Dear Stewart and Bevin,

Directions in respect of a track access contract between DB Schenker Rail (UK) Limited and The Chiltern Railways Company Limited

1. On 22 February 2016 the Office of Rail and Road (ORR) issued directions under section 18 of the Railways Act 1993 (the Act) to DB Schenker Rail (UK) Limited (DBS) to enter into a track access contract (TAC) with The Chiltern Railways Company Limited (Chiltern) as formally submitted on 20 January 2016. This letter is to explain our directions and the reasons for them.

Summary

2. The purpose of this agreement is to grant Chiltern the rights necessary to use Oxford Banbury Road Sidings (the Facility) for the stabling of Chiltern rolling stock overnight. The agreement is based on the ABP-derived Facility Access Contract template, modified for the requirements at the Facility. The rights are to commence on the date of signature of this contract and will expire at the end of Chiltern’s Franchise Agreement, which is initially scheduled for 31 December 2021.

3. Chiltern’s requirement to stable is likely to cease before the expiry of the franchise, once the doubling of the line to Oxford and improvements at Oxford Station have been completed. The parties wished to tie the date to the end of the franchise in case Network Rail cannot deliver these improvements in the current timescale.

Consultation

4. In line with the industry code of practice for TACs, DBS conducted a consultation of potentially affected operators and other interested parties. This consultation ran from 23 October 2015 for 28 days, ending on 20 November 2015. No objections or substantive comments were declared.

ORR Review

5. During our review we asked the parties for clarification on several points, discussed below.
6. We asked for clarification if the application was a formal or informal submission, as DBS described the contract as a draft contract. DBS confirmed that it was a formal submission, and that draft was used as the contract was not formally approved yet by ORR.

7. Class 68 locomotives were included in Schedule 3 as specified equipment but were not included in the services listed in Appendix 1. We asked if it was still required to include this specified equipment. DBS said this was to make sure all rolling stock operated by Chiltern on the Oxford branch could use the Facility if necessary. We are content with this.

8. We also asked for DBS to clarify the commencement date given in Schedule 3, as it had no year in it and we do not approve rights retrospectively. DBS confirmed that it was 24 October 2015, which was when services commenced. We note that the Effective Date is the date of signature of the agreement. Therefore no retrospective approval was sought. We are content with this explanation.

**ORR Decision**

9. This is an application under section 18 of the Act and therefore an agreed agreement between the parties who are prepared to enter into it as submitted. We agree to the proposed contract duration as it reflects Chiltern’s franchise agreement, in line with our policy regarding long-term TACs¹ and to ensure Chiltern does not lose access to the Facility if the improvements are delivered later than planned.

10. In making this decision, we are satisfied that this decision reflects our duties under section 4 of the Act, in particular:

   (i) to protect the interests of users of railway assets;
   
   (ii) to promote the use of railway network in Great Britain for the carriage of passengers and goods and the development of that railway network, to the greatest extent economically practicable;
   
   (iii) to promote efficiency and economy on the part of the persons providing railway services; and
   
   (iv) to enable persons providing railway services to plan the future of their businesses with a reasonable degree of assurance.

11. Once the agreement is signed, in accordance with section 72(5) of the Act, you must send a copy to ORR within 28 days and in accordance with section 72(2)(b)(iii), a copy will be placed on our public register and website.

12. In entering any provision on the register, ORR is required to have regard to the need to exclude, as far as is practicable, the matters specified in section 71(2)(a) and (b) of the Act. These sections refer to:

   a) any matter which relates to the affairs of an individual, where publication of that matter would or might, in the opinion of the ORR, seriously and prejudicially affect the interests of that individual; and

b) any matter which relates to the affairs of a particular body of persons, whether corporate or incorporate, where publication of that matter would or might, in the opinion of the ORR, seriously and prejudicially affect the interests of that body.

13. When submitting the copy of the signed agreement would you therefore please identify any matters which you would like the ORR to consider redacting before publication. You will need to give reasons for each request explaining why you consider that publication would seriously and prejudicially affect your interests.

Yours sincerely,

Katherine Goulding