



Department
for Transport

Richard Goodman
Director-General for Rail Reform & Strategy



Web site: www.gov.uk/dft

Declan Collier
Office of Rail and Road
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20 June 2025

Dear Declan,

I am writing to you to reiterate the Department's position with regard to Open Access and to stress the critical importance of the Office of Rail and Road (ORR) considering financial impacts cumulatively and making access decisions in the context of the coming of Great British Railways (GBR).

The Secretary of State wrote to you on 6 January, outlining her expectations for how Open Access should operate alongside a publicly owned railway. That letter made clear that there would remain a place for Open Access in the future of the railway, but that it must deliver benefits without undue cost to taxpayers or existing passengers. We remain clear on this, and specifically that Open Access must genuinely add value and not simply divert revenue from existing operators – all of which are currently supported by the taxpayer in some form – or inhibit the efficient operation of the network.

Now more than ever – given the constrained financial environment and ongoing work to ensure that GBR is able to deliver the best possible service to passengers in the future – it is crucial that the ORR makes full and appropriately balanced assessments of applications to operate new Open Access services against its statutory duties.

We continue to see heightened interest in Open Access and an influx in applications to run new or extended services as owning groups shift their focus towards Open Access as a way to maintain presence on the network

and grow profits as part of the future publicly owned railway. This raises a number of questions and concerns.

We have already provided detailed views and specific concerns regarding the individual WCML and ECML applications that we understand ORR is due to take decisions on at upcoming Board meetings (and would be happy to have further discussion around specific comments/applications). DfT's comments centre largely around abstraction/financial impacts, capacity and performance, and detrimental passenger experience – and we would reiterate that these remain of utmost importance and we feel should be paramount in ORR's decision-making.

Regarding these live applications, we remain particularly concerned about the detrimental performance impacts that would be felt across the network if these applications are approved. Capacity is already severely constrained in a number of locations, notably much of the ECML and on the southern section of the WCML, and additional Open Access services would both prevent development of revenue-generative contracted services and increase performance risks to existing services due to perturbation. Live Open Access applications also target congested infrastructure around Sheffield and Manchester and would directly impact key regional and long-distance services as well as the established future plans for routes in these areas.

An area of particular interest to the Department moving forward is the understanding and assessment of abstraction when considering new Open Access services. Up to this point, in determining the outcome of Open Access applications, ORR has largely considered the level of absolute abstraction based upon where ORR's analysis places a new application within the range of other applications that have been approved in the past. This ignores the fiscal environment of the day and any additional constraints that the railway – and the Secretary of State – may have been placed under since earlier decisions were taken.

Historically, ORR has not considered the cumulative impact to the Secretary of State's funds where multiple applications could be approved, instead focusing on individual applications in isolation. We believe that this overlooks the true scale of abstraction due to Open Access and the significant impact it has on the Secretary of State's funds and ability to deliver enhancements that would benefit passengers across the network more broadly, which is undoubtedly an outcome unwanted by both DfT and ORR. For context, DfT analysis suggests that the sum of annual abstraction of each of the currently

live Open Access application would be up to £229m (24/25 prices), not accounting for the revenue impacts resulting from those services interacting. This represents significant additional cost to taxpayers and would materially affect the funds available to the Secretary of State.

We therefore believe it is critical that the ORR immediately takes steps to fully understand and consider the cumulative scale and impacts of abstraction when it assesses Open Access applications. The Secretary of State considers that this analysis should be undertaken in respect of all live applications as well as existing services in order for the ORR to fully discharge its duty to consider impacts to the Secretary of State's funds. I would be grateful for your views on how ORR can strengthen its assessment methodology to ensure that this is the case, and request that this consideration of cumulative impacts be enacted immediately and factored into all future decision-making.

I would also take this opportunity to flag concern over the potential for conflict of interest between owning groups' contracted operations and their Open Access arms – a risk which only increases as contracts approach their end and attentions shift towards new Open Access applications.

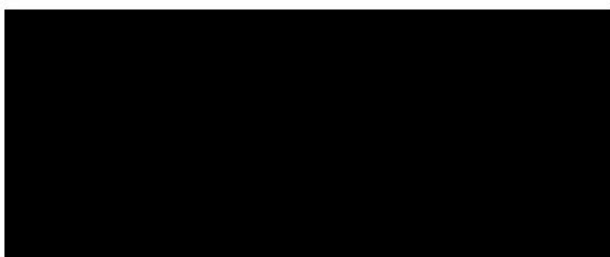
We are already seeing a number of applications that, if approved, would put an Open Access operator in direct competition with contracted services operated by the same owning group. We are concerned that such applications risk poorer overall experience for passengers and further reduced value for taxpayers, and would potentially be contrary to ORR's duty to consider the interests – and specifically value for money – for users and providers of railway services. Applications for new Open Access services should therefore be assessed to identify any instances where these risks may be particularly acute, and consideration given to whether such risks are appropriate.

Regarding the assessment of competition and its potential benefits we would also stress the importance of greater acknowledgement of the impact of reforms. When fully operational, GBR will, in its capacity as 'directing mind', have the ability to specify and coordinate services to maximise economic benefits, provide new links for under-served communities, and more broadly to develop the network's passenger offer in a way that is not possible currently. It is with this in mind that we would urge ORR to make its considerations, ensuring that decisions made now complement GBR's role

and future abilities rather than offering short-term benefits at the cost of significant long-term constraints.

The Department for Transport stands ready to work with the ORR to ensure that impacts are fully assessed and understood to aid ORR in its decision-making. I would be happy to discuss this with you directly.

Yours sincerely,



Richard Goodman,
Director-General for Rail Reform & Strategy