

Railways Bill Committee
FirstGroup written evidence
January 2026

As a major investor and employer (c.30,000 staff), FirstGroup delivers two million passenger journeys daily and contributes significantly to UK productivity and growth.

In FY 2022, we generated £1.44bn GVA, spent £2.5bn on UK goods/services, and paid £166m in taxes. Our portfolio spans First Bus (6,000 vehicles, 18,000 staff), Avanti West Coast, Great Western Railway, and open access operators Lumo and Hull Trains. We also operate the Heathrow Express of behalf of Heathrow Airport, London Trams and the London Cable Car on behalf of Transport for London. From May 2026, we will also operate the London Overground on behalf of Transport for London. ,

With over 30 years of transport expertise and 25 years as an open access operator, we bring deep industry experience and credibility to every service we provide.

INTRODUCTION

1. FirstGroup is concerned about the impact GBR as a monopoly infrastructure owner and passenger railway service operator without strong independent regulation will have on passengers, opportunities for regional growth and private sector innovation.
2. There need to be stronger safeguards for the passenger interest put on the face of the Bill. These safeguards should be focused on creating certainty around the future of additional passenger services provided by operators outside GBR. In turn, these will enable continued private sector investment, and long term stability.
3. Independent regulation is important to give confidence that decision making is fair and impartial. Mayors and devolved governments should be properly consulted on access decisions which impact services in their local communities. Supporting documentation such as the GBR Licence and Access and Use Policy should be available and widely consulted on prior to the Bill completing its parliamentary process, so that interested organisations will be able to properly assess the business impact of the reforms proposed on the face of the Bill.
4. This document sets out:
 - Section 1: FirstGroup's views on the key questions and uncertainties raised by the Bill, namely:
 - i. The need to enable ongoing private sector investment in the interests of customers
 - ii. Provision for additional, non GBR services in the interests of passengers
 - iii. Independent regulation
 - iv. Devolution
 - v. Supporting documentation – consultation
 - Section 2: Proposed amendments which address these issues.

SECTION 1: FIRSTGROUP VIEWS ON THE KEY QUESTIONS RAISED BY THE BILL

Private sector investment in the best interests of customers

5. Private sector innovation and investment have been vital for the UK's railway over the last 28 years. As we look forward to a new era for the railway, the private sector should continue to play a role driving passenger and economic growth on the UK's railways. Last year FirstGroup invested £500m in British-built Hitachi trains and is ready to invest further in UK manufacturing and jobs, provided there is a regulatory environment which continues to welcome participation of the private sector.

6. **Passengers' Council:** FirstGroup welcomes the strengthened Passengers' Council. At a macro level it is vital the passenger is strongly represented in the proposed industry structure given:
 - a. The significant reduction in competition through consolidation of operators into a single organisation.
 - b. The removal of much of the creative tension between operators (understanding, representing and advocating for customers) and Network Rail
 - c. The removal of the ORR ability to regulate the GBR monopoly, at the same time as the reach of the monopoly expands.
 - d. The cost pressures likely to face the industry and be evidenced through the financial governance processes.
 - e. Explicit duties to grow freight without a counter-balancing duty to grow passenger volumes or usage using both taxpayer and private funds.

Provision for successful additional non-GBR open access services (“additional services”) must be protected

7. In a financially constrained environment, additional services can provide regional growth without taxpayer funding, using private sector investment to build trains and provide connectivity to previously under-served areas. In addition, the charges that we pay can supplement the government investment into the railway, making better use of the fixed assets and improving its financial position.
8. Encouraging additional services is a sustainable way of meeting the goal of economic growth, cutting taxpayer subsidy, and increasing the productivity of the railway. As well as making better use of the fixed asset, Lumo’s entry into the market has not only grown its own passenger base but contributed to rising overall demand on the East Coast Main Line (according to latest ORR passenger numbers). This shows that competition encourages innovation and stimulates wider network growth, supporting the Government’s objective of increasing total rail usage.
9. Hull Trains, a success story of the Blair government, is on track to deliver around £700 million in total economic benefits from launch to 2032 and demonstrates how additional services can enhance connectivity for regions underserved by conventional operators, aligning with the Government’s regional and economic growth agenda.
10. Operators of additional railway services, including Hull Trains and Lumo, receive no government funding, take on full risk, and generate their own revenue - giving them very strong incentives to deliver a service which is endorsed by passengers.
11. Additional services are vital for protecting passenger choice, connecting previously under-served places and providing additional capacity which helps drive more people towards rail and away from less sustainable forms of transport.
12. The way in which GBR structures its timetable will be critical. It should be obliged to carry out its functions fairly and without discrimination, so that if additional train services can provide passenger benefit monopoly interests do not prevent that train from running.

Independent regulation should ensure customer interests are defended

13. The Railways Bill currently gives the Secretary of State increased power to give directions and guidance to GBR and ORR, as well as to issue regulations about how processes and policies must work, and the final say on decisions, including additional services. Downgrading the ORR’s powers is problematic. The Bill must mitigate the risk of adverse monopolistic impacts a singular GBR as infrastructure owner and operator may create. In particular, GBR’s proposed responsibility for track access decisions creates an obvious conflict of interest.
14. The Bill removes the ORR’s powers to independently adjudicate on whether applications for access best meet the needs of all railway users. This power needs to be restored. There need

to be more checks and balances to maintain confidence in fair access, independent regulatory oversight and to protect the interests of passengers.

15. As a broader point, independent regulation is vital to all large comparable monopoly bodies, consider for example the CQC's role in healthcare or the Civil Aviation Authority in airlines and airports.

Devolution

16. FirstGroup supports devolution, bringing transport provision closer to the needs of local communities and ensuring accountability for key local transport decisions. Devolved bodies, including Mayors and MCAs, must be properly consulted on access and charging decisions which impact additional services to and from their areas.

Supporting documentation

17. The Railways Bill will be supplemented by a host of documentation to be produced by the Secretary of State and then by GBR, including the GBR Licence, Access and Use Policy and Consumer Code of Conduct. These must be fair and transparent and the result of wide industry and public consultation. The way in which the Railways Bill will operate and the extent to which it will protect passenger interests will depend on the content of these documents, however they are not yet available for review. It is only once these documents are available for consultation that we will properly be able to assess the full business impact of the reforms proposed on the face of the Bill; the ongoing investment landscape, and by extension the services we are able to provide for our customers.

SECTION 2: PROPOSED AMENDMENTS

18. The remainder of this submission sets out specific amendments which FirstGroup recommends are made to the Bill.
19. The body of our response mainly follows the order of the draft Railways Bill. We are aware that changes to certain clauses will create a knock-on effect for subsequent clauses/amendments, which will also need to be addressed. Where relevant we have indicated below.

Part 1

20. **Core duties of the Secretary of State, Scottish and Welsh Ministers, GBR and the Office of Rail and Road (ORR) when exercising their railway functions:** The Bill must mitigate the risk of adverse monopolistic impacts a singular GBR infrastructure manager and operator may create. The Railways Bill currently gives the Secretary of State increased power (to give directions and guidance to GBR and ORR, as well as to issue regulations about how processes and policies must work), and the final say on decisions, including on additional services.
21. In a system where GBR will act simultaneously as infrastructure manager, principal passenger operator, policy-setter and decision-maker on access and charging, having a clear fairness and non-discrimination duty will be important. Without such a duty, there is a risk that decisions affecting non-GBR passenger services are made in a way that is procedurally lawful but substantively discriminatory in effect.
22. To encourage private sector operators to invest in additional services and generate all the benefits to passengers and regional growth, we recommend adding a new duty:
 - a duty under **Clause 18 (2)** for fairness, transparency and non-discrimination, by adding a new bullet: "**(h) acting in a fair, transparent and non-discriminatory manner,**"

23. **Clause 18(4)** must also be deleted to make sure that the duties listed remain the legal priorities and are not subject to and therefore superseded by GBR obligation in **Clause 63** to allocate train paths to its own services.

- Delete Clause 18(4)

Part 2

24. **Provision of services:** The Bill should permit competitive tenders where needed, for example if GBR needs the support, for safety or other issues. At present, under **Clause 31**, the Bill currently allows only direct awards to public sector companies for public service contracts, limiting future flexibility.

- We recommend that **Clause 31(2)** is amended to read: (2) *"The Secretary of State may do so by making a direct award of a public service contract, to one or more of Great British Railways or a GBR company, in accordance with regulation 17 of the 2023 Regulations (general direct award provision for rail), or by competitively tendering a public service contract."*
- Similarly, **Clause 31(3)(b) (Scotland) and (4)(b) (Wales)** should be amended by having these words added to the end of each sentence: *"or by competitively tendering a public service contract."*

Part 3

25. **Access and Use Policy:** We are reviewing the proposals set out in Network Rail's discussion document for the Access and Use Policy (AUP), which will be fundamental to how the Railways Bill operates. We welcome the public consultation on the first AUP and recommend that a requirement for public consultation for any future changes to the AUP is put into **Clause 59** on the face of bill.

- Clause 59 subsection 4 should be replaced by: (4) *Great British Railways may at any time revise or replace a scheme made under this section following consultation with devolved authorities and with the industry and public.*

26. **Capacity Allocation:** **Clause 63** should be utilised to create the best possible services for the passenger. Additional services should be encouraged; evidence shows that they raise customer satisfaction and reduce ticket prices for both their own customers and customers travelling on the parallel government-owned services. Unfunded services which GBR "expects" should not be given train paths in advance of funded non-GBR additional services, particularly where they will provide passenger benefit sooner.

- **Clause 63 (2)** should be deleted.
- We recommend alternative wording for Clause 63(2): (2) *Great British Railways must exercise the functions so as to ensure that it allocates capacity over GBR infrastructure in a non-discriminatory manner to benefit customers and communities to the best effect. If Great British Railways reserves capacity for its own services, it must state the specific purpose for which capacity is reserved. Great British Railways must utilise the reserved capacity within six months.*

27. **Capacity duty:** Delete Clause 18(4).

28. **Charging scheme:** FirstGroup welcomes a charging scheme based on costs directly incurred, as envisaged by **Clause 64**, if it continues to mean short-run marginal costs. Non-GBR passenger services help to grow the railway overall and pay their way through track access charges which contribute to the fixed costs of the network.

29. At present, there is not enough detail in the Bill to ensure GBR will treat additional service operators fairly when charges are set. Non-GBR operators require early clarity on GBR's 2029 charging regime, which must be agreed in timely way to allow for certainty for business planning and applied in line with the statutory duty of fairness and non-discrimination.

30. The charging regime should be developed in consultation with operators and subject to independent oversight from the ORR.
 - Clause 64 subsection 6 should be replaced by: *(6) Great British Railways may at any time revise or replace a scheme made under this section following consultation with devolved authorities and with the industry and public.*
31. The scheme must be based on efficient costs so that if GBR operate in an inefficient way, they are not protected from any consequences of this by being able to recover those inefficient costs from non-GBR operators. This will maintain confidence in a fair access environment and help sustain private investment in the network.
 - This could be achieved by the following amendments:
 - (2) Subject as follows, the charges set out in the scheme under subsection (1)(a) in relation to the operation of a train must be set at the **efficient** cost that is directly incurred as a result of the operation of the train.*
 - (3) The scheme may provide for a higher amount to be charged in particular circumstances provided that it does not exceed the amount that Great British Railways considers is the amount that a **market** would be able to pay in those circumstances.*
32. **Meaningful appeals process:** Under **Clause 68** the ORR is an appeals body but with only the power to judge appeals using judicial review criteria, which is a threshold far too high and excludes appeals based on decisions' merits. The requirement to meet a judicial review threshold under **Clause 68(1)** should be removed
 - Delete Clause 68(1)
33. **Basis of appeals:** As drafted, the Railways Bill does not give a right to appeals on grounds of GBR policies being discriminatory or anti-competitive. The ORR should prioritise fairness and competition in the appeals procedure. To prioritise competition across all Office of Rail and Road (ORR) functions, including appeals, we recommend that **Clause 20 (1d)**, which removes the duty of the ORR to promote competition, should be deleted as it is a disincentive to private sector investment.
 - Delete Clause 20(1)(d)
 - *Amend Clause 68 (8): The ORR **must** issue a document setting out the practice and procedure to be followed on appeals under this Chapter. It should set out how it will continue to promote competition for the benefit of users of the railway, whilst having regard to the funds available to the Secretary of State.*
34. **Independent regulation:** **Clause 69** should also be deleted to leave the approval of access rights with ORR.
 - Delete Clause 69.
35. **Clause 71**, which outlines an unusual power for the Secretary of State to write regulations to amend contracts between a private sector operator and Network Rail/GBR, must be limited to ensure GBR provides a stable environment for private sector investment. The policy rationale for **Clause 71** as set out in the explanatory memorandum is not reflected in the wording of the Bill, which risks overreach. GBR must honour existing access rights, prioritise passenger choice, and attract private sector investment and expertise to complement GBR's and the government's ambitions. Over the past 28 years, private entities have played a critical role in advancing the UK's railways. Restricting unnecessary regulatory changes will foster investor confidence and maintain essential capital inflows.
36. We therefore recommend **Clause 71** to be deleted, or at a minimum the Bill be amended to limit the power in **Clause 71** to a clearly defined and short transition period, or to remove it once transition is complete, in order to provide greater certainty and stability for investors considering long-term commitments to the network.
 - Delete Clause 71
37. **Devolution:** Devolution is positive, and the same duty for GBR to work with devolved governments and mayoral authorities for GBR services should apply to non-GBR access and charging decisions, enabling regions to have a say on services within and to/from their areas.

38. **Mayoral consultation:** Elected mayors and regional leaders understand their transport priorities best, and open access operators in particular are well placed to respond quickly to emerging local demand. **Clauses 80, 81 and 82** which introduce a duty for GBR to consult devolved governments, and mayoral authorities should be expanded to include proportionate statutory duty to consult on access and charging decisions, enhancing accountability and aligning service delivery with regional transport priorities.

- Specifically, for **Clause 80 section 2 (Scotland)** and section 4 (Wales), **Clause 81 section 2 (mayoral authorities)** and **Clause 82 section 2 (Transport for London)**, this following bullet should be added to bring access, charging and capacity decisions into wider consultation: ***(c) any decision on the access, charging and capacity regimes (as referred to in Clauses 59-73) which could impact on the ability to run any railway passenger service, whether that is a GBR or a non-GBR passenger service***.

Part 4

39. **The licensing regime for GBR:** **Schedule 1** of the Railways Bill states the Secretary of State must consult with the ORR and Transport Focus and before issuing a licence to GBR. The Secretary of State must also publish a notice they intend to grant a licence and consider representations or objections made. There should be an additional commitment to wide and meaningful industry and public consultation during the preparation of GBR's licence and any later amendments to that licence.

40. As the Bill envisages, the GBR Licence consultation should be started early during the Bill process, allowing the industry, public and the Bill committee to consider the document and therefore the fuller intention of the legislation. In addition to the amendments needed in primary legislation, the GBR Licence must contain the duty to be fair and non-discriminatory and allow GBR to procure from private businesses and use private investment where it provides value for money and the best outcomes for local communities.

[END]