ALLRAIL

The Future of Passenger Rail

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POSITION PAPER

Reforming the UK Rolling Stock Maintenance Market

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ALLRAIL is the non-profit association representing independent passenger railway companies, working to support a more open, attractive and passenger-focused rail market across Europe, for the benefit of travellers and taxpayers.

Executive Summary

The United Kingdom rolling stock maintenance market requires targeted reform to improve transparency, competition, value for money and long-term sustainability.

The United Kingdom rolling stock maintenance market requires targeted reform to improve transparency, competition, value for money and long-term sustainability.

This is no longer a narrow technical issue. It is a major public-value issue for passengers, funders and taxpayers.

The Office of Rail and Road (ORR), Britain's independent rail regulator, estimates that franchised passenger operators spent around £4.1 billion on rolling stock leasing and maintenance in the year ending 31 March 2025. **Around £1.5 billion** of this was maintenance expenditure. [1]

Current arrangements often involve Original Equipment Manufacturers (OEMs), meaning the train manufacturers also provide technical support, software-enabled diagnostics, spare parts and long-term maintenance services.

These models can provide accountability and support safety assurance, especially during fleet introduction. However, they can also create barriers to competition, weaken price discovery and reduce operators' ability to benchmark costs or switch providers later in the asset life.

- As more and more UK passenger railway operators move into public ownership, maintenance costs can no longer be treated solely as private contractual matters. They represent a direct call on passenger revenue and taxpayer resources.
- This is also a fleet availability issue. Evidence by the UK-based operator Transport UK to the UK parliament states that up to **20% of rolling stock** vehicles are unavailable for service at any one time, linking maintenance market structure directly to passenger-facing capacity, reliability & value for money. [4]

Great British Railways (GBR), the proposed integrated railway body intended to act as the integrated system leader for Britain's railways, will need clear visibility of whole-life rolling stock costs if it is to deliver system-wide efficiency.

ALLRAIL therefore calls for five targeted reforms:

1. whole-life maintenance cost transparency at procurement and renewal stage;
2. periodic benchmarking and market testing of long-term maintenance arrangements;
3. controlled, auditable and commercially reasonable access to technical information, diagnostics, software, tooling and spare parts;

4. consistent reporting of the relationship between maintenance cost, fleet availability, reliability and operational performance; and
5. ORR scrutiny of market concentration, switching barriers, depot access, data access and pricing behaviour.

These reforms would not undermine safety or legitimate intellectual property. They would make the maintenance market more transparent, contestable and accountable.

The strategic importance of rolling stock maintenance reform

Rolling stock maintenance sits at the intersection of operational performance, passenger reliability and public expenditure.

Unlike major infrastructure schemes, maintenance expenditure is often embedded within long-term commercial arrangements with relatively limited public scrutiny.

Yet it is one of the largest controllable cost areas in the rail system. ORR identifies around £1.5 billion of annual maintenance expenditure in franchised passenger operations. [1]

Maintenance outcomes directly affect passenger-facing performance: whether trains are available, reliable, clean, safe and capable of being deployed efficiently.

This is not only theoretical. Transport UK has told Parliament that up to 20% of vehicles may be unavailable for service at any time, despite the UK spending billions annually on leasing and maintaining rolling stock. [4]

Three developments make reform particularly urgent:

1. Public Ownership Changes the Incentive Framework

Historically, maintenance contracts were commercial arrangements between train operators, rolling stock leasing companies (ROSCOs), OEMs and specialist maintainers.

Yet as more passenger operators are publicly controlled or publicly funded, poorly benchmarked maintenance costs become a public finance issue.

2. GBR Creates a System-Level Customer

GBR's proponents claim that it will provide stronger system leadership across the railway. That ambition sits uneasily with a maintenance market where costs, technical dependencies and switching options are difficult to compare across fleets.

Effective system management requires visibility across all cost drivers, comparative performance metrics and the ability to deploy resources efficiently across the network.

3. Current Decisions Will Shape the Next Generation

Maintenance arrangements agreed today can influence asset costs, supplier choice and technical flexibility for decades.

This includes Train Service Agreements (TSAs), long-term contracts covering maintenance and support, and Technical Support and Spares Supply Agreements (TSSSAs), contracts covering technical assistance and spare parts.

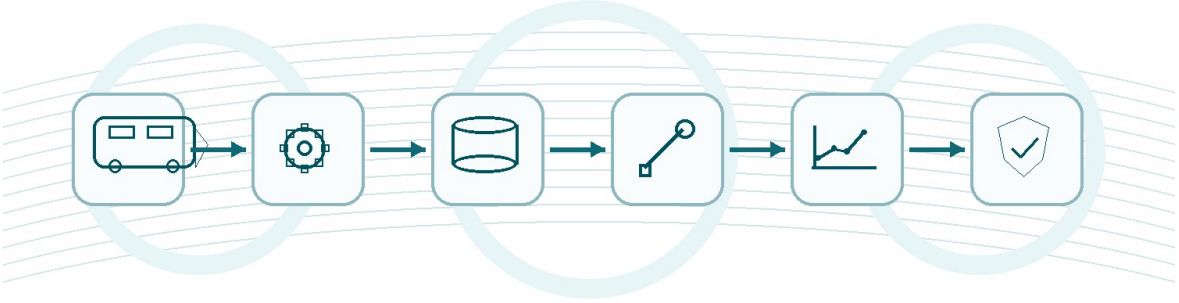
The design of today's contracts may therefore shape the efficiency of tomorrow's railway well into the 2040s and 2050s.

The Evidence Base

There is now a strong and defensible case that the market should be examined for limited contestability, information asymmetry, technical dependency and insufficient whole-life cost transparency.

- The UK rail regulator ORR has launched a rolling stock maintenance market review to assess whether the market works for railway users and funders. Its Statement of Scope identifies stakeholder concerns around long-term maintenance arrangements, cost transparency & contestability at renewal. [1]
- ORR identifies OEMs as providers of design, manufacture, maintenance, spares and technical support under long-term agreements. It notes that OEMs often maintain newer fleets because of access to proprietary technical information, diagnostics and intellectual property. [1]
- ORR's 2025 review of the Rolling Stock Transparency Order 2009, a regulatory transparency remedy originally adopted after a rolling stock market investigation, recorded stakeholder calls for more transparency around maintenance costs. [2]
- Published parliamentary written evidence from Transport UK describes a narrow OEM-dominated ecosystem, long-term maintenance contracts that exclude independent third-party maintainers & SMEs, as well as opaque maintenance costs, proprietary OEM platforms, and limited transferability of workforce training. [4]
- The same evidence recommends fair access to technical data and spares, a national ORR-led benchmarking database for cost, performance and workforce practices, and wider participation by SMEs and third-party maintainers. [4]
- The National Audit Office (NAO), the UK Parliament's public-spending watchdog, has previously highlighted rolling stock procurement and rail-system cost exposure as major value for money issues concerning public expenditure. [5] [6]

Taken together, these sources justify a targeted reform agenda. They support stronger transparency and market testing, without making unsubstantiated allegations against individual suppliers.



Assessment of the Core Market Failures

1. The Market Is Insufficiently Contestable

Effective competition in this part of the rail sector requires multiple capable suppliers, access to technical information, reasonable switching costs and transparent performance data.

In practice, modern train fleets often depend on software, diagnostics, engineering data, approved repair procedures and specialist spare parts. Where these inputs are controlled by the incumbent supplier, competition can become difficult.

The purchaser may compete vigorously for the initial train procurement. Once the fleet enters service, however, switching maintenance provider can become costly, risky and technically complex.

This creates a classic lifecycle market problem. The customer may be formally free to choose another provider, but the **practical ability to do so may be constrained**.

2. The Problem Is Whole-Life Cost Visibility

Initial procurement prices may not provide enough visibility of the long-term cost of maintaining, supporting, modifying and overhauling the asset.

After all, the ORR has identified concerns around OEM-led long-term maintenance arrangements, cost transparency and contestability at renewal. [1]

The policy issue is therefore not whether OEM suppliers earn profits. It is whether customers **have enough information and bargaining power to evaluate whole-life costs before** and after procurement decisions are made.

3. Cost and Performance Are Not Transparent Enough

The relationship between maintenance expenditure, availability, reliability and operational outcomes is not transparent enough.

ORR proposes to examine cost transparency, comparability, and the relationship between cost, performance and availability. [1] This is definitely the right approach.

A higher maintenance cost may be justified if it demonstrably improves availability, reliability and lifecycle value. A lower price may be poor value if it leads to deferred work, duplicated oversight or operational disruption.

4. Long-Term Contracts Can Reduce Competitive Pressure

Maintenance contracts extending beyond 20 years can fundamentally change the competitive dynamics. They may support safe fleet introduction, reliability growth, financing certainty or risk transfer.

However, they also create risks of information asymmetry, technical dependency and reduced exposure to future innovation.

Customers cannot accurately predict every maintenance requirement, software update, obsolescence risk or technology change several decades in advance.

This argues for periodic benchmarking and market testing rather than crude mandatory insourcing or automatic re-tendering in every case.

The Rail Regulator ORR's Market Review

The rail regulator ORR's market review provides the right opportunity to test these issues independently and proportionately.

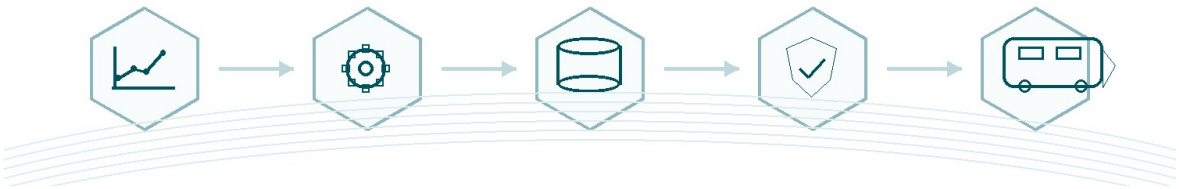
We encourage ORR to examine:

- market concentration and the effective number of credible maintenance providers for different fleet types;
- barriers to entry and expansion, including access to data, intellectual property, spare parts, tooling, diagnostics and depot capacity;
- switching and contestability at contract renewal;
- the relationship between TSAs, TSSSAs, leasing arrangements and supplier bargaining power;
- whether cost, performance and availability data are sufficiently comparable across fleets and maintenance models;
- whether long-term contracts include credible benchmarking, gain-share, open-book or market-testing mechanisms;
- how retained operator engineering and contract-management costs are included when assessing outsourced maintenance value; and
- whether further transparency remedies, guidance, market-study powers or involvement by the Competition and Markets Authority (CMA) - the UK competition authority - may be appropriate.

The review should not assume that one delivery model is always superior. OEM-led, operator-led, third-party and hybrid models can all work.

Instead, the test should be whether each model delivers safe, reliable, transparent and efficient outcomes under genuine competitive pressure.

ALLRAIL Reform Priorities For The UK Maintenance Market



1. Whole-Life Maintenance Cost Transparency

At procurement and renewal stage, operators and their funders (such as the UK government and devolved authorities) should receive clear, comparable information on expected whole-life maintenance costs.

This should include labour, materials, technical support, software, diagnostics, overhaul, depot, risk pricing, retained operator oversight and assumptions on obsolescence or major modifications.

2. Periodic Benchmarking and Market Testing

Long-term maintenance contracts should include periodic benchmarking against comparable fleets and maintenance models.

Where performance and value for money are demonstrably strong, continuation should be allowed. Where costs or outcomes diverge materially from benchmarks, contracts should be subject to market testing, renegotiation or re-tendering.

3. Controlled Access to Technical Information

Suitably competent operators and third-party maintainers should be able to obtain controlled, auditable and commercially reasonable access to the technical inputs required for safe and effective maintenance.

This includes engineering documentation, diagnostic systems, software interfaces, tooling, approved repair procedures, materials history, spare parts & technical support.

This must protect safety assurance, configuration control, cybersecurity, legitimate intellectual property and fair remuneration for technical support. But such protections should not become a blanket justification for excluding credible alternative maintainers.

4. Transparent Cost, Availability and Performance Metrics

ORR, GBR, other operators and their funders should develop normalised benchmarking metrics linking maintenance expenditure to availability, reliability, delay attribution, service recovery, fleet presentation and lifecycle asset value.

This would allow the market to distinguish between justified higher expenditure and avoidable inefficiency.

5. A Competitive Maintenance Ecosystem

The objective should be a broader and more resilient maintenance ecosystem.

OEMs should remain central where they deliver value, especially for newer and complex fleets. Independent and third-party maintainers should also be able to compete where they have the necessary competence, access rights, depot capability and safety assurance.

Conclusion

This position paper raises legitimate concerns that the UK rolling stock maintenance market may not be sufficiently transparent, contestable or exposed to competitive pressure throughout the life of a fleet.

- These concerns are not an argument against OEM participation. They are an argument for a market framework in which OEMs, operator-led maintainers and third-party maintainers compete on safety, performance, innovation and whole-life value.
- GBR should not inherit a maintenance market in which technical dependency, long-term lock-in and limited cost visibility embed avoidable cost inflation for decades.
- Instead, reform should ensure that billions of pounds of railway expenditure are subject to transparent benchmarking, credible market testing and informed customer choice.

Done well, rolling stock maintenance reform can support better availability, stronger reliability, improved value for money and a more resilient supply chain. That would benefit operators, passengers and taxpayers alike.

Sources Used

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