



Moving forward together:

Why open access is essential for a better railway

FirstGroup plc January 2025



What is open access rail?

Open access has been a hugely successful aspect of the rail industry over the last 25 years, connecting previously under-served places and providing additional capacity which help drive more people towards rail and away from less sustainable forms of transport.

Open access services provide choice to customers and healthy competition between operators, encouraging more passengers overall. Today, Lumo, Hull Trains and Grand Central operate long-distance routes, while Heathrow Express is a regional open access service.

Open access operators pay a variable set of charges to take account of the fact that many of their trains run during quieter, off-peak periods. In addition, charges for open access incentivise new, commercially operated services to underserved areas like Bradford, Hull, and

Sunderland - towns which would otherwise require taxpayer subsidies under traditional rail models. This arrangement is proportionate given the significant value open access operators bring to the communities they serve.

To get open access routes up and running, rail experts identify places where there is market demand and a gap in the timetable. They propose services alongside the main nationally contracted operators. When they do so, the operator is also responsible for setting fares in return for paying the cost of rolling stock leasing, track access charges and staff.

Once applications are made, the Office of Rail and Road (ORR) assesses them to consider network capacity, performance risks and business cases to ensure they are not "primarily abstractive", meaning taking market share from existing operators. The history of open access shows good outcomes in all areas.



Moving forward: How open access can grow the railway

Before Hull Trains started operating in 2000, there was only one daily service to Hull. Now there are eight.

The increased connectivity from Hull and the Humber demonstrates how open access can readily serve new and under-served markets, stimulating local regeneration and enabling more people to access key economic hubs, places of employment, leisure and education.

Open access complements existing government-contracted operators, by bringing healthy competition and more choice to customers – resulting in higher performance levels and more people choosing to travel by train.

This report celebrates what has been achieved over the past 25 years and how open access is a vital contributor to a bigger, better and growing railway in the years to come.

Open access has delivered huge improvements to the railway over the past two decades. As the Government embarks on significant rail reform, it is vital open access is embraced and allowed to deliver more, rather than being marginalised. Leading that delivery is our mission.

The reason is clear. We know open access operations complement and add to services offered to passengers. FirstGroup's open access businesses today co-exist alongside the East Coast Mainline services which are nationally contracted by Government, growing demand for every operator by ensuring more people travel by train.

While the main operators are soon to be run within Great British Railways (GBR), under the new Labour Government's reforms, the mixed economy can and should continue, and the independent ORR should be properly empowered to continue granting access to the network where value and capacity allows.

Services like Lumo and Hull Trains are provided entirely at our own commercial risk – connecting destinations which are under-served by those national contracts or providing a different

customer experience. They create jobs and millions of pounds in economic benefit to the UK, while driving modal shift in public transport.

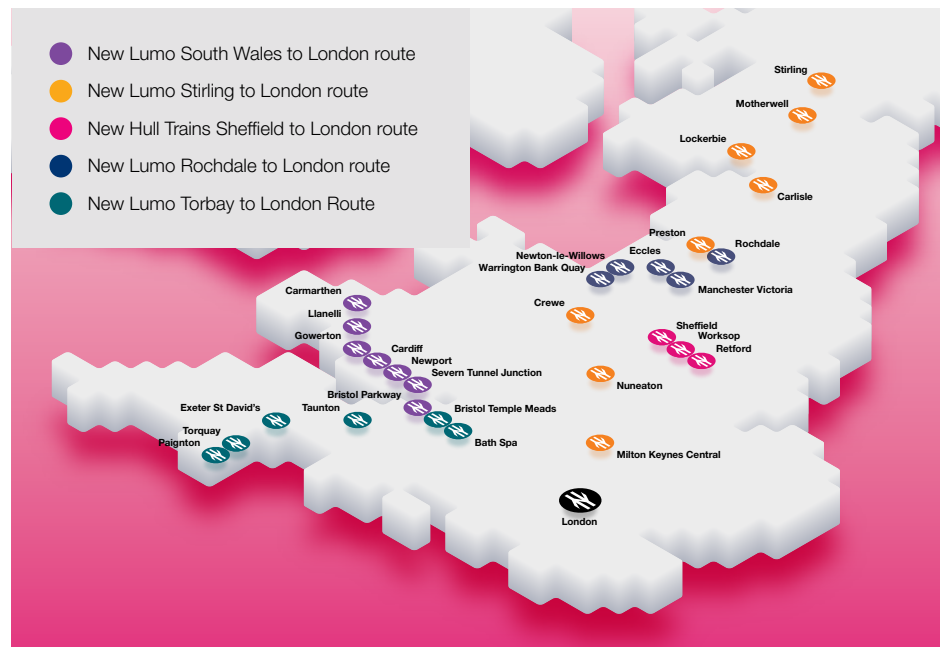
Because of how they are created, it is no surprise these services consistently top customer satisfaction rankings. They have to be focused on generating and satisfying specific passenger needs to thrive.

Independent economic studies of Lumo and Hull Trains shows open access increases the total number of people using the railway overall, either by attracting them away from using cars and planes, or by inspiring brand new journeys.

To help meet that demand, we are already investing circa £500m in new trains from Hitachi's Newton Aycliffe factory - with potentially £460m more to come if further routes are approved.

This is why, as the Government begins to move existing rail contracts to public sector operation, there is nothing to fear from a thriving open access sector. Indeed, it must be encouraged.

Open access is a vital part of our rail map: it is imperative this new Government embraces open access and removes barriers to new services. Our mission is to deliver more open access, alongside industry partners, and together grow rail in Great Britain.



Steve Montgomery, Managing Director, First Rail

A successful history in UK rail

It's been 25 years since long-distance open access trains first appeared on the UK's railways as a result of the privatisation of British Rail in 1997. Following the revolution in rail services, it was clear there were not enough direct trains to London across the Yorkshire and the East Riding region. Hull Trains was created in response and FirstGroup has nurtured it to the business it is today.

Hull Trains started as a daily service with two trains a day. As demand has progressively expanded, there are now as many as eight services a day from the Humber region direct to London, delivering ten-car trains to meet demand where nationally-contracted operators have not been able to run vital services.

Where Hull Trains started as the first long-distance open access operator under the last Labour Government, others have followed. Since the first Hull Trains service ran in 2000, there has been an increase in open access operators on the railway, with the establishment of Grand Central and other companies. FirstGroup delivered our own expansion of British open access when we launched Lumo in 2021.

Serving the East Coast Main Line from Edinburgh to London Kings Cross, stopping in Morpeth, Newcastle and Stevenage, Lumo offers five services a day with an all-electric fleet and a mission to shake up the wider industry.

Lumo's innovative fleet and single class service is demonstrating open access is not only at the forefront of UK connectivity but also performance and sustainability.

As a pioneer of British open access, FirstGroup is now looking toward a further expansion of Hull Trains services to Sheffield, via Worksop, connecting more communities with additional services - if the

independent ORR give the plans a clear signal. Lumo will extend to South Wales, the South West of England and more Scottish destinations.

Each of the providers in the market today has a unique offer. Grand Central links Sunderland and Bradford to London via the East Coast Mainline. Regionally, the Heathrow Express offers a rapid shuttle service from London Paddington while its track access agreement provided for investment in crucial infrastructure.

All of the operators demonstrate the potential for a growing mixed economy in rail. As the Government delivers its policies, open access retains a key role in broadening the network, securing innovation into the future.



In September 2000, the first Hull Trains service headed Hull bound after departing London King's Cross station



Hull Trains has established itself as a key transportation provider for residents and visitors alike in Hull and the wider community. Their commitment to excellence has put Hull on the map

Karl Turner, MP Hull East

What does it take to create an open access route today?

The process to identify, design and deliver a new open access route currently takes up to five years. Once awarded by the ORR, agreements are in place for up to ten years, with track charges reviewed after five years.

Timeline

- Research to identify gaps in the timetable which could support additional services or enable new places to be served by trains
- Business case development to outline the commercial case. Operators have control over prices and working terms and conditions
- Submission to the ORR for review. This typically takes six months for a review of existing routes and 12 months for brand new routes
- A four week consultation of other operators and Network Rail
- To progress, further detailed modelling on passenger numbers and expected revenue is carried out
- Subject to the consultation, the ORR awards a track access agreement, which gives permission to the open access operator to run services
- Only once approved can orders for new trains be signed off, a process which can take up to three years where new trains and carriages need to be built



Open access saves time, money and the environment, data shows

Open access operators deliver substantial economic benefits. Arup studies show since Hull Trains' launch in 2000 an estimated up to £380m worth of economic benefits have been realised, while on Lumo the benefit has been calculated as at least £470m.

Passengers and communities gain by saving time and accessing cheaper fares, while the wider economy benefits from modal shift to rail, productivity benefits through connectivity and the direct jobs the services supports.

Open access also has an important role to play in delivering a bundle of economic benefits - demonstrating how improved connectivity between key locations boosts the productivity of workers drives growth in the overall UK economy.

By increasing the number of direct routes between populous cities in the UK, commuters are able to get to their destination quicker and spend their time more productively.

Research demonstrates how Hull Trains in particular has delivered economic gains across the Hull, Humber and East Riding region by significantly improving connectivity with London. The increase in train frequencies over time has unlocked opportunities for business and leisure trips between Hull and London, enabling further agglomeration benefits to be achieved.


By handing commercial risk to operators, open access also enables fairer and in many cases

cheaper fares. Lumo is highly competitive, attracting customers who may not have previously considered rail at all. Higher passenger volumes means rail usage can rise without hitting the revenues of Government-contracted operators.

Arup analysis shows Hull Trains has also been able to generate up to £380m in economic benefits over the 20 years since it has launched - with potentially £320m more by 2032. Together, the two operators are on track to deliver £1.4bn in economic benefits by the end of their track access agreements. In addition to economic gain, modal shift on both lines - away from cars on the route to Hull and planes to Newcastle and Edinburgh - cuts emissions.

“ Our successful investment in open access through Lumo and Hull Trains has helped connect communities and drive economic growth

Graham Sutherland, Chief Executive Officer, FirstGroup

Economic benefit of Hull Trains operations	Estimated total from launch to 2022	Estimated total from 2023 to 2032	Overall total from launch to 2032
 Time saving	£100m-130m, of which £75m-100m business time savings (GVA)	£75m-100m, of which £55m-80m represents GVA	£175m-230m, of which £130m-180m represents GVA
 Direct employment	£35m-70m (GVA)	£25m-45m (GVA)	£60m-115m (GVA)
 Environmental benefit	c.£13-35m	£5m-£10m	£18m-45m
Totals quantified by external reports by Arup	£185m-380m, of which c.£120m-210m GVA	£140m-320m, of which c.£85m-150m GVA	£325m-700m, of which c.£200m-350m GVA

Open access encourages more passengers to choose the train across all operators

Open access operators have a strong track record of generating additional journeys by train, not displacing existing ones made on the current operators.

This is critical for growing the railway overall, driving modal shift and improving the environment by cutting carbon emissions. Modelling suggests there will be 300,000 more journeys between Rochdale and London by 2030, and 340,000 by 2037. Lumo has added a new option for business travellers between London and Newcastle, enabling them to leave before 6am, earlier than the normal peak rush hour, and arrive in at around 8.30am - offering a new service to people who might otherwise drive or fly.

Nationwide, not all services which operated before the pandemic have yet been restored. That means to grow the railway overall there is space for additional trains to run. Open access is a vital way of delivering services where it is not possible for existing operators to do so. That is why it essential for the regulator to assess track access applications on the basis the total number of journeys is not capped by current market demand. Successful open access operators are not revenue abstractive from existing services.





Supporting jobs, growth and innovation

Open access is a key to unlock economic opportunities and growth. Economic studies show direct connectivity to London and other large cities drives jobs and productivity.

The creation of a new operator ensures orders are placed for rolling stock, both new and refurbished. This supports the rail supply chain and encourages innovation, such as the electric and battery-power trains planned for Lumo's proposed services to Rochdale. And they drive competition, without any direct public subsidy, ensuring investment can drive improvements for passengers, helping more people to take the train than ever before.

Lumo has delivered these benefits on its current Edinburgh to London route

Economic impact

-  **£470m to £740m economic benefits** 2021-2033
-  **£21m to £43m direct employment benefits** 2021-2033
-  **77% of Lumo employees recruited on apprenticeships**
-  **111 jobs created**

Quantified by external reports by Arup

340,000

potential extra passenger journeys a year by 2037 on just one route between London and Rochdale

£480m

projected economic benefit to Rochdale and the North West from new Lumo routes via Manchester Victoria

6.2m

Lumo has helped generate over 6.2m additional rail journeys since launch, with 3.9m carried on Lumo services

30%

cheaper fares on Lumo compared to equivalent walk-up tickets, encouraging customers to take the train

Lumo drives modal shift and promotes social mobility on the East Coast...

Lumo has carried more than three million passengers between London, Newcastle and Edinburgh since 2021. With fares on average 30% cheaper than other operators, Lumo has driven modal shift, encouraging people out of cars and planes and on to all-electric trains, promoting more sustainable, cross-border travel.



Lumo runs 70 services a week between London and Edinburgh via Stevenage, Newcastle and Morpeth, with a 'one class' inclusive offer.

Since launching in 2021, Lumo has seen demand for its services increase by 30%. In the 12 months to September 2024, compared to 2018/19, overall usage of the East Coast Mainline rose 18%, including 11% growth at LNER, against a wider industry fall of 4%¹. This shows demand is rising overall, fuelled by open access, attracting new passengers to the railway, rather than existing passengers moving from one operator to another.

One reason for this is Lumo's fares, which are around one third to one half lower than fares offered by other operators. This has attracted a broader demographic of customers who may otherwise be priced out of travelling.

Competitive fares have the further benefit of helping more people access education and employment opportunities. They unlock the ability to commute to economic hubs in London, Edinburgh and Newcastle without sacrificing

where they live and ensuring salaries are spent locally.

The service has clearly shifted travel from cars and planes to rail. After one year of Lumo services, for the first time more than half of journeys between Edinburgh and London were by rail (compared with 35% pre-Covid). This means Lumo has helped its customers save 60.6kt of carbon emissions, the equivalent of 684,000 flights between the two capitals - all while bringing additional international tourism to Edinburgh via easy connections to Eurostar at St Pancras International.

The success of Lumo has contributed to the economy too. The service is on track to deliver up to £740m in economic benefits by the end of its track access agreement in 2033. The company trains all of its drivers in-house, diversifying talent with the railway industry. And it does it all while paying £5.20 per train mile in 2025/26 to support network costs, 10% more than LNER and 35% more than Avanti West Coast, according to ORR data.

...While Hull Trains delivers for previously under served communities in Yorkshire

Hull Trains is the country's oldest and most successful long-distance open access rail operation. It launched in 2000 and operates train services between Beverley, Hull and the Humber region, and London King's Cross, bringing significant economic, environmental and social benefits to Hull, the East Riding and beyond.



Prior to Hull Trains launching, Hull was poorly served, with only one train per day in each direction between Hull and London, operated by what is now LNER.

Today, Hull Trains operates seven of the eight daily services to London and back – introducing new stops along the route and an overall increase in total weekly seats of almost 500%.

It now runs 94 services a week, with its new bi-mode fleet of trains extended to 10-carriages on the busiest services. It is one of the best performing operators in England with fewer than 1% of trains cancelled in 2023-24 and 96% customer satisfaction, consistently topping the rankings across all types of train companies.

Just like other open access operators, this surge in passenger demand has a 'halo' effect on the wider network, growing the market for LNER and other operators using the East Coast Mainline.

At the same time, Hull Trains has invested in infrastructure along the route - including funding station upgrades at Howden.

Thanks to Hull Trains' innovative marketing and flexible approach to fares and ticketing, demand is now around 40% above pre-Covid levels and well above the industry average.

The success of Hull Trains over the past 25 years has made - and will continue to make - a huge contribution to the economy. Independent analysis by Arup estimates the operator is on track to deliver up to £700m in economic benefits by the end of its track access agreement in 2032 by saving passengers time, fuelling job creation and protecting the environment.

The University of Hull has seen many more of its students stay in the region after graduating than the national average - at 19% rather than 11.5% - with students telling analysts at Prospects Luminate the connectivity to London is a factor.

Going for growth: Where First Rail's open access operators will go next...

The great opportunities of open access are growth and flexibility. By using industry insights and expertise on running services, open access operators can make an assessment of a possible service and then take a decision on whether adding the service is a good business risk.

In return for that risk, communities receive a new service and all of the associated economic benefits. As we have seen, creating direct links to London and new services between conurbations has a direct impact on local jobs and growth.

First Rail is already a leader in this activity. We have a live application to deliver a new Hull Trains route to Sheffield, which would initially offer two return trains a day – the first direct London King's Cross to Sheffield service since 1968, and with important stops at Retford, Worksop and Woodhouse.

Lumo's East Coast route could soon extend to Glasgow Queen Street, as some trains will travel beyond Edinburgh by the end of 2025 if track access applications are approved.

And Lumo's next stop is planned for Rochdale. Under our proposals, six return trains a day would travel from Euston via Warrington Bank Quay and Manchester Victoria. Services have not run on this route since 2000 and it could connect 1.6m people with convenient trains to London. Arup analysis suggests the additional services could be worth around £500m to Rochdale and its local economy.

The key to open access is operators making a commercial judgment to serve places which nationally contracted services cannot or will not serve. The objective is always to add choice for passengers, delivering value for money and growing the rail sector - all without any direct public subsidy and while contributing to the fixed costs of running the network.

In some cases, these judgments are about identifying places where there have historically been direct services which have fallen away. In other examples, open access would deliver a brand new service to a community. Exploring these options is an activity innovative, private-sector rail businesses are best suited to do.

The opportunity is significant: across the timetable, we know only around 90% of the services which operated before the pandemic are operating today.

That creates an exciting opportunity for growth in many places, while respecting the important needs of freight operators and nationally-contracted services.

...while they deliver for passengers right across England, Wales and Scotland

While Lumo and Hull Trains will soon offer fast connections across both the East and West Coast Mainlines, they also lay the foundations for a Great British network of open access operations which complements the publicly-owned railway in every part of the country and offers more choice to passengers.

Building on the success of Lumo and Hull Trains will extend the benefit for customers across huge new swathes of the country. The next step will be to roll out four return services a day between London Euston and Stirling. Permission was granted in March to run four daily return services and development of the route is well underway.

The plans will add services to vital community stations across the Scottish Borders, linking Lockerbie, Motherwell, Whifflet, Greenfaulds and Larbert to London, with additional stops at Carlisle, Preston, Nuneaton, Crewe and Milton Keynes.

Departing next will be a new London to South Wales route from December 2027, following the acquisition of Grand Union Trains by FirstGroup. The five-times a day return service will link Severn Tunnel Junction and Gowerton directly to London Paddington for the first time, while also significantly improving the service from Llanelli before it terminates in Carmarthen.

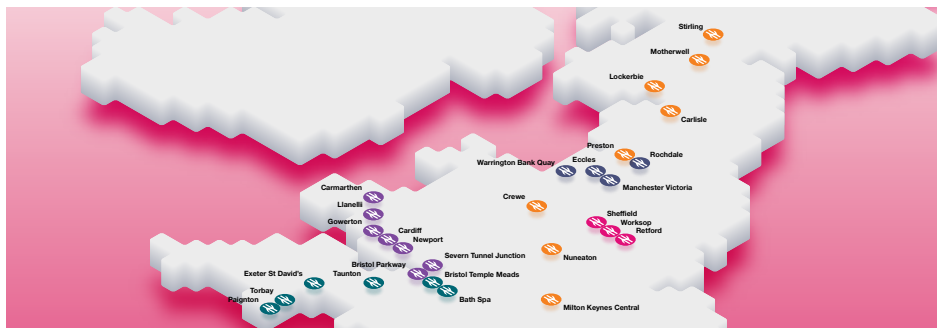
It means passengers using Cardiff Central, Newport and Bristol Parkway will all be able to choose Lumo for the first time, alongside the existing GWR service which runs between the cities.

We expect the choice for passengers to drive more travel overall, just as has been seen on Lumo's existing routes - passenger numbers on the East Coast Mainline is now higher than in 2019.

As well as improving consumer choice for travel from the South Wales into London, the service is expected to directly create around 100 new jobs.

Delivery of routes to Scotland and Wales is not the end of the current ambition. A further application has been lodged to deliver services from Torbay in Devon to Paddington from May 2028, driving modal shift away from cars and toward trains.

Currently, the Torbay area has only three direct trains to London per day and if approved, the new route proposal will more than double capacity, adding an extra five services each day - calling at stations including Exeter St David's, Taunton, Bristol Temple Meads and Bath Spa. The new service will add vital transport links which will help to power a new economic region already benefiting from investment by Arla and Jaguar Land Rover.



Lumo has already delivered new choices for passengers on the East Coast, encouraging more people onto trains and driving modal shift away from cars and planes. We're excited to bring Lumo to Stirling, South Wales and Torbay.

Stuart Jones, Commercial Director, First Rail



Open access is an established model which already successfully operates across Europe

With similar models operating in France, Italy, Spain, Austria and beyond, open access operation has thrived across Europe since the market was liberalised in 2016, creating the opportunity for the sharing of best practice across borders. It is important the UK does not fall behind.

In Europe, regulations supporting open access are underpinned by the European Union. The Fourth Rail Package, passed in 2016, created a single market for rail competition across EU member states, from which passengers have benefited greatly from open access.

There are strong examples in many countries. In Italy, NTV's Italo brand has operated since 2012. As the country's leading open access operator it has competed well with traditional train operating companies, running alternative services alongside them, offering choice to passengers across the country.

In the first year of open access in Italy, consumers were offered ticket prices which were 31% cheaper than standard. The service has grown rapidly and in the last four years, Italo has offered an average of 110 services a day. Overall, this means passengers in Italy are better connected at a lower cost.



Ouigo Espana has delivered cheaper tickets and increased services since launching in 2021, and as of 2024 it has a ridership of nearly 4m people per year - helping to drive a huge modal shift between the two Spanish cities as 78% of travellers preferring to take the train rather than choosing to fly.

Across the continent, European Commission research in 2024 has found that open access has reduced ticket prices and freight transport costs, amongst other benefits. Wider economic benefits have been felt along the rail supply chain.

In short, the EU's nurturing and protection of open access routes has brought tangible benefits to people's lives. Market liberalisation in Europe offers lessons which GBR and the Department for Transport can learn from.

31%

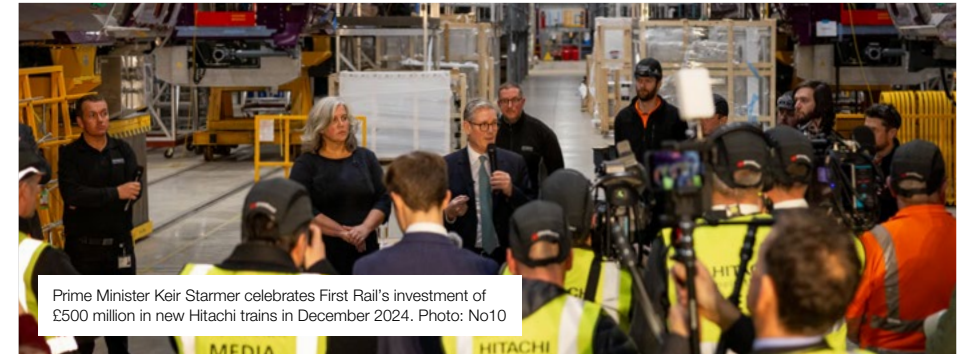
Typical ticket price reduction on open access services in Italy

4m

passengers on Ouigo Espana open access trains operating between Barcelona and Madrid

110

Extra services each day on NTV's Italo since it started running trains alongside traditional operators in 2012



Building for the future: Investing in new UK-built trains for passengers

Open access is already supporting £500m of new investment in the Newton Aycliffe factory operated by Hitachi Rail, which employs around 700 people on a site next door to where George Stephenson built Britain's very first passenger locomotive in 1825.

FirstGroup is investing circa £500m expanding its fleet to service open access routes across Great Britain.

Adding 14 UK-built trains - a total of 70 vehicles - to the fleet will see brand-new electric, battery-electric or bi-mode trains running under Lumo and Hull Trains routes in the coming years.

The partnership, with rolling stock company Angel Trains and manufacturer Hitachi Rail Limited, will help to secure the skills base and jobs in the local area around the Hitachi factory in Newton Aycliffe.

Manufacturing will take place between now and December 2027, while maintenance agreements will be in place for the next ten years - guaranteeing a long-term work programme for the teams of staff across the UK responsible for building the new trains.

The circa £500m deal was only made possible once the arrangements for FirstGroup's open access route to South Wales were confirmed.

Once delivered, the trains will be used on both new routes outlined earlier in this report and the existing ones run by Lumo and Hull Trains along the East Coast Mainline.

As well as protecting jobs at the factory, the new trains will ensure passengers benefit from additional capacity as soon as 2027.

And there are options in place to expand the fleet even further if the ORR approves further track access applications in the years to come. These options trigger an investment of a further £460m for 13 more five-car train sets.

With ORR agreement by November 2025, the additional trains would run on routes between London and Rochdale, London and Torbay, and London and Sheffield.

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We look forward to once again delivering for Hull Trains and Lumo passengers who will benefit further from our award-winning British built trains.

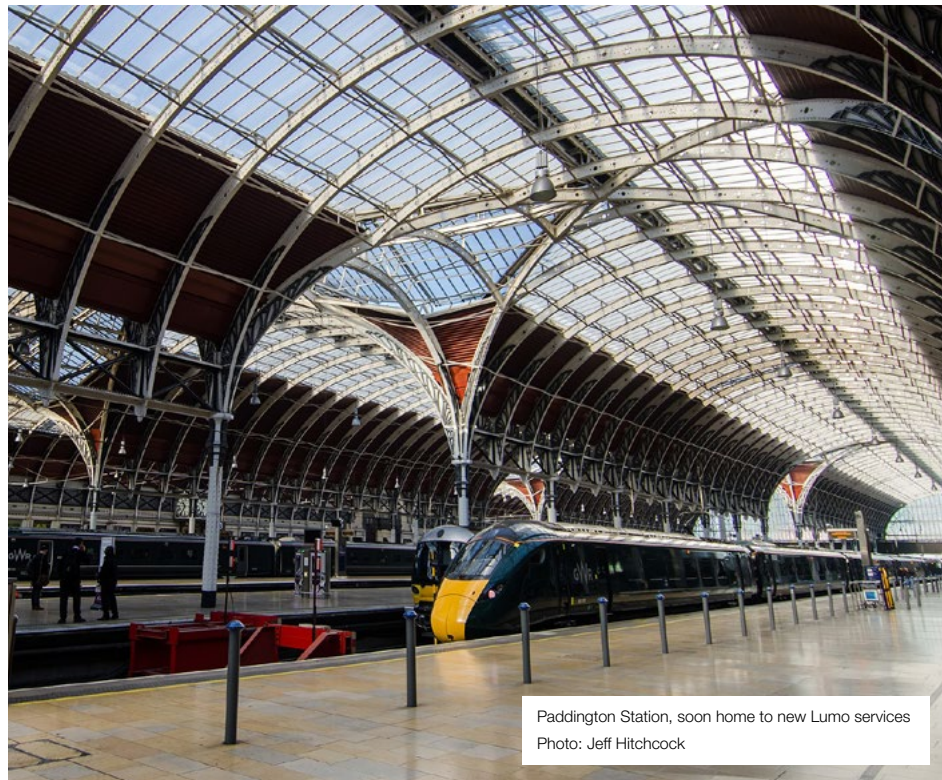
Jim Brewin, Chief Director UK and Ireland, Hitachi Rail

How can industry and the Government work in partnership to grow open access and the entire railway together?

Open access operators already work alongside Department for Transport-contracted operators, helping to grow passengers and revenue across the network, but the process to grow access to the network remains slow.

The following recommendations would allow the economic, social and environmental benefits of open access rail services to be fully realised on the UK network.

The key goal should be an economic regulator which remains independent and retains its decision-making powers to ensure it drives innovation and creativity in timetabling for the benefit of all rail users.



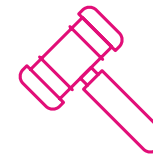
Paddington Station, soon home to new Lumo services
Photo: Jeff Hitchcock



Protect the ORR's independence as a robust regulator

The key to a bright future for open access is the retention of an independent regulator for access, economics and performance. This means:

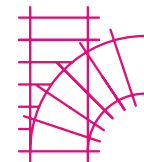
1. Through the process of rail reform and the creation of GBR, it is vital the ORR remains a strong, independent regulator. Passengers will only benefit if the ORR is able to fairly adjudicate on access on the network for all operators, and so encourage innovation and creativity in timetabling.
2. It should have responsibility for wider economic regulation, to encourage investment and help ensure better value for taxpayers.
3. It should be able to hold GBR to account for the way it engages with the 25% of the rail market that will sit outside of GBR, including open access, Scottish and Welsh trains, to ensure fair treatment for all.



Accelerate track access bids to meet market demand, deliver environmental benefits and unlock investment

Open access operators can meet and relieve demand if timetabling is more responsive to market needs. Reducing the up to five years it takes to secure track access would unlock new and existing markets sooner, attracting more people to rail and delivering greater choice for passengers.

Open access operators are also better positioned to invest in new trains and green innovations, such as British-made battery-electric trains. Combined with more affordable fares, this encourages a strong modal shift from air to rail, generating significant environmental benefits while growing the overall rail market.



Ensure open access is a key part of the Railways Bill

Lumo has helped to grow overall passenger numbers – not just for themselves, but for all operators on the East Coast - and this can be replicated elsewhere. Open access operators also offer services at no direct cost to the taxpayer. The Government and GBR should harness the success of open access and embed it into rail reform initiatives, by first ensuring it is a key component of the upcoming Railways Bill.



Learn from market liberalisation in Europe

Seven of the ten busiest routes in Europe have competition against state operators. This has led to more passenger demand, lower fares, newer trains and reduced subsidy. On the Madrid-Barcelona route it has resulted in modal shift from air with 78% of passengers now preferring trains. The UK should study the results of European rail liberalisation to maximise the opportunity for open access and unlock growth.

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