Department for Transport

GBR licence and the Accountability Framework

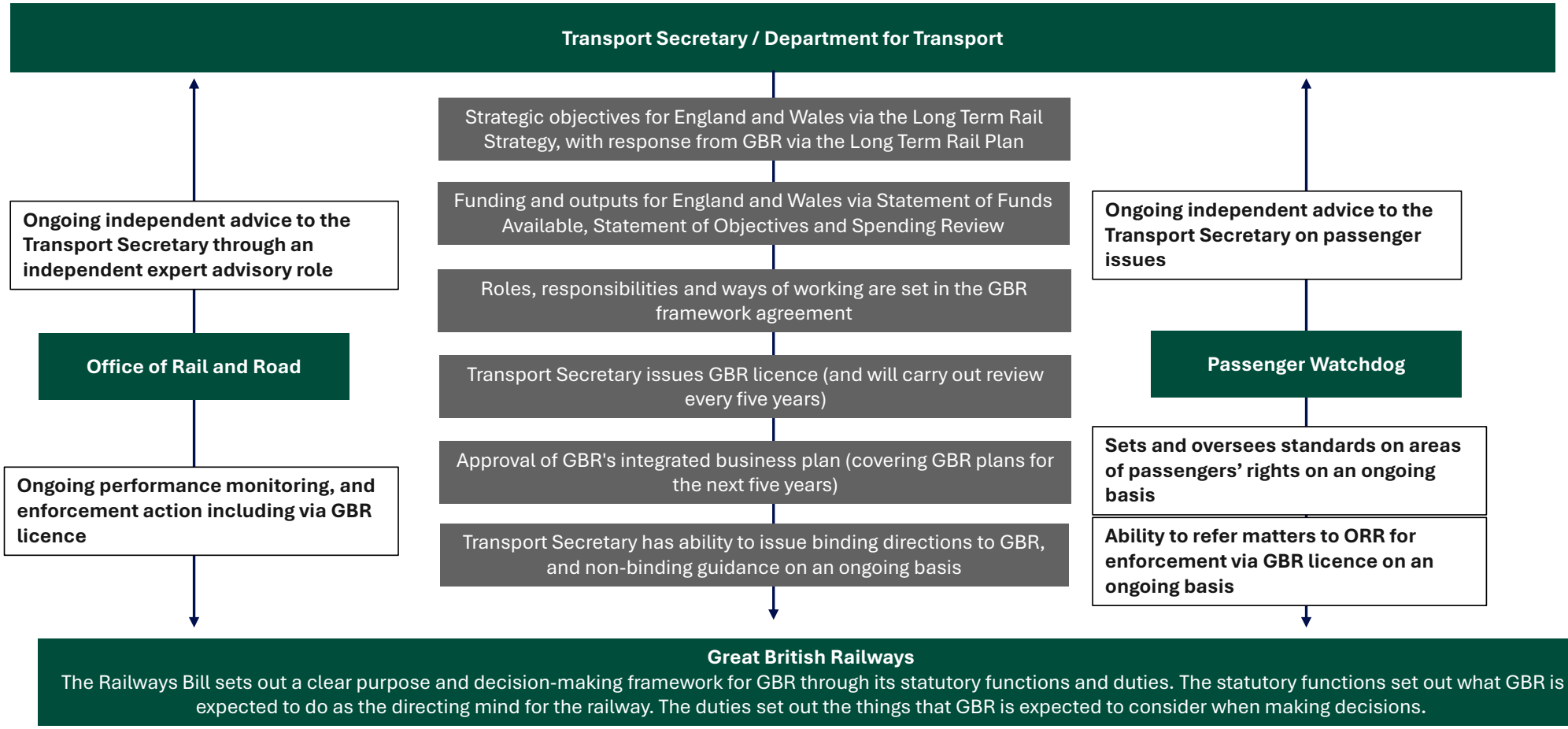
About this document

This policy document outlines the design of the new accountability framework, which will govern the relationships and interfaces for Great British Railways (GBR) and other sector bodies in the new system.

It also sets out a draft outline of the new integrated GBR licence, a component part of that framework, ahead of public consultation later in the year.

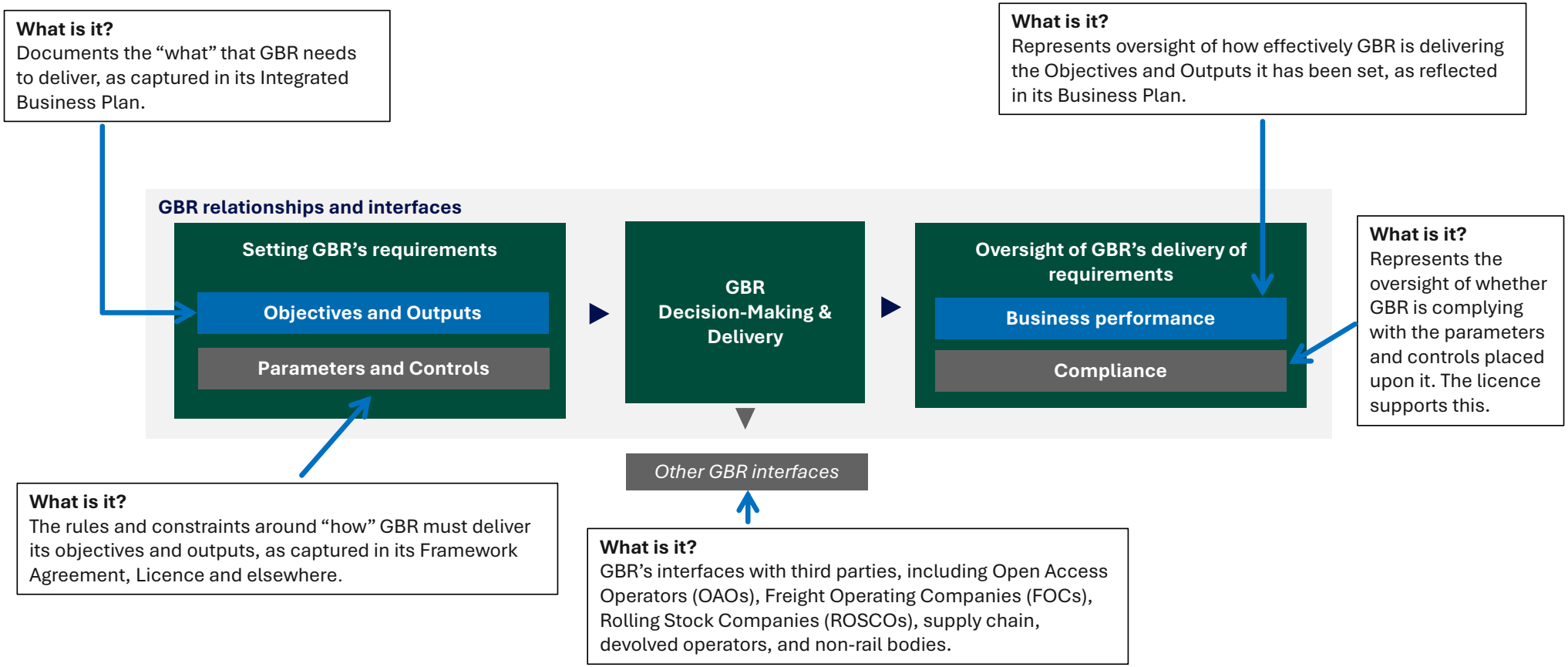
Overview of the Accountability Framework

This diagram provides a bird's eye view of the relationships that GBR will have with other key sector bodies. A similar and proportionate accountability framework will be in place for Scottish and Welsh Ministers reflecting their respective roles on the railway.



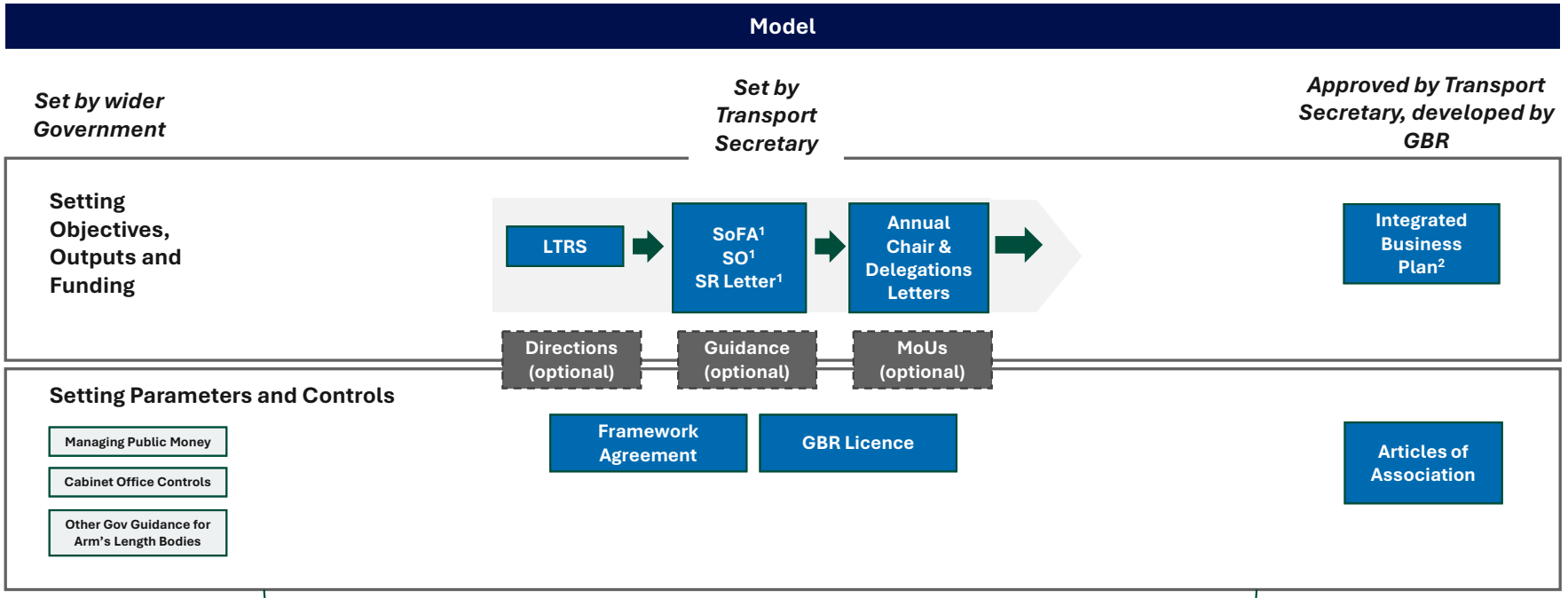
Overview of the Accountability Framework

The framework that sits at the heart of rail reform will shape how requirements are set for GBR and how oversight is conducted to ensure those requirements are met, as illustrated in the diagram below.



Overview of the Accountability Framework

The main component mechanisms and documents are presented here.



There will also be a public service contract between the Transport Secretary and GBR for delivery of passenger services, in compliance with subsidy control regulations.

Established and underpinned by **legislative framework** (e.g. Railways Bill and wider legislation)

[1] Statement of Funds Available, Statement of Objectives, Spending Review outcomes letter.

Scottish Ministers will be a funder of the railway in Scotland and will also have a strategy, a Statement of Objectives, Statement of Funds Available and Spending Review documentation for the railway in Scotland.

[2] Integrated Business Plan is updated annually and includes relevant targets and KPIs.

Overview of the Accountability Framework

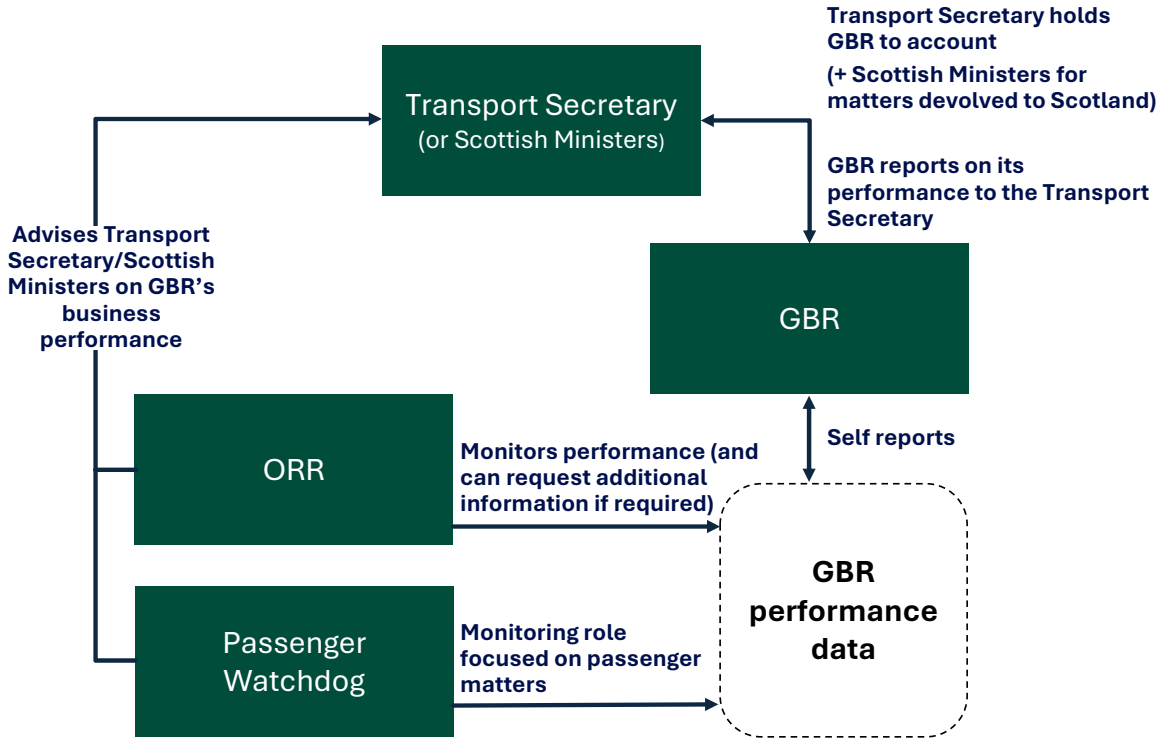
Component	Purpose
Long Term Rail Strategy (LTRS)	Sets the overall **vision and strategic priorities** for next 30 years for the railway, which GBR is required to reflect in its Business Plan. GBR will outline its response to how it will meet the strategic objectives outlined in the LTRS through the Long Term Rail Plan (LTRP).
Integrated Business Plan	Acts as **a single source of truth (approved by Transport Secretary) for GBR's delivery plans**, to respond to inputs from various sources (e.g. LTRS, Statement(s) of Objectives (SO), Statement of Funds Available (SoFA), Spending Review outcomes letter and Annual Chair/Delegations letter). This will cover GBR plans for the next five years.
Passenger services contract	The Railways Bill sets out that the Transport Secretary must award a public service contract to GBR (or subsidiaries) to deliver passenger services as designated by Transport Secretary.
Framework Agreement	**Defines the corporate relationship between the Department and GBR**, covering the overall strategic and financial framework and including HMT standard requirements for all ALBs.
GBR Licence	**Codifies GBR's core public stewardship and system-wide responsibilities including a requirement to meet consumer standards**. GBR will have a streamlined, integrated licence (subject to public consultation) aimed at ensuring fairness and consistency across operators. It will include industry obligations, a requirement to meet minimum consumer standards, and long-term asset stewardship requirements.
Chair Letter	A tool for outlining key Transport Secretary priorities for any given year.
Delegations Letter	A tool for outlining formal financial budgetary limits and controls.
Directions	**Transport Secretary can (but is not required to) issue instructions which GBR is legally required to fulfil**. Expectation that in end state this will be a last resort and subject to appropriate guardrails.
Guidance	**Transport Secretary can (but is not required to) issue guidance that GBR is required to take into account.** This could be used proportionately to influence GBR requirements and address emerging issues.
Articles of Association	Details **GBR's internal rules for management and operations** as required under law by the Companies Act 2006.

How oversight of GBR's strategy and business performance will work

Oversight of GBR's business performance

- The Railways Bill requires GBR to develop an integrated business plan, which will set out how GBR expects to use the money it has been given (for example, over a 5-year period) – including what activities it will undertake and what outcomes it will seek to achieve. GBR will undertake robust self-reporting on its business performance. **This is separate to licence oversight and enforcement.**
- The Transport Secretary will hold GBR to account on its overall business performance and the strategy it is employing, as strategic sponsor, shareholder and primary funder.
- The ORR will support the Transport Secretary in monitoring GBR business performance across its integrated track and train activities. This represents an evolution of ORR's role to areas it did not previously have a monitoring role, such as passenger service performance. As the Transport Secretary's independent expert adviser, ORR will advise the Transport Secretary on its view of GBR business performance as well as providing direct challenge to GBR.
- ORR will be able to escalate issues or concerns to the Transport Secretary. The Transport Secretary, as GBR sponsor, will decide what action is required.
- The Passenger Watchdog will also receive GBR reports and monitor GBR performance, specifically in relation to passenger matters.

Basic oversight model for Transport Secretary and Scottish Ministers



The GBR licence proposition

Introduction

In the reformed system, GBR will be established as the manager and steward of the mainline rail system, responsible for operating its assets across the network, passenger services, stations and depots aligned with the Transport Secretary's long-term strategic objectives for the railway (and Scottish Ministers' transport strategy for Scotland). There will be a single integrated licence that reflects GBR's combined responsibilities. The licence, and all the conditions within it, will be independently enforced by ORR.

The role of the licence in the new system

The new integrated and streamlined GBR licence is a key component part of a new accountability model, aimed at supporting a reformed system, empowering GBR in delivering the leadership the sector needs, and helping to rebuild the trust of passengers.

It will sit within a broader suite of statutory and governance mechanisms, as set out above (on pages 5 - 6). As such, the licence is **not** intended to carry the full weight of accountability within the system.

The GBR licence proposition

An evolving approach

The GBR licence will be targeted and streamlined, so it will differ in its form and contents compared to the licences that are issued today under the Railways Act 1993 and The Railway (Licensing of Railway Undertakings) Regulations 2005. A review has been undertaken of the existing types of licences to assess their relevance to GBR. These include:

- A network licence under the Railways Act 1993. This authorises a person to be the operator of a network, and trains being used on a network for any purpose comprised in the operation of the network. You can view the current Network Rail network licence here.
- A passenger train licence under the Railways Act 1993. This authorises a person to be the operator of a train being used on a network for the purpose of carrying passengers by railway. You can view an ORR model passenger train licence here.
- A station licence under the Railways Act 1993. This authorises a person to operate one or more specified stations. You can view the current Network Rail station licence here.
- A light maintenance depot licence under the Railways Act 1993 . This authorises a person to operate one or more specified light maintenance depots. You can view an ORR model light maintenance depot licence here.
- A railway undertaking passenger licence and accompanying Statement of National Regulatory Provisions under The Railway (Licensing of Railway Undertakings) Regulations 2005. This authorises a railway company to run passenger trains on the mainline network. You can view an ORR model railway undertaking passenger licence here.

Under the new model, the Transport Secretary will be responsible for granting and modifying the GBR licence to ensure clear democratic accountability. GBR will be issued a single licence under the Railways Act 1993 that will enable it to operate each of its assets (network, station, light maintenance depot, and operator of passenger trains). GBR will be exempted from the requirement to hold a separate railway undertaking licence under the Railway (Licensing of Railway Undertakings) Regulations 2005.

The GBR licence proposition

What will the approach be in future?

The new simplified and streamlined approach will ensure:

- a consistent and clear set of expectations that reflects GBR's integrated responsibilities
- alignment with GBR's role as the directing mind with flexibility for GBR to take strategic decisions
- stability for the industry through a simplified and durable licensing framework

Scope

Subject to formal consultation, the contents of the GBR licence will focus on areas where GBR has core public stewardship and system-wide responsibilities, including passenger obligations, and where independent assurance by the ORR is most valuable. Core areas include industry obligations, minimum consumer standards and long-term asset stewardship.

Taken together, the proposed licence conditions promote **fairness**, **transparency** and **accountability,** supporting GBR's role as a responsible and accountable steward of the railway.

The licence will **not** replicate performance-management tools or corporate governance requirements found in existing licences (e.g., Network Rail's Network Management Duty, ring-fencing, cross-subsidy rules, or non-discrimination conditions). These functions will be managed elsewhere in other elements of the new accountability framework, such as the GBR-DfT framework agreement and the business planning cycle, which together enable bilateral arrangements between the Transport Secretary and GBR for assuring GBR's performance and corporate governance requirements, in line with the framework set out above.

To ensure the licence remains fit for purpose, the Transport Secretary will carry out a review approximately every five years, aligned with funding cycles.

The GBR licence proposition

Other licence holders in the new system

Other operators — including freight companies, open access operators, and devolved rail bodies — will continue to hold their licences under the respective licensing regimes; Railways Act 1993 and Railway (Licensing of Railway Undertakings) Regulations 2005, which will be managed by the ORR. Any modifications to these non-GBR licences will be consulted on and where relevant aligned to the GBR licence by the ORR ahead of GBR Day 1 to ensure a coherent, consistent licensing landscape.

Compliance and enforcement

If GBR does not comply with its licence, ORR will retain a broad range of approaches it can use to remedy non-compliance, including its statutory enforcement powers. We expect that ORR's enforcement will be graduated, proportionate and risk based, with formal action a last resort. Tools could include:

- Early engagement and dialogue
- Require GBR to create an improvement plan
- Escalation to the GBR Board
- Issuing a provisional or final order requiring specific corrective action

The Passenger Watchdog will set passenger related standards for the industry. The Watchdog will also monitor performance against these standards, which will be binding via GBR's and other operators' licence conditions. The ORR, in turn, will be responsible for enforcing these conditions and deciding on enforcement action, including following referrals from the Watchdog.

Together, these arrangements ensures that any issues covered in the GBR licence affecting passengers, freight users, or the wider rail system can be addressed swiftly and proportionately.

The GBR licence proposition

Condition	Summary of intent
Information requirements for ORR	• A condition that means GBR must provide ORR with information that ORR reasonably requires to exercise its functions. • This will provide ORR a direct and practical route to gather information from GBR, as part of its enforcement of the whole licence.
Consumer experience	• A condition that requires GBR to meet consumer protections (passenger information, complaints handling, compensation, accessible travel policy) aligned to Passenger Watchdog Standards. • The Passenger Watchdog's role will be to create and update new standards in time, subject to consent by ORR and the Transport Secretary. The licence condition shall be structured in a way that enables existing standards to continue to apply from Day 1 with the ability to incorporate any agreed new standards.
Stakeholder Engagement	• A condition that requires GBR to ensure it undertakes effective, proportionate stakeholder engagement and to be responsive to stakeholder needs. • This would include a requirement for GBR to develop, publish and comply with a policy setting out the approach it will follow in engaging stakeholders, including groups representing disabled people as part of its overall stakeholder engagement approach.
Retail code of practice	• A condition that requires GBR to adhere to a retail code of practice, which will be owned and managed by the ORR. The code will set out a range of safeguards to manage any conflicts of interest in GBR operating both as a retailer, while also managing central retail industry functions that enable all retailers to operate in the market. • The licence condition will not be prescriptive on what needs to be in the code itself (which will be separate and subject to its own consultation).
Long-term asset stewardship	• A condition focused on ensuring GBR delivers long-term asset stewardship and that assets are managed efficiently to maintain their longevity and long-term value. • Asset stewardship covers the planning, management and delivery of maintenance and renewals, informed by asset condition, performance and risk, with the objective of optimising whole-life value within the context of available funding. • A key focus will be GBR delivering annual progress against agreed asset stewardship outcome indicators as set out in GBR's business plan, with appropriate regard to the funding available.
Land Disposal	• A condition that requires GBR to develop and comply with a land disposal policy. The purpose is to ensure that GBR's approach to land disposal protects land that may have reasonably foreseeable railway use, whilst recognising GBR's wider role in the rail system including its role ensuring efficient future use of the railway estate. • The condition would include a requirement on GBR to consult with affected stakeholders as needed before land is disposed, with the ORR ensuring GBR complies with the terms of its land disposal policy.
Environmental matters	• A condition that will mean GBR must maintain an environmental policy and embed outcomes in decision-making. • The purpose is to ensure that GBR maintains a clear, consistent approach to protecting the environment across the network and its operations, aligning it with equivalent obligations on other licence holders.

The GBR licence proposition

Condition	Summary of intent
Insurance against third party liability	• A condition that will require GBR to hold appropriate third-party liability insurance like other licence holders. This will give third parties confidence that GBR will be able to cover any damages it might cause.
Claims and allocation handling	• A condition that means GBR must participate in industry claims and liability sharing arrangements. • This is common across all licence holders today, who must all be part of the same scheme for it to work.
Provision of network-wide industry systems and functions	• A condition that relates to the delivery of network-wide functions and systems, including to non-GBR operators (such as open access, devolved and devolved regional services). The condition may also set out any controls that will be put in place, for example in relation to information handling, or dispute resolution. • These arrangements will support integrated passenger journeys across the entire network and ensure the effective operation of vital industry systems.
Liaison with Passengers' Council and London Travel Watch committees	• A condition requiring GBR to cooperate with both the Passenger Watchdog and London Travel Watch. • This will support GBR's performance against agreed service quality measures, and to help address passenger issues or concerns raised through the Watchdog's investigations or insight.
Safety and Rail Technical Standards	• A condition to support continuity of the current pan-industry safety standards framework when GBR is stood up.
Emergency Access	• A condition that means GBR must ensure timely station/depot access for relevant parties in emergencies. • The purpose is to avoid risk to safety and ensure that GBR makes appropriate arrangements to enable timely access to stations and depots by relevant parties in emergency situations.
Reporters	• A condition that means GBR must engage and co-operate with Independent Reporters when requested by ORR. Reporters can be used to provide third party scrutiny and expertise, or if needed to inform investigation or resolution of concerns between ORR and GBR.
List of stations & depots of which GBR is the operator	• A condition that lists the stations and light maintenance depots for which GBR is responsible. • The list may be set out as an annex to the licence to help avoid a need for the licence to be updated if GBR's ownership of stations or depots changes.

The GBR licence proposition

Conclusion

The integrated GBR licence is a key element of the new rail system. It will provide clarity, stability, and targeted oversight in the areas where independent assurance is most valuable. Designed to support GBR's role as the directing mind of the railway, it focuses on system-wide responsibilities that underpin effective and consumer-focused rail operations.

This proposition for the new GBR licence will continue to be refined through engagement with stakeholders and formal public consultation later in the year as the Government implements broader rail reform.