

Les Waters
Head of Licensing



Company Secretary
Network Rail Infrastructure Limited
Waterloo General Office
London
SE1 8SW

19 January 2024

ORR consent under network licence Condition 18 (*Interests in railway vehicles*): Exhibition train for Railway 200

Decision

1. On 1 December 2023, Network Rail Infrastructure Limited (Network Rail) applied to the Office of Rail and Road for consent, under Condition 18 of its network licence, to a proposed arrangement under which Network Rail would own a small number of railway vehicles for use in an exhibition train for “Railway 200” events. The proposal is described in more detail in Network Rail’s application, attached at Annex A.

2. We have considered the information supplied by Network Rail. For the purposes of Condition 18 of Network Rail’s network licence, ORR consents to the licence holder entering into the arrangement, as proposed.

Reasons for decision

3. The purpose of Condition 18 is to prohibit the licence holder from becoming involved in train operations without ORR’s consent; to avoid unfair train service competition between the licence holder and train operators.

4. The proposed arrangement would entail Network Rail having a direct interest in the ownership of railway vehicles that would not be used wholly or mainly for its licensed activities – which would contravene Condition 18 of its network licence.

5. We note that Network Rail’s proposals do not raise issues of ‘vertical integration’ for us to consider. In particular, we note that Network Rail has confirmed that the carriages would not carry any fare paying passengers or goods and, as such, the proposed arrangement would not bring Network Rail into competition with train operators.

6. We have no concerns that the proposals would impact Network Rail’s operation of its network.

7. We also note that Network Rail has not requested consent under Condition 16 (*Financial ring-fence*) of its network licence. Condition 16 restricts Network Rail’s engagement on activities that are not core to its licensed business and it has confirmed that the small-scale expenditure related to exhibition train proposals will be conducted as *De Minimis* business under Condition 16.



8. On the basis of the application and all information we have received from Network Rail, and having had regard to our duties under section 4 of the Railways Act 1993, we consent for the purposes of Condition 18 of the network licence to Network Rail entering into the arrangement, as proposed. The consent applies effective immediately until 26 September 2026.

9. We may at any time modify or revoke this consent after consulting you if it appears to us to be requisite or expedient to do so, having regard to the duties imposed on us by section 4 of the Railways Act.

19/01/2024

X

Les Waters

Head of Licensing

Signed by: S-1-12-1-966673442-1316586399-15867803-3367161311/6cf3732f-04be-44fd-8530-4edcf25f86

Duly authorised by the Office of Rail and Road



Les Waters
Head of Licensing
Office and Rail and Road
25 Cabot Square
London

(Sent by email)

Network Rail Infrastructure Limited
The Quadrant
Elder Gate
Milton Keynes

Email:

[REDACTED]

1 December 2023

Dear Les,

Network Licence, Condition 18 (Interest in railway vehicles): Exhibition train for Railway 200

27 September 2025 will be the 200th anniversary of the first passenger railway journey. [Railway 200](#) is the railway industry's plan for a year-long series of coordinated events to celebrate this milestone. One of the ways Network Rail Infrastructure Limited ("Network Rail") is proposing to support Railway 200 is through the provision of a mobile exhibition train that will tour Great Britain. As Licence Condition 18 ("LC18") of the Network Licence restricts situations where Network Rail can hold a direct or indirect interest in railways vehicles, this letter is to request ORR's consent for this activity.

Background

In 1825 George Stephenson's Locomotion No.1 hauled the world's first passenger train along the Stockton and Darlington railway. 2025 will mark two hundred years since this first journey. In celebration of this anniversary the rail industry has come together to develop Railway 200, a year-long programme of fun, educational, inspiring, and sometimes unexpected, events and activities for people of all ages. It is the industry's aim to use the anniversary to inspire the next generation of STEM professionals and encourage young people to choose a career in rail's exciting, digital, green, future. This celebration will highlight the extraordinary historical contribution of the railway to the UK and the world, set out how it is being renewed for the future, and provide an opportunity to support wider government and industry objectives including addressing the STEM skills gap, economic growth, and Net Zero.

Proposal

One core component of Railway 200 is a mobile train exhibition. The Exhibition Train is proposed to comprise of 4 carriages which will be owned by Network Rail. It will travel on the mainline network to selected stations, heritage railway lines and rail connected locations such as the National Railway Museum in York and Locomotion in Shildon, where it will stop and be open to the public to enter and view the exhibition. A licensed train operator will provide the loco and a 'no passengers' haulage service.

The content of the 4 carriages will be as follows:

1. **Railway Firsts (exhibition)** – proposed to be curated by the National Railway Museum, part of the Science Museum Group
2. **Wonderlab on Wheels (interactive experience)** – proposed to be curated by the National Railway Museum, part of the Science Museum Group
3. **Careers Coach (activity space)** – led by Network Rail
4. **Admin/support coach** (for the operation of the train; not open to the public)

The targeted learning outcomes are for visitors to:

- Feel inspired and energised by the story of British railways and their impact on the cultural, social, and engineering landscape of the nation
- Come away with a broader understanding of railway careers and an appreciation for the diversity of the industry
- Have a more positive perception of the railways overall
- Understand that the rail industry is now a forward-thinking digital industry and is vital in the fight to combat climate change

The Exhibition Train will travel to destinations across England, Scotland, and Wales, run as a Charter Service. It will visit mainline railway stations which have the space and operational flexibility to host it for up to a week at a time, which are fully accessible, and which are well connected to public and active travel networks. It may also visit other locations which are connected to the mainline such as Heritage Railways and destinations such as the National Railway Museum, York; Locomotion, Shildon; STEAM

museum, Swindon; Rail Live; and the Global Centre of Rail Excellence, Wales. At no point will the train carry fare paying passengers between locations – only operational members of staff.

Once Railway 200 is over, the current thinking is the carriages will be loaned to industry partners (e.g. National Railway Museum) to deliver a long-term benefit, and not just for 2025. Whilst details have not yet been developed, lots of railways will be celebrating 200-year anniversaries in the coming years and it is hoped the exhibition train can be part of their local activity.

Network Rail is currently investigating different options for obtaining the carriages. The current most likely option is to purchase a rake of 7 carriages for c.£10k each, and use the surplus carriages for other permitted business uses (infrastructure monitoring, Royal Train etc.) We are seeking ORR consent to own, refurbish and operate the four carriages to be used for the Exhibition Train in advance of completing any transaction.

Licence Condition 18 considerations

Licence Condition 18 states:

18.1 The licence holder shall not hold any direct or indirect interest in the ownership

or operation of any railway vehicle in Great Britain, except where:

(a) ORR has consented to the licence holder holding the interest;

(b) the railway vehicle is used wholly or mainly for the Licensed Activities;

or

(c) the railway vehicle forms part of the Royal Train

As stated in [a letter](#) from Rob Plaskitt dated 20 December 2012, “*the key purpose of condition 5 [now condition 18] is to prohibit the network licence holder from entering into arrangements that would constitute vertical integration with passenger train operators*”. In our proposal:

- The carriages will not carry any fare paying passengers, and hence not act as a competitor to train operators
- One of main purposes of the carriages is to promote the rail industry, and in particular Network Rail, as good place to pursue a career; attracting employees is a pre-requisite to being able to meet the Network Management Duty.

Other Licence considerations

There may be other licence conditions that need to be considered as part of this proposal, in particular, Licence Condition 16 (Financial ring-fence.) This may include the use of the 'de minimis' facility, but at this stage, the scope and quantum of costs have not been developed, plus there is an aspiration to attract some level of third-party funding. As the position becomes clearer, both in terms of the plans for Railway 200 and also beyond that, we will keep you updated and will record any such spend in the regulatory accounts. Therefore, this letter is seeking consent to own and operate the Exhibition Train for Railway 200 and under LC18 only.

Conclusion

We believe that this proposal meets the key purpose of LC18. Network Rail therefore requests that ORR consider providing specific consent for Network Rail to own and operate these railway carriages in the manner set out in this letter.

Yours sincerely,



Head of Regulatory Compliance & Reporting

On behalf of Network Rail Infrastructure Limited