Transport Committee

Rail investment pipelines: ending boom and bust: Government Response

Fifth Special Report of Session 2024–26

HC 1852

Transport Committee

The Transport Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Transport and its associated public bodies.

Current membership

Ruth Cadbury (Labour; Brentford and Isleworth) (Chair)

Steff Aquarone (Liberal Democrat; North Norfolk)

Dr Scott Arthur (Labour; Edinburgh South West)

Mrs Elsie Blundell (Labour; Heywood and Middleton North)

Jacob Collier (Labour; Burton and Uttoxeter)

Olly Glover (Liberal Democrat; Didcot and Wantage)

Katie Lam (Conservative; Weald of Kent)

Alex Mayer (Labour; Dunstable and Leighton Buzzard)

Baggy Shanker (Labour; Derby South)

Rebecca Smith (Conservative; South West Devon)

Laurence Turner (Labour; Birmingham Northfield)

Catherine Atkinson (Labour; Derby North) was a Member of the Committee during this inquiry.

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No. 152. These are available on the internet via www.parliament.uk.

Publication

Committee Reports are published on the Committee's website at www.parliament.uk/transcom and in print by Order of the House.

Contacts

All correspondence should be addressed to the Clerk of the Transport Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 2226/ Text relay: 18001 020 2226 (general enquiries) | 020 7219 8895 (media enquiries); the Committee's email address is transcom@parliament.uk. You can follow the Committee on X (formerly Twitter) using @TransportCttee.

Fifth Special Report

The Transport Committee published its Seventh Report of Session 2024–26, Rail investment pipelines: ending boom and bust (HC 575), on 10 February 2026. The Government Response was received on 10 April 2026 and is appended below.

Appendix: Government Response

Introduction

The Government welcomes the Transport Select Committee's report on *Rail Investment Pipelines: Ending Boom and Bust* and thanks the Committee for its detailed examination of governance, transparency and stability of rail investment in England and Wales.

The Government shares the Committee's objective of ensuring that rail investment is stable, efficient and aligned with the needs of passengers, freight users and the wider economy. Stability is not an end in itself; it is essential to driving efficiency, strengthening supply chain confidence, which is critical to delivering value for money for taxpayers while providing a better performing railway for passengers and freight users.

The Government's approach is based on three core principles:

1. **Stable baseline funding for operations,** maintenance and renewals through multi-year Funding Period settlements.

2. **Disciplined, stage-gated portfolio governance** for enhancements through the Rail Network Enhancements Pipeline (RNEP) and through bespoke arrangements for its mega projects (e.g. HS2).

3. **Credible and transparent publication of the strategic pipeline,** strengthened through the National Infrastructure Pipeline, the Enhancements Delivery Plan, and the forthcoming Rolling Stock and Infrastructure Strategy and Long-Term Rail Strategy. The Long Term Rail Strategy will provide the strategic framework that informs future investment planning and supports the development of clearer, more coherent prospective pipeline information over time, alongside these publications.

Together with the establishment of Great British Railways (GBR) as the guiding mind of the railway, these policies are intended to strengthen long-term coherence, improve integration between strategy and delivery, and reduce unnecessary volatility while preserving appropriate flexibility.

In response to this inquiry, the Government will strengthen how it communicates and manages the rail investment portfolio by improving the cadence, clarity and consistency of public information on funded schemes and future opportunities, and by embedding stronger integration between strategy, funding and delivery as GBR is established.

The Government's response to the Committee's recommendations is set out below. We have grouped recommendations in this response to provide a fuller policy position, whilst showing which are addressed in each section.

Investment Stability and the Management of "Boom and Bust"

Committee recommendations:

We recommend that the Government commission an independent review of the beginning of Control Period 7 in comparison to the beginning of previous Control Periods. The review should also survey the volatility of spend within Control Periods, identify whether this is systemic, and consider whether they could be better managed to smooth the flow of work. It should seek early lessons from the new partnership model being pursued in the Southern region, and consider whether more certainty could be provided on a five-year rolling basis. This review should be published in advance of the establishment of Great British Railways, so that the new organisation is able to act on key findings from the outset.

Government response: Partially agree

Summary position:

The Government agrees that the experience of Control Period transitions should be examined, including the start of CP7 and the potential for volatility within Control Periods so that lessons can be learned to strengthen mobilisation, sequencing and improve delivery for the supply chain. However, the Government does not agree that this requires commissioning and publishing an independent review in advance of the establishment of Great British Railways; this work can be taken forward through existing assurance and regulatory processes to inform GBR and future Funding Period arrangements.

Government response

The Government recognises the Committee's concern that instability in rail investment can increase costs and reduce efficiency. Sudden and unexpected changes in scope or sequencing can have real impacts on the supply chain and on delivery performance. However, the government does not accept that rail investment in England and Wales has been characterised by systemic "boom and bust" cycles in overall funding, though there is no doubt that the perception of such cycles is clearly felt by parts of the supply chain, as shown in evidence to the Committee.

The exception might be in rolling stock, where the particulars of the commercial and policy environment have led to inefficient stop-start procurement and manufacturing orders. The forthcoming Rolling Stock and Infrastructure Strategy, which takes on board input through engagement with key stakeholders and wider industry, will set out how Great British

Railways will smooth demand and move towards a steady pipeline of work, including an indicative programme for the manufacture, refurbishment and overhaul of passenger trains, alongside the enabling infrastructure works required to support them.

The operations, maintenance and renewal of the railway have been supported by successive multi-year regulated settlements, developed through the established Periodic Review process, including the High Level Output Specification (HLOS) and Statement of Funds Available (SoFA), establishing clear Control Periods. This has provided a stable and predictable funding baseline for the core stewardship of the railway's assets, a key challenge will be to extend the principles of this to address the uneven profile of rolling stock investment, where these benefits have not historically been realised. We expect this multi-year funding approach to be continued for operations, maintenance and renewals activities by the Funding Period process as we reform the railway and establish GBR. Notwithstanding the overall stability that this can provide, there is evidence (including provided to the Committee in this inquiry) that the transitions between and mobilisation of funding periods can be experienced by parts of the supply chain as volatility in workload. That volatility can clearly contribute to a perception of "boom and bust" in some parts of the industry, even where overall funding baselines are stable. We must be clear that while multi-year settlements provide this stable funding baseline, they should not and do not guarantee that every part of the supply chain has a continuously full order book at all times; effective delivery requires a balance between predictability, affordability and deliverability, as well as timely mobilisation and release of work.

The Government is, therefore, already examining the early delivery experience of Control Period 7 through existing mobilisation, assurance and performance review activity undertaken by the Department, Network Rail and the ORR. We recognise the concerns about the "slow start" to the Control Period set out in the evidence to the committee and by the supply chain. While we are clear that some fluctuation in the types of work and progress of work banks is inevitable, we also understand that there needs to be transparency and action taken to address these concerns. We are therefore considering the phasing of work, particularly at the start of the Control Period, the volatility of spend within Control Periods, and whether these effects are systemic or capable of being better managed.

One of the issues in this is the nature of the settlement for the operation, maintenance and renewal of the network. A settlement agreed on cash terms well ahead of the start of a 5-year funding period will be inherently vulnerable to the impact of any inflationary outturn that is materially different to the initial forecast, which may affect its delivery. However, although this is a known issue, treatment of the settlement in this way is in line with the standard approach across Government.

Looking beyond control periods and towards its major projects, the Government has set out a clear, continued long-term commitment to delivering the new HS2 line between London Euston and the West Midlands. This is supported by a significant funding commitment over the Spending Review period, enabling continued progress during a comprehensive programme reset that aims to deliver the remainder of the railway safely and at the lowest reasonable cost. In line with this long-term vision, the Government recently set out its plans for Northern Powerhouse Rail, as well as its ultimate intention to deliver a new line between Birmingham and Manchester. £1.1 billion of funding has been made available for NPR over the Spending Review period which will allow progress on planning, development and design, and unlock benefits from the 2030s.

Enhancements funding, by its nature, is discretionary and must be prioritised within finite fiscal envelopes. Variations in the deployment of that funding have reflected changes in policy priorities, inflationary pressures reducing the fiscal envelope and increasing costs; demand shifts following the pandemic, and the maturity and readiness of individual schemes. These factors do not constitute systemic instability in overall rail investment. They reflect responsible portfolio management within fiscal constraints.

The Government nonetheless accepts that unnecessary volatility in the sequencing of enhancements can increase costs and reduce efficiency. The RNEP stage-gated approach was explicitly designed to address such challenges by ensuring that schemes progress only when sufficiently mature, and that Government commitment is clarified at defined decision points. That disciplined approach remains central to reducing unnecessary disruption while maintaining flexibility.

The Government notes, however, that even where overall funding is stable, uneven delivery and sequencing can create a perception of volatility for parts of the supply chain. Addressing that perception through improved planning, integration and transparency is an important part of rail reform. This work will also need to draw on early lessons from new partnership models, such as those being pursued in the Southern Region. Getting clear evidence on the successes of these approaches will inform a positive transition to Great British Railways and the evolution of future Funding Period arrangements.

Electrification, Decarbonisation and Whole-System Planning

Government response

The Government agrees that electrification remains a key tool in the decarbonisation of rail and that long-term clarity is important for industry confidence. However, the Government does not consider that a fixed route-kilometre target, set independently of rolling stock strategy and evolving technology, would represent the most effective or responsible mechanism for achieving that objective.

The objective is to progressively decarbonise rail traction in a way that maximises emissions reduction per pound of investment while maintaining service performance and affordability. Electrification will continue to play a central role in achieving this. However, advances in battery and hybrid technology and discontinuous electrification approaches mean that the optimal solution will vary by corridor and network context. The approach needs to be developed around the future delivery of passenger and freight services that match customer needs and considered in the multi-modal context of decarbonising the wider UK transport system.

The cost of electrification needs to be brought more closely into line with international best practice through innovation, a review of current standards and working with the supply chain. The Government recognises that previous stop-start approaches to electrification may have contributed to higher unit costs and loss of capability, reinforcing the case for a more continuous and efficient approach in future. A steady programme of electrification works could be an important contributor to driving down cost, as part of the wider Rolling Stock and Infrastructure Strategy, which is carefully considering the case for different traction types and associated supporting infrastructure.

The lesson from previous electrification programmes is not simply that continuity matters, but that whole-system integration is essential to achieving efficiency. The forthcoming integrated Rolling Stock and Infrastructure Strategy will provide greater clarity on how fleet replacement cycles, electrification decisions, and alternative traction technologies are aligned over time within a coherent framework. This whole-system approach will provide a long-term view of where electrification and associated infrastructure are expected to be required to deliver sustained and meaningful progress towards decarbonisation, while avoiding rigid targets that may not reflect technological or economic realities over time.

Aligning Infrastructure and Rolling Stock Investment

Committee recommendations:

We welcome the Government's commitment to publishing a rolling stock strategy in 2026. The strategy must be clearly aligned with the pipeline of both major projects and enhancements, so that decisions about track and about the trains that will run on it can be taken in a timely, coordinated way. It should provide near-term certainty as well as a basis for industry to undertake medium and long term planning and it must be drawn up in collaboration with industry with the explicit intention of avoiding unnecessary peaks and troughs in procurement.

Government response: Agree

The Department should set out in the Long Term Rail Strategy a clear policy statement on its intention to limit the proliferation of rolling stock types. Within two years, the Department and Great British Railways should define a small number of standard train families for use across the national network, to achieve better value for money and an improved experience for passengers, including through more widespread level boarding. These should be deployed and refreshed over successive procurement cycles.

Government response: Agree

Summary position:

The Government agrees on the need for a rolling stock strategy that is fully aligned with planning and procurement cycles. The forthcoming integrated Rolling Stock and Infrastructure Strategy will address this. The Government recognises the value of greater standardisation, and this Rolling Stock and Infrastructure Strategy, rather than the Long Term Rail Strategy, will set out a vision for simplifying the national fleet over time.

Government response

The Government agrees with the Committee's emphasis on integration.

Fragmentation of planning and procurement has historically contributed to inefficiencies and misalignment between infrastructure capability and rolling stock deployment. We are, therefore, not waiting for reform to complete before taking steps to ensure that these decisions are considered together rather than sequentially.

Work is already underway with operators and delivery partners on upcoming fleet replacement programmes to ensure that infrastructure requirements are considered from the outset. We agree that the national train fleet needs to be simplified to help achieve better value for money, easier redeployment of fleet around the network and provide a more consistent and high-quality experience for passengers.

The Rolling Stock and Infrastructure Whole System Strategy will set out our vision for how this could be achieved as fleets get replaced and refurbished over time.

We have a bold vision for a more accessible and welcoming railway and are already working with NR on the infrastructure implications if all new trains were built to be level with the platform, as can be seen on some greater Anglia services.

The establishment of GBR will further embed this integration by consolidating strategic planning functions within a single guiding framework, reducing the risk of siloed decision-making and enhancing system-wide efficiency and effectiveness. This integrated approach is expected to reduce whole-life costs, avoid stranded assets and give suppliers greater confidence in future demand.

The Rail Network Enhancements Pipeline: Transparency and Publication

Committee recommendations:

The Rail Network Enhancements Pipeline should be revamped and updated, taking account of all the decisions made by the Government on enhancements since July 2024. It should then be revised and re-published at least annually.

Government response: Partially agree

The 2025 Spending Review has provided welcome clarity on what inherited enhancements the Department is proceeding with and those which it has decided to pause. Such announcements do not, however, provide information in the format or detail necessary to populate a pipeline which can be traced clearly over time and which provides consistency of information to the rail sector. The outcomes of Spending Reviews, fiscal events and other Government announcements, insofar as they affect railway enhancements, should be reflected promptly in updates of the RNEP.

Government response: Partially agree

While we recognise the fledging status of the UK Infrastructure Pipeline, we are unconvinced of its current usefulness to stakeholders in the rail industry because of its lack of detail at the necessary scale. We ask the Department for Transport to set out how the UK Infrastructure Pipeline will relate to the RNEP, the purpose of each, and where industry should look for the latest and most detailed information. Wherever there are overlapping sources of information, care is needed to ensure that these are congruent, complementary and up to date.

Government response: Agree

Summary position:

The Government agrees on the importance of transparency, clarity and timely communication, but does not consider that annual re-publication of a static RNEP document is the most effective mechanism of providing this. Instead, the Government is strengthening visibility through the National Infrastructure Pipeline, which will work in combination with the Enhancements Delivery Plan and milestone announcements, with clear roles for each.

Government response

The Government agrees that transparency is important and that industry benefits from clear forward visibility.

Rather than relying on infrequent static documents, the Government is moving towards more regular, structured and accessible publication of the enhancements portfolio. The RNEP remains the structured governance framework for managing enhancements. While a consolidated public facing RNEP "update" document setting out the contents of the portfolio has not been published since 2019, the portfolio itself has continued to operate actively, with schemes progressing through development, approval and delivery stages.

Transparency is most effective when it reflects the true maturity and funding status of schemes. Any announcement or publication that does not clearly distinguish between funded commitments and earlier-stage concepts or aspirations can undermine rather than enhance confidence. That is why this Government has been clear and careful in our approach.

We have strengthened transparency through:

- the Secretary of State's announcement of major committed schemes following the Spending Review;
- inclusion of enhancements above £25m in the National Infrastructure and Service Transformation Authority's (NISTA) Infrastructure Pipeline, providing a clear and up to date position on the major investments in the portfolio;
- the quarterly Enhancements Delivery Plan published by Network Rail, showing the progress of schemes in the delivery stage;
- and regular public announcements at formal decision milestones, providing the latest position and progress of schemes.

NISTA have committed to providing an updated iteration of the Infrastructure Pipeline at least every six months, with the latest update having been published on 9 March 2026. As GBR is established, we anticipate that they will take steps to continue to provide clarity and avoid duplication, while preserving commercial sensitivity and fiscal discipline. We recognise that in doing this, it is important that the appropriate time-horizon is considered that can provide confidence to the supply chain and wider industry. Five-year Funding Period settlements already provide a clear baseline of certainty for core operations, maintenance and renewals. For enhancements, while funding comes from Spending Review periods, which are often shorter, these are complemented by forward-looking information that will be published through NISTA's Infrastructure Pipeline.

Beyond this, we aim to set out a potential pipeline that will provide an indicative view of the schemes we consider to be strategically aligned that may be progressed over a longer time horizon. While this will not constitute a funding commitment to those enhancements, it should allow the supply chain to plan for future activities and have greater confidence in the skills and capability required. Taken together with the NISTA's Infrastructure Pipeline, these mechanisms are intended to provide both near-term certainty and longer-term directional visibility in a proportionate and credible way.

In the future, the Railways Bill will require Great British Railways to develop an Integrated Business Plan, which will set out how GBR expects to use its money, including what activities it will undertake and what outcomes it will seek to achieve. This plan will provide significant transparency and clear signals for the supply chain and industry, building on what is available today.

Spending Reviews and Portfolio-Level Investment Decisions

Government response

The Government is clear that Spending Review settlements do not constitute project-by-project approvals.

Enhancements funding is deliberately provided at portfolio level through Spending Reviews, following detailed bids informed by strategic priorities and robust scheme forecasts. While the Spending Review settlement reflects the Government's priorities for investment and the anticipated funding requirements of specific schemes, it does not remove the need for disciplined investment decisions on enhancement schemes as they mature.

Individual schemes continue to progress through RNEP decision gates based on business cases, with demonstrated maturity, value for money, affordability and deliverability. This ensures that commitments are made at the appropriate point in the development lifecycle, rather than solely at fiscal events.

In practice, this portfolio-based approach is critical to maximising value for money for the taxpayer. Where individual schemes or programmes encounter challenges, delays or cost pressures, the portfolio framework enables Ministers to manage these collectively; accelerating other schemes where appropriate, adjusting sequencing, or reallocating emerging headroom. This flexibility protects delivery momentum and overall outcomes while maintaining fiscal discipline. This approach does not reduce transparency or Parliamentary accountability. Rather it ensures that commitments are made when schemes are sufficiently mature to provide confidence on scope, cost and delivery.

The Spending Review therefore enables and shapes the enhancements pipeline, but it does not replace the governance framework through which individual investment decisions are responsibly taken. This balance preserves both strategic prioritisation and operational discipline within a defined funding envelope.

Pipeline Scope, Maturity and the Avoidance of Unfunded Commitments

Committee recommendations:

The RNEP should set out clearly how much funding has been committed, from what sources, and for the purpose of reaching which milestones. It should provide certainty at least five years into the future on a rolling basis, with an indicative pipeline of up to 15 years beyond that.

Government response: Partially agree

The RNEP should not become an unfunded wishlist: there must be a high bar of viability for projects to be included, and a commensurately high bar for any subsequent decision to remove them from the pipeline. The inclusion and status of projects should be regularly reviewed by the Secretary of State, the Office of Rail and Road and, when established, Great British Railways and the Passenger Watchdog.

Government response: Partially agree

Summary position:

The Government agrees that the pipeline must clearly distinguish between funded commitments and earlier-stage proposals. The RNEP's stage-gated governance provides this discipline. While the Government recognises the importance of longer-term visibility, it does not support publishing extended indicative pipelines that imply funding commitment. Instead, a clearly defined potential pipeline will provide directional visibility without undermining fiscal credibility.

Government response

The Government agrees that any pipeline, particularly if published, must clearly distinguish between funded commitments and earlier-stage or aspirational proposals.

The RNEP portfolio includes live schemes that have received funding and are progressing through stage-gated decision points, from pre-business case strategic considerations through to delivery. Funding is normally committed only to the next stage of development, ensuring discipline and avoiding premature commitment. This means that full commitment to the delivery of projects is only provided when full maturity is reached in their development and a Decision to Deliver (also known as the Final Investment Decision) has been taken.

The Government recognises the Committee's interest in greater clarity on the level and source of funding committed to individual schemes, and the milestones to which that funding relates. However, particularly prior to Final Investment Decision, setting out scheme-level funding allocations in detail can present challenges. Cost ranges, scope and delivery profiles often evolve materially as schemes mature, and premature disclosure of indicative funding positions risks conditioning the market, undermining competition and acting against the commercial interests of both the Department and its suppliers. For these reasons, funding needs to be managed and disclosed in a way that balances transparency with the need to protect value for money and effective procurement. We anticipate continuing to work with NISTA and HM Treasury to improve transparency in this area, where possible, in future iterations of the NISTA Infrastructure Pipeline.

The Government remains the funder of rail enhancements, with funding provided through Spending Reviews and allocated at portfolio level. Within that framework, Ministers must retain the ability to determine which schemes enter, progress through, or leave the enhancements portfolio, in line with the published RNEP policy, affordability constraints and wider strategic priorities. This flexibility is key to managing risk, responding to emerging delivery challenges and ensuring the public funding is directed to the schemes that are most deliverable and offer the greatest value.

The RNEP portfolio is subject to regular review by Ministers, including at defined points within each Funding Period, to ensure that schemes remain affordable, aligned with strategic objectives and capable of being delivered efficiently. While the Office of Rail and Road does not have a direct role in approving or assessing individual enhancement schemes, it is represented within the joint governance arrangements through which the portfolio is reviewed each period, allowing for regulatory insight and challenge alongside the Department and Network Rail and, once established, Great British Railways.

The Government also recognises the importance of longer-term visibility for industry and the supply chain. As such we intend to establish a clearly defined "potential pipeline" of enhancement schemes that are not currently funded but are assessed as strategically aligned and capable of being progressed further should funding become available. Entry into this future pipeline will be subject to transparent criteria and will not constitute a funding commitment, but rather a clear indication of strategic intent.

This structured distinction between live funded schemes and potential future options is intended to provide visibility and confidence, while avoiding the creation of unfunded "wishlists" or unrealistic expectations. It may support third party investment in progressing such schemes, while allowing the rail supply chain to see the direction of travel and plan and upskill accordingly. This will support transparency for Parliament, industry and the public, while preserving the fiscal discipline and commercial protections necessary to deliver value for money.

Renewals, Enhancements and Smoothing Delivery

Government response

The Government agrees that smoothing workload is important. We have seen how a more predictable pipeline supports workforce planning, skills retention and innovation across the supply chain. The evidence heard by the Committee from Scotland demonstrates the potential benefits of steady investment profiles in maintaining capability and reducing long-term costs. However, while there are lessons to be learned, the Government does not agree that making changes to the funding method is the right solution.

Enhancements were deliberately separated from the regulated settlement following the cost and delivery challenges experienced in CP5. This separation strengthened financial control, clarified accountability and reinforced discipline in the management of discretionary investment in enhancements as distinct from the essential asset stewardship for the railway through renewals.

Smoothing workload is an important objective. However, the distinction between renewals and enhancements reflects substantive differences in risk profile, procurement model and specialist capabilities that exist, rather than being purely an arbitrary administrative boundary. Whilst integration of renewals and enhancements could create benefits that include efficiencies, the net impact of proceeding with future plans with this integration as the primary goal would likely be negative, based on the experience of CP5, and given the long-term implications for the condition of the railway network created through progress on the delivery of renewals in the short-term.

Renewals activity is primarily concerned with the stewardship of existing assets; replacing or refurbishing infrastructure at the appropriate point in its lifecycle to maintain safety and performance. It is typically planned on a long-term asset management basis as part of the periodic review, with relatively predictable scope and established technical standards. Procurement is often undertaken for these works through longer-term framework arrangements, providing continuity of work and supporting the retention of specialist capability within the supply chain.

Enhancements, on the other hand, are discretionary investments intended to increase or improve the capability of the network or deliver wider economic benefits and outcomes. They frequently involve changes to the railway's configuration, the introduction of new technology, planning consent processes, and more complex stakeholder engagement. The risk profile can therefore be materially different, particularly in relation to scope development, integration with operational railway performance, and interface management. Procurement approaches may vary depending on scheme size and complexity, as well as the required specialist capabilities that may be required in concentrated phases (for example in overhead line equipment, major signalling upgrades or complex civils interventions).

While there are clear efficiencies in aligning delivery of renewals and enhancements where geographically and technically appropriate, merging funding routes alone would not eliminate these structural differences. Effective smoothing is more likely to be achieved through improved planning and sequencing, ensuring that opportunities for more efficient delivery of renewals and enhancements are identified early while respecting the distinct differences and disciplines that may be involved.

As GBR is established, we expect there will be opportunities to further integrate planning and sequencing decisions within a coherent strategic framework. Any evolution in funding or governance arrangements will need to build upon the strengths of the current model, particularly the stability of the regulated Funding Period settlement, while ensuring that the differing risk characteristics and needs of renewals and enhancements are appropriately managed.

The Long-Term Rail Strategy and the Governance of Great British Railways

Committee recommendations:

We welcome the provision made in the Railways Bill for a Long Term Rail Strategy: it is long past time that such a vision is set out for the railways. The Strategy must provide a basis for consensus and certainty about long-term investment priorities. If it puts in place stable scaffolding for practical plans and pipelines, the LTRS has the potential to insulate those plans from unnecessary changes of direction or delay, to convey confidence to industry and to bring improvements to the network forward more efficiently.

Government response: Agree

In order to achieve this:

- the Strategy should set out firm objectives on matters of long-term infrastructure policy including electrification, rolling stock, accessibility and capacity;
- the Strategy should be the means for setting out commitments to the largest infrastructure programmes on the railway—those at the level of HS2 or Northern Powerhouse Rail which take more than a decade—with a clear articulation of how these programmes will achieve the Government's strategic objectives;
- the Rail Network Enhancements Pipeline must be informed by the Long Term Rail Strategy, with schemes at all stages of development clearly matched to its strategic objectives;
- the new rolling stock strategy must also be transparently and closely aligned to the strategic objectives set out in the LTRS; and
- the Strategy should set out how and by what criteria proposed infrastructure projects and enhancements will be assessed, including their potential to deliver the Government's strategic aims for the railway.

Government response: Partially agree

The Long Term Rail Strategy guiding Great British Railways needs to have a timescale of at least 30 years to provide the necessary vision for underpinning shorter-term decisions on specific projects and funding. It also needs to be protected from unnecessary or radical changes of direction that would undermine its value. Significant amendments to the LTRS should require formal consultation with industry and with Parliament. We recommend that the Secretary of State be required to lay the Strategy before Parliament, and that, where the Secretary of State makes substantive changes, it be required to be laid again in its amended form.

Government response: Partially agree

We want Great British Railways to reach its potential for making unified decisions over track and train informed by expertise in railway systems. We expect political leaders to set its strategic direction and hold it accountable for delivery, but micromanagement would work against the best interests of passengers and industry. The Department must be clear about the level of autonomy it expects GBR to exercise in enhancements planning, and how ministerial oversight will be exercised in a way that does not jeopardise the investment pipeline.

Government response: Agree

Summary position:

The Government agrees that a statutory Long Term Rail Strategy with a 30-year horizon is essential to provide continuity and confidence in the railway. The Strategy will set clear outcomes and guiding principles rather than prescribe detailed scheme lists. It will inform investment decisions, support GBR's role as the guiding mind of the railway, and provide a stable framework while retaining appropriate democratic accountability.

Government response

The Government agrees that there should be a Long-Term Rail Strategy (LTRS) which sets out a clear and coherent framework for the role of rail over the next 30 years.

The LTRS will articulate:

- the outcomes rail is expected to support across economic growth, connectivity, decarbonisation and social inclusion;
- the railway's place within the Integrated National Transport Strategy, and the wider Industrial Strategy;
- the long-term capability required of the network, including freight growth, accessibility, resilience and technological modernisation;
- and the principles that will guide investment decisions over successive Funding Periods.

The Strategy will focus on defining what the railway is for and what it must deliver for the country, rather than prescribing in detail how each objective is to be achieved. It will therefore establish clear strategic outcomes and priorities, while allowing the railway, through Great British Railways, the space to determine the most effective sequencing, technical solutions and delivery models within that framework.

We consider that long-term clarity is best achieved not by fixing detailed inputs or rigid scheme lists decades in advance, but by providing a durable direction against which successive funding settlements, portfolio decisions and operational choices can be assessed. In this way, the LTRS will strengthen strategic continuity while preserving the flexibility necessary to respond to evolving demand, technology and fiscal conditions. It will help to shape and prioritise future pipeline information, by setting a clear long-term direction against which funding settlements, portfolio decisions and pipeline updates can be developed, while not itself being a list of scheme commitments. However, in recognition of the Committee's desire to understand more about what strategy may include, the Government will publish a discussion document providing more detail on what the LTRS will include alongside Bill passage through the House of Lords. This will ensure clarity and certainty for the sector providing confidence and direction as we establish GBR.

The Railways Bill places the Long-Term Rail Strategy on a statutory footing by requiring the Secretary of State to issue a strategy setting out her long-term strategy for the use of the railway network and the services she wishes to see provided in Great Britain. This strategy is intended to cover a 30-year horizon The Bill also establishes governance duties: the Office of Rail and Road must have due regard to it in its non-safety functions; and Great British Railways must have regard to it in its activities. It is also expected that the Secretary of State will have regard to the Strategy in developing rail policy such as the Statement of Objectives.

The Government expects Great British Railways to exercise professional judgment and systems expertise in planning and sequencing its activities within the strategic framework set by Ministers. Ministerial oversight will focus on setting long-term objectives, approving major funding commitments and holding GBR to account for delivery, rather than micromanaging individual scheme, service and investment decisions. This balance is intended to support stable, evidence-based decision-making while protecting the credibility of the investment pipeline and ensuring accountability for public expenditure.

The Strategy will not be immutable, however. It is right that future administrations retain the ability to amend it where circumstances materially change, for example in response to new national priorities, technological transformation or significant external events. However, any such amendment will be subject to stakeholder engagement and consultation with statutory consultees, as well as transparent publication, ensuring that changes are deliberate, understood and accountable. We consider that this approach provides both continuity and democratic legitimacy, reinforcing the credibility of the Strategy over the long term. However, in recognition of the desire from the Committee to ensure there is proper parliamentary scrutiny of the LTRS, the Government will happily commit to laying a Written Ministerial Statement as well as a copy of the LTRS in the library of both Houses to ensure parliamentarians can scrutinise the strategy and any revisions made to it.

The Government recognises that the credibility of long-term investment planning depends not only on structure and processes, but on consistent application over time. The statutory framework for the LTRS is intended to support continuity and reduce unnecessary changes of direction, while preserving democratic accountability.

Private Investment, Finance and Value for Money

Committee recommendations:

The RNEP should also be a tool for promoting rail infrastructure investment from sources other than central government. We urge the Government to implement the findings of the Office of Rail and Road's review of the Rail Network Investment Framework, and in the next iteration of the RNEP, identify projects where private sector investment would be welcome or could be decisive.

Government response: Partially agree

Summary position:

The Government supports the use of private investment in the rail sector where it delivers clear value for money, transfers risk to the parties best placed to manage it and supports innovation and efficient delivery. Rather than using the Rail Network Enhancements Pipeline as a general investment prospectus, the Government will provide clearer and more credible signalling of suitable opportunities through pipeline publications and structured market engagement, consistent with the Rail Network Investment Framework. This approach is intended to attract private capital where it adds fundamental value, while protecting public finances and ensuring effective governance and accountability.

Government response

The Government agrees that credible visibility is essential for both the supply chain and private investors, and that rail should remain a sector which welcomes private capital and innovation alongside public investment. The Government also recognises the increasingly important role played by Devolved Administrations, Mayoral Combined Authorities and local partners in shaping and co-funding rail investment, especially considering the significant local funding provided to city regions for transport at the recent Spending Review. Many rail enhancements are inherently local or regional in nature, and their successful delivery depends on effective alignment between national strategic objectives and local priorities.

It is important to be clear that private capital has long played, and will continue to play, a role in rail. This is consistent with what the Government's10-year Infrastructure Strategy envisages: using government certainty to crowd in private investment where it delivers better value, transfers real risk and accelerates regeneration around stations. We will do that through the new delivery institutions, including the National Infrastructure and Service Transformation Authority (NISTA) and the National Wealth Fund, which are there to blend public and private finance and give investors clearer pipelines.

In considering the role of the private sector, it is important to distinguish clearly between the different ways in which it can contribute to rail investment. In particular, there is a key distinction between private finance, where the private sector covers the initial cost of an asset and is repaid over time with a return (for example through rolling stock leasing arrangements), and private funding, where third parties make direct contributions to the ultimate funding of transport infrastructure.

Private finance has seen more limited application in rail infrastructure, reflecting the conditions under which it represents value for money for the taxpayer. For Government, the use of private finance should aim to achieve sufficient transfer of control and risk, deliver risk-transfer benefits that outweigh higher financing costs, and be capable of being managed alongside the operational and safety requirements of a live railway. In practice, a key condition for the use of private finance in rail infrastructure is that sufficient risk and control are transferred to the private sector to support off-balance-sheet treatment for the public sector. Where these tests are not met, private finance is unlikely to be attractive for Government or provide value for taxpayers. The key aspect on value for money is whether the added value of the private sector can be quantified and offsets the additional cost of private finance, while the balance sheet treatment plays an important role in affordability considerations. While there is often strong market interest in financing rail infrastructure, experience shows that for long-life, single purpose assets with limited alternative use, the scope for genuine long-term transfer of risk and control is more constrained. In such cases, financing structures that appear to transfer risk at contract signature can, over time, revert risk and cost to the public sector, particularly where assets directly impact the public balance sheet. This reinforces the importance of applying a rigorous value for money and affordability assessment, as well as considering issues over long term control, at an early stage when considering any use of private finance.

Experience suggests that private finance works best where assets are large enough to justify the costs of structuring, are new rather than subject to latent defect risk, are relatively stable in scope, and are sufficiently separable to allow risks to be clearly allocated and private sector performance to be held to account. One example of this is the new Euston HS2 Station, where Government is currently considering the use of a public-private partnership, looking for the private sector to design, build, finance and maintain the new station asset, subject to risk transfer and value for money.

By contrast, private funding, or Alternative Sources of Funding (ASF), involves contributions towards transport infrastructure from sources other than traditional public funding routes, including central government budgets agreed through Spending Reviews and farebox revenues. In many cases there may be multiple third parties who benefit from a particular project, and attracting private funding requires early identification of the relevant beneficiaries and the mechanisms through which they can contribute.

Against this background, historically, the largest concentration of private finance in the rail sector has been in the rolling stock market. The established rolling stock leasing model has supported substantial private investment in new fleets and in associated infrastructure such as depots and stabling facilities. This investment has supported large-scale fleet modernisation and the development of a wider industrial ecosystem across Great Britain. This has included the establishment and expansion of rolling stock manufacturing, maintenance and engineering capability across the country. However, experience also demonstrates that the outcomes of this model have been mixed. While private finance supported fleet renewal under the franchising system, the structure of leasing arrangements meant that many risks have ultimately reverted to the public sector, particularly where passenger services have moved into public ownership. In these circumstances, the public sector can continue to bear the long-term costs of risks that it now manages directly, reducing the extent to which private finance delivers genuine risk transfer or value.

The market for rolling stock has also been subject to sustained regulatory and competition scrutiny since privatisation. Reviews by competition authorities and the Office of Rail and Road have highlighted structural features of the market that can limit competitive pressures and have introduced transparency remedies intended to improve market functioning. While the profitability of the sector and its value for money continue to attract debate, these reviews have focused on improving transparency and market operation rather than concluding that direct price regulation of leasing returns is required.

More broadly, stakeholders across the rail industry have highlighted that investment in rolling stock has often followed cyclical “boom and bust” patterns. Evidence provided to the Committee highlighted that more than 8,000 vehicles, around half of the national passenger fleet, were ordered between 2010 and 2018. While this period of investment supported large-scale fleet renewal and attracted global manufacturers to establish production and maintenance capability in the UK, the concentration of demand within a relatively short period led to a subsequent slowdown in procurement. This has had adverse effects on factories, skills and supply chains. This reinforces the importance of a more predictable and transparent rolling stock pipeline, aligned with wider rail investment plans.

Against this background, the Government’s approach to private finance is not simply to maximise the volume of private capital, but to identify where it adds fundamental value through innovation, delivery expertise, and the bearing of risks that the private sector is genuinely better placed to manage. Private finance that does not deliver these benefits, or which ultimately transfers risk back to the public sector, may represent a more expensive way of funding assets and can expose the public sector to the worst of both worlds, particularly where assets return to the public balance sheet.

The forthcoming Rolling Stock and Infrastructure Strategy will therefore play a key role in setting out how future fleet renewal is planned and sequenced, how procurement and financing models support a smoother pipeline of work, and where private investment can best support innovation, value for money and long-term capability in the rail system.

Direct private financing of core rail infrastructure (beyond station assets) is complex. Our rail network is full of different challenges and opportunities, and the commercial models we apply need to reflect that. Rail infrastructure is primarily an enabler of train services, with the principal revenue stream flowing through the farebox to operators and, in turn, through track access charges to the infrastructure owner. This structure can make it challenging to establish clear and durable return mechanisms for private investors, particularly where risks relating to performance, safety, construction impact or demand are significant.

There are also important considerations relating to risk allocation. Where infrastructure works take place on an operational railway, the risks associated with disruption or incident can be substantial. The allocation of those risks must be structured carefully to ensure that incentives are aligned without exposing either the public sector or private capital to inappropriate levels of uncertainty. Balance sheet treatment and fiscal considerations are also relevant in determining how far risk can genuinely be transferred.

The Government therefore considers that attracting private investment into rail infrastructure is best pursued through targeted and structured opportunities rather than broad generalisation. These may include:

1. stations and other discrete infrastructure enhancements where revenue or availability-based structures can be credibly established;
2. adjacent site and over-site development opportunities at stations, leveraging revenue streams from commercial and residential activity;
3. depots and associated facilities linked to fleet replacement;
4. digital and communications infrastructure, where technology-led models may offer more defined returns.

Euston is a good example of Government ambition of both (1) and (2) above; having made a significant public commitment to fund HS2 into Euston, the Government is now evaluating options to deploy private capital, including the use of a public-private partnership model to deliver the Euston HS2 Station, while also looking at Tax Increment Financing underpinned new development to deliver elements of the Euston programme. The Department for Transport is working closely with HMT and NISTA to consider these options.

Improving transparency and long-term visibility through the National Infrastructure Pipeline, the Enhancements Delivery Plan and the forthcoming potential pipeline will assist investors in identifying credible opportunities at an early stage. Earlier visibility also enables earlier market engagement, supporting more informed decisions on delivery models, risk allocation and the appropriate role of private capital. Where appropriate, these pipeline publications may also indicate where third-party or private investment may be suitable, consistent with the Rail Network Investment Framework and value-for-money principles, which supports earlier and more informed engagement with the market. However, the Government remains clear that visibility must be realistic and supported by appropriate funding and governance discipline.

The establishment of Great British Railways as the guiding mind of the railway will further strengthen the ability to identify and package opportunities in a coherent manner, providing clearer points of engagement for private capital while maintaining public accountability and value for money.

The Government remains committed to working with investors, regulators and delivery partners to reduce unnecessary barriers, clarify risk allocation where appropriate, and ensure that rail continues to benefit from private sector expertise and innovation in a way that serves passengers and taxpayers alike.

Regional and Devolved Leadership in Rail Investment

Committee recommendations:

The RNEP should also identify those schemes which are most appropriate for funding and delivery at a regional level, such as those where alignment with national objectives is not sufficient to warrant full central government funding but which would be viable with local contributions. Confirmed enhancements projects being delivered or partially delivered by devolved authorities should be included in the RNEP for full industry visibility.

Government response: Partially agree

Summary position:

The Government recognises the important role of Devolved Administrations, Mayoral Combined Authorities and local partners in shaping, funding and delivering rail investment. The Enhancements Portfolio and the associated pipeline publications will provide visibility of regionally led and co funded schemes where they affect the national network, supporting alignment with national objectives and full transparency for industry. As Great British Railways is established, it will provide a clearer framework for aligning national and regional priorities, supporting earlier engagement, reducing duplication and increasing confidence for both public and private co investors.

Government response

The Government recognises that devolved and regional partners play an increasingly important role in shaping and delivering rail investment.

Some enhancements are particularly well suited to regional leadership or co-funding, including schemes where the primary benefits are local or regional, where integration with wider transport or regeneration plans is critical, or where delivery can be accelerated through local sponsorship. In such cases, central government’s role is to ensure alignment of these more localised goals with national rail objectives, system integration and supporting value for money, rather than to act as the sole funder or sponsor. The RNEP is designed to allow schemes to progress independently of Government, particularly at early stages of development, with the potential to enter the national portfolio at any stage if appropriate. Structured engagement with Mayoral Strategic Authorities and other promoters and funders could also help strengthen the quality and credibility of the potential pipeline, including where local growth plans or co-funding approaches support earlier development of schemes.

Confirmed enhancement schemes being delivered or co-funded by devolved or regional authorities will continue to be reflected in pipeline publications where they affect the national rail network. The proposed potential pipeline will also set out how local and regional authorities can engage and provide clarity on possible future national schemes. This will provide full visibility to industry and the supply chain and help to ensure that regional activity is integrated into overall planning and that delivery capability can be sustained efficiently across the network.

As Great British Railways is established, it will provide a clearer framework for aligning national and regional investment priorities, supporting earlier engagement with regional partners and greater clarity on how locally promoted schemes can meet national objectives. This is intended to reduce duplication, improve the quality of proposals and increase confidence for both public and private co-investors.

Conclusion

The Government shares the Committee's ambition to reduce unnecessary volatility and strengthen long-term clarity in rail investment.

The evidence does not support the characterisation of systemic "boom and bust" in overall rail funding. However, the Government recognises the importance of improving integration, transparency and strategic coherence.

Through stable Funding Period settlements, disciplined stage-gated governance, strengthened public visibility, a clear Long-Term Rail Strategy and the establishment of GBR as the guiding mind of the railway, the Government is implementing a durable and integrated approach to rail investment in the interests of passengers, freight users, the supply chain and taxpayers.