POSITION PAPER ON RAIL REFORM IN GREAT BRITAIN

May 2026

The UK Railways Bill and Great British Railways:

A Step Back from Proven European Union and Global Rail Reform Best Practice

The Alliance of Passenger Rail New Entrants (ALLRAIL) is the global non-profit association (NGO) of independent passenger rail companies. We represent six rail passenger owning groups in the UK – Arriva, Go-Ahead, FirstGroup, Mitsui, MTR UK and Transport UK Group – headquartered here, employing thousands of people across the country.

This paper sets out a clear argument: the UK Government's proposed rail reform is not grounded in evidence, but is based on political ideology.

It contrasts the Railways Bill with proven European Union and global models of liberalisation.

It is based on evidence of what works with quantified examples, not conjecture.

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Executive Summary

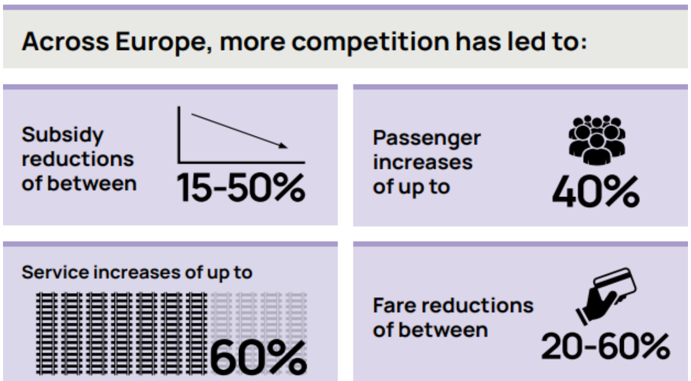
The UK Government's Railways Bill proposes the creation of Great British Railways (GBR) as a public centralised "directing mind" for the rail system.

While the intention is to simplify governance and to bring back together track and train, the proposal:

- Lacks any quantified benefits and KPIs and provides no evidence as to how GBR will make things better;
- Massively increases taxpayer exposure;
- Removes competition which otherwise drives efficiency and innovation; and
- Moves against global reform trends.

By contrast, independent research about Europe shows that liberalisation delivers measurable improvements:

- ➢ Fares down by between 20%–60% on routes with competition;
- ➢ Passenger demand increases;
- ➢ Costs down from between 20%–50%; and
- ➢ Subsidy down by between 15%–50%



Recent evidence continues to back this up:

- ➢ A peer-reviewed study this month finds that open access competition in Spain reduces rail fares by 6% to 27% even alongside publicly funded services.
- ➢ Meanwhile, Italy's open access market has delivered more trains, lower prices, rising demand and a clear shift from air to rail.

However, the UK is taking a structural step backwards, at a time when fiscal pressures demand efficiency and private sector investment, not public sector centralisation.

The UK Government doesn't recognise the benefits that private sector train operations brought but the facts are clear.

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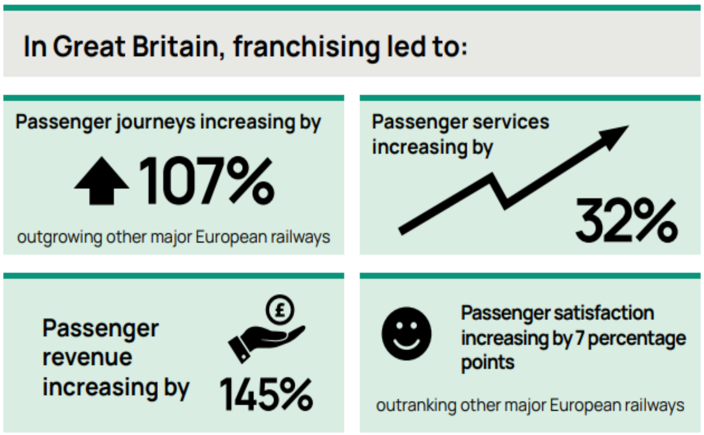
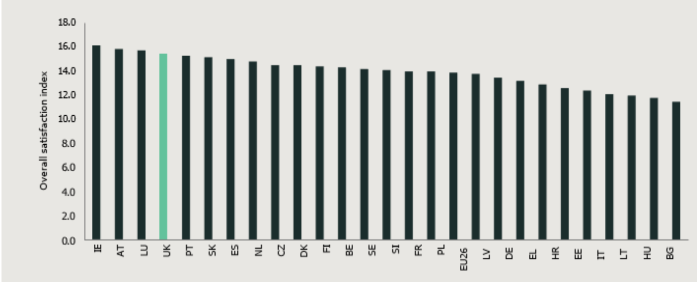
Over the past 30 years, Britain's rail franchising system demonstrated the value of private sector participation. Passenger numbers more than doubled, services expanded significantly, safety improved, in many years there was an operating surplus, and billions of pounds of private capital were invested in new trains, stations and technology.



Regarding Key Performance Indicators, the UK railway was among the strongest performers in Europe prior to the pandemic.

Figure 6: Passenger rail satisfaction in the UK and other European countries



All of the graphics shown above are © the Rail Partners association, July 2023

So much so that the European Union (EU) drew upon the UK model when designing the Fourth Railway Package in 2016 to open passenger rail markets across the continent.

None of this is to suggest that the franchising system was without flaws. In its later years, it became increasingly constrained by excessive specification and micro-management by the UK Department for Transport, coupled with a failure to align incentives between Network Rail and franchisees when it had control over both.

- **At a time of fiscal constraint**, restructuring on its own is not reform. Instead, the goal must be outcomes: how to maintain and attract private investment, grow customer demand and improve efficiency. Evidence shows that systems which enable competition consistently outperform those that rely on centralised control.

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MAIN PART:

The UK Railways Bill Proposes a Structure Without Metrics

The current Government's proposals centre on a single monolithic public body (GBR) as the "directing mind" for the railway; integrated control of infrastructure and most train operations; centralised decision-making on access and capacity, including for non-GBR operators. There will be a significant weakening of the independent regulator ORR (Office of Rail and Road)'s powers to protect non-GBR operators.

- This would create the most centralised railway in Europe.

Our expectation though is all that will have been achieved by the end of 2027 is a new brand and a retail proposition. We are at risk of making costly mistakes, and increasing bureaucracy. **The GBR reform still lacks Key Performance Indicators:**

- Quantified cost, efficiency, performance and customer improvement targets.
- Any assurance that GBR will be fair and non-discriminatory in its decision-making. It is clearly the policy intent but there is nothing in the Railways Bill that gives this assurance.
- Passenger growth targets.

These are critical flaws. **Just because the Government says that GBR will make things better doesn't make it true.** Even DfT's own impact assessment of the reforms makes no attempt to quantify the benefits - only the costs - which could be up to £400m. Reform must be evidence-based, not driven by political ideology.

Fiscal Context: Rising Costs, Weak Discipline

The UK rail system already faces approximately £12.5 billion taxpayer support annually.

- Under GBR, the State assumes greater operational and almost all financial risk; and incentives for cost control and revenue growth will weaken significantly.

Crucially, the current proposals do not set out how GBR will attract private investment into the sector, increasing long-term pressure on public finances.

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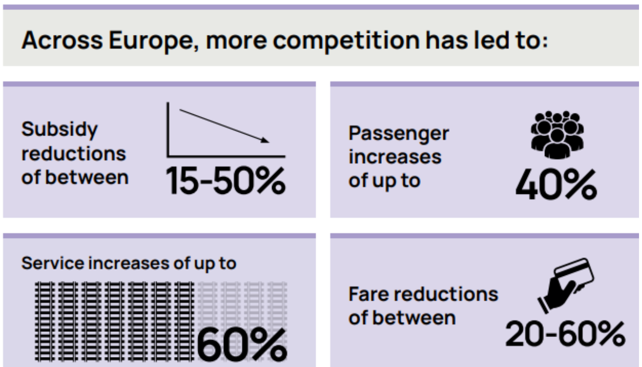
Evidence: Rail Liberalisation Has Delivered Results

A study by the association Rail Partners[1] provides one of the most comprehensive datasets on EU rail liberalisation.

Key findings:

- Pax Revenue up 145% (real terms);
- Costs only increased by 16%;
- £14bn private investment mobilised;
- Jobs up by 22%;
- Reduced reliance on subsidy.

This is evidence-based, not anecdotal.



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Lower Costs and Better Value for Taxpayers

Where competitive tendering is used or open access is approved, it leads to lower costs and reduced subsidy.

This is crucial in today's fiscal context. Governments cannot afford inefficient monopolies.

Instead, competition ensures:

- Better value for money; and
- More services for the same budget, delivering better outcomes for customers.

Competition does not just redistribute demand-it creates new demand and higher revenues overall.

This leads to better infrastructure utilisation and modal shift from road and air to rail.

Innovation and Service Quality

Liberalised rail systems also consistently outperform in terms of innovation and service quality. Independent operators bring forward private investment in rolling stock without transferring risk to taxpayers. They introduce better services and adopt service innovations and pricing strategies that increase customer demand.

The Italian high-speed market remains the flagship example. Open-access competition launched in 2012 between newcomer operator Italo and incumbent operator FS Trenitalia delivered immediate results: more trains, fares reduced by 40%, and passenger numbers up by 65% - and all of this achieved by 2016.

➢ This was largely financed largely by private capital, showing that rail growth does not need to rely solely on public funding if the right market conditions are in place.

[1] Rail Partners - Track to Growth.pdf

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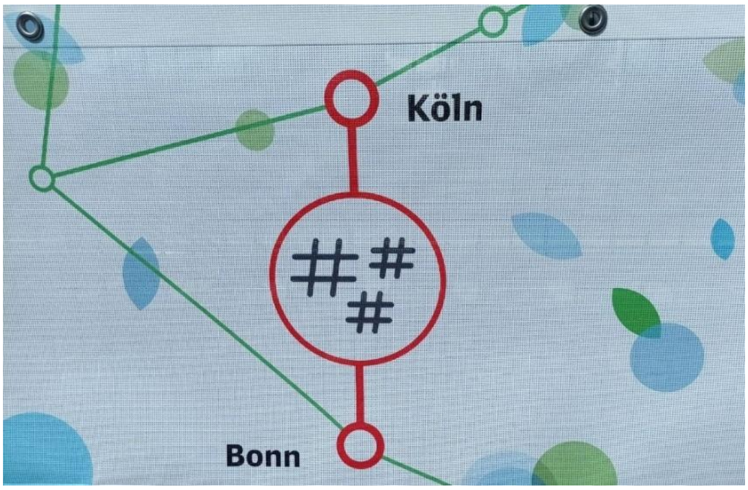
What Happens Without Liberalisation

Where competition is absent, the pattern is equally clear. The burden of funding rail modernisation and expansion falls increasingly on taxpayers, with weaker customer focus and greater susceptibility to political interference.

- For example: the chronic delays, ageing infrastructure and construction works at Germany's integrated rail body Deutsche Bahn (DB) have become legendary – famously referred to on a national mainstream newspaper's front page in 2024 as a "*Staatsversagen*" ("*systematic state failure*") – click here;
- **Reminder: this is the kind of integrated rail body that GBR will bring back.**



Germany: No trains for 3 weeks. *Hürth-Kalscheuren is a five-platform junction on the busy main line between Cologne (Köln) and Bonn, with all kinds of operators passing through – from regional services through to freight trains and high-speed. In recent years, the station and its tracks have been closed on multiple occasions: the longest was for 3 whole weeks*

Meanwhile in Hungary, after the defeat of prime minister Viktor Orbán by opposition leader Péter Magyar at the national election last month, the designated new transport minister Dávid Vitézy last week explicitly called for:

"(…) the elimination of the crisis that has been going on for years in the railway, and finally the development of the Hungarian railway as a government priority, similarly to other European countries"

- It is worth noting that under Viktor Orbán, the state-owned incumbent operator **MÁV** progressively expanded into a **dominant, vertically integrated transport group**, all the while receiving directly awarded concessions, financed by taxpayers – no competitive tendering took place at all.

The UK risks returning to precisely such a model: one characterised by limited commercial incentives, rising costs, and declining responsiveness to customers.

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Global Trends: Liberalisation and Competition Is Expanding

The UK is diverging not only from the EU - but from global reform trends.

- For example: in the Czech Republic, there is timetable, tariff & ticket integration, even though various different companies operate both passenger trains and municipal public transport. To enable this, there was a strong, clear unbundling of the infrastructure manager and incumbent rail operator in the 2000s.
    - **The result**: 154% passenger growth on all routes with competition between 2011 and 2019.

Two new entrant competitors' trains - RegioJet (left) and Leo Express (right) - at Prague Main Station in the Czech Republic. Meanwhile, station and tracks in the country belong to the unbundled infrastructure manager Správa Železnic (SŽ)

The direction of travel globally also reinforces this conclusion. In the USA, there is a growing recognition that separating incumbent Amtrak's infrastructure manager from operations and introducing competitive access is necessary to improve performance.

- From Australia to Canada, public-private partnerships and competitive concessions are increasingly used to attract private capital, stimulate innovation and expand passenger rail markets.
- South Africa is moving towards structural separation and independent regulation, while India and several Latin American countries are opening their rail systems to private investment through hybrid models.

Across these diverse contexts, the same principle is emerging: **unbundling infrastructure combined with competitive rail operations** delivers the best outcomes, because the former is then focused upon **maximising total network usage and performance**, and not protecting the in-house operator.

Against this backdrop, the UK is not only diverging from the European model - it is moving against the global best-practice trend.

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The Contradiction of GBR

The stated objectives of GBR - greater efficiency, cost reduction, innovation, and passenger growth, are not matched by the mechanisms proposed to achieve them. A very high level of centralisation – rather than devolution - weakens incentives for efficiency, increases fiscal exposure to the taxpayer, reduces competitive pressure, and provides no clear framework for growth.

The result risks being a system that is much more controlled but less effective. Stable and non-discriminatory access conditions are essential to give confidence to private investors. Any weakening of independent oversight risks undermining this confidence.

ALLRAIL's Policy Recommendations

The focus should be on unlocking growth, investment and innovation in passenger rail:

- Ensure GBR operates in a fair and non-discriminatory manner in its access and charging roles;
- Give the regulator "Office of Rail and Road" a meaningful appeals function;
- Actively support and expand open access operations;
- Competitive tendering not to be ruled out;
- Introduce clear and meaningful Key Performance Indicators on aspects such as:
    - Cost efficiency
    - Reduction of taxpayer subsidy
    - Punctuality / reliability improvements
    - Passenger growth

Conclusion

The UK Railways Bill represents recognition of system problems but a flawed structural solution. At a time when:

- The EU proves that market opening works;
- Global rail markets embrace liberalisation; and
- Fiscal constraints demand efficiency.

The UK Railways Bill is moving towards public sector centralisation, higher costs, and weaker incentives. However, the integration of timetables, tariffs and tickets **does not need** an integrated body as is being proposed for GBR - it is perfectly possible in a competitive landscape (Czechia and Sweden for example).

Rail reform must be judged by outcomes, not structures. The consistent evidence is that competition - combined with clear incentives and private investment delivers better services, lower costs and stronger passenger growth.

The UK should **not** turn its back on a model that the rest of the world is progressively embracing and that is delivering for customers, communities and taxpayers.

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