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4 February 2025

Gareth Clancy, Head of Access and Licensing  
by email: [REDACTED]

Dear Gareth,

**Live Open Access applications, received during pre-election period**

Thank you for the opportunity to provide views on the Open Access applications received during the pre-election period. We are grateful for this opportunity, and this letter provides a summary of the Department's views on the following applications:

- Hull Trains 29<sup>th</sup> Supplemental Agreement
- Hull Trains 27<sup>th</sup> Supplemental Agreement
- Alliance Rail, Section 17
- Wrexham, Shropshire & Midlands Railway (WSMR), Section 17
- ECTL (Lumo) 11th Supplemental Agreement
- ECTL (Lumo) 12th Supplemental Agreement
- Grand Central 28<sup>th</sup> Supplemental Agreement
- Virgin Trains, Section 17
- East Coast Trains Limited North West (Lumo), Section 17

The Department welcomes the benefits that Open Access services can provide, including improved connectivity and choice for passengers, but, as the Secretary of State set out in her letter of 6 January 2025, we are clear that these benefits must outweigh costs to taxpayers and operational impacts caused to the broader network and our responses adhere to these principles.

While we provide detailed considerations regarding each individual application later in this letter, there are key issues that cut across multiple applications and inform a number of our responses:

- We are concerned by the potential taxpayer impact of a number of these applications – both individually and cumulatively – particularly as DfT analysis suggests that a number of these applications would not meet the 0.3 'Not Primarily Abstractive' (NPA) test threshold as set out in the ORR's guidance.
- All of these proposed services would have potentially detrimental operational impacts upon network performance if they were approved. This is particularly acute on the East Coast Mainline (ECML) approaching London Kings Cross, the southern section of the West Coast Mainline (WCML), and on the already-congested infrastructure around Sheffield and Manchester.

## **Hull Trains 29<sup>th</sup> Supplemental Agreement**

This application seeks approval to operate additional Open Access services between London Kings Cross and Hull. We remain concerned regarding capacity constraints on the ECML and the impacts that additional Open Access paths would have upon the ability of contracted operators to develop and operate revenue-generative services that would benefit taxpayers through reducing net subsidy.

Ongoing work on the ECML upgrade Timetable for December 2025 has highlighted particular constraints between London Kings Cross and Doncaster, and Railsys modelling undertaken for the December 2025 timetable suggests that additional paths beyond those already agreed will have direct performance impacts. We also have specific concerns regarding platforming capacity at Kings Cross and Doncaster, and would expect Network Rail and ORR to be able to provide further comfort regarding this before new Open Access paths are considered.

Additionally, we are concerned that these additional services would further constrain LNER's ability to operate additional services to Leeds, for which it has firm rights, but Network Rail is not yet able to timetable. For these reasons, **the Department does not support this application.**

## **Hull Trains 27<sup>th</sup> Supplemental Agreement**

The Department provided a response to the original Network Rail consultation regarding this application on 14 February 2024. Proposals cover two return Kings Cross-Sheffield trips via Retford, Worksop and Woodhouse per day with an extension to Meadowhall on one trip each way, using Class 22x diesel rolling stock ahead of potential new-build bi-mode trains. The proposals are to commence from 2025, running until the end of Hull Trains' existing contract in 2032.

Within the Department's original response, we recognised that the proposals from Hull Trains would bring certain benefits for passengers, such as new direct links between Worksop and London, as well as introducing greater competition and choice but also highlighted concerns over the network constraints and the level of abstraction the proposed services would bring. Following further review, the Department remains concerned about impacts to taxpayers and to the efficient operation of the railway.

DfT analysis suggests that the proposed Hull Trains London-Sheffield services do not meet the 0.3 NPA threshold as set out in ORR guidance, with an NPA ratio of 0.26. We estimate abstraction of approximately £1.77m per annum against just £460k of new revenue generated, with EMR most negatively impacted. This represents poor value for taxpayers, who would be left to make up shortfalls.

As outlined in our February 2024 letter, Sheffield station has known capacity issues, with both Network Rail and the ORR acknowledging numerous competing aspirations for new services, including from other Open Access operators. Hull Trains' proposed new services would further reduce available capacity through Sheffield and impact CrossCountry's (XC) restoration of profitable services between Reading and Newcastle. These XC services are needed to reduce extreme crowding (that is now higher than it was in 2019) and because these services cannot be lengthened, nor turned round elsewhere, they are the most effective way of relieving crowding on the Reading-Birmingham corridor in particular. They are specified within XC's operating contract and XC has been funded to acquire the necessary rolling stock to operate these extra services from May 2025. Any barrier to beginning the operation of these XC services would represent a significant financial loss and detriment to current passengers.

As previously highlighted, significant capacity constraints also exist on the section of the ECML that this proposed service would operate on and as such would have a direct impact on existing operators as well as future plans for the route. Sheffield is a major hub to services across the North and Midlands regions, and the addition of long-distance services such as those proposed by Hull Trains is likely to import an increased risk of delay to other services across multiple routes.

For the reasons listed above, **the Department does not support this application.**

### **Alliance Rail, Section 17 Application**

The Department provided response to the original Network Rail consultation regarding this application on 11 December 2023. The application seeks to run 5 daily return new services between Cardiff and Edinburgh with calls at Cardiff Central, Newport, Severn Tunnel Junction, Gloucester, Birmingham New Street, Derby, Sheffield, Doncaster, York, Newcastle and Edinburgh. Alliance intends to use diesel stock and are seeking a 7-year access contract commencing in 2025.

The Department's previous response provided support in principle for this application based upon it improving connectivity between Cardiff and Edinburgh and more broadly contributing towards better service provision outside of London. Whilst the Department remains committed to improving regional connectivity, these benefits must outweigh costs to taxpayers and impacts to the ability to operate the network effectively. Upon further review and assessment of the fiscal and operational landscape since December 2023, we would take this opportunity to raise the concerns below. In December 2024 CrossCountry (XC) introduced a weekday service each way between Edinburgh and Cardiff in line with the requirements of their 2023 National Rail Contract. This was achieved without the operator requiring additional paths on the ECML or at Sheffield. Noting stakeholder aspirations, XC is assessing options to add further services between South Wales and destinations beyond Derby without needing additional paths.

DfT analysis suggests that this application does not meet the 0.3 NPA threshold as set out in the ORR's guidance. We predict an NPA ratio of 0.21 rising to 0.24 after factoring in an estimation of the Infrastructure Cost Charge that Alliance would pay, with estimated annual abstraction of approximately £38m from other operators against just £7.9m of new revenue generated. This represents a significant impact to funds available to the Secretary of State, leaving taxpayers to make up unacceptable levels of shortfalls.

Our original response letter to Network Rail highlighted our expectation that the operational consequences of this application must be fully considered, particularly regarding capacity and performance so that a robust timetable is delivered.

Following further assessments, the Department is particularly conscious of capacity constraints at the north end of the ECML between York, Newcastle and Edinburgh, and the Department does not believe there is sufficient capacity to introduce new services north of York without significant infrastructure intervention. This is evidenced by Transpennine being unable to operate York-Newcastle services for which it already has access rights. We also have concern over available capacity between Cardiff and Severn Tunnel Junction, where Grand Union Trains (since purchased by FirstGroup) have been approved to operate new Open Access services from December 2027. Further, we are aware of existing performance challenges around Birmingham and Sheffield, and with platforming at Doncaster. All of these issues would be made worse by the introduction of new Open Access services in these areas.

As stated above, XC are currently reinstating long-established Reading-York/Newcastle trains that stopped running during the COVID-19 pandemic, in a phased way, in line with demand (which has returned to pre-covid levels). These are compatible with the ECML timetable upgrade in December 2025. It seems unlikely that there would be capacity for these services both north and south of York if this Open Access service is agreed.

The corridor south of Birmingham is also a concern, with new services on the Camp Hill Line to Kings Norton due to start in 2025 and West Midlands Trains working with West Midlands Rail Executive (WMRE) on plans to restore six trains per hour on the CrossCity Line, which is the level of service that the new fleet of Class 730/0 trains has been sized for (as well as being a Mayoral priority).

Adding additional services to already congested areas risks train service performance and passenger impacts across the route. Delay in one location is likely to create substantial secondary delays across the route, and additional services on such a busy section of the network is likely to have knock-on impacts on other operators such as XC and vice versa.

For the reasons outlined above and in line with the priorities of ensuring appropriate consideration of taxpayer and performance impacts as outlined in the Secretary of State's recent letter to the ORR, **we are no longer able to support this application from Alliance Rail.**

### **Wrexham, Shropshire & Midlands Railway (WSMR), Section 17**

This application seeks approval to introduce a new Open Access service between Wrexham General and London Euston, with intermediate stops at Gobowen, Shrewsbury, Telford Central, Wolverhampton, Darlaston, Walsall, Coleshill Parkway, Nuneaton and Milton Keynes. The Department provided a response to the original Network Rail consultation regarding this application on 19 December 2023.

As stated in that original response, DfT's analysis suggests that WSMR's application will meet the 0.3 NPA threshold specified in ORR's guidance. The proposed services would also provide new direct services between North Wales, the West Midlands and London, enhancing connectivity and providing tangible benefits for these communities, particularly those in a wide hinterland that can then access direct long distance services from Gobowen. We also recognise that WSMR's proposals include the potential reintroduction of direct services from Shrewsbury and Telford to London, improving regional connectivity following removal of the unviable and limited Avanti West Coast service, and would also offer new connectivity at Nuneaton to and from the East Midlands and the WCML.

We do have concerns over the operational impacts of WSMR's proposed services, particularly where they would join the WCML and operate into Euston, where capacity is already constrained and maintaining performance is often challenging. Similar performance risks and capacity constraints apply around Water Orton, Kingsbury and Whiteacre Junction. We would therefore expect that Network Rail should carry out a thorough assessment of capacity and performance impacts across the West Midlands and West Coast Mainline and that its findings are carefully considered by ORR. Subject to an appropriate performance assessment the Department is of the view that broader benefits to passengers particularly on the northern section of the route before joining the WCML may outweigh these risks.

The Department also notes the utilisation of this path on the WCML for this service may impact the realisation of benefits from the Government's significant investment in HS2 and, in this case, released capacity for local services on the southern end of the WCML.

While the Department does have performance concerns as outlined above, we note the benefits that this proposed service could provide to passengers. **We therefore remain supportive in principle of this application from WSMR**, subject to full analysis being undertaken by Network Rail to fully understand these risks to performance and ensure that they are mitigated as far as is possible.

### **ECTL (Lumo) 11th Supplemental Agreement**

This application seeks approval for additional services between London Kings Cross and Newcastle. We remain concerned regarding capacity constraints on the ECML and the impacts that additional Open Access paths would have upon the ability of contracted operators to develop and operate revenue-generative services that would benefit taxpayers through reducing net subsidy. Additionally, CrossCountry plans to reinstate a number of services on their Newcastle-Reading route to both improve connectivity between Tyneside, South Yorkshire and the Thames

Valley and to reduce the extreme crowding seen on many of their current services. The Department has funded the additional Voyager trains that help deliver these services.

The December 2025 timetable developed by the industry Event Steering Group will see an extra London Kings Cross-Newcastle train every hour operated by LNER. This work has highlighted constraints between London Kings Cross and Newcastle, and suggests that further additional paths are likely to have considerable direct performance impacts. We also have specific concerns regarding platforming capacity at Kings Cross and Newcastle, as well as proposals to stable trains at Newcastle, and would expect Network Rail and ORR to be able to provide further comfort regarding this before new Open Access paths are considered.

Additionally, we are concerned that these additional services would further constrain LNER's ability to operate additional services to Leeds, for which it has firm rights, but Network Rail is not yet able to timetable.

For these reasons, **the Department does not support this application.**

### **ECTL (Lumo) 12th Supplemental Agreement**

Lumo's proposed extension of services from Newcastle/Edinburgh to Glasgow assumes that the 11<sup>th</sup> Supplemental Agreement (see above) is approved, so should be considered in conjunction with comments on the 11<sup>th</sup> Supplemental Agreement.

As with other ECML applications, we remain concerned regarding capacity constraints at various points including London Kings Cross and Newcastle and the potential detrimental impact that additional Open Access services would have on performance.

We are also conscious that this application may have even more substantial impacts financially and in terms of capacity and performance upon services specified and operated by the Scottish Government, which could be detrimental to overall experience for passengers in Scotland. We would therefore strongly encourage ORR to seek detailed input from Scottish Government colleagues, and ensure that their comments are also carefully considered.

We also aware that CrossCountry is investigating options to reinstate former service extensions between Glasgow and Edinburgh to improve connectivity between Glasgow, and West Yorkshire, South Yorkshire and the East Midlands, that the proposed services would not deliver and would want to assurance that these were not prevented by this proposal.

For the reasons listed above, **the Department does not support this application.**

### **Grand Central 28<sup>th</sup> Supplemental Agreement**

This application seeks approval to operate additional services between London Kings Cross, Bradford, Wakefield and York. We remain concerned regarding capacity constraints on the ECML and the impacts that additional Open Access paths would have upon the ability of contracted operators to develop and operate revenue-generative services that would benefit taxpayers through reducing net subsidy.

Ongoing work on the ECML upgrade Timetable for December 2025 has highlighted particular constraints between London Kings Cross and Doncaster, and Railsys modelling undertaken for the December 2025 timetable suggests that additional paths beyond those already agreed will negatively impact performance. LNER's increased service offering from Bradford Forster Square would also be impacted by an increase in Open Access services, where significant government investment has been made to enable these services.

We also have concern that proposed Grand Central paths compete at Doncaster with paths that would be required by CrossCountry (XC) in order to fill service gaps between Newcastle/York-Reading that are crucial for the development of the busy, revenue-generative service between Birmingham and Reading. These XC services were included in the TSR that was submitted to the ORR as well as in ESG development. Potential inability to operate these services would have significant impacts for taxpayers due to reducing revenues to the Secretary of State, and would also cause significant bottlenecks and need for more passengers (including those with reduced mobility) to change train at stations such as Birmingham New Street, creating significant inconvenience for passengers.

We also note that Grand Central's application would add further calls at Peterborough, where Grand Central services would compete with LNER and Thameslink and therefore abstract further revenue from the contracted operators.

For the reasons listed above, **the Department does not support this application.**

### **Virgin Trains, Section 17**

The Department has significant concerns regarding both taxpayer and operational impacts of this application, which seeks a high number of paths to operate WCML services between London and Preston/Rochdale, Liverpool Lime Street, Birmingham New Street, and Glasgow Central. We do not believe that the quantum of paths sought is feasible or realistic and note that the WCML already operates at close to capacity, particularly into/out of London Euston.

Analysis undertaken by the Department suggests an NPA ratio of 0.21, with predicted abstraction of £110.5m per annum against just £19.7m of new revenue generated. This is significantly below the 0.3 NPA threshold set out in the ORR's guidance and represents a very high level of absolute abstraction, and the Department is of the belief that this represents an unacceptable level of impact to taxpayers. Further, given the greatly constrained overall position of rail finances, the loss of revenue on such a significant scale would materially impact the funds available to the Secretary of State to support and improve the railway.

This application is also at odds with work already underway as part of the Transpennine Route Upgrade (TRU) and Manchester-focused projects included as part of the Rail Network Enhancement Pipeline (RNEP). The business cases for these projects, which have been agreed to and announced by Ministers, are predicated on the efficient delivery of financial and passenger benefits by DfT-procured services.

In December 2022 as part of the work of Manchester Task Force, the rail industry implemented a timetable simplification to improve reliability which had been a very significant issue in 2018 (the timetable collapse) and 2019. The simplified timetable has delivered a 30% uplift in performance ahead of further infrastructure delivery at the end of the 2020s (the infrastructure is being designed or delivered). Ordsall and Manchester Victoria are bottlenecks where investment is delivered (Stalybridge electrification) or in delivery (works either side of Victoria). Even with planned improvements to infrastructure, capacity utilisation will be at its maximum allowance. TRU will also require significant capacity via Rochdale for diversions during construction, likely continuing until at least 2034.

We also note that this application seeks in large part to reallocate access rights from Avanti West Coast (AWC) as opposed to using spare capacity on the network. While these rights have not been fully used by AWC since the COVID-19 pandemic, AWC's Train Service Requirement remains as specified prior to the pandemic. The operator started implementing the step up of Liverpool services to 2tph in June 2024 and December 2024, with a further service planned for May 2025. Therefore, we do not believe that the rights sought will be available for Virgin to use during the period specified.

The scale of Virgin's proposals also raises questions regarding viability within the timeframes specified, particularly regarding the recruitment and training of sufficient drivers. Given route knowledge requirements, AWC drivers would be attractive targets for the Virgin business, and we have concern that any significant loss of AWC drivers would cause notable damage to AWC's ability to deliver its own contracted train services. This risk would also apply to other contracted operators with driver depots in the Midlands and North-west.

Virgin's proposals would also impact future HS2 services, using vital capacity that will be required in order to fully operate planned HS2 services in line with both Government and public expectations. Virgin's proposed services would effectively consume WCML paths required by HS2 services of significant economic value, while simultaneously reducing broader capacity and performance benefits that should be realised where existing WCML services may be transferred to new HS2 infrastructure. This risks both impact to taxpayers where benefits from public investment are not realised as well as impact to passengers where performance is not improved.

More broadly we have concerns regarding impacts to capacity and performance particularly on the southern section of the WCML and at Euston, where there is already significant constraint and maintaining performance is a considerable challenge. These concerns would apply to any volume of new services in this area of the network, but the quantum of paths sought by Virgin is particularly high and would undoubtedly cause unacceptable levels of detrimental performance impacts if indeed such high volume of services could physically be accommodated.

Based upon the reasons set out above, **the Department does not support this application** and has significant concerns over its potential impacts to both taxpayers and to the efficient operation of the network.

### **East Coast Trains Limited North West (Lumo), Section 17**

The Department has significant concerns regarding both taxpayer and operational impacts of this application, which seeks approval to operate Open Access services between London Euston and Rochdale via Manchester.

DfT analysis suggests that the application would not meet the indicative 0.3 NPA threshold, instead having a significantly lower ratio of 0.14. We predict approximately £5.3m of revenue would be abstracted from other operators per annum by this application with just £760k of new revenue generated, representing poor value for taxpayers who are left to make up shortfalls. We do, however, note that Infrastructure Cost Charge payments would be significant, and would improve the NPA ratio of this application once fully phased in.

From an operational standpoint, this application also raises numerous concerns. Paths sought by Lumo do not account for the work of the Manchester Task Force, which is carefully planning future service patterns throughout the Manchester area in collaboration with Transport for Greater Manchester and Transport for the North. The Lumo proposals also do not allow for the impacts to capacity and diversions necessary during the Transpennine Route Upgrade and other committed RNEP projects affecting both Manchester Piccadilly and Manchester Victoria as well as the route via Rochdale. There is particularly limited scope to accommodate proposed services through Ordsall and Manchester Victoria even after improvement works are completed.

More broadly, performance on the WCML is already challenging, and we have concern that Lumo's proposals would exacerbate these issues and run counter to the shared industry objective of improving performance.

We also note that the proposed end date of Lumo's access contract, 2037, would be after the proposed introduction of HS2 services, meaning that approval of this application could have knock-on impacts to the ability to implement HS2 services as intended. This should be considered both as an issue on the WCML northern section, where HS2 trains will join the existing line from new HS2 infrastructure, as well as the southern section, where additional services could limit the

opportunity to take advantage of capacity freed up by the transfer of Inter-City services from the southern WCML to new HS2 infrastructure. The capacity that HS2 will free-up on the southern end of the WCML could be used to deliver the objective of increasing the amount of rail freight, as well as improving more local connectivity.

Power supply on the WCML is already a significant issue with systems currently operating at very near capacity. Network Rail have asserted that they are unable to accommodate short-term committed electric traction uplifts on the WCML without compromising performance. In the longer-term, further interventions would be necessary to support the growth of electric traction. While this application intends to make use of new-build battery rolling stock rather than conventional electric traction, the impacts of sporadic and enhanced power draw when charging batteries must be fully considered and poses significant performance risks. This is particularly the case at the southern extremity of the WCML at Euston, where power constraints are particularly acute.

For the reasons listed above, **the Department does not support this application.**

## **Summary**

The Department has a number of significant concerns regarding these applications, as outlined above. While we would expect the ORR to consider the detailed assessments and comments provided in relation to each individual application and to have engaged closely with Network Rail to ensure it has all necessary information at its disposal ahead of any decisions being taken, DfT's key comments may be summarised as:

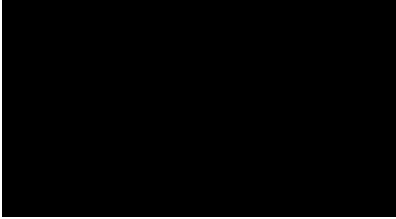
- We have significant concerns over abstraction of revenue from contracted operators and the unreasonable burden that this in turn places upon taxpayers. These concerns are particularly acute with regards to the applications from Virgin and Lumo WCML, with Alliance Rail's proposed Edinburgh-Cardiff services also posing significant risk. We expect that ORR will fully investigate and take into account the material impact to the Secretary of State's funds and to taxpayers of each Open Access application and will pay close regard to this in its decision making.
- All of the applications listed above pose risks to network performance. We expect that impacts and trade-offs will be fully understood and factored into ORR's decision making, including with relation to both existing services and those that have already been proposed by contracted operators but are not yet operating.
- **The Department is supportive in principle of WSMR's proposals to operate new Open Access services between Wrexham General and London Euston**, subject to further assessment by Network Rail of performance impacts, and notes the connectivity benefits for passengers that this application would bring while DfT analysis suggests it would meet the 0.3 NPA threshold.
- **The Department opposes the Hull Trains 27<sup>th</sup> & 29<sup>th</sup> Supplementary Agreements, Alliance Rail Section 17, ECTL (Lumo) 11<sup>th</sup> & 12<sup>th</sup> Supplementary Agreements, Grand Central 28<sup>th</sup> Supplemental Agreement, Virgin Trains Section 17, and East Coast Trains Limited North West (Lumo) Section 17 applications.** This is based upon the significant financial and performance risks outlined.

Please do not hesitate to get in touch if you have any questions about the Department's response or the points raised.

We remain committed to a lasting role for Open Access moving forward and to the benefits that it can bring for passengers in the right circumstances, but it is important for us to manage impacts to taxpayers and to ensure that the network operates effectively.



Yours sincerely,



**Joe Hickey**  
**Deputy Director, Rail Reform Coherence and Cross Cutting Policy**