

# Plans to Reform Britain's Railways and how they may affect the Welsh Marches route

## Summary

- A Railways Bill will soon be put before Parliament that will reform Great Britain's railway system
- Great British Railways (GBR) will be created, but will not include operations on the Welsh Marches
- Benefits of combining track and train planned for elsewhere in England will not be offered here
- Operation of passenger services on the Welsh Marches route will remain with the Welsh Govt
- The role of the UK government or GBR in operating the route is unclear and appears muddled
- There are risks that the route may become marginalised or affected by disputes between authorities
- The organisational design and its benefits are being trialled around the South East, but it will not work in the Welsh Marches, and alternatives appear not to have been considered.
- Proposed legislation will be scrutinised in Parliament in the coming weeks and months, and stakeholders may wish to consider how to make their voices heard and influence proposals.

## Rail Reform

In the coming weeks, the UK government will introduce a Bill to parliament that will change the way Britain's railways are controlled, managed and funded.

There has been a great deal of general rhetoric and hyperbole surrounding these proposals. However, despite the completion of a consultation process, many issues remain to be addressed, and key details are still missing. In particular, proposals contained within the government's consultation document issued in February pose organisational and operational questions around the Welsh Marches route.

Through new legislation, the government is proposing the creation of Great British Railways (GBR). This will merge Network Rail with 14 English Train Operating Companies. This integration of track and train (referred to as vertical integration in railway circles) aims to reduce fragmentation by establishing a simpler framework that reduces cost, enhances effectiveness and eliminates waste caused by contractual complexities. These are reasonable goals, not possible under the current structure created thirty years ago, where track and train are organisationally and legally separated.

## Evolving GBR

Before any further legislation, the Rail Minister is taking immediate steps to improve operations. Southeastern, the train operator, and Network Rail's Kent route have now come together under a single leadership team. This integration is made possible due to their common ownership through the Department for Transport (DfT) and operates under the name South Eastern Railway.

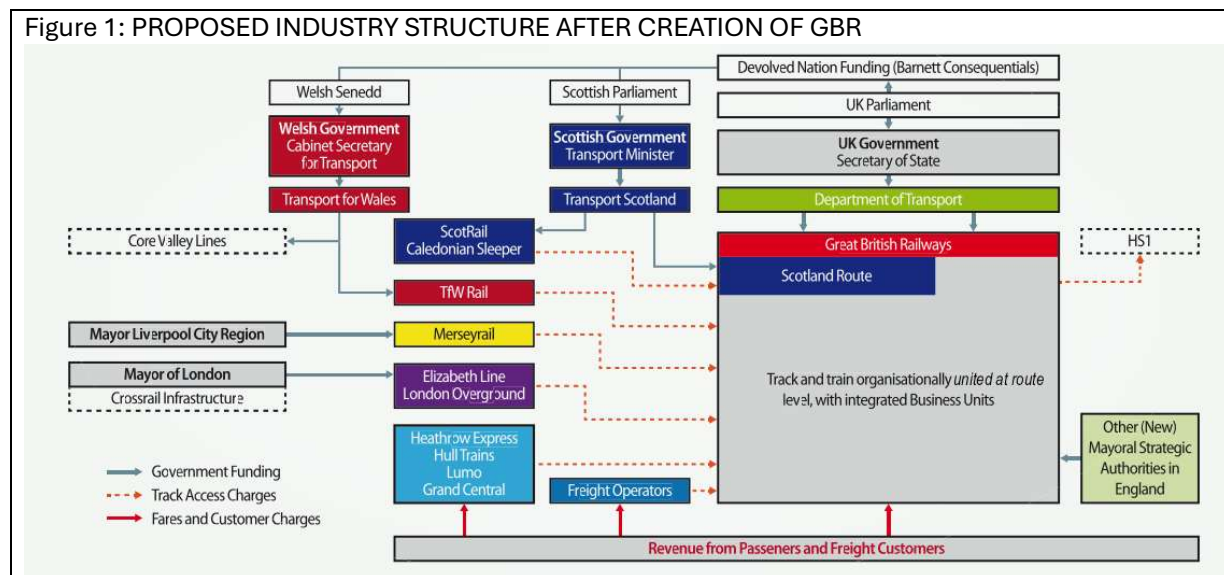
The new leadership team is responsible for overseeing both train operations and infrastructure. Their goal is to ensure clear accountability for performance, expedite decision-making, and provide better value for money. At this stage, legal responsibilities remain unchanged, meaning that each organisation will continue to make decisions related to its specific accountabilities, as legislative changes are required for any transfer of legal responsibilities.

The DfT sees the integration of South Eastern as a model for future reforms under Great British Railways (GBR) and has already implemented a similar approach at South Western Railway. There are also plans underway for further integrations on other routes.

Many railway professionals support vertical integration, because it better reflects the systemic nature of track, train and railway operations. The Rail Minister said that “By bringing track and train together, Great British Railways will enable operations to run more seamlessly, bringing accountability and reliability back into the railways and, in turn, helping to reduce delays and cancellations. This will get more people using our trains to travel to work, education and for leisure – boosting both the national and regional economies “.

### Will the Marches Miss Out?

Sadly, it is unclear how the benefits of combining track and train may become available to the Welsh Marches railway route. Current proposals indicate that Transport for Wales Rail (TfW Rail), which is operated by the Welsh government, will not be included as part of GBR. Indeed, other non-Department for Transport (DfT) operators in Scotland, Merseyside, and London, as well as freight and other open-access operators, will also remain outside the GBR (see Figure 1). Taken together, these represent 30% of trains operated.



GBR has been conceived purely as an evolution within DfT’s current area of direct responsibility. Operators not contracted by the DfT will remain outside the GBR, while the track they operate over will remain under the control of the DfT. This undermines the ability to simplify, as non-GBR operators will still need to navigate complex track access rights and charges and necessitating ongoing performance and revenue allocation.

Lord Hendy strongly advocates the benefits of vertical integration; therefore, it is unclear why proposals being brought forward under UK-wide legislation would exclude devolved areas from these benefits. This remains an area for scrutiny once the proposed legislation has been published.

### Borderline Decisions

Welsh rail services operate on a 'reverse E' pattern, with the main north-south route running through England. The Welsh government seeks greater influence over the specifications of cross-border

services; however, this could negatively impact English communities, such as Church Stretton, which rely on Transport for Wales (TfW) for their train services but have limited influence over their operation, which is directed by the Welsh government. TfW sets the fares for journeys along this route, while service levels are managed through a Memorandum of Understanding (MoU) between the DfT and TfW. TfW funds its services through a combination of revenue and subsidies, the latter of which are devolved and are notionally funded by the UK government through the Barnett formula, even though some services do not operate in Wales. It's not a simple system!

In future, TfW Rail will pay access charges to GBR, and GBR may also take over management of the MoU. Under these proposed arrangements, accountability for passengers and local stakeholders will remain muddy at best. Far from increasing accountability, the current proposals appear to make an existing complex situation even more convoluted.

### **Marginalised Marches**

There is a clear risk that stations along the Welsh Marches services may suffer from being marginalised. Intermediate stations along the route will not be central to the thinking around ambitious plans led by the Welsh Senedd. Their key political focus is likely to be linking together Welsh communities in the north, middle and south of Wales, with stations along the route being potentially seen as either an inconvenient staging point or simply a source of revenue to support connections between Wales's regions. Whilst TfW's 2025/26 Business Plan outlines ambitious plans for the development of Transport within Wales, it makes no reference to the route in England.

From the perspective of the DfT, the Marches route will fall outside the 'core' GBR routes, where, elsewhere across England, services will benefit from the integration of train and track operations into a single entity. There are high ambitions for GBR to improve performance, grow revenue and reduce cost, which raises concerns that the Marches route might be viewed as less important. This may be exacerbated by the financial framework, where GBR will only earn a limited income from access charges applied to Transport for Wales (TfW) Rail's services, while integrated GBR routes will focus on growing significantly greater passenger revenue from other routes where train and track are combined.

### **Devolution Difficulties**

Legislation should stand the test of time, with expectations for arrangements that will last for the next 30 years, similar to the last Railways Act in 1993.

With Labour governments in both the Senedd and Westminster, relations are much more cordial than they have been for many years. Over the past year, plans within Wales have progressed, and following a collaborative effort between Network Rail and Transport for Wales (TfW), historic speed restrictions were removed on the Welsh Marches route in time for the December 2024 timetable change.

That said, relations may not always be so friendly. The Welsh government has previously claimed that it has not received as much infrastructure funding from the Whitehall-controlled Network Rail as it is entitled to. Certainly, there have been fewer enhancements than in other parts of England. As an indication of longer-term frustration, in 2020, the Welsh Government felt compelled to purchase the Core Valley Lines for £738 million from Network Rail to gain control over the rail infrastructure. This move was explained by the assertion that Network Rail had insufficiently invested in the network, along with the need for vertical integration and electrification.

This may not directly affect the Welsh marches route, but it can be seen that tensions between the Welsh and UK governments may deflect attention or may make dialogue and change more difficult.

## **More Mayors**

As the government reforms Britain's railways, it is also introducing the English Devolution Bill. This bill establishes new Strategic Authorities (SAs), which will serve as the Local Transport Authority (LTA) for their respective areas. These authorities will be responsible for implementing their Local Transport Plan

Proposals include three possible levels of authority: Foundation Strategic Authorities (FSAs), Mayoral Strategic Authorities (MSAs), and Established Mayoral Strategic Authorities (EMSAs). New or existing MSAs and EMSAs will have enhanced policy and funding powers, with EMSAs having the ability to exert extensive rights, influence, and funding over rail services (such as those currently seen in London and Liverpool, and aspired to by Manchester, Birmingham, and Leeds).

The Welsh Marches route is unlikely to be part of an EMSA for the foreseeable future. With greater influence available to other authorities, the route may suffer from (relatively) less influence.

## **Invidious Independence**

Current plans are for GBR to navigate the devolution map independently. But with differing arrangements and varying political contexts likely to emerge over the next thirty years, GBR will be in an invidious position, and it isn't easy to see how it will be considered operationally independent, if it is solely responsible to the DfT and the Secretary of State in Whitehall.

From a railway organisational perspective, the Welsh Marches will neither be wholly in GBR, in England, nor in Wales and will likely sit outside of any emerging EMSAs. All of these may reduce the level of consideration given to the route or the ability to influence by those who are on the route.

## **Lesser English Railways**

There is a risk that the proposals may not meet the ambitious expectations created by the headlines. Proposals that look coherent and beneficial in Kent and across the South East look less so as you move outside the focus on the DfT's current passenger operations in England. The reason for this omission remains unclear.

As more details emerge, passengers and authorities in different parts of Great Britain may end up feeling short-changed as they discover that the promise of simplification and reduced costs through integrating track and train may not be available to them. Ultimately, there is a concern that Great British Railways could just become Lesser English Railways.

How GBR is organised will be key. The last government's attempt to establish an operating model failed due to disagreements within the government, even after the Bill had been published. While legislation should not set in aspic the detailed design of the organisation, it is reasonable to question what the Bill enables or precludes, and what the organisation will look like on day one. This enables us to test issues for each organisation or service and the options available to address them.

## **Preparing for Legislation**

The above observations are based upon the DfT's consultation document. The department received 2,300 responses to its consultation, so there may be changes that mitigate the potential issues described above. However, experience from previous proposals and the current understanding of design work being undertaken suggest that the fundamentals will not change.

Stakeholders may therefore wish to consider how they might highlight potential concerns and possible mitigations. The legislation will be scrutinised in Parliament, with the Transport Select Committee likely to issue a Call for Evidence.

## Appendix A: Background

The development of plans for rail reform has been a torturous process. The genesis of these proposals dates back to 2018, when the then-Transport Secretary asked Keith Williams to undertake a significant review of the UK's railways. The report, finally published in 2021, received widespread support; however, the government of the day did not move forward quickly. A parliamentary Bill was only tabled in February 2024 and was overtaken by the general election in July of that year.

The current government was elected with a commitment to "bring rail services back into public ownership," as stated in its manifesto, "Getting Britain Moving: Labour's Plan to Fix Britain's Railways." Public support for rail nationalisation remains strong, with two-thirds in favour, and expectations of better network integration, lower costs, and enhanced service quality.

After taking office, the government enacted the Passenger Railway Services (Public Ownership) Act 2024. This legislation means public sector companies will operate most passenger railway services. It has set the stage for transferring remaining franchised train operators, currently contracted through the Department for Transport (DfT), to the government's public sector rail owning group, DfT Operator Limited (DFTO). This transition process is expected to be completed by the end of 2027, as contracts are ended.

In February 2025, the government released a consultation document titled "A Railway Fit for Britain's Future." The stated aims are to reduce sector fragmentation by establishing a strong, independent guiding body, Great British Railways (GBR), with a simpler framework to enhance efficiency and remove contractual complexities. GBR will integrate the infrastructure provider, Network Rail (NR), with most existing train operating companies (TOCs), although not all of them. This new organisation will manage operators' access to the rail network and implement the strategy set by the government. As part of this initiative, finances will be consolidated, fare regulations will be reformed, and a new Passenger Standards Authority will be established.

Appendix B provides a more detailed summary of proposals, comparing them with the Chartered Institute of Logistics and Transport (CILT) 's 10-point plan.

See also House of Commons Briefing Paper <https://commonslibrary.parliament.uk/research-briefings/cbp-8961/>

| APPENDIX B: Comparing CILT's position on Re-structuring Britain's Railways to Labour Policy  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CILT<br>10-Point Plan for Britain's Railways                                                 | GETTING BRITAIN MOVING:<br>Labour's Plan to Fix Britain's Railways                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 1. Implement GBR as part of changing an industry structure that is no longer fit for purpose | <b>GBR will be established as an arm's length body and a 'directing mind'</b> <ul style="list-style-type: none"> <li>A Railways Act will be included in the first Kings Speech</li> <li>GBR will decide on fares, timetables, and track access</li> <li>Privately operated TOCs will move to GBR as contracts end (within 5-yrs)</li> <li>DfT managed TOCs will merge 14 into a single, unified organisation</li> <li>GBR to create an integrated industrial relations framework and workforce strategy</li> <li>Integrate station management and development</li> <li>Reform of underlying fare regulations implemented as soon as possible</li> <li>A new Passenger Standards Authority will be created</li> </ul> |
| 2. Act with a greater sense of urgency in the sector                                         | <b>A shadow GBR to be set up within six months</b> <ul style="list-style-type: none"> <li>DfT, DOHL, NR to be instructed to work closely together from day one</li> <li>A partnership model, with a new leadership team, using work by GBRTT</li> <li>A resource-led, viable timetable implemented quickly to tackle service delivery issues</li> <li>Existing operators to be held to contractual performance criteria</li> <li>Performance of NR reviewed to identify improvements</li> </ul>                                                                                                                                                                                                                      |
| 3. Empower industry expertise and leadership to support and deliver reform                   | <b>GBR will be operationally independent and run by empowered rail industry experts</b> <ul style="list-style-type: none"> <li>Day-to-day operations and decisions to be managed by professional industry experts</li> <li>Customer service experts from outside the rail industry will also be brought in</li> <li>Begin the process of simplifying fares and introducing digital innovations</li> </ul>                                                                                                                                                                                                                                                                                                            |
| 4. Align broader policy objectives, such as Net Zero, Connectivity, and Accessibility        | <b>A long-term strategy will outline how the railway should deliver against objectives</b> <ul style="list-style-type: none"> <li>Published early in Govt every 5 yrs</li> <li>Set out what Govt wants to achieve from rail e.g. mode shift</li> <li>Align decisions around the best use of funds and resources</li> <li>Integrate with the existing transport system</li> <li>Better targeted investment and more control by local authorities to improve accessibility</li> </ul>                                                                                                                                                                                                                                  |
| 5. Make decisions closer to the markets they serve                                           | <b>Decision-making will take place as close to local communities as possible</b> <ul style="list-style-type: none"> <li>Make the railway responsive to local needs</li> <li>GBR will be agile, making decisions at pace and based on local communities' needs.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 6. Embrace and include devolved authorities so they become an integral part of the railway   | <b>Devolved leaders will have a statutory role in the rail network</b> <ul style="list-style-type: none"> <li>National and regional transport bodies will agree on rail services with GBR</li> <li>Integrate ambitions of devolved stakeholders into single coherent strategy for the railway</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                             |
| 7. Ensure directions & guidance given to GBR are clear & transparent                         | <b>Strategic direction to be set by Secretary of State</b> <ul style="list-style-type: none"> <li>Long-term strategy for services and infrastructure determined by the Secretary of State</li> <li>KPI's to drive improved safety, accessibility, reliability, quality, affordability, efficiency</li> <li>Impose a duty on GBR to grow freight and passenger services</li> </ul>                                                                                                                                                                                                                                                                                                                                    |
| 8. Create an integrated funding structure to reflect customer and funder priorities          | <b>GBR to consolidate industry finances</b> <ul style="list-style-type: none"> <li>Bring cost and revenue together into a single body, across track and train</li> <li>Savings of £2.2bn after initial five-year implementation period</li> <li>Prices kept at a point that works for both passengers and taxpayers</li> <li>Enable long-term decisions on growth and improvements for passengers and freight</li> <li>Eliminate barriers to the sharing of rolling stock across the network</li> <li>Consider the best financing structures in partnership with private capital</li> </ul>                                                                                                                          |
| 9. Promote and support freight and private investment in the network                         | <b>A defined role for the private sector</b> <ul style="list-style-type: none"> <li>Freight to continue to be operated by the private sector</li> <li>GBR to promote rail freight and reduce complexity through a central GBR freight team</li> <li>Safeguards to ensure freight operators receive fair access to the network</li> <li>Open access TOCs to continue where they add value and capacity</li> <li>Strategy to support British manufacturing, innovation, and interoperability</li> <li>Align investment with set objectives and create a strong pipeline of work</li> </ul>                                                                                                                             |
| 10. The best way to integrate track and passenger trains may be a single operator for both   | <b>GBR will oversee both Britain's railway infrastructure and services</b> <ul style="list-style-type: none"> <li>GBR will be responsible for planning timetables, improving services, and the operation, maintenance, and improvement of rail infrastructure.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                            |