



Department
for Transport

Policy paper

Fares: House of Lords Railways Bill fact sheet

Updated 9 October 2026

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This publication is available at <https://www.gov.uk/government/publications/railways-bill/fares-house-of-lords-railways-bill-fact-sheet>

Fares: House of Lords Railways Bill fact sheet

Today's rail fares are confusing and inconsistent, with 1 in 4 passengers rating them as poor value for money, according to a [2026 Transport Focus report \(PDF\)](https://d3cez36w5wymxj.cloudfront.net/wp-content/uploads/2026/03/03121818/What-Matters-to-Rail-Passengers-in-Great-Britain-2026-v2.pdf) (<https://d3cez36w5wymxj.cloudfront.net/wp-content/uploads/2026/03/03121818/What-Matters-to-Rail-Passengers-in-Great-Britain-2026-v2.pdf>). Fares are also central to the railway's finances: in 2024/25, [total rail industry revenue](https://dataportal.orr.gov.uk/statistics/finance/rail-industry-finance/) was £25.9 billion, of which £11.5 billion came from fares (<https://dataportal.orr.gov.uk/statistics/finance/rail-industry-finance/>). Getting fares right is a top priority for passengers and the government – supporting both affordable travel and financial sustainability. The Railways Bill will fundamentally reform how fares are regulated and managed.

To support the introduction of the bill in the House of Commons, we published a [fares factsheet](https://www.gov.uk/government/publications/railways-bill/railways-bill-fares). (<https://www.gov.uk/government/publications/railways-bill/railways-bill-fares>) This sets out how the bill will update fares legislation to make it applicable for a publicly owned railway – empowering Great British Railways (GBR) to simplify fares, providing a clear framework and statutory responsibility, while granting GBR freedom to design and manage fares in line with customer demand and operational needs. The bill also safeguards existing statutory discount schemes – for young, older, and disabled passengers – which today are delivered through railcards.

This factsheet sets out more detail on how fares regulation works today, and how we expect the Secretary of State's powers to set objectives and controls to be used in practice to support reform of fares and to protect passengers.

Fares regulation under the current privatised model and the need for change

The current system was designed for privatisation, where protections were needed to ensure operators did not increase fares excessively. Regulated fares can only increase up to the annual cap, which is usually linked to retail prices index (RPI) inflation, set by the Secretary of State annually. [Since 2010,](#)

regulated and unregulated standard-class fares have risen by broadly similar amounts – 71% and 65% nationally, and 72% and 71% in London and the south-east (<https://dataportal.orr.gov.uk/statistics/finance/rail-fares/table-7180-average-change-in-fares-by-regulated-and-unregulated-tickets/>) – showing the impact of the cap on all fare levels.

Despite the term ‘fares regulation’, there are no specific statutory constraints on fares – instead, the contracts the Secretary of State agrees with train operators cap increases to specified fares in line with agreed limits. The fares that are regulated in this way are generally season tickets, peak fares for shorter distance journeys and in the Southeast, and off-peak returns for longer journeys, reflecting the needs to protect commuters and provide affordable regional travel. Travel patterns have however changed: fewer people buy season tickets, with more using advance fares, and regulation can make it harder to tackle anomalies such as single fares which can be only 10p less than a return fare. This confuses passengers and limits operators’ ability to use fares more actively to manage demand and capacity.

Decisions on fares should be taken with a long-term perspective, balancing objectives such as revenue and demand while considering affordability for passengers and the cost of the railway to taxpayers.

What will replace the current approach and how it will work in practice

Under the reformed model, the Secretary of State’s powers would reflect their accountability to Parliament for the overall objectives and public funding of the railway, while allowing Great British Railways (GBR) to take day-to-day fares decisions.

The Secretary of State will set fares objectives and controls within which GBR must operate. Directions on how GBR should set fares will be periodically reviewed alongside funding decisions and reflected in GBR’s five-year Business Plans. GBR would then manage fares within that framework.

Fares policy will also be aligned with the Secretary of State’s long-term rail strategy. That matters because the strategy will expect GBR to run the railway on a financially sustainable, efficient and value-for-money basis, balancing fare income with public funding, while supporting an affordable and accessible railway.

The objectives the Secretary of State will pursue

The Secretary of State will have the levers to set objectives for fares – for example, simplifying fares, improving affordability for younger people, or encouraging more intercity journeys by rail – alongside controls to protect passengers, which could include limits on overall increases for specific products, for example certain season tickets, or markets.

Those safeguards could vary by market. Commuter and travel-to-work markets are likely to need stronger controls, because passengers are often more dependent on rail and less able to change when or how they travel. Longer-distance and more discretionary markets could allow greater pricing flexibility, provided passengers continue to have access to affordable options, such as cheaper advance fares.

This should support a fares system that is easier to understand, fairer and more responsive to how people travel, while maintaining clear ministerial oversight of overall fare levels and passenger outcomes. It would also give GBR greater scope to manage demand, make better use of capacity and support revenue growth, reducing unnecessary pressure on taxpayers.

How this will enable wider fares, ticketing and retailing reform

Greater GBR operational ownership of fares should accelerate the ability to deliver reforms such as fares simplification. This is needed to deliver pay-as-you-go (PAYG) schemes and ensure GBR can align demand and pricing to make best use of the capacity. These changes depend on fares structures, pricing and delivery being joined up. Giving GBR greater responsibility would allow decisions to be taken together, closer to passengers and markets, making it easier to develop, trial and deliver improvements within the Secretary of State's framework. For example, changes to fares are necessary to deliver simple PAYG ticketing, where passengers pay for the journeys they actually make. They are also needed to move away from fares based on traditional peak times on long-distance routes that do not reflect actual demand patterns.

In practice, this should mean GBR is able to offer passengers simpler choices, better value and a better overall experience: fares that make sense, such as returns priced consistently with two singles – more lower fares for those booking ahead or travelling at quieter times – and fewer confusing ticket options. It should also help spread demand, reduce crowding and, over time, reduce the need for passengers to use split tickets to secure the cheapest fare.

Next steps

We currently envisage introducing the new fares objectives and controls alongside GBR's first multi-year financial settlements in April 2029, so fares policy is aligned from the outset with the integrated business plan and set up to deliver the Secretary of State's long-term rail strategy.

In the interim, we will look to move progressively towards this model where appropriate, enabling earlier reforms and passenger benefits. Existing arrangements will continue while government develops the Secretary of State's objectives and the controls that will guide GBR's approach to fares.



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