ALLRAIL

The Future of Passenger Rail



BRIEFING NOTE

Benefits of Open Access Rail Competition in Great Britain

The Government should make open access competition a central pillar of Britain's future railway. It has consistently demonstrated that private operators can attract new passengers, invest in new trains, improve connectivity and deliver better value for money for taxpayers.

Open access rail does not fragment the railway, it grows it:

- Independent operators bring commercial risk, private capital and fresh thinking into the sector.
- They identify underserved markets, attract new passengers to rail, improve connectivity, drive benefits in terms of modal shift and create competitive pressure that benefits the whole network.
- For customers, this means more direct services, lower fares, higher service quality and a stronger incentive for all operators to improve.

The open access operators Hull Trains, Grand Central and Lumo have demonstrated that smaller, focused operators can connect communities, stimulate demand and provide real alternatives to car and air travel.

Their success shows that competition can support, rather than undermine, public policy objectives such as modal shift, regional growth and better use of existing infrastructure. Otherwise, Britain risks losing one of the parts of the rail system that has consistently brought innovation, private investment and customer-led growth.

Open access supports taxpayers and UK manufacturing.

The Government should encourage private investment wherever the market is willing to provide it. Open access operators invest their own capital, bear their own commercial risk and reduce pressure on public finances, allowing taxpayer funding to be focused on socially necessary services and infrastructure renewal.

At a time of pressure on public finances, the Government should welcome private investment that grows rail without increasing the burden on taxpayers.
Open access supports UK train manufacturing, investing hundreds of millions of pounds into new rolling stock. Without First Rail's investment in late 2024, the Newton Aycliffe plant in the north-east would probably now be in trouble.



6th December 2024.
Newton Aycliffe, United Kingdom.
Former Prime Minister Sir Keir Starmer and Transport Secretary Heidi Alexander visits Hitachi manufacturing plant, also to celebrate jobs being secured by a new order for open access trains.

Picture by Alecsandra Dragoi / No 10 Downing Street

Government policy should not be based on revenue abstraction alone. The recent ORR/SYSTRA report examines only one side of the equation—the revenue effects on contracted operators. It does not attempt to quantify the corresponding benefits of competition, including passenger growth, private investment, modal shift, innovation and reduced commercial risk for taxpayers.

Government and GBR policy should assess both costs and benefits rather than only one side of the ledger.

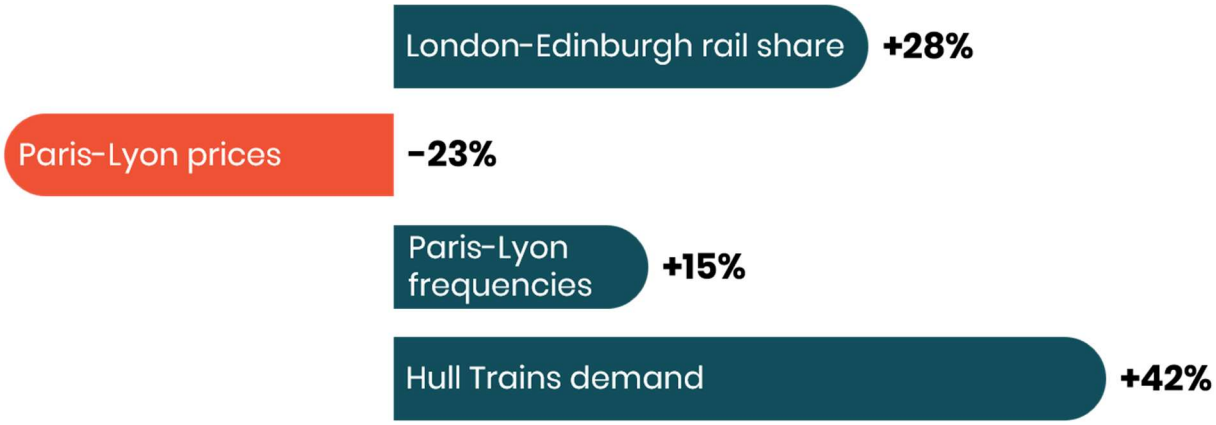
Open access is small in market share but large in impact.

The Government should expand —not merely preserve— open access. Despite accounting for only around 2% of passenger revenue, open access has delivered disproportionate benefits through new routes, lower fares, stronger competition, regional growth and substantial private investment. The objective should now be to extend these benefits to more parts of the network.

Hull Trains has grown passenger demand by 42% since 2018/19 and is estimated to have delivered £185m–£380m in economic benefits since launch. Lumo has helped generate more than six million new rail journeys and supported the shift from air to rail on London–Edinburgh, where rail's market share has reportedly risen from 35% to 63%.

International evidence also points in one direction. Recent academic evidence confirms that open access rail competition is not a theoretical ideology but a measurable market-growth tool[1]. Countries that combine effective public coordination with competition achieve lower fares, more services and stronger passenger growth. Britain should build on its own successful experience with open access rather than move towards a more closed railway.

Open access competition: selected measured impact



The French rail regulator, ART, published a study very recently in June 2026 on the benefits of competition. The ART report says that rail market opening in France is now producing concrete benefits: more services, better quality and more competitive prices.

A key conclusion is that **competition is not the cause of the French rail system's weaknesses; it reveals them**. ART argues that targeted reductions in track access charges, better coordination by public authorities, fair access to essential facilities, and stronger ticketing/interoperability rules are needed to make market opening a long-term success.

[1] E-CNMC-001-24 PSO rail passenger

Conclusions

The Government should commit to five principles for the future railway:

- protect and expand open access competition;
- ensure genuinely independent infrastructure management and capacity allocation;
- encourage private investment in trains and services;
- deliver value for money for the taxpayer by using commercial investment wherever possible; and
- judge rail reform by passenger outcomes—more passengers, better services, lower fares and stronger economic growth.

About us

The Alliance of Passenger Rail New Entrants (ALLRAIL) is the non-profit association of independent passenger rail companies in Europe.



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John has more than 30 years' experience in transport policy, legislation and regulation in the UK and internationally. His previous roles include executive board director at the UK rail regulator ORR and Director of Policy at both the Rail Delivery Group and Rail Partners.

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