



A Growth Opportunity for Railways

- **Access to jobs and education**
- **Enabling new housing**
- **Business travel, creating business opportunities**
- **Bringing customers to leisure activities**
- **Social inclusion**
- **Freight, delivering business transactions**

All driving sustainable economic growth and net rail revenue

Railfuture is Britain's leading independent organisation campaigning for a bigger better railway.
It is a voluntary group representing rail users.



www.railfuture.org.uk

#biggerbetterrailway

A better railway

will:



Create a **customer-focused culture** giving freedom to professional railway managers to make decisions that deliver increased traffic with a better commercial return and a 7-day service;
Mockup of new GBR livery (DfT)

Attract more passengers with an **enjoyable journey experience** through:

- improved reliability
- good connections
- increased frequency and capacity
- clean and comfortable trains
- better wifi
- welcoming stations
- a secure environment

with good customer service by well-motivated staff;
A friendly conductor helps passengers feel welcome, valued and secure (Northern Railway)



Offer **fares and tickets** that are value-for-money and easy to buy, by:

- making online and ticket machine sales processes more intuitive
- formalising split tickets
- expanding Pay As You Go coverage
- removing operator-only fares (except where service levels differ)
- reducing fare rises
- making restrictions consistent

all without reducing flexibility or choice.

South Western Railway smartcard (SWR)

A bigger railway

needs:

Investment in **new stations and track** which will create the transport facilities and capacity necessary to support government targets of economic growth and major house building;

In October 2025 Lord Hendy announced the decision to fund reopening the Cowley branch to passengers, supporting the creation of up to 10,000 new jobs.

(Oxford City Council)



Financial incentives which encourage **modal shift** of passengers and freight from road to rail, maximising use of available capacity and reducing:

- overall transport carbon emissions
- air particulate pollution
- road congestion
- road damage ie potholes

which will allow road spending to be cut;

Transferring freight to rail reduces road congestion
(Alamy)

Lower electricity prices and a pipeline of **incremental electrification** schemes, starting with infill electrification to enable electric haulage throughout for a greater proportion of freight routes, and using discontinuous electrification on other routes to deliver the maximum decarbonisation for available investment. A pipeline will build skills, reduce costs and enable full electrification when economic.

Fast charge battery technology trial



Great British Railways

Background: Remember the Rail Review?

Keith Williams's Rail Review, commissioned in May 2018 following new timetable chaos, concluded in 2021, before the general election, that the railways were too fragmented, too complicated, too expensive to run and that there was no single accountable body to take responsibility. Railfuture and the industry are well aware of this, although given the contractual money-go-round involved, not everybody in the industry was over keen to recognise it.

A railway fit for Britain's future

In January 2025 the new Labour government's consultation outlined plans to set up Great British Railways as an arm's length body, responsible for rail services and infrastructure. The government's response to the consultation in May 2025 announced that GBR would be created around 12 months after legislation was passed. *"GBR will end years of fragmentation and will have a relentless focus on driving up standards, including simpler fares and ticketing. It will have the independence and tools to deliver improvements to rail services, and plan and run the railway on a long term basis in the interests of its passenger and freight customers and taxpayers.Instead of having 14 separate train operators, passengers will once again simply be using 'the railway'. They will travel on GBR trains running on GBR tracks, and working to a GBR timetable – all run by a single body focused on their interests. This will mean fewer delays, a better experience, and a timetable that better serves their needs."*

The Railways Bill

The Bill was introduced in the House of Commons on 5th November 2025 so we are looking at around the start of 2027 before implementation. It is important to understand that the Railways Bill is the enabling legislation, not project implementation. However, implementation must be facilitated by legislation that is fit for purpose and focused on delivery of the stated objectives.

The benefits quoted will only come if GBR is set up with tightly worded enabling legislation together with the right financial incentives and a clear commitment to funding the industry. Railfuture does not seek to rewrite the legislation, merely to suggest areas that need amplification and clarity.

Rail reform progress

The consultation gave little visibility of how Great British Railways will work in practice, leaving us with three key questions for the government. Now the Railways Bill is published, we can compare the intentions laid out with actions to date.

1. What strategic objectives will you set for Great British Railways to ensure that their policies, decisions and actions support national objectives of raising living standards, providing safe housing with access to jobs, environmental sustainability and social inclusion?

The Bill will require the government to create and maintain a Long Term Rail Strategy which will include five strategic objectives: meeting customers' needs, financial sustainability, long-term economic growth, reducing regional and national inequality and environmental sustainability. These reflect the objectives we called for a year ago, but they have yet to be defined.

The location of the first 12 'new towns' was announced at the Labour party conference. It is significant that all but one are either around existing stations or in locations that could be rail-served, showing that the government is serious about integrating land use and transport planning, and will fund rail development that is needed to support significant housing development. It is worth noting that none of the 12 locations are in the areas which the property website Zoopla identified as financially unviable for property development (mostly in the north of England).

In the Autumn budget, one piece of hidden good news was confirmation of funding for extension of the Docklands Light Railway to Thamesmead (although West Yorkshire Metro is delayed), confirming that the strategic objective for GBR of long-term economic growth will include supporting national objectives for housing with access to jobs.

The chancellor Rachel Reeves also reassured that the government will not cut investment in transport infrastructure. Investment will be focused where the numbers are substantial, as shown later by confirmation of funding for National Powerhouse Rail.

www.railfuture.org.uk/A-bigger-railway

2. What fiscal measures will you take to promote modal shift to rail, to realise the increased efficiency, productivity and economic growth that greater rail utilisation brings, and to reduce the overall transport contribution to carbon emissions?

The Railways Bill will place a duty on GBR and ministers to promote the use of rail freight, but the target increase of 75% by 2050 remains. This is the same as expected economic growth in that timescale, so zero modal shift is planned. That is not good enough.

The Railways Bill also expects a gradual move away from the current approach of an annual blanket fares increase towards giving GBR more commercial freedom to manage fares strategically. However, there is no indication of whether the aim will be to improve profitability or to encourage passengers to shift from private to public transport.

The government will cut electricity prices for energy-intensive industrial users but despite rail using between 1% and 2% of all electricity generated in the UK, rail does not appear to be included. Electricity prices should be reduced as more comes from renewable sources, and this saving should be extended to rail to encourage a shift from diesel to electric traction, especially for freight.

In the Autumn Budget, we were looking for evidence of government commitment to modal shift, and so welcomed the plan to introduce Electric Vehicle Excise Duty (eVED), a new mileage charge for electric and plug-in hybrid cars, a first step towards Road User Charging - but not until April 2028. We were less content with the decision to extend the fuel duty cut until August 2026, and then only gradually restore fuel duty to the pre-2022 levels. These align with the Treasury's search for more tax revenue. We also welcomed the fares freeze announcement for England, and (cautiously) the abolition of peak fares in Scotland. We want to see encouragement to electrify rail freight, just as road hauliers will get discounts on new electric trucks.

www.railfuture.org.uk/Modal-shift

3. When will you give visibility of how Great British Railways will be managed to create a customer-focused culture, giving freedom to professional railway managers to make decisions which deliver a 24x7 service, offer value-for-money tickets which are easy for everyone to buy, and so grow the railway?

The Railways Bill will give GBR, operating with a business mindset, responsibility for day-to-day railway decisions and operations. This should mean that professional railway managers have the freedom to make decisions which maximise opportunities to increase revenue, value for money and customer satisfaction. We have yet to see how much control the Department for Transport will exercise.

As the first train operators have been brought into public ownership, the opportunity has been taken to combine the operator with the relevant Network Rail route organisation. For example, managing director Lawrence Bowman, who has previous experience in both a train operator and Network Rail, is responsible for South Western Railway and the Wessex Route.

Around three hundred staff previously with DfT are being moved to DfT Operations Ltd, the government body which has taken control of the train operators in public ownership, and which will become part of GBR. This is a step in the right direction – but some would speculate whether these staff, who were managing managers in the train operators, will form an unnecessary extra layer of bureaucracy in GBR.

It remains to be seen how GBR will create a culture which genuinely puts the customer first.

www.railfuture.org.uk/Rail-reform

Devolution and investment

It is not as clear as it should be on how the key principle of devolution to city based authorities will work to maximise rail's contribution to regional economies while retaining the benefits of a national rail system, nor is it clear on how investment will come into the industry in a less haphazard way to promote the efficiency of project delivery essential for electrification schemes.

Transfers to the public sector

GBR will take over the railway, replacing Network Rail and most individual passenger operators. NR not only

maintains the railway it operates, improving signalling and control and train planning, it implements major projects. The wording suggests GBR is completely new, not a rebadged Network Rail. The government would be wise to build on the strengths of Network Rail's organisation, albeit absorbed into GBR and aligned along specific routes as proposed. Current operational safety arrangements must be respected, but there is more to be done on personal safety for staff and customers.

Services will transfer to subsidiary companies of the new publicly owned operating company DfTO as franchises reach contract break points or if a franchise defaults. The transfer process should be complete by the end of 2027. Staff will transfer under Transfer of Undertakings (Protection of Employment) Regulations with the same conditions, which may then need to be harmonised to improve efficiency. Open access services should continue to fill gaps and stimulate the market.

The legislation must facilitate the rail industry's delivery against economic, social inclusion and environmental government objectives achieved by long term modal shift to rail throughout Britain.

The railway must be accountable to all levels of Government, national and regional.

Areas requiring much more definition in the legislation

1. The emphasis on the customer interface must be clearly defined and followed up by an organisation focused on customer needs. The legislation needs strengthening also on freight customer needs and how the GBR organisation can accommodate freight train planning and stimulate freight growth.
2. The plans must incentivise the delivery of a coherent, flexible and value for money fares system and freight access charging regime. The levels of pricing must acknowledge the contribution of growth on rail to the nation's wider objectives.
3. The structure must actually facilitate an improvement in operational service quality for passengers and freight customers, focused on physical delivery as apart from relying on compensation.
4. The rail industry must be equipped to invest in innovation, efficiency and capacity to facilitate modal shift to rail through a long term plan for investment, improved relations and communication with rail staff and trade unions, and giving confidence to the freight sector to invest in growing traffic.
5. Devolution must be truly incorporated into the legislation, so allowing devolved authorities and regions to make choices and incorporate rail in their plans by participating and investing in the future of the rail industry, including on train service delivery specification.
6. The rail industry must have a secure industry funding stream to invest in service quality, capacity and future growth.

A new railcard to encourage people to use rail more

Why do people travel?

There are more than twice as many leisure trips as commuting trips (across all modes of transport), but rail has historically been very focused on commuting.

This is now changing with as many rail leisure trips being made as commuter trips, but rail leisure trips are longer. The annual distance travelled for leisure by rail is 50% longer than commuting by rail.

Understanding individual behaviour

The railway has a very transactional relationship with its customers, selling individual tickets for journeys. While the industry has a good idea how the population as a whole flows from place to place, it has a poorer understanding of individuals. This makes it more difficult to provide personally targeted promotions and offers to up-sell existing customers.

The frequency of rail use by England's population is:

- 10% use rail once a week or more
- 40% basically don't use rail at all
- 50% between once a year and once a week.

The relatively small number of people that travel once a week or more dominate the total tickets sold, but are a saturated market - the **growth potential** is the 50% of the population that are existing rail users – but don't use rail very often. These are more likely to be leisure travellers.

Discounting and railcard eligibility

Only 30% of rail tickets sold are 'full price' tickets, but their headline price can induce a huge 'sticker price shock' in infrequent passengers.

The large fixed railcard discount means that we are giving semi-frequent users a high discount, but infrequent users not enough discount to motivate them to travel more.

Over 70% of the population are eligible for a railcard or child fares, but only 7 million people (11%) have one (+18% children), because of travel time and ticket restrictions and the uncertainty of making enough trips to recover the up-front cost.

Putting this all together, there is a huge potential market for rail leisure travel, but current railcards fail to maximise the growth and understanding of this market.

Season tickets

Season tickets typically offer 25-40% discount on peak time fares but no longer fit the split of home and office and flexible hours working model that many passengers want. The average rail commuter now travels 2.3 days a

week, not 5, but there is no price / discount motivation to go up from 2 to 3 days in the office.

Proposed new railcard

- Everyone is eligible for the railcard
- The Railcard is free, transforming it into a life-long relationship with the individual customer so we can understand their behaviour and target offers.
- Initial discount just enough to encourage customers to sign up, say 3%
- Existing railcard users initially get a higher discount to encourage the transition.
- Discount increases and decreases depending on usage – 'flash sales' can be used at quiet times
- Higher 'permanent' discount for the disabled and other categories chosen by the government
- Maximum discount 50%, very rarely achieved
- No time of day or geographic restrictions
- Replaces season tickets
- Over time could replace existing railcards for many current users, retaining Railcard name for brand recognition – existing users and people travelling together should see it as a better choice
- Like Tesco Clubcard, travel earns points with bonuses for travelling more, with options on using points
- Exists as an integral part of the forthcoming GBR ticketing app, with options for those without smartphones
- Can be revoked for anti-social behaviour

The aim is not to increase the overall level of discount but to spread it around differently, creating a more gentle 'on-ramp' without large steps so that infrequent customers are motivated to increase their frequency of use, and see a small incremental benefit for each additional journey they take.

Conclusion

This radical railcard proposal is a pragmatic way to re-shape how rail discounts are offered, reflecting the changing way that passengers are travelling post covid, with less regular commuting and increased leisure use.

We are not suggesting an increase in the overall levels of discount, but reshaping how discounts are structured in a way that will initially be revenue-neutral.

By incentivising incremental increases in rail travel by individuals it can be revenue and patronage positive over time.

www.railfuture.org.uk/display4258