

15 April 2025

Response to consultation “A railway fit for Britain's future”

This document is the Railway Industry Association's (RIA's) response to the Department for Transport's (DfT's) consultation on rail reform legislation, “A railway fit for Britain's future”, following discussions with members companies, and previous engagement on rail reform.

This overarching response provides an assessment of the proposals against RIA's five tests for rail reform. As well as submitting this overarching response, the Annex provides responses to the specific consultation questions.

1. Context

RIA considers the proposed reforms for UK rail present an opportunity to reset the way the railway works. The consultation is therefore a welcome step forward. Six and a half years on from the commissioning of the Williams Review, reform needs to happen soon, and in a planned way, removing ongoing uncertainty over the future structure of the sector. Businesses need to see a clear and realistic timetable to implement reforms.

RIA has previously welcomed the opportunity to better integrate track and train operations and set out five tests for Great British Railways (GBR) to ensure the restructure is a success.

1. **No hiatus in current work:** The majority of railway spend is with the private sector - there cannot be a pause in this work;
2. **Ambition:** Leave a positive legacy, including in safety, decarbonisation, exports and the economy;
3. **Productivity:** Ensure the rail industry is able to thrive - financial sustainability will ensure rail delivers for UK plc;
4. **Transparency:** Be clear and transparent with rail suppliers, to allow them to deliver and invest; and
5. **Partnership:** Be an open and accessible client, and partner with the private sector for the best results.

RIA has reviewed the consultation proposals against the above tests and identified a number of factors that will be critical to success (see table on next page). Not all of these are matters for legislation, and even where they are, there will be substantial work to be done outside of legislation, which is the case in every area. RIA is ready to support the DfT and Shadow GBR across these areas in preparation for GBR being established as soon as 2027.

The specific details of the proposed legislation have not been published, and the exact detail will be very important in determining the effect of changes. The following analysis is inevitably high level, but would benefit from a fuller conversation about the specific legislative plans.

2. Summary of assessment against RIA's five tests for GBR

RIA test	Specific factors critical for success	Relevant for legislation	Relevant beyond legislation
No hiatus	There needs to be a clear transition plan, with an outward-focused leadership (Chair and Chief Executive) appointed, to build the new organisation.		✓
	Work needs to start immediately on the organisational model for integrating track-train decision making.		✓
	It will be crucial to minimise distraction risk during the transition (including delivering CP7 in full).		✓
Ambition	GBR's objectives and duties will need to be sufficiently comprehensive and ambitious, including setting targets for passenger and freight growth in the long-term strategy.	✓	✓
	The long-term rail strategy needs to be comprehensive in scope and genuinely long-term (30 years), and refreshed every five years ahead of the funding process.	✓	✓
	There needs to be a radical vision for a new pro-efficiency and pro-innovation culture within GBR, learning from the private sector.		✓
	GBR will need strong incentives to grow rail revenues (and not just for its own operations).		✓
Productivity	Five-year funding model: if mid-period funding changes become easier than today, the railway could become significantly more expensive. Instead we need to keep the benefits of today's model, while supporting a smoother transition between control periods. RIA and our members are not in favour of any changes to the funding process which increase uncertainty and reduce predictability.	✓	✓
	Track and train planning needs to be better integrated: this means moving away from short-term funding and plans for operators and integrating smaller enhancements into 5-year funding periods, and integrating revenue management.	✓	✓
	There need to be checks and balances to deter micromanagement of operational matters, particularly through potential misuse of the proposed Secretary of State power of direction.	✓	✓
	GBR will be a large public organisation – there will need to be strong requirements (through the licence) to remain efficient, commercially minded, and outward-focused (and not bureaucratic). Independent regulation has an important role.	✓	✓
Transparency	There need to be firm requirements to publish clear long-term plans and a transparent pipeline of projects.	✓	✓
	The licence will need to require that GBR is transparent about its plans, progress and costs.	✓	✓
	There needs to be a level playing field for third party retailers, with strong independent regulation.	✓	✓
Partnership	GBR needs to facilitate private investment into and around the railway, and be an easy partner to work with in this process. Independent oversight will be needed to give third parties confidence in doing business with GBR.	✓	✓
	The supply chain should be embedded partners in designing GBR's operating model, licence, financial framework and the transition plan.		✓

3. Specific proposals for legislation

RIA believes that legislation should be used to establish enduring requirements that are 'fit for purpose' beyond the lifetime of this Parliament. While much of the practical detail of how GBR operates will be set outside of legislation (such as through the licence), legislation needs to underpin crucial parts of the system that should not be left to discretion.

a) The 5-year funding cycle

It is welcome that GBR will have a 5 year funding settlement (as is currently the case with Network Rail's Control Periods), **and must produce an integrated business plan (track and train) in response to this.** An integrated funding settlement (covering track, train expenditures and revenues) will naturally support integrated planning. If track and train integration is to be achieved, then both must be covered as part of the same process. A separate budgeting cycle for train operations risks diluting the extent of integration.

Concerningly, the consultation acknowledges that there could be "mid-period reductions to funds available":¹ A stable funding framework (particularly for operations, maintenance and renewals) is a pre-requisite for efficiency and the ability to meaningfully hold GBR to account for its performance. Continuity of workload allows businesses to produce much more efficiently (as RIA has shown in its Electrification Cost Challenge report²); this is especially true in manufacturing where efficiency depends on maintaining a permanent skilled workforce and stable volumes e.g. train production, steel orders, signalling design and equipment production. This has important implications for the success of the UK industrial strategy. If funding becomes more unpredictable than today, it is likely to seriously harm efficiency, deter business investment and increase costs.

Specifically, there is a risk that if highways-style legislation is replicated for GBR, then rail funding will see the same patterns that highways investment has experienced, with an emergency one year settlement for 2025-26, and review timescales that slip. In rail, the Office of Rail and Road currently plays the lead role in administering the periodic review process, and overseeing any changes to it, which provides an important source of predictability that must be preserved. Transferring the highways investment process to railway operations, maintenance and renewals could undermine efficiency and business confidence.

Rail has not had strong continuity between funding periods, with significant and inefficient fluctuations in spending levels so there needs to be a mechanism to allow, and require, GBR to plan into subsequent funding periods with a degree of confidence. The long-term strategy should be used to identify the desired steady long-term run rate of investment in different assets (e.g. rolling stock, electrification, track renewals and maintenance). Core spending should be confirmed over a longer period than five years, and the Government should set indicative minimum and maximum funding levels beyond each five-year period to allow scenario planning.

The 5-year funding cycle must also highlight the long-term implications for whether railway assets are maintained in a sustainable condition. In particular, there must be transparency over the rail balance sheet – assets and liabilities – which is very important in planning renewals of both track infrastructure and trains. The legal status of GBR will be important in determining balance sheet reporting requirements, and independent regulation is essential to provide a transparent view on whether the funding settlement is sufficient to maintain the railway in a sustainable condition, looking beyond the immediate 5-year funding period.

Asks:

- Legislation should establish a 5-year funding process with at least equivalent funding certainty to today's arrangements in respect of Network Rail, and additionally provide for improved continuity between Control Periods. There are a number of options to achieve this.
- The budget and planning processes for track and train should be aligned as far as possible. RIA agrees there should be flexibility in the legislation to incorporate enhancements and passenger operations (including revenues) within GBR's funding settlement.
- The long-term condition of railway assets must be transparently assessed and reported by the regulator at each control period. GBR should be structured to require reporting on the rail balance sheet, and the ORR needs to provide explicit assurance over whether funding is sufficient to maintain the railway in a sustainable condition.

b) Strategic planning

RIA welcomes the Government's commitment to produce a long-term rail strategy, and a rolling-stock investment pipeline. 'Long-term' is not defined in the document, but we believe 30 years is an appropriate timescale, given that railways are a long-term game, and many rail assets last for decades. In recent years there has not been sufficient clarity over future investment plans for the rail network. The legislation needs to make the existence of long-term strategies and visible pipelines of work a matter of obligation, and not a matter of discretion. There may be times in future when it may not be politically convenient to publish a future outlook, but doing so would nevertheless be beneficial to support an efficient industry which invests in the skills and innovation required.

The long-term strategy is the right place to set out specific aspirations about passenger and freight growth. Both are critical assumptions for the future planning of the network. These targets should be network wide, not just for GBR's own operations. The strategy also needs to define wider objectives from the railway, such as relating to housing growth, which will need to reflect both national and regional aspirations.

The periodic review should test consistency between the strategy and the 5-year plan and the regulator should independently assure this. This will help give the railway much needed strategic direction: long-term certainty encourages investment and innovation. If this is not a legal requirement, there is a risk that there will not be strategic clarity at each Control Period, making it difficult to determine whether funding is going to the right activities, or understand the long-term consequences of decisions.

Visibility of plans is crucial for businesses to plan ahead and invest and deliver efficiently. RIA has submitted evidence to the Transport Select Committee inquiry on 'Boom and Bust pipelines' recommending a multi-level approach to developing a rail pipeline and strategy.³ Without a clear legal requirement there is no guarantee the industry will see a visible pipeline of work. Despite good intentions, there has still not been an updated enhancements pipeline since 2019, even though there was a commitment to an annual update.

Asks:

- A legal requirement to produce a 30 year long-term strategy for rail, updated at each 5-yearly periodic review.
- Legislation should require the long-term strategy to include long-term targets for passenger and freight growth.
- Legislation should require a consistency check between the long-term strategy and 5-year plan, with independent assurance they are compatible.
- A legal requirement to publish annually an indicative forward pipeline of rail projects and programmes.

c) GBR as an efficient and commercially focused organisation

GBR's substantial size must not be allowed to become an obstacle to agile, customer-focused delivery. GBR will need to deliver through innovative commercially-focused businesses and should not try to deliver all its activities in-house. In the past, in-house processes have become bureaucratic, dependent on central Government approvals, and can be very slow to evolve to changing needs or opportunities. For example, the GBR Transition Team's Commercial Partnerships Sounding Board identified today's delivery models as 'too slow, too siloed, too prescriptive'.⁴ It is easy to see that GBR could fall into the same trap unless there are specific safeguards. The supply chain need to see clear safeguards that give them confidence in doing business with a GBR that is subject to routine central Government oversight with the potential to restrict, or slow, innovation. There is therefore an important role for independent assurance that GBR is an outward-looking, innovative and commercially-focused.

GBR needs to be held accountable for increasing private sector investment in the railway.

There was widespread support for a previous proposal that GBR should report annually on progress. The health of the supply chain should be actively monitored and reported on, with critical skills gaps assessed. An equivalent requirement, in legislation or the licence, would be appropriate. GBR should be obliged to include consideration of privately funded or financed schemes in its planning.

A well scoped licence (which can be streamlined and purposive) and proportionate independent regulation must be retained to support effective accountability, and can help avoid the need for detailed interventions by the DfT.

The licence will be an important document defining GBR's responsibilities. The consultation states "GBR's licence should be specific and focused on the minimum viable set of conditions that are required for safety, performance (reliability and cancellations), efficiency, and passenger experience."⁵ GBR's licence will be set (and may be revised) by the Secretary of State for Transport, and will be independently overseen by the ORR.

The minimum licence requirements need to be given a statutory basis, so there are enduring accountabilities that cannot be changed from year to year.

However, for GBR to be efficient and commercially focused, and for third parties to have confidence that it will behave in this way, the licence will also need to include requirements on the way that GBR is expected to behave. Third parties (businesses, investors, local government) who invest or interact with the railway will look for confidence in the way that GBR will behave, and a clear understanding of its plans. N.B. this should not be about establishing

multiple detailed reporting requirements – it is about setting high level expectations of GBR behaviour which it is required to demonstrate compliance with.

The consultation does not explain what ORR's enforcement powers against the licence will be. Third parties, including suppliers, will have greater confidence if a high-level licence always requires commercial and customer-focused behaviours, and the ORR, as an independent regulator, is tasked to monitor, challenge and if necessary take enforcement action to address any shortcomings. ORR will need meaningful enforcement powers that influence management decisions if GBR starts to become inward looking or unresponsive to commercial opportunities. At a minimum, there should be strong reputational consequences of enforcement action.

The licence also needs to require GBR to act in a way that supports long-term benefits for users and taxpayers. It is not sufficient for GBR just to focus on safety, performance, efficiency and passenger experience within a single 5-year period, given that railway assets last for decades. For instance, it is possible to run-down long-term asset condition but still achieve 5-year targets. Finally, it is important that GBR's licence is capable of providing a comprehensive reflection of the GBR's accountabilities. This is so that oversight by the ORR also takes a whole-system perspective, aligned with the objectives of the long-term strategy, rather than focusing on individual elements.

Asks:

Legislation should establish the principle that the GBR licence, which can be succinct and purposive, will set the behaviours necessary for GBR to be an efficient and commercially-focused organisation which is easy to work with including to:

- Be an efficient (as proposed in the consultation) and innovation-friendly organisation;
- Promote additional private investment in and around the railway;
- Promote a healthy and sustainable supply chain (supporting innovation and efficiency);
- Be transparent – over its progress against plans, costs, and future plans for the network; and
- Act in a way that provides long-term value for users and taxpayers, and is consistent with the long-term strategy.

The ORR should provide independent assurance against these behaviours, with meaningful enforcement powers.

d) Transparency and a 'level playing field'

Having clear public information about GBR's plans, performance, expenditure and efficiency will help businesses work with it effectively, and will encourage investors. It will also help GBR be customer-focused. There are many references to the importance of transparency in the Government consultation. It is also an incentive on GBR management to operate in an efficient and effective way. However, there is not clarity in the consultation on how transparency will be achieved, and the comparison with British Railways suggests that transparency should not be taken for granted. There needs to be a clear requirements that:

- Value for money indicators – reflecting the value proposition for taxpayers and customers (freight and passengers) – will be reported and tracked over time; and
- Disaggregated performance and management information will be placed in the public domain – this cannot be a matter of discretion.

RIA agrees with the consultation's aspirations that "third parties on the network are... treated fairly" and that "a competitive and fair market is maintained for third parties and other train operators' retail offers (devolved, open access)".⁶ GBR will have its own operators and retailing function, so there exists a clear potential to preference its own services. What is important is that the best services are used in the interests of the whole railway network. For example, to maximise revenue growth, GBR Retail will need to operate under the same conditions as private retailers, with full transparency and separate accounting over its costs, to provide confidence for private investors.

Asks:

- The GBR licence needs to require it to act transparently, in relation to its plans for the network, performance, costs and efficiency. Legislation needs to provide confidence the licence will always require transparency in these areas.
- The licence should also require GBR to behave in a non-discriminatory manner in relation to other users of the network, or alternative suppliers of services.
- There needs to be a fair and transparent licensing framework for third party retailers, to ensure that the railway is able to maximise revenues. The independent regulator is likely to be the licencing authority that would give most confidence to investors.

e) Relationship between GBR and the Government

Getting the relationship right between the DfT and GBR is fundamental for success. There should be clearly defined responsibilities, with the DfT's role focusing on strategic oversight and holding to account for results (not the way that results are achieved). To unlock innovation, operational railway decisions need greater separation from day-to-day Government involvement. Businesses need freedom to try new approaches to help attract passengers, for example, through modernising ticketing or dynamic timetabling. DfT should provide clear objectives, constraints and oversee and hold GBR to account. Too much control could stifle innovation and investment. GBR will not be easy to work with if it constantly has to seek permission from central Government to take decisions or change internal processes.

RIA agrees with the consultation's observation that "[GBR] must be sufficiently removed ... from the day-to-day influence of Government".⁷ RIA supports the proposal to keep the current process where every five years, the Secretary of State is required to issue a High-Level Output Statement (HLOS) and Statement of Funds Available (SoFA) and then GBR would be required to create a business plan in response to the HLOS, setting out its proposed activity over the next 5 years. The ORR would maintain a role in assessing the viability of this business plan and checking whether there is a mismatch with the HLOS and SoFA that would make delivery impossible. This is an appropriate way for Government to set clear requirements and funding for GBR but also remain separate from operational delivery. This means that the HLOS and SoFA need to be as comprehensive as possible, in relation to GBR's activities, and avoiding multiple additional funding streams and requirements from central Government.

GBR's legal structure needs to provide it with sufficient operational freedom. How GBR is legally constituted will affect the relationship with DfT, and the ability GBR has to be innovative and responsive to customers.

RIA remains concerned about the Secretary of State's proposed power of direction.

Importantly, the consultation proposes that "the Secretary of State will have the power to issue

directions and guidance to shape how GBR carries out its functions, enabling the Government to drive performance and improvement where appropriate through proportionate and strategic interventions.”⁸ The consultation does not contain details of the scope of the power of direction, but previous legislative proposals brought forward by the DfT proposed an open-ended power of direction, unlimited in the circumstances in which it could be used.

Asks:

- **Remove the Secretary of State's open-ended power of direction.** An open-ended power creates a significant future risk of ad-hoc intervention in operational railway matters, which would undermine GBR's accountability and create uncertainty for any third party wishing to invest in the railway. The case for such a wide-ranging power has not been demonstrated. Given the recent history of extensive central Government direction in many railway matters, it is plausible that there may be pressure to be seen to be doing something, for the DfT to continue 'stepping in'. If there is a specific need for an additional power beyond the extensive governance powers the Secretary of State already has, this should be much more narrowly drafted to meet that need.
- **Use the HLOS and SoFA process to establish all the key outputs GBR must deliver over the 5-year period, and avoid setting expectations outside of this.** It is desirable for the HLOS and SoFA to reflect expectations covering not only infrastructure operations, maintenance and renewals, but also around train operations and enhancements (although not major programmes, which will continue to need separate governance).
- **Where significant functions (e.g. enhancements) remain with DfT then there should be a very clear framework for how those are exercised in coordination with GBR's own functions,** so that the impact of Government decisions on GBR's performance is clear.

3. Issues beyond the legislation

Many issues will be decided outside of the legislation, in particular through:

- The GBR operating model design;
- The GBR licence;
- The financial framework around GBR;
- The GBR Access and Use Policy; and
- The transition plan.

RIA looks forward to Government consultation and collaboration with the supply chain on these areas so that rail businesses can be involved in designing and testing the future model.

The financial framework will be particularly important in establishing whether GBR has commercial incentives to grow industry revenues (and not just for its own operations) which will support a financially sustainable railway. The focus in recent years on short-term cost management with tight and short-term budget planning by central Government risks eroding future revenues by undermining the quality of service. There will need to be a strategy to grow revenues sustainably over the longer-term, which will require strong and aligned incentives across the industry and commercial expertise in serving customers.

To make swift progress on rail reform, RIA believes it is desirable that GBR's permanent leadership is appointed soon to lead the transition process and avoid a situation where new leadership may not have been involved in decisions about the design of GBR.

Leadership will help set organisational culture, and there needs to be a clear plan to establish the correct culture to make GBR a success. GBR will be a substantially bigger business than Network Rail and the current culture in Network Rail can at times manifest in ways which makes for a difficult business environment to engage in for companies and their people.

It is now crucial to plan – with the supply sector – for the transition period. How will lessons learned from other major reorganisations be incorporated? Any changes to commercial and procurement arrangements during transition have the potential to impact business revenues, for example, if specific commissions are delayed or postponed this has a direct cost impact. A clear plan is needed to avoid a more reserved position on recruitment and growth or focus shifting to other sectors (utilities/defence). RIA has drafted a paper highlighting issues around the transition and ways to manage these, shared with the Shadow GBR Chair.

For more information please contact RIA Policy Director, Robert Cook, at Robert.cook@riagb.org.uk and at 020 7201 0777.

ANNEX: Response to specific consultation questions

Question 1: Do you agree that GBR should be empowered to deliver through reformed incentives and a simplified and streamlined regulatory framework?

Great British Railway's (GBR's) substantial size must not be allowed to become an obstacle to agile, customer-focused delivery. GBR will need to deliver through innovative commercially-focused businesses and must not try to deliver all its activities in-house. GBR needs to be held accountable for what it has done to increase private sector investment in the railway.

Getting the relationship right between the Department for Transport (DfT) and GBR is fundamental for success. RIA agrees with the consultation's observation that "[GBR] must be sufficiently removed ... from the day-to-day influence of Government". GBR's legal structure needs to provide it with sufficient operational freedom. Most of the detailed prescription of today's railway has come through direct decisions and oversight by the DfT.

In terms of the regulatory framework, it is very important to retain an independent framework that gives confidence for businesses and third parties to continue investing in the rail network, by providing:

- Independent assurance over GBR's performance, and its behaviours, in particular to be agile, customer-focused, pro-innovation organisation that supports private investment;
- Strong incentives for management against these, with meaningful enforcement powers;
- Assurance to funders, reducing their need to get involved in day-to-day matters;
- Independent assurance over whether Government funding is sufficient to meet the objectives for 5-year funding periods, and deliver the long-term strategy;
- Transparency over GBR's performance, and the long-term condition of railway assets; and
- Assurance over a level-playing field for private and third-party investors.

The Secretary of State's (SoS) open-ended power of direction should be removed. RIA remains concerned about the SoS proposed 'power of direction'. An open-ended power creates a significant future risk of ad-hoc intervention in operational railway matters, which would undermine GBR's accountability and create uncertainty for any third party wishing to invest in the railway. The case for such a wide-ranging power has not been demonstrated.

The Government should use the HLOS and SoFA process to establish all the key outputs GBR must deliver over the 5-year period, and avoid setting expectations outside of this. It is desirable for the HLOS and SoFA to reflect expectations covering not only infrastructure operations, maintenance and renewals, but also around train operations and enhancements (although not major programmes which will continue to need separate governance).

Where significant functions (e.g. enhancements) remain with DfT then there will need to be a very clear framework for how those are exercised in coordination with GBR's own functions, so that the impact of Government decisions on GBR's performance is clear.

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?

A well scoped licence (which can be streamlined and purposive) and proportionate independent regulation must be retained to support effective accountability, and can help avoid the need for detailed interventions by the DfT.

Legislation should establish the principle that the GBR licence, which can be succinct and purposive, will set the behaviours necessary for GBR to be an efficient and commercially-focused organisation which is easy to work with including to:

- Be an efficient (as proposed in the consultation) and innovation-friendly organisation;
- Promote additional private investment in and around the railway;
- Promote a healthy and sustainable supply chain (supporting innovation and efficiency);
- Be transparent – over its progress against plans, costs, and future plans for the network. and
- Act in a way that provides long-term value for users and taxpayers and is consistent with the long-term strategy.

The ORR must provide independent assurance against these behaviours, with meaningful enforcement powers. Any changes to ORR duties need to explicitly protect:

- The ability of third parties and private sector to invest in the railway, including the ease of doing business with GBR and need to protect a 'level playing field' at times.
- The long-term interests of running a sustainable and growing railway (for both freight and passengers); and
- Safety of the railway.

Question 3: Do you agree that the Secretary of State should be responsible for setting GBR's long-term strategy to align with government priorities?

RIA agrees and welcomes the Government's commitment to produce a long-term rail strategy, and a rolling-stock investment pipeline. Visibility of plans is crucial for businesses to plan ahead and invest and deliver efficiently.

The long-term strategy is the right place to set out specific aspirations about passenger and freight growth. The periodic review should test consistency between the strategy and the 5-year plan, and the regulator should independently assure this.

RIA strongly urges that the legislation should include requirements:

- To produce a 30 year long-term strategy for rail, updated at each five yearly periodic review;
- For the long-term strategy to include long-term targets for passenger and freight growth;
- Legislation should require a consistency check between the long-term strategy and five year plan, with independent assurance they are compatible; and
- A legal requirement to publish annually an indicative forward pipeline of rail projects and programmes.

Question 4, 5 and 6:

Do you agree with the proposed scope and functions for the new passenger watchdog?

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

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?

N/A RIA does not have views on the proposals for the new passenger watchdog.

Question 7, 8 and 9:

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

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

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?

See question 1 and 2.

In addition, the GBR licence needs to require it to act transparently, in relation to its plans for the network, performance, costs and efficiency. Legislation needs to provide confidence the licence will always require transparency in these areas.

The licence should also require GBR to behave in a non-discriminatory manner in relation to other users of the network, or alternative suppliers of services.

Question 10 Do you foresee any unintended consequences of the ORR retaining its existing powers with regard to other infrastructure managers which might affect the smooth passage of trains between the GBR and non-GBR network?

It is important that the regulatory framework remains in place for other infrastructure managers so that their parts of the railway can continue to secure investment and any disruption by the creation of GBR is minimised.

The greater risk is of unintended consequences of changing these wider arrangements without full consultation on the specific details.

Question 11 The government intends to include in primary legislation a time-limited 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 other infrastructure managers. Do you agree with this approach?

Any proposed powers to amend legislation in future should be kept to the absolute minimum necessary to ensure an effective legal framework. Certainty over the future legal framework is a key requirement for investment confidence in any sector.

Question 12 Do you agree with the proposed legislative approach regarding a 5-year funding settlement for Great British Railways?

It is welcome that GBR will have a 5-year funding settlement and must produce an integrated business plan (track and train) in response to this. Rail has historically not had strong continuity between funding periods, with significant and inefficient fluctuations in spending levels.

However it is very concerning that the consultation acknowledges that there could be “mid-period reductions to funds available”. Specifically, there is a risk that if the highways funding legislation is replicated for GBR, then rail funding will see the same patterns that highways investment has experienced.

The 5-year funding cycle must also highlight the long-term implications for whether railway assets are maintained in a sustainable condition.

RIA's asks of the legislation are:

- Legislation must establish a 5-year funding process with at least equivalent funding certainty to today's arrangements in respect of Network Rail, and additionally provide for improved continuity between Control Periods.
- Budget and planning processes for track and train should be aligned as far as possible. RIA agrees there should be flexibility in the legislation to incorporate enhancements and passenger operations (including revenues) within GBR's funding settlement; and
- The long-term condition of railway assets must be transparently assessed and reported by the regulator at each Control Period. GBR should be structured to require reporting on the rail balance sheet, and the ORR needs to provide explicit assurance over whether funding is sufficient to maintain the railway in a sustainable condition.

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

RIA does not have a view on the Secretary of State's role in setting fares policy.

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?

GBR will have its own operators and retailing function, so there exists a clear potential to preference its own services. What is important is that the best services are used in the interests of the whole railway network. For example, to maximise revenue growth, GBR Retail will need to operate under the same conditions as private retailers, with full transparency and separate accounting over its costs to provide confidence for private investors.

There needs to be a fair and transparent licensing framework for third party retailers, to ensure that the railway is able to maximise revenues. The independent regulator is likely to be the licencing authority that would give most confidence to investors.

Question 15 The Government intends that GBR's 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?

RIA agrees that there will need to be a balance between supporting devolved leaders to invest and grow the railway in their areas, and the need to run the national network coherently (especially to meet the aspiration to grow rail freight). We do not have a view on the specific duty or balance of power between national and devolved functions to best achieve this.

Question 16 and 17 Do you agree with the proposed approach in Scotland and Wales on further collaboration between track and train while preserving the devolved settlements?

RIA supports the ability to integrate the management track and train operations in all geographies.

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?

RIA supports changes that will enable devolved leaders to invest in the railway, without detracting from the national coherence of the network such as for freight, or inter-city travel.

Question 19: The government intends to create a new delegated power that would enable the Secretary of State to update, amend or revoke provisions in TDLCR (Train Driver Licencing and Certification Regulations) and related assimilated law in Great Britain, subject to public consultation. Do you agree with this approach?

RIA does not have a view on this proposal

Question 20 Please provide evidence on anticipated transitional or ongoing costs or benefits for you or your business resulting from these proposals. For example, please provide evidence on the scale of transitional costs associated with familiarising with the new proposals and structure, changes to administrative burden resulting from due to these proposals, or any other direct impacts associated with the proposed changes.

There are long-term benefits from better integration across track and train operations. However, there are a number of potential transitional costs for the private sector which need to be acknowledged. Broadly, the risk is that during the transition period Network Rail, the DfT Operator and GBR become more inward looking organisations.

Specific issues which need to be monitored and mitigated through close working with the supply chain:

- Changes to commercial and procurement processes;
- Changes in personnel, especially key decision makers;
- Budget uncertainty because of changes in business units;
- Creating multiple new interfaces, such as by fragmenting procurement responsibility across a large number of routes (each running their own bidding processes); and
- Distraction risk, with reduced bandwidth for supply chain engagement such as early contractor involvement, or collaborative one-team working.

Unmanaged, these could result in slower decisions to progress work, or inefficient or ineffective ways of working.

RIA has drafted a paper proposing ways to manage issues around transition, shared with the Shadow GBR Chair, Laura Shoaf CBE.

¹ [A Railway Fit for Britain's Future](#), paragraph 4.11

² RIA Electrification Cost Challenge report shows how future electrification schemes can be delivered at 33-50% lower cost:

https://www.riagb.org.uk/RIA/RIA/Newsroom/Publications%20Folder/Electrification_Cost_Challenge_Report.aspx

³ <https://www.riagb.org.uk/RIA/Newsroom/Publications%20Folder/Submission-to-the-Transport-Select-Committee-Inquiry-into-Rail-Investment-Pipelines>

⁴ [Commercial-Partnerships-Sounding-Board-Summary-Cohort-1-09.08.23.pdf](#)

⁵ [A Railway Fit for Britain's Future](#), paragraph 1.22

⁶ Ibid paragraphs 1.14 and 5.13

⁷ Ibid, paragraph 1.14

⁸ Ibid, paragraph 1.17