

Call for Views response on Legislative Consent Motion for the Railways Bill

Correspondence from the National Union of Rail, Maritime and Transport Workers (RMT), 6 March 2026

Introductory remarks

RMT welcomes the Railways Bill as the necessary second legislative stage of bringing the railways into public ownership. The 2024 Passenger Rail Services (Public Ownership Act) empowered the Secretary of State to bring franchises into public ownership at the earliest opportunity, and the Railways Bill creates the single arms-length publicly owned company that brings track and train together.

Britain once benefitted from a wholly integrated publicly owned rail industry for both passenger and freight services which also built and owned its own rolling stock. Over thirty years of privatisation, fragmentation, sub-contracting and outsourcing has created a highly complex and inefficient network. The passenger growth that took place before Covid was not driven by privatisation but rather macro-economic factors, such as general economic growth and taxpayer subsidy, with the private sector producing very little innovation, let alone risk-free investment.

RMT greatly welcomes the move to create an integrated organisation that brings track and train together. Amalgamating Network Rail and the Train Operating Companies (TOCs) into a unified, single, publicly owned organisation will be the basis of creating a more simplified and efficient railway. RMT's view is that Great British Railways should be based on the simplest and most integrated structure possible. This would enable clear productivity gains as well as benefits for passengers.

The Railways Bill will create a statutory role for the devolved governments, ensuring that national strategies are factored into GBR decision-making and GBR will be legally required to consult devolved governments before making certain decisions that will affect people or the economy in the devolved areas. The UK Government will be required to agree a memorandum of understanding with the Scottish and Welsh Governments setting out how the organisations will cooperate and share information. There is the potential for the relationship between GBR and the devolved governments to evolve to become closer if the devolved authorities wish, with the Bill giving Scottish Government 'powers of direction and guidance over GBR, reflecting their role as funder in Scotland, when GBR is undertaking activities within Scotland on matters that fall within the executive functions of Scottish Ministers'.

The documentation supporting the Bill states that the UK Government is committed to further integration between track and train in Scotland, with options including a deeper alliance between ScotRail and GBR or a 'corporate entity that would bring track and train management together in Scotland, such as a distinct GBR subsidiary or company jointly owned by GBR and Scottish Ministers'.

RMT supports the STUC's policy, which is to campaign for the creation of a single, unified, nationally integrated GB rail network, with significantly enhanced powers for the Scottish Parliament and Scottish Government over rail services in Scotland. Importantly, this must be through agreement with devolved governments. That is to say, any integration must result in significantly enhanced rail powers for the Scottish Government and Scottish Parliament and be achieved with their agreement. We also welcome legislation that preserves options for future agreement over integration.

We welcome the Scottish Government's support for the Railways Bill. The Cabinet Secretary Fiona Hyslop wrote to the Union on the day the Bill was published stating she has 'offered the UK Government my support on the policy intent of the Bill, in particular that it is seeking to maximise the benefits of greater integration while respecting current devolved arrangements'.

Do you have any concerns about the proposed arrangements for the specification, funding, and management of rail services and rail infrastructure in Scotland under the provisions set out in the UK Railways Bill? If so, what are they and how might they be addressed?

Scottish Ministers argue the new management regime could allow for greater integration between track and train operations in Scotland – building on the current Alliance. How best could these new joint working arrangements be exercised to benefit rail passengers?

As noted above, RMT welcomes the Railways Bill as a necessary second stage in building an integrated publicly owned railway. In general UK-wide terms, RMT has concerns that the task of reconstructing an integrated railway will be hampered by the retention of features of the fragmented privatised railway.

We also welcome the balance that is struck between enhancing powers for Scottish Ministers over rail services in Scotland and the push toward closer integration. We also note that the Government has tabled amendments that further enhance the power of Scottish Ministers over passenger rail services, whichever mode of integration is pursued, by enabling them to transfer Scotrail and Caledonian Sleeper Services into either a permanently established wholly owned subsidiary of the Scottish Government or GBR, instead of running them as currently via the operator of last resort' on a temporary basis.

However, RMT retains concerns about the ongoing legacy of the fragmentation that has followed from privatisation. For example, the decision to leave Freight operation in the private sector means the retention of an access agreement contractual

framework with Freight Operating Companies, in addition to the retention of private sector profit orientation in the Freight sector. Similarly, the decision to retain Open Access risks resulting in abstraction of revenue, excess capacity on some lines, and costly and wasteful contractual relationships. Retaining Open Access and private sector freight also makes necessary the retention of a wholly unnecessary framework of access agreements and gives another rationale for the residual endurance of the Office of Rail and Road, albeit in a reduced role. In addition, we have raised issues with the Westminster government about the fragmentation of the rail workforce and the prevalence of outsourcing and sub-contracting. If the government is to realise the productivity and efficiency benefits of Great British Railways, it will mean action to eradicate the interface costs associated with this legacy of privatisation.

These issues are also relevant to Scotland. For example, Lumo currently operates the only cross-border open access service between London and Edinburgh and has secured access rights for a future service on the West Coast Main Line between Euston and Stirling. The UK Government has voiced its concerns about open access including the revenue abstraction from publicly funded operations and impact on network capacity.

Other interface costs that are legacies of privatisation will also remain. As things stand currently, while the deep Alliance between track and train in Scotland is welcome, Scotrail will also continue to pay access charges to Network Rail and then to its successor, Great British Railways. These interface costs risk constituting a drag on efficiency and services in Scotland. This could be tackled by further integration into Great British Railways, but, as noted above, only if this were accompanied by greater powers for the Scottish Government over train operations and infrastructure and subject to the agreement of the Scottish Government.

While it is welcome that Scotrail retains its train cleaning in-house, it remains the case that Network Rail in Scotland sub-contracts substantial amounts of renewals work. This model of renewals delivery itself creates increased transaction costs for Network Rail and results in the passage of risk onto sub-contracted workers, creating pressures on their well-being and increasing safety risks on Scotland's infrastructure. Renewals are delivered by consortia of infrastructure companies, often sub-contracting a long tail of smaller companies, labour supply companies and workers on zero hours contracts. This creates pressure on Network Rail's finances, erodes workers' wellbeing and

Undermines safety on the railway:

1. Firstly, the commercial margin on contracts in Network Rail's supply chain divert much needed resources away from the frontline toward City investors, sub-contractor profits from renewals work can be estimated using data from Network Rail's Regulatory reports. Network Rail Scotland spent £466 million on renewals in 2023-24. Using the standard industry assumption of 6%

margins on these contracts, we can see that sub-contractors are likely to have extracted £28 million in profits.

2. The companies who dominate this supply chain look to defend or increase their profit margins for dividend payments by shielding themselves from risks:
 - i) Inflationary cost pressures in their own supply chains, which might erode margins, are passed onto Network Rail;
 - ii) Because of the web of contracts that runs throughout renewals work, changes in the specification or timing of projects represent costs for the companies involved, which they then pass on to Network Rail in compensation claims, leading to project cost overruns;
 - iii) Workers are engaged on precarious contracts meaning that companies can flex their workforces and minimise labour costs in response to any uncertainty in work banks.

These problems are visible in Scotland's rail infrastructure. In 2024, Network Rail Scotland attributed financial underperformance in its renewals work to "inflationary pressures on contractor and materials prices; Covid-19 costs impacting access to delivery sites; loss of economies of scale from reduced work banks; changes in scope on level crossing conversion schemes; additional commercial claims on large projects".

Essentially, fluctuations in work and funding are amplified by the fragmented supply chain and then cascaded down onto workers in the form of redundancies, the loss of skilled jobs and the systematic use of contracts of employment that leave them struggling to make ends meet, cutting corners and taking risks with their own safety.

The clear danger is that the costs of this model will ultimately be borne by passengers on Scotland's railways. A contributory factor in the Stonehaven tragedy was the behaviour of one of Network Rail's subcontractors and the lack of transparency and control that Network Rail Scotland had over work that was done in its name.

Whatever mode of integration is chosen by the Scottish government, must include a new approach to this work within Scotland's infrastructure. This should include the better planning of renewals work with the creation of more stable work banks, together with conditionality on contracts that mandates the creation of better, more secure jobs that accumulate and retain skills in Scotland. RMT believes that much of the renewals work now being done through sub-contracting would be far better done by Network Rail working with the RMT to insource that work and using a directly employed workforce.

Do you have any concerns about the impact of the new arrangements on rail freight operations and open access services in Scotland? If so, can you explain what these are and how they could be overcome?

As noted above, Lumo currently operates the only cross-border open access service between London and Edinburgh and has secured access rights for a future service on the West Coast Main Line between Euston and Stirling. RMT has long highlighted the issues associated with Open Access and we're pleased that the UK Government has voiced its own concerns about the revenue abstraction from publicly funded operations and impact on network capacity. RMT has welcomed the UK government's intention to shift responsibility for granting and regulating access to the network from the ORR to GBR. We are also pleased that GBR will have the power to levy full costs incurred onto open access operators. This is likely to undermine the business model of Open Access operators like Lumo that have relied upon not having to pay full fixed track access charges. Nevertheless, it is vital to protect the jobs of the staff on these services and, in the event of market exit, incorporate them into GBR. We have set out to Government that as open access track contracts expire or operators exit the market, all jobs must be protected and incorporated into GBR.

Until now, open access operators have applied to the market regulator, the ORR for track access contracts to run services on the railway, but this responsibility will shift from ORR to GBR. Crucially, unlike now, GBR will retain the power to levy full costs incurred onto open access operators, which will likely undermine their business models that have relied upon not having to pay full fixed track access charges. RMT has recognition for the purposes of collective bargaining at all of the open access operators, and we have set out to Government that as open access track contracts expire or operators exit the market, all jobs must be protected and incorporated into GBR.

With relation to Freight, we believe that the Railways Bill misses an opportunity to create an integrated publicly owned Business Unit within GBR. An option for Freight to have been taken into GBR could have been developed, which would have allowed decisions over growing freight volumes and path allocation to be internalised within GBR. Given the additional powers of Scottish Ministers in relation to GBR, this would have entailed more powers over cross-border freight services running into Scotland. As things stand, Freight remains in the private sector, at one remove from both GBR and Scottish Ministers.