



Department
for Transport

From the Secretary of State
Rt Hon Heidi Alexander MP

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Sir Andrew Haines
Chair, DFTO Ltd

Sent Via Email

2 February 2026

Dear Sir Andrew,

Congratulations once again on your appointment as Chair of the DfT Operator (DFTO). This comes at a defining moment for the railways as we prepare for the transition to Great British Railways (GBR), strengthen performance across the system, and demonstrate to the public the value of a railway that is truly integrated, customer focused and financially sustainable. I look forward to working closely with you, with Richard George as Chair of Network Rail (NR), and with Richard Goodman as Senior Responsible Officer for Rail Reform during this crucial period.

This letter sets out my overall expectations for you and DFTO from now until 31 March 2027, which will be supplemented as we agree business plans and as needed periodically.

Our shared mission: delivering better outcomes through an integrated system

The railway is a precious national asset. We must maximise the return it delivers for taxpayers, communities and the wider economy, while supporting growth across the country. The Departmental Outcomes Framework sets the lens for our shared priorities:

- a better experience for passengers, with a focus on value and reliability;
- a network that is increasingly attractive to freight;
- stronger ridership and higher load factors;
- all underpinned by improved financial sustainability, reduced subsidy and a sustained focus on safety – which will always remain non-negotiable.

These are whole-system outcomes. Success relies on integrated working across DFTO, NR and the Department — with aligned incentives, targets, shared data, and a disciplined focus on customer, freight and financial performance.

I expect you to lead the DFTO Board in championing this approach and ensuring it becomes the norm, not the exception.

DFTO will continue delivering both the efficient and safe operation of its operators and the public ownership programme, whilst transferring in key functions from both DfT and NR and growing and maturing as an organisation to successfully absorb and take on an increasing number of 'directing mind' capabilities.

Reform requires new capability as well as integrated management — and DFTO is essential to this joint endeavour

GBR will bring together functions from DfT, NR and DFTO, but it is not a merger: it is a new organisation with new responsibilities that the current system has not been structured to deliver:

- modern, intuitive online retailing;
- consistent national service, timetabling, and product design;
- end to end customer experience;
- exploitation of integrated data and innovation;
- and more coherent engagement with Mayors, devolved administrations and local transport authorities.

Although GBR is not yet established, the capabilities it will require must start to form now. I expect DFTO to work proactively with NR and DfT to explore these opportunities, remove barriers to integrated working, and model the behaviours and disciplines that GBR will be built on. This should include establishing integrated business units, and appointing their leaders, as quickly as possible when TOCs come into public ownership and working with the Department to understand and overcome any complex governance issues.

A clear pathway to GBR

Over the next 18 months we must deliver the key elements of the transition plan. DFTO will lead some of this work and support others elsewhere. I expect the DFTO Board to ensure:

- clear ownership across the programme;
- disciplined delivery of DFTO led components;
- constructive support where others lead;
- early identification of risks, opportunities and efficiencies across the whole system; and
- a strong passenger voice in Board discussions.

This must be achieved while maintaining a safe, resilient and high performing railway. The transition aims to strengthen operational delivery.

I expect DFTO especially to develop capacity, capability and ensure work is undertaken to deliver on:

- fares and ticketing reform, including the future online retailer;
- overall customer experience and insight;
- workforce strategy and industrial relations;
- rolling stock strategy; and
- the use of data and innovation;

A better railway now: improving performance, freight growth, accessibility and customer experience

Rail reform is not an abstract structural exercise. Its purpose is to deliver a measurably better railway for the public, and that work must start now.

DFTO should use every lever available today — and prepare for those GBR will take on in future, including timetabling, pricing, service patterns, revenue strategy and workforce planning — to drive immediate and sustained improvement. I expect to see visible progress in:

- reducing cancellations and improving punctuality;
- faster disruption recovery;
- significantly improving accessibility, including through the roadmap; and
- improving the customer experience across both track and train.

We expect DFTO to work with its Train Operating Companies (TOCs) and NR to identify and tackle the root causes of poor performance and to take a passenger-focused and portfolio-wide approach to improving operational performance, the passenger experience, and the accessibility, safety and security of our railway for passengers and staff.

DFTO should work closely with its TOCs to drive progress in both the Fares, Ticketing and Retail Programme (FTR) and must lead procurement for the GBR online retail project, which will serve as a critical deliverable upon the launch of GBR.

DFTO must also fulfil the commitments outlined in the Accessibility Roadmap. This work includes ensuring that TOCs remain focused on meeting their license requirements and adhere to the commitments detailed in Accessible Travel Policies. DFTO must take proactive measures to comply with the Public Service Vehicle Accessible and Information Regulations (PSVAIR) for rail replacement services, embedding these compliance standards within their contracting strategies.

Working in partnership with NR, DFTO must maintain a clear and sustained focus on the safety of both passengers and staff. This includes proactively identifying, managing and mitigating safety risks across all aspects of its operations, and fostering a strong safety culture at every level of the organisation. DFTO must also continue to meet all relevant licence conditions to ensure the ongoing safe and reliable operation of the railway.

In partnership with the Department, DFTO is expected to continue managing the successful transition of privately operated train services under the National Rail Contracts into public ownership. This process, which is scheduled for completion by the end of 2027, should be executed in a manner that ensures a seamless experience for passengers throughout the transition period.

Please begin work now on the business plan 26/27 to show clearly how DFTO will drive whole-system improvement and deliver continuous, customer visible progress.

Driving value

Developing an agile, efficient and productive public sector remains a government priority. Value for money is fundamental. It is crucial that DFTO meets the Spending Review's net subsidy reduction requirement and delivers efficiencies both within and across DFTO TOCs, including through revenue (particularly volume) growth, acting as one owning group and delivering consolidation of functions, which will provide an opportunity for DFTO over the coming years to demonstrate the value of a public sector operator.

The senior pay strategy remains an important part of preparing for GBR — ensuring the sector can attract the leadership it needs whilst reducing the size and cost of the senior cohort and aligning remuneration with the principles of public sector ownership.

Next steps

Governance and leadership of DFTO will be a key priority over the next year, and a seamless transition to both a new Chair and CEO will be essential. The support of the wider Board is important to ensuring DFTO remains focused on delivering its objectives through to GBR and beyond. I will want to see that DFTO is taking steps to both strengthen its Board and ensure it is organisationally ready to take on new functions and people. This includes delivering a seamless TUPE staff transfer. DFTO's Board effectiveness reviews are an important element in providing assurance to the Department about the Board's capabilities, succession planning, diversity and agility as it prepares for transition to GBR.

The Department is transferring both functions and people to DFTO to support its growing role. It will be important to maximise the opportunity and talent the Department is placing with DFTO. I ask that as part of this, DFTO has a Diversity & Inclusion strategy in place which should proactively challenge and improve the diversity on the Board, at senior levels and throughout the organisation, setting an example where DFTO moves to reflect the communities it serves.

The role of Chair of SGBR, from its inception, has always been to ensure that the voice of the passenger is not forgotten. This must remain the case as we evolve structures for the next phase of work. It is vital that passenger advocacy remains at the heart of establishing GBR – with suitable advocacy at Board level – and that there is clear accountability for identifying and acting on passenger issues and experience, particularly in preparation for the passenger watchdog.

From April 2026, an Operating and Agency Agreement will be put in place, which will formally delegate DFTO the authority to carry out some of the responsibilities of the Secretary of State on an agency basis so that DFTO is able to undertake and transform (within current legal and regulatory parameters) the responsibilities presently delivered by the DfT's Rail Services Group. Whilst doing this, it will be important for the Department and DFTO to stay closely aligned.

To ensure early momentum, I ask that as part of business planning you set out how the DFTO Board will play its part in leading the next phase of whole-system improvement and transition to GBR. This should include specific actions you will take over the coming year to strengthen performance, drive value, accelerate integration with DFTO and DfT, and prepare the organisation for the new responsibilities and capabilities GBR will require.

I look forward to working with you in the year ahead.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Heidi Alexander', written in a cursive style.

Rt Hon Heidi Alexander MP

SECRETARY OF STATE FOR TRANSPORT