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## Train firm fights to derail crackdown on private operators

**Robert Lea** Industrial Editor

FirstGroup, the UK's biggest train company, is mounting a campaign to prevent the new transport secretary stopping private train companies from continuing to operate on the government's renationalised railways.

Heidi Alexander, the minister, has warned the rail regulator to think twice about granting more so-called open access licences. One leading railway expert called Alexander's intervention "worrying and negative". Open access licences have, for the past 25 years, granted private companies the right to run trains where there are gaps in the timetable to poorly served towns and cities. Their operators take all the investment risk but also all of the profits, competing with Department for Transport-contracted train companies which take subsidies from and/or pay excess profits to the Treasury.

FirstGroup, the leading provider of the services, said it will campaign for more open access, warning the government not to ignore a success story that has created economic growth and given passengers choice. It runs Hull Trains and Lumo, a budget rail service between London and Edinburgh.

With Labour's renationalisation, open access is being seen as FirstGroup's only way to stay on the network. It plans to launch new Lumo services between London and Stirling in Scotland, Carmarthen in west Wales, Torquay in Devon and to Manchester.

Sir Richard Branson has also spotted the opportunity and said he wants to resurrect Virgin Trains on certain services on the west coast main line.

However, Alexander's first comments on open access indicate she is not in favour as she believes that they divert passengers and therefore revenue away from a nationalised railway.

In a letter to Declan Collier, chairman of the Office of Rail and Road, she admitted open access operators had opened up new markets, driven innovation and provided choice for passengers. But, Alexander says in her letter: "There is a balance to be struck to ensure the benefits provided by open access operators outweigh the impacts they have on taxpayers and the ability to operate the network efficiently ...

such as the level of revenue they can abstract from contracted services and the associated implications for taxpayers."

She said new open access services would put "additional pressures ... on  
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Crackdown on private rail firms

already constrained network capacity.” She instructed Collier: “I wish to see the impacts on the taxpayer and ... potential congestion on the network given primacy when considering open access applications.”

Tony Lodge, a fellow of the Centre for Policy Studies, said: “The Alexander letter is a worrying salvo at the regulator on delivering more open access. It appears not to appreciate the success on the east coast main line where open access operators compete with the government-run LNER. Passenger numbers are up, subsidies are down and more places are better served.”

He said that Alexander’s “negative approach to choice and competition totally contradicts the government’s growth agenda”.