

ORR recommends further action to tackle signalling market competition concerns

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The Office of Rail and Road (ORR) has found that competition needs to be improved in Great Britain's railway signalling market particularly as new technologies are rolled out as part of Network Rail's delivery of the Digital Railway programme. This follows completion of the first stage of its study into this important market. ORR intends to take action to address this issue.

Signalling systems are an essential part of the railway. They keep passengers safe by ensuring trains are routed correctly and safely through the network and play an important role in maximising capacity on Great Britain's congested network.

In today's update paper, ORR raises concerns that the two main signalling suppliers, Siemens and Alstom, enjoy significant power in the market, and alternative companies struggle to compete with them on a level playing field.

ORR considers that the two main players have incumbency advantages, stemming back to rail privatisation. Their control of technology which is predominant across the network makes it difficult for new suppliers to bring in innovative products or approaches. The way the market works also reduces

incentives for new suppliers to make the investment necessary to be competitive in Great Britain. ORR is concerned that these entrenched advantages and competition problems will be carried through to the roll-out of alternative signalling technologies.

ORR believes the rollout of the Digital Railway presents a unique opportunity to diversify the supply chain and increase rivalry. Increasing the number of players in the market will help Network Rail drive better value and innovation.

ORR is challenging industry to tackle barriers it has identified so that new suppliers have a fair opportunity to compete, and are incentivised to invest and bid for signalling projects. These solutions will need to recognise the need for Network Rail to maintain an effective and safe signalling system, whilst also harnessing the benefits of increased competition.

John Larkinson, ORR Chief Executive, said: “Our study has found that there are competition issues in the critical signalling market. There are no quick fixes to address these problems, but we are committed to challenging industry to seize the opportunity of the rollout of new approaches to signalling to diversify the supply chain, and, ensure Network Rail is able to drive value and innovation from its suppliers.”

[Market study into the supply of signalling systems – May 2021 update.](#)

Photo credit: Office of Rail and Road