
DRAFT STATUTORY INSTRUMENTS

2023 No.

The Public Service Obligations in Transport Regulations 2023

PART 2

Content of public service contracts

Duration of public service contracts

9.—(1) Unless paragraph (2) or (3) applies, the duration of a public service contract must not exceed—

- (a) 10 years if the contract is awarded under regulation 17 (direct awards: rail), regulation 19 (direct award: rail due to structural and geographical characteristics) or regulation 20 (direct award: rail where operator manages the railway infrastructure);
- (b) 2 years if the contract is awarded, extended or imposed under regulation 16 (emergency measures);
- (c) 5 years, if the contract is awarded under regulation 18 (temporary direct award: rail);
- (d) for any other contract—
 - (i) if transport by either rail or other track-based modes, or any combination of rail and other track-based modes, represents more than 50% of the value of the public passenger transport services, 15 years;
 - (ii) otherwise, 10 years.

(2) Subject to paragraphs (3) and (4), a public service contract may have a duration of up to 50% longer than the applicable period prescribed under paragraph (1) if the public service operator provides assets—

- (a) which have an exceptionally long depreciation period justifying, in the opinion of the competent authority, such longer duration,
- (b) which are significant in relation to the overall assets needed to carry out the passenger transport services covered by the public service contract, and
- (c) which are linked predominantly to the passenger transport services covered by the contract.

(3) A public service contract may have a longer duration than is prescribed under paragraphs (1) and (2) if—

- (a) in the opinion of the competent authority a longer duration is justified by the amortisation of capital in relation to exceptional levels of investment in infrastructure, rolling stock or vehicles, and
- (b) the public service contract is awarded in a fair competitive tendering procedure.

(4) Paragraphs (2) and (3) do not apply to a contract made under regulation 16 (emergency measures) or regulation 18 (temporary direct awards).