RAILWAYS BILL

EXPLANATORY NOTES

What these notes do

These Explanatory Notes relate to the Railways Bill as brought from the House of Commons on 11 June 2026 (HL Bill 25). A carry-over motion in relation to the Bill was passed by the House of Commons on 9 December 2025.

- These Explanatory Notes have been prepared by the Department of Transport in order to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by Parliament.
- These Explanatory Notes explain what each part of the Bill will mean in practice; provide background information on the development of policy; and provide additional information on how the Bill will affect existing legislation in this area.
- These Explanatory Notes might best be read alongside the Bill. They are not, and are not intended to be, a comprehensive description of the Bill.

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Overview of the Bill

1 The Railways Bill delivers the Government's manifesto commitment to establish Great British Railways.

2 The Bill will fundamentally alter the rail landscape in Great Britain. It includes provisions on a wide range of railway related topics.

3 The Bill contains 102 clauses and 4 Schedules, which are explained below.

4 The Bill was first introduced in the House of Commons in the 2024-26 Session of Parliament. A carry-over motion in relation to the Bill was passed on 9 December 2025. It completed its Second Reading and Committee Stage, where it was amended, during that Session. The Bill has been reintroduced in the 2026-27 Session.

Policy background

5 The 2024 Labour Party manifesto included a commitment to reform the railways under a public ownership model. In 2024, the Passenger Railway Services (Public Ownership) Act 2024 brought train services back into public ownership. This was the first step in the public ownership programme as an interim measure. Although the Government is taking steps to improve the performance of all publicly owned train services, the next step is to legislate through this Railways Bill.

6 The primary purpose of the Bill is to enable the creation of Great British Railways (GBR), a new publicly owned body which will be the directing mind taking responsibility for the railway infrastructure (e.g. tracks, bridges, tunnels and stations) and most passenger train services. This means the Bill aims to bring "track and train" together.

7 The current system suffers from unreliable services, low customer satisfaction and poor value for money, caused by a model which is overly fragmented, lacks accountability, and contains perverse incentives and irregularities, such as different operators selling different tickets and charging different prices for the same journey.

8 The new rail system that is established by the Bill is designed to better meet the needs and expectations of those who rely on it and support the Government's growth agenda. The Bill will:

a. Establish GBR

b. Set out the functions and duties of GBR (its purpose)

c. Provide funding for GBR

d. Create a statutory role for Mayors to enable local influence

e. Enable GBR to set fares and sell tickets

f. Establish a Passenger Watchdog

g. Establish an 'access regime' that allows GBR to make decisions on which services can access the tracks

9 Please see below for a summary of these main policy provisions.

Establishing GBR

10 The Bill gives the Secretary of State the power to designate a body corporate as "Great British Railways" through secondary legislation. Following Royal Assent, a publicly owned company will be designated as GBR, which will be the directing mind for the railways, operating through the GBR organisation. Creating GBR will involve consolidating Network Rail Infrastructure Limited (the main operating company of Network Rail, which currently manages the core rail infrastructure and some stations), existing train operating companies (e.g. Avanti and CrossCountry), DfT Operator (the publicly owned train operating company), and parts of the Rail Delivery Group (an industry collective which facilitates back of house functions for ticketing, for example). Our approach will ensure GBR can be established as quickly as practicable.

11 Following its establishment, GBR will become the main "train operator" in England, running many of the passenger services such as those provided by LNER, South Western, Greater Anglia, etc.

Functions, Duties and Strategies

12 GBR's functions are set out on the face of the Bill, which lists the activities that the Government intends Great British Railways to do. These include managing, operating, maintaining, renewing and improving, and providing access to, the network (i.e. including the tracks and stations); operating its railway passenger services; setting fares for them; selling tickets for railway passenger services; providing industry services to facilitate the operation of railway services, and carrying out research and publishing advice.

13 **GBR's general duties** are also set out on the face of the Bill. These set out the considerations GBR must take into account when it carries out its statutory functions. Taken together, the functions (what it should do) and duties (what it should think about) can be read as GBR's core "purpose".

14 The duties include promoting the interests of passengers, including the needs of disabled passengers, promoting high standards of railway performance, promoting rail freight, acting in the public interest (which includes social, economic and environmental considerations), making efficient use of public funds, and enabling other railway service providers to plan the future of their business.

15 Where appropriate, these duties will be shared across GBR, the Secretary of State for Transport, Scottish Ministers, Welsh Ministers, and the Office of Rail and Road (ORR), which is the independent regulator responsible for Britain's railways. This aims to create one clear set of expectations for the railways, shared by all key players, to avoid duplication or misaligned incentives.

16 Alongside these duties, the Secretary of State will be required to prepare and publish **a Long-Term Rail Strategy (LTRS)** which will provide the overarching vision for the railway, considering longer term factors such as economic growth, the changing climate, and an ageing population. Scottish Ministers already have a power to publish a railway strategy under section 5 of the Railways Act 2005, and Welsh Ministers already have a power to publish a transport strategy under section 2 of the Transport (Wales) Act 2006. The Bill will place additional duties on the ORR and GBR to have regard to these strategies when exercising their relevant functions as above. GBR will also be required to have regard to the strategy, as well as to local transport plans of mayoral combined authorities and mayoral combined county authorities, and the Mayor of London's transport strategy.

17 The Bill also requires the Secretary of State to set a **rail freight growth target** for Great Britain. GBR must have regard to this target, as well as to any rail freight growth target or strategy in Scotland that is set by Scottish Ministers.

Business Plan and Funding GBR

18 The Bill will make changes to the existing processes which determine and grant funding to Network Rail. These provisions are designed to ensure that the UK and Scottish Governments can fund GBR effectively and transparently.

19 At present (i.e. before this Bill), the "periodic review" is the 5-year, ORR-run process through which Network Rail's funding is determined. Following detailed analytical work, ORR sets access charges for train operators to use the tracks and infrastructure, within the context of how much money Network Rail will receive from the Government.

20 The Railways Bill retains the principles of this periodic review process but updates it to work for GBR (reflecting, for example, the fact that GBR train services will not pay access charges as the train services and the track will be run within the same company).

21 The funding review process in the Bill is that: first, the ORR will set the timetable and deadlines. The Secretary of State will then issue a statement explaining their objectives for the railway, and an estimate of the funds they will provide GBR to run it over the subsequent five-year funding period. The ORR will be consulted to provide their assessment of whether the funds and the objectives are aligned and practical. GBR will then produce a business plan in response. GBR must consult the Secretary of State, the ORR, and new Passenger Watchdog when producing this business plan. The ORR will advise the Secretary of State on whether the business plan achieves their objectives and represents good value for money. The business plan will then be formally approved by the Secretary of State and published, with updates made as needed.

22 The business plan should: a) ensure that there is transparency about what activities GBR proposes to carry out over the five-year funding period; b) allow the Secretary of State and the ORR to monitor GBR's activities against the business plan; and c) inform the Secretary of State's final funding decisions for GBR.

23 The Bill provides a power for the Secretary of State to give "infrastructure funding" to GBR (i.e. funding for tracks, signals, stations, and maintenance). This power does not extend to passenger services funding (i.e. funding to run train services) or funding other GBR activities, which can still be funded using existing legislative powers. However, the funding power in the Bill can also be extended by regulations to cover passenger services and other types of funding in the future.

24 The Secretary of State must notify the ORR <u>in advance</u> if there are material reductions to the funding agreed and must publish any material changes. The Secretary of State will need to consider how a material impact is defined and may choose to publish guidance/ information on how they will approach that determination. The requirement to notify the ORR of material changes in advance will only apply to funding provided for operations maintenance and renewal activity (i.e. infrastructure funding for tracks, stations, and signals maintenance and renewal). The Bill also provides a broadly equivalent business planning and funding processes for Scottish Ministers to fund Scottish railway activities.

Scotland and Wales

25 The Bill upholds the current devolution settlements in Scotland and Wales, with Scottish Ministers as the funder of passenger services and infrastructure in Scotland, and Welsh

Ministers responsible for passenger services in Wales and the Borders (as provided by Transport for Wales) as well as the infrastructure of the Core Valley Lines.

26 Under the Bill, Scottish and Welsh Ministers have various options for delivering their passenger services. They may delegate their function to provide passenger services to GBR (or a company wholly owned by GBR or a jointly owned company between GBR and Scottish or Welsh Ministers). Alternatively, they have the option to contract with a public sector company to deliver the services (including the above options or a company they solely own - e.g. Scotrail or Transport for Wales). If delivering their services by contracting a public sector company, GBR will seek to set up a partnering arrangement with the public sector company with the aim of further aligning the provision of infrastructure and passenger services.

27 The Bill requires the Secretary of State for Transport to prepare and publish a Memoranda of Understanding (MoU) with the respective Cabinet Secretary in each of the Scottish and Welsh Governments. These arrangements have been set out in a published Framework for a Memorandum of Understanding with Scottish Ministers and a signed Memorandum of Understanding with Welsh Ministers. These agreements outline the respective roles of Scottish and Welsh Ministers in the governance and management of GBR and establish agreed mechanisms through which GBR will be accountable to the respective Ministers and through which closer track and train integration will be progressed in Scotland and Wales.

28 In Wales, the MoU provides a structured basis for collaboration for Wales and Borders, i.e. the area covered by Transport for Wales (TfW) services and the corresponding infrastructure in Wales and the adjacent counties of England. The MoU sets out how GBR and TfW will work together on the basis of shared objectives agreed between the Secretary of State and Welsh Ministers. These shared objectives will support arrangements relating to the management of cross-border services, and collaboration on the Core Valley Lines. They will underpin a partnering arrangement between TfW and GBR, with the intention of enabling further track-train integration in the Wales and Borders area, whilst addressing the existing challenge of aligning objectives for infrastructure and passenger service delivery.

29 In Scotland, the MoU may set out how a deepened ScotRail Alliance, or GBR subsidiary, or a company jointly owned by GBR and Scottish Ministers can deliver track and train integration in Scotland. The MoU should set out how GBR is accountable to Scottish Ministers as funders of the railway within Scotland, alongside how it will continue to meet its responsibilities to UK Ministers. The Bill gives the Scottish Ministers powers of direction and guidance over GBR, reflecting their role as funder in Scotland, when GBR is undertaking activities within Scotland on matters that fall within the executive functions of Scottish Ministers.

Role of Local Leaders

30 The Government's intention is that GBR will agree partnership arrangements with mayoral strategic authorities (MSAs) to enable local influence over the railways and support integration with other transport modes. As such, the Bill enables GBR to enter arrangements with MSAs, including options for mayors to fund GBR.

31 While the Bill enables these partnership arrangements, the detail of how GBR and MSAs will work together is not set out in legislation. An industry developed partnerships practitioners' guide, published by the Urban Transport Group on 13 January 2026, builds on and updates the GBR Mayoral Partnership Framework. The guide explains how engagement between GBR and local partners is intended to work in practice, recognising that partnership arrangements may differ between areas. GBR will also be able to draw on these principles in its work with non--mayoral areas.

32 The Bill will create statutory roles for MSAs in the railway reflecting a desire to bring decision-making as close as possible to local communities while recognising that – as a nationally integrated network – the railway's governance must balance local, commuter, regional, national, international and high-speed services, as well as the role of freight.

33 The Bill will ensure that MSAs are consulted before GBR makes certain decisions relating to a rail passenger service or additions to the network in the authority's area that would significantly affect the interests of the economy of the area and of people living in, working in, or visiting the area. It will also ensure that GBR has regard to devolved transport strategies. Overall, these measures are intended to strengthen the role of mayors in the railway and emphasise the importance of rail within local public transport networks.

34 Legislative mechanisms to devolve passenger services will also remain in place. This is supported by new non-legislative guidance which sets out a process to enable MSAs to seek further devolution of rail responsibilities. The English Rail Devolution Applications guidance, published on 12 December 2025, meets the government's commitment to establish a "rail right to request". The guidance will be updated to reflect changes made by the Railways Bill and progress in establishing GBR. It sets out the steps MSAs should follow when requesting further devolution, and the factors that the Secretary of State will take into account when considering such requests, including proposals relating to rail services, stations or infrastructure. The guidance will be updated to reflect changes made by the Railways Bill and progress in establishing GBR.

Fares, Ticketing and Retail

35 When GBR is established, it will take over from train operating companies as the main body responsible for delivering rail passenger services in the UK. As part of this it will have responsibility for setting fares on the services it operates. Alongside GBR, open access and devolved operators will remain responsible for setting fares for services they operate.

36 The Bill enables the Secretary of State, Scottish Ministers, and Welsh Ministers to set fares parameters for the services they designate (i.e. the services they fund and run, through GBR or devolved operators). Additionally, the Bill will require GBR and devolved operators to provide discount fares for young, elderly, and disabled people.

37 The Bill also confers powers on GBR to sell tickets. GBR's ticketing website will combine the existing 14 rail operator websites and apps into one – with the previous websites ceasing to function. This will reduce fragmentation, deliver savings through removing duplication, and provide a more coherent user-friendly way to buy tickets for passengers. Open access train operators and devolved operators can continue to sell tickets and rail products as they do today. Independent private sector retailers will also continue to retail alongside GBR in a fair and open market.

38 GBR will be able to use all available channels to sell tickets to passengers (for example, at station ticket offices, using ticket vending machines and on-board trains).

39 GBR will also have responsibility for certain industry functions currently overseen by the Rail Delivery Group (RDG). This includes the "back of house" ticketing management functions that RDG performs currently (such as the provision of booking and reservation systems).

40 The Bill will enable the ORR to produce documents (e.g. codes of practice) that governs GBR's provision of these functions to wider industry, to ensure fairness. The Secretary of State will then require GBR's adherence to these documents through the GBR licence. The Bill anticipates a code of practice for ticket retailing, which will incorporate clear requirements for how GBR interacts with all market participants in the retail market to ensure it treats all

participants fairly to ensure an open and competitive market. Enforcement action by the ORR will be possible in the event of any failure to comply with a document issued under this provision. These documents will be owned and managed by the ORR, who will also handle any complaints and appeals of GBR decisions that are governed by them.

Passenger Watchdog

41 The Labour Party's manifesto committed to establish a new passenger watchdog which would consolidate consumer functions from three existing bodies: the ORR, Transport Focus, and the Rail Ombudsman. The Passenger Watchdog is intended to support the Secretary of State for Transport to ensure that an improved passenger experience is at the heart of the reformed railway. By advocating for all passengers, including those with disabilities, monitoring their experiences and ensuring there is an independent and clear path to resolve disputes, the watchdog will help create a better, more inclusive railway for all.

42 The Passenger Watchdog will set standards for the industry relevant to matters that affect the passenger experience. These standards must be approved by the ORR and the Secretary of State before they can become binding on operators.

43 The watchdog will be formed from the existing passenger watchdog, Transport Focus. Transport Focus's legal name "The Passengers' Council" will be retained in legislation, but it is expected that the operating name will change with the establishment of the new watchdog (when it assumes its new functions from the other bodies).

Access Regime

44 In relation to the railways, "access" refers to the question of who has the right to run trains on the track (i.e. who has "access" to the track). There is a finite amount of space on the railway, with many of the main lines and stations already operating at capacity. At present, the decision-making process on access is fragmented across different organisations responding to different duties, criteria, and objectives: for example, at present, Network Rail owns the timetable, but the ORR takes access decisions, which can lead to conflicting conclusions about whether and where a service can fit.

45 The Bill aims to establish a body which can make better use of existing capacity (potentially facilitating more train services) and manage which services can run when (enabling trains to run on time). GBR will become the decision maker on its own network. This means it will decide which services should be granted access – choosing fairly between its own services, devolved services, freight services, and open access services. GBR will determine the duration and form of access rights, the charges other operators should pay for access (within parameters set by the Bill), and the design of performance incentive regimes which encourage other operators to run reliable services. The Government's intention is for GBR to take decisions on the genuine best use of the network in line with the duties in the Bill. Whichever services offer the genuine best value proposition for the passenger, the public, and the taxpayer, according to the criteria in the duties, should gain access to the track.

46 The ORR will retain an independent appeals role: any aggrieved party who believes that GBR has acted inconsistently or unfairly against its policies or legal duties can appeal to the ORR.

Legal background

47 The principal legislation currently governing the management of railway infrastructure and the delivery of rail services on that infrastructure is as follows:

a. The Railways Act 1993 (the 1993 Act) established a framework of licensing of persons controlling railway assets (including track, stations, depots, and trains), established the role of the regulator (in particular, in approving or directing access), and set out the role of the Secretary of State in designating parts of the network that will be subject to franchising and appoints authorities responsible for the provision of railway services through franchising. The Passenger Railway Services (Public Ownership) Act 2024 amended the franchising provisions in the 1993 Act to begin the move away from franchising and into public ownership.

b. The Railways Act 2005 (the 2005 Act) amended the 1993 Act to transfer the Strategic Rail Authority's functions to the Secretary of State and the ORR, created the periodic review process and established procedures that must be followed when it is proposed to close lines or discontinue services.

c. The Public Service Obligations in Transport Regulations 2023 (replacing Regulation 1370/2007) (the 2023 Regulations) established the framework within which contracts may be awarded by public authorities setting out public service obligations in connection with the provision of passenger transport by rail.

d. The Railways (Access, Management and Licensing of Railway Undertakings) Regulations 2016 (the 2016 Regulations) set out the duties of managers of railway infrastructure, in particular in relation to the granting of access to applicants wishing to run passenger or freight services on that infrastructure and the charges to be paid for the use of the infrastructure. The 2016 Regulations set out the statutory framework for access to service facilities such as stations and depots and the charges for this use.

e. The Railway (Licensing of Railway Undertakings) Regulations 2005 are EU derived regulations which add to the licensing regime set out in the 1993 Act.

f. The Rail Passengers' Rights and Obligations Regulations 2010 (the 2010 Regulations), which implemented Regulation (EC) No. 1371/2007 of the European Parliament and of the Council of 23rd October 2007 on rail passengers' rights and obligations. The 2010 regulations designate the ORR as the enforcement body and Passengers' Council as the complaints body in relation to Regulation (EC) No. 1371/2007.

g. Safety legislation, such as the Health and Safety at Work etc Act 1974 (1974 Act) and the Railways and Other Guided Transport Systems (Safety) Regulations 2006 (ROGS), which set out the safety obligations relevant to GBR. The 1974 Act provides an enabling power to make regulations in relation to workplace safety. The ROGS set out the domestic railway safety legislation.

48 The Bill sets up the new regime for the railway. The Bill will make significant changes to the following parts of the current regime:

a. It establishes GBR, a publicly owned company whose functions will include operating its network and running passenger services. GBR will have a licence issued by the Secretary of State, which will be enforced by the ORR. Schedule 4A of the Railways Act 1993 will be repealed as the Bill contains new funding arrangements for GBR.

b. It repeals section 4 of the Railways Act 1993 and creates a new set of duties that the ORR, Secretary of State, Scottish Ministers, Welsh Ministers, and GBR must apply when exercising various functions relating to railways and railway services.

c. It repeals sections 23 to 31 of the Railways Act 1993 which governed the provision of passenger services. The Bill contains new provisions relating to the provision of passenger services which are similar to the Railways Act 1993. However, they reflect the removal of franchising and the move to public ownership.

d. The Passengers' Council is given additional rail functions. The rail functions of the Passengers' Council were previously contained in section 76 and 76A of the Railways Act 1993, which are being repealed.

e. It exempts GBR's network from much of sections 17 to 22C of the Railways Act 1993 and the 2016 Regulations as the Bill contains a new access regime governing GBR's network.

Alongside these changes, the Bill makes a number of more minor amendments to the existing regime so that the new regime works effectively as a whole.

Territorial extent and application

49 The Bill extends to and applies in England and Wales and Scotland. The Bill does not extend to or apply in Northern Ireland, except for the provision giving powers to implement the Luxembourg Protocol. That provision will extend to and apply in the whole of the United Kingdom. In addition, that provision (together with Part 4 of the Bill) may be extended to the Isle of Man by Order in Council.

50 Devolution of rail is partial and complex: in the current system, Scottish Ministers are responsible for ScotRail and Caledonian Sleeper services that run on Network Rail's infrastructure, which they also fund and specify in Scotland. Welsh Ministers are responsible for Transport for Wales services which run on both Core Valley Lines infrastructure (which they own) and Network Rail infrastructure (funded by HMG). Transport for Wales run services into England, on behalf of the Secretary of State, under agency agreements. DfT-contracted operators also run services into Scotland and Wales.

51 Under the Bill, the Government has respected and preserved the existing devolution settlements for rail.

52 See the table in Annex A for a summary of the position regarding territorial extent and application in the United Kingdom.

Commentary on provisions of Bill

Part 1: The New Regime for the Railways

Chapter 1: Great British Railways

Clause 1 and Clause 2: Designation and Crown Status

53 Clause 1 allows the Secretary of State to designate a company as Great British Railways (GBR) by regulations. It also requires that the company designated as GBR must be wholly owned by the crown.

54 Clause 2 confirms that GBR and GBR companies are not servants or agents of the Crown, and that their employees will not be civil servants. Further, clause 2 also provides that the Secretary of State, the Scottish Ministers and the Welsh Ministers will not be considered shadow directors for the purposes of the Companies Acts.

Clause 3: Functions

55 Clause 3 sets out the functions of GBR. The functions are a list of the activities that the Government expects GBR to undertake to fulfil its purpose.

56 The list of functions contained in the Bill is:

a. Subsection (1)(a) enables GBR to manage railway infrastructure (tracks, signals, stations, etc.). GBR will be required to operate, maintain, renew, improve, and add to the network as necessary, for example by undertaking works to improve sections of track, responding to flooding, and other necessary activities.

b. Subsections (1)(b) to (d) set out GBR's role in delivering passenger services. This includes setting fares for passengers and ensuring that tickets for its services are available for sale. GBR will also be able to sell the tickets of other operators, where commercial arrangements exist.

c. Subsection (1)(e) provides GBR with a statutory basis on which to deliver certain functions currently delivered by the Rail Delivery Group (RDG). This includes the "back of house" ticketing management functions that the RDG performs currently (such as the provision of booking and reservation systems), amongst other areas.

d. Subsections (1)(f) and (1)(g) provide for GBR to undertake research, , support innovation, and publish advice and standards on matters related to the railways and railway services, consistent with the activities currently undertaken by Network Rail and train operators today (for example, setting maintenance standards for tracks or other operational matters).

57 Subsection (2) clarifies that subsection (1)(a) (GBR's infrastructure management function) also enables GBR to take decisions on who can access the infrastructure. This clause and Chapter 1 of Part 3 set out GBR's new access management regime.

58 Subsection (3) provides the Secretary of State with the power to add further statutory functions by regulations. New functions can only be added if they are relevant to railways and rail related activities or railway services.

59 Subsection (4) defines the term "statutory functions" for GBR as those which it has above, plus any functions conferred on GBR by regulations or by this or any other Act.

60 Subsection (5) enables GBR to exercise its statutory functions through its subsidiaries or through companies it jointly owns with Scottish Ministers or Welsh Ministers. It can do this in addition to or instead of exercising the function itself.

61 Subsection (6) confirms that GBR's statutory functions will not prevent GBR from being able to carry out other activities by virtue of being a company under applicable law, such as the Companies Act 2006. Where these activities do not relate to their statutory functions, such as functions relating to service facilities and property management, GBR will not be required to apply the general duties set out in the Bill.

Clause 4 Exercise of functions of Scottish and Welsh Ministers

62 Clause 4 allows the Devolved Governments to make arrangements for GBR, a subsidiary of GBR, or a company jointly owned by the Devolved Government and GBR to carry out their statutory functions (i.e. the roles the Ministers each have relating to the railway or railway services). Where Devolved Governments choose to make such arrangements, GBR will be treated as if it was carrying out GBR functions (for example, the statutory duties in the Bill will apply). It requires the Ministers to publish the terms of any such arrangements. Subject to agreement, this provision could allow Devolved Governments to further integrate their services with GBR in the future.

Clause 5: Co-operation with relevant local government bodies

63 Clause 5 subsection (1) enables co-operation between GBR and Passenger Transport Executives (PTEs), mayoral combined authorities (MCAs) and mayoral county combined authorities (MCCAs). This allows the parties to enter into arrangements regarding GBR's statutory railway functions, supporting government ambitions for a more locally focused railway through partnership working.

64 Subsection (2) confirms that these arrangements could allow PTEs, MCAs or MCCAs to fund GBR to undertake railway activities, such as delivering specific services that meet local needs.

65 Subsections (3) and (4) require information sharing between PTEs, MCAs or MCCAs, and GBR that is reasonably required for the purpose of exercising their railway functions in the local government body's area. Information sharing is important to enable local integration between transport modes, giving GBR and Mayors the ability to plan services and respond to changes.

Clause 6: Co-operation with Transport for London (TfL)

66 Clause 6 replicates clause 5 for TfL, which is governed by a different legislative framework to PTEs, MCAs and MCCAs. It also amends the scope of the existing relationship between TfL and the Secretary of State. The Bill aims to support cooperation between TfL and GBR by enabling GBR and TfL to enter into arrangements under which TfL can fund GBR, and require certain information to be shared between GBR and TfL. It also retains a more limited role for the relationship between the Secretary of State and TfL, permitting TfL to enter into arrangements with, and fund, the Secretary of State in circumstances relating to discontinuance of and designation of passenger rail services For example, this may occur if services are devolved to TfL via an exemption from designation.

Clauses 7 to 10: Directions and guidance by the Secretary of State and by the Scottish Ministers

67 Clause 7 gives the Secretary of State the power to issue and publish directions to GBR relating to its railway activities. The Secretary of State must obtain the Scottish or Welsh Ministers' consent before giving directions that directly relate to GBR exercising functions for or on

behalf of the Scottish or Welsh Ministers, except where the Secretary of State uses the direction power in relation to the access regime.

68 GBR will be required to comply with directions, which are mandatory and binding. Directions are intended to be used as a responsive tool for necessary course correction, rather than as a proactive tool to set requirements on GBR (i.e. they are a last resort). A set of non-legislative procedures and controls will ensure that the directions power is used proportionately and with justification.

69 Clause 8 gives Scottish Ministers the power to issue and publish directions to GBR about how it is exercising its statutory functions in Scotland (in so far as they relate to Scottish railway activities). GBR will be required to comply with issued directions, which will be mandatory and binding. To prevent the directions from Scottish Ministers conflicting with those issued by the Secretary of State, the Secretary of State will have the power to revoke a direction of Scottish Ministers only where it is inconsistent with the Secretary of State's directions, where it will affect reserved matters or railways activities outside Scotland, or where it is outside the legislative competence or executive functions of Scottish Ministers. The Secretary of State must consult Scottish Ministers before revoking a direction. Under clause 8, Scottish Ministers must publish any direction issued, including if these are amended or revoked, and the Secretary of State must publish any revocation of a direction issued by Scottish Ministers.

70 Clause 9 enables the Secretary of State to issue guidance to GBR. GBR must have regard to the guidance issued by the Secretary of State. Where the guidance relates to GBR provided Scottish or Welsh services (those services delegated or awarded to GBR), the Secretary of State must get the consent of Scottish or Welsh Ministers. This allows the Secretary of State to clarify policy intentions to GBR. The Government expects that in most cases requiring course correction, guidance would be used before directions. The Secretary of State must publish any guidance issued under clause 9, including if this is amended or revoked.

71 Clause 10 gives Scottish Ministers the equivalent power to issue guidance to GBR in relation to Scottish railway activities, and requires Scottish Ministers to publish any guidance issued under this clause, including if this is amended or revoked.

Clause 11: Licensing

72 Clause 11 provides that GBR's licensing is set out in Schedule 1. Schedule 1 amends Part 1 of the Railways Act 1993 and sets out the detailed process by which the GBR licence will be issued and maintained (see Schedule 1 in these explanatory notes).

73 Both the Secretary of State and the ORR will retain the ability to grant licences to railway bodies other than GBR (for example to open access operators, freight operators, and other infrastructure managers such as the Core Valley Lines).

Clause 12: Funding

74 Clause 12 refers to Schedule 2, which creates the new Funding Period Review process and provides the Secretary of State and Scottish Ministers with a new power to fund GBR using this process.

75 The Funding Period Review process sets GBR's business plan for a 5-year period. It will include roles for the ORR, as the advisor to the Secretary of State and Scottish Ministers, GBR as the operator of the railways, and the Secretary of State and Scottish Ministers as funders.

Clause 13: Charging and terms and conditions

76 Clause 13 allows GBR to charge people to whom it is providing a service related to its functions (railway activities) as it sees fit. This will enable GBR to be able to charge for

services it provides that are currently chargeable under the existing rail regime, such as the "back of house" services currently provided by the Rail Delivery Group, from which all passenger operators, including open access operators, benefit.

Clause 14: Levy payable to ORR

77 Clause 14 allows the ORR to require GBR to pay a levy to the ORR for performing its non-safety railway functions. This provides the ORR with a legally guaranteed funding source independent of the Secretary of State or Government. This provision aims to provide the ORR with a stable and predictable funding stream that will enable it to plan and carry out its activities effectively and efficiently. This replaces the current system under which the ORR requires Network Rail to pay a fee for it to perform its non-safety functions via a process set out in the Network Rail licence.

78 The ORR is an independent regulator, so decisions on its funding should be kept separate from organisations that have a vested interest in the ORR's decisions (which is why GBR, despite paying the levy, will not determine the amount). The amount is agreed between the ORR and the Treasury and then provided by GBR through this levy.

Chapter 2: Exercise of Railway Functions

Clause 15: Rail strategy

79 Clause 15 requires the Secretary of State to publish a document setting out the long-term strategy for the railway, after consulting the Welsh Ministers and the Passenger Watchdog. The Secretary of State must keep the strategy under review and publish any revisions.

Clause 16: Duty of Great British Railways and ORR to have regard to strategies etc

80 Clause 16 requires GBR and the ORR to have regard to the Long-Term Rail Strategy and statutory transport or rail strategies published by Welsh or Scottish Ministers respectively when they are exercising their statutory functions (i.e. their railway activities). It also requires GBR to have regard to the local transport plans for MCAs and MCCAs and the Mayor of London's transport strategy.

Clause 17: Rail freight target

81 Clause 17 requires the Secretary of State to set a target to increase freight on the railways. The Government intends that this should be a measurable target which establishes the goal (an amount or percentage) for how much growth is sought. GBR must have regard to the target when carrying out its statutory functions. GBR must also have regard to any freight growth target or strategy set by the Scottish Ministers.

Clause 18: General duties of Ministers, Great British Railways and ORR

82 Clause 18 sets out the general duties that apply to GBR, Ministers, and the ORR, which they must consider when carrying out their statutory functions. They will have the freedom to consider which duties are relevant, and what weight to place on each duty, but they should be able to demonstrate how they have applied these duties.

83 Subsection (1) sets out that the duties apply to the ORR, Secretary of State, Scottish Ministers and Welsh Ministers when they carry out their railway functions. There is an exception for the ORR's safety-related functions, and train driver licensing functions, because when the ORR is exercising its safety-related functions our intention is that safety should be the priority: ORR should not have to weigh this against other duties. The Bill does not change the current safety regime. There is also an exception for the ORR's functions under the Competition Act 1998 because when the ORR acts as a concurrent competition regulator with the Competition and Markets Authority, both bodies should be applying the same duties.

84 The duties listed in subsection (2) require GBR and the sector bodies to consider the following:

a. Subsection (2)(a) provides that they must promote the interests of users and potential users of the railway (i.e. passengers and potential passengers), including the needs of disabled passengers.

b. Subsection (2)(b) provides that they must promote the use of rail freight. This duty, combined with the rail freight target in clause 17, recognises the critical importance of freight to the economy and the environment.

c. Subsection (2)(c) provides that they must promote high standards in railway performance. Subsection (3) then defines "performance" as meaning reliability (including punctuality) and the avoidance or mitigation of passenger overcrowding.

d. Subsection (2)(d) provides that they must ensure that railway service providers (such as GBR, devolved operators, freight operators, and open access operators) can plan, invest, and make decisions about their own business.

e. Subsection (2)(e) provides that they must run the railway in the public interest, which is defined in subsection (3) as including social, economic and environmental factors.

f. Subsection (2)(f) requires them to take into account the need to make efficient use of public funds – i.e. to carefully manage the amount of public subsidy required to run the railway.

85 Taken together, the functions in clause 3 ("what GBR must do") and these duties ("what GBR must think about") demonstrate GBR's purpose.

Clause 19: Safety duty of Ministers and ORR

86 Clause 19 replicates the existing safety duty in section 4(3)(a) of the Railways Act 1993 and requires the Secretary of State, ORR, Scottish Ministers, and Welsh Ministers to consider the need to protect people from dangers that arise from the operation of the railway. This is necessary as section 4 of the 1993 Act is repealed by this Bill in Schedule 4.

Clause 20: Competition duty of ORR

87 Clause 20 requires the ORR to promote competition in the exercise of its statutory functions, subject to certain exemptions. Exempt activities relate to safety, train driver licensing, funding GBR, GBR's access process and decisions in relation to railway infrastructure, licence enforcement, Competition Act 1998 functions, and monitoring GBR (where the Government considers that other considerations are equally or more important than the need to promote competition).

Clauses 21 and 22: Duty of ORR to have regard to Secretary of State and Scottish Ministers' guidance

88 Clause 21 provides that the Secretary of State may give guidance to the ORR relating to how it undertakes its railway functions (except for its safety enforcement functions under the Health and Safety at Work etc Act 1974, its Competition Act 1998 functions or its train driver licensing functions). The Secretary of State must consult Welsh Ministers before issuing, varying or revoking such guidance. Scottish Ministers are given an equivalent guidance power in clause 22, which means that Scottish Ministers can give guidance to the ORR about its functions relating to railways services wholly or partly in Scotland, and otherwise relating to railways in Scotland. The ORR must have regard to any guidance given under these clauses, and the Secretary of State and Scottish Ministers must publish any guidance issued to the ORR, including when it is updated or revoked.

Clause 23: Memorandum of understanding: Secretary of State and Scottish Ministers

89 Clause 23 requires the Secretary of State and Scottish Ministers to prepare and publish a memorandum of understanding setting out how they will work together in their respective functions. The memorandum may set out: the role Scottish Ministers are to have in the governance and management of GBR; agreed objectives relating to the integration, management and operation of Scotland-only services and the infrastructure; information sharing arrangements; how the directions powers are to be used; how the memorandum is to be published; and arrangements for reviewing and amending the memorandum. It is the intention that this Memorandum will include steps to facilitate integration of GBR infrastructure and Scottish railway services.

Clause 24: Memorandum of understanding: Secretary of State and Welsh Ministers

90 Clause 24 requires the Secretary of State and Welsh Ministers to prepare and publish a memorandum of understanding setting out how they will work together in their respective functions. The memorandum may set out: the role Welsh Ministers are to have in the governance and management of GBR; the cross-border passenger services that the Secretary of State and Welsh Ministers consider should be provided by Welsh Ministers on behalf of the Secretary of State in England; the shared objectives in relation to the integration of the management and operation of GBR and Welsh Ministers' railway functions, including steps they may take to facilitate such integration; information sharing arrangements; how the memorandum is to be published; how the Secretary of State's direction-making powers are to be used; and arrangements for reviewing and amending the memorandum.

Part 2: Passenger and Station Services

Chapter 1: Passenger Services

Clause 25: Designation of services by Secretary of State

91 Designation is the mechanism for assigning responsibility for running passenger train services. The Secretary of State, Scottish and Welsh Ministers each have designation powers to set out services which GBR or others (in the case of the Scottish and Welsh Ministers, e.g. Scotrail) may run for them. Ministers can **exempt** services from these designations. Exempting services allows them , for example, to be devolved to other authorities, such as Transport for London or others. Designation also underpins the delineation of relevant powers and requirements in relation to those services, such as the discount fare scheme requirements in clause 34.

92 Clause 25 requires the Secretary of State to designate the railway passenger services for which GBR should be responsible. It excludes Scotland-only and Wales-only services, as well as services exempted under clause 28 (such as those which are already devolved to Transport for London), from being designated by the Secretary of State. The clause also clarifies that the Secretary of State is not required to designate services even if parts of them are already designated by the Scottish or Welsh Ministers.

93 Designations may be made for individual services or by class or description. The new Secretary of State designation is expected to be succinct and will not provide route- nor timetable-level detail. This will ensure GBR has sufficient flexibility to act as a directing mind and plan best use of the network in the public interest and in accordance with its duties.

94 Before designating, varying, or revoking a cross-border service between England and Scotland, the Secretary of State must consult the Scottish Ministers. All designations and changes must be published.

Clause 26: Designation of services by Scottish Ministers

95 This clause requires the Scottish Ministers to designate Scotland-only railway passenger services and particular cross-border services (those they consider should be provided with Scotland-only services or existing cross-border services designated to them before this section came into force). Under clause 31, Scottish Ministers can provide the designated services themselves or may make a direct award under regulation 17 of the Public Service Obligations in Transport Regulations 2023 to secure their provision from GBR, a company owned by Scottish Ministers or a company jointly owned by GBR and Scottish Ministers. "Scotland-only services" refers to passenger services which start and end in Scotland, and do not make a scheduled call in England or Wales (for example, the ScotRail service between Inverness and Wick/Thurso on the Far North Line). It provides flexibility for the designation to be made either for specific services or for services of a particular class or description.

96 The clause also enables the Scottish Ministers to designate cross-border services where they consider those services should be provided in conjunction with designated Scotland-only services and where Scottish Ministers believe they should be responsible for their provision. This ensures that service planning and delivery can be integrated across borders where appropriate.

97 The clause excludes from designation any services that are exempt under regulations made under clause 28 or 29 (such as those services which are already devolved, for example to Transport for London, and do not fall under the responsibility of the Secretary of State or Scottish Ministers).

98 The clause also requires consultation with the Secretary of State before any designation, variation, or revocation of cross-border services, supporting coordination between administrations. Finally, the clause requires the Scottish Ministers to publish any designation or changes.

Clause 27: Designation of services by Welsh Ministers

99 This clause requires the Welsh Ministers to designate Wales-only railway passenger services (those they consider should be provided with Wales-only services or existing cross-border services designated to them before this section came into force). Welsh Ministers can provide the designated services themselves or secure their provision from GBR, a Welsh operator or a company jointly owned by GBR and Welsh Ministers. "Wales-only services" refers to railway passenger services which start and end in Wales, and do not make a scheduled call outside Wales (or example, the Cambrian Line service between Pwllheli and Aberystwyth). It allows for designations to be made either for specific services or for services of a particular class or description.

100 This clause also enables the Welsh Ministers to designate Welsh components of cross-border services, which means the Welsh parts of services which make at least one scheduled call in Wales but make scheduled calls outside Wales too (for example, Cardiff Central – Manchester Piccadilly). This supports integrated service planning across the Welsh network and its borders where appropriate. The Secretary of State may, but is not required to, designate the English parts of those services.

101 Services exempt under regulations made under clause 28 or 29 (such as those which are devolved to, for example, Transport for London, and are not the responsibility of the Welsh Ministers) cannot be designated under this clause.

102 Finally, the clause requires the Welsh Ministers to publish any designation or changes. Welsh Ministers cannot designate services in England, so are not required to consult the Secretary of State in the way the Scottish Ministers are required to.

Clause 28: Exemption from designation: power of Secretary of State

103 This clause enables the Secretary of State to exempt certain railway passenger services from designation by regulations. Exempting a passenger service from designation means that GBR will not provide the service through a public service contract with the Secretary of State. This is the method by which the operation of passenger train services has been devolved to e.g. Transport for London and Merseytravel in the past (services were previously exempted under section 24 of the Railways Act 1993). The Bill does not change this method. This method has also previously been used to establish light rail networks, such as in Greater Manchester and the Northeast, and to enable exemptions for services operating on infrastructure not owned or managed by Network Rail, e.g. Heathrow.

104 The clause specifies that this power cannot be used to exempt Scotland-only or Wales-only services, preserving the devolved responsibilities of the Scottish and Welsh Ministers.

105 Before granting exemptions for services which operate across borders into Scotland and Wales, the Secretary of State must consult either the Scottish Ministers or the Welsh Ministers, ensuring coordination and respect for devolved interests.

106 All existing exemptions from designations (such as those in place for Transport for London and Merseyrail, for example) will be retained.

Clause 29: Exemption from designation: powers of Scottish and Welsh Ministers

107 This clause enables the Scottish and Welsh Ministers to exempt certain railway passenger services from designation (via regulations) in the same way as in clause 28. Specifically, the Scottish Ministers may exempt Scotland-only services (defined in section 83 of the Railways Act 1993), and the Welsh Ministers may exempt Wales-only services (defined in section 57 of the Railways Act 2005). These powers allow each administration to determine which services should fall outside the scope of designation, offering flexibility in managing their respective networks.

Clause 30: Exemption from designation: supplementary

108 This clause sets out supplementary provisions relating to the granting of exemptions from designation. It clarifies that exemptions made under clause 28 (by the Secretary of State) or clause 29 (by the Scottish or Welsh Ministers) may apply to specific persons or classes of persons, and to services generally, services of a particular class or description, or even to part of a service.

109 The clause also allows for exemptions to be conditional or time limited. Regulations may specify conditions that must be met for the exemption to apply and may also set a fixed duration or provide a mechanism for determining the period of exemption. These provisions ensure that exemptions can be tailored to specific operational, policy, or regulatory needs, while maintaining flexibility and oversight.

Clause 31: Provision of railway passenger services

110 This clause sets out the responsibilities of GBR, the Scottish Ministers, and the Welsh Ministers in relation to designated services. The Secretary of State may only secure delivery of the passenger services designated under clause 25 through GBR (or a GBR company), by directly awarding a public service contract (or public service contracts) to GBR or a GBR company in accordance with regulation 17 of the Public Service Obligations in Transport Regulations 2023. However, where the Welsh Ministers are exercising the Secretary of State's function under agency arrangements, the contract may instead be awarded to one or more public sector companies as defined in clause 35.

111 The clause gives the Scottish and Welsh Ministers two options for delivering their designated services under clause 26 and 27 respectively. They may either provide the services directly or secure their provision through a direct award of a public service contract to one or more public sector companies as defined in clause 35. This includes to GBR or a GBR company, in accordance with regulation 17 of the Public Service Obligations in Transport Regulations 2023. The powers to provide services directly could also be used in conjunction with clause 4 to enable GBR to operate services on their behalf.

112 This approach aims to ensure flexibility in how devolved administrations can deliver services, while maintaining compliance with relevant procurement rules.

113 Subsection (5) provides that where passenger services are secured through a contract with a joint venture, subsidiary of GBR, or GBR, clauses 7 to 10, 13 and 16 to 18 (i.e. directions and guidance, and GBR's duties) apply to the provision of those services in the same way as if it was GBR exercising its statutory functions.

114 Subsection (6) ensures that the Scottish and Welsh Ministers have the power to deliver network services, station services, and light maintenance services, as well as to store and consign goods transported by rail, to enable their responsibility for passenger services.

Clause 32: Contracts awarded under section 31: supplementary

115 This clause explains the terms and conditions that may be included in public services contracts between the Secretary of State, or the Scottish or Welsh Ministers, and GBR, its subsidiaries, or joint ventures.

116 Specifically, contracts may require the train service operator to operate or secure the operation of additional railway assets (networks, stations, or light maintenance depots). The clause provides flexibility for the Secretary of State or the Scottish or Welsh Ministers to include financial arrangements, operational requirements, and property-related obligations within the contract. These provisions ensure that contracts can be tailored to meet the operational and strategic needs of the train service.

117 This clause also provides that obligations to publish pre-award information under regulation 22 of the Public Service Obligations in Transport Regulations 2023 does not apply to direct awards of public service contracts under clause 31.

Clause 33: Fares

118 Clause 33 sets out that the Secretary of State or Scottish Ministers' power to give directions to GBR under clause 7 or 8 may be exercised to give a direction relating to fares. This direction could cover the general level and structure of fares that the Secretary of State or Scottish Ministers expect to see on the passenger train services that GBR is running on their behalf.

119 Likewise, the Secretary of State or Scottish Ministers can use the power in clause 9 or 10 to issue guidance about the general level and structure of fares.

120 Subsection (3) also allows for provision about the general level and structure of fares to be set out in a public service contract under clause 31. This allows Ministers to manage overall fare levels on their designated services.

Clause 34: Discount fare schemes

121 Clause 34 requires GBR to provide a discount fares scheme for passengers who are young, elderly, or disabled to ensure that they can access cheaper rail fares and tickets. The clause does not limit GBR to only these discount schemes: it can also create other schemes which provide for cheaper fares and tickets at its discretion. The use of discount fare schemes may be subject to conditions.

122 Clause 34 ensures that discount fares schemes for the young, elderly, or disabled are made available on any services designated by Scottish and Welsh Ministers, as well as on services provided by GBR.

Clause 35: Interpretation of Chapter 1 of Part 2

123 This clause provides additional clarity and defines some of the terms used in this chapter.

Chapter 2: The Passengers' Council

Clause 36: General duties of the Council

124 Clause 36 requires the Passengers' Council to consider the interests and needs of disabled persons when it exercises its rail functions. It also places a duty on the Passengers' Council to consider the costs and efficient use of public funds when it exercises its functions. This updates the duty the Passengers' Council currently has regarding value for money (see section 76(7) of the Railways Act 1993) and is consistent with the duty the Secretary of State, the ORR, Scottish Ministers, Welsh Ministers and GBR will have [see clause 18(2)(f)] in this Bill.

Clause 37: Keeping matters under review and collecting information

125 Clause 37 requires the Passengers' Council to:

a. keep under review any matters relating to passenger services or stations which affect the public,

b. make representations and consult relevant people about the above matters (e.g. making representations to Ministers, the ORR, or GBR),

c. Co-operate with other bodies who represent the interests of passengers i.e. relating to other modes of public transport (for example, London TravelWatch).

126 This clause also gives the Passengers' Council the power to collect information so that it can exercise its functions.

Clause 38: Exercise of functions under section 37

127 Clause 38 replicates section 76A of the Railways Act 1993. It allows the Passengers' Council to enter into agreements to perform the Passengers' Council's functions under clause 37. For example, devolved bodies (e.g. Transport for London) could enter into agreements with the Passengers' Council so that the devolved body could carry out the Passengers' Council functions in specific areas. The Secretary of State's consent is required before the entering into of any agreement under this clause.

Clause 39: Investigations

128 Clause 39 sets out the circumstances in which the Passengers' Council must investigate matters relating to railway passenger services or station services. For example, the Passengers' Council must investigate non-vexatious matters referred to it by passengers, organisation representatives, the Secretary of State, Scottish Ministers, Welsh Ministers, the ORR, or if it appears to the Passengers' Council that it ought to investigate the matter. If the matter falls wholly within the London railway area, the Passengers' Council must refer it to the London Transport Users' Committee (operating name London TravelWatch).

Clause 40: Power to obtain information

129 Clause 40 gives the Passengers' Council the power to obtain information from a provider or operator of railway passenger services or station services if it is necessary for an investigation. The information must be provided to the Passengers' Council within a reasonable time unless

the person does not have or cannot reasonably obtain the information. If the Passengers' Council does not receive a satisfactory response to its information request, it may refer the matter to the ORR which will continue to act as the enforcement body for the rail sector.

Clause 41: Protection of confidential information

130 Clause 41 protects confidential information if the Passengers' Council obtains it under clause 40.

Clause 42: Representations and referrals

131 Clause 42 gives the Passengers' Council the power to make representations to such persons as it thinks appropriate (such as train or station operators) to resolve a matter under investigation. If the Passengers' Council believes that an operator is contravening or likely to contravene its licence obligations, then it must either engage with the operator directly to request an improvement plan (under clause 47), and/or refer the matter to the ORR and inform the Secretary of State that it has done so.

132 If the case is referred to the ORR, the ORR can choose whether to take enforcement action or not.

Clause 43: Reports

133 Clause 43 allows the Passengers' Council to prepare, send and publish a report of its findings in an investigation. The Passengers' Council must obtain the Secretary of State's consent before sending or publishing a report if the investigation was undertaken following a referral from the Secretary of State. Similar provision is in place if the investigation has been undertaken following a referral from Scottish and Welsh Ministers. If the investigation was undertaken following a referral from the ORR, the Passengers' Council must inform the ORR before publishing a report of its findings.

Clause 44: Complaints

134 Clause 44 designates the Passengers' Council as the body to which complaints about potential infringements to retained EU law on rail passenger rights should be addressed. Retained EU law on rail passenger rights covers matters such as provision of travel information to passengers, accessibility of services, and provision of assistance. It replaces regulation 18(1) of the Rail Passengers' Rights and Obligations Regulations 2010.

Clause 45: Dispute resolution

135 Clause 45 places a duty on the Passengers' Council to secure independent dispute resolution arrangements for users and potential users of railway passenger services and station services. It is envisaged that the Passengers' Council will take over sponsorship of the Rail Ombudsman from the ORR to fulfil this duty.

Clause 46: Standards

136 Clause 46 gives the Passengers' Council a power to set consumer standards for operators of rail passenger services and station services (including GBR) which will be conferred on them via licence conditions. The clause sets out matters which the standards may cover, including passenger assistance, provision of travel information, the process for compensation if services are disrupted, and complaints about passenger services. This is not an exhaustive list, and the Bill allows the Passengers' Council to set standards on any passenger experience related matters it deems necessary. The Passengers' Council must seek the Secretary of State and the ORR's consent before setting new standards or varying existing ones. The Passengers' Council must publish these standards and any variations or revocations of them and must monitor how operators are complying with them.

Clause 47: Improvement plans

137 Clause 47 gives the Passengers' Council the power to require improvement plans from licensed rail operators where it judges them to be, or likely to be, non-compliant with the standards it sets and therefore, the consumer licence conditions. The improvement plans would be requested from operators to allow them to explain their planned improvements before issues are referred to the ORR for potential enforcement action.

Clause 48: Advice about railway passenger services and station services

138 Clause 48 places a duty on the Passengers' Council to provide advice to certain bodies who refer matters to it, or if the Passengers' Council considers it appropriate, to provide advice without a referral. The Passengers' Council is also required to engage with Devolved Governments, including by responding to referrals from Scottish and Welsh Ministers.

Clause 49: Consultation about railway passenger services and station services

139 Clause 49 places obligations on GBR to consult the Passengers' Council when it is developing or changing policies or procedures that will significantly impact passengers. The clause sets out examples of the policies and procedures it should consider consulting the Passengers' Council on, but gives GBR discretion to decide whether to do so based on its assessment of the impact on passengers.

Clause 50: Publication of information and advice

140 Clause 50 gives the Passengers' Council the power to publish information and advice for users or potential users of railway passenger services. Before publishing any such information or advice, the Passengers' Council must consider whether it is necessary to exclude any matter relating to an individual or body that would have a serious and negative impact on their interests.

Clause 51: Power to make exclusions

141 Clause 51 enables the Secretary of State to exclude services from one or more of the duties imposed by clauses 37 to 43, 45, and 48 through regulations, or modify those duties in relation to particular services. Before making any changes, the Secretary of State must consult the Passengers' Council and the London Transport Users' Committee. This power replicates the power the Secretary of State already has under section 76(7B) and (7C) of the Railways Act 1993. There are currently two such exemptions in place, one of which excludes services without through ticketing facilities and who are exempt from holding a licence. Charter and heritage railway operators fall into this exemption because they only operate for tourism purposes and not on the mainline network.

Clause 52: Interpretation of Chapter 2 of Part 2

142 This clause provides additional clarity and defines some of the terms used in this chapter.

Chapter 3: The London Transport Users' Committee

Clauses 53 to 58: The London Transport Users Committee

143 Clauses 53 to 58 provide the London Transport Users' Committee with the same powers and general duties that the Passengers' Council has in relation to the collection and protection of information, investigations, the action the committee can take following an investigation, and reporting for matters in the London railway boundary. It designates the committee as the body to which complaints about potential infringements of retained EU law on rail passenger rights in London should be addressed and gives similar powers to publish information and advice as the Passengers' Council. This is intended to ensure consistency of passenger advocacy in London and the rest of the Great Britain.

Part 3: Miscellaneous Provisions

Chapter 1: Access to Infrastructure and Services

Clause 59: Access and use policy

144 Clause 59(1) sets out that GBR must issue one or more documents explaining the policies and procedures for access to and use of GBR infrastructure. This will be GBR's Access and Use Policy (AUP).

145 Subsection (2) sets out a detailed list of the procedures and criteria that GBR must include in this document or documents, including the procedures for applying for access, the criteria that GBR will apply to its decision-making, and a procedure for resolving disputes.

146 Subsection (3) permits GBR to set out the terms (i.e. the rights and obligations) that a train operator can expect to receive where it has been granted access to GBR's infrastructure.

147 Subsections (4) and (5) enable GBR to replace or amend the document(s) at any time, provided the documents, including any revisions, are published.

148 Subsection (6) allows a person aggrieved by a provision in the document, or a revision or replacement of it, produced under this section to appeal to the ORR.

149 The duty to consult and appeals provisions in clauses 66 to 68 also apply to these documents (i.e. to the Access and Use Policy).

Clause 60: Infrastructure capacity plan

150 Clause 60 (1) requires GBR to publish one or more documents setting out, in its view, how best use can be made of its infrastructure over a specified period.

151 Subsection (3) allows GBR to replace or amend the document(s) at any time, and subsection (5) requires any plan or revisions to be published.

152 Subsection (4) requires GBR to have regard to the need to accommodate its own and other passenger services (including open access services), freight services and the maintenance and improvement of its infrastructure, when preparing this document(s).

153 Subsection (6) allows a person aggrieved by a provision in the document(s), or any revision or replacement of it, produced under this section to appeal to the ORR.

154 The duty to consult and appeals provisions in clauses 66 to 68 also apply to the documents produced under this clause.

Clause 61: The working timetable

155 Clause 61 (1) sets out that GBR must issue one or more timetables covering all train movements on GBR infrastructure for the period that GBR intends the timetable to cover (to be known as a "working timetable").

156 Subsection (3) allows GBR to alter a working timetable, for example, to add new train movements, change a planned train movement, to allow for maintenance works, to deal with disruptions, or to change the duration of the timetable.

157 Subsection (4) allows GBR to alter a planned train movement of an operator other than GBR only with that operator's agreement.

158 Subsection (5) provides that the agreement referred to in subsection (4) may be either general (i.e. agreement is given in respect of any case that meets the criteria specified in the agreement) or specific to an identified, individual case. Subsection (5) also sets out that the

agreement referred to in subsection (4) may be given in accordance with the terms set out in GBR's access and use policy under clause 59(3) or in a contract or other document between GBR and the operator.

159 Subsection (6) provides a right of appeal to the ORR, for operators who applied for a train movement to be included in the working timetable by GBR but were refused, or where the inclusion was made subject to conditions.

160 The duty to consult and the appeals provisions in clauses 66 to 68 also apply to the working timetable; the duty to consult in clause 66 applies when a working timetable is issued, but not when revisions are made to it.

Clause 62: Preparation of working timetable

161 Clause 62 sets out the steps that Great British Railways must follow before issuing a working timetable.

162 Subsections (2) and (3) require GBR to publish an invitation for applications within a specified period for the inclusion of train movements in the working timetable from non-GBR operators.

163 Subsections (4) and (5) then require GBR to prepare a draft working timetable and to send its draft to the applicants, stating the period for any representations to be made.

164 Subsection (6) requires GBR to consider any representations that have been made during that period and make any revisions it considers appropriate.

165 Subsection (7) allows a person who makes an application under subsection (2) to appeal to the ORR against GBR's decision on that application. The provisions of clause 68 apply in relation to such an appeal.

Clause 63: Capacity duty

166 Clause 63 provides for GBR to retain sufficient network capacity for the passenger services it is required to operate, and for engineering access.

167 Subsection (2) requires that when granting access i.e. when issuing any capacity commitment (access contracts) and when preparing, issuing and revising the timetable under clause 62, GBR must ensure it retains sufficient capacity on its infrastructure to operate its own passenger services, and to carry out works to maintain and improve its infrastructure.

168 "GBR passenger services" are defined in clause 73 as those GBR provides under arrangements with the Scottish Ministers or the Welsh Ministers under clause 4, or under public service contracts awarded under clause 31. Sufficient capacity is required to be retained both for services already in operation by GBR, and those it expects to operate in future (e.g.: as set out in a business plan or PSOT specification not yet awarded).

169 GBR will continue to follow the general and other wider legislative duties when taking access decisions and it must take decisions fairly on the genuine best use of the network. The infrastructure capacity plan at clause 60 will indicate the capacity available to different market segments (i.e. how much capacity is best used for freight, open access, GBR passenger services). Clause 63 aims to ensure that, where GBR has decided what constitutes best use, and where the Secretary of State or Scottish or Welsh Ministers have funded it to operate passenger services consistent with their allocated section of the infrastructure capacity plan issued under section 60, GBR must ensure sufficient network capacity is available for those services to operate, while also ensuring sufficient capacity for engineering works. The duty does not enable GBR to secure more capacity for its own services than it thinks would equate to best use.

Clause 64: Charging scheme

170 Clause 64(1) requires GBR to develop a charging scheme setting out the charges to be paid for the access to and use of GBR's infrastructure, and the extent to which charges may be payable in relation to trains that do not operate (or do not operate in full) despite their use being planned.

171 Subject to the provisions that follow, subsection (2) requires charges to be set at the cost directly incurred (e.g. the 'wear and tear' caused by the service). By virtue of clause 70, GBR will determine how to establish the cost directly incurred, rather than being subject to the relevant requirements of the 2016 Regulations.

172 Subsection (3) provides for a higher charge to be set in particular circumstances provided it is affordable to efficient operators.

173 Subsection (4) confirms that GBR can also set a lower charge where GBR considers that appropriate for various purposes, including - but not limited to - encouraging the use of spare capacity and to promote new services. The Subsidy Control Act 2022 would apply to any decision to lower charges under this provision.

174 Subsection (5) provides that GBR should not charge itself for its use but must include in its charging scheme sufficient information on the costs arising as a result of its passenger services' access to and use of its infrastructure, to explain how charges in the scheme have been calculated.

175 Subsections (6) and (7) allow GBR to make changes to its charging framework at any time and require GBR to publish the scheme and any alterations or replacements to it.

176 Subsection (8) allows a person aggrieved by a provision in the scheme, including any revision or replacement, to appeal to the ORR.

177 The duty to consult and appeals provisions in clauses 66 to 68 also apply in relation to the charging scheme made under this clause.

Clause 65: Performance scheme

178 Clause 65 requires that GBR must provide (and publish) a "performance scheme" which is designed to incentivise itself, its own subsidiaries, or other train operators to minimise disruption or delay to other train services or the network. The scheme will not be constrained to a one-size-fits-all approach and enables GBR to apply bespoke arrangements where appropriate to do so.

179 Subsections (2) and (3) set out that the performance scheme may require train operators to pay penalties if they cause disruption, allow operators to receive compensation where disruption is caused by a different operator's operations, and receive bonuses to reward better than planned performance. It does not permit payments by GBR relating to disruption that is outside its control.

180 Subsection (4) allows GBR to require that persons or operators provide it with information specified in the performance scheme, in order for those persons to be entitled to receive compensation or bonuses under the scheme.

181 Subsection (5) allows GBR to alter or replace the performance scheme at any time, and subsection (6) requires GBR to publish the scheme and any revisions or replacement.

182 Subsection (7) allows a person aggrieved by a provision in the scheme, including a revision or replacement, under this section to appeal to the ORR.

183 The duty to consult and appeals provisions in clauses 66 to 68 also apply in relation to the performance scheme made under this clause.

Clause 66: Consultation

184 Clause 66(1) sets out whom GBR must consult before issuing, revising or replacing the Access and Use Policy under clause 59. The ORR, the Scottish Ministers and Welsh Ministers must be consulted, as well as such other persons GBR considers appropriate.

185 Subsection (2) requires GBR to consult with persons it considers appropriate before issuing the infrastructure capacity planning documents under clause 60 (including revisions and replacements), issuing a working timetable under clause 61 or making, altering or replacing a charging scheme under clause 64 or performance scheme under clause 65.

186 Subsection (3) provides that a requirement in this clause for consultation may be satisfied by a consultation before or after the commencement of the clause.

Clause 67: Appeals against access, charging and performance decisions

187 Clause 67 provides that a person aggrieved may appeal to the ORR against a GBR decision as to access to and use of the infrastructure for the operation of trains, or a decision under the charging scheme or performance scheme.

Clause 68: Appeal procedure

188 Clause 68(1) sets out that when determining appeals under this Chapter, the ORR must apply the principles that the High Court would apply on an application for a judicial review, or the principles that the Court of Session would apply in exercise of its supervisory jurisdiction for appeals in Scotland.

189 Subsections (2) and (3) provide for the ORR to allow an appeal or dismiss it, and if it allows an appeal to use the following remedies:

a. For appeals made against the GBR policies, plans, and schemes themselves, under clauses 59(6), 60(6), 64(8) or 65(7), the ORR can require GBR to reconsider the matter and subsection (5) allows the ORR to give GBR directions as to that reconsideration.

b. For appeals made against specific decisions under clauses 61(5) or 62(7) (decisions made in relation to the working timetable), or under clause 67 (decisions made under GBR's policies, plans and schemes), the ORR can quash the decision appealed against.

190 Subsection (4) allows that if the ORR quashes a decision under subsection (3)(b) it may require GBR to reconsider the decision and subsection (5) allows the ORR to give GBR directions as to that reconsideration. Alternatively, the ORR may substitute the decision with its own, if quashing the decision is on the basis of an error of law and without that error there is only one decision that GBR could have reached.

191 Subsections (6) and (7) give the Secretary of State power to make regulations relating to appeals, to set out any steps that must be taken before an appeal can be brought, to set fees and time limits, and to make provision governing the practice and procedure to be followed in appeals under this Chapter. The Secretary of State must consult with GBR, the Scottish Ministers and Welsh Ministers, the ORR, and anyone else they consider appropriate before making these regulations.

192 Subsections (8), (9) and (11) provide that unless regulations under subsection (6) have set this out, the ORR may publish a document setting out its processes and procedures for appeals under this Chapter and may revise or replace the document.

193 Subsection (10) requires the ORR to consult with GBR, the Secretary of State, the Scottish Ministers and Welsh Ministers and anyone else the ORR considers appropriate, before issuing, revising or replacing the document.

Clause 69: Access agreements

194 Clause 69 amends the Railways Act 1993 to exempt GBR and GBR companies from Sections 17 to 22C of the Railways Act 1993 (the sections which outline the ORR's powers on access and its corresponding duties), except in the specific cases described in sections 17(2)(e) and 18(2)(e) of that Act. These excepted cases include "connection contracts" governing the connection of track that is managed by other parties to GBR's track.

195 Taken together, the amendments made by clause 69 prevent the ORR from making access decisions on infrastructure operated by GBR, while still ensuring that GBR can enter into connection contracts with adjacent infrastructure managers and facility owners (and where it does so, the amendment contained in subsection (3)(b) provides that such contracts remain subject to the ORR's powers under sections 17 to 22C of the Railways Act 1993).

196 The rules on access and charges in relation to the use of the infrastructure operated by GBR are set out in Chapter 1 of Part 3 of this Bill. All service facilities, including those operated by GBR or GBR companies on a commercial basis and in competition with other providers, will remain governed by the Railways (Access, Management and Licensing of Railway Undertakings) Regulations 2016 (the 2016 Regulations).

Clause 70: Access rights

197 Clause 70 amends the 2016 Regulations to exempt GBR from the provisions of those Regulations that would otherwise apply to its infrastructure. This effect is achieved by amending the definition of "infrastructure manager" so as to exclude GBR and GBR companies. The access, use and charges to railway infrastructure operated by or on behalf of GBR will instead be governed by Chapter 1 of Part 3 of this Bill. The 2016 Regulations will continue to apply to other infrastructure managers.

Clause 71: Operation of existing agreements and rights

198 Clause 71 provides the Secretary of State with the power to make regulations about pre-existing agreements to access GBR infrastructure that are in force at the date this clause comes into force (granted under the 2016 Regulations). It also sets out the scope of the power and limits the use of the power to 15 years from Royal Assent.

Clause 72: Regulations about non-GBR infrastructure, facilities and services

199 Clause 72 sets out that the Secretary of State may make regulations to amend, or make similar provision to, the 2016 Regulations. The intention is that this power will be used to ensure that the legislation governing other infrastructure managers (for example HS1 or the Core Valley Lines) can be updated periodically to ensure alignment with GBR. Regulations under this clause must be made using the affirmative procedure.

200 Subsections (2) and (3) set out possible scope of such regulations, including to restate or replace the 2016 Regulations.

201 Subsection (4) gives the Secretary of State the power to make consequential changes to this or any other primary legislation.

202 Subsection (5) requires the Secretary of State to consult with persons they consider appropriate before making regulations under this clause.

203 Subsection (6) sets the definition of "non-GBR infrastructure" to cover any network, station or track that is not GBR infrastructure.

Clause 73: Interpretation of Chapter 1 Part 3

204 Subsection (1) sets out the definitions for "GBR infrastructure", "GBR passenger service" and "working timetable", and in subsection (2) enables the Secretary of State to amend the definition of "GBR infrastructure". The definition of GBR infrastructure determines the scope of the disapplication of the access and charging regime in the 2016 Regulations in relation to GBR and so defines the scope of the access and charging regime in this Chapter of the Bill.

Chapter 2: Other provisions

Clause 74: Monitoring Great British Railways

205 Clause 74 amends the Railways Act 1993 and gives the ORR, the independent rail regulator, a new function to monitor GBR's delivery of its statutory functions and provides a power for it to carry out investigations where appropriate as part of this monitoring.

206 In particular, the ORR must consider (a) how and whether GBR is carrying out the activities listed in its approved business plan, (b) how the cost of carrying out those activities compares with the estimates in the business plan, and (c) whether GBR is carrying out railway activities in a way that furthers railway safety.

207 The ORR may advise the Secretary of State in relation to this monitoring function and may publish its advice.

Clause 75: Miscellaneous functions of the ORR

208 Clause 75 amends the Railways Act 1993 and prevents the ORR from issuing directions to GBR or GBR companies relating to providing, improving or developing railway facilities, and it prevents the ORR from imposing a fine on GBR for licence breaches.

Clauses 76 and 77: Modification of licence and Statements of National Regulatory Provisions conditions

209 Clauses 76 and 77 introduce a new way for the ORR to make changes to the conditions of non-GBR railway operators' licences and Statements of National Regulatory Provisions (SNRPs). To ensure consistency in industry-wide obligations and bring rail into line with other regulated sectors such as electricity, gas and water, the ORR will be able to make changes to operators' licences unilaterally, following consultation and a statutory notice period. This can be used to ensure alignment between industry licences for the purposes of supporting critical cross industry functions and the adoption of standards, for example safety standards or Passenger Watchdog standards.

Clauses 78 to 81: Publication of information by ORR, Secretary of State, Scottish Ministers and Welsh Ministers

210 Clauses 78 to 81 change the current duties in sections 72 to 73B of the Railways Act 1993 on the ORR, Secretary of State, Scottish Ministers and Welsh Ministers to maintain a register so that they are now under duties to publish certain information. The ORR must publish documentation relating to licences, access agreements or access contracts (other than those using GBR infrastructure, for which GBR will be responsible), experimental passenger services, closures, and railway administration orders, except for where that would affect individual public or commercial interests. The Secretary of State, Scottish Ministers and Welsh Ministers must publish determinations that a closure is a minor modification, and documentation relating to the enforcement of closure restrictions.

211 Each clause contains restrictions about publishing information that would affect individual, public or commercial interests. Each clause also allows for the publication of documentation that was previously contained in the registers.

Clause 82: Duty to consult Scottish and Welsh Ministers

212 Subsections (1) and (2) require GBR to consult the Scottish Ministers before making a decision that relates to a cross-border service designated under clause 25 or an addition to part of the railway network operated by GBR in Scotland, where the decision will significantly affect Scotland's economy or of persons living in, working in, or visiting Scotland.

213 Under subsections (3) and (4) GBR must consult the Welsh Ministers under the same conditions as Scottish Ministers, where GBR's decision relates to a service designated by the Secretary of State which is provided in Wales, or an addition to part of the railway network operated by GBR in Wales, where the decision will significantly affect Wales's economy or of persons living in, working in, or visiting Wales.

214 Under subsection (5), where consultation is not reasonably practicable, the requirement to consult Scottish or Welsh Ministers will not apply but GBR must notify the Ministers of the relevant decision as soon as reasonably practicable.

Clause 83: Duty to consult mayoral combined authorities

215 Subsection (1) requires GBR to consult with mayoral combined authorities (MCAs) and mayoral combined county authorities (MCCAs) before making a decision relating to passenger services or rail infrastructure where it considers that the decision will have a significant impact on the economy, residents, workers, or visitors to an area. The expectation is that this requirement would include impacts that could be deemed positive or negative to the MCA or MCCA. Consultation from GBR will support MCAs and MCCAs in planning, given their wider public transport responsibilities, and enable them to input their perspective on the potential impacts of the proposed decision.

216 Under subsections (3) and (4), similar requirements are also placed on Scottish and Welsh Ministers to consult MCAs and MCCAs where their services operate within an MCA or MCCA.

217 Subsection (5) enables GBR, Scottish Ministers and Welsh Ministers to make a decision without undertaking consultation, where such consultation is not reasonably practicable, such as in an emergency where timetable changes or closures of lines are required at short notice. In this case, they must inform the MCA or MCCA of the decision as soon as reasonably practicable.

Clause 84: Duty to consult Transport for London

218 Clause 84 replicates clause 83 for Transport for London.

Clauses 85 and 86: Advice from relevant local government bodies, and Transport for London

219 Subsections (1) to (3) of clause 85 provide that a relevant local government body must provide advice to the Secretary of State and GBR that the Secretary of State or GBR may reasonably require in relation to their respective railway functions (except any function exercisable by the Secretary of State for or in connection with railway safety purposes).

220 Subsection (4) defines a local government body as a mayoral combined authority, a mayoral combined county authority, or a Passenger Transport Executive for an integrated transport area.

221 Clause 86 performs the same function for Transport for London by inserting an equivalent section 176A into the Greater London Authority Act 1999.

Clause 87: Charging for removal of road vehicles

222 Clause 87 allows network or station operators to recover the costs of removing or storing a vehicle parked or left in breach of any railway bye-law (for example, if it is causing an obstruction) from the person in charge of the road vehicle.

Clauses 88 to 91: Transfer schemes made by the Secretary of State, the Scottish Ministers and the Welsh Ministers

223 Clauses 88 to 91 enable the Secretary of State, the Scottish Ministers and the Welsh Ministers to make one or more transfer schemes, to transfer property, rights and liabilities, including contracts of employment, for purposes connected with railways and railway services. These schemes may be used to transfer people and assets into GBR to facilitate the establishment of GBR and enable it to fulfil its functions and purpose.

224 Clause 91 sets out that further details on transfer schemes under these sections can be found in Schedule 3.

Clause 92: Transfer of staff to the Passengers' Council

225 Clause 92 enables the Secretary of State to make one or more transfer schemes to transfer staff into the employment of the Passengers' Council and provides that a transfer scheme may include provision the same as, or similar to the provision made by the Transfer of Undertakings (Protection of Employment) Regulations 2006. The intention is to help to facilitate the transfer of the ORR's consumer functions (including setting consumer standards) into the Council, while also protecting the interests of staff.

Clause 93: Tax consequences of transfer schemes

226 Clause 93 enables the Treasury to make regulations to vary the application of specified "relevant taxes" in relation to transfer schemes. "Relevant taxes" for these purposes are taxes reserved to the UK Government and are defined as income tax, corporation tax, capital gains tax, value added tax, stamp duty, stamp duty reserve tax and stamp duty land tax. The purpose of this is to ensure that the Government can reorganise public assets – for example to transfer key assets into GBR – in a way that is tax neutral.

Clause 94: Licensing etc of train drivers

227 Clause 94 gives the Secretary of State the power to amend the Train Driving Licences and Certificates Regulations 2010 and related assimilated law through regulations. The Secretary of State has also been empowered to appoint a person or a body to publish and maintain technical standards in a document separate from the regulations themselves.

228 These laws set out the requirements that ensure train drivers are competent, medically and psychologically fit, and trained on the infrastructure, rolling stock and routes they are to be deployed on, and generally able to drive trains safely.

229 The power to amend this legislation is required to ensure that the train driver licensing regime can be updated to reflect technological, clinical and medical advancements. For example, the legislation currently names the Ishihara test as one to be used by doctors when assessing colour blindness, despite there being more modern methods available to industry which have arisen since the legislation was first made, i.e. the Colour Assessment and Diagnosis test, or the Farnsworth Dichotomous test – which are more effective. The ability to update this legislation on an enduring basis will help to modernise the framework and support health and safety outcomes for train drivers, as well as avoiding operational impacts such as train drivers

being unable to be deployed on account of not passing outdated medical tests. The ability to designate a person or body (e.g. the ORR or GBR) to publish and maintain technical standards will allow the train-driving regime to remain adaptable and effective.

Clause 95: Cape Town Convention and Luxembourg Protocol

230 Clause 95 gives the Secretary of State the power to implement the Cape Town Convention (as far as it relates to railway rolling stock), and the Luxembourg Protocol by regulations. The Luxembourg Protocol is designed to provide access to cheaper rolling stock both in the UK and overseas, as finance can be secured and/or rolling stock leased from non-UK sources (and UK rolling stock companies can lease abroad) at lower risk. The regulations will be subject to the affirmative resolution procedure.

Part 4: General

Clause 96: Minor and consequential amendments

231 Clause 96 provides that Schedule 4 contains minor and consequential amendments.

Clause 97: Power of Secretary of State to make consequential provisions

232 This clause gives the Secretary of State the power to make amendments which are consequential to the Act, to ensure that the statute book is tidy and appropriately reflects the changes made by this Bill. This power cannot be used to make policy changes.

Clause 98: Regulations

233 This clause provides detail on regulations that may be made under the powers granted under this Bill.

234 The clause sets out that regulations made under clauses 3(3), 72, 73(2), 94, 95, 97 and paragraph 6 of Schedule 2 are subject to the affirmative procedure. It also sets out that the powers in clauses 72 and 97 are not subject to the hybrid procedure when they otherwise would be.

Clause 99: General interpretation

235 This clause provides definitions of words and phrases used in this Bill.

Clause 100: Extent

236 This clause sets out that the Bill extends to England and Wales and Scotland and clause 95 of the Bill also extends to Northern Ireland. In addition, that clause (together with Part 4 of the Bill) may be extended to the Isle of Man by Order in Council. As an exception to the general extent, any provision in the Bill which amends, repeals, or revokes another provision will have the same extent as the provision it amends, repeals, or revokes.

Clause 101: Commencement

237 This clause outlines the details of the commencement of the Bill whereby clauses 94, 95 and 97 to 102 (and any regulation-making powers) are to come into force on the day on which the Bill is passed. Any other provisions will come into force on the day or days the Secretary of State may by regulations appoint.

Clause 102: Short title

238 This clause is self-explanatory.

Commentary on Schedules

Schedule 1: Licensing of Great British Railways

Part 1: Licensing of Great British Railways

Paragraphs 1 to 10: Licensing of Great British Railways

239 This schedule amends Part 1 of the Railways Act 1993 to set out how GBR will be licensed.

240 Paragraph 2 confirms GBR should never be exempt from holding a licence.

241 Paragraph 3 inserts a new section enabling the Secretary of State, following consultation, to grant GBR a written licence to operate specified railway assets. The GBR licence would also authorise GBR subsidiaries to operate railway assets. The licence must be in writing and will remain in force for the period specified within it unless revoked or surrendered. Surrender of the licence will require the Secretary of State's consent.

242 Paragraph 3 also sets out the process for granting licences to persons other than GBR and GBR subsidiaries. The Secretary of State and the ORR will continue to be able to grant these licences to operate railway assets. The ORR may only grant such licences with the Secretary of State's consent or under a general authority issued by the Secretary of State. Licences must be in writing and will remain in force for the period specified by the licence unless revoked or surrendered. Surrender of the licence will require the ORR's consent.

243 New section 8A sets out the requirements for granting of licences by the Secretary of State or the ORR. It provides that a notice must be published outlining the intention to grant a licence, the reasons for doing so, and allow at least 28 days (from the date of publication of the notice) for interested parties to make representations or objections. There is a duty to consider representations or objections made within the period specified in the notice.

244 New section 8B gives the Secretary of State the power to set rules for how licence applications must be made. This includes the format of the application, the fee payable (different fees may apply depending on the type of licence), and requirements for publishing the application. Before making any regulations, the Secretary of State must consult the ORR. Any fees collected by either the Secretary of State or the ORR in connection with licence applications must be paid into the Consolidated Fund.

245 Paragraph 4 clarifies that licences granted to GBR may specify when the authorisation it provides takes effect. It allows the licence to include a start date or mechanism for determining that date.

246 Paragraph 5 provides that a licence granted to GBR may include a condition requiring GBR to comply with provisions set out in a separate document that is prepared by the ORR and approved by the Secretary of State. An approved document (such as a code of practice) may relate to the sale of tickets by GBR (or third parties), or to services that GBR provides to the rail industry that facilitate railway operations. Paragraph 5 makes clear that an approved document may be used to regulate GBR's behaviour in relation to the sale of tickets by parties other than GBR. Where conditions refer to provisions set out in an approved document, the ORR must publish this document and keep it under review, with any updates agreed by the Secretary of State and published.

247 Paragraph 6 provides that the Secretary of State can modify GBR's licence. Before making modifications, the Secretary of State must publish a notice explaining the proposed modifications, the reasons for them, and allow at least 28 days (from the date of publication of

the notice) for interested parties to make representations or objections. There is a duty on the Secretary of State to consider representations or objections made within the period specified in the notice. Paragraph 6 also allows the ORR to modify GBR's licence with the agreement of GBR. This will be used for minor or technical amendments.

248 Paragraph 7 clarifies that any licence under section 8 of the Railways Act 1993 which is in force immediately before the amendments made by this Schedule come into force will remain in force as per the conditions and period set out in of the licence, unless the licence is revoked or surrendered before then.

Schedule 2: Funding Great British Railways

Part 1: Funding by the Secretary of State

Paragraph 1: ORR to set timetable governing funding process

249 This paragraph enables the ORR to set and manage the timetable for the five-year GBR funding process following consultation with Secretary of State, Scottish Ministers, Welsh Ministers, and GBR. The ORR will be required to ensure that the process concludes ahead of the next five-year funding period. The ORR will also set the timetable for the Scottish Ministers' GBR funding process to ensure alignment.

Paragraph 2: Secretary of State's statement of objectives

250 Paragraph 2 requires the Secretary of State to provide Welsh Ministers, GBR and the ORR with a statement of objectives for the railways and railway services for the next five-year funding period. The Secretary of State will be required to consult Scottish Ministers, Welsh Minsters, the ORR, GBR, the Passengers' Council and each mayoral strategic authority when preparing this statement. The Secretary of State must publish the statement as soon as reasonably practicable after providing it.

251 This statement of objectives is specifically designed to provide a basis for GBR's funded activities over a five-year period. When preparing this statement, the Secretary of State will need to comply with the Secretary of States's wider duties, such as the duty to promote the interests of freight, and passengers, including disabled people.

Paragraph 3: Statement of funds available

252 Paragraph 3 requires the Secretary of State to provide GBR and the ORR with an estimate of how much funding they will be able to provide GBR for the funding period. When preparing this statement, the Secretary of State will be required to consider the likely costs associated with achieving the Statement of Objectives. To help the Secretary of State develop this statement, they will consult with the ORR. The purpose of this consultation is to allow the ORR to assess whether the Statements of Objectives and Funds Available are coherent. The Secretary of State must publish the statement as soon as reasonably practicable after providing it.

Paragraph 4: Business plan and approval by the Secretary of State

253 Paragraph 4 states that GBR must produce a business plan which sets out the activities it proposes to carry out during the funding period, the estimated costs of carrying on those activities and how GBR proposes to meet those costs. GBR will be required to consult with the Secretary of State, the ORR and the Passengers' Council when preparing the plan. It will also be required to explain how the activities in the business plan will contribute to meeting the Secretary of State's Statement of Objectives (under paragraph 2) and consider the Statement of Funds Available (under paragraph 3).

254 GBR must obtain the Secretary of State's approval of the business plan. The Secretary of State cannot approve the business plan until they have received advice from the ORR on how the business plan contributes to meeting the Secretary of State's statement of objectives and whether the estimated costs represent good value for money. The ORR must prepare a summary of this advice and publish this summary as soon as reasonably practicable after the approved business plan is published by GBR. Once the Secretary of State has approved the business plan, GBR will be required to provide it to the ORR and then publish as much of that plan as is appropriate as soon as reasonably practicable.

Paragraph 5: Keeping the business plan up to date

255 Paragraph 5 states that GBR must keep the business plan up to date. It must consult the Passengers' Council and the ORR about any changes it proposes to make to the plan and the Secretary of State must approve any updates. It is expected that GBR will adhere to a non-legislative change management policy to help structure fulfilment of these obligations. As much of the updated plan as GBR considers appropriate must be published as soon as reasonably practicable.

Paragraph 6: Secretary of State's power to provide financial assistance

256 Paragraph 6 gives the Secretary of the State the power to provide GBR with financial assistance to carry out the business plan (i.e. this paragraph gives the Secretary of State a power to fund GBR). The funding can only be provided for activities relating to managing, operating, maintaining, renewing and improving railway infrastructure (i.e. not for running passenger train services). The Bill then provides Secretary of State with powers to increase the scope of this funding power to other activities by regulations.

257 The paragraph contains wording that ensures the Bill does not limit the Secretary of State's ability to use any other powers (such as existing powers in the Railways Act 2005) to give financial assistance to GBR.

Paragraph 7: Notification of financial assistance to be provided

258 Paragraph 7 requires the Secretary of State to notify the ORR and GBR of how much funding under paragraph 6 that the Secretary of State intends to grant to deliver the business plan, or a specific set of activities set out in the business plan, by the date specified in the ORR's timetable. The Secretary of State must publish this as soon as reasonably practicable. If the Secretary of State proposes to vary the financial assistance to be provided to GBR under paragraph 6, GBR must be notified.

259 If the proposed variation: (a) relates to financial assistance for GBR's activities relating to managing, operating, maintaining, renewing and improving railway infrastructure; (b) is a proposal to postpone, withdraw or reduce funding; and (c) the Secretary of State considers that it would have a material impact on GBR's ability to carry out the activities the funding was to be provided for, then the Secretary of State must notify the ORR.

260 The Secretary of State must also publish details of any actual changes made to the funding provided through the powers in paragraph 6 if the Secretary of State considers that the variation is likely to have a material impact on the ability of GBR to carry on the activities that the funding was provided for. The Secretary of State must also notify GBR of the variation.

Part 2: Funding by the Scottish Ministers

Paragraphs 8 to 14: Provision of financial assistance by the Scottish Ministers

261 Paragraphs 8 to 14 contain the equivalent regime for Scotland. The business planning processes are identical except that Scottish Ministers may use the Schedule 2 funding power to

fund any Scottish railway activities set out in an approved Scottish business plan using the new funding power.

262 In practice, GBR will need to ensure coherence across the business plans approved by Scottish Ministers and the Secretary of State.

263 Scottish railway activities are railway activities that relate to: railway services designated by Scottish Ministers; railway services that begin and end in Scotland; and railway facilities and railway assets situated in Scotland.

264 Finaly, when consulting on their statement of objectives, Scottish Ministers are only required to consult GBR, the ORR, the Secretary of State, and the Passengers' Council and Scottish Ministers can only include objectives in their statement of objectives that relate to Scottish railway activities.

Part 3: Subsidy Control

Paragraph 15: Subsidy control

265 This paragraph codifies existing EU case law and subsidy control principles which state that financial assistance given for the primary purpose of maintaining and operating the main UK rail network (i.e. funding to enable GBR to exercise its clause 3(1)(a) infrastructure function) is not a subsidy for the purposes of the Subsidy Control Act 2022.

Part 4: Interpretation

Paragraph 16: Interpretation

266 This paragraph defines some of the terms used in this chapter.

Schedule 3: Transfer Schemes

267 Schedule 3 contains further provisions about the transfer schemes that can be made under sections 88, 89 and 90.

Paragraph 1: Application and commencement of scheme

268 This paragraph sets out that a transfer scheme can specify the property, rights and liabilities that are to be transferred, and allows for a date to be appointed for when the scheme comes into force.

Paragraph 2: Property, rights and liabilities that may be transferred

269 This paragraph explains what may be included in a transfer scheme. This includes property, rights and liabilities such as office buildings or contracts of employment. It also specifies that a transfer scheme can make changes to existing rights and interests, and that a scheme may set out how existing rights may be enforced.

Paragraph 3: Dividing and modifying transferor's property, rights and liabilities

270 This paragraph sets out the circumstances where a transfer scheme can create, divide or modify assets. It also specifies the circumstances in which the interests, rights or liabilities of third parties can be modified.

Paragraph 4-8: Obligation, effect, statutory provisions, supplementary provisions and modifications of transfer schemes

271 These paragraphs set out that a transfer scheme may require a transferee or transferor to enter into specific legal arrangements with certain parties. These arrangements would be enforceable through legal action in the civil courts.

272 The paragraphs allow for a transfer scheme to include the transfer of specified statutory powers and duties. They also provide details regarding the timing of a scheme's legal effect.

273 The Minister making the scheme can make additional provisions in relation to a scheme and make different provisions for different purposes. A transfer scheme may provide for modifications by agreement and for modifications to have effect from the original effective date of the scheme.

Paragraph 9: Transfers of employment

274 This paragraph provides that transfers of employment under a scheme may take place on terms that are the same as, or similar to, the provisions of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (also known as TUPE principles).

Paragraph 10: Compensation for third parties

275 This paragraph sets out the particular circumstances in which a third party will be entitled to compensation if a transfer scheme removes an interest or a right and sets the level of compensation to ensure the third party does not suffer financial loss as a result of the transfer scheme. Liability to pay compensation falls on the appropriate Minister.

Paragraph 11: Provision of information

276 This paragraph sets out that certain companies can be required to share information with the Secretary of State, the Welsh Ministers or the Scottish Ministers, as the case may be, for the purposes of making a transfer scheme. It also sets out the related time limits and enforcement mechanisms which include a court order.

Paragraph 12: Interpretation

277 This paragraph defines and clarifies some of the terms used in this Schedule.

Schedule 4: Minor and consequential amendments

Paragraphs 1-88: Minor and consequential amendments

278 This schedule contains minor and consequential amendments arising out of the Bill and the new industry arrangements.

Commencement

279 Clause 101 provides for the commencement of the provisions in this Bill. For the most part, the provisions of the Bill will come into force as defined by the Secretary of State in regulations. Different days may be appointed for different purposes or areas.

280 The exceptions are the regulation making powers and the general provisions in Part 4 of the Bill, which will come into force on the day the Bill is passed.

Financial implications of the Bill

281 The measures in this Bill are, in the most part, enabling and as a result most of the proposals will not place direct costs on the Department for Transport purely by their enactment.

282 There will be set-up costs to the Government (the set-up costs for GBR and the new passenger watchdog are expected to be between £200m and £400m), as well as administrative and familiarisation costs to businesses resulting from the legislation. The Government anticipates these will be offset by efficiency gains and improvements to the passenger offer.

283 Further details of the costs and benefits of the provisions are set out in the impact assessment published alongside the Bill.

Parliamentary approval for financial costs or for charges imposed

284 A money resolution is required for the Bill. Such a resolution is required where the Bill authorises new charges on the public revenue - broadly speaking, new expenditure. The money resolution for this Bill was approved by the House of Commons on 9 December 2025 and covers the following:

a. the provision of financial assistance by the Secretary of State to Great British Railways to support the provision of infrastructure and passenger services by Great British Railways;

b. other expenditure incurred by the Secretary of State as a result of the Bill, including expenditure incurred during transition to the new regime for the railways;

c. expenditure by the Office of Rail and Road exercising the functions conferred on it by the Bill, including monitoring Great British Railways' performance and dealing with appeals under Chapter 1 of Part 3;

d. increases in running costs for the Passengers' Council and the London Transport Users' Committee as a result of the functions conferred on them by Chapters 2 and 3 of Part 2.

285 A ways and means resolution is required for the Bill. Such a resolution is required where the Bill will impact taxes or other charges being made on the public. The Bill contains a power at clause 93 to vary tax as part of the transfer to GBR. The Ways and Means Resolution for the Bill was approved by the House of Commons on 11 June.

Compatibility with the European Convention on Human Rights

286 Section 19 of the Human Rights Act 1998 requires the Minister in charge of a Bill in either House of Parliament to make a statement about the compatibility of the provisions of the Bill with the Convention rights (as defined in section 1 of that Act).

287 In the opinion of Lord Hendy of Richmond Hill, Minister of State for Rail, the provisions of the Bill are compatible with the Convention rights and he has made a statement to this effect.

Environment Act: Section 20

288 Lord Hendy of Richmond Hill, Minister of State for Rail, is of the view that the Bill as introduced into the House of Commons does contain provision which, if enacted, would be environmental law for the purposes of section 20 of the Environment Act 2021, but that the Bill would not have the effect of reducing the level of environmental protection provided for by any existing environmental law. Accordingly, Lord Hendy has signed a statement under that section 20(2)(a) and (3) of the Environment Act 2021 to that effect.

Statement on Bills affecting trade between Northern Ireland and other parts of the United Kingdom

289 Lord Hendy of Richmond Hill, Minister of State for Rail, is of the view that the Bill as introduced into the House of Commons does not contain provision which, if enacted, would affect trade between Northern Ireland and the rest of the United Kingdom. Accordingly, no statement under section 13C of the European Union (Withdrawal) Act 2018 has been made.

Related documents

290 The following documents are relevant to the Bill and can be read at the stated locations:

- Railways Bill Website - https://www.gov.uk/government/publications/railways-bill
- Railways Bill Consultation and Response - https://www.gov.uk/government/consultations/a-railway-fit-for-britains-future

Annex A – Territorial extent and application in the United Kingdom

Provision	England	Wales		Scotland		Northern Ireland	
	Extends to E&W and applies to England?	**Extends to E&W and applies to Wales?**	**Legislative Consent Motion process engaged?**	**Extends and applies to Scotland?**	**Legislative Consent Motion process engaged?**	**Extends and applies to Northern Ireland?**	**Legislative Consent Motion process engaged?**
Clause 1	Yes	Yes	No	Yes	No	No	No
Clause 2	Yes	Yes	No	Yes	No	No	No
Clause 3	Yes	Yes	No	Yes	No	No	No
Clause 4	Yes	Yes	Yes	Yes	Yes	No	No
Clause 5	Yes	Yes	No	Yes	No	No	No
Clause 6	Yes	Yes	No	Yes	No	No	No
Clause 7	Yes	Yes	Yes	Yes	Yes	No	No
Clause 8	Yes	Yes	No	Yes	Yes	No	No
Clause 9	Yes	Yes	Yes	Yes	Yes	No	No
Clause 10	Yes	Yes	No	Yes	Yes	No	No
Clause 11	Yes	Yes	No	Yes	No	No	No
Clause 12	Yes	Yes	No	Yes	Yes	No	No
Clause 13	Yes	Yes	No	Yes	No	No	No
Clause 14	Yes	Yes	No	Yes	No	No	No
Clause 15	Yes	Yes	No	Yes	No	No	No
Clause 16	Yes	Yes	No	Yes	No	No	No
Clause 17	Yes	Yes	No	Yes	No	No	No
Clause 18	Yes	Yes	Yes	Yes	Yes	No	No
Clause 19	Yes	Yes	Yes	Yes	Yes	No	No
Clause 20	Yes	Yes	No	Yes	No	No	No
Clause 21	Yes	Yes	No	Yes	No	No	No
Clause 22	Yes	Yes	No	Yes	Yes	No	No
Clause 23	Yes	Yes	No	Yes	Yes	No	No
Clause 24	Yes	Yes	Yes	Yes	No	No	No
Clause 25	Yes	Yes	No	Yes	No	No	No
Clause 26	Yes	Yes	No	Yes	Yes	No	No
Clause 27	Yes	Yes	Yes	Yes	No	No	No
Clause 28	Yes	Yes	No	Yes	No	No	No

Clause 29	Yes	Yes	Yes	Yes	Yes	No	No
Clause 30	Yes	Yes	Yes	Yes	Yes	No	No
Clause 31	Yes	Yes	Yes	Yes	Yes	No	No
Clause 32	Yes	Yes	No	Yes	No	No	No
Clause 33	Yes	Yes	Yes	Yes	Yes	No	No
Clause 34	Yes	Yes	No	Yes	No	No	No
Clause 35	Yes	Yes	Yes	Yes	Yes	No	No
Clause 36	Yes	Yes	No	Yes	No	No	No
Clause 37	Yes	Yes	No	Yes	No	No	No
Clause 38	Yes	Yes	No	Yes	No	No	No
Clause 39	Yes	Yes	No	Yes	No	No	No
Clause 40	Yes	Yes	No	Yes	No	No	No
Clause 41	Yes	Yes	No	Yes	No	No	No
Clause 42	Yes	Yes	No	Yes	No	No	No
Clause 43	Yes	Yes	Yes	Yes	Yes	No	No
Clause 44	Yes	Yes	No	Yes	No	No	No
Clause 45	Yes	Yes	No	Yes	No	No	No
Clause 46	Yes	Yes	No	Yes	No	No	No
Clause 47	Yes	Yes	No	Yes	No	No	No
Clause 48	Yes	Yes	No	Yes	No	No	No
Clause 49	Yes	Yes	No	Yes	No	No	No
Clause 50	Yes	Yes	No	Yes	No	No	No
Clause 51	Yes	Yes	No	Yes	No	No	No
Clause 52	Yes	Yes	No	Yes	No	No	No
Clause 53	Yes	Yes	No	Yes	No	No	No
Clause 54	Yes	Yes	No	Yes	No	No	No
Clause 55	Yes	Yes	No	Yes	No	No	No
Clause 56	Yes	Yes	No	Yes	No	No	No
Clause 57	Yes	Yes	No	Yes	No	No	No
Clause 58	Yes	Yes	No	Yes	No	No	No
Clause 59	Yes	Yes	No	Yes	No	No	No
Clause 60	Yes	Yes	No	Yes	No	No	No
Clause 61	Yes	Yes	No	Yes	No	No	No
Clause 62	Yes	Yes	No	Yes	No	No	No
Clause 63	Yes	Yes	No	Yes	No	No	No
Clause 64	Yes	Yes	No	Yes	No	No	No

Clause 65	Yes	Yes	No	Yes	No	No	No
Clause 66	Yes	Yes	No	Yes	No	No	No
Clause 67	Yes	Yes	No	Yes	No	No	No
Clause 68	Yes	Yes	No	Yes	No	No	No
Clause 69	Yes	Yes	No	Yes	No	No	No
Clause 70	Yes	Yes	No	Yes	No	No	No
Clause 71	Yes	Yes	No	Yes	No	No	No
Clause 72	Yes	Yes	No	Yes	Yes	No	No
Clause 73	Yes	Yes	No	Yes	No	No	No
Clause 74	Yes	Yes	No	Yes	No	No	No
Clause 75	Yes	Yes	No	Yes	No	No	No
Clause 76	Yes	Yes	No	Yes	No	No	No
Clause 77	Yes	Yes	No	Yes	No	No	No
Clause 78	Yes	Yes	No	Yes	No	No	No
Clause 79	Yes	Yes	No	Yes	No	No	No
Clause 80	Yes	Yes	No	Yes	Yes	No	No
Clause 81	Yes	Yes	Yes	Yes	No	No	No
Clause 82	Yes	Yes	No	Yes	No	No	No
Clause 83	Yes	Yes	Yes	Yes	Yes	No	No
Clause 84	Yes	Yes	No	Yes	No	No	No
Clause 85	Yes	Yes	No	Yes	No	No	No
Clause 86	Yes	Yes	No	Yes	No	No	No
Clause 87	Yes	Yes	No	Yes	No	No	No
Clause 88	Yes	Yes	Yes	Yes	Yes	No	No
Clause 89	Yes	Yes	No	Yes	Yes	No	No
Clause 90	Yes	Yes	Yes	Yes	No	No	No
Clause 91	Yes	Yes	Yes	Yes	Yes	No	No
Clause 92	Yes	Yes	Yes	Yes	Yes	No	No
Clause 93	Yes	Yes	No	Yes	No	No	No
Clause 94	Yes	Yes	No	Yes	No	No	No
Clause 95	Yes	Yes	No	Yes	No	Yes	No
Clause 96	Yes	Yes	No	Yes	No	No	No
Clause 97	Yes	Yes	No	Yes	No	No	No
Clause 98	Yes	Yes	No	Yes	No	No	No
Clause 99	Yes	Yes	No	Yes	No	No	No
Clause 100	Yes	Yes	No	Yes	No	No	No

Clause 101	Yes	Yes	No	Yes	No	No	No
Clause 102	Yes	Yes	No	Yes	No	No	No
Schedule 1	Yes	Yes	No	Yes	No	No	No
Schedule 2	Yes	Yes	No	Yes	Yes	No	No
Schedule 3	Yes	Yes	Yes	Yes	Yes	No	No
Schedule 4	Yes	Yes	Yes	Yes	Yes	No	No

RAILWAYS BILL

EXPLANATORY NOTES

These Explanatory Notes relate to the Railways Bill as brought from the House of Commons on 11 June 2026 (HL Bill 25).

Ordered by the House of Lords to be printed, 11 June 2026

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