsible for running passenger services, allocating capacity, and determining access for other operators - both passenger and freight. Such a concentration of responsibilities raises questions about how impartial and transparent access and charging decisions will be in future, how independent oversight will be safeguarded and, importantly, how it is consistent with the Government's investment and growth agenda.

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GBR will be both judge and jury over non-GBR operators. That is not good for customers of the railway or taxpayers. There is a real risk that private sector investment will be crowded out under this new structure.

To achieve the Government's growth objectives, **as a minimum, the Railways Bill should include a function[1] requiring GBR to be fair and non-discriminatory in its decision making affecting non-GBR operators.** It needs to be transparent, explaining how it has weighed its various duties in making decisions and in complying with its functions. It needs to act in a way that encourages private investment, the further devolution of services, and the further development of open access services. These are the proven foundations of efficiency, innovation, and passenger value.

For lasting success, GBR will need to:

- Operate as an open and investment-friendly framework, not a closed bureaucracy;
- Ensure a level playing field between its own operations and those of open-access, freight, and other operators or funders;
- Have measurable outcome targets and provide regular information on how it is meeting those targets, verified by the Office of Rail and Road (ORR) so that is can be held to account;
- Foster greater devolution and support competitive tendering for devolved bodies;
- Harness private innovation to deliver better services at lower public cost; and;
- Have a wider value for money duty, not a narrow efficiency duty as set out in the Bill. GBR could otherwise be efficient doing the wrong things. A value for money duty would complement the proposed public interest duty.

Reform should focus on partnership and performance, ensuring that every pound spent on rail delivers visible benefits for passengers, taxpayers, and the wider economy.

[1] In its Explanatory Notes to the Bill, DfT describes functions as what GBR should do and duties as what GBR should think about when exercising its functions.

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Delivering a Growing Railway to Benefit Customers

The Bill contains a provision for GBR to have regard to a freight growth target set by the Secretary of State. There is no such provision for passenger services. There should be. Otherwise, we risk a declining railway that will be bad for customers, the economy and environment. The emphasis in the Bill on performance (punctuality) could incentivise GBR to cut services in order to improve punctuality.

We strongly believe that customers are best served on long-distance routes where they have a choice of operators. Although GBR will be a large public sector rail operator, we believe that customers will benefit from open access operators continuing to have a key role in the provision of rail services. The benefits to customers of open access operators on the East Coast - Hull Trains, Grand Central and Lumo - in terms of lower fares, better connections to under-served communities and the quality of service provided, are undeniable. If the Government is serious about creating a more customer-focused railway, open access competition should remain an integral part of the reformed railway.

We will shortly be getting long overdue competition from Scotland to London via the West Coast mainline and South Wales to London via the Great Western mainline where customers and communities can expect the same benefits as those provided on the East Coast mainline.

GBR will be a large ticket retailer but customers and taxpayers have benefited greatly from the growth of private sector third party retailers and the investment they have brought. There is a risk that GBR, licensing third-party retailers and deciding on commission rates, could favour its own retail arm. The proposed retail Code (contained in a DfT policy paper) but not on the face of the Bill is to be overseen by ORR which provides some comfort.

Furthermore, customers get the best price for their journey by having access to all operators' tickets. It is therefore critical that the current provisions requiring impartial retailing (providing information and access to all operators' tickets) remains for GBR.

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Growth through Partnership

Since liberalisation in the 1990s, Britain's railways have been a growth success story. Private sector participation has been central to Britain's rail success story. According to Rail Partners' 2023 "Track to Growth" Report, competitive tendering and private management helped drive unprecedented passenger growth and significant levels of investment. These achievements were built on clear accountability, market discipline, and independent regulation:

- Passenger journeys more than doubled over 30 years from the mid-1990s;
- Private operators and financiers invested billions in new trains, depots, and technology;
- Competitive tendering delivered measurable efficiency gains and improved customer satisfaction;
- Open-access operators created new services, connected underserved communities, and helped drive regional economic growth.

GBR must build on this legacy by acting as a platform for partnership, setting clear strategic direction while enabling multiple operators and investors to contribute to the Government's growth agenda.

A successful GBR should:

- Guarantee fair and transparent access to network capacity, setting affordable access charges;
- Support the expansion of open-access passenger and freight services;
- Support devolution and enable devolved bodies to competitively tender services, following successful TfL and Merseytravel models; and
- Facilitate private capital participation in operations, infrastructure, and third-party retailing.

These steps will ensure that rail remains a driver of national productivity and regional regeneration.

Fiscal Responsibility and Cost Control

The Treasury's challenge is clear: do more with less. With rising pressure on health, defence and infrastructure budgets, rail must demonstrate that every pound of taxpayer funding is invested efficiently and transparently, ensuring value for money.

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Centralisation without market discipline tends to increase costs and reduce accountability. GBR must therefore embed commercial incentives and efficiency mechanisms within its public framework. Key enablers of fiscal responsibility include:

- Transparent performance metrics linked to outcomes in punctuality, reliability, and customer satisfaction;
- Benchmarking and competitive pressure to control costs;
- Independent scrutiny by the ORR to ensure spending discipline; and
- Data-driven investment decisions to prioritise high-value projects.

By adopting these principles, GBR can stabilise rail finances, free up resources for targeted growth, and avoid the inefficiencies that often accompany large-scale centralisation.

Retaining and Expanding Investor Confidence

Private investment will remain essential for rolling stock, digitalisation, and station modernisation. To unlock that capital, GBR must create a predictable, impartial, and transparent environment.

Investors require:

- Long-term access and contractual certainty;
- Fair treatment between public and private operators; and
- Balanced risk allocation aligned with performance outcomes.

ALLRAIL's Policy Director, John Thomas, says:

"GBR must combine strategic coordination with competitive energy. If it delivers a stable, transparent and fair framework, the private sector will respond with innovation, investment and growth. If it doesn't, we risk an infrastructure-led monopoly that stifles innovation and drives up costs."

Conclusion - A Railway That Works for Britain

Rail reform should be a catalyst for efficiency and innovation, embedding the right mechanisms from the outset. ALLRAIL recommends that rail reform should:

- Guarantee transparency and fair access and charging to non-GBR operators and fair and impartial retailing.

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- Enable competitive tendering in the future if GBR or government or devolved bodies decide this will offer better value for money and better outcomes for customers;
- Ensure that open access remains central to customer choice;
- Maintain a meaningful role for ORR;
- Require GBR to publish regular cost, performance and customer experience dashboards against quantified targets, showing clear value for every pound spent. Such information should be verified by ORR; and

These measures will help to align rail reform with the Government's growth, productivity, and fiscal sustainability agenda, ensuring a better return on public investment.

John Thomas says:

"It is important that the Government's reforms are guided by evidence and measurable outcomes. We would welcome greater clarity on how and to what extent the new structure is expected to deliver improved efficiency, performance and customer satisfaction, how it will contribute to the Government's growth agenda and how progress will be independently assessed."

Rail reform can succeed - not by centralising control, but by channelling private innovation through public leadership. GBR must prioritise openness, efficiency, and clear accountability to deliver:

- Growth through harnessing the private sector;
- Confidence through transparency and fairness; and
- Value through disciplined spending.

A modern, partnership-based railway will strengthen the UK economy, attract investment, and deliver reliable, affordable rail services.

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