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Tim Bilby
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Head of Finance and Commercial
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Dear Karen and Tim,

Directions relating to the Track Access Contract between Network Rail Infrastructure Limited and South Yorkshire Supertram Limited

1. The Office of Rail and Road (ORR) has today directed Network Rail Infrastructure Limited (Network Rail) and South Yorkshire Supertram Limited (SYSL), (jointly the parties), under Section 18 of the Railways Act 1993, to enter into a Track Access Contract (TAC) as submitted to ORR on 21 March 2018. The purpose of this letter is to explain the reasons for our decision.

The Application

2. The purpose of this application is to give SYSL rights to operate a new passenger service using new tram train vehicles between Tinsley North Junction in Sheffield and Parkgate in Rotherham (via Rotherham Central). The tram train services will enter onto Network Rail infrastructure from the existing tram network via the recently built Tinsley Chord. The rights sought are for 54 Weekday/Saturday services and 51 Sunday services.

3. Testing of the tram train vehicles is due to start on 6 May 2018. Passenger services are due to start in the second half of 2018. The parties requested that the contract expired on the Subsidiary Change Date 2023.

4. This application was submitted to ORR, following an industry consultation, on 20 July 2017. At that stage, some aspects of the contract and the track access charges were still to be agreed. An updated contract, with a revised Part 3 of Schedule 4 was submitted to ORR on 21 March 2018. This application replaced an earlier one which was

Page 1 of 2

submitted to ORR on 18 June 2015 but due to a review of the tram train project by Network Rail, that contract and the associated consultation was superseded.

Industry Consultation

5. Network Rail undertook a 28 day industry consultation from 28 February 2017. Supportive responses were received from Transport Focus, Transport for Greater Manchester, West Yorkshire Combined Authority and South Yorkshire Passenger Transport Executive. There were no objections or concerns raised.

ORR Review

6. We have no concerns with the access rights proposed but have not yet completed our review of the contract, in particular, Schedules 4 and 8 of the contract which we needed to discuss with the parties further. Given the need for the parties to enter into the contract to allow for the testing of the trains to start on 6 May 2018, we have decided to direct a short term contract until 7 July 2018 in order for any outstanding issues to be resolved before passenger services begin. We will work collaboratively with the parties to finalise Schedule 4 and 8, any other elements of the contract and extend the expiry date, via a supplemental agreement, as soon as possible.

ORR's conclusions and directions

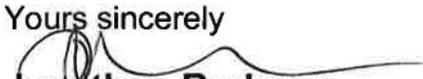
7. In considering the contract and in reaching our decision, we have had to weigh and strike the appropriate balance in discharging our statutory duties under section 4 of the Act. We concluded that issuing directions in respect of this contract is consistent with our section 4 duties, in particular those relating to promoting improvements in railway service performance; protecting the interests of users of railway services; promoting the use of the railway network for the carriage of passengers and goods and enabling persons providing railway services to plan their businesses with a reasonable degree of assurance.

Administration

8. A copy of the Directions and the signed contract will be placed on our public register. Copies of this letter and the contract will also be placed on the ORR website. I am also copying this letter to Peter Craig at Network Rail and Keith Merritt at Department for Transport.

9. Once the agreement is signed, in accordance with section 72(5) of the Act, you must send a copy to ORR within 14 days.

Yours sincerely


Jonathan Rodgers