

THE SCOTTISH MINISTERS

and

ABELLIO SCOTRAIL LIMITED

SCOTRAIL FRANCHISE AGREEMENT

TABLE OF CONTENTS

1.	Interpretation and Definitions	1
2.	Commencement	2
3.	Term	3
4	Franchisee's Obligations	3
5	Unjustified Enrichment	4
6	Arm's Length Dealings	4
7	Compliance with Laws	4
8	Entire Agreement	4
9	Governing Law	5
	SCHEDULE 1	7
	PASSENGER SERVICE OBLIGATIONS	7
	SCHEDULE 1.1	8
	SERVICE DEVELOPMENT	8
	APPENDIX 1 TO SCHEDULE 1.1	20
	THE TRAIN FLEET	20
	APPENDIX 2 TO SCHEDULE 1.1	33
	SERVICE DEVELOPMENT ADDITIONAL FACTORS	33
	SCHEDULE 1.2	35
	OPERATING OBLIGATIONS	35
	SCHEDULE 1.3	51
	ADDITIONAL SERVICE SPECIFICATIONS	51
	SCHEDULE 1.4	59
	PASSENGER FACING OBLIGATIONS	59
	APPENDIX 1 TO SCHEDULE 1.4	77
	ALTERNATIVE TRANSPORT AND WEBSITE	77
	SCHEDULE 1.5	79
	INFORMATION ABOUT PASSENGERS	79
	SCHEDULE 1.6	84
	COMMITTED OBLIGATIONS	84
	PART 1 OF SCHEDULE 1.6	84
	FRANCHISEE'S COMMITTED OBLIGATIONS	84
	PART 2 OF SCHEDULE 1.6	141
	MISCELLANEOUS PROVISIONS	141
	PART 3 OF SCHEDULE 1.6	146
	LATE/NON-COMPLETION OF COMMITTED OBLIGATIONS	146
	PART 4 OF SCHEDULE 1.6	224
	FRANCHISEE'S COMMITTED OBLIGATIONS	224

SCHEDULE 1.7	227
FRANCHISE SERVICES	227
SCHEDULE 1.8	232
RESTRICTIONS OF USE	232
PART 1	232
EXTENDED RESTRICTIONS OF USE	232
PART 2	234
MAJOR SCOTTISH PROJECTS	234
SCHEDULE 2	235
ASSETS, LEASES, THIRD PARTIES, OTHER FRANCHISE OPERATIONS AND SCHEMES	235
SCHEDULE 2.1	236
PROPERTY LEASES	236
SCHEDULE 2.2	237
SECURITY OF ACCESS ASSETS, ROLLING STOCK LEASES, STATION AND DEPOT LEASES	237
SCHEDULE 2.3	242
THIRD PARTY DELIVERY OF PASSENGER SERVICES AND OTHER FRANCHISEES	242
SCHEDULE 2.4	244
OTHER FRANCHISE OPERATIONS	244
SCHEDULE 2.5	247
TRANSPORT, TRAVEL AND OTHER SCHEMES	247
APPENDIX TO SCHEDULE 2.5	256
LIST OF TRANSPORT, TRAVEL AND OTHER SCHEMES	256
SCHEDULE 2.6	259
INVERNESS DEPOT	259
SCHEDULE 3	260
PRICED OPTIONS	260
APPENDIX TO SCHEDULE 3	267
SCHEDULE 4	271
MAINTAINING AND ENHANCING STATIONS, DEPOTS AND TRAINS	271
SCHEDULE 4.1	272
FRANCHISE FACILITIES	272
APPENDIX TO SCHEDULE 4.1	279
STATION SURVEYS	279
SCHEDULE 4.2	280
PERSONS WITH DISABILITIES AND DISABILITY DISCRIMINATION	280
APPENDIX TO SCHEDULE 4.2	285
MINOR WORKS	285
SCHEDULE 5	287
FARES	287
SCHEDULE 5.1	288

PURPOSE, STRUCTURE AND CONSTRUCTION	288
SCHEDULE 5.2	292
FRANCHISEE’S OBLIGATION TO CREATE FARES.....	292
SCHEDULE 5.3	293
REGULATION OF INDIVIDUAL FARES	293
SCHEDULE 5.4	295
EXCEEDING THE REGULATED PRICE OR REGULATED CHILD PRICE	295
SCHEDULE 5.5	296
CHANGES TO FARES AND FARES REGULATION	296
SCHEDULE 5.6	297
FARES REGULATION INFORMATION AND MONITORING	297
SCHEDULE 6	298
ROLLING STOCK	298
SCHEDULE 6.1	299
EGIP AND HLOS ROLLING STOCK	299
APPENDIX 1 TO SCHEDULE 6.1	307
EGIP & HLOS ROLLING STOCK DELIVERY SCHEDULE.....	307
APPENDIX 2 TO SCHEDULE 6.1	308
EGIP & HLOS ROLLING STOCK OUTPUT REQUIREMENT	308
SCHEDULE 6.2	338
INTER-CITY ROLLING STOCK	338
APPENDIX 1 TO SCHEDULE 6.2.....	346
INTER-CITY ROLLING STOCK DELIVERY SCHEDULE	346
APPENDIX 2 TO SCHEDULE 6.2.....	348
INTER-CITY ROLLING STOCK OUTPUT REQUIREMENT	348
SCHEDULE 6.3	358
SCENIC TRAIN ROLLING STOCK	358
APPENDIX 1 TO SCHEDULE 6.3.....	366
SCENIC TRAIN ROLLING STOCK DELIVERY SCHEDULE	366
APPENDIX 2 TO SCHEDULE 6.3.....	366
SCENIC TRAIN ROLLING STOCK OUTPUT REQUIREMENT	366
SCHEDULE 6.4	374
OTHER ROLLING STOCK	374
APPENDIX 1 TO SCHEDULE 6.4.....	381
OTHER ROLLING STOCK DELIVERY SCHEDULE	381
APPENDIX 2 TO SCHEDULE 6.4.....	382
OTHER ROLLING STOCK OUTPUT REQUIREMENT	382
SCHEDULE 7	389
TRAIN OPERATING PERFORMANCE / KPIs AND JOURNEY TIME METRIC/ SQUIRE	389
SCHEDULE 7.1	390

TRAIN OPERATING PERFORMANCE	390
APPENDIX 1 TO SCHEDULE 7.1	397
CANCELLATIONS BENCHMARK TABLE	397
APPENDIX 2 TO SCHEDULE 7.1	399
CAPACITY BENCHMARK TABLE	399
APPENDIX 3 TO SCHEDULE 7.1	401
PPM BENCHMARK TABLES	401
APPENDIX 4 TO SCHEDULE 7.1	403
PART 1 — CONSTRUCTION	403
PART 2 – SYSTEMS	403
PART 3 — SERVICE GROUPS	405
SCHEDULE 7.2	408
KPIs AND JOURNEY TIME METRICS	408
PART 1 – OFF-PEAK PATRONAGE	408
PART 2 - PASSENGER SATISFACTION	410
PART 3 – JOURNEY TIME METRIC	413
APPENDIX 1 TO SCHEDULE 7.2	416
OFF-PEAK PATRONAGE FORECAST TABLE AND DEALING WITH DISRUPTION PASSENGER	
SATISFACTION LEVEL TABLE	416
SCHEDULE 7.3	417
SQUIRE	417
APPENDIX A TO SCHEDULE 7.3 –	434
ESCALATION PROCEDURE	434
SCHEDULE 8	435
PAYMENTS	435
SCHEDULE 8.1	436
FRANCHISE PAYMENTS	436
APPENDIX 1 TO SCHEDULE 8.1	446
COMPONENTS OF DFR	446
APPENDIX 2 TO SCHEDULE 8.1	447
DECEMBER 2013 INTER-CITY TIMETABLE	447
SCHEDULE 8.2	451
ANNUAL FRANCHISE PAYMENTS	451
APPENDIX 1 TO SCHEDULE 8.2	452
TARGET REVENUE (EXPRESSED IN REAL TERMS)	452
APPENDIX 2 TO SCHEDULE 8.2	453
FIGURES FOR CALCULATION OF ANNUAL FRANCHISE PAYMENTS	453
SCHEDULE 8.3	455
MISCELLANEOUS PAYMENT PROVISIONS	455
SCHEDULE 8.4	456

TRACK ACCESS ADJUSTMENTS AND STATION CHARGE ADJUSTMENTS	456
SCHEDULE 8.5	460
REBASING	460
SCHEDULE 9	462
CHANGES	462
SCHEDULE 9.1	463
VARIATIONS AND FINANCIAL CONSEQUENCES OF CHANGE	463
SCHEDULE 9.2	469
REVISED INPUTS: IDENTITY OF THE FINANCIAL MODEL ETC.....	469
SCHEDULE 9.3	471
RUNS OF THE FINANCIAL MODEL.....	471
APPENDIX TO SCHEDULE 9.3	478
INCENTIVISING LONG-TERM INVESTMENT.....	478
SCHEDULE 9.4	480
AUTHORITY RISK ASSUMPTIONS	480
SCHEDULE 10	481
REMEDIES, TERMINATION AND EXPIRY	481
SCHEDULE 10.1	482
REMEDIAL PLANS AND REMEDIAL AGREEMENTS	482
SCHEDULE 10.2	485
TERMINATION AND EXPIRY	485
SCHEDULE 10.3	488
EVENTS OF DEFAULT AND TERMINATION EVENT	488
SCHEDULE 10.4	494
FORCE MAJEURE	494
SCHEDULE 10.5	499
LIABILITY	499
SCHEDULE 11	501
AGREEMENT AND SERVICE DELIVERY MANAGEMENT PROVISIONS.....	501
SCHEDULE 12	510
FINANCIAL OBLIGATIONS AND UNDERTAKINGS	510
APPENDIX 1 TO SCHEDULE 12.....	518
FORM OF PERFORMANCE BOND.....	518
APPENDIX 2 TO SCHEDULE 12.....	524
FORM OF SEASON TICKET AND SMARTCARD BOND	524
APPENDIX 3 TO SCHEDULE 12.....	530
FORM OF ALLIANCING SECURITY	530
SCHEDULE 13	541
FRANCHISE MANAGEMENT AND INFORMATION OBLIGATIONS.....	541
SCHEDULE 13.1	542

FRANCHISE MANAGEMENT	542
SCHEDULE 13.2	551
INFORMATION	551
APPENDIX 1 TO SCHEDULE 13.2	562
EFFICIENT FRANCHISEE	562
APPENDIX 2 TO SCHEDULE 13.2	568
KEY ASSETS	568
APPENDIX 3 TO SCHEDULE 13.2	569
OPERATIONAL INFORMATION	569
APPENDIX 4 TO SCHEDULE 13.2	574
PASSENGER JOURNEYS, MILES AND EARNINGS INFORMATION	574
SCHEDULE 13.3	576
Co-operation	576
APPENDIX TO SCHEDULE 13.3	579
SCRF PRINCIPLES	579
SCHEDULE 13.4	580
STAFF OBLIGATIONS	580
SCHEDULE 13.5	585
Safety and Personal Security	585
SCHEDULE 13.6	587
Integration	587
SCHEDULE 13.7	590
Related Parties and Open Book Accounting	590
APPENDIX TO SCHEDULE 13.7	592
Related Party Contracts	592
SCHEDULE 14	593
Preservation of Assets	593
SCHEDULE 14.1	594
MAINTENANCE OF FRANCHISE	594
SCHEDULE 14.2	595
MAINTENANCE OF OPERATING ASSETS	595
SCHEDULE 14.3	600
KEY CONTRACTS	600
APPENDIX TO SCHEDULE 14.3	603
LIST OF KEY CONTRACTS	603
SCHEDULE 14.4	604
DESIGNATION OF FRANCHISE ASSETS	604
APPENDIX TO SCHEDULE 14.4	608
LIST OF PRIMARY FRANCHISE ASSETS	608
SCHEDULE 14.5	609
DEALING WITH FRANCHISE ASSETS	609
SCHEDULE 15	611

OBLIGATIONS ASSOCIATED WITH TERMINATION	611
SCHEDULE 15.1	612
RELETTING PROVISIONS	612
SCHEDULE 15.2	617
LAST 12 OR 13 MONTHS OF FRANCHISE PERIOD	617
SCHEDULE 15.3	622
HANDOVER PACKAGE	622
APPENDIX TO SCHEDULE 15.3	625
FORM OF HANDOVER PACKAGE	625
SCHEDULE 15.4	626
PROVISIONS APPLYING ON AND AFTER TERMINATION	626
APPENDIX 1 TO SCHEDULE 15.4	632
FORM OF TRANSFER SCHEME	632
APPENDIX 2 TO SCHEDULE 15.4	636
FORM OF SUPPLEMENTAL AGREEMENT	636
SCHEDULE 16	651
PENSIONS	651
SCHEDULE 17	655
CONFIDENTIALITY, FOISA AND DATA PROTECTION	655
SCHEDULE 18	661
FRANCHISE CONTINUATION.....	661
SCHEDULE 19	662
OTHER PROVISIONS	662

AGREEMENT

BETWEEN

- (1) **THE SCOTTISH MINISTERS**, Victoria Quay, Edinburgh, EH6 6QQ, acting through Transport Scotland, Buchanan House, 58 Port Dundas Road, Glasgow, G4 0HF or such other agency, department or other organisational unit of the Scottish Government as they may from time to time nominate (who and whose successors are referred to as the **Authority**); and
- (2) **ABELLIO SCOTRAIL LIMITED**, incorporated and registered in Scotland under company number SC450732 and whose registered office is at 10th Floor, 133 Finnieston Street, Glasgow, G3 8HB (the **Franchisee**).

WHEREAS

- (A) The Authority wish to appoint a franchisee to provide railway passenger services within the ScotRail Franchise and expect their franchisee, on the terms of this Agreement, actively to seek, in all reasonable business ways to deliver the policy objectives referred to in recital (C).
- (B) The Franchisee wishes to be appointed as the Authority's franchisee for the ScotRail Franchise and intends, on the terms of this Agreement, actively to seek, in all reasonable business ways, to deliver the policy objectives referred to in recital (C).
- (C) The policy objectives of the Franchise Agreement are for Franchise Services to:-
 - Ensure value for money;
 - Secure industry alignment to increase effectiveness and reduce costs;
 - Exploit utility and capacity of the network;
 - Improve journey times and connectivity;
 - Manage change effectively;
 - Improve passenger satisfaction;
 - Improve environmental performance; and
 - Improve accessibility to services and stations.
- (D) The following provisions of this Agreement are intended to reflect and give effect to the matters referred to in Recitals (A), (B) and (C).

1. Interpretation and Definitions

1.1. In this Agreement:

Conditions Precedent Agreement means the agreement between the Authority and the Franchisee executed of even date herewith specifying certain conditions to be satisfied prior to issue of a Certificate of Commencement.

Definitions Agreement means the agreement between the Authority and the Franchisee executed of even date herewith relating to the interpretation of this

Agreement, the Conditions Precedent Agreement and the SQUIRE Service Schedules Agreement.

SQUIRE Service Schedules Agreement means the agreement between the Authority and the Franchisee executed of even date herewith setting out, amongst other things, the SQUIRE Service Specifications, the SQUIRE Benchmarks and the Performance Points.

1.2. This Agreement, the Conditions Precedent Agreement, the Definitions Agreement and the SQUIRE Service Schedules Agreement together constitute a single agreement, which is a "franchise agreement" for the purposes of the Act, and shall be interpreted in accordance with the Definitions Agreement.

1.3. The Schedules and Appendices to this Agreement form part of this Agreement.

2. Commencement

2.1. The clauses of this Agreement and the provisions listed in clauses 2.1(a) to 2.1(v) inclusive shall take effect and be binding upon each of the parties immediately upon signature of this Agreement:-

- (a) Schedule 1.1 (Service Development);
- (b) paragraph 7.3 of Schedule 1.4 (*Passenger Facing Obligations*);
- (c) Schedule 1.6 (*Committed Obligations*);
- (d) paragraph 2 of Schedule 2.2 (*Security of Access Assets, Rolling Stock Leases, Station and Depot Leases*);
- (e) paragraph 2 of Schedule 2.3 (*Third Party Delivery of Passenger Services and Other Franchisees*);
- (f) those provisions of Schedule 3 (*Priced Options*) necessary to allow the Authority to call off any Priced Option prior to the Franchise Commencement Date;
- (g) paragraphs 1 and 2 of Schedule 4.1 (Franchise Facilities);
- (h) Schedule 5 (*Fares*);
- (i) Schedule 6 (*Rolling Stock*);
- (i) Schedule 9 (*Changes*);
- (j) Schedule 10 (*Remedies, Termination and Expiry*);
- (k) paragraphs 1 to 6 (inclusive) of Schedule 11 (*Agreement Management Provisions*);
- (l) paragraphs 1, 4, 6, 7 and 8 of Schedule 12 (*Financial Obligations and Undertakings*);
- (m) Schedule 13.1 (*Franchise Management*);
- (n) paragraphs 1, 2, 5, 6, 7, 8, 9 and 10 of Schedule 13.2 (*Information*);
- (o) Schedule 13.3 (*Co-operation*);

- (p) paragraphs 3 and 4 of Schedule 13.5 (*Safety and Personal Security*)
- (q) Schedule 13.7 (*Related Parties and Open Book Requirements*);
- (r) Schedule 14.2 (*Maintenance of Operational Assets*);
- (s) Schedule 14.3 (*Key Contracts*);
- (t) Schedule 16 (*Pensions*);
- (u) Schedule 17 (*Confidentiality, FOISA and Data Protection*); and
- (v) Schedule 19 (*Other Provisions*).

2.2. The other provisions of this Agreement shall subject to the terms of the Conditions Precedent Agreement take effect and become binding upon the parties on the Franchise Commencement Date.

3. Term

3.1 Subject to paragraph 1 or 2 of Schedule 18 (*Franchise Continuation*) this Agreement shall terminate on the Expiry Date or on the date of any earlier termination pursuant to:-

- (a) Clauses 2.2(b)(ii), 2.2(c)(ii) and 2.3(a) of the Conditions Precedent Agreement; or
- (b) Schedule 10 (*Remedies, Termination and Expiry*).

3.2 The dates indicatively set out in the table below do not affect the construction and interpretation of the defined terms referred to in that table. The definitions of “First Expiry Date” and “Final Expiry Date” set out in the Definitions Agreement shall take precedence over the table below.

Defined Date	Indicative Date	Indicative Date plus Schedule 18 maximum continuation
First Expiry Date	31 March 2022	October 2022
Final Expiry Date	31 March 2025	31 March 2027

4 Franchisee's Obligations

- 4.1 The Franchisee shall perform its obligations under this Agreement in accordance with their terms and with that degree of skill, diligence, prudence and foresight which would be exercised by a skilled and experienced Train Operator of the ScotRail Franchise.
- 4.2 Any obligation on the part of the Franchisee to use all reasonable endeavours shall extend to consequent obligations adequately to plan and resource its activities, and to implement those plans and resources, with all due efficiency and economy.
- 4.3 The Franchisee shall co-operate with the Authority and act reasonably and in good faith in and about the performance of its obligations and the exercise of its rights pursuant to this Agreement in the interests of the passenger and the sustainable and

economic and social development of Scotland through the provision of passenger rail services. In this regard, “sustainable” shall include the meaning of that term when applied in environmental, social and economic contexts.

4.4 The Franchise acknowledges that the Authority’s stated policy objectives for the Franchise Agreement are for Franchise Services to:-

- Ensure value for money;
- Secure industry alignment to increase effectiveness and reduce costs;
- Exploit utility and capacity of the network;
- Improve journey times and connectivity;
- Manage change effectively;
- Improve passenger satisfaction;
- Improve environmental performance; and
- Improve accessibility to services and stations.

4.5 Notwithstanding encouragement whether explicit or implicit in the Franchise Agreement or otherwise for the Franchisee to consider or discuss the entering into of alliancing arrangements with Network Rail or any other party, the existence of any Alliance shall (save as expressly stated in the Franchise Agreement) not provide the Franchisee with any relief from any obligation upon the Franchisee in the Franchise Agreement.

5 Unjustified Enrichment

The Franchisee shall indemnify the Authority from the consequences of any unjustified enrichment that the Franchisee may benefit from or suffer from due to the application of railway industry regimes (including but not limited to, minutes allocation provisions) or otherwise.

6 Arm's Length Dealings

The Franchisee shall ensure that every contract or other arrangement or transaction to which it may become party in connection with this Agreement with any person is on bona fide arm's length terms.

7 Compliance with Laws

The Franchisee shall at all times during the Franchise Term perform the Franchise Services and all its other obligations under this Agreement in accordance with all applicable Laws.

8 Entire Agreement

8.1 This Agreement, the Definitions Agreement, the Conditions Precedent Agreement and the SQUIRE Service Schedules Agreement contain the entire agreement between the parties in relation to the subject matter of this Agreement and supersede all prior agreements and arrangements among or between the parties other than any

confidentiality agreements or undertakings which the Franchisee may have entered into with the Authority in connection with its proposal to secure the provision of the Passenger Services under this Agreement.

8.2 The Franchisee hereby acknowledges that it is not entering into this Agreement in reliance on any warranties, representations or undertakings howsoever or to whomsoever made except in so far as such are

(a) contained in this Agreement; or

(b) embodied in any warranties, representations or undertakings contained in the long form report in respect of the ScotRail Franchise dated 14 October 2013 provided by the Reporting Accountants as defined in the previous Franchise Agreement.

8.3 The Franchisee hereby acknowledges and agrees with the Authority (for itself and as trustee for each of the other persons referred to therein) to the disclaimer of liability which is contained in the section entitled "Important Notice" contained, or referred to, in any document supplied by or on behalf of the Authority in connection with this Agreement, the process leading to the entering into of this Agreement, or the Franchise Services (including any "Invitation to Tender" or "Draft Invitation to Tender" issued in connection therewith).

8.4 The Franchisee irrevocably and unconditionally waives any right which it may otherwise have to claim damages in respect of and/or to rescind this Agreement on the basis of any warranty, representation (whether negligent or otherwise, and whether made prior to and/or in this Agreement) or undertaking howsoever or to whomsoever made unless and to the extent that such warranty, representation or undertaking was made fraudulently.

9 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Scotland and the parties irrevocably agree to prorogate the exclusive jurisdiction of the Court of Session to settle any disputes which may arise out of or in connection with this Agreement, except as expressly set out in this Agreement. The jurisdiction of the Sheriff Courts in Scotland is expressly excluded by the parties.

IN WITNESS whereof the parties hereto have executed this Agreement (which includes the 19 Schedules and various appendices) as follows:-

SIGNED for and on behalf of THE SCOTTISH MINISTERS

At

On the day of 2014

By

.....Name (printed)

Before this witness:-

..... Witness

..... Full Name

..... Address

.....

Signed for and on behalf of ABELLIO SCOTRAIL LIMITED

At

On the day of 2014

By

..... Director

..... Name (Printed)

Before this witness:-

..... Witness

..... Full Name

..... Address

.....

SCHEDULE 1

**THIS IS SCHEDULE 1 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT
BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED**

Passenger Service Obligations

Schedule 1.1:	Service Development Appendix 1: The Train Fleet Appendix 2: Service Development Additional Factors
Schedule 1.2:	Operating Obligations
Schedule 1.3:	Additional Service Specifications
Schedule 1.4:	Passenger Facing Obligations Appendix 1: Alternative Transport and Website Stations Accessibility Information Appendix 2: Bicycle Storage
Schedule 1.5:	Information about Passengers
Schedule 1.6:	Committed Obligations Part 1 – Franchisee’s Committed Obligations Part 2 – Miscellaneous Provisions Part 3 – Late/Non-Completion of Committed Obligations
Schedule 1.7:	Franchise Services
Schedule 1.8	Part 1 – Extended Restrictions of Use Part 2 – Major Scottish Projects

SCHEDULE 1.1

THIS IS SCHEDULE 1.1 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Service Development

1. Service Level Commitment – Purpose and Responsibility

- 1.1. A Service Level Commitment is the means by which the Authority specifies the level, frequency, maximum journey times and stopping patterns of the railway passenger services that the Franchisee is to:
 - (a) seek Train Slots for from Network Rail; and
 - (b) operate pursuant to the Timetable issued by Network Rail at the end of its timetable development process.
- 1.2. The Service Level Commitment as at the date of this Agreement is in the Agreed Form marked SLC.
- 1.3. The Authority shall, for Service Level Commitments subsequent to that in place as at the date of this Agreement, issue a document specifying any additional items to be added or items to be removed from the Service Level Commitment for each timetable development process of Network Rail during the Franchise Term.
- 1.4. A Service Level Commitment may be expressed in whole or in part at any level of generality or to any level of detail the Authority considers appropriate.
- 1.5. A Service Level Commitment developed in accordance with this Schedule 1.1 may include journeys along routes which the Franchisee may not have permission to use at the Franchise Commencement Date and/or along new parts of the network.
- 1.6. A Service Level Commitment may specify capacity for any railway passenger services in the Service Level Commitment.
- 1.7. The Authority may make Service Level Commitment adjustment proposals to improve efficiency of journey times and/or performance criteria and/or to better match capacity to demand.
- 1.8. The Franchisee agrees to co-operate with the Authority to develop the Service Level Commitment in accordance with this Schedule 1.1.
- 1.9. The Franchisee agrees that the Planned Service Changes shall not constitute a Change.

2. Train Plan – Purpose and Responsibility

- 2.1. A Train Plan is the means by which the Franchisee expresses its proposed allocation of the Passenger Carrying Capacity of the Train Fleet to meet passenger demand for the railway passenger services it is to operate.
- 2.2. The Franchisee shall submit to the Authority a Train Plan in respect of the Service Level Commitment and, subsequently, in respect of each Timetable in accordance with this Schedule 1.1.

- 2.3. In preparing a Train Plan in respect of a Service Level Commitment, the Franchisee shall do so by reference to the timetable that it envisages operating in order to comply with that Service Level Commitment.
- 2.4. The Train Plan for the Timetable as at the Franchise Commencement Date is to be delivered to the Authority prior to the Franchise Commencement Date. The Authority accepts that this Train Plan may not contain the information referred to in paragraph 2.5(e) to (h). If that is the case, the Franchisee shall within 6 months of the Franchise Commencement Date update the Train Plan so that it contains all of the information required by this Agreement. The Franchisee shall keep the Authority advised as regards this updating and shall promptly supply the Authority with a copy of both any interim drafts of the Train Plan and the updated Train Plan.
- 2.5. Each Train Plan is to set out for each railway passenger service in the Timetable to which it relates:
 - (a) its start point and departure time;
 - (b) its terminating point and arrival time;
 - (c) the class of rolling stock vehicles that the allocated train is to have;
 - (d) the Passenger Carrying Capacity (split between seated and standing capacity) that the allocated train, as formed, is to have;
 - (e) the planned formation of all trains (including, for Scenic Trains, details of catering facilities and luggage, bicycles and goods capacity) and points of splitting or joining of formations);
 - (f) its Actual Passenger Demand most recently determined in accordance with Schedule 1.5 (*Information about Passengers*); and
 - (g) its Forecast Passenger Demand.
- 2.6. A Train Plan shall be in any format that the Authority may reasonably specify for this purpose.
- 2.7. In the event of the Franchisee proposing seasonal variations to train formations or capacities, such variations shall be detailed in the Train Plan.

3. Train Fleet

- 3.1. The Franchisee's Train Fleet as at the Franchise Commencement Date is as set out in Appendix 1 (*The Train Fleet*).
- 3.2. The Franchisee shall comply with its obligations under
(paragraph 2 of Schedule 2.2 (*Security of Access Assets, Rolling Stock Leases, Station and Depot Leases*)) with respect to the Train Fleet.
- 3.3. Save as provided for in Schedule 6 (*Rolling Stock*), the Franchisee shall maintain the composition of the Train Fleet during the Franchise Term, unless the Authority otherwise agrees, such that there are no changes to the Train Fleet, including changes:
 - (a) to the classes or types;

- (b) to the interior configurations (including equipment or facilities present and available for use); or
- (c) which may reduce the journey time capabilities

of any rolling stock vehicles specified in the Train Fleet.

- 3.4. Where any rolling stock vehicles referred to in the Train Fleet Table 1 cease to be leased on the date so specified in Train Fleet Table 1 the Franchisee shall (unless otherwise agreed by the Authority and subject to compliance with all other relevant provisions of this Agreement including in relation to Rolling Stock Contracts) include in the Train Fleet substitute rolling stock which has:
 - (a) at least the capacity in respect of the rolling stock vehicles being substituted;
 - (b) reliability, capability and quality (which shall be deemed to include all facilities and characteristics set out in Train Fleet Table 3 that is at least equal to the reliability, capability and quality of the rolling stock vehicles being substituted;
 - (c) an aggregate total capacity which is at least equal to the aggregate total capacity of the rolling stock vehicles being substituted or such higher amount of aggregate capacity as is specified by this Agreement.
- 3.5. During the Franchise Term, the Franchisee shall advise the Authority of any rolling stock vehicles comprising the Train Fleet damaged beyond economic repair or likely to be unavailable for service for a period of 3 consecutive Reporting Periods or more. The Franchisee shall, pending the return to service of the same, provide the Authority with an update at least once per Reporting Period (or at such other frequency as the Authority may specify) on the anticipated return to service date of any vehicle reported as likely to be unavailable for service for a period of 3 consecutive Reporting Periods or more
- 3.6. If any change is made to the Train Fleet in accordance with this paragraph 3 the Authority may, after consulting the Franchisee, notify the Franchisee of the Passenger Carrying Capacity of any rolling stock vehicles or class of rolling stock vehicles comprising the Train Fleet following such change.
- 3.7. The Franchisee shall procure that the rolling stock vehicles specified in the Train Fleet Table 1 with the capacity and other characteristics referred to therein and in Train Fleet Table 2, and the further facilities, utility and other characteristics detailed in Train Fleet Table 3 are available for deployment in the provision of the Passenger Services to the extent required by the Timetable and the Train Plan during the periods referred to therein.
- 3.8. The Franchisee shall, in keeping with its obligations pursuant to this Schedule 1.1, plan to ensure that the class/route specific requirements for vehicle facilities/make-up detailed in Train Fleet Table 3 shall be met in the operation of Passenger Services;

4. Procedure

- 4.1. The parties agree that the effective operation of the provisions of this Schedule 1.1, and of provisions addressing the same or similar matters in other franchise agreements, will require certain procedural arrangements and timescales to be followed to a common timescale by the Authority the Franchisee and others. The parties agree that such procedural arrangements may need to be modified to reflect changes to railway industry processes. The parties further

agree that the procedural arrangements applicable to this franchise may require to be different from those applicable to other franchises.

- 4.2. The Franchisee agrees that the Authority may stipulate any reasonable procedural arrangements and timescales that are to be followed by the Authority and the Franchisee for these purposes (which shall be consistent with any relevant standard railway industry processes for timetable development) and that the Authority may amend any such stipulation.
- 4.3. The Authority agrees to consult the Franchisee prior to stipulating or amending any such procedural arrangements and timescales in accordance with paragraph 4.2.
- 4.4. Any stipulation by the Authority pursuant to paragraph 4.2:
 - (a) shall be at the reasonable discretion of the Authority;
 - (b) may contain procedural arrangements and timescales to be followed by the Franchisee in relation to other changes to the Franchise Services (pursuant to paragraph 1 of Schedule 9.1 (*Variations and Financial Consequences of Change*) in conjunction with a Service Level Commitment; and
 - (c) may provide for iterations of drafts of any Service Level Commitment, Train Plan or Timetable and for indicative Runs of the Financial Model in relation thereto.
- 4.5. Any procedural arrangements and timescales stipulated by the Authority pursuant to paragraph 4.2 shall have contractual effect between the Franchisee and the Authority in accordance with the terms of such stipulation.

5. Franchisee's Service Development Opinions

- 5.1. As and when required pursuant to any procedural arrangements stipulated by the Authority pursuant to paragraph 4.2 and in any event no later than 15 months in advance of each Passenger Change Date the Franchisee shall provide to the Authority:
 - (a) its informed estimate of Forecast Passenger Demand in such format and to such level of disaggregation as the Authority may reasonably require in order to assist the Authority's decision making on future service level commitments, infrastructure, station and rolling stock, vehicle investment, the best use of the network and the alleviation of overcrowding.
 - (b) its informed opinion as to any changes to the current Service Level Commitment which:
 - (i) should be made in order to deliver an optimal range of railway passenger service patterns relative to Target Passenger Demand; and
 - (ii) could be implemented and operated without additional resources and/or an adjustment to the Franchise Payments;
 - (c) its informed opinion as to any changes to the current Service Level Commitment which:
 - (i) would deliver an optimal range of railway passenger service patterns in accordance with paragraph 5.1(b)(i); and

- (ii) could only be implemented and operated with additional resources and/or an adjustment to the Franchise Payments, together with an explanation as to:-
 - (A) what additional resources and/or adjustments are necessary to make such changes; and
 - (B) why such additional resources and/or adjustments are necessary;
 - (d) its informed opinion as to any changes that the Authority ought to make to the Benchmarks pursuant to paragraph 4.1 of Schedule 7.1 (*Train Operating Performance*); and
 - (e) a draft of the Train Plan that it considers that each set of proposed changes to the Service Level Commitment would require.
- 5.2. The Franchisee shall provide its opinion as to Service Level Commitment changes and prepare its draft Train Plan with due regard to
 - (a) any Route Utilisation Strategy, and any other Strategy published by the Authority;
 - (b) the additional factors set out in Appendix 2 (*Service Development Additional Factors*);
 - (c) any other constraints or considerations (including affordability constraints and value for money considerations) that the Authority has notified to it.
- 5.3. The Franchisee shall prepare its Train Plan so as to operate the entire Train Fleet in delivering Passenger Services during each Peak on a Weekday, save for any reasonable planning requirements for:
 - (a) rolling stock vehicles to be out of service due to planned maintenance requirements, Mandatory Modifications or any other reasons agreed with the Authority, (such agreement not to be unreasonably withheld); or
 - (b) those out of service due to unplanned maintenance or repair requirements; or
 - (a) the allocation (if any) of Hot Standbys;

In any event, the Franchisee shall plan during each day of the Timetable to operate the Train Fleet to satisfy the Fleet Availability Requirement.
- 5.4. The Franchisee shall use all reasonable endeavours to ensure that its allocation of Hot Standbys is the most efficient that can reasonably be achieved taking account of all the Passenger Services.
- 5.5. The Franchisee shall also, in preparing its Train Plan, unless the Authority otherwise agrees, use all reasonable endeavours to:
 - (a) provide for Passenger Carrying Capacity on each Passenger Service that meets as a minimum the Target Passenger Demand;
 - (b) provide passengers with a reasonable expectation of a seat within 10 minutes of boarding (or such other time period as the Authority may stipulate) on each Passenger Service (other than the service mentioned below); and

- (c) provide for the Passenger Carrying Capacity (if any) specified for each Passenger Service in a Service Level Commitment; and
- (d) provide for reallocation of Passenger Carrying Capacity to serve Special Events, as agreed with the Authority.

The exception to the requirement in (b) above is journeys on non-stop trains in either direction between Glasgow Central and Paisley Gilmour Street.

5.6. If, at the time it prepares its Train Plan, having exercised all reasonable endeavours, the Franchisee is unable to prepare a Train Plan having the Passenger Carrying Capacity and meeting the reasonable expectations referred to in paragraph 5.5, then the Train Plan shall specify the best allocation of rolling stock vehicles to Passenger Services that is reasonably practicable with a view to:

- (a) minimising, so far as is possible, the amount by which Target Passenger Demand exceeds the provision of Passenger Carrying Capacity on the affected Passenger Services;
- (b) ensuring, so far as possible, that such excess is not unduly concentrated on any particular Route or Passenger Service;
- (c) minimising, so far as is possible, the extent to which passengers are required to stand after 10 minutes following boarding (or such other time period as the Authority may stipulate) in respect of each Passenger Service (other than any specific service mentioned as an exception in paragraph 5.5(b)); and
- (d) ensuring, so far as possible, that the Passenger Carrying Capacity specified for each Passenger Service in a Service Level Commitment is provided

Providing that any Train Plan which does not plan to meet the Fleet Availability Requirement shall not constitute a Train Plan in respect of which the Franchisee shall be said to have exercised all reasonable endeavours in terms of this paragraph.

5.7 Where paragraph 5.6 applies, the Franchisee shall propose to the Authority for its consideration and comment:

- (a) such changes to the Service Level Commitment; and
- (b) any other actions

that it considers would most efficiently address the shortfall in Passenger Carrying Capacity and meet Target Passenger Demand.

6. Draft Service Level Commitment

As and when required pursuant to any procedural arrangements stipulated by the Authority pursuant to paragraph 4.2 and in any event no later than 15 months in advance of the Principal Change Date:-

6.1. the Authority shall provide to the Franchisee:

- (a) its draft Service Level Commitment;
- (b) its opinion on any changes that the Authority reasonably considers are required to the Train Plan for such Train Plan:

- (i) to satisfy the capacity requirements referred to in paragraph 5.5 (a), (b), (c) and (d); or
 - (ii) to satisfy the capacity requirements referred to in paragraphs 5.6 (a) to (d) inclusive and 5.7 if the Authority reasonably considers that the capacity requirements referred to in paragraph 5.5 (a), (b), (c) and (d) cannot be met;
 - (c) its opinion of any changes that are required to the Benchmarks pursuant to paragraph 4.1 of Schedule 7.1 (*Train Operating Performance*);
- 6.2. the Franchisee shall provide to the Authority for the Authority's approval, such approval not to be unreasonably withheld, details of any amendments it proposes to the Service Level Commitment that the Franchisee considers would most efficiently address the shortfall in passenger carrying capacity, meet Target Passenger Demand and improve average journey times.

7. Indicative Timetable and Consultation

- 7.1. If and to the extent that the Franchisee reasonably considers that any Service Level Commitment issued by the Authority pursuant to this Schedule 1.1 contains insufficient information to enable it to perform its obligations under this Schedule 1.1, it shall promptly notify the Authority and the Authority shall provide such further information as is reasonably required.
- 7.2. The Franchisee shall, as and when required pursuant to any procedural arrangements stipulated by the Authority pursuant to paragraph 4.2 provide the Authority with a summary (in such form as the Authority may specify) of any material changes that it would expect there to be to the Passenger Services from the current Timetable if both the Authority's draft Service Level Commitment and the Franchisee's proposed Train Plan were to be implemented.
- 7.3. Notwithstanding any consultation the Authority might undertake in respect of any draft Service Level Commitment issued pursuant to paragraph 6, the Franchisee shall:
- (a) as soon as reasonably practicable after:
 - (i) first providing a summary to the Authority pursuant to paragraph 7.2, give all Stakeholders notice and consult them in respect of the changes to the Passenger Services specified in such summary; and
 - (ii) sending or receiving any correspondence in respect of such notice or consultation, provide the Authority with copies of such correspondence;
 - (b) take due and timeous account of Stakeholders' views that are submitted to the Franchisee in accordance with the procedural stipulations pursuant to paragraph 4.2, the guidance referred to in paragraph 7.3(d) and the Franchisee's delivery plan for Stakeholder consultation;
 - (c) promptly inform the Authority of any material changes that it would expect there to be to such draft Service Level Commitment if the views of Stakeholders were accommodated in such draft Service Level Commitment; and

- (d) comply timeously with such reasonable requirements and guidance as the Authority may notify to the Franchisee from time to time in respect of giving notice to and consulting Stakeholders in accordance with this paragraph 7.3.

8. Service Level Commitment

- 8.1. The Authority shall, in accordance with any procedural arrangements stipulated by the Authority pursuant to paragraph 4.2, issue to the Franchisee the Service Level Commitment that it requires the Franchisee to operate and notice of the changes (if any) to the Benchmarks that the Authority will make pursuant to paragraph 4.1 of Schedule 7.1 (*Train Operating Performance*).
- 8.2. Any requirement for the Authority to issue a draft or final Service Level Commitment may be satisfied by it issuing a draft or final statement of how the existing Service Level Commitment is to be changed.
- 8.3. References in this Schedule 1.1 and in Schedule 1.2 (*Operating Obligations*) to a draft or final Service Level Commitment include a draft or final statement of how the existing Service Level Commitment is to be changed.

9. Timetable Development Rights

- 9.1. The Franchisee shall:
 - (a) use all reasonable endeavours to amend and/or enter into such Access Agreements as may be necessary or desirable from time to time to obtain the timetable development rights that it requires to secure a Timetable that enables it to operate railway passenger services that comply with the Service Level Commitment; and
 - (b) if requested by the Authority surrender any Timetable Development Rights that the Authority considers the Franchisee no longer requires.
- 9.2. The Franchisee shall exercise its Timetable Development Rights so as to secure a Timetable that enables it to operate railway passenger services that comply with the Service Level Commitment in accordance with its obligations under paragraph 11. In that regard:-
 - (a) Any specification of railway passenger services in the Service Level Commitment shall (unless the Authority states to the contrary) be regarded as relating to how those services are to be provided for in the National Rail Timetable that Network Rail publishes for passengers, and not how they are to be provided for in the working timetable that Network Rail issues to industry parties at the conclusion of its timetable development process.
 - (b) Accordingly, the Franchisee's obligations specified in this paragraph 9.2 shall be construed as an obligation to secure the requisite Train Slots in the working timetable to be issued by Network Rail at the conclusion of its timetable development process that will permit the Franchisee to operate railway passenger services that comply with the Service Level Commitments provided for in the relevant National Rail Timetable.
 - (c) The Franchisee shall ensure, for each period between two consecutive Passenger Change Dates during the Franchise Term that the Timetable for such period is not materially different from the relevant working timetable issued by Network Rail at the conclusion of its timetable development process.

- 9.3. Unless the Authority otherwise directs, the Franchisee shall, for the purposes of securing a Timetable that complies with the Service Level Commitment, exercise its rights under the Track Access Agreement (including the Network Code) and otherwise to object, to make representations and to withhold consent in respect of any actual or proposed act or omission by Network Rail in relation to such agreement in respect of its Timetable Development Rights and in particular (i) seek the approval of the Authority of the terms of reference or similar and (ii) not settle or compromise any claim.
- 9.4. Subject to the Franchisee complying with its obligations under paragraph 9.3, it shall not be liable for any failure to secure a Timetable that enables the Franchisee to operate railway passenger services that comply with the Service Level Commitment, to the extent that such failure is caused by:
- (a) the Franchisee's Timetable Development Rights being inadequate to enable it to secure the requisite Train Slots, provided that the Franchisee has exercised all reasonable endeavours to obtain the requisite Timetable Development Rights in accordance with paragraph 9.1;
 - (b) Network Rail exercising its flexing rights from time to time under the Track Access Agreement or the Network Code in respect of such Train Slots;
 - (c) Network Rail exercising its other rights from time to time under the Track Access Agreement or the Network Code; or
 - (d) the exercise by ORR of its powers pursuant to Section 22C of the Act.
- 9.5. Without prejudice to the provisions in paragraph 9.3, if the Authority does not consider that the Franchisee has taken or is taking sufficient steps under paragraph 9.3, the Authority may require the Franchisee to exercise its rights referred to in paragraph 9.3 in such manner as the Authority reasonably considers appropriate in the circumstances, including:
- (a) disputing any actual or proposed act or omission by Network Rail in respect of any Timetable Development Rights;
 - (b) submitting such dispute to any relevant dispute resolution arrangements or procedures and appealing against any award or determination under such arrangements or procedures, including to ORR; and
 - (c) not settling any such dispute or appeal without the Authority's written consent.
- 9.6. The Authority shall, to the extent reasonably practicable, allow the Franchisee a reasonable opportunity to make representations to the Authority concerning the exercise by the Franchisee of any of its rights referred to in paragraph 9.3 before requiring the Franchisee to take any action referred to in paragraph 9.5.
- 9.7. The Franchisee shall consider in all timetable changes all opportunities to improve journey times or service reliability and implement such changes.
- 9.8. Where any proposal is made by another operator to vary its services or any proposal is made by Network Rail to change access rights in a way which could adversely affect any aspect of delivery of the Franchise Services, the Franchisee shall as soon as reasonably possible inform the Authority and consult the Authority on its proposed response and shall carry out such actions as the Authority shall reasonably require to oppose or influence such changes.

- 9.9. The provisions of paragraph 4 of Schedule 1.2 (*Operating Obligations*) shall apply to any actual or proposed omission or rescheduling of Passenger Services that originates from any person other than Network Rail, as those provisions apply to Network Rail.
- 9.10. If and to the extent that the Franchisee is not able to secure a Timetable enabling it to operate railway passenger services that comply with the Service Level Commitments as a result of it not being able to obtain the Timetable Development Rights that it requires for that purpose, the Authority shall issue to the Franchisee a Service Level Commitment in the form required by paragraph 9.10(a), which shall operate between the parties only for the purpose referred to in paragraph 9.10(b):
- (a) any Service Level Commitment issued pursuant to this paragraph 9.10 shall be in a form that:
 - (i) would enable the Franchisee to secure a Timetable in compliance with it by exercise of the Timetable Development Rights that the Franchisee does have or would have had the Franchisee properly performed its obligations under this Agreement; and
 - (ii) in all other respects, is the same as the immediately preceding Service Level Commitment issued to the Franchisee by the Authority; and
 - (b) any Service Level Commitment issued pursuant to this paragraph 9.10 shall, for the purpose of Schedule 9 (*Changes*) only, stand in place of the immediately preceding Service Level Commitment issued to the Franchisee by the Authority.

10. Certification and Notification by Franchisee of Timetable Bids

- 10.1. Before exercising any Timetable Development Right to bid for Train Slots, the Franchisee shall provide a certificate addressed to the Authority confirming that its proposed exercise of that Timetable Development Right will be compliant with its obligation specified in paragraph 9.2.
- 10.2. If requested by the Authority, the Franchisee agrees to demonstrate to the reasonable satisfaction of the Authority and/or (as the case may be) Audit Scotland that the Franchisee's certificate referred to in paragraph 10.1 is a true and accurate confirmation of compliance with its obligation specified in paragraph 9.2. The Authority agrees that the certificate will be acceptable if:
- (a) such certificate confirms that the Franchisee has used assurance processes approved by the Authority; and
 - (b) the Franchisee has demonstrated its compliance with the Service Level Commitment by using such assurance processes.
- 10.3. The Franchisee shall:
- (a) keep the Authority fully informed of any discussions with Network Rail in relation to the matters referred to in this Schedule 1.1 which may have a material bearing on the ability of the Franchisee to deliver the Service Level Commitment through the Timetable and shall, if required to do so by the Authority supply copies of any related correspondence to the Authority; and

- (b) update any notification under this paragraph 10.3 and/or certification under paragraph 10.1 as soon as reasonably practicable, if at any time it elects or is required to modify any aspect of its exercise of its Timetable Development Rights following Network Rail's proposed or actual rejection or modification of its bid or any part of it or for any other reason.

11. Obligations in relation to Other Train Operators

11.1. Subject to the terms of the Licences and any applicable Law, the Franchisee shall co-operate with other Train Operators and where necessary negotiate with other Train Operators (including resorting to railway industry processes) in respect of their Timetable Development Rights where such other Train Operators provide railway passenger services meeting common or displaced passenger demand, to ensure (in so far as the Franchisee is able) or otherwise influence the same such that:

- (a) the levels of overcrowding over the Routes or other relevant routes are minimised and not unduly concentrated on particular railway passenger services Routes or other relevant routes;
- (b) the stopping patterns of such railway passenger services are placed at approximately evenly-spaced intervals throughout each relevant hour, taking into account the reasonable needs of passengers and the different types of railway passenger services provided by other Train Operators and the Franchisee;
- (c) a reasonable pattern of railway passenger service is provided on the relevant Route(s) to enable passengers to make Connections (particularly where low frequency railway passenger services are operated or last trains are involved, taking account of seasonal fluctuations in passenger demand and the time needed to make any such Connection); and
- (d) other policy objectives specified by the Authority as referred to in Clause 4.4 of this Agreement are not compromised.

11.2 The Franchisee acknowledges that there are railway passenger services to, from or within Scotland provided by other Train Operators. Without prejudice to the foregoing generality of paragraph 11.1, the Franchisee shall co-operate with other Train Operators from time to time to ensure the continued provision of connecting and consequent passenger rail services to, from and within Scotland, provided as at the date of this Agreement and any improvements thereto.

12. Finalising the Train Plan

12.1. The Franchisee shall submit its Train Plan prepared pursuant to paragraph 5 to the Authority as soon as reasonably practicable after Network Rail has published the working timetable on which the Timetable is to be based.

12.2. The Franchisee shall, when submitting its Train Plan, certify to the Authority details of how the Train Plan differs from its previous Train Plan in so far as the final Timetable has not been approved by the Authority. The Authority may notify the Franchisee of:

- (a) any respect in which it considers that the Train Plan does not comply with the requirements of this Schedule 1.1; and

- (b) any revisions that the Authority requires to address such non-compliance, and the Franchisee shall revise the Train Plan in accordance with the Authority's requirements.

12.3. If the Franchisee considers that any of the revisions that the Authority requires pursuant to paragraph 12.2(b) are not required for the Train Plan to comply with this Schedule 1.1 then:

- (a) it shall nevertheless make such revisions;
- (b) it may subsequently refer the question as to whether such revisions were so required for resolution in accordance with such dispute resolution procedure as it and the Authority may agree or, in the absence of agreement, in accordance with the Dispute Resolution Rules; and
- (c) following determination of any such dispute, the parties shall take such steps as are required to give effect to such determination.

APPENDIX 1 TO SCHEDULE 1.1**The Train Fleet****1. The composition of the train fleet**

The Train Fleet as at the Franchise Commencement Date and thereafter as at the Timetable Change Date referred to in Train Fleet Table 1 consists of:

- 1.1 the rolling stock vehicles specified in Train Fleet Table 1 with the capacity characteristics and facilities further specified in Train Fleet Tables 2 and 3, until the lease expiry dates referred to there; and
- 1.2 following any such lease expiry, substitute rolling stock vehicles having:
 - (a) at least the capacity specified in respect of the original rolling stock vehicles being substituted; and
 - (b) reliability, capability and quality that is at least equal to the reliability, capability and quality of the original rolling stock vehicles being substituted.
- 1.3 in the case of any other additional rolling stock vehicles:
 - (a) at least the capacity specified in respect of any original rolling stock vehicles that are, in the reasonable opinion of the Authority, most similar to such additional rolling stock vehicles; and
 - (b) reliability, capability and quality that is, in the reasonable opinion of the Authority at least equal to the reliability, capability and quality of any original rolling stock vehicles that are, in the reasonable opinion of the Authority , most similar to such additional rolling stock vehicles.

Train Fleet Table 1

	Timetable Change Date	Dec- 2015	Dec- 2016	Dec- 2017	Dec- 2018	Dec- 2019	Dec- 2020	Dec- 2021	Dec- 2022	Dec- 2023	Dec- 2024	Dec- 2025		
Class	Unit configuration	Number of Units											Owner / Lessor	Lease Expiry Date
156	2	48	48	48	38	38	38	38	38	38	38	38	Angel trains	31.03.2025
158	2	8	8	8	0	0	0	0	0	0	0	0	Angel trains	31.12.2018
158	2	40	40	40	40	40	40	40	40	40	40	40	Porterbrook	31.03.2025
170	3	5	5	5	0	0	0	0	0	0	0	0	Eversholt Rail (UK) Limited	31.03.2018
170	3	8	8	8	8	8	8	8	8	8	8	8	Porterbrook	31.12.2025
170	3	13	13	13	13	13	13	13	13	13	13	13	Porterbrook	31.12.2025
170	3	25	25	25	0	0	0	0	0	0	0	0	Porterbrook	Flexible 06.2018
170/3	3	4	4	4	0	0	0	0	0	0	0	0	Porterbrook	Flexible 06.2019
HST	4	0	0	0	14	14	14	14	13	13	13	13	*	*
HST	5	0	0	0	13	13	13	13	12	12	12	12	*	*
HST	6	0	0	0	0	0	0	0	2	2	2	2	*	*
314	3	16	16	16	3	0	0	0	0	0	0	0	Angel trains	31.03.2025
318	3	21	21	21	21	21	21	21	21	21	21	21	Eversholt Rail (UK) Limited	31.03.2025
320	3	22	22	22	22	22	22	22	22	22	22	22	Eversholt Rail (UK) Limited	31.03.2025
321	3	7	7	7	7	7	7	7	7	7	7	7	Eversholt Rail (UK) Limited	31.03.2025
334	3	40	40	40	40	40	40	40	40	40	40	40	Eversholt Rail (UK) Limited	31.03.2025
380	3	22	22	22	22	22	22	22	22	22	22	22	Eversholt Rail (UK) Limited	31.03.2025

380	4	16	16	16	16	16	16	16	16	16	16	16	Eversholt Rail (UK) Limited	31.03.2025
3XX	3	0	0	13	33	46	46	46	46	56	56	56	*	*
3XX	4	0	0	12	24	24	24	24	24	24	24	24	*	*
LHCS	*	*	*	*	*	*	*	*	*	*	*	*	*	*
LHCS	*	*	*	*	*	*	*	*	*	*	*	*	*	*

The details in this Train Fleet Table 1 marked with * are not able to be completed as at the date hereof. The Franchisee shall provide to the Authority full details of relevant rolling stock to allow the completion of such entries ("Completion Information") as and when such Completion Information becomes available, and the Franchisee shall consult with the Authority in relation to the Completion Information. Train Fleet Table 1 may thereafter be updated by the issue by the Authority of a Variation to reflect the Completion Information. Such a Variation updating Train Fleet Table 1 with the Completion Information shall not be a Change.

Train Fleet Table 2

Column 1		Column 3				Column 4	Column 5
Class of Vehicles		Passenger Carrying Capacity of Vehicles				Owner / Lessor	Lease Expiry Date
		Seats	Standing (1)	Total	Standard Class		
Class 380		282	152	434	434	Eversholt Rail (UK) Limited	31.03.2025
Class 380		208	114	322	322	Eversholt Rail (UK) Limited	31.03.2025
Class 334		183	102	285	285	Eversholt Rail (UK) Limited	31.03.2025
Class 320		210	71	281	281	Eversholt Rail (UK) Limited	31.03.2025
Class 318		219	86	305	305	Eversholt Rail (UK) Limited	31.03.2025
Class 314		212	70	282	282	Angel Trains	31.12.2016 flexible
Class 170		189	84	273	255	Eversholt Rail (UK) Limited	31.03.2018
Class 170		189	84	273	255	Porterbrook	31.12.2025
Class 170s		198	84	282	282	Porterbrook	31.12.2025
Class 170		189	84	273	255	Porterbrook	06.2018 flexible
Class 170/3		179	84	263	263	Porterbrook	06.2018 flexible
Class 158		134	36	170	155	Porterbrook	31.03.2025
Class 158s		136	36	172	172	Angel Trains	31.12.2018
Class 156		145	40	185	185	Angel Trains	31.12.2018
Class 156		145	40	185	185	Angel Trains	31.03.2025
Class 321		210	71	281	210	Eversholt Rail (UK) Limited	31.03.2025
HST4		232	90	322	202	Angel Trains	*
HST5		306	120	426	276	Angel Trains	*
HST6		380	150	530	350	Angel Trains	*
Class 3XX/3		218	114	332	208	*	*
Class		284	152	436	266	*	*

3XX/4							
LHCS		*	*	*	*	*	*
LHCS		*	*	*	*	*	*

Notes:

(1) Based on standing at a density of 0.55m^2 per passenger.

The details in this Train Fleet Table 2 marked with * are not able to be completed as at the date hereof. The Franchisee shall provide to the Authority full details of relevant rolling stock to allow the completion of such entries ("Completion Information") as and when such Completion Information becomes available, and the Franchisee shall consult with the Authority in relation to the Completion Information. Train Fleet Table 2 may thereafter be updated by the issue by the Authority of a Variation to reflect the Completion Information. Such a Variation updating Train Fleet Table 2 with the Completion Information shall not be a Change.

2. Passenger facilities on the Train Fleet

The Train Fleet consists of:

- 2.1 the rolling stock vehicles specified in Train Fleet Table 3 with the facilities and characteristics referred to there, until the lease expiry dates referred to in Train Fleet Table 1; and
- 2.2 following any such lease expiry, substitute rolling stock vehicles having:
 - (a) at least the facilities specified in respect of the original rolling stock vehicles being substituted; and
 - (b) facilities of a level of reliability, capability and quality that is at least equal to the reliability, capability and quality of those upon the original rolling stock vehicles being substituted.
- 2.3 in the case of any other additional rolling stock vehicles:
 - (a) at least the facilities specified in respect of any original rolling stock vehicles that are, in the reasonable opinion of the Authority, most similar to such additional rolling stock vehicles; and
 - (b) facilities of a level of reliability, capability and quality that is, in the reasonable opinion of the Authority at least equal to the reliability, capability and quality of those upon any original rolling stock vehicles that are, in the reasonable opinion of the Authority, most similar to such additional rolling stock vehicles.

2.4 Minimum toilet requirements:-

One clean and working toilet per multiple unit and no less than one per 3 cars – accessible to all. This is a minimum standard (the Franchisee shall not cause or permit the removal of a facility or the removal of pre-existing facilities, either permanently or temporarily to bring rolling stock down to this minimum). The only exception to this requirement is for the following Services where the same are provided by Class 314 Trains:-

- Cathcart Circle;
- Neilston;
- Paisley Canal;
- Wemyss Bay;
- Newton; and
- Gourock

The Franchisee shall use all reasonable endeavours not to plan to increase the number of daily services where the same are provided by Class 314 Trains from the level planned to be provided by such by the Outgoing Franchisee in relation to the Previous Franchise Agreement as at the day prior to the Franchise Commencement Date.

- 2.5 In accordance with paragraph 3.8 of this Schedule 1.1 should the rolling stock vehicles be deployed in terms of the Train Plan elsewhere on the ScotRail network than is specified in the Route/Service type column of Train Fleet Table 3 the Franchisee shall ensure the redeployed rolling stock vehicles meet the requirement for that Route/Service type set out in columns 3 to 18 of Train Fleet Table 3. For the

avoidance of doubt the Franchisee may remove first class facilities from Vehicles should the Franchisee wish to remove such when there is no Route/Service requirement in Train Fleet Table 3 for such facilities.

3 Preservation of Train Fleet

Without limiting Paragraph 2 of Schedule 2.2 (*Security of Access Agreements, Rolling Stock Leases, Station and Depot Leases*) or Schedule 14.3 (*Key Contracts*), the Franchisee shall, in respect of any Rolling Stock Lease which is to expire at any time during the Franchise Term, not less than one (1) year prior to such expiry date, enter into new Rolling Stock Lease in respect of substitute rolling stock vehicles which meet the requirements of paragraph 3.4 of Schedule 1.1 (*Service Development*).

Train Fleet Table 3

Route/Service type	Initial Class on such Route/Service type	Seating configuration (2+2, 2+1 etc)	1 st class	Std class	TSI-PRM compliant	Toilet(s)	a/c/ heating	PIS	In Cab CCTV	Saloon CCTV	Wi-Fi	230V power outlets	Luggage rack/stack	Tables	Cycle spaces	Route requirement – only to be used on specified route	Additional requirements as set out in Schedule 6 (Rolling Stock)
Edinburgh to Glasgow via Falkirk high	170	2 + 2	Yes	Yes	Yes	two	Yes	Yes	Phases 4 to 9	Yes	Yes	No	Yes	Yes	Yes	N/A	Mixture of airline at table seating
Inter-city Central Belt – Perth/ Stirling/Dundee/Aberdeen and Inverness	158	2 + 2	Yes	Yes	Yes	two	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	N/A	Mixture of airline at table seating
	170	2 + 2	Yes	Yes	Yes	two	Yes	Yes	Phases 4 to 9	Yes	Yes	No	Yes	Yes	Yes	N/A	Mixture of airline at table seating
East Coast Suburban: Edinburgh – Dundee, Fife Circle, North Berwick	170	2 + 2	Yes	Yes	Yes	two	Yes	Yes	Phases 4 to 9	Yes	Yes	No	Yes	Yes	Yes	N/A	Mixture of airline at table seating
East Coast Suburban:	LH CS	2+2	No	Yes	No	five	Yes	No	No	No	No	No	Yes	Full size	None	N/A	Mixture of

Edinburgh – Fife Circle.																	airline at table seating
East Coast Suburban: North Berwick	380 (4- car)	2 + 2	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes + DOO	Yes	Yes	Yes	Half size	None	N/A	Mixture of airline and facing seating. 100% Passen ger Countin g
Highland Rural Inverness – Wick/ Thurso/Kyle of Lochalsh, West Highland Line, Aberdeen – Inverness	158	2 + 2	No	Yes	No	one	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	N/A	Mixture of airline at table seating
Highland Rural Aberdeen – Inverness	170	2 + 2	Yes	Yes	Yes	two	Yes	Yes	Phases 4 to 9	Yes	Yes	No	Yes	Yes	Yes	N/A	Mixture of airline at table seating
South West Rural Glasgow – Carlisle, Glasgow – Stranraer)	156	2 + 2	No	Yes	No	Yes	No	Yes	No	Yes	No	No	Yes	Yes	Yes	N/A	Mixture of airline at table seating

Strathclyde Electrics (except South Electrics) Argyle Line, Glasgow – Ayrshire Coast, Glasgow North Electrics, Helensburgh - Airdrie - Edinburgh	318 and 320	2 + 3	No	Yes	No	one	No	Yes	No	Yes	No	No	Yes	Half size	None	N/A	Mixture of airline and facing seating.
	334	2 + 2 and 2 + 3	No	Yes	Yes	Yes	No	Yes	No	Yes + DOO	No	No	Yes	None	None	N/A	Mixture of airline and facing seating.
	380	2 + 2	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes + DOO	Yes	Yes	Yes	Half size	None	N/A	Mixture of airline and facing seating. 100% Passen ger Countin g

Glasgow South Electrics	314	2 + 3	No	Yes	No	No	No	No	No	2 on trial	No	No	Yes	None	None	N/A	Mixture of airline and facing seating.
	334	2 + 2 and 2 + 3	No	Yes	Yes	Yes	No	Yes	No	Yes + DOO	No	No	Yes	None	None	N/A	Mixture of airline and facing seating.
	380 (3-car and 4-car)	2 + 2	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes + DOO	Yes	Yes	Yes	Half size	None	N/A	Mixture of airline and facing seating. 100% Passenger Counting
Strathclyde Diesel Glasgow QS – Anniesland, Glasgow – Cumbernauld, Glasgow – Dunblane/Alloa/Stirling, Glasgow - Kilmaronock	156	2 + 2	No	Yes	No	Yes	No	Yes	No	Yes	No	No	Yes	Yes	Yes	N/A	Mixture of airline at table seating
	158	2 + 2	No	Yes	No	one	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	N/A	Mixture of airline at table seating

4. Passenger counting technology

The Franchisee shall implement infrared passenger counting equipment.

5. Correction of any errors in description

This Appendix represents the Train Fleet the Franchisee has on lease or has agreed or committed to lease in advance of the Franchise Commencement Date. In the event that there is a discrepancy between the actual train fleet and this Appendix, the Authority will amend this Appendix to reflect the actual train fleet. Such an amendment shall not constitute a Change. The Authority shall consult with the Franchisee before amending any or all of Train Fleet Table 1, Train Fleet Table 2, Train Fleet Table 3 or Train Fleet Table 4 and the Franchisee shall provide such information to the Authority as the Authority require to ensure that the aforesaid tables properly reflect the details of the relevant rolling stock.

6. Fleet Availability Requirement

The Train Fleet available for service: -

6.1 as at the Franchise Commencement Date shall be no less than that identified in columns 4 and 5 in Train Fleet Table 4 below; and

6.2 as at the Timetable Change Date in December 2018 shall be no less than that identified in columns 4 and 5 in Train Fleet Table 5 below;

Train Fleet Table 4

Class of Vehicles	Total Fleet	Planned Maintenance Allocation	Fleet Allocated Passenger Services	Hot Standby Allocation *
156	48 Units	Corkerhill	43 Units	1 Unit*
158	48 Units	Haymarket / Inverness	43 Units	1 Unit*
170	59 Units	Haymarket / Inverness	51 Units	None
314	16 Units	Shields	14 Units	None
318	21 Units	Shields	18 Units	None
320	21 Units	Shields	19 Units	1 Unit*
334	40 Units	Shields	35 Units	1 Unit*
380/0 (3-car)	22 Units	Shields	20 Units	None
380/1 (4-car)	16 Units	Shields	14 Units	None
LHCS	1 trains	TBC	1 train	None

* These are provisional – The Franchisee will plan 1 DMU and 2 EMU depending upon other programmes

Train Fleet Table 5

Class of Vehicles	Total Fleet	Planned Maintenance Allocation	Fleet Allocated Passenger Services
156	38 Units	Corkerhill	35 Units
158	40 Units	Haymarket / Inverness	36 Units
170	21 Units	Haymarket / Inverness	19 Units
314	3 Units	Shields	20 Units
318	21 Units	Shields	21 Units
320	21 Units	Shields	6 Units
334	40 Units	Shields	38 Units
380/0 (3-car)	22 Units	Shields	21 Units
380/1 (4-car)	16 Units	Shields	14 Units
3xx 3 car	33 Units	Craigentinny	33 Units
3xx 4 car	24 Units	Craigentinny	21 Units
HST 4 +2PC	14 Units	Craigentinny	14 Units
HST 5 + 2PC	13 Units	Craigentinny	10 Units

APPENDIX 2 TO SCHEDULE 1.1

Service Development Additional Factors

1. Additional Factors

The Franchisee, in formulating its opinion in respect of any changes to the Service Level Commitments in accordance with paragraph 5.1 of Schedule 1.1 (*Service Development*), in addition to having regard to any Route Utilisation Strategy or any other Strategy published by the Authority pursuant to paragraph 5.2(a) of Schedule 1.1 and any other constraints or considerations notified to it pursuant to paragraph 5.2(c) of Schedule 1.1 shall also have regard to:

- (a) Actual Passenger Demand;
- (b) the latest Forecast Passenger Demand;
- (c) the revenue and cost consequences of operating railway passenger services on the Routes;
- (d) opportunities to reduce the incidence of disruption caused by the Franchisee, Network Rail, other Train Operators, freight operators and/or other industry parties;
- (e) operational constraints and measures that might be taken to address such constraints;
- (f) the appropriateness of the Train Fleet to the Routes;
- (g) service calling patterns and journey times;
- (h) changes in circumstances local to the stations at which the Passenger Services call which may affect Forecast Passenger Demand;
- (i) the effect of the Service Level Commitment on the railway passenger services operated by other Train Operators and/or freight operators;
- (j) interchange and inter modal opportunities;
- (k) Stakeholder and Community Rail Partnerships' aspirations as expressed through specific responses to consultation pursuant to the Franchisee's obligations under this Agreement;
- (l) the likelihood of Special Events generating sufficient passenger demand to support the provision of additional railway passenger services by the Franchisee to or from such Special Events;
- (m) the impact of Extended Restrictions of Use, Major Scottish Projects or restrictions of use that may affect Forecast Passenger Demand;
- (n) potential available diversionary routes; and
- (o) such other matters as the Authority may notify to the Franchisee from time to time.

2. Policy Objectives

The Franchisee shall, in applying its timetabling resource in terms of the Franchise Agreement and otherwise, look to ensure that journey times are, at least preserved and, where possible, are improved in line with the Authority's objectives and published passenger rail policy (including, but not limited to the then current HLOS) and guidance to ORR and other regulatory bodies. The Franchisee shall use all reasonable endeavours in its planning and interactions with industry partners to promote, secure and operate improved journey times and reliability.

SCHEDULE 1.2

THIS IS SCHEDULE 1.2 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Operating Obligations

1. Daily Operating Obligation

- 1.1 The Franchisee agrees to use all reasonable endeavours to operate on each day of the Franchise Term those of its Passenger Services as are set out in the Applicable Timetable for that day, with at least the Passenger Carrying Capacity specified in the Train Plan.
- 1.2 The Franchisee agrees to use all reasonable endeavours to operate during the Peak on Weekdays the entire Train Fleet in delivering the Passenger Services, save for any reasonable requirements:
 - (a) for rolling stock vehicles to be out of service due to maintenance requirements, Mandatory Modifications or for any other reason agreed with the Authority (such agreement not to be unreasonably withheld); or
 - (b) for the allocation of Hot Standbys.

The Franchisee shall operate the Train Fleet to satisfy the Fleet Availability Requirement.

The Franchisee shall use all reasonable endeavours to operate the Train Fleet to satisfy the class/route specific requirement for vehicle facilities/make-up detailed in Train Fleet Table 3 in Appendix 1 to Schedule 1.1.

- 1.3 The Franchisee agrees to use all reasonable endeavours to operate the Train Fleet in accordance with the current SQUIRE Service Specification for each of SQUIRE Service Schedules 19 to 33, 35 and 36.
- 1.4 The Franchisee shall not
 - (a) remove any rolling stock vehicle from service; or
 - (b) remove any facilities from any Station

with a view to distorting the results of any inspections or re-inspections or audits carried out in accordance with Schedule 7.3 (*SQUIRE*).

- 1.5 The Franchisee shall ensure that its performance in each Reporting Period calculated as a moving annual average in accordance with Schedule 7.1 (*Train Operating Performance*), does not:
 - (a) equal or exceed each Breach Performance Level for the Cancellations and Capacity Benchmarks in respect of that Reporting Period. It shall be a contravention by the Franchisee of the terms of this Agreement if its performance, equals or exceeds any Breach Performance Level for the Cancellations and Capacity Benchmarks in any Reporting Period; and

(b) fall below (that is, is neither equal to nor worse than) each Breach Performance Level for the PPM Benchmark in respect of that Reporting Period. It shall be a contravention by the Franchisee of the terms of this Agreement if its performance falls below (that is, is neither equal to nor worse than) any Breach Performance Level for the PPM Benchmarks in any Reporting Period.

2. **The Train Plan**

In this Schedule 1.2 references to the Train Plan are to the Train Plan as issued by the Franchisee to the Authority pursuant to paragraph 12.1 of Schedule 1.1 (*Service Development*), and as amended:

- (a) to comply with any requirements of the Authority pursuant to paragraph 12.2 of Schedule 1.1; and
- (b) pursuant to paragraph 3.

3. **Amendments to the Train Plan**

3.1 The Franchisee shall use all reasonable endeavours to propose to the Authority from time to time any amendments that it considers should be made to the Train Plan to better match:-

- (a) the Passenger Carrying Capacity of the Train Fleet to Target Passenger Demand; and
- (b) the Class/Route Requirement in Train Fleet Table 3;

having regard to:

- (i) any foreseeable differences that there may be between the Timetable and any Applicable Timetable; and
- (ii) any material alteration in Target Passenger Demand, subsequent to the issue of the Train Plan, that is:
 - (A) observable from the most recent determination of Actual Passenger Demand in accordance with paragraph 1 of Schedule 1.5 (*Information about Passengers*); or
 - (B) attributable to seasonal or exceptional factors; or
 - (C) reasonably anticipated due to (A) or (B).

3.2 The Franchisee shall amend the Train Plan in accordance with the Authority's response to its proposal.

3.3 Where there are short-notice factors or exceptional factors affecting passenger demand to which the Franchisee reasonably considers that it should respond before it is able to make a proposal to the Authority in accordance with paragraph 3.1, it may amend the Train Plan prior to the submission of its proposal, but shall notify the Authority as soon as reasonably practicable afterwards and shall subsequently amend the Train Plan in accordance with the Authority's response to such amendment.

- 3.4 The obligation to use all reasonable endeavours to propose amendments to the Train Plan to better match the Passenger Carrying Capacity of the Train Fleet to Target Passenger Demand is an obligation to use all reasonable endeavours to propose amendments which would either:
- (a) provide for Passenger Carrying Capacity on each Passenger Service that is at least equal to the Target Passenger Demand for that Passenger Service; or
 - (b) provide the best allocation of rolling stock vehicles to Passenger Services that is reasonably practicable so as to:
 - (i) minimise the amount by which Target Passenger Demand exceeds the provision of Passenger Carrying Capacity on the affected Passenger Services;
 - (ii) ensure, so far as is possible, that the excess of Target Passenger Demand is not unduly concentrated on any particular Route or Passenger Service;
 - (iii) minimise the extent to which passengers are required to stand after 10 minutes following boarding (or such other time period as the Authority may stipulate for the Services) in respect of each Passenger Service (other than any specific service mentioned as an exception in paragraph 5.5(b) of Schedule 1.1); and
 - (iv) minimise the extent to which the Passenger Carrying Capacity specified for any Passenger Service in a Service Level Commitment is not provided; and
 - (v) best meet additional demand generated by Special Events.
- 3.5 If the Authority does not consider that the Franchisee has exercised all reasonable endeavours to make proposals as required by paragraph 3.1, the Authority may require the Franchisee to amend the Train Plan in accordance with the Authority's requirements.
- 3.6 The Authority may request the Franchisee to propose changes to the Train Plan to meet passenger demand for Special Events. The Franchisee shall amend the Train Plan in accordance with the Authority's response to its proposal.
- 3.7 The Franchisee shall ensure such amendments are communicated to passengers as required in terms of paragraphs 2 and 3 of Schedule 1.4. (*Passenger Facing Obligations*)

4. **Timetable Changes Proposed by Network Rail**

- 4.1 The Franchisee shall notify the Authority promptly after being notified by Network Rail that Network Rail has decided or proposes to:
- (a) omit from the Applicable Timetable Passenger Services that are included in the Timetable; or
 - (b) reschedule in the Applicable Timetable Passenger Services from their scheduling in the Timetable,

to the extent that any such decision or proposal may materially (having regard to both duration and scale) prejudice the Franchisee's ability to deliver the Timetable with the Passenger Carrying Capacity stipulated in a Train Plan which satisfies the requirements of paragraphs 3.1 and 3.4.

- 4.2 The Franchisee shall explain in such notification the way in which, in its opinion, such omission or rescheduling may materially prejudice the Franchisee's ability to deliver the Timetable with the Passenger Carrying Capacity stipulated in a Train Plan which satisfies the requirements of paragraphs 3.1 and 3.4.
- 4.3 The Franchisee agrees to supply to the Authority from time to time, in the format required by the Authority such details of any actual or proposed omission or rescheduling of Passenger Services by Network Rail as the Authority may reasonably require, including details of the steps which the Franchisee proposes to take pursuant to paragraph 4.4.
- 4.4 Where the actual or proposed omission or rescheduling of Passenger Services is one which may materially prejudice the Franchisee's ability to deliver the Timetable with the Passenger Carrying Capacity stipulated in a Train Plan which satisfies the capacity requirements of paragraphs 3.1 and 3.4, the Franchisee agrees (unless the Authority specifically agrees otherwise) to act in the passenger's interests and to exercise its rights under the Track Access Agreement (including the Network Code) and otherwise to object, to make representations and to withhold consent in respect of any actual or proposed omission or rescheduling of Passenger Services by Network Rail. This obligation will stand notwithstanding any agreement between the Franchisee and Network Rail.
- 4.5 If the Authority does not consider that the Franchisee has taken sufficient steps under paragraph 4.4, the Authority may require the Franchisee to exercise its rights referred to in paragraph 4.4 in such manner as the Authority may consider appropriate in the circumstances, including:
 - (a) disputing any actual or proposed act or omission by Network Rail in respect of any Timetable Development Rights;
 - (b) submitting such dispute to any relevant dispute resolution arrangements or procedures and appealing against any award or determination under such arrangements or procedures, including to the ORR;
 - (c) requiring any terms of reference or similar to be approved by the Authority prior to submission or agreement by or on behalf of the Franchisee; and
 - (d) requiring the Franchisee to obtain the Authority's prior approval of any settlement or compromise prior to offering or accepting the same.
- 4.6 The Authority shall, to the extent reasonably practicable, allow the Franchisee a reasonable opportunity to make representations to the Authority concerning the exercise of any of its rights referred to in paragraph 4.4 before requiring the Franchisee to take any action referred to in paragraph 4.5.

5. **Timetable Changes Proposed by the Franchisee**

- 5.1 The Franchisee agrees, subject to paragraph 5.2, not to propose to Network Rail:

- (a) the addition to the Applicable Timetable of any railway passenger services which are not included in the Timetable;
- (b) the omission from the Applicable Timetable of any Passenger Services included in the Timetable; or
- (c) the rescheduling in the Applicable Timetable of any Passenger Services from their scheduling in the Timetable,

without the Authority's prior consent.

5.2 Paragraph 5.1 shall not apply to additional railway passenger services to be operated to meet passenger demand that the Franchisee anticipates from Special Events (and any related omissions and/or rescheduling of Passenger Services) which:

- (a) when operated, still permit the Franchisee to deliver the Timetable with the Passenger Carrying Capacity stipulated in a Train Plan which satisfies the requirements of paragraphs 3.1 and 3.4;
- (b) are consistent with any Route Utilisation Strategy or any other Strategy of the Authority; and
- (c) are compliant with any framework that the Authority may issue for the planning and operation of railway passenger services.

5.3 The Franchisee shall use all reasonable endeavours to operate adequate railway passenger services to or from any Special Events:

- (a) which it has identified pursuant to paragraph 1(l) of Appendix 2 (*Service Development Additional Factors*) to Schedule 1.1 (*Service Development*);
- (b) which are not already provided for in the Applicable Timetable; and
- (c) which comply with the requirements of paragraph 5.2,

to meet the passenger demand that is reasonably likely to arise from such Special Events and from the operation of such railway passenger services.

5.4 The Franchisee shall provide adequate numbers of suitably trained and briefed staff to provide passenger information, support and directions during all Special Events.

6. **Timetable Changes Requested by the Authority**

6.1 The Franchisee agrees, as and when requested by the Authority, to use all reasonable endeavours to seek and to obtain:

- (a) the addition to the Applicable Timetable of any railway passenger services that are not included in the Timetable;
- (b) the omission from the Applicable Timetable of any Passenger Services that are included in the Timetable; and/or
- (c) the rescheduling in the Applicable Timetable of any Passenger Services from their scheduling in the Timetable.

- 6.2 A request pursuant to paragraph 6.1 may include the addition of railway passenger services on parts of the network which the Franchisee may not have permission to use on the Franchise Commencement Date and/or on new parts of the network.

7. **Additional Railway Passenger Services**

The Franchisee agrees not to operate any railway passenger services other than those:

- (a) required or permitted pursuant to this Schedule 1.2; or
- (b) operated on behalf of any other Train Operator where the Authority has approved the sub-contracting of the operation of such railway passenger services to the Franchisee; or
- (c) where it has obtained the Authority's approval to do so.

8. **Obligations of the Franchisee in the Event of Disruption to Railway Passenger Services**

- 8.1 In the event of any planned or unplanned disruption to railway passenger services operated on the Routes, or on other parts of the network which are reasonably local to the Routes, the Franchisee shall:
- (a) without prejudice to any other provision of this Schedule 1.2, notify the Authority promptly where such disruption would materially (having regard to both duration and scale) prejudice the Franchisee's ability to deliver the Timetable;
 - (b) use all reasonable endeavours to act in accordance with any Strategy or plan published or endorsed by the Authority in relation to such disruption notified to it by the Authority from time to time;
 - (c) in accordance with the Passenger Information During Disruption Guidelines, where applicable, keep passengers informed of the disruption and its impact on the said Timetable in a timely manner and consistently across all modes of communications and provide the Franchisees' staff with the information they require to keep passengers so informed, all as required in terms of paragraphs 2 and 3 of Schedule 1.4 (*Passenger Facing Obligations*).
 - (d) co-operate with Network Rail and other Train Operators to act in the overall interests of passengers using such railway passenger services, including using all reasonable endeavours to minimise and mitigate disruption to ensure that such disruption is not concentrated on a particular part of the network, except where such concentration either:
 - (i) would be in the overall interests of passengers using such Passenger Services or railway passenger services and would not result in disproportionate inconvenience to any group of passengers; or
 - (ii) is reasonably necessary as a result of the cause or the location of the disruption being outwith the reasonable control or anticipation of the Franchisee or its Associates; and
 - (e) provide or secure the provision of alternative transport arrangements in accordance with paragraph 8.2;

- (f) keep passengers and front line staff (both on train and other staff) informed and updated in a timely and consistent manner across all available media and means of communication as situations and responses unfold.

8.2 The Franchisee shall secure the provision of alternative transport arrangements and passage on such alternative transport arrangements to enable passengers affected by planned disruption referred to in paragraph 8.1 to complete their intended journeys in accordance with this paragraph 8.2. In particular, the Franchisee shall:

- (a) ensure that such alternative transport arrangements are of reasonable quality, of a reasonably similar frequency to the Passenger Services included in the Timetable which such arrangements replace and reasonably fit for the purpose of the journey to be undertaken;
- (b) without prejudice to its obligations in paragraph 8.2(a), comply with any standards issued by the Authority from time to time in respect of such alternative transport arrangements;
- (c) transport passengers to, or as near as reasonably practicable to, the end of their intended journey on such Passenger Services, having particular regard to the needs of any Disabled Persons and persons with additional needs due to their mobility issues (including, without prejudice to the foregoing, infirm or elderly persons and children) and, where appropriate, making additional arrangements for such Disabled Persons and other persons and the full range of passengers and their luggage (including but not limited to pushchairs and bicycles) to complete their intended journey;
- (d) timeously provide adequate and prominent publicity and other practicable communication of, and detailed information on, such alternative transport arrangements in advance of, and during the course of, such disruption, subject, in the case of unplanned disruption, to the Franchisee having sufficient notice of such disruption to enable it to provide such publicity;
- (e) provide adequate staff to direct passengers to such alternative transport, assist passengers on to such alternative transport and provide passengers with information on such alternative transport;
- (f) provide sufficient alternative transport capacity for the reasonably foreseeable demand for the disrupted Passenger Services;
- (g) ensure, if any planned disruption overruns, that there is a reasonable contingency arrangement for such alternative transport arrangements to continue for the duration of such overrun;
- (h) ensure that it takes no passengers longer than one additional hour to complete their journey where reasonably practicable, with the route length of the journey by alternative means of transport being the only consideration as to whether one additional hour is reasonably practicable or not.

8.3 In the case of unplanned disruption referred to in paragraph 8.1 and disruption referred to in paragraphs 10 and 11, the Franchisee shall use all reasonable endeavours to secure the provision of alternative transport arrangements and passage on such alternative transport arrangements to enable passengers affected by such disruption to complete their intended journeys in accordance with this paragraph 8.3.

- (a) All reasonable endeavours in the context of this paragraph 8.3 shall include, but not be limited to, the planning in advance of alternative travel arrangements in conjunction with the advance planning of contingency arrangements for unplanned disruption to Passenger Services. Such advance planning shall: -
 - (i) in the first instance consider all reasonable options for completion of the journey by rail before considering completion of journeys by other modes of transport such as Glasgow Subway, Edinburgh Trams, bus or taxi; and
 - (ii) it shall consist of putting in place all necessary contractual arrangements for the completion of journeys where appropriate by other modes of transport at no additional cost to the passenger.
 - (b) In particular, the Franchisee shall use all reasonable endeavours to:
 - (i) ensure that such alternative transport arrangements are of reasonable quality, of a reasonably similar frequency to the Passenger Services included in the Timetable which such arrangements replace and reasonably fit for the purpose of the journey to be undertaken;
 - (ii) without prejudice to its obligations in paragraph 8.2(a), comply with any standards issued by the Authority from time to time in respect of such alternative transport arrangements;
 - (iii) transport passengers to, or as near as reasonably practicable to, the end of their intended journey on such Passenger Services, having particular regard to the needs of any Disabled Persons and persons with additional needs due to their mobility issues (including, without prejudice to the foregoing, infirm or elderly persons and children) and, where appropriate, making additional arrangements for such Disabled Persons and other persons and the full range of passengers and their luggage (including but not limited to pushchairs and bicycles) to complete their intended journey;
 - (iv) timeously provide adequate and prominent publicity and other practicable communication of, and detailed information on, such alternative transport arrangements in advance of, and during the course of, such disruption, subject, in the case of unplanned disruption, to the Franchisee having sufficient notice of such disruption to enable it to provide such publicity;
 - (v) provide adequate staff to direct passengers to such alternative transport, assist passengers on to such alternative transport and provide passengers with information on such alternative transport;
 - (vi) provide sufficient alternative transport capacity for the reasonably foreseeable demand for the disrupted Passenger Services;
 - (vii) ensure that it takes no passengers longer than one additional hour to complete their journey, with the route length of the journey by alternative means of transport being the only consideration as to whether one additional hour is reasonably practicable or not.
- 8.4 The Franchisee shall, in planning for mitigation of disruption of passenger rail services (howsoever caused) use all reasonable endeavours to identify scheduled bus services between the proximity of the locations of any stations affected by the disruption and

procure agreement from the operators of such bus services to allow holders of valid rail tickets to travel between such bus stops as are in proximity to the locations of the stations for which the rail ticket held is valid and that at no additional cost to the passenger. The Franchisee shall Publish details of such bus services, including the validity of rail tickets, in the event of passenger rail service disruption.

- 8.5 The Franchisee shall use all reasonable endeavours to co-operate with other Train Operators and Network Rail in mitigation of the impact of disruption of passenger rail services (howsoever caused). Such co-operation shall include the provision of information of other Train Operators.
- 8.6 The Franchisee shall at or prior to the Franchise Commencement Date have in place a **Dealing with Disruption Plan** that will set out in compliance with the Passenger Information During Disruption Guidelines how the Franchisee shall communicate with passengers in relation to planned and unplanned disruption. This plan will at a minimum:
 - (a) cover how the Franchisee shall use different methods of communicating with Passengers including developing and emerging technologies to ensure one accurate source of information is fed through simultaneously via the different communications methods being utilised; and
 - (b) detail the steps being taken by the Franchisee with regard to its obligations in terms of paragraphs 8.2 and 8.3 and to negotiate with other transport providers that the passengers train ticket without any extra charge shall be accepted to allow completion of the intended journey.
- 8.7 The Franchisee shall monitor implementation of its Dealing with Disruption Plan such monitoring shall include methods to benchmark performance during disruptive events.
- 8.8 The Franchisee shall keep records (including a control room log) of all planned and unplanned disruption and make such available to the Authority. The Franchisee shall provide the Authority with copies of reports of inquiries into disruptive events/incidents and accidents.
- 8.9 The Franchisee shall use passenger feedback and lessons learned from planned and unplanned disruption together with best practices from other countries of dealing with similar events and performance against benchmarks to review, update and refine its responses to put new measures in place to more effectively mitigate the effect of similar events in the future.
- 8.10 The Franchisee shall report the feedback and lessons learned to Authority and the said intended new measures the Franchisee intends to put in place.

9. **Obligation to Use All Reasonable Endeavours**

- 9.1 Any obligation in this Schedule 1.2 on the part of the Franchisee to use all reasonable endeavours to operate railway passenger services shall include an obligation to:
 - (a) ensure (so far as it is able to do so) the provision of the Passenger Services as set out in the Applicable Timetable in ordinary operating conditions;
 - (b) anticipate the matters referred to in paragraph 9.2 and take reasonable measures to avoid and/or reduce the impact of any disruption to the Franchise

Services having regard to all the circumstances, including the reasonably foreseeable risks arising from the matters referred to in paragraph 9.3; and

- (c) actively manage the performance by Network Rail of its contractual relationship with the Franchisee (and provide appropriate management resources for this purpose) so as to secure the best performance beyond core contractual compliance reasonably obtainable from Network Rail by these means (including taking the steps referred to in paragraph 9.4), having regard to all the circumstances, including without limitation any Alliance to which the Franchisee is a party.

9.2 The matters to which the Franchisee is to have regard pursuant to paragraph 9.1(b) shall include:

- (a) variations in climate, weather and operating conditions (including Network Rail's infrastructure not being available for any reason), which may in either case include seasonal variations;
- (b) default by, or restrictions imposed by, suppliers to the Franchisee;
- (c) shortages of appropriately skilled or qualified Franchise Employees;
- (d) disputes with Franchise Employees;
- (e) the availability of the Train Fleet, having regard to the Fleet Availability Requirement;
- (f) establishing reasonable Turnaround Time allowances for enabling or disabling (as appropriate) any part of a train, the rostering of any train crew, the servicing or cleaning of any rolling stock vehicles in accordance with the current SQUIRE Service Specifications relating to the condition of rolling stock vehicles;
- (g) failures of rolling stock vehicles in service and contingency arrangements (including Hot Standbys and rescue traction);
- (h) the split of the Train Fleet between electric and diesel units;
- (i) resilience planning for snow and other severe weather conditions and variance in the Scottish climate;
- (j) interactions with railway industry parties, Local Authorities and public agencies; and
- (k) the need to take pre-emptive and contingency measures.

9.3 For the purpose of taking measures in respect of any disruption to the Franchise Services in accordance with paragraph 9.1(b) and assessing the extent of any risk referred to in paragraph 9.1(b), and any such risk's reasonable foreseeability, regard shall be had both:

- (a) to the historical levels of incidence of disruption in the operation of:
 - (i) the Franchise Services;
 - (ii) similar services both by the Franchisee and/or its predecessors; and

- (iii) other services of a type similar to the Franchise Services; and
- (b) to potential changes in circumstances which may affect those levels.

9.4 The steps to which paragraph 9.1(c) refers include:

- (a) co-operating with Network Rail in adopting the principles set out in any Service Recovery Plans agreed between Network Rail and the Franchisee from time to time;
- (b) undertaking a review during each Reporting Period of:
 - (i) the 10 most common causes of delay to the Passenger Services; and
 - (ii) the 10 causes of delay to the Passenger Services with the longest duration (to the extent not already reviewed in accordance with paragraph 9.4(b)(i)),
 which have occurred during that Reporting Period and which have been caused by the Franchisee, any other Train Operator or Network Rail;
- (c) undertaking with Network Rail a review of the time taken to recover the Passenger Services following the occurrence of any of the events specified in paragraphs 9.4(b)(i) and (b)(ii) and seeking to identify and implement actions that reduce the delay effect of such events;
- (d) undertaking a review of the way the Franchisee communicated with passengers during the occurrence of any of the events specified in paragraphs 9.4(b)(i) and (b)(ii) and seeking to identify and implement actions that improve communication with passengers in relation to such events;
- (e) setting up and holding regular and effective performance review meetings with Network Rail, evidenced by meeting minutes and the closure of actions agreed between the Authority and the Franchisee;
- (f) regularly monitoring (at least every Reporting Period) the delivery of local output commitments made by Network Rail and using reasonable endeavours to specify and develop such local output commitments;
- (g) as and when required by Network Rail, co-operating with Network Rail in improving the accuracy of future timetables by providing access to trains, other facilities or information;
- (h) co-operating with Network Rail in other delay management, including alliancing and initiatives such as the use of virtual general managers and establishment of integrated control rooms;
- (i) regularly reviewing (at least every Reporting Period) the imposition and clearance of temporary speed restrictions;
- (j) regularly reviewing (at least every Reporting Period) the timely and efficient handover and hand-back of possessions; and

- (k) where appropriate and where Network Rail fails to perform its obligations under the Track Access Agreement, enforcing the Franchisee's rights under such Track Access Agreement.
- 9.5 The Franchisee undertakes (subject to its obligations to prepare a Train Plan and secure a Timetable enabling it to operate railway passenger services that comply with the Service Level Commitment and thereafter operate such services) to reasonably co-operate with Network Rail with regard to Network Rail's management of the network, including in relation to the establishment of up to date Timetable Planning Rules.
- 9.6 To the extent not already provided for in this Agreement, the Franchisee shall use all reasonable endeavours to ensure the performance by Network Rail of its obligations under any relevant agreement including, where appropriate or where requested by the Authority enforcing its rights against Network Rail under any such agreement.
- 9.7 When and to the extent reasonably requested by the Authority, the Franchisee shall provide to the Authority evidence of the steps taken by it in order to comply with its obligations under this paragraph 9.
- 9.8 The Franchisee shall in the event of disruption (whether planned or unplanned) which impacts the Caledonian Sleeper franchise services, use all reasonable endeavours to co-operate with and provide support to the Caledonian Sleeper Franchisee. Such co-operation shall without prejudice to the foregoing generality include to Publish appropriate information in respect of the disruption in question and the consequences of and mitigation for the effects of the same.
- 9.9 Without prejudice to the other terms of this Schedule 1.2, the Franchisee shall take all necessary steps to provide for Passenger Service resilience, including planning provision and training (including exercises) in respect of:-
- (a) interaction and co-operation with public agencies;
 - (b) traction;
 - (c) equipment;
 - (d) catering;
 - (e) station facilities;
 - (f) operational practices;
 - (g) staff rostering and duties;
 - (h) cross-support to other railway industry parties, transport providers and roads authorities;
 - (i) best practice and lessons learned;
 - (j) attendance at any resilience centre designated by the Authority;
 - (k) mutual support of the Caledonian Sleeper Franchise.

10. **Severe Weather Resilience and Service Disruption**

Without prejudice to the Franchisee's obligations in paragraphs 8 and 9, any obligation in this Schedule 1.2 on the part of the Franchisee to use all reasonable endeavours to operate railway passenger services shall include an obligation to:-

- 10.1 co-operate with the Authority in its resilience planning including without prejudice to the foregoing generality: -
 - (a) making an appropriately trained manager available to attend (whether in person or remotely), at the Authority's request, meetings of the Multi-Agency Response Team (or similar response group) at the Scottish Government's Resilience Room or otherwise; and
 - (b) engaging with the Scottish Government's preparedness initiatives relating to Winter conditions and severe weather;
- 10.2 make such adaptations to the Train Fleet, other equipment or facilities essential to the provision of railway passenger services and Stations as are reasonably necessary to respond to repeated and prolonged periods of severe weather (be it winter weather or otherwise);
- 10.3 put in place arrangements for emergency staff availability to respond to repeated and prolonged periods of severe weather (be it winter weather or otherwise);
- 10.4 use weather reports and forecasts to plan for disruption and to make decisions on when to implement its Resilience Plan;
- 10.5 co-operate with Network Rail, Associates and other Train Operators to provide support to each other, make staff available to each other and pass timely, accurate and detailed information about disruption to each other including attendance at Gold and Silver Command locations;
- 10.6 use best practice with regards to planning for severe weather including such adaptations as referred to in paragraph 10.2;
- 10.7 ensure that each Station and Depot is equipped with the necessary equipment to help railway passenger services to continue in severe weather;
- 10.8 comply with its Resilience Plan and any information Published and provided to passengers as to how the Franchisee will operate in such events save where the best interests of the passengers would be better served by departing from the same; and
- 10.9 comply with the obligations in paragraph 11.

11 **Resilience Team and Resilience Plans**

- 11.1 The Franchisee shall employ a service disruption team ("the **Resilience Team**") consisting of at least 9 suitably trained and experienced managers with sufficient support staff whose duties shall include (where required) working with duty control managers to manage disruption to services and provide additional control resources during periods of severe disruption. The Resilience Team shall manage all third party communications with duty control managers.
- 11.2 The Franchisee shall work diligently with Network Rail from the Franchise Commencement Date to agree a **Resilience Plan** for key Stations and by line of route consisting of guidelines detailing actions to be taken and emergency timetables and

priority routes to keep open (such priority routes shall include those used most by passengers and cross-border services). The Resilience Team shall be responsible for overseeing implementation of the Resilience Plan at the relevant time.

- 11.3 The Franchisee shall continue to provide services across the whole rail network to ensure that all communities continue to receive at least some level of Passenger Services. The Franchisee shall use all reasonable endeavours to re-introduce Passenger Services across all parts of the network at the earliest possible opportunity.
- 11.4 The Franchisee shall develop and maintain a Resilience Plan, which as a minimum shall include:-
- (a) consideration of the different effects severe weather can have on different types of trains and Passenger Services;
 - (b) a strategy for all Routes and staff resourcing during extreme weather including emergency timetables and staff procedures in the event of disruption;
 - (c) diversionary routes (where practical) for all Routes and a strategy for security necessary rolling stock approvals and train crew knowledge and/or hiring of train crew;
 - (d) procedures to be implemented, communicating and working with Stakeholders to minimise disruption during severe weather, and how it plans to provide detailed up-to-date and easy to understand information to passengers;
 - (e) details of any agreements reached with operators of bus services in terms of paragraph 8.4 hereof, and ensure staff have access to information including timetables for bus and other transport operator's services and the details of aforesaid agreements including without prejudice to the foregoing generality in relation to the validity of rail tickets on the bus services;
 - (f) its service disruption strategy covering alternative transport, key stakeholders, staff and training;
 - (g) service recovery timescales for different incident types on different Routes (including diversionary routes referred to in paragraph (c) above) including at all reasonably foreseeable events and consequences.
- 11.5 The Resilience Team shall establish a special training programme for selected support staff and managers to include timetable interpretation skills, dealing with distressed passengers and the Franchisee's refreshments and compensation policy.
- 11.6 The Franchisee shall implement a passenger information strategy within three months of the Franchise Commencement Date for the purposes of communicating disruptions and other problems to passengers at Stations which shall include:
- (a) Publishing plans, and the Franchisee's proposed investments to protect against disruptive events and severe weather preparedness, especially prior to Winter;
 - (b) email performance bulletins or SMS text messaging or specified social media (at the passenger's option) including, where possible, real time information;

- (c) providing suitable technology and devices to the Resilience Team and customer facing staff to provide customers with real time information.
 - (d) the provision of information (real time where possible) via the Franchisee's web site and social media;
 - (e) the provision of information (real time where possible) and procuring prompt and accurate display of such on whiteboards and other information display systems at all Stations; and
 - (f) the provision of mobile telephones to all of the Franchisee's on-board train managers.
- 11.7 Representatives of the Resilience Team shall meet with the Authority quarterly and as and when reasonably requested by the Authority. It is anticipated that additional briefings will be required in respect of anticipated major disruptive events and de-briefings after major disruptive events where these cannot reasonably be addressed as part of the regular Franchise Performance Meetings.
- 11.8 The Franchisee shall use all reasonable endeavours to ensure messages and information in the event of disruption are shared consistently across staff, passengers (and other relevant parties).
- 11.9 The Franchisee shall use passenger feedback and lessons learned from severe weather or other disruption together with best practices from other countries of dealing with similar events and performance against benchmarks to review, update and refine its Resilience Plan.
- 11.10 The Franchisee shall monitor implementation of its Resilience Plan such monitoring shall include methods to benchmark performance during disruptive events.
- 11.11 The Franchisee shall ensure provisions are made where passengers, due to a disruptive event, will require to spend a prolonged period in a station so that those passengers are kept safe and comfortable.

12 **Performance Steering Group**

- 12.1 As part of its commitment to working with the Authority and Stakeholders, the Franchisee shall work with the Stakeholders to establish a Performance Steering Group ("**PSG**"). The Franchisee's representative on the PSG shall be the Quality Manager.
- 12.2 The Authority and the Franchisee shall liaise and cooperate together to prioritise the work of the PSG in consultation with each other and such Stakeholders as the Authority may from time to time specify and shall regularly review the PSG programme in the light of requests from each other and such Stakeholders and available resources.
- 12.3 taking into account the performance commitments of the Franchisee and its rights and responsibilities in connection with its conduct of the Franchise Services, it is anticipated that the PSG shall address the strategic issues arising from the following with the appropriate Stakeholders and their teams:
- (i) solutions to Timetable conflicts;
 - (ii) the management and planning of service disruptions;

(iii) solutions to reduce delays;

(iv) the balance between service enhancements and performance; and

(v) the balance between journey times improvements and performance and reliability.

- 12.4 The Franchisee shall develop and operate Performance Management Systems to support the work of the Performance Steering Group and all other aspects of the Franchisee's performance of the Franchise Services;

SCHEDULE 1.3

THIS IS SCHEDULE 1.3 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Additional Service Specifications

1. The Authority's Service Specification Standards

- 1.1 The Franchisee shall at all times during the Franchise Term employ the Franchise Facilities to provide the Franchise Services and shall use all reasonable endeavours to:-
 - (a) do so in accordance with each SQUIRE Service Specification as at the date of this Agreement or as amended from time to time; and
 - (b) do so to a standard that is no worse than the relevant Benchmark Level (as amended from time to time) for such Franchise Services.
- 1.2 The requirement to employ the Franchise Facilities in the provision of the Franchise Services is to use or to make available those Franchise Facilities for the benefit of passengers in the condition and with the functionality which is the higher of:
 - (a) the standard for the Franchise Facility recorded in the Franchise Facilities Book;
 - (b) the Train Fleet facilities, capacity and characteristics referred to in paragraphs 2 and 3 in Appendix 1 and in Train Fleet Table 1, Train Fleet Table 2 and Train Fleet Table 3 to Schedule 1.1 (*Service Development*);
 - (c) any enhanced standard that is specifically provided for in Schedule 1.6 (*Committed Obligations*);
 - (d) any enhanced, refurbished or new rolling stock provided for in Schedule 6 (*Rolling Stock*); or
 - (e) any standard that is applied by means of a Variation pursuant to Schedule 9.1 (*Variations and Financial Consequences of Change*);

subject in each case to fair wear and tear.
- 1.3 The requirement to employ the Franchise Facilities in the provision of the Franchise Services is also to use or make available those Franchise Facilities for the benefit of passengers with that degree of skill, diligence, prudence and foresight which would be exercised by a skilled and experienced Train Operator of the Franchise.
- 1.4 The fact that the Franchisee may have used the reasonable endeavours referred to in paragraph 1.1 shall not in any way reduce its liability to make payments for performance below Benchmark Level in terms of Schedule 7.3 (*SQUIRE*).

2. Revenue Collection And Protection Against Ticketless Travel

- 2.1 The Franchisee shall, within 4 Reporting Periods of the Franchise Commencement Date, provide to the Authority:

- (a) a report which measures the level of ticketless travel and fare evasion on the Passenger Services. The report shall include an analysis of its findings and shall detail:
 - (i) where incidences of ticketless travel and fare evasion are greatest on the Routes;
 - (ii) which stations (if any) have no or minimal revenue-protection measures; and
 - (iii) the Franchisee's opinion as to whether there is any correlation between such ticketless travel and fare evasion and high crime areas both within and outside the railway environment; and
- (b) a plan to reduce ticketless travel and fare evasion in a cost effective manner. The plan shall include measurable targets for reducing incidences of ticketless travel and fare evasion for the remainder of the Franchise Term. The plan shall also contain the following elements:
 - (i) the estimated costs and benefits of measures requiring material capital expenditure to reduce the level of ticketless travel and fare evasion in the 13 Reporting Periods following the date of the plan; and
 - (ii) any operational initiatives not requiring material capital expenditure that might be undertaken to:
 - (A) reduce the incidences of ticketless travel and fare evasion;
 - (B) improve the Franchisee's awareness of the incidences of ticketless travel and fare evasion; and
 - (C) improve the Franchisee's understanding of the ways in which the incidences of ticketless travel and fare evasion can be reduced;

such plan shall not include the introduction of penalty fares.

2.2 The Franchisee shall:

- (a) implement the plan to be provided in accordance with paragraph 2.1(b) and report in writing to the Authority every 6 Reporting Periods on such implementation, any progress against such plan's targets and the financial consequences arising from such implementation;
- (b) review such plan annually and make such revisions as are appropriate in the reasonable opinion of the Franchisee or the Authority to further reduce, in a cost-effective manner, incidences of ticketless travel and fare evasion over the remainder of the Franchise Term; and
- (c) implement such revised plan and report to the Authority in accordance with paragraph 2.2(a) as if such revised plan was referred to therein.

2.3 When the Franchisee introduces a smartcard scheme for use by passengers, whether on a permanent or trial basis, it shall ensure that any such scheme is compliant with any

specification and operating requirement of the Integrated Transport Smartcard Organisation.

2.4 Subject to paragraph 4.5, revenue protection staff need not check tickets pursuant to paragraph 4.4 at any platform that has working automatic ticket barriers controlling access to, and egress from, it.

2.5 The Franchisee shall not introduce any penalty fares.

3. Performance concerning Ticketless Travel

3.1 The Franchisee shall use all reasonable endeavours to minimise the amount of ticketless travel and fare evasion on the Passenger Services.

3.2 The Franchisee shall ensure that:

- (a) in seeking to minimise the level of ticketless travel and fare evasion throughout the Franchise Term, it shall use the standard of skill and care which is ordinarily exercised by a skilled and experienced Train Operator performing services of a similar nature;
- (b) the machinery used for the issuing of tickets, collection of Fares and the checking of tickets shall be of satisfactory quality and fit for purpose;
- (c) the issuing of tickets and collection of Fares shall be carried out by sufficient numbers of appropriately experienced, qualified and trained personnel with all due skill, care and diligence; and
- (d) the issuing of tickets, collection of Fares and the checking of tickets shall be performed in compliance with all applicable Laws.

4. Protection and Care Plan

4.1 The Franchisee shall use all reasonable endeavours to ensure that, save where the Authority agrees to the contrary, there shall at all stations equipped with a ticketing vending machine and at all staffed stations be an operational means throughout the opening hours of the station of buying a ticket for travel and making a reservation for seated or other accommodation on Passenger Services.

4.2 The Franchisee shall use all reasonable endeavours to ensure that on each Passenger Service there shall be sufficient staff whose duties shall include the following customer care duties and revenue protection:

- (a) general provision of customer care duties including provision of information to passengers and "helping hand" assistance to adults with small children, and infirm, elderly and disabled passengers who may require such assistance;
- (b) inspection of tickets, issuing of tickets to persons not in possession of a valid ticket and collection of revenue; and
- (c) taking appropriate measures to deal with unruly behaviour by any passengers, so far as is reasonably practicable in the absence of police assistance, and calling for police assistance when required.

- 4.3 The Franchisee shall use all reasonable endeavours to ensure that the person mentioned in paragraph 4.3 shall actively carry out the inspection of tickets at regular intervals on each journey and that such person shall use all reasonable endeavours to ensure that no passenger travels without payment of the required Fare.
- 4.4 Subject to paragraph 2.4, the Franchisee shall ensure that there are sufficient revenue protection staff at each of the Key Stations:
- (a) on Weekdays during the Peak;
 - (b) at the weekend during the Weekend Peak; and
 - (c) when automatic ticket barriers are opened to allow passengers through:
 - (i) due to a malfunction in the automatic ticket barriers; and/or
 - (ii) due to an inability of the automatic ticket barriers to cope with the passenger flow.

so that no passenger can gain access to, or egress from, a platform without first having his ticket checked. References in this paragraph 4.4 to a passenger are only to passengers or intending passengers alighting from or joining trains that are Passenger Services. The Franchisee shall not be in breach of the terms of this paragraph 4.4 if on occasions it has to allow passengers to gain access to, or egress from, a platform without having a ticket checked in order to deal with an immediate legitimate public safety concern that arises from circumstances which should not reasonably have been foreseen and prevented by the Franchisee (for the avoidance of doubt malfunction or slow operation of automatic ticket barriers are not circumstances that in itself would be categorised as a public safety concern).

- 4.5 The Franchisee shall use all reasonable endeavours to ensure that, at stations where automatic ticket barriers have been installed, no passenger is required to queue:-
- (a) due to revenue protection staff ticket examination or an automatic ticket barrier for more than:
 - (i) 1 minute to access; or
 - (ii) 2 minutes to exit;
 a platform when the passenger is in possession of a valid ticket; and
 - (b) for more than 5 minutes to buy a ticket after alighting from a Passenger Service without a ticket.

The Franchisee shall procure that throughout the Franchise Period where automatic ticket barriers are installed, such barriers shall recognise, (throughout the period of validity of the same and notwithstanding some to be anticipated wear and tear to the same) season tickets and smartcards in whatever format is a valid ticket for Passenger Services from time to time.

- 4.6 **Weekend Peak** means for each of the Key Stations notified to the Franchisee (by a minimum of one month's notice) by the Authority for that purpose the period notified (by a

minimum of one month's notice) to the Franchisee by the Authority from time to time as being the Weekend Peak for that Station or station.

5. Special Events

- 5.1 The parties acknowledge that as a key provider of public transport services, the Franchisee may have an important role during the Franchise Term in helping the Authority and third parties make the staging of Special Events successful. The Franchisee shall provide the Authority and third parties involved in staging Special Events with assistance with Passenger Services for Special Events and shall provide the Authority with such evidence or assurances in respect of the same as the Authority may reasonably request.
- 5.2 The Franchisee shall, at its own cost, co-operate and consult as reasonably required, with the Authority, Network Rail, the Caledonian Sleeper Franchisee, The British Transport Police and any other relevant party in connection with any arrangements directly or indirectly connected with Special Events, including:-
 - (a) provision of additional and/or specific railway passenger services including use of rolling stock which would otherwise have been designated as a Hot Standby;
 - (b) the provision of additional or specific security arrangements at stations at which the Passenger Services call and on Passenger Services;
 - (c) the provision of specific integrated ticketing in relation to the Passenger Services; and
 - (d) advertising and marketing of Special Events in relation to the Franchise Services.
- 5.3 The Franchisee shall prepare and implement a strategy to identify and engage with third parties involved in the staging and promotion of Special Events. The Franchisee shall provide the Authority with such details of engagement with such third parties as the Authority may reasonably require.

6. Engagement with Visit Scotland

The Franchisee shall seek a meeting with Visit Scotland no less frequently than once every six months, to discuss tourism promotion matters, and shall provide the Authority with copies of meeting minutes and confirmation of matters arising and actions taken upon request.

7. Visit Scotland and Caledonian Sleeper Franchisee marketing co-operation

The Franchisee shall use reasonable endeavours to co-operate with the Visit Scotland and Caledonian Sleeper Franchisee to facilitate the promotion of tourism in Scotland and Caledonian Sleeper Franchise Services including but not limited to the distribution of leaflets and website links.

8. Services to be offered to Caledonian Sleeper Franchisee

The Franchisee shall in respect of the passenger rail services to be provided by the Caledonian Sleeper Franchisee or a successor Train Operator of all or any of those passenger rail services throughout the Franchise Period:-

- 8.1 Provide free of charge:
 - (a) at least one double royal advertising space at each Station at which the Caledonian Sleeper Franchise railway passenger services call; and
 - (b) one double royal advertising space at up to all other Stations as nominated by the Caledonian Sleeper Franchisee from time to time and shall maintain the

same all as if the same were information displays as described in SQUIRE Service Schedule 8 or to permit the Caledonian Sleeper Franchise to maintain the same;

- (c) exclusive use of an area at each of the Stations at which the Franchisee has granted the Caledonian Sleeper Franchisee Permission to Use, each such area being one which would (save for the grant of such exclusive use) have formed part of the Common Station Amenities, upon which the Caledonian Sleeper Franchisee may locate an Information Totem. The area to which such exclusive rights shall extend shall be that of the footprint of the Information Totem and associated foundation, frame or mount. The Franchisee shall additionally afford the Caledonian Sleeper Franchisee all necessary rights to install, operate, maintain, repair and replace the Information Totem located at any such Station with necessary electricity and data cable connections, subject to compliance with applicable Law, the Franchisee's reasonable operational and procedural requirements and to reimbursement of any costs properly and reasonably incurred by the Franchisee; and
- (d) permission for the Caledonian Sleeper Franchisee to provide to its passengers through the Information Totem:
 - (i) service information, including platform number, availability of train to board, expected time of arrival and live disruption information specific to the Caledonian Sleeper Franchisee's railway passenger services;
 - (ii) a virtual check-in offering guest the opportunity to pre-order dinner, breakfast and wakeup time, this will be linked to on-train crew handheld devices;
 - (iii) interactivity with the Caledonian Sleeper Franchisee guest services contact centre and the ability to access dedicated support using live voice and video streaming;
 - (iv) the location of the Caledonian Sleeper Wi-Fi hotspot, where provided;
 - (v) a clear 'safe zone' on the station where guests can be reassured they are being video monitored, will have access to help in a well-lit area;
 - (vi) Caledonian Sleeper Franchisee commercial partner information, promotions and offers with direct connectivity through to those partners;
 - (vii) information about onward transport by bus, ferry and other public transport services;
 - (viii) local mapping and bus time tables; and
 - (ix) the provision of other information or interactive services delivered through the Totem as developed during the course of the Caledonian Sleeper Franchise.

- 8.2 Liaise with the Caledonian Sleeper Franchisee over additional and specific further facilities (including any of a temporary nature)) or services through its Information Totem which the Caledonian Sleeper Franchisee intimates it requires or would wish, but without

any requirement on the part of the Franchisee to incur additional costs or to invest in additional facilities;

- 8.3 Without prejudice to paragraph 2.4 of Schedule 1.4 (*Passenger Facing Obligations*) to display the timetable for the railway passenger services provided by the Caledonian Sleeper Franchisee at the following:-
- (a) Stations between and including Oban and Crianlarich;
 - (b) Stations between and including Mallaig and Fort William;
 - (c) Leuchars (for St. Andrews); and
 - (d) use reasonable endeavours at other Stations the Caledonian Sleeper Franchisee intimates it requires its timetables displayed at to do so.
- 8.4 Provide free of charge use of any car parks at Stations to passengers of the Caledonian Sleeper Franchisee;
- 8.5 Permit free of charge at such Stations at which the Caledonian Sleeper Franchisee railway passenger services call the Caledonian Sleeper Franchisee to place signage on to any Caledonian Sleeper Franchisee facilities and/or its railway passenger services;
- 8.6 In the event of unplanned disruption to the Caledonian Sleeper service permit its passengers to complete their journey utilising their Caledonian Sleeper ticket on Passenger Services;
- 8.7 Liaise with the Caledonian Sleeper Franchisee to plan timetables that provide Connections mutually beneficial to ScotRail and Caledonian Sleeper passengers.

9. **Information Strategy**

- 9.1 The Franchisee shall deliver to the Authority on or before the Franchise Commencement Date the Information Strategy. The Information Strategy shall cover all obligations on the Franchisee under this Agreement relating to the provision of information for passengers and potential passengers.
- 9.2 Without prejudice to paragraph 9.1 the Information Strategy shall cover:
- (a) the Passenger's Charter;
 - (b) Customer Complaints Handling Procedure;
 - (c) Disabled Persons Protection Policy;
 - (d) management and delivery of information to passengers and potential passengers;
 - (e) Dealing with Disruption Plan;
 - (f) Resilience Plan;
 - (g) identification and use of digital and developing communications technology;

- (h) display and production of timetables;
 - (i) information available at stations and on trains;
 - (j) customer service provision including details of the Customer Contact Centre and its operation;
 - (k) co-operation with other public transport information providers; and
 - (l) details of its Communications and Marketing Strategy and its more general marketing strategy.
- 9.3 The Information Strategy shall be updated at least annually and each update shall be provided to the Authority along with the Franchisee's commentary on their progress in implementing the Information Strategy.
- 9.4 The Franchisee shall implement the Information Strategy throughout the Franchise Term.
- 9.5 The Franchisee shall monitor all channels utilised to deliver information to passengers and potential passengers to ensure that its Information Strategy is appropriate and up to date.

SCHEDULE 1.4

THIS IS SCHEDULE 1.4 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Passenger Facing Obligations

1. Licences compliance

The Franchisee shall throughout the Franchise Term comply with the conditions of its Licences and shall in so far as not contrary to those conditions fulfil its obligations under this Schedule.

2. Publishing the Timetable

The First Timetable

2.1. The Franchisee shall on and from the Franchise Commencement Date,

- (a) Publish the Timetable:
 - (i) at each staffed Station by making the relevant information available upon request and free of charge in a booklet form or in other similar form providing a Timetable for all Passenger Services within Scotland or in 1 or more booklets or in other similar form providing details of separate Routes;
 - (ii) at each Station by display on information displays;
 - (iii) at stations other than Stations where Passenger Services call by providing to the operators of such stations the departure and arrival times of such services in the same form as specified in paragraphs 2.1(a)(i) and (a)(ii); and
 - (iv) on the Website; and
 - (v) by such other means as the Authority may, acting reasonably, specify;
- (b) Publish the timetables of other Train Operators at Stations in accordance with paragraph 2.4.
- (c) Use all reasonable endeavours to exercise all rights the Franchisee has to require Network Rail, the Caledonian Sleeper Franchisee or other Trains Operator to Publish the Timetable at:
 - (i) staffed stations by making the relevant information available upon request and free of charge in 1 or more booklets or in other similar form; and
 - (ii) Stations, by display on information displays; and
- (d) use all reasonable endeavours to procure that the Caledonian Sleeper Franchisee includes the Timetable in its Published timetable information for Franchise Services connecting with Caledonian Sleeper Franchise passenger rail services.

Timetable Revisions and Alterations

- 2.2. The Franchisee shall, without prejudice to its obligations under paragraphs 8.2 and 8.3 of Schedule 1.2 (*Operating Obligations*), Publish updates or replacements to the Timetable at the locations specified in paragraph 2.1 to the extent necessary to reflect any changes which come into effect on a Passenger Change Date:
- (a) in the case of booklets, at least 2 weeks before the changes come into effect;
 - (b) in the case of information displays, no later than the day before the changes come into effect;
 - (c) in the case of information provided to the operators of the stations referred to in paragraph 2.1(b), in sufficient time for such information to be Published or provided by such operators within the time limits provided for in this paragraph 2.2; and
 - (d) in the case of the Website and such other means as the Authority may specify from time to time in terms of paragraph 2.1(a)(i) at least 4 weeks before the changes come into effect.

Timetable Integration

2.3.

- (a) The Franchisee shall work with other public transport operators to provide cross modal information at, as a minimum, Stations that are major interchanges;
- (b) The Franchisee shall use reasonable endeavours to identify, obtain and Publish timetable information of operations of other forms of public transport for which integrated ticketing is available with and/or which connect with Passenger Services as the Authority may nominate from time to time;
- (c) The Franchisee shall work in partnership with other Station Facility Owners to provide cross modal information at stations;
- (d) The Franchisee shall work with the operator of the Edinburgh Tram link and other relevant organisations to develop integration of service timetables, ticket integration and connectivity to the tram services; and
- (e) The Franchisee shall particularly in rural areas and areas where onward forms of public transport are less frequent work with other public transport operators to maximise public transport service timetable integration and cross connectivity.

Other Train Operators' Timetables

- 2.4. The Franchisee shall also comply with the requirements of paragraphs 2.1 and 2.2 inclusive in respect of any other Train Operator's timetable at each Station where the railway passenger services of such other Train Operator are scheduled to call:
- (a) within the time limits specified in paragraphs 2.2 where such other Train Operator delivers to the Franchisee the relevant information in sufficient time for the Franchisee to so Publish; and

- (b) as soon as reasonably practicable thereafter where such other Train Operator delivers the relevant information late to the Franchisee.

In the event that the Franchisee has not received such equivalent information from such other Train Operators in what the Franchisee reasonably considers to be sufficient time for such information to be published by it within the time limits specified in paragraph 2.2, the Franchisee shall make a request of such other Train Operator for such information, and shall continue to make such requests until it receives the information.

Scottish Stations Map

- 2.5. (a) The Franchisee shall ensure that all stations which are connected to the network, including those which are not Stations or at which Passenger Services do not call are included on the Scottish Stations Map and that any temporary, new or re-opened station is added to the Scottish Stations Map from the date of opening of each such station; and that any station is removed from the same with effect from the date of its closure.
- (b) The Franchisee shall prominently display the Scottish Stations Map, as updated by the Franchisee from time to time, on rolling stock and at Stations and include the same on the Website and in relevant publications.

Advertising and Promotion of Passenger Services and Cross Modal Integration

2.6.

- (a) The Franchisee may advertise and promote the Passenger Services at stations in accordance with the Communications and Marketing Strategy and in a manner reasonably consistent with the Authority's requirements for advertising and promotion of the Passenger Services. The Franchisee shall use all reasonable endeavours to ensure that any commercial advertising at Stations shall comply with the British Code of Advertising, Sales Promotion and Direct Marketing (as amended or replaced from time to time); and
- (b) The Franchisee shall provide and promote to passengers cross modal onward journey information using both existing and emerging technology where appropriate.

National Rail Timetable and National Rail Enquiries

- 2.7. The Franchisee shall use all reasonable endeavours to procure (including by virtue of any arrangements made from time to time between Network Rail and RSP) that the National Rail Timetable (or any replacement), which Network Rail is responsible for publishing from time to time in relation to the Passenger Services, incorporates or is consistent with its Timetable from time to time.
- 2.8. The Franchisee shall use all reasonable endeavours to procure that information in relation to:
 - (a) the Timetable; and
 - (b) any Significant Alterations to the Timetable to take effect between any 2 Passenger Change Dates;
 is available to passengers through the National Rail Enquiries (or any replacement) not less than 4 weeks prior to coming into effect.

- 2.9. The Franchisee shall use reasonable endeavours to obtain data from such other Train Operators providing railway passenger services in Scotland to enable the publishing of a timetable detailing all railway passenger services within Scotland.
- 2.10. The Franchisee shall comply with its obligations under the Licenses for publication of information for passengers; provided that compliance with such obligations is not sufficient to demonstrate compliance with this paragraph 2.

Data Set Availability

- 2.11. The Franchisee shall use all reasonable endeavours to procure that the data set comprised in any Timetable (or element of the same) is made available (without charge) to be used and Published by third parties and to that end to secure any necessary licences and/or consents to do so.

Traveline and Transport Direct

- 2.12. The Franchisee shall join, participate in, and comply with its obligations under Traveline Scotland (a part of Traveline) and any other multi-modal public transport information system designated by the Authority. The Franchisee shall also:-
- (a) co-operate with the Authority in the Authority's work to ensure the provision of impartial travel information across all technology platforms including to retain and further develop Traveline and Transport Direct including the free downloadable mobile applications, social media and other products; and
 - (b) promote the services of Traveline and Traveline Scotland.

Website and Other Media/Medium

- 2.13. The Franchisee shall:
- (a) create, Publish and maintain the Website throughout the Franchise Period which shall include (but not be limited to) the Timetable, marketing, ticketing and promotions information journey planning, ticket sales, the Passenger's Charter or all information as set out in the Passenger's Charter, and reservations functions and real time Passenger Service information, and provide links to Traveline Scotland web site content and functionality and links to websites of the Franchisee's Affiliates. A Website manager shall ensure that information is current and that the site is easy to use and provides comprehensive and engaging information for existing and potential customers. The Website may contain "pop ups" where these are used to request passenger views on the quality of Passenger Services or Franchise Services or the quality or functionality of the Website. The Website may contain advertising material for third parties where such material advertises products or services of a nature and quality which reflect the quality of and are not detrimental to the Franchise Services and the ScotRail branding;
 - (b) procure that any such Publication and maintenance shall be in accordance with any guidance issued by the Authority to the Franchisee from time to time;
 - (c) use such existing and emerging media/medium as the Franchisee may request and as the Authority may approve, or as the Authority, acting reasonably, may specify from time to time for dissemination of information to passengers.

- 2.14. To the extent that the Franchisee owns copyright or other intellectual property rights in and to the design and contents of the Website, the Franchisee hereby assigns all and whole its present and future right, title and interest in and to all such copyright or other intellectual property rights free from all liens, charges and encumbrances to the Authority absolutely. The Franchisee shall forthwith deliver to the Authority a copy of such documentation listings, flowcharts, specifications and manuals and such source and object code as created by or on behalf of the Franchisee for the purposes of the Website.
- 2.15. The Franchisee shall continuously review throughout the Franchise Period all new and developing applications for marketing the Franchise Services and provide information to the Authority at Franchise Performance Meetings on any new or innovative applications which are or may become available in order to market the Franchise Services.
- 2.16. The Franchisee shall as soon as reasonably practicable following any request by the Authority, introduce any new or improved methods of marketing the Franchise Services from the Website, including any new or developing media applications which may become available from time to time.

Data Provision and Links

- 2.17. The Franchisee shall co-operate with the Authority and third parties by the provision of data and data links at no charge as the Authority may from time to time specify.

Emergency Timetables

- 2.18. In the event of the Franchisee introducing an Emergency Timetable, the Franchisee shall Publish the same in such manner and in such media and mediums as the Authority may from time to time require.

Other Information

- 2.19.
- (a) The Franchisee shall, as requested by the Authority, display at all Stations (and use reasonable endeavours to so procure at other stations where Passenger Services call) such notices as the Authority may wish to Publish from time to time;
 - (b) The Franchisee shall display at all Stations (and use all reasonable endeavours to so procure at other stations where Passenger Services call) an easily understood current and valid map of the area surrounding and including the particular station, which map shall as a minimum requirement include details of the nearest alternative onward modes of transport (including, without limitation), buses and taxis, cycle provisions (including, without limitation nearby cycle routes if any), details of car parks in the vicinity of the Station and accessible walking routes in the vicinity. The Franchisee shall periodically review such maps to ensure such are current and valid.

Announcements on-board trains

- 2.20. The Franchisee shall ensure that all announcements on board trains are appropriate, clear, timely, audible, accurate and easily understood.

Customer Information Screens

- 2.21. The Franchise shall repair and renew, maintain and replace (where beyond economic repair) as appropriate the Customer Information Screens.

Communications and Marketing Strategy

2.22.

- (a) The Franchisee shall implement the Communications and Marketing Strategy ("**C&M Strategy**") in the Agreed Form marked **C&M** on and from the Franchise Commencement Date;
- (b) The C&M Strategy shall seek to promote the diverse nature of Scotland's rail routes, promote rural routes, Passenger Services, achieve the policy objectives of the Agreement set out at Clause 4.4, promote the benefits of cycling and the cycling facilities at Stations, promote rail travel as an environmentally friendly mode of transport and include specific fares and products, promotions and arrangements for Special Events;
- (c) The C&M Strategy shall include the Franchisee's strategy for engagement with school age children to provide such children with information and to encourage such children to interact with and use the railway network in a safe and effective manner;
- (d) The Franchisee shall implement the C&M Strategy throughout the Franchise Term;
- (e) The C&M Strategy shall be regularly reviewed (no less than annually) by the Franchisee and the Authority. The Franchisee shall also seek the view of Stakeholders such as Visit Scotland when reviewing and updating the C&M Strategy;
- (f) The Franchisee shall ensure that any merchandising and/or other advertising activities conducted by or on behalf of the Franchisee during the Franchise Period shall not at any time conflict with the Authority's policies and objectives as set out in Clause 4.4 of this Agreement. If the Authority determines that any of the Franchisee's advertising activities conflict or may conflict with the Authority's policies, the Authority shall notify the Franchisee accordingly and the Franchisee shall cease to conduct any such merchandising or advertising activity with immediate effect.

3. Late Timetable Changes

- 3.1. Save in respect of Significant Alterations, for which the provisions of paragraphs 2.2 and 2.8 shall apply, the Franchisee shall inform passengers, so far as possible on 7 days' prior notice, if it will be unable to operate its trains in accordance with the Timetable. Such information shall include any revised Timetable or travelling arrangements.
- 3.2. Such information shall be provided by:
- (a) revising or adding to the information displays referred to in paragraph 2.1;
 - (b) notifying the operators of the stations referred to in paragraph 2.1(b), as appropriate including by providing such operators with revised posters;
 - (c) updating the Website and such other means as the Authority may, acting reasonably, specify from time to time; and
 - (d) direct communication with passengers who opt-in for such direct communication by such media to which the opt-in applies.

- 3.3. The Franchisee shall revise or add to the information displays at the Stations promptly on receipt of any equivalent information relating to the railway passenger services of other Train Operators whose services call at the Stations.
- 3.4. Where the Franchisee is unable to provide the information specified in paragraph 3.1 because the relevant revisions are made on an emergency basis, the Franchisee shall notify passengers and Publish the relevant revisions by way of the means contemplated by paragraph 3.2 as soon as reasonably practicable.
- 3.5. The Franchisee shall ensure that, so far as reasonably practicable (including by communication of the relevant information to persons likely to receive enquiries), passengers making enquiries regarding the Passenger Services are informed of the revised Timetable and any revised travel arrangements of the Franchisee as far in advance as is reasonably practicable.

4. Fares Selling Restriction

- 4.1. The Franchisee shall procure that all persons selling or offering to sell Fares on its behalf (whether under the terms of the Ticketing and Settlement Agreement, as its agents or otherwise):
 - (a) for Fares whose:
 - (i) Prices are regulated under Schedule 5.3 (*Regulation of Individual Fares*), sell or offer to sell such at prices no greater than the Prices set for such Fares from time to time in accordance with Schedule 5.3; and
 - (ii) Child Prices are regulated under Schedule 5.3, sell or offer to sell those at prices no greater than the Child Prices set for such Fares from time to time in accordance with Schedule 5.3;
 - (b) for Fares whose Child Price has been set pursuant to paragraph 2.1 of Schedule 5.2 (*Franchisee's Obligation to Create Fares*), sell or offer to sell such Fares to any person under the age of 16 for an amount which is no greater than the lowest amount that would be paid if that person were the holder of a Young Person's Railcard or Scottish Youth Railcard (as amended or replaced from time to time) and whose purchase was made without condition as to the day, or time of day, of travel and also without any other condition; and
 - (c) for all Fares:
 - (i) do not sell or offer to sell any Fare or Discount Card with a validity of 13 or more months, except as required to do so under the terms of the Ticketing and Settlement Agreement or otherwise without the consent of the Authority (such consent not to be unreasonably withheld); and
 - (ii) comply with the provisions of paragraph 3 of Schedule 15.2 (*Last 12 or 13 Months of Franchise Period*) to the extent they apply to the selling of Fares by the Franchisee.

Restrictions on Sales

- 4.2. The Franchisee shall ensure that the purchaser of any Protected Fare:

- (a) shall be entitled, without further charge, to such rights of access and egress and other similar rights at the commencement and end of the relevant intended journey or journeys as may be reasonably necessary for such purchaser to travel on the Passenger Services;
 - (b) shall not be required to incur any cost or take any action beyond the payment of an amount equal to the Price or Child Price (as the case may be) of such Protected Fare, as the case may be, and, in relation to the issue of a Season Ticket Fare, the completion of such identity card as the Franchisee may reasonably require; and
 - (c) shall not be required to pay an amount in respect of a seat reservation or other similar right which it may be compulsory for such purchaser to have in order to make a journey with such Protected Fare, as the case may be, on a Passenger Service.
- 4.3. Where the Franchisee sets a limit on the number of Protected Fares that may be used on any particular train, such limit shall be the greater of:
- (a) the number of seats in Standard Class Accommodation on such train; and
 - (b) the capacity of Standard Class Accommodation of the rolling stock vehicles comprising such train according to Appendix 1 (*The Train Fleet*) to Schedule 1.1 (*Service Development*).
- 4.4. The Franchisee shall not sell any Fare or Discount Card which has a validity of 13 or more months, except to the extent required to do so under the terms of the Ticketing and Settlement Agreement.

Additional Ancillary Services

- 4.5. The Franchisee shall, subject to paragraphs 4.1, 8 and 9 of Schedule 1.4 (*Passenger Facing Obligations*), be entitled to charge a purchaser of any Protected Fare for any additional services:
- (a) which are ancillary to the railway passenger service for which such Protected Fare (as the case may be) was purchased (including, charges in respect of car parking or catering services); and
 - (b) which such purchaser is not obliged to purchase.

Children Under Five

- 4.6. The Franchisee shall ensure that up to two children under five years of age may accompany each fare-paying passenger on any Passenger Service free of charge.

5. Passenger's Charter

Content

- 5.1. The Franchisee shall:

- (a) Publish its Passenger's Charter and in accordance with the Franchisee's obligations under the Code of Practice;

(b) including a “delay = repay” compensation scheme based on delays to journeys. The value of compensation shall be at least:

- (i) An entitlement to claim compensation of 50% of the Fare for the affected journey for passengers delayed by between 30 and 59 minutes;
- (ii) 100% of the fare for the affected journey for delays of 60 to 119 minutes;
- (iii) 100% of the return fare for delays of 120 minutes or more; and
- (iv) for Season Tickets the compensation will be calculated on the proportionate daily cost of the ticket.

The delay repay compensation scheme shall apply to all ticket types irrespective of what caused the delay. Compensation shall be provided in National Rail Travel Vouchers with cash offered instead if vouchers are not acceptable to the passenger. Claims forms should be easily available and should be “postage-paid”. The compensation scheme shall be straightforward and simple for affected passengers to understand and to navigate;

- (c) as a minimum including: -
 - (i) Information about planning a rail journey – where to find information about train services and what other information is available at stations (including where to obtain information about onward travel and integration with other modes);
 - (ii) Information about stations including staffing, facilities, interchanges, smoking and alcohol, ticket buying facilities, reservations, booking assistance and the carrying of wheelchairs / pushchairs etc;
 - (iii) Contact details of relevant organisations and partners e.g. National Rail Enquiries, British Transport Police, Passenger’s Council, Traveline Scotland;
 - (iv) Performance and quality standards (stations and trains); and
 - (v) Passenger rights – including the Franchisee’s commitment to passengers when things go wrong, compensation details and method of refund.
- (d) in accordance with the requirements specified in paragraph 5.3;
- (e) review the need for changes to the Passenger’s Charter at least every 3 years, in consultation with the Passengers’ Council, and shall submit a draft of any revisions to the Passenger’s Charter that it wishes to propose, together with proof of such consultation, to the Authority; and
- (f) state the date of publication clearly on the front cover of the Passenger's Charter.

5.2. The Franchisee may not change the Passenger's Charter without the prior written consent of the Authority (which consent shall not be unreasonably withheld).

Publishing the Passenger’s Charter

5.3. The Franchisee shall publicise its Passenger’s Charter by:

- (a) providing copies to the Authority and the Passengers' Council at least 7 days before it comes into effect;
- (b) providing copies to passengers including to visually impaired passengers requiring a copy in large print or Braille, free of charge, at each staffed Station and, in the case of any revision thereto, providing such copies at least 7 days before such revision comes into effect;
- (c) sending a copy, free of charge, to any person who requests it; and
- (d) displaying it on the Website at all times and, in the case of any revision thereto, at least 7 days before such revision comes into effect.

save in respect of the Passenger' Charter which is effective on the Franchise Commencement Date, in which case the Franchisee shall Publish such Passenger's Charter in the manner contemplated by this paragraph 5.3 on and from the Franchise Commencement Date.

- 5.4. The Franchisee shall provide copies of its Passenger's Charter to the operators of the Stations to enable such operators to Publish it.

Passenger's Charter Payments

- 5.5. The Franchisee shall:

- (a) make all payments and all extensions to Fares; and
- (b) provide all discounts on the price of Fares,

which passengers may reasonably expect to be made or provided from time to time under the terms of the Passenger's Charter (whether or not the Franchisee is legally obliged to do so).

- 5.6. The Franchisee shall use all reasonable endeavours:

- (a) to comply with any other obligations, statements and representations; and
- (b) to meet any other standards or targets of performance

as are comprised in its Passenger's Charter from time to time.

Passenger's Charter Statistics

- 5.7. The Franchisee shall:

- (a) prepare the Passenger's Charter Statistics (in accordance with the Passenger's Charter Guidelines);
- (b) Publish the Passenger's Charter Statistics (and the passenger's charter statistics of other Train Operators whose trains call at any Stations) in a format approved by the Authority on information displays at all staffed Stations by midnight on the Saturday following the end of each Reporting Period. The Passenger's Charter Statistics to be displayed shall relate to the Service Groups serving such Stations;
- (c) Publish the Passenger's Charter Statistics relating to each Service Group on the Website by midnight on the Saturday following the end of each Reporting Period; and

- (d) at the same time, provide copies of its Passenger's Charter Statistics to the Authority and the Passengers' Council.
- 5.8. The obligation under paragraph 5.7(b) to Publish any other Train Operator's statistics is subject to the provision of such statistics to the Franchisee by such other Train Operators.
- 5.9. The Franchisee shall:
- (a) provide Passenger's Charter Statistics in a format approved by the Authority to the operators of the stations referred to in paragraph 2.1(a)(iii) in sufficient time for the information to be displayed by such other operators within the time limits specified in paragraph 5.8 in a format approved by the Authority on information displays at Stations by midnight on the Saturday following the end of each Reporting Period.
 - (b) as a minimum Publish the Passenger's Charter Statistics on the Website.

Audit of the Passenger's Charter Statistics

- 5.10. The Franchisee shall procure that:
- (a) the Passenger's Charter Statistics Published in accordance with paragraphs 5.8 and 5.10 are audited by an independent person or persons acceptable to the Authority;
 - (b) the audit is conducted at least once every 13 Reporting Periods; and
 - (c) details of the methodology and the results of the audit are provided to the Authority within 28 days of receipt by the Franchisee.
- 5.11. If any audit reveals inaccuracies in the data and information used to measure the performance of the Franchisee, the Franchisee shall:
- (a) ensure so far as reasonably practicable that the production of such inaccurate data and information is not repeated;
 - (b) as soon as reasonably practicable implement any corrections to such inaccurate data and information (including on a retrospective basis for the previous 13 Reporting Periods); and
 - (c) insofar as any inaccuracies in data and information result in compensation that was not given to passengers when it should have been given, so far as reasonably possible make such compensation available by:-
 - (i) providing a compensation mechanism in the Passenger's Charter on such terms as the Authority shall approve (consent not to be unreasonably withheld),
 - (ii) Publishing on the Website and at Stations the basis upon which compensation not previously given will be given and how such compensation may be claimed; and
 - (iii) promptly making all payments, extensions and discounts which passengers may thereby reasonably expect to be made or provided, whether or not the Franchisee is legally obliged to do so.

6. Compliance with the Equality Act

- 6.1. The Franchisee undertakes that it will comply with all of its current and future obligations under the EA and any regulations made thereunder.
- 6.2. The Franchisee shall not waive and shall take all necessary actions to preserve any existing or future derogations from the obligations referred to in paragraph 6.1, and no other provision of this Agreement shall supersede this paragraph 6.2.
- 6.3. The Franchisee undertakes that it will provide the Authority with such information as the Authority may from time to time require to enable the Authority to demonstrate its compliance with the Authority's obligations in terms of the EA.

7. Specific Additional Obligations relating to Persons with Disabilities

- 7.1. The Franchisee acknowledges that its obligations in this paragraph 7 are in addition to and do not limit its obligations to comply with:
 - (a) the EA;
 - (b) any applicable condition in any of its Licences (including in respect of persons with disabilities); and
 - (c) any other of the requirements of this Agreement.
- 7.2. The Franchisee shall establish and implement procedures necessary to:
 - (a) record the making of reservations for all types of accommodation for and/or the provision of assistance to, persons with disabilities which are made through Passenger Assist (or whatever system may replace it from time to time for the purposes of guidance issued by the Authority and/or the Secretary of State on Disabled People's Protection Policies) and where the Franchisee is responsible for making the reservation and/or delivering the seating accommodation or assistance reserved. Any helpline established by the Franchisee for the purposes of making reservations for seating accommodation for and/or provision of assistance to, persons with disabilities shall be provided free of charge;
 - (b) record whether accommodation and/or assistance reserved is actually provided; and
 - (c) provide such records to the Authority on its request.
- 7.3.
 - (a) Where the Franchisee's Disabled People's Protection Policy:
 - (i) has been established before the date of this Agreement; and
 - (ii) has not been revised and approved by the Authority to take into account the most recent published guidance on Disabled People's Protection Policies as at the date of this Agreement,

the Franchisee shall within 6 months of the date of this Agreement revise its Disabled People's Protection Policy such that it complies with that guidance, and obtain the Authority's approval of the revised version.

- (b) When required to review, revise and update the Franchisee's Disabled People's Protection Policy by the ORR the Franchisee shall update the said policy in consultation with the Authority, the Passenger's Council, Mobility Access Committee Scotland, SATA, SRAF and any other body as directed by the ORR.

- 7.4. The Franchisee shall comply with the requirements set out in Appendix 2 (*Alternative Transport and Website Stations Accessibility Stations*) in respect of the provision of alternative means of transportation for persons with disabilities.
- 7.5. The Franchisee shall Publish and promote the availability of alternative means of transportation for passengers with disabilities in terms of Appendix 2 (*Alternative Transport and Website Stations Accessibility Stations*) by including suitable reference to it in all marketing materials, Passengers' Charter and Timetables and providing detailed information on the applicable terms and procedures.
- 7.6. The Franchisee's Disabled People's Protection Policy shall at a minimum be available on the Website.
- 7.7. The Franchisee shall ensure all staff know the Disabled People's Protection Policy, of Passenger Assist and the Franchisee's obligations in terms of Appendix 1 to this Schedule 1.4.

8. Lost Property

The Franchisee shall comply with any code of practice issued by ATOC from time to time in respect of the handling of lost property.

9. Bicycles

- 9.1. The Franchisee shall, so far as is reasonably practical and subject to the availability of appropriate space on any rolling stock vehicles in the Train Fleet, ensure that reasonable facilities for the transport of bicycles on such rolling stock vehicles are made available, to passengers using the Passenger Services. The Franchisee shall not, without the prior consent of the Authority impose additional charges for making a reservation for the transport of bicycles on Passenger Services.
- 9.2. The Franchisee shall install a minimum of 215 bicycle storage spaces per annum at Stations. In respect of the requirement for spaces for Franchisee Years one to three the Franchisee shall provide these through delivery of Committed Obligation reference 30.13. In respect of the remaining Franchisee Years the Franchisee shall propose to the Authority, for its approval, the specific Stations in relation to which the obligation will be delivered together with the rationale for that selection.
- 9.3. The Franchisee shall, retain, maintain and renew when necessary the existing facilities to enable the secure storage of bicycles at Stations.
- 9.4. The Franchisee shall not introduce charges for the use of the bicycle storage facilities at Stations where such facilities exist as at the Franchise Commencement Date. Thereafter the Franchisee shall only be entitled to introduce charges for improved bicycle storage facilities or additional services in relation to bicycle storage. Any such charges, if introduced, shall be reasonable or at nil cost to passengers using the Passenger Services.

- 9.5. The Franchisee shall not, except to the extent the Authority otherwise agrees, cease to provide the level of facilities for the carriage and storage of bicycles on the rolling stock vehicles used in the provision of the Passenger Services as referred to in Train Fleet Table 3.
- 9.6. Except to the extent that the Authority otherwise agrees having regard to, amongst other things, the likely use of such facilities (such agreement not to be unreasonably withheld), any new rolling stock vehicles which are procured directly or indirectly by the Franchisee shall include reasonable facilities for the carriage and storage of bicycles.
- 9.7. Notwithstanding any of the above, the Franchisee shall not be in contravention of any of its obligations under this paragraph 9 if the reason for its failure to comply with any such obligation is the use by it on any particular occasion of some or all space otherwise available to cyclists and/or bicycles for the carriage and/or accommodation of wheelchairs and/or prams or infant buggies, and/or wheelchair users and/or those passengers travelling with such wheelchair users or infants. The on-train policy at the Franchise Commencement Date shall be preserved.
- 9.8. The Franchisee shall ensure that staff are fully aware of cycle capacity and policies at Stations and on trains and that staff performance in this regard is monitored to ensure that cyclists are advised and accommodated appropriately.
- 9.9. The Franchisee shall ensure that free reservations for the carriage of cycles on trains shall be capable of being booked through a dedicated phone number.
- 9.10. The Franchisee shall throughout the Franchise Term through its Transport Integration Manager:
- (a) liaise with potential partners such as Local Authorities to develop marketing strategies and shall seek Public Transport Fund grants to improve cycle parking facilities at Stations further; and
 - (b) use all reasonable endeavours to work with local businesses and cycle event organisers to promote and facilitate more, and greater use of, cycling facilities at Stations including co-operation with cycle hire schemes and promotional schemes for passengers.
- 9.11. The Franchisee shall establish and implement procedures necessary to:-
- (a) monitor and record the use of bicycle facilities at Stations and on trains;
 - (b) provide such records in a readily accessible format to the Authority on its request;
- the Franchisee and the Authority shall be entitled to share such records with interested parties.
- 9.12. In determining the extent of any refurbishment of Stations which is to be procured directly or indirectly by the Franchisee, the Franchisee shall consider what additional facilities for bicycle storage can be included in the said refurbishment provided the Franchisee is satisfied that there is an increased demand for and thus a requirement for such additional facilities.
- 9.13. The Franchisee shall:
- (a) deliver to the Authority on or before the Franchise Commencement Date the Cycle Innovation Plan. The Cycle Innovation Plan shall incorporate:-

- (i) innovation ideas that will enable more bicycles to be conveyed by train to destinations offering cycling experiences;
 - (ii) details of the partnership working with local organisations and businesses to ensure that rail can fully contribute in enabling Scotland to offer a greater cycle experience for both residents and visitors;
 - (iii) a programme for delivery of the initiatives detailed therein; and
- (b) deliver a report at least once every 13 Reporting Periods during the Franchise Term (the first such report no later than the end of the 13th Reporting Period following the Franchise Commencement Date) providing the Franchisee's own assessment of the Franchisee's performance of its obligations in terms of the Cycle Innovation Plan and any additional actions taken by the Franchisee in respect of cycle innovation.

10. Pedestrians

- 10.1. The Franchisee shall ensure, liaising with others where necessary, that easily identifiable, sign-posted and accessible walking routes are identified close to Stations;
- 10.2. The Franchisee seek feedback from passengers on the effectiveness of the provision under paragraph 10.1 and shall seek to improve the same if required;
- 10.3. The Franchisee shall use all reasonable endeavours to work with Local Authorities, local businesses and walking event organisers to promote and facilitate greater walking facilities including in the vicinity of Stations and promotional schemes for passengers.

11. Car Parking at Stations

- 11.1. As from the Franchise Commencement Date car parking charges at Stations shall not be increased from the level as they are at the date of this Agreement. Thereafter the Franchisee shall only be entitled to introduce or increase car parking charges at Stations with the prior consent of the Authority. Any such consent may, amongst other things, require:-
- (a) that any additional revenue from car parking charges is paid to the Authority; or
 - (b) that it be re-invested at the direction of the Authority in facilities at Stations, including car parks; or
 - (c) steps are taken to minimise the adverse impact of introducing or varying charges on rail demand.
- 11.2. The Franchisee shall not reduce the number of car parking spaces at any Station without the prior consent of the Authority.
- 11.3. The Franchisee shall use all reasonable endeavours to work with Network Rail, Local Authorities and commercial providers of car parking to co-ordinate parking policies and provision at and in the immediate vicinity of Stations, ensuring that any resulting action is based on a proportionate STAG appraisal and that it is in line with the STAG investment hierarchy to achieve the objectives set out in the National Transport Strategy.
- 11.4. The Franchisee shall take all reasonable measures to ensure passenger's safety at Station car parking facilities for which the Franchisee is responsible, including without prejudice to the foregoing, ensuring such are adequately lit and adequately covered by CCTV.

11.5. Where car park charges are introduced in terms of this paragraph 11, the Franchisee shall ensure:-

- (a) Automated ticket machines are available for car park payments;
- (b) Multi-trip tickets are available;
- (c) Season Ticket holders are offered a full or partial refund on the charges, as agreed in advance with the Authority; and
- (d) Car park users making use of the Passenger Services for onwards travel from the car park who do not hold Season Tickets are offered a full or partial refund on the charges as agreed in advance with the Authority.

11.6. The Franchisee shall take all reasonable steps to ensure Station car parks operate to full capacity including reducing any applicable charges for users of onward Passenger Services.

11.7. The Franchisee shall ensure that car parks at Stations are available for use by users of railway passenger services including those travelling on the services of the Caledonian Sleeper or other Train Operators' services.

12. Statutory Notices

If requested by the Authority, the Franchisee shall Publish and display at the Stations and on-board the Train Fleet (and shall use all reasonable endeavours to procure the publication and display at any other stations served by the Passenger Services) such notices as the Authority may wish to Publish from time to time in the exercise of its functions (including in relation to Closures or any enforcement or penalty orders).

13. Customer Contact Centre

13.1. The Franchisee shall establish and create and maintain for the Franchise Term a branded customer contact system which will provide a wide range of retailing and information provision services for Passenger Services including telesales, provision of telephone services for Disabled Persons and customer services activities. This customer contact system is to be for rail enquiries in respect of Passenger Services (and (subject to paragraph 13.2) enquiries relating to the Caledonian Sleeper Franchise) and is not to be promoted by the Franchisee as dealing with other enquiries. The Franchisee shall use reasonable endeavours to make the availability of such facility known to both customers and potential customers in Scotland, UK and internationally.

13.2. The Franchisee shall offer the Caledonian Sleeper Franchisee the services of the customer contact system referred to in paragraph 13.1 on reasonable commercial terms.

13.3. The facility to be provided shall be at least dual-language (English and Scottish Gaelic) shall provide direct and detailed advice and assistance to passengers or potential passengers. Those offering such advice and assistance shall demonstrate an excellent knowledge of the geography of Scotland and the Scottish rail network.

14. Catering

14.1. The Franchisee shall provide catering facilities that as a minimum provide for sale of hot and cold beverages and snacks on every Passenger Service between:-

- (a) any two or more of Glasgow, Edinburgh, Aberdeen, Inverness;
- (b) between Inverness and Kyle of Lochalsh;
- (c) between Inverness and Wick and Thurso; and
- (d) between Glasgow, Oban, Fort William and Mallaig;

14.2 For the purposes of paragraph 14.1:

- (a) Glasgow refers to any of Glasgow Central, Glasgow Low Level or Glasgow Queen Street stations;
- (b) Edinburgh means Edinburgh Waverley station or Haymarket station.

14.3 Where catering facilities are not provided by a dedicated carriage passengers should not require to change carriage to benefit from the facilities available; and

14.4 The requirement in paragraph 14.1 does not apply to local stopping services travelling on inter-city Routes.

15. Help/Information Points

- 15.1. The Franchisee shall repair, maintain, renew and (where beyond economic repair) replace the Help/Information Points at Stations;
- 15.2. The Franchisee shall ensure that all enquiries made at Help/Information Points are answered within 30 seconds of that enquiry being made;
- 15.3. The Franchisee shall ensure that, (subject to the necessary information to allow such enquiries to be answered being provided by the Caledonian Sleeper Franchisee or other Train Operations), the passengers of Caledonian Sleeper Franchise or other Train Operators who call at Stations, enquiries regarding the service such passengers are using can be responded to through the Help Point;
- 15.4. The Franchisee shall ensure all New Stations are equipped with a Help Point.

16. Customer Complaints Handling Procedure

- 16.1. When required to review, revise and update the Customer Complaints Handling Procedure by the ORR, the Franchisee shall update the procedure in consultation with the Authority, the Passenger's Council and any other body as directed by the ORR.
- 16.2. The Franchisee's Customer Complaints Handling Procedure shall at a minimum be available on the Website.

17. Minimum Staffing on Train Services

- 17.1. The Franchisee shall use all reasonable endeavours to maintain a minimum staffing level for every train service of two members of staff;
- 17.2. The non-driver member of staff on a train service will be required to carry out customer service duties including taking appropriate measures to deal with unruly behaviour by any passengers

in so far as reasonably practicable in the absence of police assistance and calling for police assistance when it is required.

18. Seating Availability Information

The Franchisee shall advise passengers of seating availability on incoming train services using:

- 18.1 a live seating availability information system using a mobile phone application on the new EGIP and HLOS Rolling Stock, from December 2018; and
- 18.2 the implementation of an analysis of historical data to produce crowding information for the use of passengers prior to December 2018 on the Train Fleet, as a whole, and on the Train Fleet (save for the EGIP and HLOS Rolling Stock) from December 2018, including the use of using a mobile phone application, colour coded timetables (as provided for in Committed Obligation Reference 17.7) and marked platforms (as provided for in Committed Obligation Reference 17.8).

APPENDIX 1 TO SCHEDULE 1.4

Alternative Transport and Website

Stations Accessibility Information

1. References in this Appendix 1 to passengers are references to passengers who are Disabled Persons who are wheelchair users or otherwise severely mobility impaired. References in this Appendix 1 to a carer are to a person who intends to accompany such a passenger on the Passenger Service referred to in paragraph 2.
2. Subject to paragraph 4, where:
 - (a) a passenger wants to travel on a Passenger Service; and
 - (b) the design of the station at which the Passenger Service is to start, (the **Departure Station**) or finish (the **Destination Station**) or the then current operational status or condition of either station or facilities at the same or the trains deployed in providing the Passenger Services prevents the passenger from using that station on the intended date of travel to access or disembark from that Passenger Service,

the Franchisee shall provide alternative transport for that passenger in accordance with paragraph 3.
3. The Franchisee shall provide alternative transport for the passenger referred to in paragraph 2:
 - (a) from the Departure Station to the next station at which the Passenger Service is scheduled to call and at which it is possible for the passenger to access that Passenger Service on the intended date of travel;
 - (b) to the Destination Station, from the station closest to such station at which the Passenger Service is scheduled to call and which it is possible on the intended date of travel for the passenger to use to disembark from that Passenger Service; and/or
 - (c) to or from such other station as the Franchisee may, having regard to the journey and the needs of the passenger, agree,

and, in any case, at no cost additional to the price of the Fare which would otherwise be payable for the passenger's rail journey.
4. The Franchisee's obligations under this Appendix 1 are subject to:
 - (a) reasonable prior notice of the passenger's requirement for alternative transport; and
 - (b) the availability of suitable alternative transport (provided that the Franchisee has used all reasonable endeavours to ensure that it has arrangements in place to meet requirements for the provision of such alternative transport).
5. Where the Franchisee provides alternative transport for a passenger pursuant to paragraph 2, the Franchisee shall permit a carer for that passenger to accompany the passenger on the alternative

transport at no cost additional to the price of the Fare which would otherwise be payable for the carer's rail journey.

6. Website Stations Accessibility Information

The Franchisee will with effect from Franchise Commencement Date establish and maintain on the Website information on the accessibility of Stations to act as a guide to Disabled Persons and carers who are prospective passengers.

SCHEDULE 1.5

THIS IS SCHEDULE 1.5 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Information about Passengers

1. Passenger Numbers Information

1.1 The Franchisee shall, as and when reasonably requested by the Authority and in any event not less than four times each year provide information to the Authority on the extent of the use by passengers of the Passenger Services. In particular and when so requested, the Franchisee shall provide information relating to:

- (a) the number of passengers travelling in each class of accommodation:
 - (i) on each Passenger Service;
 - (ii) on each Route; and
 - (iii) at any station (meaning for this purpose both the numbers of passengers getting on and off at the station and also the numbers of passengers remaining on a train at the station) or between any stations; and
 - (b) the times of the day, week or year at which passengers travel; and
 - (c) the type of Rolling Stock used in each case,
- (together **Actual Passenger Demand**).

1.2 The Franchisee shall obtain the information specified in paragraph 1.1 by using an accurate method for determining the number of passengers travelling in each class of accommodation and by ticket type:

- (a) on each Passenger Service;
- (b) on each Route;
- (c) at any station (meaning for this purpose both the numbers of passengers getting on and off at the station and also the numbers of passengers remaining on a train at the station); and
- (d) between any stations.

Such method of determining the numbers of passengers shall be subject to approval by the Authority, which shall be entitled to require revisions to the methodology used from time to time.

1.3 The Franchisee shall provide to the Authority all of the information generated by the technology specified in paragraph 1.6 including the information specified in paragraph 1.1 and such shall:

- (a) be provided in such format and to such level of disaggregation as the Authority may reasonably require in order to assist the Authority's decision-making on future service level commitments, infrastructure, station and rolling stock vehicle investment, the best use of the network, the alleviation of overcrowding, the impact of promotions and marketing, fare setting, monitoring, of investment and provision of services or requirement for services for Special Events; and
 - (b) be provided by the Franchisee to the Authority, within 14 days of any request by the Authority pursuant to paragraph 1.1 and in any event on 14th of each of January, April, July and October of each year for the preceding quarter year.
- 1.4 At the same time as the Franchisee provides any information in accordance with paragraph 1.1, it shall (if the Authority requests it to do so):
 - (a) update any Forecast Passenger Demand accordingly in the same format and to the same level of disaggregation as the Authority required pursuant to paragraph 1.3 (a); and
 - (b) notify the Authority of any such update.
- 1.5 For the purposes of paragraph 1.2, an accurate method for determining the number of passengers travelling shall include:
 - (a) the use of the technology specified in paragraph 1.6;
 - (b) manual counts as provided for in paragraph 1.7.
- 1.6 Technology for Obtaining the Information referred to in Paragraph 1.2
 - (a) The technology to be used for the purpose of paragraph 1.2 shall be:
 - (i) of a type to achieve an average accuracy of 98% or better and a minimum accuracy for any specific measurement of 97%; and
 - (ii) fitted to a minimum of 30% of the vehicles operating on all Service Groups from time to time; and
 - (iii) deployed by the Franchisee on each Passenger Service (for the entire duration of that Passenger Service) at least twice on each day, twice on a Saturday and twice on a Sunday (or such less frequent requirement as may be stipulated by the Authority) in each period of not less than 3 Reporting Periods as the Authority may from time to time specify for this purpose. This means that, for example, in relation to any individual Passenger Service, the passenger counting technology must have been deployed on that Passenger Service at least twice on a Monday, at least twice on a Tuesday and so on and so forth during the relevant period.
 - (b) The Franchisee shall comply with its obligations under sub paragraph 1.6 (a) to fit and use such technology by no later than the second anniversary of the Franchise Commencement Date;
 - (c) The Franchisee shall ensure that any technology for determining the number of passengers travelling in each class of accommodation that is fitted on the Train

Fleet remains operational and in good working order from the date that it is fitted throughout the Franchise Term.

- (d) The Authority acting reasonably shall have the right to obtain such other information that the Franchisee has which may provide a more detailed or accurate view of the extent of use by passengers of the Passenger Services including information about ingress and egress of passengers at ticket gates at Stations.

1.7 Manual Passenger Counts

- (a) The Authority shall have the right to require the Franchisee to carry out manual counts in relation to all of the Passenger Services at such times as may be required and in such manner (including as to levels of accuracy and the number of days) as may be specified from time to time by the Authority.
- (b) Without prejudice to paragraph 1.7(a), in the absence or failure of the technology referred to in paragraph 1.6, a full programme (submitted to and approved by the Authority) of manual counts on all Passenger Services shall be carried out or procured by the Franchisee at least twice a year.
- (c) The Franchisee shall supply the details of any such counts undertaken to the Authority, as soon as reasonably practicable but within 6 weeks from the date of completion of such counts, in such form as the Authority may stipulate.
- (d) The Authority shall be entitled to audit such counts (whether by specimen checks at the time of such counts, verification of proper compliance with the manner approved by the Authority or otherwise). In the event that such audit reveals, in the reasonable opinion of the Authority, a material error, or a reasonable likelihood of material error, in such counts, the Authority may require the counts to be repeated or the results adjusted as it considers appropriate, and in these circumstances the Franchisee shall pay to the Authority the costs of any such audits.

- 1.8 The Franchisee shall in connection with provision of passenger count information co-operate with the Department for Transport and the ORR as required by its Licence conditions or the Authority. The Franchisee shall provide information in alternative formats or with such additional requirements as the Authority may reasonably request.

2. **National Passenger Surveys**

- 2.1 The Authority may use National Passenger Surveys to measure the level of passenger satisfaction with the Franchise Services;
- 2.2 The Authority shall agree with the Passenger's Council when (normally twice per annum) and where National Passenger Surveys are to be carried out;
- 2.3 The Franchisee shall grant access on trains or at stations to the Passenger's Council (or its representatives and agents including the Authority) to carry out National Passenger Surveys;
- 2.4 The Franchisee shall co-operate with the Passenger's Council and the Authority (in such manner as the Passenger's Council may reasonably request or as the Authority may reasonably direct) in order to enable the Passenger's Council to carry out National

Passenger Surveys. This shall include any additional questions or surveys the Authority may request the Passenger's Council to conduct on the Authority's behalf in addition to the National Passenger Surveys;

- 2.5 The Franchisee shall immediately upon receipt of National Passenger Survey results forward the same to the Authority;
- 2.6 The Authority and/or the Passenger's Council may from time to time Publish the results of each National Passenger Survey;
- 2.7 If any National Passenger Survey includes a comparison between such National Passenger Survey and any earlier National Passenger Survey, the Authority shall use all reasonable endeavours to ensure that such comparisons form a reasonable basis for monitoring the trends of passenger satisfaction over time;
- 2.8 The Franchisee shall co-operate with any additional passenger surveys (in addition to the National Passenger Survey) which the Authority or ORR may require to be carried out from time to time;
- 2.9 For the purposes of this paragraph 2, co-operation may include carrying out or managing surveys for the Authority on a reimbursement at cost basis;
- 2.10 The Franchisee shall co-operate with any statistical enquiry made by the Authority or Audit Scotland;
- 2.11 If at any time during the Franchise Term the methodology adopted in conducting any National Passenger Survey or the questions asked as part of the National Passenger Survey is, in the reasonable opinion of the Authority materially inconsistent or different, as appropriate, from that at the Franchise Commencement Date:-
 - (a) and the Authority reasonably determines that in consequence, a revision to the KPIs is required in order to hold constant the risk of the Franchisee failing to satisfy the KPIs then the Authority shall, after consultation with the Franchisee, make such revisions to such KPIs as the Authority considers appropriate to hold constant such risk; or
 - (b) the Authority reasonably determines that in consequence, the National Passenger Survey is no longer an appropriate method of measurement for the KPIs then the Authority shall notify the Franchisee of the same and that paragraph 2.12 shall, from the date of that notice apply so that the Passenger's Council shall be deemed, for the purpose of this Schedule 1.5 and Schedule 7.2 (*KPIs and Journey Time Metric*) paragraphs to have ceased undertaking the National Passenger Surveys.
- 2.12 If the Passenger's Council ceases or is deemed to have ceased to undertake National Passenger Surveys for the purpose of this Schedule 1.5 and for Schedule 7.2 (*KPIs and Journey Time Metric*) National Passenger Surveys shall be such other passenger survey as the Authority may, after consultation with the Franchisee, reasonably determine to be appropriate in the circumstances (the "*Alternative NPS*"). The provisions of Schedules 1.5 and 7.2 shall apply in respect of any Alternative NPS and for these purposes the Passenger's Council shall be replaced with such other entity that is responsible for conducting Alternative NPS.

- 2.13 The Franchisee shall notify the Authority of any changes to the Passenger's Council or the National Passenger Survey that may result in paragraphs 2.11 or 2.12 applying as soon as reasonably practicable after the Franchisee becomes aware of the same.
- 2.14 The Franchisee may request that the Passenger's Council increase the sample size of the National Passenger's Survey or increase the number of National Passenger's Surveys conducted in any Franchisee Year provided that the Franchisee meets any additional charges of the Passenger's Council in respect of the Franchisee's request.

3. **Passenger View Surveys**

- 3.1 The Franchisee shall carry out or procure the carrying out of regular surveys or consultations on qualitative aspects of Franchise Services with passengers or potential passengers employing the methodology and sample size as set out in the Survey Methodology and shall make available to the Authority the findings of any surveys or consultations which the Franchisee (or the Parent, Affiliate or their respective agents) commission in respect of any Franchise Services.
- 3.2 The Franchisee shall by the second anniversary of the Franchise Commencement Date undertake the Passenger Punctuality Review and report on its outcome at least annually thereafter throughout the Franchise Term.

SCHEDULE 1.6

THIS IS SCHEDULE 1.6 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Committed Obligations**Part 1****Franchisee's Committed Obligations**

REF	COMMITTED OBLIGATION																								
1.1	<p>Programme and project management training</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall procure or provide PRINCE2 training to not less than 25 Franchise Employees, such training shall include the training set out in the second column to the Franchise Employee holding the post set out in the first column of the table below:-</p> <table> <tr> <th>POST</th><th>TRAINING</th></tr> <tr> <td>engineering director</td><td>PRINCE2 foundation</td></tr> <tr> <td>operations director</td><td>PRINCE2 foundation</td></tr> <tr> <td>commercial director</td><td>PRINCE2 foundation</td></tr> <tr> <td>customer experience director</td><td>PRINCE2 foundation</td></tr> <tr> <td>client and communications director</td><td>PRINCE2 foundation</td></tr> <tr> <td>sustainability and safety assurance director</td><td>PRINCE2 foundation</td></tr> <tr> <td>business transformation director</td><td>PRINCE2 foundation</td></tr> <tr> <td>finance director</td><td>PRINCE2 foundation</td></tr> <tr> <td>regional customer service and partnership managers x2</td><td>PRINCE2 foundation</td></tr> <tr> <td>change co-ordinators x6</td><td>PRINCE2 foundation and practitioner's training</td></tr> <tr> <td>business change and project x9</td><td>PRINCE2 foundation and practitioner's training</td></tr> </table> <p>Franchise Employees taking over the posts identified in the table above will also be provided with PRINCE2 training by no later than 12 months after they are appointed to their respective post.</p>	POST	TRAINING	engineering director	PRINCE2 foundation	operations director	PRINCE2 foundation	commercial director	PRINCE2 foundation	customer experience director	PRINCE2 foundation	client and communications director	PRINCE2 foundation	sustainability and safety assurance director	PRINCE2 foundation	business transformation director	PRINCE2 foundation	finance director	PRINCE2 foundation	regional customer service and partnership managers x2	PRINCE2 foundation	change co-ordinators x6	PRINCE2 foundation and practitioner's training	business change and project x9	PRINCE2 foundation and practitioner's training
POST	TRAINING																								
engineering director	PRINCE2 foundation																								
operations director	PRINCE2 foundation																								
commercial director	PRINCE2 foundation																								
customer experience director	PRINCE2 foundation																								
client and communications director	PRINCE2 foundation																								
sustainability and safety assurance director	PRINCE2 foundation																								
business transformation director	PRINCE2 foundation																								
finance director	PRINCE2 foundation																								
regional customer service and partnership managers x2	PRINCE2 foundation																								
change co-ordinators x6	PRINCE2 foundation and practitioner's training																								
business change and project x9	PRINCE2 foundation and practitioner's training																								

3.6	<p>Investors in diversity</p> <p>The Franchisee shall use reasonable endeavours to achieve:</p> <ul style="list-style-type: none"> a) the 'Investors in Diversity' stage 1 accreditation by 31st December 2016; b) the 'Investors in Diversity' stage 2 accreditation by 31st December 2017; and c) the 'Investors in Diversity' stage 3 (Leaders in Diversity) by 31st December 2018.
3.7	<p>Fit bands</p> <p>From the 30th April 2016, the Franchisee shall make 'fit bands' available free of charge to all Franchise Employees. Such bands shall have the capability to provide Franchise Employees with information about their daily activity and overall physical fitness levels.</p>
3.8	<p>E-reward Scheme</p> <p>On or before 31st July 2015, the Franchisee shall launch an E-reward Scheme.</p>
3.9	<p>Service Centre</p> <p>The Franchisee shall, on or before the second anniversary of the Franchise Commencement Date, establish a shared services facility located in Scotland. This shared service facility will provide the non-geographic dependent services required to deliver the ScotRail Franchise, the services of Abellio Transport Holdings Limited's subsidiaries' bus operations in the United Kingdom, and any other rail franchises held or to be awarded by the Department for Transport to any subsidiary of Abellio Transport Holdings Limited.</p>
3.10	<p>Centres of Excellence and the Abellio Academy</p> <p>The Franchisee shall establish Abellio Group centres of excellence in relation to SME working, Network Rail Alliance working and employee training becoming the location where policy and content is determined for the Abellio Group as a whole (the "Centres of Excellence") and its best practice and knowledge sharing function (the "Abellio Academy").</p> <p>The Centres of Excellence and the Abellio Academy shall be based in Scotland and employees from other Abellio Group train operating companies and transport companies shall be trained there. The Franchisee shall invite Network Rail and the Parent to have its relevant employees trained at the Centres of Excellence and the Abellio Academy. The Centres of Excellence and the Abellio Academy will serve as a forum for knowledge exchange and best practice development, allowing experiences from the UK and Dutch rail industries to be shared.</p> <p>At least 4 training or knowledge sharing events shall take place in each Franchisee Year at the Centres for Excellence and the Abellio Academy.</p>

	For the purpose of this Committed Obligation, the Abellio Group shall be defined as Abellio Transport Holdings Limited and its subsidiaries.
4.1	<p>International Rail Summit</p> <p>The Franchisee shall convene a biennial (every other year) international rail summit to facilitate best practice exchange between the Scottish and Dutch railways. The first international rail summit will take place no later than 30th April 2016. The Franchisee shall invite suitable individuals from both Scottish and Dutch Governments. The Franchisee shall also procure that participants will include the Parent, Network Rail and ProRail (Dutch Network Rail equivalent).</p>
4.2	<p>Stakeholder Advisory Panel</p> <p>The Franchisee will establish a Stakeholder Advisory Panel. This group will meet at least twice each year and will comprise a number of key stakeholders representing passenger watchdogs, rail user groups, business associations, mobility groups and Community Rail Partnerships. The first meeting of the Stakeholder Advisory Panel will take place no later than the 31st October 2015.</p> <p>The Franchisee shall deliver to the Authority agendas, minutes and reports for each meeting of the Stakeholder Advisory Panel.</p>
4.3	<p>Stakeholder perception survey</p> <p>The Franchisee shall carry out and complete an annual stakeholder perception survey during each Franchisee Year. The survey will measure the quality and effectiveness of Franchisee's stakeholder management approach. The results of the survey will be shared with the Authority and other key stakeholders no later than one Reporting Period following the completion of the survey.</p>
5.1	<p>Eye Witness Incident Reporting System</p> <p>On or before the 30th April 2015, the Franchisee shall introduce the Eye Witness Incident Reporting System.</p>
5.2	<p>Mobile help-point app</p> <p>On or before the 31st December 2015, the Franchisee shall make available a help-point app which shall allow Franchise Employees and passengers to contact the Customer Contact Centre directly.</p>
5.3	<p>Schools programme</p> <p>From the 1st October 2015, the Franchisee shall participate, in co-operation with Network Rail and the British Transport Police, in a schools programme. The programme will consist of at least 40 visits per year by Franchise Employees or partner organisations to schools throughout Scotland to raise awareness of the risks inherent in the railway environment.</p>

5.4	<p>Customer support team</p> <p>On or before 30th September 2016, the Franchisee shall train 50% of all ScotRail ticket examiners to enable them to play a greater role in combating anti-social behaviour and vandalism.</p> <p>On or before 30th September 2017 all ticket examiners shall have completed such training.</p>
5.5	<p>CCTV upgrades</p> <p>Subject only to the consent of Network Rail and other relevant property owners on or before the end of the first Franchisee Year, the Franchisee shall spend not less than [---REDACTED---] installing 201 additional CCTV cameras at 46 car park and 145 cycle storage locations and thereafter procure that such equipment is commissioned throughout the Franchise Term.</p>
5.6	<p>CCTV at stations</p> <p>Subject only to the consent of Network Rail and other relevant property owners on or before the end of the first Franchisee Year, the Franchisee shall spend not less than [---REDACTED---] installing solar powered CCTV cameras at each of the 78 stations where there are currently no such facilities and thereafter procure that such equipment is operational throughout the Franchise Term. The Franchisee shall also procure that all necessary CCTV upgrades are undertaken throughout the Franchise Term.</p>
5.7	<p>CCTV monitors at station entrances</p> <p>Subject only to the consent of Network Rail and other relevant property owners, on or before the end of the first Franchisee Year, the Franchisee shall install monitors displaying images from CCTV around the station at the entrances of each of the 20 highest footfall stations on the ScotRail network as at the Franchise Commencement Date.</p>
5.8	<p>Remote downloading of CCTV onboard the Rolling Stock Units</p> <p>The Franchisee shall introduce the capability to download video from the CCTV installed on all Rolling Stock Units remotely and shall implement remote downloading to appropriate locations at the rate of 20% of the total Rolling Stock Units per annum, the first 20% being implemented by 31st December 2016 and thereafter until 100% have been implemented by 31st December 2020.</p>
5.9	<p>Railway Management Maturity Model</p> <p>On or before 31st December 2017, the Franchisee shall ensure the safety management system for ScotRail Franchise operations is fully compliant with the ORR's Railway Management Maturity Model.</p>
6.1	<p>Partnership Centre of Excellence</p> <p>Subject to the consent of Network Rail, on or before the Franchise</p>

	Commencement Date, the Franchisee shall establish a Partnership Centre of Excellence (PCoE) to promote working in partnership with Network Rail. The PCoE will provide training to the integrated team based around BS11000 principles. The Franchisee shall use all reasonable endeavours to ensure the PCoE achieves BS11000 from its inception.											
6.2	<p>Strategic Rail Delivery Group</p> <p>On or before 31st October 2015, the Franchisee shall establish a Strategic Rail Delivery Group (“the Group”) which will be a cross-industry advisory panel to the executive team of the Alliance. The Group shall meet during every Reporting Period and will comprise key stakeholders from across the industry. The Strategic Rail Delivery Group will be given the opportunity to input at an early stage into all prospective alliance initiatives.</p> <p>The Group will appoint a new chairperson in April of each Franchisee Year. The Group shall be chaired by a representative of the Authority during the first Franchisee Year. The Group will work closely with existing industry groups and structures to consider schemes in Control Period 6, which could include those outlined in the table below:-</p> <table><tr><th>PROJECT/SCHEME</th></tr><tr><td>Rolling electrification</td></tr><tr><td>Aberdeen to Inverness improvements (phase 2)</td></tr><tr><td>Highland Mainline (phase 3)</td></tr><tr><td>Aberdeen to the central belt</td></tr><tr><td>Capacity improvements at Glasgow Central station</td></tr><tr><td>Capacity improvements at Edinburgh Waverley station</td></tr><tr><td>Capacity improvements at Edinburgh Haymarket</td></tr><tr><td>Train handling capacity at Glasgow Central and Edinburgh Waverley</td></tr><tr><td>East Kilbride station capacity</td></tr><tr><td>Far North Line route availability enhancements for freight</td></tr></table>	PROJECT/SCHEME	Rolling electrification	Aberdeen to Inverness improvements (phase 2)	Highland Mainline (phase 3)	Aberdeen to the central belt	Capacity improvements at Glasgow Central station	Capacity improvements at Edinburgh Waverley station	Capacity improvements at Edinburgh Haymarket	Train handling capacity at Glasgow Central and Edinburgh Waverley	East Kilbride station capacity	Far North Line route availability enhancements for freight
PROJECT/SCHEME												
Rolling electrification												
Aberdeen to Inverness improvements (phase 2)												
Highland Mainline (phase 3)												
Aberdeen to the central belt												
Capacity improvements at Glasgow Central station												
Capacity improvements at Edinburgh Waverley station												
Capacity improvements at Edinburgh Haymarket												
Train handling capacity at Glasgow Central and Edinburgh Waverley												
East Kilbride station capacity												
Far North Line route availability enhancements for freight												
7.1	<p>Reconfiguration of Class 158 Train Fleet</p> <p>The Franchisee shall carry out and complete the reconfiguration of the Class 158 Train Fleet for use on Scenic Train Routes by no later than the dates detailed in the table below:</p> <table><tr><th>QUANTITY OF 158 UNITS CONVERTED (AGGREGATE)</th><th>LAST ACCEPTANCE DATE</th></tr><tr><td>10</td><td>31 May 2016</td></tr><tr><td>20</td><td>31 March 2017</td></tr><tr><td>30</td><td>31 January 2018</td></tr><tr><td>40</td><td>30 November 2018</td></tr></table> <p>The reconfiguration of the Class 158 Train Fleet scope to include –</p> <p>A) Unit acceptance</p>	QUANTITY OF 158 UNITS CONVERTED (AGGREGATE)	LAST ACCEPTANCE DATE	10	31 May 2016	20	31 March 2017	30	31 January 2018	40	30 November 2018	
QUANTITY OF 158 UNITS CONVERTED (AGGREGATE)	LAST ACCEPTANCE DATE											
10	31 May 2016											
20	31 March 2017											
30	31 January 2018											
40	30 November 2018											

	<div><div><div>B) Removal of all seating and interior fittings</div><div>C) Upgrade of toilets</div><div>D) PRM-TSI works</div><div>E) Recoat internal surfaces</div><div>F) Install Wi-Fi</div><div>G) Addition of 13A sockets</div><div>H) Install vehicle end screens</div><div>I) Fit new carpets</div><div>J) Reconfigure interior layout to new design maximised around windows</div><div>K) Apply new trim to seat back and bases</div><div>L) Add design to tables and re-fit</div><div>M) Add luggage signs to under-seat areas</div><div>N) Apply route maps</div><div>O) Commission and acceptance</div></div><div>Ensure that all aspects of the Franchise Agreement, Schedule 6, Appendix 2 to Schedule 6.4 – Highland Rural section are met or continue to be met as part of the scope of work agreed within this specification of the Class 158 Train Fleet.</div></div>																																																																								
7.2	<div><div><div>Fit auto-door close on Class 156 Vehicles</div><div>On or before the 31st December 2018, the Franchisee shall ensure auto-door closing equipment is available on any Class 156 Vehicle which is still in service on the ScotRail network.</div></div></div>																																																																								
8.1	<div><div><div>Increased reliability for existing Rolling Stock</div><div>The Franchisee shall increase the overall reliability of the Train Fleet (as measured by the MTIN moving annual average metric), during the Franchise Term and meet the targets set out below (with the four right-most column headings referring to the end of the Franchisee Year so numbered) which shall be reported to the Authority in accordance with, Appendix 1 (<i>Efficient Franchise</i>) of Schedule 13.2 (<i>Information</i>):</div><div><table><tr><th>CLASS</th><th>CURRENT</th><th>2</th><th>5</th><th>7</th><th>10</th></tr><tr><td>156</td><td>7902</td><td>8500</td><td>9658</td><td>10249</td><td>10883</td></tr><tr><td>158</td><td>5540</td><td>5700</td><td>6652</td><td>7269</td><td>8234</td></tr><tr><td>170</td><td>9408</td><td>10250</td><td>11566</td><td>12034</td><td>12947</td></tr><tr><td>HST</td><td>n/a</td><td>n/a</td><td>12699</td><td>13483</td><td>17250</td></tr></table><table><tr><th>CLASS</th><th>CURRENT</th><th>2</th><th>5</th><th>7</th><th>10</th></tr><tr><td>314</td><td>5879</td><td>6202</td><td>n/a</td><td>n/a</td><td>n/a</td></tr><tr><td>318</td><td>10756</td><td>11641</td><td>14167</td><td>15619</td><td>17623</td></tr><tr><td>320</td><td>14425</td><td>15563</td><td>17542</td><td>18953</td><td>19131</td></tr><tr><td>321</td><td>10365</td><td>24480</td><td>24860</td><td>25978</td><td>28682</td></tr><tr><td>334</td><td>7902</td><td>12380</td><td>15344</td><td>16917</td><td>19329</td></tr><tr><td>380</td><td>28289</td><td>31685</td><td>42775</td><td>47519</td><td>53622</td></tr></table></div></div></div>	CLASS	CURRENT	2	5	7	10	156	7902	8500	9658	10249	10883	158	5540	5700	6652	7269	8234	170	9408	10250	11566	12034	12947	HST	n/a	n/a	12699	13483	17250	CLASS	CURRENT	2	5	7	10	314	5879	6202	n/a	n/a	n/a	318	10756	11641	14167	15619	17623	320	14425	15563	17542	18953	19131	321	10365	24480	24860	25978	28682	334	7902	12380	15344	16917	19329	380	28289	31685	42775	47519	53622
CLASS	CURRENT	2	5	7	10																																																																				
156	7902	8500	9658	10249	10883																																																																				
158	5540	5700	6652	7269	8234																																																																				
170	9408	10250	11566	12034	12947																																																																				
HST	n/a	n/a	12699	13483	17250																																																																				
CLASS	CURRENT	2	5	7	10																																																																				
314	5879	6202	n/a	n/a	n/a																																																																				
318	10756	11641	14167	15619	17623																																																																				
320	14425	15563	17542	18953	19131																																																																				
321	10365	24480	24860	25978	28682																																																																				
334	7902	12380	15344	16917	19329																																																																				
380	28289	31685	42775	47519	53622																																																																				
8.2	<div><div><div>Increased reliability new 3XX electric multiple Units</div></div></div>																																																																								

	<p>The Franchisee shall increase the overall reliability of the Train Fleet (as measured by the MTIN moving annual average metric) during the Franchise Term and meet the targets shown below (with the four right-most column headings referring to the end of the Franchisee Year so numbered) which shall be reported to the Authority as detailed in Appendix 1 (<i>Efficient Franchise</i>) of Schedule 13.2 (<i>Information</i>):</p> <table><tr><th>CLASS</th><th>CURRENT</th><th>2</th><th>5</th><th>7</th><th>10</th></tr><tr><td>3XX</td><td>n/a</td><td>n/a</td><td>30000</td><td>35000</td><td>40000</td></tr></table>	CLASS	CURRENT	2	5	7	10	3XX	n/a	n/a	30000	35000	40000												
CLASS	CURRENT	2	5	7	10																				
3XX	n/a	n/a	30000	35000	40000																				
8.3	<p>Class 321 introduction By December 2015 Passenger Change Date, the Franchisee will introduce 7 Class 321 electric Units for use on Passenger Services across the ScotRail network.</p>																								
8.4	<p>Class 3XX introduction The Franchisee shall procure the manufacture, delivery, commissioning and acceptance and entry into service of EGIP and HLOS Rolling Stock for the operation of Passenger Services by the end of the months set out in the Acceptance Date column below in accordance with the relevant terms, conditions and obligations in Schedule 6.1 (<i>EGIP & HLOS Rolling Stock</i>).</p> <table><tr><th>UNIT NUMBER</th><th>UNIT TYPE</th><th>ACCEPTANCE DATE</th></tr><tr><td><u>3 off</u></td><td><u>3XX/3</u></td><td><u>June 2017</u></td></tr><tr><td><u>3 off</u></td><td><u>3XX/4</u></td><td><u>June 2017</u></td></tr><tr><td><u>12 off</u></td><td><u>3XX/3</u></td><td><u>September 2017</u></td></tr><tr><td><u>9 off</u></td><td><u>3XX/4</u></td><td><u>September 2017</u></td></tr><tr><td><u>4 off</u></td><td><u>3XX/3</u></td><td><u>June 2018</u></td></tr><tr><td><u>11 off</u></td><td><u>3XX/4</u></td><td><u>June 2018</u></td></tr><tr><td><u>28 off</u></td><td><u>3XX/3</u></td><td><u>January 2019</u></td></tr></table>	UNIT NUMBER	UNIT TYPE	ACCEPTANCE DATE	<u>3 off</u>	<u>3XX/3</u>	<u>June 2017</u>	<u>3 off</u>	<u>3XX/4</u>	<u>June 2017</u>	<u>12 off</u>	<u>3XX/3</u>	<u>September 2017</u>	<u>9 off</u>	<u>3XX/4</u>	<u>September 2017</u>	<u>4 off</u>	<u>3XX/3</u>	<u>June 2018</u>	<u>11 off</u>	<u>3XX/4</u>	<u>June 2018</u>	<u>28 off</u>	<u>3XX/3</u>	<u>January 2019</u>
UNIT NUMBER	UNIT TYPE	ACCEPTANCE DATE																							
<u>3 off</u>	<u>3XX/3</u>	<u>June 2017</u>																							
<u>3 off</u>	<u>3XX/4</u>	<u>June 2017</u>																							
<u>12 off</u>	<u>3XX/3</u>	<u>September 2017</u>																							
<u>9 off</u>	<u>3XX/4</u>	<u>September 2017</u>																							
<u>4 off</u>	<u>3XX/3</u>	<u>June 2018</u>																							
<u>11 off</u>	<u>3XX/4</u>	<u>June 2018</u>																							
<u>28 off</u>	<u>3XX/3</u>	<u>January 2019</u>																							
8.5	<p>Inter-city Rolling Stock introduction The Franchisee shall procure reconfiguration, refurbishment, delivery, commissioning and acceptance and entry into service of the Inter-city Rolling Stock for the operation of Passenger Services by the end of the month set out in the Acceptance Date column below in accordance with the relevant terms, conditions and obligations in Schedule 6.2 (<i>Inter-city Rolling Stock</i>):-</p> <table><tr><th>UNIT NUMBER</th><th>UNIT TYPE</th><th>ACCEPTANCE DATE</th></tr><tr><td><u>1 & 2</u></td><td><u>HST</u></td><td><u>June 2018</u></td></tr></table>	UNIT NUMBER	UNIT TYPE	ACCEPTANCE DATE	<u>1 & 2</u>	<u>HST</u>	<u>June 2018</u>																		
UNIT NUMBER	UNIT TYPE	ACCEPTANCE DATE																							
<u>1 & 2</u>	<u>HST</u>	<u>June 2018</u>																							

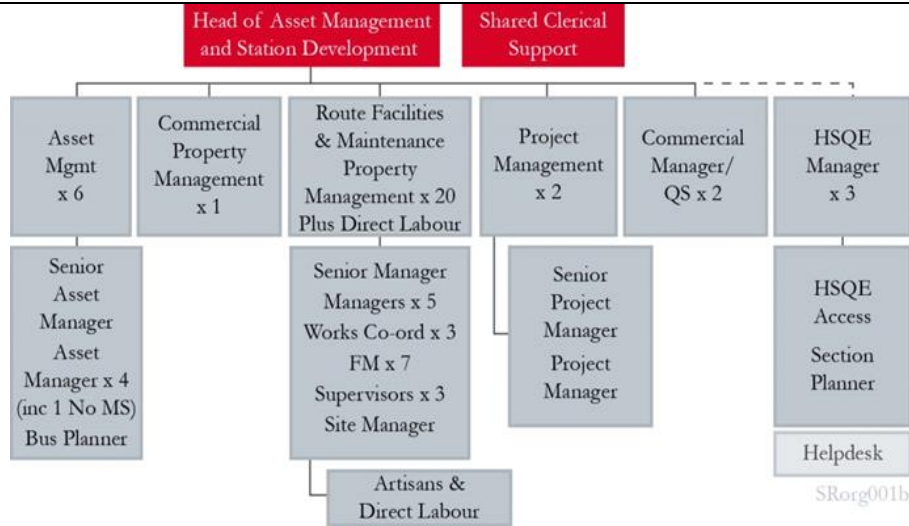
	<u>3 to 8</u>	<u>HST</u>	<u>July 2018</u>
	<u>9 to 13</u>	<u>HST</u>	<u>October 2018</u>
	<u>14 to 18</u>	<u>HST</u>	<u>November 2018</u>
	<u>19 to 24</u>	<u>HST</u>	<u>December 2018</u>
9.1	Wi-Fi Availability The Franchisee shall procure that Wi-Fi equipment is fitted to the whole of the Train Fleet and is fully operational by 31 st December 2018 and thereafter throughout the Franchise Term. The Franchisee shall procure that such Wi-Fi is free of charge to all passengers by covering the cost of data transmission. The Wi-Fi shall not have any restriction on the number of simultaneous users. Restrictions on certain content, mainly large video streaming and data downloading will be put in place to ensure fair usage for all passengers. The Franchisee shall provide the highest possible transmission speed dependent on area and available network connection.		
9.2	Alstom Train Tracer System On or before the 31 st March 2018, the Franchisee shall procure that the Alstom Train Tracer System (or similar system) is fitted to the Class 334 Vehicles in the Train Fleet.		
9.3	Transmission trial On or before the 31 st December 2017, the Franchisee shall fit a ZF eco-mat transmission to a Class 158 Unit in a trial to assess environmental and technical benefits. The trial will continue for at least 13 Reporting Periods. The Franchisee shall share the results of this trial with the Authority and other key stakeholders.		
10.1	Climate change adaptation strategy On or before 31 st March 2016, the Franchisee shall produce a climate change adaptation strategy which will set out the actions the Franchisee will take to mitigate the identified risks to Franchise Services created by climate change. The strategy will be Published on the Website, implemented and reviewed annually to ensure it remains fit for purpose.		
10.2	Severe weather publicity The Franchisee shall: <ul style="list-style-type: none"> a) carry out at least five severe weather roadshows in each Franchisee Year. These roadshows will demonstrate the arrangements the Franchisee has put in place to deal with the effects of severe weather; and 		

	<p>b) make effective use of social media to inform passengers of its plans to deal with the effects of severe weather and</p> <p>c) allocate at least [---REDACTED---] per Franchisee Year (with the exception of the second and third Franchisee Years when [---REDACTED---] will be allocated) to be spent on other initiatives (which, for the avoidance of doubt, are in addition to the social media and roadshow initiatives referred to in limbs (a) and (b) of this Committed Obligation) to communicate with passengers about the Franchisee's plans to deal with severe weather.</p>						
10.3	<p>Catering provision for delayed journeys</p> <p>The Franchisee shall procure the following measures are implemented in the event of substantial delay to any journey for whatever reason, including severe weather:</p> <table border="1"> <thead> <tr> <th>ARRANGEMENT</th><th>TIMING</th></tr> </thead> <tbody> <tr> <td>At stations where there are catering facilities, passengers shall be offered refreshments free of charge from those facilities where their journey has been substantially delayed or cancelled.</td><td>From the Franchise Commencement Date</td></tr> <tr> <td>At stations where there are no catering facilities but where there are such facilities within one mile of the station, passengers shall be offered refreshments free of charge from local businesses where the passenger's journey has been substantially delayed or cancelled.</td><td>On or before 30th September 2015</td></tr> </tbody> </table> <p>For the purposes of this Committed Obligation "substantial delay" means any journey delayed by more than 1 hour.</p> <p>The Franchisee shall Publish the passenger charter developed in accordance with the requirements of this Agreement by no later than the Franchise Commencement Date.</p>	ARRANGEMENT	TIMING	At stations where there are catering facilities, passengers shall be offered refreshments free of charge from those facilities where their journey has been substantially delayed or cancelled.	From the Franchise Commencement Date	At stations where there are no catering facilities but where there are such facilities within one mile of the station, passengers shall be offered refreshments free of charge from local businesses where the passenger's journey has been substantially delayed or cancelled.	On or before 30 th September 2015
ARRANGEMENT	TIMING						
At stations where there are catering facilities, passengers shall be offered refreshments free of charge from those facilities where their journey has been substantially delayed or cancelled.	From the Franchise Commencement Date						
At stations where there are no catering facilities but where there are such facilities within one mile of the station, passengers shall be offered refreshments free of charge from local businesses where the passenger's journey has been substantially delayed or cancelled.	On or before 30 th September 2015						
10.4	<p>Passenger welfare during severe weather</p> <p>During severe weather, the Franchisee shall ensure that station waiting rooms are open, warm (where heating is available) and well lit at advertised opening times.</p> <p>If services are disrupted, leaving passengers stranded overnight, the Franchisee shall provide passengers with overnight accommodation (free of charge) if alternative transport (including other Train Operator's services, buses or taxis), to be arranged and paid for by the Franchisee, to the passengers' final destination on their service is unavailable.</p> <p>During severe weather, the Franchisee shall enhance communications through</p>						

	media and social networking, advising passengers not to travel.
11.1	<p>National Events Calendar</p> <p>The Franchisee shall, in consultation with Network Rail, the Authority and other key stakeholders, create a National Events Calendar. In producing the National Events Calendar, the Franchisee shall use all reasonable endeavours, working with stakeholders, to alter the Timetable to ensure Passenger Services are timed to best serve the needs of particular Special Events provided for in the National Events Calendar. The first National Events Calendar will be created and made available by the Franchise Commencement Date. For the remainder of the Franchise Term, the National Events Calendar will be updated every three Reporting Periods and shall be shared with the Authority no later than one Reporting Period following the completion of such update. .</p>
11.2	<p>Crowding project team</p> <p>The Franchisee shall create an interim project team tasked with optimising diagrams to maximise impact on crowding. The team will be maintained until at least the time at which the new Rolling Stock referred to in Committed Obligation references 8.4 and 8.5 above has been placed in service.</p> <p>The team will be reconvened when the annual train planning process identifies that capacity is exceeding passenger demand.</p>
12.1	<p>Project partnership with BAM Nuttall</p> <p>Subject only to the consent of BAM Nuttall and Network Rail, from the Franchise Commencement Date, the Franchisee shall establish an integrated project team with BAM Nuttall and Network Rail to better facilitate the efficient and timely delivery of the Borders Railway Project.</p>
12.1(a)	<p>Project handover</p> <p>The Franchisee shall work with Network Rail to arrange driver training and handover of New Stations.</p> <p>Route commissioning and New Station acceptance shall require close cooperation between the Franchisee, BAM Nuttall and Network Rail. The time available for the commissioning, handover and training is limited so joint planning must be focused on delivery and risk mitigation to ensure the railway is delivered. Key deliverables in this period are to ensure that all New Stations' structure and systems are installed and tested. The route needs to be proved for Rolling Stock operation and accepted into the Franchisee safety case, system integration tested, e.g., GSM-R, and signal sighting undertaken. The Franchisee shall agree a detailed programme with Network Rail and BAM Nuttall between the execution of this Agreement and the Franchise Commencement Date.</p>
12.2	<p>Launch Event</p> <p>The Franchisee shall spend at least [---REDACTED---] (excluding the Franchisee's internal costs or costs charged by Affiliates) on the Borders Railway Project launch event ("Project Launch Event") which on the opening weekend over three days and seven station locations is planned to achieve</p>

	<p>the following objectives:-</p> <ul style="list-style-type: none"> • celebrate the completion of the project and the reopening of the Borders Railway after 46 years and generate high amounts of positive media interest with local, Scottish and UK media • encourage trial of the new railway by as many sections of the community as possible • use the opening of the railway as a positive celebration of the Borders region • gain commitment to regular travel and season ticket purchases from the Franchisee's target market. <p>The Franchisee shall engage with stakeholders, including Network Rail, to develop its marketing plans for the Project Launch Event from the Franchise Commencement Date. The Franchisee will become an integral member of the Project Launch Event organising committee.</p> <p>The Franchisee shall contribute event planning expertise, marketing budget and management and operational resources (in each case specific to the Project Launch Event). The Franchisee shall work in partnership with Network Rail and shall use all reasonable endeavours to ensure that both the timetable and operations on the day are delivered seamlessly and the railway operates to its maximum potential. The Franchisee will increase management focus and deploy additional employees to eliminate or minimise delays.</p>
13.1	<p>Train service contingency plans</p> <p>On or before 31st December 2015 and annually thereafter for the remainder of the Franchise Term, the Franchisee shall review the Passenger Services contingency plans and update them to reflect arrangements for higher passenger numbers during Special Events, provision for extreme weather conditions and best practice shared within the Abellio Group. The Franchisee shall also review the Passenger Services contingency plans as part of planning for significant timetable changes in conjunction with Network Rail and other operators.</p> <p>For the purpose of this Committed Obligation, the Abellio Group shall be defined as Abellio Transport Holdings Limited and its subsidiaries</p>
13.2	<p>Contingency planning app</p> <p>On or before 31st December 2015, the Franchisee shall implement a contingency planning app on each smart device provided pursuant to Committed Obligation reference 17.6 which shall enable all Franchise Employees with smart devices to access summaries of the Passenger Services contingency plans, alternative travel arrangements and the message to communicate to customers in the event of disruption. The implementation of the contingency planning app shall be added to an appropriate SQUIRE Service Schedule.</p>
13.3	<p>Traincrew real time despatch management tool</p> <p>Within six months of Network Rail having successfully deployed the Traffic</p>

	<p>Management System, the Franchisee shall deploy a traincrew despatch management tool which shall monitor traincrew movements and detect conflicts in traincrew diagrams and enable the Franchisee to manage the impact of traincrew delays more effectively by creating alternative diagrams and contingency plans in the event of disruption. The Franchisee shall use all reasonable endeavours to procure that Network Rail successfully deploy the Traffic Management System.</p> <p>At least the following Franchise Employees will have access to the traincrew despatch management tool:</p> <p>Operations Director Operations Managers Driver Managers</p>
13.4	<p>Publication of right time performance data</p> <p>The Franchisee will Publish, at a Route level:</p> <ul style="list-style-type: none"> • Punctuality MAA timed to one minute at arrival at the final destination (5 minutes for Express) within three months of the Franchise Commencement Date; • Punctuality timed to one minute at arrival at key intermediate stations on or before the 31st December 2017. <p>For the purposes of this Committed Obligation key intermediate stations shall be Stirling, Perth, Dundee, Aviemore, Kilmarnock, Bathgate, Falkirk High, Shotts, Glasgow Central low-level, Glasgow Queen Street low-level, Kirkcaldy, Dumfries, Elgin, Montrose, Dumbarton Central, Paisley Gilmour Street, Kilwinning, Rutherglen, Cathcart, Dalmuir, Partick and Motherwell.</p> <p>The information will be Published each Reporting Period on the Website and on posters at all final destination and key intermediate stations.</p>
14.1	<p>Integrated property management team</p> <p>Subject only to the consent of Network Rail, on or before the end of the first Franchisee Year, the Franchisee shall establish an integrated property management team with Network Rail.</p> <p>The integrated property management team shall combine the maintenance and renewals organisations currently operated by Network Rail and the Outgoing Franchisee. It shall sit under the Franchisee's Alliance with Network Rail and be headed by a single business leader. This will address issues of overlap across Network Rail and Outgoing Franchisee resources, systems and contracts.</p>



The integrated property management team will provide a single point of accountability and a clear mandate for defining and delivering the station asset management plans, compliant with a unified asset management policy. The key posts in the new organisation are shown in the diagram above and the table below:-

ROLE	KEY RESPONSIBILITIES
Head of Asset Management and Station Development	<ul style="list-style-type: none"> • overall accountability for discharging licence conditions and lease compliance for stations, managing asset processes, delivering maintenance and renewals, managing retail income • oversees delivery of reactive, routine maintenance and minor works (managed by facilities manager) and the larger renewals (managed by project manager) both using supplier framework partners • reports to directly to Commercial Director
Senior Asset Manager (AM)	<ul style="list-style-type: none"> • develop and maintain the asset management policy. This will include definition of all routine, maintenance and renewals activities to maintain and, where required, improve asset capacity, capability and condition • ownership of the asset information management system (AIMS) and station asset management plan (SAMP) • manage business plan • report periodic progress, monitor/report Key Performance Indicators (KPIs)
Senior Project Manager (PM)	<ul style="list-style-type: none"> • definition and input of all large renewals /enhancement activities into AIMS/SAMP • day-to-day management of delivery contractors • manage scheme development and delivery • report periodic progress, monitor/report Key Performance Indicators (KPIs)

Route Facilities & Maintenance Manager (FM)	<ul style="list-style-type: none"> • definition and input of all reactive and routine maintenance activities into AIMS • day-to-day management of facilities contractors • manage definition of scope, specification and costs for customer services property/desk initiatives • manage the customer services property/desk initiatives • report periodic progress, monitor/report KPIs
Commercial Property Manager	<ul style="list-style-type: none"> • manage the commercial retail portfolio • manage growth of portfolio • rental collection • report periodic progress, monitor/report KPIs

The scope of the integrated property management team will cover the delivery of reactive and planned preventative maintenance (PPM) for managed stations, franchised stations, depots and lineside buildings. The integrated property management team will also manage the delivery of asset renewals for these assets assigned to Network Rail's property works team. A future aim will be to grow the capability of this team such that it can deliver complex renewals and enhancement schemes more cost effectively than Network Rail's investment projects which currently undertakes this work.

Joint Asset Management Policy, Station Asset Management Plans and Business Planning

The Franchisee shall develop a new joint asset management policy for the integrated property management team. This will unify Network Rail and Outgoing Franchisee standards to ensure consistency of delivery and improve whole life cycle costing approach, thereby avoiding the current issues with footbridges. Through the joint policy and integrated property management team, the Franchisee shall measure the performance of managed stations using the SQMS process. The joint asset management policy will include inspections, PPM standards, whole lifecycle appraisal guidance, reactive fault handling, asset data management, project development, standard designs and energy management policy.

The station asset management plan is the physical works plan that will deliver the joint asset management policy and objectives across the lifecycle of the assets. The station asset management plan will collate data on work activities at each location including:

- routine maintenance activities
- inspections, Nationally Significant Infrastructure Projects, Access for All schemes and proposed maintenance renewals plans
- enhancement proposals including improved station retail, customer facilities and major station development schemes as detailed in Committed Obligation references 15.5 to 15.10
- any input from the Authority's business planning process

The data will be consolidated into a work bank with the purpose of improving the coordination of maintenance work packages and reducing costs. Since the station asset management plan is a dynamic plan it will be constantly reviewed

and refreshed as requirements change, and will be readily capable of manipulation. This dynamic station asset management plan will be held in the asset information management system (see below).

The table below illustrates how the integrated property management team will rationalise the supply chain:-

SUPPLY CHAIN RATIONALISATION PROPOSALS			
WORK SCOPE	OUTGOING FRANCHISEE	NETWORK RAIL	FUTURE SUPPLIER
Reactive/PPM for stations M&E and fabric (and depots/lineside for Network Rail)	CPMS (Glasgow area) Babcock Rail (Depots and other stations) NB This has been retendered and awarded to North South Communications	CPMS Direct labour force	Single new supplier A & B (driven by geographic coverage)
SQUIRE faults	Direct labour force North South Communications CPMS Ltd	N/A	Single new supplier A & B (driven by geographic coverage)
SISS systems	ADT (Glasgow area) North South Communications	N/A	Single supplier C (driven by geographic coverage)
Renewals	N/A	Mixture of	Tendered Framework for renewals/tendered above £1m
Enhancements	CPMS North South Communications	Tendered	Tendered Framework for renewals/tendered above £1m

14.2

Implementation of an ISO55000 accredited asset system

The Franchisee shall use all reasonable endeavours to procure that the asset system of the integrated property management team referred to in Committed Obligation reference 14.3 below is accredited to the ISO55000 series and is PAS55 compliant within one year of the team being established.

The asset system is defined in PAS 55 as 'organisation's asset management policy, asset management strategy, asset management objectives, asset management plan(s) and the activities, processes and organisational structures necessary for their development, implementation and continual improvement'. The system is supported by the key enablers of the right organisation structure and information systems and delivers the policy and strategies using an asset management plan, monitored and refined to re-align with organisational goals.

A PAS 55 compliant and accredited 'asset system' will provide cross-functional linkages between renewals and maintenance activity which are not possible with the current split responsibilities. It will deliver better prioritisation of

	<p>maintenance and renewals and cost efficiencies through:</p> <ul style="list-style-type: none"> • an integrated delivery organisation, • a joint asset management policy leading to a single Station Asset Maintenance Plan for each location • integrated Asset Information Management System and helpdesk, • a unified supply chain • new measures for station performance. 								
14.3	<p>Asset Information Management System</p> <p>On or before the end of the second Franchisee Year or within one year of Network Rail approval (whichever is the longer), the Franchisee shall establish an Asset Information Management System (AIMS) which shall contain all data on station assets received from Network Rail and the Train Operator providing services under the Previous Franchise Agreement.</p> <p>Performance assessment and improvement will be a central part of the new AIMS. Members of the integrated property management team will be able to access asset data via AIMS which will contain details of all assets and their condition and remaining life. It will also contain the station asset management plan which details all asset-related activities including inspections, renewals, enhancements, station facilities upgrades and planned maintenance. This single repository for asset data will support strategic, holistic asset management and the planning of any investments.</p> <p>The AIMS will be a fully integrated system using the same Atrium (Manhattan) software as Network Rail's OPAS system and following the same asset hierarchy and database structure.</p> <p>The following table shows the additional Atrium (Manhattan) functionality which the Franchisee shall adopt to deliver the AIMS. The new ScotRail Atrium system will hold cost data to aid unit cost reporting and as at Abellio Greater Anglia, the Franchisee will configure the system to produce real-time KPI graphs. KPIs will be contained in a role specific dashboard, workflow and diary notification system which will hold SQUIRE condition and trend data. Significantly, the system will also be configured to permit the modelling of investment on output measures.</p> <table border="1"> <thead> <tr> <th colspan="2">ADDITIONAL ATRIUM (MANHATTAN) MODULES TO BE USED VS. NETWORK RAIL USE OF ATRIUM (MANHATTAN) (OPAS)</th></tr> <tr> <th>ASPECT</th><th>DETAIL</th></tr> </thead> <tbody> <tr> <td>Existing Atrium (Manhattan) modules used by Network Rail</td><td>Condition survey; specialist surveys; orders (reactive); contracts (routine); core registers; security and admin functions; request management.</td></tr> <tr> <td>Additional modules to be used by the</td><td>Projects contractor module; single integrated property model; cost in use capability; programme management; long-term forecasting / vision; performance indicators; acquisitions and disposals; tenancy agreements; suitable and sufficiency;</td></tr> </tbody> </table>	ADDITIONAL ATRIUM (MANHATTAN) MODULES TO BE USED VS. NETWORK RAIL USE OF ATRIUM (MANHATTAN) (OPAS)		ASPECT	DETAIL	Existing Atrium (Manhattan) modules used by Network Rail	Condition survey; specialist surveys; orders (reactive); contracts (routine); core registers; security and admin functions; request management.	Additional modules to be used by the	Projects contractor module; single integrated property model; cost in use capability; programme management; long-term forecasting / vision; performance indicators; acquisitions and disposals; tenancy agreements; suitable and sufficiency;
ADDITIONAL ATRIUM (MANHATTAN) MODULES TO BE USED VS. NETWORK RAIL USE OF ATRIUM (MANHATTAN) (OPAS)									
ASPECT	DETAIL								
Existing Atrium (Manhattan) modules used by Network Rail	Condition survey; specialist surveys; orders (reactive); contracts (routine); core registers; security and admin functions; request management.								
Additional modules to be used by the	Projects contractor module; single integrated property model; cost in use capability; programme management; long-term forecasting / vision; performance indicators; acquisitions and disposals; tenancy agreements; suitable and sufficiency;								

	<table><tr><td>Franchisee</td><td>forecasting; vision.</td></tr></table> <p>A single property helpdesk will be established in order to remove existing duplication. This will be linked to AIMS to provide cost estimates of reactive and minor works as orders are placed by the helpdesk. The system will also report performance against response times.</p> <p>Faults will be able to be registered by station managers, members of the integrated property management team as a result of management safety tours or as part of inspections. Additionally, all SQUIRE faults will be routed to this single reporting centre. Each fault will be interrogated by the helpdesk operator to establish site, asset location and nature of fault. From the nature of the fault, the Atrium (Manhattan) system will identify which is the correct contractor to respond. Each fault will be assigned a response priority (30 min for lift entrapment, two hours, 24 hours, 7 days) and dispatched by email to the responsible contractor.</p> <p>Contractors will be required to close out faults in the requisite periods within the system. Contractors will be required to restore assets to safety as a minimum. Where faults require longer term action, this will be notified via the helpdesk to the Facilities team with a quotation for review. The ScotRail Atrium system shall also assimilate all SQUIRE faults from the Authority's systems into this helpdesk to ensure full visibility of all work and to enable trend analysis.</p> <p>Lift calls will be managed by Network Rail's property helpdesk drawing upon its national lift and escalator contract. Faults registered at the Franchisee's helpdesk will be transferred to Network Rail; although a direct telephone number will also be given to station managers.</p>	Franchisee	forecasting; vision.																																								
Franchisee	forecasting; vision.																																										
15.1	<p>Improved waiting facilities at stations</p> <p>On or before the end of the second Franchisee Year, the Franchisee will provide shelters at the following 41 stations:</p> <table><tr><td>Anderston,</td><td>Bellshill,</td><td>Bishopton</td></tr><tr><td>Cambuslang,</td><td>Coatbridge Sunnyside</td><td>Dumbarton Central</td></tr><tr><td>Dunblane</td><td>Dunfermline</td><td>Dumfries</td></tr><tr><td>Elgin</td><td>Greenock West</td><td>Kilmarnock</td></tr><tr><td>Largs</td><td>Polmont</td><td>Airdrie</td></tr><tr><td>Anniesland</td><td>Bishopbriggs</td><td>Croy</td></tr><tr><td>Dalmuir</td><td>East Kilbride</td><td>Falkirk High</td></tr><tr><td>Hamilton Central</td><td>Hamilton West</td><td>Hyndland</td></tr><tr><td>Inverkeithing</td><td>Irvine</td><td>Johnstone</td></tr><tr><td>Kilwinning</td><td>Kirkcaldy</td><td>Lenzie</td></tr><tr><td>Linlithgow</td><td>Milngavie</td><td>Mount Florida</td></tr><tr><td>Rutherglen</td><td>Dyce</td><td>Motherwell</td></tr><tr><td>Partick</td><td>Prestwick International Airport</td><td>Exhibition Centre (Glasgow)</td></tr><tr><td>Bridge of Allan</td><td>Stirling</td><td></td></tr></table> <p>Subject to match funding being provided, the Franchisee shall provide shelters at a further 11 stations as set out below on or before the end of the second Franchisee Year:-</p>	Anderston,	Bellshill,	Bishopton	Cambuslang,	Coatbridge Sunnyside	Dumbarton Central	Dunblane	Dunfermline	Dumfries	Elgin	Greenock West	Kilmarnock	Largs	Polmont	Airdrie	Anniesland	Bishopbriggs	Croy	Dalmuir	East Kilbride	Falkirk High	Hamilton Central	Hamilton West	Hyndland	Inverkeithing	Irvine	Johnstone	Kilwinning	Kirkcaldy	Lenzie	Linlithgow	Milngavie	Mount Florida	Rutherglen	Dyce	Motherwell	Partick	Prestwick International Airport	Exhibition Centre (Glasgow)	Bridge of Allan	Stirling	
Anderston,	Bellshill,	Bishopton																																									
Cambuslang,	Coatbridge Sunnyside	Dumbarton Central																																									
Dunblane	Dunfermline	Dumfries																																									
Elgin	Greenock West	Kilmarnock																																									
Largs	Polmont	Airdrie																																									
Anniesland	Bishopbriggs	Croy																																									
Dalmuir	East Kilbride	Falkirk High																																									
Hamilton Central	Hamilton West	Hyndland																																									
Inverkeithing	Irvine	Johnstone																																									
Kilwinning	Kirkcaldy	Lenzie																																									
Linlithgow	Milngavie	Mount Florida																																									
Rutherglen	Dyce	Motherwell																																									
Partick	Prestwick International Airport	Exhibition Centre (Glasgow)																																									
Bridge of Allan	Stirling																																										

	<table border="1"> <tr> <td>Blairhill</td><td>Dalmeny</td></tr> <tr> <td>Bridgeton</td><td>Port Glasgow</td></tr> <tr> <td>Blantyre</td><td>Prestwick Town</td></tr> <tr> <td>Bearsden</td><td>Aberdour,</td></tr> <tr> <td>Clarkston</td><td>Cowdenbeath</td></tr> <tr> <td>Dalgety Bay</td><td></td></tr> </table> <p>The Franchisee shall use reasonable endeavours to secure the Third Party funding referred to in this Committed Obligation.</p> <p>If the Franchisee is unable to obtain Third Party funding referred to in this Committed Obligation, the Franchisee shall, nevertheless, install six shelters selected by the Franchisee from the list above.</p>	Blairhill	Dalmeny	Bridgeton	Port Glasgow	Blantyre	Prestwick Town	Bearsden	Aberdour,	Clarkston	Cowdenbeath	Dalgety Bay			
Blairhill	Dalmeny														
Bridgeton	Port Glasgow														
Blantyre	Prestwick Town														
Bearsden	Aberdour,														
Clarkston	Cowdenbeath														
Dalgety Bay															
15.2	<p>Investment in retail developments</p> <p>Subject to planning permission and the consent of relevant property owners, on or before the 31st March 2018, the Franchisee shall invest at least [---REDACTED---] in delivering improved retail facilities and customer access points at Aberdeen and Inverness Stations.</p>														
15.3	<p>ToGo Kiosks</p> <p>Subject only to the consent of Network Rail and other relevant property owners, on or before the 31st December 2016 the Franchisee shall construct eleven ToGo Kiosks at stations with over 1 million footfall per annum. The ToGo Kiosks will retail hot and cold beverages and snacks and provide a consistent range of drinks, bakery goods, snacks, confectionery, newspapers and convenience products:-</p> <table border="1"> <tr> <th colspan="2">STATIONS TO BE FITTED WITH TOGO KIOSKS</th></tr> <tr> <td>Ayr</td><td>Dundee</td></tr> <tr> <td>Paisley GS</td><td>Aberdeen</td></tr> <tr> <td>Partick</td><td>Inverness</td></tr> <tr> <td>Motherwell</td><td>Glasgow Central Low Level</td></tr> <tr> <td>Haymarket</td><td>Charing Cross</td></tr> <tr> <td>Stirling</td><td></td></tr> </table> <p>This investment will establish a more consistent and familiar retail offering across locations that encompass over 60% of all Passenger Journeys.</p>	STATIONS TO BE FITTED WITH TOGO KIOSKS		Ayr	Dundee	Paisley GS	Aberdeen	Partick	Inverness	Motherwell	Glasgow Central Low Level	Haymarket	Charing Cross	Stirling	
STATIONS TO BE FITTED WITH TOGO KIOSKS															
Ayr	Dundee														
Paisley GS	Aberdeen														
Partick	Inverness														
Motherwell	Glasgow Central Low Level														
Haymarket	Charing Cross														
Stirling															
15.4	<p>Tickets Plus</p> <p>On or before 31st December 2016 the Franchisee will introduce combined ticket and retail facilities with the ability to sell tickets at not less than 5 Stations. The new facilities will have the capability to allow users to download</p>														

	<p>ITSO smart products on to ITSO Certified Smartmedia.</p> <p>On or before 31st December 2017, the Franchisee shall review the success of the facilities introduced pursuant to this Committed Obligation in order to determine whether to introduce the combined facilities at a further 16 stations and will report its findings to the Authority. Subject to the Authority's approval, the Franchisee shall procure that the combined facilities are installed and operated at those further 16 Stations.</p> <p>For stations with footfall of 500,000 - 1 million per annum, the Franchisee shall introduce the Tickets Plus concept. This will enhance ticket offices with additional food and drink products.</p> <p>The Franchisee shall install the Ticket Plus concept at 21 Stations which match the footfall profile stated above and feature staffed ticket operations throughout the day. These are detailed in the table below, together with projected implementation timescales. Following the successful implementation of Tickets Plus, the Franchisee will consider extending the concept to a further 80 Stations which match the stated footfall and ticket office opening hours profile.</p> <table><tr><th colspan="6">STATION IDENTIFIED FOR IMPLEMENTATION OF THE TICKETS PLUS CONCEPT</th></tr><tr><th>STATION</th><th>CONCEPT</th><th>TIMESCALE</th><th>STATION</th><th>CONCEPT</th><th>TIMESCALE</th></tr><tr><td>Mount Florida</td><td>Tkts Plus</td><td>2015-16</td><td>Hyndland</td><td>Tkts Plus</td><td>2016-17</td></tr><tr><td>Kilwinning</td><td>Tkts Plus</td><td>2015-16</td><td>Exhibition C</td><td>Tkts Plus</td><td>2016-17</td></tr><tr><td>Falkirk High</td><td>Tkts Plus</td><td>2015-16</td><td>Johnstone</td><td>Tkts Plus</td><td>2016-17</td></tr><tr><td>Kirkcaldy</td><td>Tkts Plus</td><td>2015-16</td><td>Helensburgh</td><td>Tkts Plus</td><td>2016-17</td></tr><tr><td>East Kilbride</td><td>Tkts Plus</td><td>2015-16</td><td>Argyle Street</td><td>Tkts Plus</td><td>2016-17</td></tr><tr><td>Perth</td><td>Tkts Plus</td><td>2015-16</td><td>Croy</td><td>Tkts Plus</td><td>2016-17</td></tr><tr><td>Irvine</td><td>Tkts Plus</td><td>2015-16</td><td>Airdrie</td><td>Tkts Plus</td><td>2016-17</td></tr><tr><td>Milngavie</td><td>Tkts Plus</td><td>2015-16</td><td>Inverkeithing</td><td>Tkts Plus</td><td>2016-17</td></tr><tr><td>Rutherglen</td><td>Tkts Plus</td><td>2015-16</td><td>Linlithgow</td><td>Tkts Plus</td><td>2016-17</td></tr><tr><td>Hamilton C</td><td>Tkts Plus</td><td>2015-16</td><td>Anniesland</td><td>Tkts Plus</td><td>2016-17</td></tr><tr><td>Bathgate</td><td>Tkts Plus</td><td>2015-16</td><td></td><td></td><td></td></tr></table> <p>This investment will establish a more consistent and familiar retail offering across locations that encompass over 60% of all Passenger Journeys.</p>	STATION IDENTIFIED FOR IMPLEMENTATION OF THE TICKETS PLUS CONCEPT						STATION	CONCEPT	TIMESCALE	STATION	CONCEPT	TIMESCALE	Mount Florida	Tkts Plus	2015-16	Hyndland	Tkts Plus	2016-17	Kilwinning	Tkts Plus	2015-16	Exhibition C	Tkts Plus	2016-17	Falkirk High	Tkts Plus	2015-16	Johnstone	Tkts Plus	2016-17	Kirkcaldy	Tkts Plus	2015-16	Helensburgh	Tkts Plus	2016-17	East Kilbride	Tkts Plus	2015-16	Argyle Street	Tkts Plus	2016-17	Perth	Tkts Plus	2015-16	Croy	Tkts Plus	2016-17	Irvine	Tkts Plus	2015-16	Airdrie	Tkts Plus	2016-17	Milngavie	Tkts Plus	2015-16	Inverkeithing	Tkts Plus	2016-17	Rutherglen	Tkts Plus	2015-16	Linlithgow	Tkts Plus	2016-17	Hamilton C	Tkts Plus	2015-16	Anniesland	Tkts Plus	2016-17	Bathgate	Tkts Plus	2015-16			
STATION IDENTIFIED FOR IMPLEMENTATION OF THE TICKETS PLUS CONCEPT																																																																															
STATION	CONCEPT	TIMESCALE	STATION	CONCEPT	TIMESCALE																																																																										
Mount Florida	Tkts Plus	2015-16	Hyndland	Tkts Plus	2016-17																																																																										
Kilwinning	Tkts Plus	2015-16	Exhibition C	Tkts Plus	2016-17																																																																										
Falkirk High	Tkts Plus	2015-16	Johnstone	Tkts Plus	2016-17																																																																										
Kirkcaldy	Tkts Plus	2015-16	Helensburgh	Tkts Plus	2016-17																																																																										
East Kilbride	Tkts Plus	2015-16	Argyle Street	Tkts Plus	2016-17																																																																										
Perth	Tkts Plus	2015-16	Croy	Tkts Plus	2016-17																																																																										
Irvine	Tkts Plus	2015-16	Airdrie	Tkts Plus	2016-17																																																																										
Milngavie	Tkts Plus	2015-16	Inverkeithing	Tkts Plus	2016-17																																																																										
Rutherglen	Tkts Plus	2015-16	Linlithgow	Tkts Plus	2016-17																																																																										
Hamilton C	Tkts Plus	2015-16	Anniesland	Tkts Plus	2016-17																																																																										
Bathgate	Tkts Plus	2015-16																																																																													
15.5	<p>Feasibility study into the redevelopment of Aberdeen Station</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall spend [---REDACTED---] in completing a feasibility study (which shall be delivered to the Authority) in relation to the redevelopment of Aberdeen Station. The study will consider the proposal to extend the existing station concourse upwards via an enhanced retail environment to Guild Street, incorporating an over site development to provide a new route to Bridge Street.</p>																																																																														
15.6	<p>Aberdeen Station improvements</p>																																																																														

	The Franchisee shall deliver a Business Case (as defined in paragraph 1.1.2 of Part 4 of this Schedule 1.6) to the Authority no later than the end of the first Franchisee Year.
15.7	<p>Perth Station improvements</p> <p>The Franchisee shall deliver a Business Case (as defined in paragraph 1.1.2 of Part 4 of this Schedule 1.6) to the Authority no later than the end of the third Franchisee Year.</p>
15.8	<p>Stirling Station improvements</p> <p>The Franchisee shall deliver a Business Case (as defined in paragraph 1.1.2 of Part 4 of this Schedule 1.6) to the Authority no later than the end of the second Franchisee Year.</p>
15.9	<p>Motherwell Station improvements</p> <p>The Franchisee shall deliver a Business Case (as defined in paragraph 1.1.2 of Part 4 of this Schedule 1.6) to the Authority no later than the end of the second Franchisee Year.</p>
15.10	<p>Inverness Station improvements</p> <p>The Franchisee shall deliver a Business Case (as defined in paragraph 1.1.2 of Part 4 of this Schedule 1.6) to the Authority no later than the end of the first Franchisee Year.</p>
15.11	<p>Enhanced Dumfries Passenger Service and catering on the Carlisle Route</p> <p>With the objective of securing better Passenger Journey times, improved Connections and regular service patterns that are easy to understand, the Franchisee shall, subject to Network Rail's approval (which the Franchisee shall use all reasonable endeavours to obtain), offer an enhanced timetable operating more trains and improved connections at Kilmarnock for Ayr by no later than 1st December 2017 in accordance with the timetables as set out in the document in Agreed Form marked DT.</p> <p>. The enhanced timetable shall include the following:-</p> <ul style="list-style-type: none"> • 3 additional through Passenger Services, two of which are new and one an extension of an existing Passenger Service; • 2 further extensions of Passenger Services to provide better through connectivity and consistency of service pattern; • 1 additional Dumfries and Carlisle shuttle • A reduction in the longest and average interval between Passenger Services. The longest interval will reduce from 3 to 2 hours, and the average time between Passenger Services on this Route will be reduced by a little over about half an hour.

	<ul style="list-style-type: none"> • A greater number of daytime Connections <p>By no later than 1st April 2017, the Franchisee shall operate a trolley-based catering service on all Passenger Services on the Kilmarnock-Carlisle Route.</p>
15.12	<p>New station at Robroyston</p> <p>The Franchisee shall, upon the opening of the new Robroyston station, ensure that Passenger Services call at this station, as follows: -</p> <p>(a) If the station opens before the commencement of the December 2017 Passenger Timetable, the Franchisee shall ensure that the hourly service between Glasgow Queen Street and Falkirk Grahamston calls at this station. The Franchisee shall serve this route with a diesel train until the Passenger Change Date December 2018 whereby it will be replaced by an electric train following completion of electrification of the Dunblane/Alloa/Stirling line.</p> <p>(b) If the station opens on or after the commencement of the December 2017 Passenger Timetable, the Franchisee shall ensure that the hourly service between Glasgow Queen Street High Level and Cumbernauld calls at this station in addition to the above mentioned service between Glasgow Queen Street and Falkirk Grahamston. The Franchisee shall serve this route with Class 31X and Class 32X electric trains.</p> <p>The timetable applicable for the introduction of call as Robroyston Station shall be as set out in the document in Agreed Form marked RT.</p> <p>The Franchisee shall co-ordinate and facilitate in partnership with the Authority the commissioning of the station. The date upon which Passenger Services are to be introduced shall be agreed with the Authority. The Franchisee shall operate the station as the Station Facility Owner.</p> <p>For the purpose of this Committed Obligation, the following has been assumed:-</p> <ul style="list-style-type: none"> • that the specification for the station is as described in Option 10 in the Robroyston/Millerston Community Growth Area STAG Appraisal. • that the station is unstaffed.
16.1	<p>Customer Experience Delivery Group</p> <p>The Franchisee shall establish a Customer Experience Delivery Group by the end of the first Franchisee Year. The Customer Experience Delivery Group will meet at least every three Reporting Periods and will comprise key internal and selected external stakeholders. The Customer Experience Delivery Group will be responsible for production and annual review of the Quality Plan. The Franchisee will provide a copy of all minutes and a report on the annual review of the Quality Plan to the Authority within one Reporting Period of the relevant meeting.</p> <p>The selected external stakeholders will include at least a representative from</p>

	<p>each of:</p> <p>Passenger's Council; the Authority; Network Rail; and the Regional Transport Partnerships.</p>
16.2	<p>Additional National Passenger Surveys (NPS)</p> <p>From the Franchise Commencement Date, the Franchisee shall commission the Passengers' Council to carry out two additional National Passenger Surveys each year, bringing the total to 4 survey waves per year.</p>
16.3	<p>SQMS surveys</p> <p>From the Franchise Commencement Date, the Franchisee shall introduce an independently monitored service quality management system. At least 130 mystery shopping visits will be made to stations by independent suppliers each Reporting Period under this system. The results of these visits will be made known to the Authority no later than 10 days following the end of each Reporting Period.</p>
16.4	<p>On-line passenger panel</p> <p>On or before the end of the first Franchisee Year, the Franchisee will introduce an online passenger panel comprising at least 5000 Passenger Service users. The Franchisee shall use all reasonable endeavours to increase the membership of the panel to 10,000 members by the end of the second Franchisee Year.</p>
16.5	<p>Transparent Reporting</p> <p>From the beginning of the second Franchisee Year, the Franchisee shall Publish, no later than 10 Working Days following the end of each Reporting Period, measures of the Franchisee's performance against the NPS, performance targets. These measures will be Published on the Website and on posters at all staffed stations.</p>
16.6	<p>ICS surveys</p> <p>From the Franchise Commencement Date, the Franchisee shall undertake two passenger satisfaction surveys each year, each audited. The results of these surveys will be benchmarked against train operating companies in the Abellio Group to ensure best practice is shared. The results of the passenger satisfaction survey will be made available to the Authority by the end of the Reporting Period after the survey is completed.</p> <p>For the purpose of this Committed Obligation, the Abellio Group shall be defined as Abellio Transport Holdings Limited and its subsidiaries.</p>

17.1

New catering equipment

On or before the 31st May 2016, the Franchisee shall provide improved catering equipment on each Train Fleet where catering is provided as at the Franchise Commencement Date. The improved catering equipment will include flexible service equipment (e.g. host trays), backup refrigerated and ambient mobile storage facilities and two additional water urns on each catered Train. The Franchisee shall provide galley equipment on the Inter-city Train Fleet to support the catering offer in first and second class.

On the High Speed Trains, the new equipment will offer at least the capability to deliver coffee and chilled fresh food.

By no later than 31st July 2015, the Franchisee shall introduce catering onto early, late and weekend Passenger Service which did not previously have a food and drink service the number of such Passenger Services being as set out in the table below:

Route/Location	Glasgow	Edinburgh	Inverness	Aberdeen
Inverness-Glasgow/Edinburgh	3	3		
Inverness – Kyle of Lochalsh			1	
Inverness – Thurso			1	
Glasgow/Edinburgh – Aberdeen	2	4		4
Total	5	7	2	4

The Franchisee shall propose to the Authority, for its approval, the Passenger Services onto which catering shall be introduced together with the rationale for that selection. The Franchisee shall make any such proposals at least 3 Reporting Periods prior to the date it is required to deliver the Committed Obligation on the Passenger Service or such other shorter period as may be agreed by the Authority.

17.2

New on-train menu




On or before the 31st December 2015, the Franchisee shall introduce a new range of food and drinks on Passenger Services with catering facilities. The new range will feature products sourced from local suppliers when it is reasonably practicable to do so. Products will be selected on the basis that they come from ethical and sustainable supply sources and that associated material and packaging can be recycled. The Franchisee will promote Scotland's food and drink industry nationally by producing guides and joint marketing offers.

17.3

Not spot solutions

No more than one year after 4G Connectivity becomes available across the network and in any event no later than the 31st December 2016, the Franchisee will install a PICO Mast or similar equipment at up to 10 stations

	where there would otherwise be no 4G Connectivity.
17.4	<p>New Customer Information Screens</p> <p>Subject only to the granting of planning permission and the consent of any relevant property owner, on or before the end of the first Franchisee Year or within 12 months of 4G Connectivity becoming available at the relevant location (whichever is the longer), the Franchisee shall install 110 new Customer Information Screens at stations where there is currently no such provision, and in any event shall install such screens by 31 December 2016.</p> <p>The Customer Information Screen will be Nexus Alpha's Chronos low powered screens or equivalent.</p>
17.5	<p>Additional Customer Information Screens at Key Stations</p> <p>Subject only to the granting of planning permission and the consent of any relevant property owner on or before the end of the first Franchisee Year, the Franchisee shall, subject to Network Rail approval (where necessary), install an additional 30 Customer Information Screens at Key Stations.</p>
17.6	<p>Smart Devices for Franchise Employees</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall provide at least 3500 additional, role specific smart devices to members of Franchise Employees.</p>
17.7	<p>Colour Coded Timetables</p> <p>The Franchisee shall provide colour-coded Timetables indicating the level of anticipated crowding on different Passenger Services such Timetables to be updated and reissued, as a minimum for the Passenger Change Date in May and December in each year during the Franchise Term, starting with the December 2015 Passenger Change Date. Proposed colour-coded Timetables will be shared with the Authority at least one Reporting Period prior to them being Published.</p>
17.8	<p>Marking Station platforms</p> <p>On or before the 31st December 2018, the Franchisee shall mark 60 platforms to show where Train doors will be positioned at stations to be chosen by the Franchisee and shall keep such markings accurate at all times during the remainder of the Franchise Term. The Franchisee shall as soon as practicable after the Franchise Commencement Date, inform Transport Scotland which platforms will be marked.</p> <p>The commitment in this Committed Obligation shall be conditional on all necessary consents and approvals being obtained by the Franchisee including but not limited to Network Rail approvals.</p>
18	<p>ScotRail Price Promise Scheme ("the Scheme")</p> <p>The Scheme will allow passengers to access the best value tickets available</p>

	<p>for their journey through the provision of improved ticketing information. The Franchisee shall publicise and promote the Scheme and raise awareness amongst Passengers of ticket conditions which have an impact on cost of travel.</p> <p>In addition, the Scheme will commit the Franchisee to refund to passengers the Price Promise Refund.</p> <p>For this purpose:</p> <p>“Actual Price” is the price paid by a passenger for a ticket bought from the Franchisee for a journey on a Passenger Service (the “Journey”);</p> <p>“Best Possible Price” is the cheapest price which that passenger could have paid for a ticket (or combination of tickets) incorporating ticket conditions required by the Passenger from the Franchisee for the same Journey at the time the actual ticket was purchased; and</p> <p>“Price Promise Refund” is the amount by which the Actual Price is more than the Best Possible Price. The Price Promise Refund shall be refunded to the Passenger in the form of a method of payment equivalent to that used by the Passenger in purchasing their ticket.</p>						
19	NOT USED						
20.1	<p>Annual marketing spend</p> <p>The Franchisee shall allocate and spend at least [---REDACTED---] every 3 Franchisee Years to be spent on marketing activities.</p>						
20.2	<p>New online presence</p> <p>By no later than 1 month after the Franchise Commencement Date, the Franchisee shall deploy a new Website with the marketing features detailed below.</p> <table border="1"> <thead> <tr> <th>KEY FEATURES</th><th>NEW SCOTRAIL.CO.UK WEBSITE (MOCK-UP)</th></tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> a clear value proposition on the homepage that promotes the destinations, attractive advance purchase pricing and products </td><td rowspan="3">  </td></tr> <tr> <td> <ul style="list-style-type: none"> geo-targeted homepage content, so differing locations and markets are served personalised offers (i.e. Scottish visitors will be served more local content and passenger information; UK and overseas content will differ with more focus on destinations, scenic trains and leisure products) </td></tr> <tr> <td> <ul style="list-style-type: none"> content will be translated for any country/language that exceeds 3% of total visits to the website or more than 10,000 unique visits per </td></tr> </tbody> </table>	KEY FEATURES	NEW SCOTRAIL.CO.UK WEBSITE (MOCK-UP)	<ul style="list-style-type: none"> a clear value proposition on the homepage that promotes the destinations, attractive advance purchase pricing and products 		<ul style="list-style-type: none"> geo-targeted homepage content, so differing locations and markets are served personalised offers (i.e. Scottish visitors will be served more local content and passenger information; UK and overseas content will differ with more focus on destinations, scenic trains and leisure products) 	<ul style="list-style-type: none"> content will be translated for any country/language that exceeds 3% of total visits to the website or more than 10,000 unique visits per
KEY FEATURES	NEW SCOTRAIL.CO.UK WEBSITE (MOCK-UP)						
<ul style="list-style-type: none"> a clear value proposition on the homepage that promotes the destinations, attractive advance purchase pricing and products 							
<ul style="list-style-type: none"> geo-targeted homepage content, so differing locations and markets are served personalised offers (i.e. Scottish visitors will be served more local content and passenger information; UK and overseas content will differ with more focus on destinations, scenic trains and leisure products) 							
<ul style="list-style-type: none"> content will be translated for any country/language that exceeds 3% of total visits to the website or more than 10,000 unique visits per 							

	<p>period</p> <ul style="list-style-type: none"> • inspirational photographic and video content that is regularly updated as part of our 'content marketing' strategy • integration with our social media channels (ie, Twitter, Facebook, YouTube, Pinterest, and Google+) and with partner websites such as VS, VB and integrated travel partners • commitment to website optimisation with intuitive customer pathways, optimised buy-online journeys with abandonment tactics, ongoing search engine optimisation (SEO) and agile methods to iterate improvements • creation of 'route one' multiple landing pages to support key campaigns. 	<p>Mock-up of new ScotRail.co.uk website</p>
	<p>The Franchisee shall also deploy a 'mobile-optimised' version of the new Website. The new online presence will include dedicated micro-sites for the Borders Project Railway, EGIP railway and Scenic Train sectors. No later than 6 months after Franchise Commencement Date, the Franchisee shall also provide on the Website historic information on crowding levels by service and real-time disruption information.</p>	
20.3	<p>Regular brand tracking</p> <p>From the Franchise Commencement Date, the Franchisee shall carry out every three Reporting Periods a brand tracking study to measure public perception of the ScotRail Franchise brand. The study will be carried out by independent consultants and the results shared with the Authority by no later than one Reporting Period after each study is completed.</p>	
20.4	<p>Benefits for Season Ticket holders</p> <p>From the Franchise Commencement Date, the Franchisee shall offer, publicise and promote in all relevant marketing campaigns additional benefits to customers buying Season Ticket products on Smartcards. The benefits shall include:</p> <ul style="list-style-type: none"> • 1/3 off Standard Class Off-Peak single and return tickets purchased online for any Route; • up to three additional adults aged 16 or over travelling with the Season Ticket holder on any Route will each be eligible for a 1/3 discount when purchasing their Standard Class Off-Peak single and return tickets online; and 	

	<ul style="list-style-type: none"> • eligibility for an upgrade to First Class for the Season Ticket holder and up to three additional adults aged 16 or over travelling with the Season Ticket holder when travelling in the Off-Peak on the Route covered by their Season Ticket for an initial supplement of only £5 per journey.
21	NOT USED
22.1	<p>Contactless payment</p> <p>On or before the first anniversary of the Franchise Commencement Date, the Franchisee shall provide facilities to allow for contactless card payment at all retail ticket office windows in at least 143 staffed stations on the ScotRail network.</p>
22.2	<p>New Ticket Vending Machines</p> <p>On or before the first anniversary of the Franchise Commencement Date, the Franchisee shall deploy at least 126 new Ticket Vending Machines at locations agreed with the Authority. Of these 126 machines, 100 will replace life expired machines and 26 will be additional to the current estate.</p> <p>The balance of the existing 179 TVM's (i.e. 79) will be replaced by the Franchisee as they become life expired and in any event by end of January 2020.</p> <p>The new machines will be ITSO enabled and PCI compliant. They will also have an enhanced graphical user interface together with an audio link between the machine and the Customer Contact Centre. The machines will have the capability to retail smartcards.</p> <p>In addition all TVMs on the ScotRail network will have an enhanced graphical user interface installed and operational by no later than the first anniversary of the Franchise Commencement Date.</p>
22.3	<p>New ScotRail Web Ticketing Solution</p> <p>By no later than 1 month after the Franchise Commencement Date, the Franchisee shall launch a dedicated new ScotRail web ticketing solution on the Website. The new ScotRail web ticketing solution will feature an improved user interface and will offer an ITSO smart fulfilment option for Season Tickets, Anytime Tickets and Off-Peak Tickets.</p>
22.4	<p>Journey Companion App</p> <p>By no later than 1 month after the Franchise Commencement Date, the Franchisee will make available a mobile ticketing app with at least the following features:</p> <ul style="list-style-type: none"> • Allow passengers to buy train tickets securely for travel on Passenger Service and on other railway passenger services in the rest of UK • Allow passengers to buy tickets 10 minutes before departure and collect from TVMs with barcode to mobile option on selected Routes • Allow passengers to search for real time live service information across all travel modes

	<ul style="list-style-type: none"> • Allow passenger to access information relating to the crowding of particular Passenger Services • Allow passengers to access Cab&Go Services and Bike&Go Facilities booking services <p>By no later than 31st December 2018, the app will be upgraded to allow passengers to access live crowding information on EGIP services and Alloa-Stirling- Dunblane Routes.</p>
22.5	<p>New gatelines</p> <p>Subject only to the consent of Network Rail and other relevant property owners (where required) on or before the first anniversary of the Franchise Commencement Date, the Franchisee shall install new automatic ticket gatelines at two stations approved by the Authority where there are currently no such facilities.</p>
22.6	<p>Annual ticketless travel survey</p> <p>The Franchisee shall conduct an annual survey of ticketless travel. The survey shall be carried out by an independent company. The first survey will take place no later the 30th June 2015 and the Franchisee shall share the results with the Authority by no later than one Reporting Period after the survey is completed.</p>
22.7	<p>Ticketless travel analyst</p> <p>From the Franchise Commencement Date, the Franchisee shall create an additional role of ticketless travel analyst to analyse trends in ticketless travel and allow the Franchisee's revenue protection staff to be deployed as efficiently as possible.</p>
22.8	<p>Intelligent Queue Monitoring Equipment</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall install intelligent queue monitoring equipment in at least 7 Stations. The Franchisee shall make the data gathered by the intelligent queue monitoring equipment available to the Authority.</p>
23.1	<p>Environmental management systems</p> <p>The Franchise shall use all reasonable endeavours to ensure that it achieves accreditation to the updated ISO 14001 standard before the end of the first Franchisee Year.</p>
23.2	<p>Sustainability innovation fund</p> <p>From the Franchise Commencement Date, the Franchisee shall allocate [--- REDACTED---] to be spent on research and development of innovative solutions to environmental issues in the railway environment which will include, but will not be limited to, research into innovative solutions to key sustainability, issues relating to carbon reduction, energy use reduction and the reduction of waste sent to landfill. All proposed research and development</p>

	<p>projects will be assessed by a panel including representatives of the Authority, Network Rail, Resource Efficient Scotland and Zero Waste Scotland.</p> <p>In addition, four initial research projects shall be carried out by the Franchisee, which are (1) the feasibility of using biobutane to resolve the cold weather operation issues for biodiesel; (2) trialling new smart meters to achieve additional benefit from fitment of Automated Meter Reading system to low energy use sites; (3) finding solutions to waste issues, including behaviour change and hard to recycle waste streams; and (4) using thin film lightweight solar PV technology in areas lacking the structural strength to support traditional PV.</p>								
23.3	<p>Corporate Social Responsibility Report</p> <p>The Franchisee shall Publish a corporate and social responsibility report each Franchisee Year during the Franchise Term. The Report will show the Franchisee's progress in achieving its sustainability targets, in particular those associated with reductions in energy use, carbon and waste. The Report will be Published on the Website by no later than the end of each Franchisee Year.</p>								
23.4	<p>Energy audit</p> <p>The Franchisee shall carry out an audit of energy used by the Franchisee, per Reporting Period and per location and use the results of the audit to agree baselines from which energy use per passenger kilometre shall be reduced over the Franchise Term on or before the end of the first Franchisee Year. The methodology for carrying out the audit shall be submitted to the Authority by no later than 4 Reporting Periods after the Franchise Commencement Date.</p>								
23.5	<p>Carbon and Energy Strategy</p> <p>On or before 20th September 2016, the Franchisee shall Publish a carbon and energy strategy document detailing its approach to reducing energy consumption and carbon emissions across the Franchise Services.</p>								
23.6	<p>Reduction in fuel consumption per passenger kilometre</p> <p>The Franchisee shall achieve the reductions in diesel/electricity use per passenger kilometre (from a benchmark set on or before the Franchise Commencement Date) which are set out in the table below:</p> <table border="1"> <thead> <tr> <th>DATE</th><th>REDUCTION TO BE ACHIEVED (%)</th></tr> </thead> <tbody> <tr> <td>30th April 2018</td><td>1</td></tr> <tr> <td>30th April 2021</td><td>3</td></tr> <tr> <td>31st March 2025</td><td>5</td></tr> </tbody> </table> <p>The benchmark shall be calculated by dividing the total consumed electricity and diesel (Kw/H) for traction by passenger kilometres travelled (taking into account the impact of regenerative braking).</p> <p>All numbers will be on an annual basis, and included in the Franchisee's published annual accounts from which they will be drawn for these purposes. Diesel usage will be converted to Kw/H at a rate of 11.1 Kw/H per litre of</p>	DATE	REDUCTION TO BE ACHIEVED (%)	30 th April 2018	1	30 th April 2021	3	31 st March 2025	5
DATE	REDUCTION TO BE ACHIEVED (%)								
30 th April 2018	1								
30 th April 2021	3								
31 st March 2025	5								

	diesel.								
23.7	<p>Reduce non-traction energy use</p> <p>The Franchisee shall achieve the reductions in non-traction energy use (from a benchmark set on or before the Franchise Commencement Date) which are set out in the table below.</p> <table border="1"> <thead> <tr> <th>DATE</th><th>REDUCTION TO BE ACHIEVED (%)</th></tr> </thead> <tbody> <tr> <td>30th April 2018</td><td>4</td></tr> <tr> <td>30th April 2021</td><td>7</td></tr> <tr> <td>31st March 2025</td><td>10</td></tr> </tbody> </table> <p>For the purpose of this Committed Obligation, when comparing actual non-traction energy use to the benchmark:</p> <ol style="list-style-type: none"> 1) the energy usage of any New Stations, and 2) the additional energy requirements associated with any Qualifying Change, <p>shall be excluded from the usage which is compared to the benchmark. The benchmark usage shall be calculated by reducing the total energy consumption of the Franchisee (Kw/H) by the amount used for traction, and deducting from that figure the energy consumption of the Franchisee which is subject to re-charge by the Franchisee to third parties. All numbers will be on an annual basis, and included in the Franchisee's published annual accounts from which they will be drawn for these purposes.</p>	DATE	REDUCTION TO BE ACHIEVED (%)	30 th April 2018	4	30 th April 2021	7	31 st March 2025	10
DATE	REDUCTION TO BE ACHIEVED (%)								
30 th April 2018	4								
30 th April 2021	7								
31 st March 2025	10								
23.8	<p>Better waste management</p> <p>On or before the end of the seventh Franchisee Year, the Franchisee shall reduce the proportion of waste sent to landfill by 25% from a benchmark set on or before the Franchise Commencement Date.</p>								
23.9	<p>Environmental awareness training</p> <p>All new Franchise Employees will receive an environment and sustainability induction within 3 months of joining. On or before 31st December 2017, the Franchisee shall ensure that all Franchise Employees, including directors, have received such environmental awareness training.</p> <p>Green champions in each Business Unit will train towards National Vocational Qualification (NVQ) Environmental Principles and Practice.</p>								
23.10	<p>Sustainable procurement policy</p> <p>The Franchisee shall:</p> <ol style="list-style-type: none"> (a) on or before 31st July 2016, attain assurance to level 3 of the framework for sustainable procurement in accordance with the BS8903 standard or equivalent standard; and (b) on or before 31st January 2018, attain assurance to level 4 of the framework for sustainable procurement in accordance with the BS8903 standard or equivalent standard. 								
24.1	IIP Gold								

	The Franchisee shall use reasonable endeavours to ensure that the Investors In People Gold accreditation is obtained by no later than 31 st March 2017 and thereafter is maintained throughout the Franchise Term.
24.2	<p>Apprenticeships</p> <p>The Franchisee shall recruit at least 10 apprentices each Franchisee Year during the Franchise Term. The apprenticeships will be as follows:</p> <ul style="list-style-type: none"> • 4 in engineering lasting not less than 48 months • 2 in customer services lasting not less than 18 months, • 2 in tourism lasting not less than 18 months and • 2 in hospitality lasting not less than 18 months <p>All apprentices will also be offered the opportunity to complete the Duke of Edinburgh Scheme Gold Award.</p> <p>All apprentices shall be Franchise Employees.</p>
24.3	<p>E-learning facilities</p> <p>On or before the 31st March 2016, the Franchisee shall create e-learning facilities at 11 locations on the ScotRail network. The facilities will offer mobile tablet devices and other equipment and will be used for Franchise Employees training.</p>
24.4	<p>Equality as a core competency</p> <p>On or before the 31st October 2015, the Franchisee shall make equality, inclusion and diversity a core part of the regular appraisal process for all Franchise Employees.</p>
24.5	<p>Soft Skills training for all managers and supervisors</p> <p>On or before the 31st March 2016, the Franchisee shall introduce a soft skills training programme for all managers and supervisors. The Franchisee shall also procure that all managers and supervisors have had an opportunity to attend the soft skills training programme.</p>
24.6	<p>Learning and Development prospectus</p> <p>The Franchisee shall ensure a learning and development prospectus is provided to every Franchise Employee within the first Franchisee Year.</p>
24.7	<p>Inspire training programme</p> <p>On or before the end of the second Franchisee Year, the Franchisee shall deliver 420 interactive development workshops to all Franchise Employees. Such training shall be delivered by an external training partner and shall include bespoke training sessions for directors, line-managers and front-line Franchise Employees.</p> <p>Every two Franchisee Years following the first round of training detailed above, the Franchisee shall deliver refresher workshops for at least all managers and</p>

	<p>team leaders.</p> <p>On or before the 31st December 2017, the Franchisee shall use all reasonable endeavours to ensure the Inspire programme is accredited to SCFQ level 2 standard. Each Franchise Employee participating in such training once the programme is accredited will receive an SVQ in Customer Services.</p>																																
24.8	<p>SQA accredited centre</p> <p>On or before 31st December 2015, the Franchisee shall use all reasonable endeavours to ensure it is accredited as a Scottish Qualifications Authority centre.</p>																																
24.9	<p>British Cleaning Standard certificate</p> <p>From the 30th June 2016, the Franchisee shall offer all cleaning staff the opportunity to achieve the British Cleaning Standard certificate.</p>																																
24.10	<p>Graduate placements</p> <p>From the 1st September 2016, the Franchisee shall offer at least two six month placements annually to graduates on the Network Rail Track and Train Graduate Trainee Scheme.</p>																																
24.11	<p>Annual training spend</p> <p>The Franchisee shall allocate and spend at least [---REDACTED---] in each Franchisee Year on the training activities (excluding the cost of the learning and development team and training academy) set out above and such other training activities as are appropriate.</p>																																
24.12	<p>Scottish Vocational Qualifications</p> <p>From 1st August 2015, the Franchisee shall offer the percentage of Franchise Employees shown in the table below, Scottish Vocational Qualifications in the relevant areas:-</p> <table><tr><th>SVQ SUBJECT</th><th>TARGETED FRANCHISE EMPLOYEES</th><th>%/NUMBER OF EMPLOYEES FIRST FRANCHISEE YEAR</th><th>% / NUMBER OF EMPLOYEES EACH SUBSEQUENT FRANCHISEE YEARS</th></tr><tr><td>Hospitality (Level 4)</td><td>On-train catering, 'To-Go' Kiosks, Tickets Plus retail outlets</td><td>5%/25</td><td>6.67%/33</td></tr><tr><td>Travel and tourism (HNC level 4)</td><td>Scenic trains employees</td><td>5%/8</td><td>6.67% /11</td></tr><tr><td>Rail Services (driving)</td><td>Train drivers</td><td>4% /46</td><td>4.8%/55</td></tr><tr><td>Business, admin, IT & accounting</td><td>HQ and support employees</td><td>5%/15</td><td>6.67%/20</td></tr><tr><td>Literacy and numeracy units</td><td>Customer-facing employees</td><td>2.5%/51</td><td>3.33%/68</td></tr><tr><td>Improving wellbeing (Level 3)</td><td>All employees</td><td>1%/47</td><td>1.33%/62</td></tr><tr><td>Totals</td><td></td><td>22.5%/192</td><td>29.47%/249</td></tr></table>	SVQ SUBJECT	TARGETED FRANCHISE EMPLOYEES	%/NUMBER OF EMPLOYEES FIRST FRANCHISEE YEAR	% / NUMBER OF EMPLOYEES EACH SUBSEQUENT FRANCHISEE YEARS	Hospitality (Level 4)	On-train catering, 'To-Go' Kiosks, Tickets Plus retail outlets	5%/25	6.67%/33	Travel and tourism (HNC level 4)	Scenic trains employees	5%/8	6.67% /11	Rail Services (driving)	Train drivers	4% /46	4.8%/55	Business, admin, IT & accounting	HQ and support employees	5%/15	6.67%/20	Literacy and numeracy units	Customer-facing employees	2.5%/51	3.33%/68	Improving wellbeing (Level 3)	All employees	1%/47	1.33%/62	Totals		22.5%/192	29.47%/249
SVQ SUBJECT	TARGETED FRANCHISE EMPLOYEES	%/NUMBER OF EMPLOYEES FIRST FRANCHISEE YEAR	% / NUMBER OF EMPLOYEES EACH SUBSEQUENT FRANCHISEE YEARS																														
Hospitality (Level 4)	On-train catering, 'To-Go' Kiosks, Tickets Plus retail outlets	5%/25	6.67%/33																														
Travel and tourism (HNC level 4)	Scenic trains employees	5%/8	6.67% /11																														
Rail Services (driving)	Train drivers	4% /46	4.8%/55																														
Business, admin, IT & accounting	HQ and support employees	5%/15	6.67%/20																														
Literacy and numeracy units	Customer-facing employees	2.5%/51	3.33%/68																														
Improving wellbeing (Level 3)	All employees	1%/47	1.33%/62																														
Totals		22.5%/192	29.47%/249																														

24.13	<p>Scottish Business in the Community Scheme</p> <p>From the Franchise Commencement Date, the Franchisee shall be a member of the Scottish Business in the Community Scheme and allow every Franchise Employee to be released for one day per annum to take part in a community project organised pursuant to the Scottish Business in the Community Scheme.</p> <p>The Franchisee shall nominate itself for the BiTC Big Tick Award during 2017.</p> <p>The Franchisee shall also nominate itself for Volunteering Company of the Year Award during 2019.</p> <p>From the Franchise Commencement Date, the Franchisee shall place two of its customer apprentices with Scottish Business in the Community during each Franchisee Year for a period of 3 months.</p>
24.14	<p>Schools Programme</p> <p>From 1st March 2016, the Franchisee shall introduce a schools programme. The programme will comprise at least two Franchise Employees visiting 4 Scottish schools each month during the school term to promote the employment opportunities within the Franchisee.</p>
24.15	<p>Certificate of Work Readiness</p> <p>From 1st August 2015, the Franchisee shall offer at least 5 school leavers each year the opportunity to complete a certificate of work readiness while completing a 5 to 6 week work placement.</p>
24.16	<p>Training facilities available to charities</p> <p>From 1st October 2015 and throughout the remainder of the Franchise Term, the Franchisee shall, so far as is reasonably practicable, make its training facilities available to local charities free of charge on request.</p> <p>At least once every three Reporting Periods the Franchisee shall Publish, promote and hold a train simulator open day from which all proceeds will be paid to a local charity.</p>
24.17	<p>Training for Scottish Veterans</p> <p>From the 1st June 2016, the Franchisee shall offer free courses in CV writing and interview skills to at least 100 Scottish veterans who are registered with the Scottish Association for Mental Health or Poppy Scotland.</p>
24.18	<p>Training for Scottish prisoners</p> <p>From 1st June 2016, the Franchisee shall:</p> <ul style="list-style-type: none"> a) Make at least two visits per year to Scottish prisons to provide recruitment and selection workshops; and b) Make available at least 5 work placements for newly released ex-offenders.

24.19	<p>Reduced Fares for job-seekers</p> <p>On the Franchise Commencement Date, the Franchisee shall launch a scheme which will allow unemployed job seekers who are not in full-time education the opportunity to receive:</p> <ul style="list-style-type: none"> a) a maximum of 2 free Return Fares each month for the sole purpose of enabling travel to and from job interviews; and b) a maximum of one free monthly Season Ticket if they are successful in securing a job, <p>subject to the job seeker meeting such reasonable eligibility criteria as are specified by the Franchisee for such tickets and are necessary to avoid fraudulent use.</p>
24.20	<p>Intern programme</p> <p>From 1st September 2015, the Franchisee shall offer at least 2 six-month placements per Franchisee Year to graduate interns.</p>
24.21	<p>Alternative Language Training</p> <p>Throughout the Franchise Term, the Franchisee shall offer all Franchise Employees languages training such as French, German and Spanish free of charge. The Franchisee shall ensure that Franchise Employees who speak an alternative language are visible by having the flag of the country's language displayed on their name badge. The Franchise shall also offer all Franchise Employees the opportunity to learn sign language to assist deaf customers free of charge.</p>
25.1	<p>Public Contracts Scotland (PCS)</p> <p>From the Franchise Commencement Date, the Franchisee shall ensure that all eligible Franchisee contracts are advertised on the PCS website.</p>
25.2	<p>Community benefit clauses</p> <p>From the Franchise Commencement Date, the Franchisee shall use all reasonable endeavours to ensure that eligible contracts with large suppliers contain provision requiring them to contract with SMEs.</p>
25.3	<p>Incubator space at Stations</p> <p>From the end of the first Franchisee Year, subject only to obtaining the consent of Network Rail and any other relevant property owner, the Franchisee shall make available suitable vacant space at a peppercorn rent in at least 5 Stations for use by small, start-up businesses in any areas where a lack of accommodation for new business is restricting business growth or where there is a particular economic requirement. The Franchisee shall spend [-----REDACTED-----] to fund or part fund the refurbishment of such premises.</p>
25.4	<p>SME engagement</p>

	<p>The Franchisee will review and improve its procurement processes in line with Scottish Government guidance to encourage SMEs and local SMEs to bid for its supply chain requirements, in particular in relation to the elements of its supply chain which are particularly suited to local SMEs such as the catering supplies for the scenic trains.</p> <p>The Franchisee will advertise all appropriate contracts on the PCS portal.</p> <p>The Franchisee will establish its own SME forum, to allow discussion in relation to the barriers to, and opportunities arising from, SME involvement in the supply chain and how the Franchisee can assist SMEs. There will at least two forum events in each Franchisee Year in each of four regional centres.</p> <p>The Franchisee will work with the Scottish Council for Development and Industry, the Federation of Small Businesses and Chambers of Commerce to use two of these events as wider 'meet the buyer' roadshows. In addition the Franchisee will participate in the annual local PCS supplier events and the National Procurement Conference.</p> <p>These SME engagement methods set out above will be formalised in the Franchisee's Sustainable Procurement Strategy. The Franchisee will impose an obligation on its main contractors to adopt similar SME engagement methods when they procure sub-contract packages, and the Franchisee will impose community benefit provisions on its main contractors where this is appropriate and offers value for money.</p>
25.5	<p>Head of economic development</p> <p>On or before the Franchise Commencement Date, the Franchisee shall create and fill a new post of head of economic development.</p>
25.6	<p>Borders Rail sustainable development enterprise</p> <p>No later than 30th September 2015, the Franchisee shall establish a sustainable development enterprise for the Borders Railway Project. The enterprise will promote Stations and Passenger Services to local residents and influence development around the railway by local developers. The Franchisee shall carry out a review of the Borders Rail sustainable development enterprise with review dates of 31st December 2017 and 31st December 2019 and results of the reviews being shared with the Authority within 4 Reporting Periods of such review date.</p>
26.1	<p>Community liaison executives</p> <p>On or before the 30th June 2015, the Franchisee shall create and fill four part time or two full time equivalent community liaison executive posts to be responsible for the development of Community Rail projects in Scotland.</p>
26.2	<p>Station Biodiversity fund</p> <p>From the Franchise Commencement Date, the Franchisee shall allocate [---REDACTED---] per Franchisee Year to be spent on biodiversity research or planting projects at Stations which are in close proximity to natural heritage and nature reserves across a wide geographical area.</p>
26.3	<p>Community ambassadors scheme</p> <p>From the Franchise Commencement Date, the Franchisee shall allocate at</p>

	least [---REDACTED---] each Franchisee Year to be spent on supporting a community ambassador scheme.
26.4	<p>The Deal Campaign</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall launch, Publish and promote the ScotRail Deal Campaign to recruit Community Rail Volunteers.</p> <p>During mobilisation, the Franchisee shall develop a campaign to promote the ScotRail Deal to encourage volunteering along the key Community Rail Partnership lines, and other lines identified as potentially benefitting from Station adoption. This will be accompanied by specific pages on the Website and Project Scotland's website. Specific roles which the Franchisee will advertise are: Station Adopters, Community Rail Partnership members, and Community Ambassadors.</p> <p>The campaign will be launched 6 months after the Franchise Commencement Date. The community rail managers will hold volunteering recruitment sessions in either village halls, local Stations (if suitable), or hired space at leisure centres or local hotels. Other stakeholders (eg ACoRP, Community Councils, RTPs) will be invited to attend to encourage a joint approach from the outset.</p>
26.5	<p>Travelling Classrooms</p> <p>During the first Franchisee Year, the Franchisee shall pilot the 'travelling classroom' initiative in Markinch and Stranraer. This initiative will provide opportunities to schools in those areas to travel on trains and learn about the history of the line, local natural environment and local industries.</p>
27.1	<p>Tourism ambassadors</p> <p>On or before 1st December 2017, the Franchisee shall ensure that a Tourism Ambassador is present on each Scenic Train. The Franchisee shall procure that the Tourism Ambassador attends Visit Scotland's Tourism for All training course</p> <p>For the purposes of this Committed Obligation and Committed Obligation reference 27.2 below, a Scenic Train is any service running on West Highland Line, Kyle Line, Far North Line, Glasgow-Ayr-Stranraer Line, Glasgow-Kilmarnock-Carlisle Line and Borders Railway Line.</p> <p>In the peak tourist season multi lingual students on placements will work with the Franchise Employees on the Scenic Train.</p>
27.2	<p>Scenic Train package</p> <p>On or before the 1st December 2018, the Franchisee shall launch a pre-bookable Scenic Train Package which shall cost a maximum of £20 per person. Such package shall include, but is not limited to, the following:-</p> <ol style="list-style-type: none"> 1. Entitlement to a reserved seat in a separate premium carriage (or part of carriage depending on demand);

	<ol style="list-style-type: none"> 2. Service from a Tourism Ambassador as described in Committed Obligation reference 27.1; 3. Printed information and maps onboard which detail walking and cycling routes in addition to a range of Visit Scotland information on local attractions and places to stay/eat. 4. Expansion of the Outgoing Franchisee's existing 'View from the Train' information to give as interactive an experience as possible; 5. Each train will be 'dressed' with tablecloths and information on the Scenic Train Route. 6. Option to adapt service to groups' requirements with themed events such as Harry Potter on the Kyle Line with locally brewed "butter beer"; 7. Onboard catering which shall focus on local suppliers and feature the best brands and primary produce from the best producers; 8. Scenic breakfast, lunch or dinner hamper (consisting of high quality boxed food) together with a guide for the customer's journey which is pre-bookable. This Scenic Train catering package shall be available on Scenic Trains which use the West Highland Line, Kyle Line and Glasgow-Kilmarnock-Carlisle Lines; and 9. Additional catering options with hot meals (for Scenic charter Trains only). <p>In addition to the Scenic Train Package, the Franchisee shall also organise special scenic railway events which focus on a particular aspect of the journey, with keynote speakers to give more information. The Franchisee will work with the University of the Third Age (U3A) to assist with the programme of events and to target its membership base (eg history of the route, local flora and fauna and introduction to the Western Isles). The Franchisee will also promote active travel (eg a cycling routes event working with Stirling cycling hub). The Franchisee shall implement its proposals with ScotchBrothEvents for whisky and food-tasting events which are tailored by line. These proposals include (one) the Whisky Trail on the West Highland Line and (two) Game and Cheese on the Carlisle via Kilmarnock line. The Franchisee shall work with local suppliers (eg Braehead Foods for game and Ayrshire cheeses) during its implementation of such proposals.</p>
27.3	<p>Vegetation clearance on Scenic Routes</p> <p>From the Franchise Commencement Date the Franchisee shall carry out a full vegetation and woodland survey along the West Highland Line and Kyle Line.</p> <p>The Franchisee shall allocate at least [---REDACTED---] per Franchisee Year on procuring and, thereafter, maintaining vegetation clearance on West Highland Line and Kyle Line (and shall work in partnership, throughout the Franchise Term, with Friends of the West Highland and Kyle Lines, Network Rail and other partners including landowners (for example the Loch Lomond and Trossachs National Park) in developing a strategic approach to such vegetation clearance).</p> <p>The Franchisee shall work in partnership with Network Rail, Loch Lomond and Trossachs National Park (including their relevant friends) and Community Rail Partnerships to create a priorities and project plan, on or before the Franchise Commencement Date, for clearing (and maintaining) the sections of the lines considered by all partners to be most impactful. The Franchisee shall allocate an additional [---REDACTED---] per Franchisee Year to be spent on</p>

	commissioning a vegetation survey to identify such sections of lines.
28.1	<p>Introduction of Revenue Management System</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall introduce an automated computer system to interrogate and manipulate Advance Ticket Fares based on demand for a particular Fare over the last 12 months.</p> <p>For the purposes of this Committed Obligation and Committed Obligation reference 28.2 below an Advance Ticket Fare is a single Fare purchased in advance of travel and which is subject to a quota.</p>
28.2	<p>New headline Advance Ticket Purchase Fares</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall introduce a new headline single fare of £5 (standard class) and £10 (first class) between any two stations in Scotland, where the prevailing standard class single Fare exceeds £5. The Fare will be of limited availability, with availability determined by demand for particular Passenger Services.</p>
28.3	<p>New Super Off-Peak day return</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall introduce a new Super Off-Peak day return product on all flows which currently have an existing Off-Peak Day Return to or from Glasgow, Edinburgh or Aberdeen. The Super Off-Peak day return will only be available on Smartcard. The initial price of the Super Off-Peak return will be around 20% lower than the current Off-Peak return ticket as at the Franchise Commencement Date.</p>
28.4	<p>Off-peak Flex Carnet</p> <p>On or before the 30th September 2016, the Franchisee shall introduce an Off Peak Flex Carnet product which will enable customers to purchase an Off-Peak Ticket Fare at a discounted rate which entitles the purchaser to make multiple Off-Peak day return journeys during the period for which, and between the stations for which, such Fare is valid.</p> <p>To make better use of capacity in the shoulder peak, the Franchisee will also introduce an Off-Peak version of the Flex Carnet, allowing customers to choose between Anytime and Off-Peak Fares based on their time of travel. Unlike Flexipass, this will encourage frequent travellers using the Flex Carnet product to travel on Off-Peak services where possible, and will encourage greater take-up of the Flex Carnet product. Off-Peak day return restrictions will be relaxed compared to the standard restrictions for individual tickets where capacity is available, e.g. Flex Carnet users will be able to use an Off-Peak ticket for early morning travel, where they start their journey ('touching in' with their Smart card) before 06:30. This will help to spread demand away from the busy core morning peak period and will also further encourage migration to this Smart product from individual day tickets.</p>
28.5	<p>Great Scenic Railways of Scotland</p> <p>From the Franchise Commencement Date, the Franchisee shall establish a</p>

	Great Scenic Railways of Scotland Marketing Campaign and spend at least [---REDACTED---] of the annual marketing budget referred to in Committed Obligation reference 20.1 above on that campaign in each Franchisee Year (excluding costs and expenditure associated with the development and maintenance of the microsite).
28.6	<p>City Days Out Marketing Campaign</p> <p>From the Franchise Commencement Date, the Franchisee shall establish a 'City Days Out from...' Marketing Campaign for each of the seven cities (Aberdeen, Dundee, Edinburgh, Glasgow, Inverness, Perth and Stirling). At least [---REDACTED---] of the annual marketing budget referred to in Committed Obligation reference 20.1 above will be made available and spent this initiative.</p>
28.7	<p>e-CRM and Email Marketing</p> <p>The Franchisee shall implement of a Customer Relationship Management platform "Right Now" or equivalent in partnership with TrainLine by no later than 31st March 2015.</p>
28.8	<p>Tourism Manager</p> <p>On or before the Franchise Commencement Date, the Franchisee shall appoint a Tourism Manager who will be the main point of contact between Visit Scotland and the Scottish Tourism industry.</p>
28.9	<p>Membership of Marketing Institutions</p> <p>The Franchisee shall procure that its senior marketing team will either be or become members of the Chartered Institute of Marketing (CIM) or Institute of Direct and Digital Marketing (IDM) and will complete their continuing professional development each Franchisee Year. This will be written into their personal objectives.</p> <p>The Franchisee shall also procure that its Head of Marketing Service becomes a member of the Market Research Society.</p>
28.10	<p>ScotRail Club 50 Smartcard</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall launch, promote and publicise a ScotRail Club 50 Smartcard. The Club 55 product will be retained until replaced by the Club 50 Smartcard. The Club 50 Smartcard will exceed the discounts offered on the Club 55 product by offering deeper discounts on longer distance routes in the low season.</p> <p>The Franchisee shall invest at least [---REDACTED---] in the first Franchisee Year for this product. The Project Manager will withdraw the existing Club55 return seasonal product by not releasing it in the fares database for the May-15 upload. Franchise Employees will be briefed three times on this change, two months, two weeks and two days prior to withdrawal.</p> <p>In association with Saga or an alternative organisation, the ScotRail Club50</p>

	<p>will offer year-round member benefits. The club will engage this growing segment and be designed specifically to increase Off-Peak journeys where capacity is available, by offering members who have purchased a railcard a 10% discount on Off-Peak, Super Off-Peak and Advance Ticket fares, or a 20% discount for online sales. Annual membership will cost £15, with railcard reductions available through strategic partnerships with organisations such as the National Trust for Scotland, Historic Scotland and the Ramblers Association. Payment by direct debit will reduce annual membership to £10. The Franchisee will apply promotions and other marketing activity effectively, to stimulate use of available capacity throughout the year, using Club50 data and Saga's data and expertise.</p>
28.11	<p>ScotRail air-addon Fares</p> <p>Subject to the agreement of Logan Air, on or before the end of the first Franchisee Year, the Franchisee shall launch a one year pilot offering a fixed price product single journey anywhere across the ScotRail network of £20 to Logan Air passengers offering one day's travel on Passenger Services on the day for which their Logan Air flight ticket is valid for travel.</p> <p>If the Authority and the Franchisee agree (acting reasonably) that the Logan Air scheme is successful following a one-year pilot period, the Franchisee shall continue to offer the product to Logan Air passengers and shall use all reasonable endeavours to offer a scheme similar to the Logan Air scheme to all passengers of air operators who operate services into Scotland's airports.</p>
28.12	<p>Existing Railcard Users</p> <p>The Franchisee shall retain the Highland Rail Card, and shall procure that holders will migrate to Smartcards by no later than the first anniversary of the Franchise Commencement Date. The Senior, Family & Friends, 16-25, the National Entitlement Card scheme, Scottish Youth and Disabled Persons railcard shall also be retained by the Franchisee for the duration of the Franchise Period.</p> <p>Such existing railcards will all feature in our advertising, especially online and at stations. The Franchisee will support ATOC promotional campaigns and offer space at stations for relevant posters.</p>
28.13	<p>18+students</p> <p>National Entitlement Card holders will no longer require a separate Scottish Youth Railcard and will be able to enjoy discounts by showing their National Entitlement Card as they do on buses.</p>
28.14	<p>Under-25s Advance Purchase Discount Product</p> <p>On or before the 30th September 2015, the Franchisee shall launch an Under-25s Advance Purchase Discount Product. The product will offer a minimum discount of 10% to individuals under the age of 25 when buying Advance Ticket products online and fulfilled by Smartmedia. Higher discounts will apply to specific campaigns to fill available longer distance capacity and periods</p>

	when demand is usually low.															
29.1	<p>ITSO Certified Smartmedia backoffice</p> <p>On or before the 31st October 2015, the Franchisee shall upgrade its back-office information system by introducing a new ITSO version 2.1.4 HOPS.</p>															
29.2	<p>Smartcard programme team</p> <p>By no later than the Franchise Commencement Date, the Franchisee shall appoint a Smartcard programme manager who will be responsible for the implementation of the Franchisee's Smartcard roll-out programme and shall establish a dedicated Smartcard programme team consisting of project director integration, Smartcard programme manager and a business analyst. This team will be supported by 8 workstream leaders from across the Franchisee's organisation. The post and the team will be retained by the Franchisee for at least the first two Franchisee Years.</p>															
29.3	<p>Web-TIS development</p> <p>The Franchisee shall continue to develop the new ScotRail web ticketing solution introduced in accordance with Committed Obligation reference 22.3 above in accordance with the implementation strategy set out in the table below:-</p> <table><tr><th colspan="5">ITSO INFRASTRUCTURE IMPLEMENTATION STRATEGY (2015-2019)</th></tr><tr><th>Stage</th><th>Phase</th><th>Timing</th><th>Scope</th><th>Smart product development</th></tr><tr><td>1</td><td>Mobilisation and transition</td><td>Jan – Oct 2015</td><td><ul style="list-style-type: none">• seamless handover of ScotRail's pilot infrastructure from Outgoing Franchisee• engagement of the SIT team• establish dedicated Smart programme team• fix pilot issues to remove customer barriers to uptake• Smart enablement of the</td><td><ul style="list-style-type: none">• traditional seasons• testing anytime and off peak tickets on Smart</td></tr></table>	ITSO INFRASTRUCTURE IMPLEMENTATION STRATEGY (2015-2019)					Stage	Phase	Timing	Scope	Smart product development	1	Mobilisation and transition	Jan – Oct 2015	<ul style="list-style-type: none">• seamless handover of ScotRail's pilot infrastructure from Outgoing Franchisee• engagement of the SIT team• establish dedicated Smart programme team• fix pilot issues to remove customer barriers to uptake• Smart enablement of the	<ul style="list-style-type: none">• traditional seasons• testing anytime and off peak tickets on Smart
ITSO INFRASTRUCTURE IMPLEMENTATION STRATEGY (2015-2019)																
Stage	Phase	Timing	Scope	Smart product development												
1	Mobilisation and transition	Jan – Oct 2015	<ul style="list-style-type: none">• seamless handover of ScotRail's pilot infrastructure from Outgoing Franchisee• engagement of the SIT team• establish dedicated Smart programme team• fix pilot issues to remove customer barriers to uptake• Smart enablement of the	<ul style="list-style-type: none">• traditional seasons• testing anytime and off peak tickets on Smart												

				Franchisee's WebTIS and HOPS integration <ul style="list-style-type: none"> • Smart seasons enablement for all routes • seasons pilot continuation until migration to new HOPS 	
	2	Enabling	Nov 2015 – Jan 2017	<ul style="list-style-type: none"> • develop infrastructure to move out of pilot mode: ensure station fit for purpose, deliver improved customer experience and wider rollout of existing products • core initiatives: new HOPS, systems integration, revenue management system, WebTIS/Customer Relationship Management (CRM) development, TVM development, card replacement bureaux, Smart Centre of Excellence, new validation equipment and gates 	<ul style="list-style-type: none"> • new Smart seasons • existing anytime and off peak tickets • advance • Flex Carnet • super off peak
	3	Enhancing	2017 – 2019	<ul style="list-style-type: none"> • enhance infrastructure to introduce new Smart products and wider range of customer 	<ul style="list-style-type: none"> • all existing ticket types • contract seasons • multi-modal (PLUSBUS,

				touch points • core initiatives: Remote Ticket Download (RTD) (@home, @work, @kiosk), NFC as a Smartmedia (ITSO@overthe air), installation of cashless ITSO kiosks • phased introduction of account-based ticketing	Zonecard, One Ticket) • account-based products
	4	Business as usual	2020	• stable system in place with full product set and wide range of options to download Smart products	• new Smart-only products
	The Franchisee shall also ensure the system allows users to purchase the Initial ITSO Fares for fulfilment on ITSO Certified Smartmedia by 1 st April 2017 and all other Fares for fulfilment on ITSO Certified Smartmedia by 1 st April 2019.				
29.4	New handheld ticket machines for on-train On or before the end of the first Franchisee Year, the Franchisee shall fully replace the ticket validation machines currently used on Outgoing Franchisee's railway passenger services with new machines capable of validating and retailing ITSO tickets and retailing conventional magnetic stripe tickets. The new machines will be ITSO 2.1.4 compliant.				
29.5	Smartcard replacement facilities On or before the 31 st October 2015, the Franchisee shall promote, publicise and make available during ticket office open hours, facilities to replace passengers' paper tickets with Smartcards at Aberdeen, Dundee, Inverness, Perth, Stirling, Ayr, Paisley Gilmour Street and Motherwell Stations, in addition to the facilities already available at stations in Edinburgh and Glasgow.				
29.6	Smart testing and training centre On or before the 31 st October 2015, the Franchisee shall commission a Smart testing and training 'Centre of Excellence' utilising existing Primary Franchise Assets for Smart testing and training currently located at the Outgoing Franchisee's headquarters in Atrium Court. This facility will be used to train Franchise Employees in the use of the new Smartmedia equipment which will				

	be installed across the ScotRail network.
29.7	<p>Additional Smart validators at stations</p> <p>Subject only to the consent of Network Rail and other relevant property owners, on or before the second anniversary of the Franchise Commencement Date, the Franchisee shall install and commission at least an additional 50 Smartmedia ticket validators at Stations.</p>
29.8	<p>ITSO at Home Service</p> <p>On or before 31st May 2017, the Franchisee shall launch a pilot of the ITSO at Home Service. The pilot will be available to 50 holders of the ScotRail 'Club 50' Smartcard and other Smartcard product holders.</p> <p>The pilot will run for three months with holders being equipped with RTD home readers free of charge. At the end of the pilot, feedback will be captured by questionnaires and user panels. Technical data will be captured by Ecebs or an alternative organisation. Pilot results will be provided to the Authority and reviewed by 31st August 2017. If the pilot has been successful, a future operating model will be developed for approval by the Franchisee's board by 31st January 2018.</p> <p>Subject to the success of the pilot programme, the Franchisee shall make the ITSO at Home Service available to other ScotRail passengers.</p>
29.9	<p>Near Field Communication (NFC) phone pilot schemes</p> <p><u>Preparation for pilot:</u> From 1st June 2016 the Franchisee will begin preparations for the NFC pilot. The required software will be developed and integrated with the Franchisee's Nevis HOPS.</p> <p><u>Employee Pilot:</u> On or before 31st December 2016, the Franchisee shall launch a 3 month NFC phone pilot to Franchise Employees.</p> <p><u>Customer Pilot:</u> On or before 31st January 2016, the Franchisee shall launch a 6 month NFC phone pilot. The scheme will allow 50 customers to download a ticket to a Smartcard from an NFC enabled mobile device issued by the Franchisee free of charge. The pilot will be limited to point to point journeys.</p> <p>Subject to the success of the pilot programme as demonstrated by the results of the pilot presented to the Franchisee's board and made available to the Authority, the Franchisee shall make the NFC service available to all ScotRail Franchise passengers by no later than the end of 2017.</p>
29.10	<p>ITSO at Work Service</p> <p>On or before the 31st May 2018, the Franchisee shall launch an ITSO at Work Service 6 month pilot scheme with major employers. The Franchisee shall work with major employers in Edinburgh and Glasgow area (e.g. University of</p>

	<p>Edinburgh, Tesco Bank, RBS and Lloyds) to install simple pick up points at more convenient locations to enable employees to arrive at the station with their ticket already loaded.</p> <p>Subject to the success of the pilot programme as identified by a full review of the pilot (which will be completed by 31st January 2019 and shared with the Authority), the Franchisee shall make the ITSO at Work Service available to other employers.</p>
29.11	<p>New ScotRail Franchise Smartcard</p> <p>By no later than 1 month after the Franchise Commencement Date, the Franchisee shall launch a new ITSO Certified Smartcard which is compliant with paragraph 6.5 of Schedule 2.5 (<i>Transport, Travel and Other Schemes</i>) of this Agreement.</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall offer the capability for the National Entitlement Card and SPT subway products to be loaded onto the ScotRail Franchise Smartcard.</p>
29.12	<p>Uptake of Smartmedia Ticketing</p> <p>The Franchisee shall use all reasonable endeavours to ensure that:</p> <ul style="list-style-type: none"> (a) On or before 1st April 2019 at least 60 per cent. of Passenger Journeys are made using ITSO Certified Smartmedia; and (b) On or before 1st April 2021 at least 65 per cent. of Passenger Journeys are made using ITSO Certified Smartmedia; and
29.13	<p>Contract Season Tickets</p> <p>On or before 31st December 2015, the Franchisee shall launch a new 'Contract Season' Ticket product, which will have the capability for opt-out periods (e.g. customer annual leave) from April 2016.</p>
29.14	<p>Flex Carnet</p> <p>On or before 30th September 2016, the Franchisee shall introduce a Peak Flex Carnet product which will enable customers to purchase a Fare at a discounted rate which entitles the purchaser to make multiple day return journeys during the period for which, and between the Stations for which, such Fare is valid.</p> <p>The Flex Carnet product will address customer demand for a more flexible product that balances commitment of frequent travel but over greater periods. This product will allow customers travelling between two points to choose how many return journeys they need (10-240) and the period over which they will use them (1 week – 12 months).</p> <p>Varying discounts will be applied according to duration and volume, with the</p>

	<p>price per journey being based on 10% of the weekly season fare for very frequent travel, increasing to half of the Anytime day return Fare for infrequent travel. The Smartcard Flex Carnet product will be available for day tickets on all flows where seasons are currently available, and also (subject to agreement with other operators) on zonal day tickets. Customers will specify their Flex Carnet requirements using the Franchisee's WebTIS application.</p> <p>The primary retailing channel for Flex Carnets will be online with the option of pickup via RTD at multiple locations (including NFC) or gatelines. An online 'auto top-up' option will be provided, enabling a renewal carnet to be loaded immediately after the last journey and will be automatically charged to the Flex Carnet holder via a direct debit arrangement. The value and flexibility of carnets will be promoted through local advertising, customer relationship management and the Website. Regular customers using day tickets will also be targeted at stations.</p>
29.15	<p>PLUSBUS Scheme on ITSO Certified Smartmedia</p> <p>On or before the end of the second Franchisee Year, the Franchisee shall enable passengers to pay for bus travel on the PLUSBUS Scheme using ITSO Certified Smartmedia.</p> <p>Within six Reporting Periods of Lothian Buses upgrading its systems to the required ITSO standard (v.2.1.4) and introducing an ABT option, the Franchisee shall deliver integrated ticketing options with Lothian Buses</p> <p>Within six Reporting Periods of Edinburgh Trams Limited upgrading its systems to the required ITSO standard (v.2.1.4), the Franchisee shall use all reasonable endeavours to deliver integrated ticketing options with Edinburgh Tram.</p>
29.16	<p>National fulfilment service feasibility study</p> <p>On or before the 31st October 2018 the Franchisee shall complete a study into the feasibility of setting up a national fulfilment service. The Franchisee shall make the study available to the Authority and other key stakeholders by no later than 31 October 2018.</p> <p>The study will be an examination of the feasibility of introducing to Scotland a national fulfilment services based on Smartcards. The report will consist of the following key elements;</p> <ul style="list-style-type: none"> • situation analysis and description of the potential opportunity for a national fulfilment service in Scotland; • approach to the development, design and benefits of such a system; • a fully resourced and costed deployment plan focused on implementation timescales; • a risk based assessment of the key issues, constraints and problems envisaged with mitigations; and • a recommendation and next steps section.
29.17	<p>Account-based ticketing</p> <p>On or before the end of the third Franchisee Year, the Franchisee shall conduct a pilot of an account-based ticketing initiative. This pilot will allow</p>

	Franchise Employees to receive a Smartcard which they can use to access the ScotRail network and then pay post-travel. Subject to the success of the pilot, the Franchisee shall expand the scheme to all eligible Passengers.
29.18	<p>Extension of Glasgow Subway STR products onto ScotRail services</p> <p>On or before the end of the second Franchisee Year, the Franchisee shall launch an Off-Peak product allowing the extension of the Glasgow subway STR product.</p> <p>SPT has already launched a pay as you go (“PAYG”) product on the Glasgow subway. Following the initial process of ensuring that Bramble and ScotRail products can all be loaded onto either Smartcard, the Franchisee shall extend the subway STR product onto Passenger Services in the Glasgow area, i.e., introduce a rail PAYG product. Initially the PAYG product will be an Off-Peak product available within the current ‘Roundabout’ validity area, covering around 120 stations in the inner part of the SPT area. The product will be valid after 09:00 on Weekdays or any time at weekends. The PAYG product will have a simple zone structure (subject to the constraints of the regulated Off-Peak Fares), and will have a daily price cap equal to the price of the Roundabout ticket (currently £6.30).</p> <p>Following the launch of this product, the Franchisee will , within 13 Reporting Periods, introduce a Peak version of the PAYG product (valid at any time on Weekdays), with a higher capped fare based on a new Peak Roundabout product. Further development could include extensions of the area covered by PAYG, depending on the success of the initial product.</p>
30.1	<p>Project director for integration</p> <p>From the Franchise Commencement Date, the Franchisee shall appoint a project director for integration, to whom the current transport integration manager will report. The main role of this post will be to drive transport integration issues within the business and represent the ScotRail Franchise at the Transport Integration Group. The project director will be retained by the Franchisee for at least the first two Franchisee Years.</p>
30.2	<p>Transport integration fund</p> <p>The Franchisee shall make available a fund of</p> <ul style="list-style-type: none"> • [---REDACTED---] for the first two Franchisee Years; • [---REDACTED---] for the remaining Franchisee Years; <p>to be spent in connection with the Franchisee’s work with the Transport Integration Group.</p>
30.3	<p>Station Travel Plans</p> <p>On or before the end of the fourth Franchisee Year, the Franchisee shall work with Local Authorities to develop Station Travel Plans to deliver improved transport integration at 30 Stations.</p> <p>The Station Travel Plans shall be reviewed by the Franchisee and the relevant Local Authority on an annual basis for the remainder of the Franchise Term. The Franchisee shall use all reasonable to secure the active participation of</p>

	the relevant Local Authority.										
30.4	<p>Better wayfinding signage</p> <p>Subject only to the consent of Network Rail and other relevant property owners, on or before the end of October 2016, the Franchisee shall spend at least [---REDACTED---] in installing improved wayfinding signage at the following Stations.</p> <table border="1"> <tr> <td>Glasgow Queen Street</td><td>Haymarket</td></tr> <tr> <td>Paisley Gilmour Street</td><td>Aberdeen</td></tr> <tr> <td>Stirling</td><td>Dundee</td></tr> <tr> <td>Perth</td><td>Inverness</td></tr> <tr> <td>Partick</td><td>Motherwell</td></tr> </table>	Glasgow Queen Street	Haymarket	Paisley Gilmour Street	Aberdeen	Stirling	Dundee	Perth	Inverness	Partick	Motherwell
Glasgow Queen Street	Haymarket										
Paisley Gilmour Street	Aberdeen										
Stirling	Dundee										
Perth	Inverness										
Partick	Motherwell										
30.5	<p>Staffed information desks</p> <p>Subject to the consent of Network Rail and other relevant property owners, on or before the end of September 2015, the Franchisee shall establish staffed information desks at the following stations:</p> <table border="1"> <tr> <td>Glasgow Queen Street</td><td>Haymarket</td></tr> <tr> <td>Paisley Gilmour Street</td><td>Aberdeen</td></tr> <tr> <td>Stirling</td><td>Dundee</td></tr> <tr> <td>Perth</td><td>Inverness</td></tr> <tr> <td>Glasgow Central</td><td>Edinburgh Waverley</td></tr> </table> <p>The desks will be staffed by at least one Franchise Employee during the core operational hours of each station.</p>	Glasgow Queen Street	Haymarket	Paisley Gilmour Street	Aberdeen	Stirling	Dundee	Perth	Inverness	Glasgow Central	Edinburgh Waverley
Glasgow Queen Street	Haymarket										
Paisley Gilmour Street	Aberdeen										
Stirling	Dundee										
Perth	Inverness										
Glasgow Central	Edinburgh Waverley										
30.6	<p>Station cross-modal Customer Information Screens</p> <p>On or before the end of the second Franchisee Year, the Franchisee shall install Customer Information Screens at 30 key Stations which shall display information regarding nearby arrivals and departures on other modes of transport throughout the Franchise Term.</p>										
30.7	<p>Generic transport mapping</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall introduce a new generic mapping and way-finding solution integrating all public transport operations across Scotland. Posters displaying this map will be displayed at all staffed stations and updated at least once each Franchisee Year.</p>										
30.8	<p>Re-launch of the Glasgow Central/ Queen Street Shuttle</p> <p>From the Franchise Commencement Date, the Franchisee shall re-launch the Glasgow Central – Glasgow Queen St – Buchanan St Bus Station bus service with a clearer brand identity and thereafter procure that such service is maintained during the remainder of the Franchise Term. The frequency as at the Franchise Commencement Date will be maintained but the Franchisee shall brand the service as the 'Glasgow Shuttle' and will promote its connectivity with the bus station and Glasgow Subway services. The vehicles</p>										

	will be branded with the ScotRail livery. Onboard facilities will be consistent with the modern ScotRail Train Fleet, with better access/egress and more luggage space, plus a live train departures screen. New prominent station signage will be introduced, with supporting network maps and leaflets. On-train announcements on arrival at the terminals will also direct customers to clearly identified Shuttle pick-up points.																														
30.9	<p>Cab & Go</p> <p>On or before the end of the second Franchisee Year, the Franchisee shall introduce a 'Cab & Go' Service to at least 40 Stations without established taxi ranks.</p>																														
30.10	<p>Increased provision of car-park spaces</p> <p>Subject to relevant permissions being obtained, the Franchisee shall increase the provision of car-parking spaces across the ScotRail network by at least 600 spaces by the end of the 5th Franchisee Year.</p> <p>Subject to obtaining Third Party funding, the Franchisee shall increase the provision of car-parking spaces across the ScotRail network by at least a further additional 400 spaces.</p> <p>The Franchisee proposes to roll-out the new car-parking spaces required by this Committed Obligation as set out in the table below:</p> <table><tr><th>Station</th><th>Current spaces</th><th>Additional spaces</th></tr><tr><td>East Kilbride</td><td>287</td><td>150</td></tr><tr><td>Falkirk High</td><td>285</td><td>140</td></tr><tr><td>Stirling</td><td>276</td><td>140</td></tr><tr><td>Bathgate</td><td>400</td><td>150</td></tr><tr><td>Johnstone</td><td>282</td><td>120</td></tr><tr><td>Airdrie</td><td>139</td><td>80</td></tr><tr><td>Uddingston</td><td>228</td><td>120</td></tr><tr><td>Lenzie</td><td>149</td><td>100</td></tr><tr><td>Total</td><td>2,046</td><td>1,000</td></tr></table>	Station	Current spaces	Additional spaces	East Kilbride	287	150	Falkirk High	285	140	Stirling	276	140	Bathgate	400	150	Johnstone	282	120	Airdrie	139	80	Uddingston	228	120	Lenzie	149	100	Total	2,046	1,000
Station	Current spaces	Additional spaces																													
East Kilbride	287	150																													
Falkirk High	285	140																													
Stirling	276	140																													
Bathgate	400	150																													
Johnstone	282	120																													
Airdrie	139	80																													
Uddingston	228	120																													
Lenzie	149	100																													
Total	2,046	1,000																													
30.11	<p>Upgraded pay and display machines</p> <p>On or before the end of the second Franchisee Year, the Franchisee shall upgrade the payment machines at all paid for Station car parks where the Franchisee is the Facility Owner so that they accept chip and pin card payment and are compatible with smartcards. The Franchisee shall introduce cashless parking payment methods allowing customers to pay by Smartcard, mobile phone or online via the Website.</p>																														
30.12	<p>Electric Car Charging Bays</p>																														

	<p>On or before the end of November 2017, the Franchisee shall ensure there are at least two electric car charging bays in each of at least 50 Station car parks. The locations will be chosen based on evidence and feedback from the Authority and other key stakeholders and market conditions.</p> <p>The Franchisee shall promote low emission car usage by offering lower parking tariffs with discounts of up to 15% to customers with Low Emission Vehicles.</p>																																																																																																												
30.13	<p>Cycle spaces</p> <p>Without prejudice to Paragraph 9.2 of Schedule 1.4 to this Agreement, on or before the end of the third Franchisee Year, the Franchisee shall install 3500 extra cycle spaces at stations. Such spaces shall include the following:-</p> <table><tr><th>STATION</th><th>CURRENT SPACES</th><th>ADDITIONAL SPACES</th></tr><tr><td>Aberdour</td><td>5</td><td>24</td></tr><tr><td>Bridge of Allan</td><td>6</td><td>24</td></tr><tr><td>Haymarket</td><td>60</td><td>50</td></tr><tr><td>Dalgety Bay</td><td>30</td><td>50</td></tr><tr><td>Drem</td><td>10</td><td>12</td></tr><tr><td>Dumfries</td><td>10</td><td>50</td></tr><tr><td>Dunbar</td><td>12</td><td>50</td></tr><tr><td>Dunblane</td><td>13</td><td>50</td></tr><tr><td>Dunfermline Town</td><td>28</td><td>50</td></tr><tr><td>Gourock</td><td>10</td><td>12</td></tr><tr><td>Helensburgh Central</td><td>26</td><td>50</td></tr><tr><td>Inverurie</td><td>22</td><td>50</td></tr><tr><td>Hamilton Central</td><td>0</td><td>50</td></tr><tr><td>Kirkcaldy</td><td>20</td><td>50</td></tr><tr><td>Leuchars</td><td>10</td><td>24</td></tr><tr><td>Linlithgow</td><td>38</td><td>75</td></tr><tr><td>Livingston North</td><td>6</td><td>25</td></tr><tr><td>Livingston South</td><td>8</td><td>12</td></tr><tr><td>Milngavie</td><td>18</td><td>50</td></tr><tr><td>North Berwick</td><td>18</td><td>12</td></tr><tr><td>Paisley Gilmour Street</td><td>10</td><td>50</td></tr><tr><td>Partick</td><td>22</td><td>50</td></tr><tr><td>Polmont</td><td>10</td><td>24</td></tr><tr><td>Rosyth Halt</td><td>10</td><td>50</td></tr><tr><td>Troon</td><td>20</td><td>24</td></tr><tr><td>Uddingston</td><td>20</td><td>24</td></tr><tr><td>Dyce</td><td>16</td><td>50</td></tr><tr><td>Falkirk High</td><td>20</td><td>50</td></tr><tr><td>Inverkeithing</td><td>19</td><td>50</td></tr><tr><td>Elgin</td><td>19</td><td>24</td></tr><tr><td>Larbert</td><td>16</td><td>50</td></tr><tr><td>Newton</td><td>16</td><td>24</td></tr><tr><td>Stonehaven</td><td>14</td><td>24</td></tr><tr><td>Markinch</td><td>34</td><td>24</td></tr><tr><td>Ayr</td><td>10</td><td>50</td></tr></table>	STATION	CURRENT SPACES	ADDITIONAL SPACES	Aberdour	5	24	Bridge of Allan	6	24	Haymarket	60	50	Dalgety Bay	30	50	Drem	10	12	Dumfries	10	50	Dunbar	12	50	Dunblane	13	50	Dunfermline Town	28	50	Gourock	10	12	Helensburgh Central	26	50	Inverurie	22	50	Hamilton Central	0	50	Kirkcaldy	20	50	Leuchars	10	24	Linlithgow	38	75	Livingston North	6	25	Livingston South	8	12	Milngavie	18	50	North Berwick	18	12	Paisley Gilmour Street	10	50	Partick	22	50	Polmont	10	24	Rosyth Halt	10	50	Troon	20	24	Uddingston	20	24	Dyce	16	50	Falkirk High	20	50	Inverkeithing	19	50	Elgin	19	24	Larbert	16	50	Newton	16	24	Stonehaven	14	24	Markinch	34	24	Ayr	10	50
STATION	CURRENT SPACES	ADDITIONAL SPACES																																																																																																											
Aberdour	5	24																																																																																																											
Bridge of Allan	6	24																																																																																																											
Haymarket	60	50																																																																																																											
Dalgety Bay	30	50																																																																																																											
Drem	10	12																																																																																																											
Dumfries	10	50																																																																																																											
Dunbar	12	50																																																																																																											
Dunblane	13	50																																																																																																											
Dunfermline Town	28	50																																																																																																											
Gourock	10	12																																																																																																											
Helensburgh Central	26	50																																																																																																											
Inverurie	22	50																																																																																																											
Hamilton Central	0	50																																																																																																											
Kirkcaldy	20	50																																																																																																											
Leuchars	10	24																																																																																																											
Linlithgow	38	75																																																																																																											
Livingston North	6	25																																																																																																											
Livingston South	8	12																																																																																																											
Milngavie	18	50																																																																																																											
North Berwick	18	12																																																																																																											
Paisley Gilmour Street	10	50																																																																																																											
Partick	22	50																																																																																																											
Polmont	10	24																																																																																																											
Rosyth Halt	10	50																																																																																																											
Troon	20	24																																																																																																											
Uddingston	20	24																																																																																																											
Dyce	16	50																																																																																																											
Falkirk High	20	50																																																																																																											
Inverkeithing	19	50																																																																																																											
Elgin	19	24																																																																																																											
Larbert	16	50																																																																																																											
Newton	16	24																																																																																																											
Stonehaven	14	24																																																																																																											
Markinch	34	24																																																																																																											
Ayr	10	50																																																																																																											

	Edinburgh Park	35	50																												
	Bathgate	30	50																												
	Markinch	34	25																												
	Alloa	20	50																												
	Total	725	1513																												
	<p>The remaining locations will be chosen based on evidence and feedback from the Authority and other key stakeholders and market conditions. No later than 1st September 2015, the Franchisee shall provide to the Authority its updated programme of installation of the 3,500 bicycle storage spaces specifying the number of spaces to be installed by location, the type of bicycle storage facility to be installed at each location and by what date the installation shall be completed to cover each Franchisee Year in the Franchise Term for the Authority's approval. The Franchisee shall make any changes to the programme that the Authority may request. The Authority will have a final right of approval over the location of such spaces.</p>																														
30.14	<p>Cyclepoints</p> <p>Subject only to the consent of Network Rail and other relevant property owners, on or before the end of the third Franchisee Year, the Franchisee shall install a cyclepoint at Glasgow Central station, Edinburgh Waverley station and Stirling Station.</p> <p>For the purposes of this Committed Obligation, a cyclepoint shall be defined as a cycle parking facility with a mix of free and paid for secure storage.</p>																														
30.15	<p>Bike & Go Facilities</p> <p>Subject only to the consent of Network Rail (where required) on or before the end of the second Franchisee Year, the Franchisee shall use all reasonable endeavours to introduce 'Bike & Go' Facilities in at least 10 of the stations listed below.</p> <table border="1"> <thead> <tr> <th>STATION</th><th>CRITERIA AND OTHER COMMENTS</th><th>STATION</th><th>CRITERIA AND OTHER COMMENTS</th></tr> </thead> <tbody> <tr> <td>Edinburgh Waverley</td><td>Key station; also electric bikes</td><td>Ayr</td><td>Key station and employment destinations</td></tr> <tr> <td>Glasgow Central</td><td>Footfall and key station</td><td>Linlithgow</td><td>Key station and hospital nearby</td></tr> <tr> <td>Glasgow Queen Street</td><td>Footfall and key station</td><td>Perth</td><td>Key station</td></tr> <tr> <td>Paisley Gilmour Street</td><td>Footfall and key station</td><td>Livingston North</td><td>Employment destination: Sky HQ at 3km</td></tr> <tr> <td>Aberdeen</td><td>Footfall and key station</td><td>Edinburgh Park</td><td>Employment destination: large business estate</td></tr> <tr> <td>Stirling</td><td>Footfall and key</td><td>Dunbar</td><td>Funding for cycle</td></tr> </tbody> </table>			STATION	CRITERIA AND OTHER COMMENTS	STATION	CRITERIA AND OTHER COMMENTS	Edinburgh Waverley	Key station; also electric bikes	Ayr	Key station and employment destinations	Glasgow Central	Footfall and key station	Linlithgow	Key station and hospital nearby	Glasgow Queen Street	Footfall and key station	Perth	Key station	Paisley Gilmour Street	Footfall and key station	Livingston North	Employment destination: Sky HQ at 3km	Aberdeen	Footfall and key station	Edinburgh Park	Employment destination: large business estate	Stirling	Footfall and key	Dunbar	Funding for cycle
STATION	CRITERIA AND OTHER COMMENTS	STATION	CRITERIA AND OTHER COMMENTS																												
Edinburgh Waverley	Key station; also electric bikes	Ayr	Key station and employment destinations																												
Glasgow Central	Footfall and key station	Linlithgow	Key station and hospital nearby																												
Glasgow Queen Street	Footfall and key station	Perth	Key station																												
Paisley Gilmour Street	Footfall and key station	Livingston North	Employment destination: Sky HQ at 3km																												
Aberdeen	Footfall and key station	Edinburgh Park	Employment destination: large business estate																												
Stirling	Footfall and key	Dunbar	Funding for cycle																												

		station		access proposed
	Partick	Footfall and key station	Inverurie	Funding for modal interchange
	Dundee	Key station and university	Aviemore	Destination: Cairngorms; also electric bikes
	Charing Cross	Footfall and key station	Falkirk High	Destination for Falkirk Wheel
	Haymarket	Footfall and key station	Ardrossan SB	Good cycle conditions
	Motherwell	Key station	Dumfries	Good cycle conditions
	Dyce	Employment destination	Bathgate	Good cycle conditions
	Inverness	Key station	Total	25 locations
	<p>The Franchisee's Bike & Go facilities branding in Scotland shall be cobranded with ScotRail branding or another Scottish government or Local Authority brand of the Authority's choice.</p> <p>The Franchisee shall also procure subject to Local Authority matched funding, that accessible cycles including hand cycles, recumbent bikes and trikes shall be available for hire.</p>			
31.1	<p>Stakeholder Equality Group</p> <p>On or before the 31st December 2015, the Franchisee shall establish a Stakeholder Equality Group. The Stakeholder Equality Group will meet every three Reporting Periods and be comprised of key external stakeholders and will be responsible for a programme of activities to monitor the level of use on the ScotRail network by people with reduced mobility. The product of the Stakeholder Equality Group's research and monitoring activities will be fed into the Franchisee's strategy for future improvement works at Stations and on Trains.</p> <p>The Franchisee shall allocate and spend [---REDACTED---] per annum on the Stakeholder Equality Group undertaking research and commissioning mystery shopping through member organisations to monitor performance of facilities and services and undertake access audits to gain greater understanding of the numbers of disabled people and elderly people using train services in Scotland and the quality of their journey experience.</p>			
31.2	<p>Passenger Assist</p> <p>On or before the 31st December 2017, the Franchisee shall reduce the notice period for passengers booking the Passenger Assist Service (covering all stations across the ScotRail network) to 3 hours.</p> <p>The Franchisee shall before the end of fourth anniversary of the Franchise Commencement Date procure that the said notice period is reduced to 2 hours.</p> <p>The Franchisee shall before the end of sixth anniversary of the Franchise</p>			

	<p>Commencement Date procure that the said notice period is reduced to 1 hour.</p> <p>The Franchisee shall procure that all Franchise Employees involved in delivering Passenger Assist are fully trained and kept up-to-date on the service.</p>
31.3	<p>Assist-Mi pilot</p> <p>On or before the 31st December 2017, the Franchisee shall complete a pilot scheme implementing the Assist-Mi customer assistance mobile app at selected Stations. The Franchisee shall report to the Authority upon its completion, the success of the pilot scheme and shall, thereafter, subject to the approval of the authority, extend the scheme across the ScotRail network.</p>
32.1	<p>Dedicated customer service Franchise Employees</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall create an additional 25 dedicated customer service posts to deploy at key projects across the ScotRail network.</p>
32.2	<p>Peak manager</p> <p>For at least the period during which Passenger Services operating from Glasgow Queen Street Station are affected by EGIP enabling works and EGIP project works, the Franchisee shall ensure an additional manager is on duty during Morning Peak, Evening Peak and Saturday daytime hours to oversee the Passenger Services and ensure the such are operated in the most efficient and effective manner.</p>
32.3	<p>Major Projects Communication Plan</p> <p>From the Franchise Commencement Date, the Franchisee shall establish, implement and update a major projects communication plan to ensure passengers are kept informed of any planned engineering works which are likely to have a significant effect on journey times or network availability. The Franchisee shall share such major projects communication plan with the Authority within one Reporting Period of establishing/updating such Plan.</p> <p>At least [---REDACTED---] of the annual marketing budget referred to in Committed Obligation reference 20.1 above will be made available and spent on this initiative.</p>
32.4	<p>Additional wayfinding signage</p> <p>In addition to the commitment at Committed Obligation reference 30.4 above, the Franchisee shall spend at least [---REDACTED---] in providing improved wayfinding signage at Glasgow Queen Street and any other station impacted by the EGIP enabling works and EGIP project works being carried out at Glasgow Queen Street Station.</p>
32.5	<p>Real time data analysis</p> <p>On or before 31st January 2016, the Franchisee shall deploy the Nexus Alpha Tyrell IO-PIDD Tool to improve the timeliness and quality of information</p>

	provided to passengers during times of disruption.								
32.6	<p>Nexus Alpha live disruption map</p> <p>On or before 31st January 2016, the Franchisee shall develop a live disruption tool which can be accessed using the Website and Journey Companion App (as provided for in Committed Obligation reference 22.4 above).</p>								
32.7	<p>Additional interchange facilities</p> <p>On or before the 31st July 2015, Franchisee shall spend at least [---REDACTED---] in installing an additional shelter at Springburn Station, and a new bus shelter at Ashfield Station.</p>								
33.1	<p>EGIP marketing activities</p> <p>From the Franchise Commencement Date the Franchisee shall allocate the following funds (from the annual marketing budget as provided for in Committed Obligation reference 20.1 above) to be spent on marketing activities relating to EGIP marketing activities only in accordance with the table provided below:-</p> <table border="1"> <thead> <tr> <th>PERIOD</th><th>MINIMUM SPEND PER PERIOD (£)</th></tr> </thead> <tbody> <tr> <td>2015 – 2017 (Franchisee Years 1 -3)</td><td>[---REDACTED---]</td></tr> <tr> <td>2018 – 2022 (Franchisee Years 4 - 7)</td><td>[---REDACTED---]</td></tr> <tr> <td>2022 – 2024 (Franchisee Years 8 - 10)</td><td>[---REDACTED---]</td></tr> </tbody> </table>	PERIOD	MINIMUM SPEND PER PERIOD (£)	2015 – 2017 (Franchisee Years 1 -3)	[---REDACTED---]	2018 – 2022 (Franchisee Years 4 - 7)	[---REDACTED---]	2022 – 2024 (Franchisee Years 8 - 10)	[---REDACTED---]
PERIOD	MINIMUM SPEND PER PERIOD (£)								
2015 – 2017 (Franchisee Years 1 -3)	[---REDACTED---]								
2018 – 2022 (Franchisee Years 4 - 7)	[---REDACTED---]								
2022 – 2024 (Franchisee Years 8 - 10)	[---REDACTED---]								
34.1	<p>Inter-city marketing activities</p> <p>The Franchisee shall allocate the following funds (from their annual marketing budget as provided for in Committed Obligation reference 20.1 above) to be spent on marketing activities relating to the Inter-city Routes in accordance with the table provided below:-</p> <table border="1"> <thead> <tr> <th>PERIOD</th><th>MINIMUM SPEND PER PERIOD (£)</th></tr> </thead> <tbody> <tr> <td>2015 – 2017 (Franchisee Years 1 - 3)</td><td>[---REDACTED---]</td></tr> <tr> <td>2018-2021 (Franchisee Years 4 - 7)</td><td>[---REDACTED---]</td></tr> <tr> <td>2022-2024 (Franchisee Years 8 - 10)</td><td>[---REDACTED---]</td></tr> </tbody> </table>	PERIOD	MINIMUM SPEND PER PERIOD (£)	2015 – 2017 (Franchisee Years 1 - 3)	[---REDACTED---]	2018-2021 (Franchisee Years 4 - 7)	[---REDACTED---]	2022-2024 (Franchisee Years 8 - 10)	[---REDACTED---]
PERIOD	MINIMUM SPEND PER PERIOD (£)								
2015 – 2017 (Franchisee Years 1 - 3)	[---REDACTED---]								
2018-2021 (Franchisee Years 4 - 7)	[---REDACTED---]								
2022-2024 (Franchisee Years 8 - 10)	[---REDACTED---]								
34.2	<p>Improved catering facilities</p> <p>On or before the 31st December 2018, the Franchisee shall ensure that catering facilities are available on all rolling stock deployed on Passenger Services on Inter-city Routes. The Franchisee shall install a catering area</p>								

	<p>located between First and Standard featuring a service hatch, coffee machine, combination oven, refrigeration, water boiler, preparation surfaces and product storage to support the at-seat trolley services. The Franchisee shall also provide new at-seat on board catering equipment to enable food and drink products to be merchandised more effectively. The Franchisee shall provide flexible service equipment such as host trays.</p> <p>The Franchisee shall procure that an improved complimentary food and drink offer is offered to First Class customers (both on-train and at station-based ToGo Kiosk on production of their tickets). In addition to the at-seat service within First Class, the Franchisee shall also procure that customers are provided with a self-service area where they can help themselves to more drinks and snacks.</p> <p>The Franchisee shall procure that the onboard food and drink range will feature some of Scotland's best brands and where practicable, will be sourced from local suppliers. Products will be selected on the basis that they come from ethical and sustainable supply sources, and that associated packaging can be minimised and recycled. The Franchisee shall also help to promote Scotland's food and drink industry nationally by producing guides and joint-marketing offers.</p>
34.3	<p>Steam Tourist Services</p> <p>The Franchisee shall conduct a two year pilot of the Steam Tourist Services. For the purposes of the pilot, at least four Steam Tourist Services will be operated between the months of April and September in each of the first Two Franchisee years. At least one Steam Tourist Service will be operated in each such Franchisee Year on each of Routes B2, B3 and B4.</p> <p>The Franchisee shall procure that at least one Steam Tourist Service will be operated on Route C4 from the date of opening of the Borders Railway.</p>
34.4	<p>Scenic Railways of Scotland Voucher Book</p> <p>The Franchisee shall launch a Scenic Railways of Scotland Voucher Book, working in collaboration with Visit Scotland and the Scottish Tourism Alliance.</p>
34.5	<p>First Time Traveller assistance programme</p> <p>The Franchisee shall launch a First Time Traveller Assistance Programme. At least 25 Franchise Employees deployed wholly or mainly at stations will be trained to assist First Time Travellers. The Franchisee shall spend at least [---REDACTED---] in each Franchisee Year in relation to the First Time Traveller Assistance Programme.</p>
34.6	<p>A9 dualling</p> <p>The Franchisee shall work closely with the Authority's A9 Dualling team to develop and implement a marketing strategy designed to promote the use of the Passenger Services as an alternative mode of transport for those affected whilst the A9 Dualling takes place. The Franchisee shall use all reasonable endeavours to ensure it has a representative at all of the community</p>

	engagement events hosted by the Authority relating to the A9 Dualling. The Franchisee shall spend at least [---REDACTED---] on the activities set out in this Committed Obligation.																																
34.7	<p>New homes initiative</p> <p>The Franchisee shall work closely with Homes for Scotland and the Authority to develop and implement a marketing strategy designed to ensure that individuals benefiting from the Authority's first time home buyer incentive schemes are aware of the benefits of using the Passenger Services. The Franchisee shall spend a fund of [---REDACTED---] to provide a free one-month Season Ticket to households which have benefited from such an Authority scheme. Each household shall be entitled to one such Season Ticket.</p>																																
35.1	<p>Journey time improvements</p> <p>Subject to the delivery by Network Rail of the projects specified in the HLOS issued by the Authority in 2012 for Control Period 5, the Franchisee shall ensure that average journey times (minutes per train mile), as measured by the 'All Sectors' Journey Time Metric meet or exceed the following targets:</p> <table><tr><th>WHOLE SCOTRAIL</th><th>DEC 15</th><th>DEC 16</th><th>DEC 17</th></tr><tr><td></td><td>1.648</td><td>1.644</td><td>1.629</td></tr></table> <table><tr><th>WHOLE SCOTRAIL</th><th>DEC 18</th><th>DEC 19</th><th>DEC 20</th></tr><tr><td></td><td>1.604</td><td>1.602</td><td>1.599</td></tr></table> <table><tr><th>WHOLE SCOTRAIL</th><th>DEC 21</th><th>DEC 22</th><th>DEC 23</th></tr><tr><td></td><td>1.597</td><td>1.595</td><td>1.592</td></tr></table> <table><tr><th>WHOLE SCOTRAIL</th><th>DEC 24</th><th></th><th></th></tr><tr><td></td><td>1.59</td><td></td><td></td></tr></table>	WHOLE SCOTRAIL	DEC 15	DEC 16	DEC 17		1.648	1.644	1.629	WHOLE SCOTRAIL	DEC 18	DEC 19	DEC 20		1.604	1.602	1.599	WHOLE SCOTRAIL	DEC 21	DEC 22	DEC 23		1.597	1.595	1.592	WHOLE SCOTRAIL	DEC 24				1.59		
WHOLE SCOTRAIL	DEC 15	DEC 16	DEC 17																														
	1.648	1.644	1.629																														
WHOLE SCOTRAIL	DEC 18	DEC 19	DEC 20																														
	1.604	1.602	1.599																														
WHOLE SCOTRAIL	DEC 21	DEC 22	DEC 23																														
	1.597	1.595	1.592																														
WHOLE SCOTRAIL	DEC 24																																
	1.59																																

Part 2

Miscellaneous Provisions

1. Application

This Part 2 (*Miscellaneous Provisions*) of this Schedule 1.6 sets out further terms which apply to the Committed Obligations set out in Part 1 (*Franchisees' Committed Obligations*) and the references to Committed Obligations in this Part 2 are only to the Committed Obligations in Part 1 (*Franchisees' Committed Obligations*) of this Schedule 1.6.

2. Third Party Consents, Reasonable Endeavours, Specified/unspecified Station Locations and Pilots

- 2.1. Where any Committed Obligation requires the consent or approval of a Third Party (including the approval of the Competition and Markets Authority in connection with the undertakings given by the Franchisee and/or the Parent and/or their Affiliates in relation to the letting of the Franchise) in order to be carried out the Franchisee shall use all reasonable endeavours to secure that consent or approval so that it can be secured and the Committed Obligation performed within the timescale set out for it in this Schedule 1.6.
- 2.2. Subject to paragraph 2.1 above, if any planning or listed building consent or other consent or approval cannot be obtained on reasonable terms or any applicable procedure or process cannot reasonably be completed or it is not reasonably possible to obtain any agreement with or consent from Network Rail or any other Third Party which is necessary for the delivery of the relevant Committed Obligation or any such agreement or consent is only obtainable on terms which are not fair and reasonable, the Franchisee shall propose to the Authority alternative timescales and/or alternative methods of achieving the anticipated benefit, output or outcomes of the relevant Committed Obligation and shall discuss those alternatives with the Authority.
- 2.3. The Franchisee shall be permitted to substitute alternative Committed Obligations subject to the consent of and any amendments required by the Authority and subject to the net cost to the Franchisee not being reduced below the net cost which the Franchisee would have incurred had its original scheme proceeded on fair and reasonable terms. Where any such alternative results in the postponement of a delivery date for the relevant Committed Obligation, paragraph 2.10 shall apply in relation to any savings resulting from the postponement, provided always that there shall be no double counting of costs or savings between this paragraph 2.3 and paragraph 2.10.
- 2.4. Where any Committed Obligation requires the Franchisee to use reasonable endeavours or all reasonable endeavours and the Franchisee has complied with the Committed Obligation but has not delivered the benefit, output or outcome specified in the Committed Obligation, the Franchisee shall propose to the Authority alternative timescales and/or alternative methods of achieving the anticipated benefit, output or outcomes of the relevant Committed Obligation and shall discuss those alternatives with the Authority.
- 2.5. The Franchisee shall be permitted to substitute alternative Committed Obligations subject to the consent of and any amendments required by the Authority and subject to the net cost to the Franchisee not being reduced below

the net cost which the Franchisee would have incurred had its original scheme proceeded. Where any such alternative results in the postponement of a delivery date for the relevant Committed Obligation, paragraph 2.10 shall apply in relation to any savings resulting from the postponement, provided always that there shall be no double counting of costs or savings between this paragraph 2.5 and paragraph 2.10.

- 2.6. If the delivery of a Committed Obligation at a specified location or locations is conditional upon Third Party permissions, consents or approvals (for example, Committed Obligation reference 30.10), and the Franchisee has been unable to obtain such Third Party permissions, consents or approvals at the originally proposed location(s) ("**Original Proposed Location(s)**") by the date required by the relevant Committed Obligation the Franchisee shall propose to the Authority alternate location(s) ("**Alternative Proposed Location(s)**") for the delivery of the Committed Obligation within the ScotRail network.

If the Authority agrees to the Alternative Proposed Location(s), the relevant Committed Obligation shall be amended accordingly.

- 2.7. Where a Committed Obligation applies to:

2.7.1 multiple specific station locations, the Franchisee may propose different substitute locations, together with the rationale for that proposal, to the Authority for its approval; and/or

2.7.2 a number of unspecified stations, the Franchisee shall propose to the Authority, for its approval, the specific stations in relation to which the Committed Obligation will be delivered, together with the rationale for that selection;

and the Franchisee shall make any such proposals at least 3 Reporting Periods prior to the date it is required to deliver the relevant Committed Obligation at a substitute or specified station, or such other shorter period as may be agreed by the Authority.

- 2.8 Where a Committee Obligation involves a pilot or demonstration phase (a "**Pilot**") with the possible roll-out of that activity if the Pilot is a success:

2.8.1 no later than 3 Reporting Periods or such other shorter timescales as specified by the Authority taking into account factors it considers appropriate to such approval prior to the launch of the Pilot the Franchisee shall notify the Authority of the criteria against which the success of the Pilot will be assessed (the "**Success Criteria**");

2.8.2 at the end of the Pilot the Franchisee shall within 2 Reporting Periods notify the Authority of the results of the Pilot including as measured against the Success Criteria;

2.8.3 if the Pilot met the Success Criteria, within a further 2 Reporting Periods the Franchisee shall submit to the Authority a business case for the roll-out of the relevant activity; and

2.8.4 subject to the Authority's approval the Franchisee shall deliver the roll-out of the relevant activity in accordance with the business case.

- 2.9 Without prejudice to paragraphs 2.5 and 2.6 of Part 3 of this Schedule 1.6, the Franchisee shall be permitted to substitute specific details and requirements within any Committed Obligation, designed to better achieve the overall outcome of the Committed Obligation, subject to the consent of and

any amendments required by the Authority and subject to the net cost to the Franchisee not being reduced below the net cost which the Franchisee would have incurred had the specific details and the requirements prior to the substitutions taking effect.

- 2.10 The Franchisee shall work with the Authority to refine the Committed Obligations to best meet the requirements of the Franchise. If the parties agree to alter the package of commitments appropriate Variations shall be made to this Agreement and the Financial Model to reflect this.
- 2.11 The Authority may require the Franchisee to rebate to the Authority any net savings which a prudent and diligent franchisee would make in such circumstances as a direct result of the postponement of a delivery date.

3. Continuation of Availability

3.1. Save as expressly provided in this Schedule 1.6, the Franchisee shall:-

- a) maintain facilities and assets established in accordance with its Committed Obligations throughout the remainder of the Franchise Term so that such shall be kept (and where necessary for those purposes replaced, improved or renewed) in an effective and efficient working order and state of repair and fit for the purpose of facilitating the provision of Passenger Services in accordance with the Authority's stated policy objectives and pass the same to the Successor Operator at the end of the Franchise Period free of any charge or encumbrances and at no cost to the Successor Operator or the Authority in a condition commensurate with such maintenance; and
- b) maintain services and activities in accordance with its Committed Obligations throughout the remainder of the Franchise Term, so that such shall be provided at the standard required under its Committed Obligation establishing such services and activities throughout the remainder of the Franchise Term.

3.2. The Franchisee shall be deemed to be in compliance with paragraph 3.1, notwithstanding temporary non-availability due to accidental damage or vandalism or maintenance, repair or replacement activities, or temporary Franchise Employees absence, subject in each case to the Franchisee taking all reasonable steps to keep any such period of temporary non-availability to a minimum.

3.3. Where Part 1 (*Franchisee's Committed Obligations*) includes a commitment regarding Franchise Employees or particular appointments the Franchise plans to make:-

- (a) the Franchisee shall maintain each of the said Franchise Employees or appointments from the date of its first provision of such post (which shall be the Franchise Commencement Date where the post is in existence at that date) for the remainder of the Franchise Term;
- (b) the obligation of the Franchisee applies subject as otherwise expressly provided in this Schedule 1.6 and shall not be regarded as breached by temporary absences (for example for sickness or holiday) or between appointments to the relevant post (subject to the Franchisee using all reasonable endeavours to keep the duration between appointments as short as reasonably practicable and to

nominate suitably qualified and available interim or stand-in Franchise Employees); and

- (c) This obligation is without prejudice to the rights of the Franchisee in relation to the numbers or deployment of its other Franchise Employees.

4. Expenditure

Where Part 1 (*Franchisee's Committed Obligations*) of this Schedule 1.6 provides for the expenditure of an annual amount (or an amount over some other period) by the Franchisee or procured by the Franchisee to be expended, that amount:

- (a) is assessed net of VAT recovered or recoverable by the Franchisee; and
- (b) is the amount required to be expended by the Franchisee itself or procured by the Franchisee to be expended.

5. Liaison and Co-operation

Where the Franchisee is committed to liaison and co-operation in terms of this Schedule 1.6, it shall participate actively in the relevant measures including through the application of management time and internal resources, correspondence and attendance at meetings, in each case as the Franchisee reasonably considers in all the circumstances to be an appropriate use of its resources and effective to help achieve the relevant objective.

6. Nature of Commitment

- 6.1. Any commitment in terms of this Schedule 1.6 shall be in addition to any obligation of the Franchisee elsewhere in this Agreement and nothing in this Schedule 1.6 shall limit or restrict an obligation imposed on the Franchisee elsewhere in this Agreement.
- 6.2. Where in Part 1 (*Franchisee's Committed Obligations*) of this Schedule 1.6, references are made to particular manufacturers or suppliers of equipment or services or sub-contractors, the Franchisee may fulfil its relevant commitment by using reasonable equivalents with the consent of the Authority.
- 6.3. Each commitment under this Schedule 1.6 shall come to an end on expiry of the Franchise Period for whatever reason, save in respect of any accrued payments owed pursuant to Part 3 (*Late/Non-Completion of Committed Obligations*) of this Schedule 1.6 but not yet paid.

7. Expenditure Commitments

- 7.1. All expenditure commitments set out in this Schedule 1.6 to the extent they have not already been incurred by the Franchisee shall be indexed to RPI (in the same way as variable costs in Schedule 8.2 (*Annual Franchise Payments*)), save that the Authority's obligations to make payments against milestones, if any, shall not be indexed to RPI.
- 7.2. For the avoidance of doubt, all amounts which the Franchisee has committed (whether unconditionally or otherwise) pursuant to this Schedule 1.6 to expend in connection with improvements to track, Stations or Depots shall be in addition to any expenditure made by Network Rail as part of its infrastructure improvements or maintenance programme to the extent such expenditure is not directly funded or reimbursed by the Franchisee.

8. Review of Compliance

- 8.1. Progress with Committed Obligations is an agenda item for Franchise Performance Meetings and the Franchisee shall ensure that at such meetings the Authority is given such progress reports as they may reasonably request.
- 8.2. In addition to its obligation under paragraph 8.1, the Franchisee shall from time to time promptly provide such evidence of its compliance with its Committed Obligations as the Authority may reasonably request.

Part 3

Late/Non-Completion of Committed Obligations

1.1 Late completion or non-delivery of Committed Obligations

If the Franchisee fails to deliver in full a Committed Obligation in accordance with and by the timeframe specified for its delivery in Part 1 (*Franchisee's Committed Obligations*) of this Schedule 1.6, such late, partial or non-delivery shall constitute a contravention of this Agreement.

1.2 Delay in Passenger Service Operation due to EGIP Infrastructure being incomplete

If the Franchisee would have been able to comply with Committed Obligation reference 8.4 but for the EGIP infrastructure not being ready for the operation of Passenger Services and the Authority is satisfied, acting reasonably, that the Franchisee has used all reasonable endeavours (including through use of railway industry processes and performance of the Franchisee's rights and obligations under its Alliance with Network Rail) to procure the entry into service of the Class 3XX Train Fleet in accordance with Committed Obligation reference 8.4, the Committed Obligation Payment Adjustment will not be applied until the EGIP infrastructure is ready for the operation of Passenger Services provided the Franchisee continues to use such reasonable endeavours.

2. Committed Obligation Payment Adjustment

2.1 In addition to being a contravention of this Agreement, if any of the Committed Obligations are not delivered in full by the date specified for that Committed Obligation in column 3 of the Table, the Franchisee shall pay to the Authority:

- (a) in respect of each Reporting Period or part thereof for which that Committed Obligation remains undelivered in full from such date; and
- (b) until the Committed Obligation is delivered in full,

a Committed Obligation Payment Adjustment, being the amount set out in column 4 of the Table, as adjusted in accordance with paragraph 2.3 and/or 2.4 where relevant.

2.2 Column 5 of the Table specifies whether both paragraphs 2.3 or 2.4 shall apply or which of paragraphs 2.3 or 2.4 shall apply to each Committed Obligation specified therein, should any such Committed Obligation be partially delivered by the date specified for that Committed Obligation in column 3 of the Table.

2.3 Pro-rating of Committed Obligation Payment Adjustment where partial delivery

Where:

- (a) Column 5 of the Table specifies that paragraph 2.3 applies to a Committed Obligation and that Committed Obligation is expressed in terms of a requirement to: -

- (i) deliver or carry out activities in respect of a specified number or percentage of facilities, assets or Franchise Employees;
 - (ii) deliver or establish services over a period of time at a specified number of staged intervals;
 - (iii) appoint a specified number of Franchise Employees;
 - (iv) carry out an activity/service at regular specified dates; and
- (b) the Franchisee has implemented that Committed Obligation in respect of one or more but less than the required: -
- (i) number or percentage of facilities or assets or Franchise Employees;
 - (ii) number of staged intervals;
 - (iii) number of Franchise Employees
 - (iv) number of dates;

specified in that Committed Obligation by the relevant delivery date, then the relevant Committed Obligation Payment Adjustment shall be reduced pro rata by reference to the number or percentage of facilities/assets/ Franchise Employees so delivered or by reference to the number of dates on which those activities/services that have been carried out (as appropriate).

2.4 Adjustment to Committed Obligation Payment Adjustment where partial spend

Where:

- (a) column 5 of the Table specifies that paragraph 2.4 applies to a Committed Obligation and that Committed Obligation is expressed in terms of a requirement to spend a specified sum in fulfilling a stated objective; and
- (b) the Franchisee has spent less than the sum specified in that Committed Obligation in fulfilling the stated objective by the relevant delivery date,

then the relevant Committed Obligation Payment Adjustment shall be reduced pro rata by reference to the amount actually spent by that delivery date.

2.5

- (a) Where in relation to any Committed Obligation that is expressed in terms of a requirement to spend a specified sum in fulfilling its stated objective, the Franchisee is able to achieve that stated objective within the timeframe specified for its delivery without investing the full amount referred to in that Committed Obligation, whether because of cost savings or securing additional investment from Third Parties, the Franchisee may apply to the Authority for the consent referred to in paragraph 2.5(b).
- (b) The Authority's consent for the purposes of paragraph 2.5(a) is its consent for the Franchisee to invest any unspent amount towards the fulfilment of such other commitments as the Franchisee proposes at that time. That consent may not be unreasonably withheld.
- (c) If the Authority consents to an application pursuant to paragraph 2.5(a) in respect of any Committed Obligation, then:
 - (i) Part 1 (*Franchisee's Committed Obligations*) to this Schedule 1.6 and this Part 3 shall be amended to reflect the terms of any new commitments; and

- (ii) no Committed Obligation Payment Adjustment shall be payable in respect of the unspent amount that relates to that Committed Obligation.

2.6

Where:

- (a) column 5 of the Table specifies that paragraph 2.4 applies to a Committed Obligation and that Committed Obligation is expressed in terms of a requirement to spend a specified sum in fulfilling a stated objective; and
- (b) the Franchisee has spent the sum specified in that Committed Obligation fulfilling the stated objective but has not delivered the stated objective,

the Franchisee shall continue to work towards achieving the stated objective without recourse to the Authority in relation to the additional cost.

2.7 The Committed Obligation Payment Adjustment shall be payable in accordance with Schedule 8.1 (*Franchise Payments*) of the Franchise Agreement.

2.8 If the Franchisee has failed to provide the Authority with Alternative Proposed Location(s) in accordance with paragraph 2.6 of Part 2 to this Schedule 1.6, the Committed Obligation Payment Adjustment shall apply (notwithstanding that the Franchisee has been unable to obtain Third Party permissions, consents or approvals for the Original Proposed Location(s)).

Table: Committed Obligations where a Committed Obligation Payment Adjustment applies

REF IN PART 1 (PARA)	SUMMARY DESCRIPTION	DEADLINE	COMMITTED OBLIGATION PAYMENT ADJUSTMENT (COPA) £ PER REPORTING PERIOD	DOES PARA 2.3 AND/OR 2.4 APPLY?																								
1.1	<p>Programme and project management training</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall procure or provide PRINCE2 training to not less than 25 Franchise Employees, such training shall include the training set out in the second column to the Franchise Employee holding the post set out in the first column of the table below:-</p> <table><tr><th>POST</th><th>TRAINING</th></tr><tr><td>engineering director</td><td>PRINCE2 foundation</td></tr><tr><td>operations director</td><td>PRINCE2 foundation</td></tr><tr><td>commercial director</td><td>PRINCE2 foundation</td></tr><tr><td>customer experience director</td><td>PRINCE2 foundation</td></tr><tr><td>client and communications director</td><td>PRINCE2 foundation</td></tr><tr><td>sustainability and safety assurance director</td><td>PRINCE2 foundation</td></tr><tr><td>business transformation director</td><td>PRINCE2 foundation</td></tr><tr><td>finance director</td><td>PRINCE2 foundation</td></tr><tr><td>regional customer service and partnership managers x2</td><td>PRINCE2 foundation</td></tr><tr><td>change co-ordinators x6</td><td>PRINCE2 foundation and practitioner's training</td></tr><tr><td>business change and project x9</td><td>PRINCE2 foundation and practitioner's training</td></tr></table> <p>Franchise Employees taking over the posts identified in the table above will also be provided with PRINCE2 training by no later than 12 months after they are appointed to their respective post.</p>	POST	TRAINING	engineering director	PRINCE2 foundation	operations director	PRINCE2 foundation	commercial director	PRINCE2 foundation	customer experience director	PRINCE2 foundation	client and communications director	PRINCE2 foundation	sustainability and safety assurance director	PRINCE2 foundation	business transformation director	PRINCE2 foundation	finance director	PRINCE2 foundation	regional customer service and partnership managers x2	PRINCE2 foundation	change co-ordinators x6	PRINCE2 foundation and practitioner's training	business change and project x9	PRINCE2 foundation and practitioner's training	End of first Franchisee Year	[----- ----- -REDACTED--- -----]	
POST	TRAINING																											
engineering director	PRINCE2 foundation																											
operations director	PRINCE2 foundation																											
commercial director	PRINCE2 foundation																											
customer experience director	PRINCE2 foundation																											
client and communications director	PRINCE2 foundation																											
sustainability and safety assurance director	PRINCE2 foundation																											
business transformation director	PRINCE2 foundation																											
finance director	PRINCE2 foundation																											
regional customer service and partnership managers x2	PRINCE2 foundation																											
change co-ordinators x6	PRINCE2 foundation and practitioner's training																											
business change and project x9	PRINCE2 foundation and practitioner's training																											
1.2	<p>EFQM training</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall procure or provide EFQM training (to be the Leader for Excellence or equivalent course) for the executive team (the</p>	End of first Franchisee Year	[----- ----- -REDACTED--- -----]																									

	managing director and his direct reports).		-----]	
1.3	Annual EFQM self-assessment The Franchisee shall carry out an annual EFQM self-assessment. The first such assessment shall be carried out no later than 30 th September 2015 and thereafter by no later than every 30 September during the remainder of the Franchise Term.	30 th September 2015 and thereafter each Franchisee Year by 30 September during the remainder of the Franchise Term	[----- ----- REDACTED----- -----] -----]	
2	Not used			
3.1	Employee gain sharing Subject to the agreement of the Authority to the principle and the detail of the scheme and the agreement of the trade unions, on or before 31 st January 2016, the Franchisee shall introduce an employee gain sharing scheme. The scheme will grant all Franchise Employees the opportunity to share in the profits of the Franchisee if (i) key performance targets are met and (ii) no circumstances exist which would allow the Franchisee to draw on the facility pursuant to Clause 3.2.2 (a) or (b) of the Inter Company Loan Facility.	31 st January 2016	[----- REDACTED----- -----]	
3.2	Employee engagement satisfaction survey Throughout the Franchise Term, the Franchisee shall carry out an annual employee engagement satisfaction survey to inform business planning. The first such survey shall be completed and shared with the Authority no later than 31 st October 2015 and thereafter annually by 31 st October during the remainder of the Franchise Term.	31 st October 2015 and thereafter each Franchisee Year by 31 st October during the remainder of the Franchise Term	[----- REDACTED----- -----]	
3.3	Trade union/ Authority attendance at every Franchisee Board Meeting The Franchisee shall use all reasonable endeavours to procure that one trade union representative and one representative of the Authority is present at each Franchisee Board Meeting.	From the Franchise Commence ment Date	[----- REDACTED----- -----]	
3.4	Authority membership of the Alliancing Board The Franchisee shall use all reasonable	Franchise Commence ment Date	[----- REDACTED-----	

	endeavours to procure that one representative of the Authority is appointed as a non-executive member of the Alliance Board (as defined in the Alliance Agreement dated 9 th and 10 th April 2014 between the Franchisee and Network Rail infrastructure Ltd.)		-----]	
3.5	Employer of choice The Franchisee shall use reasonable endeavours to achieve: <ul style="list-style-type: none"> • 'Best Companies to Work For' accreditation on or before 31st March 2018; and • 'Times 100' accreditation by 31st December 2020. 	31 st March 2018 31 st December 2020.	[---- REDACTED----	
3.6	Investors in diversity The Franchisee shall use reasonable endeavours to achieve: <ul style="list-style-type: none"> a) the 'Investors in Diversity' stage 1 accreditation by 31st December 2016; b) the 'Investors in Diversity' stage 2 accreditation by 31st December 2017; and c) the 'Investors in Diversity' stage 3 (Leaders in Diversity) by 31st December 2018. 	31 st December 2016; 31 st December 2017 31 st December 2018	[----- REDACTED-----]	
3.7	Fit bands From the 30 th April 2016, the Franchisee shall make 'fit bands' available free of charge to all Franchise Employees. Such bands shall have the capability to provide Franchise Employees with information about their daily activity and overall physical fitness levels.	30 th April 2016	[----- REDACTED----	
3.8	E-reward Scheme On or before 31 st July 2015, the Franchisee shall launch an E-rewards Scheme.	31 st July 2015	[----- REDACTED----	
3.9	Service Centre The Franchisee shall, on or before the second anniversary of the Franchise Commencement	Second anniversary of the award of	[---REDACTED---]	

	<p>Date, establish a shared services facility located in Scotland. This shared service facility will provide the non-geographic dependent services required to deliver the ScotRail Franchise, the services of Abellio Transport Holdings Limited's subsidiaries' bus operations in the United Kingdom, and any other rail franchises held or to be awarded by the Department for Transport to any subsidiary of Abellio Transport Holdings Limited.</p>	the Franchise Commencement Date		
3.10	<p>Centres of Excellence and the Abellio Academy</p> <p>The Franchisee shall establish Abellio Group centres of excellence in relation to SME working, Network Rail Alliance working and employee training becoming the location where policy and content is determined for the Abellio Group as a whole (the "Centres of Excellence") and its best practice and knowledge sharing function (the "Abellio Academy").</p> <p>The Centres of Excellence and the Abellio Academy shall be based in Scotland and employees from other Abellio Group train operating companies and transport companies shall be trained there. The Franchisee shall invite Network Rail and the Parent to have its relevant employees trained at the Centres of Excellence and the Abellio Academy. The Centres of Excellence and the Abellio Academy will serve as a forum for knowledge exchange and best practice development, allowing experiences from the UK and Dutch rail industries to be shared.</p> <p>At least 4 training or knowledge sharing events shall take place in each Franchisee Year at the Centres for Excellence and the Abellio Academy.</p> <p>For the purpose of this Committed Obligation, the Abellio Group shall be defined as Abellio Transport Holdings Limited and its subsidiaries.</p>	<p>At the end of the first Franchisee Year</p> <p>At the end of every Franchisee Year</p>	<p>[---REDACTED---]</p> <p>[---REDACTED---]</p>	
4.1	<p>International Rail Summit</p> <p>The Franchisee shall convene a biennial (every other year) international rail summit to facilitate best practice exchange between the Scottish and Dutch railways. The first international rail summit will take place no later than 30th April 2016. The Franchisee shall invite suitable individuals from both Scottish and Dutch Governments. The Franchisee shall also procure that participants will include the Parent, Network Rail and ProRail (Dutch Network Rail equivalent).</p>	First Summit by 30th April 2016 and biennially thereafter	[---REDACTED---]	

4.2	<p>Stakeholder Advisory Panel</p> <p>The Franchisee will establish a Stakeholder Advisory Panel. This group will meet at least twice each year and will comprise a number of key stakeholders representing passenger watchdogs, rail user groups, business associations, mobility groups and Community Rail Partnerships. The first meeting of the Stakeholder Advisory Panel will take place no later than the 31st October 2015.</p> <p>The Franchisee shall deliver to the Authority agendas, minutes and reports for each meeting of the Stakeholder Advisory Panel.</p>	31 st October 2015 and twice per Franchisee Year thereafter	[---REDACTED---]	
4.3	<p>Stakeholder perception survey</p> <p>The Franchisee shall carry out and complete an annual stakeholder perception survey during each Franchisee Year. The survey will measure the quality and effectiveness of the Franchisee's stakeholder management approach. The results of the survey will be shared with the Authority and other key stakeholders no later than one Reporting Period following the completion of the survey.</p>	At the end of every Franchisee Year	[---REDACTED---]	
5.1	<p>Eye Witness Incident Reporting System</p> <p>On or before the 30th April 2015, the Franchisee shall introduce the Eye Witness Incident Reporting System.</p>	30 th April 2015	[---REDACTED---]	
5.2	<p>Mobile help-point app</p> <p>On or before the 31st December 2015, the Franchisee shall make available a help-point app which shall allow Franchise Employees and passengers to contact the Customer Contact Centre directly.</p>	31 st December 2015	[---REDACTED---]	
5.3	<p>Schools programme</p> <p>From the 1st October 2015, the Franchisee shall participate, in co-operation with Network Rail and the British Transport Police, in a schools programme. The programme will consist of at least 40 visits per year by Franchise Employees or partner organisations to schools throughout Scotland to raise awareness of the risks inherent in the railway environment.</p>	1 st October 2015	[---REDACTED---]	
5.4	<p>Customer support team</p> <p>On or before 30th September 2016, the Franchisee shall train 50% of all ScotRail ticket</p>	30 th September 2016 (for 50% of all	[---REDACTED---]	

	<p>examiners to enable them to play a greater role in combating anti-social behaviour and vandalism.</p> <p>On or before 30th September 2017 all ticket examiners shall have completed such training.</p>	<p>ticket examiners)</p> <p>30th September 2017 (for all ticket examiners)</p>		
5.5	<p>CCTV upgrades</p> <p>Subject only to the consent of Network Rail and other relevant property owners on or before the end of the first Franchisee Year, the Franchisee shall spend not less than [---REDACTED---] installing 201 additional CCTV cameras at 46 car park and 145 cycle storage locations and thereafter procure that such equipment is commissioned throughout the Franchise Term.</p>	End of first Franchisee Year	[---REDACTED---]	2.3
5.6	<p>CCTV at stations</p> <p>Subject only to the consent of Network Rail and other relevant property owners on or before the end of the first Franchisee Year, the Franchisee shall spend not less than [---REDACTED---] installing solar powered CCTV cameras at each of the 78 stations where there are currently no such facilities and thereafter procure that such equipment is operational throughout the Franchise Term. The Franchisee shall also procure that all necessary CCTV upgrades are undertaken throughout the Franchise Term.</p>	End of first Franchisee Year	[---REDACTED---]	
5.7	<p>CCTV monitors at station entrances</p> <p>Subject only to the consent of Network Rail and other relevant property owners, on or before the end of the first Franchisee Year, the Franchisee shall install monitors displaying images from CCTV around the station at the entrances of each of the 20 highest footfall stations on the ScotRail network as at the Franchise Commencement Date.</p>	End of first Franchisee Year	[---REDACTED---]	
5.8	<p>Remote downloading of CCTV onboard the Rolling Stock Units</p> <p>The Franchisee shall introduce the capability to download video from the CCTV installed on all Rolling Stock Units remotely and shall implement remote downloading to appropriate locations at the rate of 20% of the total Rolling Stock Units per annum, the first 20% being implemented by 31st December 2016 and thereafter until 100% have</p>	Per relevant Franchisee Year	[---REDACTED---]	

	been implemented by 31 st December 2020.			
5.9	Railway Management Maturity Model On or before 31 st December 2017, the Franchisee shall ensure the safety management system for ScotRail Franchise operations is fully compliant with the ORR's Railway Management Maturity Model.	31 st December 2017	[---REDACTED---]	
6.1	Partnership Centre of Excellence Subject to the consent of Network Rail, on or before the Franchise Commencement Date, the Franchisee shall establish a Partnership Centre of Excellence (PCoE) to promote working in partnership with Network Rail. The PCoE will provide training to the integrated team based around BS11000 principles. The Franchisee shall use all reasonable endeavours to ensure the PCoE achieves BS11000 from its inception.	Franchise Commencement Date	[---REDACTED---]	
6.2	Strategic Rail Delivery Group On or before 31 st October 2015, the Franchisee shall establish a Strategic Rail Delivery Group ("the Group") which will be a cross-industry advisory panel to the executive team of the Alliance. The Group shall meet during every Reporting Period and will comprise key stakeholders from across the industry. The Strategic Rail Delivery Group will be given the opportunity to input at an early stage into all prospective alliance initiatives. The Group will appoint a new chairperson in April of each Franchisee Year. The Group shall be chaired by a representative of the Authority during the first Franchisee Year. The Group will work closely with existing industry groups and structures to consider schemes in Control Period 6, which could include those outlined in the table below:-	31 st October 2015	[---REDACTED---]	

PROJECT/SCHEME
Rolling electrification
Aberdeen to Inverness improvements (phase 2)
Highland Mainline (phase 3)
Aberdeen to the central belt
Capacity improvements at Glasgow Central station
Capacity improvements at Edinburgh Waverley station
Capacity improvements at Edinburgh Haymarket
Train handling capacity at Glasgow Central and Edinburgh Waverley
East Kilbride station capacity
Far North Line route availability enhancements for freight

7.1	<p>Reconfiguration of Class 158 Train Fleet</p> <p>The Franchisee shall carry out and complete the reconfiguration of the Class 158 Train Fleet for use on Scenic Train Routes by no later than the dates detailed in the table below:</p> <table><tr><th>QUANTITY OF 158 UNITS CONVERTED (AGGREGATE)</th><th>LAST ACCEPTANCE DATE</th></tr><tr><td>10</td><td>31 May 2016</td></tr><tr><td>20</td><td>31 March 2017</td></tr><tr><td>30</td><td>31 January 2018</td></tr><tr><td>40</td><td>30 November 2018</td></tr></table> <p>The reconfiguration of the Class 158 Train Fleet scope to include –</p> <p>A) Unit acceptance B) Removal of all seating and interior fittings C) Upgrade of toilets D) PRM-TSI works E) Recoat internal surfaces F) Install Wi-Fi G) Addition of 13A sockets H) Install vehicle end screens I) Fit new carpets J) Reconfigure interior layout to new design maximised around windows K) Apply new trim to seat back and bases L) Add design to tables and re-fit M) Add luggage signs to under-seat areas N) Apply route maps O) Commission and acceptance</p> <p>Ensure that all aspects of the Franchise Agreement, Schedule 6, Appendix 2 to Schedule 6.4 – Highland Rural section are met or continue to be met as part of the scope of work agreed within this specification of the Class 158 Train Fleet.</p>	QUANTITY OF 158 UNITS CONVERTED (AGGREGATE)	LAST ACCEPTANCE DATE	10	31 May 2016	20	31 March 2017	30	31 January 2018	40	30 November 2018	Per Acceptance Date	[---REDACTED---]	
QUANTITY OF 158 UNITS CONVERTED (AGGREGATE)	LAST ACCEPTANCE DATE													
10	31 May 2016													
20	31 March 2017													
30	31 January 2018													
40	30 November 2018													
7.2	<p>Fit auto-door close on Class 156 Vehicles</p> <p>On or before the 31st December 2018, the Franchisee shall ensure auto-door closing equipment is available on any Class 156 Vehicle which is still in service on the ScotRail network.</p>	31 st December 2018	[---REDACTED---]											
8.1	<p>Increased reliability for existing Rolling Stock</p> <p>The Franchisee shall increase the overall reliability of the Train Fleet (as measured by the MTIN moving annual average metric), during the Franchise Term and meet the targets set out below (with the four right-most column headings referring to the end of the Franchisee Year so</p>	As set out in the Committed Obligation	[----- ----- ----- ----- REDACTED----- -----]											

10.3	<p>Catering provision for delayed journeys</p> <p>The Franchisee shall procure the following measures are implemented in the event of substantial delay to any journey for whatever reason, including severe weather:</p> <table><tr><th>ARRANGEMENT</th><th>TIMING</th></tr><tr><td>At stations where there are catering facilities, passengers shall be offered refreshments free of charge from those facilities where their journey has been substantially delayed or cancelled.</td><td>From the Franchise Commencement Date</td></tr><tr><td>At stations where there are no catering facilities but where there are such facilities within one mile of the station, passengers shall be offered refreshments free of charge from local businesses where the passenger's journey has been substantially delayed or cancelled.</td><td>On or before 30th September 2015</td></tr></table> <p>For the purposes of this Committed Obligation “substantial delay” means any journey delayed by more than 1 hour.</p> <p>The Franchisee shall Publish the passenger charter developed in accordance with the requirements of this Agreement by no later than the Franchise Commencement Date.</p>	ARRANGEMENT	TIMING	At stations where there are catering facilities, passengers shall be offered refreshments free of charge from those facilities where their journey has been substantially delayed or cancelled.	From the Franchise Commencement Date	At stations where there are no catering facilities but where there are such facilities within one mile of the station, passengers shall be offered refreshments free of charge from local businesses where the passenger's journey has been substantially delayed or cancelled.	On or before 30 th September 2015	Franchise Commence ment Date	[----- REDACTED----- -----]	
ARRANGEMENT	TIMING									
At stations where there are catering facilities, passengers shall be offered refreshments free of charge from those facilities where their journey has been substantially delayed or cancelled.	From the Franchise Commencement Date									
At stations where there are no catering facilities but where there are such facilities within one mile of the station, passengers shall be offered refreshments free of charge from local businesses where the passenger's journey has been substantially delayed or cancelled.	On or before 30 th September 2015									
10.4	<p>Passenger welfare during severe weather</p> <p>During severe weather, the Franchisee shall ensure that station waiting rooms are open, warm (where heating is available) and well lit at advertised opening times.</p> <p>If services are disrupted, leaving passengers stranded overnight, the Franchisee shall provide passengers with overnight accommodation (free of charge) if alternative transport (including other Train Operator’s services, buses or taxis), to be arranged and paid for by the Franchisee, to the passengers’ final destination on their service is unavailable.</p>	Franchise Commence ment Date	[----- ----- ----- REDACTED----- -----]							

	During severe weather, the Franchisee shall enhance communications through media and social networking, advising passengers not to travel.			
11.1	National Events Calendar The Franchisee shall, in consultation with Network Rail, the Authority and other key stakeholders, create a National Events Calendar. In producing the National Events Calendar, the Franchisee shall use all reasonable endeavours, working with stakeholders, to alter the Timetable to ensure Passenger Services are timed to best serve the needs of particular Special Events provided for in the National Events Calendar. The first National Events Calendar will be created and made available by the Franchise Commencement Date. For the remainder of the Franchise Term, the National Events Calendar will be updated every three Reporting Periods and shall be shared with the Authority no later than one Reporting Period following completion of such update.	Franchise Commencement Date	[---REDACTED- ----- -----]	
11.2	Crowding project team The Franchisee shall create an interim project team tasked with optimising diagrams to maximise impact on crowding. The team will be maintained until the time at which the new Rolling Stock referred to in Committed Obligation references 8.4 and 8.5 above has been placed in service. The team will be reconvened when the annual train planning process identifies that capacity is exceeding passenger demand.	Franchise Commencement Date	[---- REDACTED----	
12.1	Project partnership with BAM Nuttall Subject only to the consent of BAM Nuttall and Network Rail, from the Franchise Commencement Date, the Franchisee shall establish an integrated project team with BAM Nuttall and Network Rail to better facilitate the efficient and timely delivery of the Borders Railway Project.	Franchise Commencement Date	[---- REDACTED----	
12.1(a)	Project handover The Franchisee shall work with Network Rail to arrange driver training and handover of New Stations. Route commissioning and New Station acceptance shall require close cooperation between the Franchisee, BAM Nuttall and Network Rail. The time available for the commissioning, handover and training is limited so joint planning must be focused on delivery and risk mitigation to ensure the railway is delivered.	From handover of stations from BAM Nuttall to Network Rail until Borders Service Commencement	[---- REDACTED----	

	Key deliverables in this period are to ensure that all New Stations' structure and systems are installed and tested. The route needs to be proved for Rolling Stock operation and accepted into the Franchisee safety case, system integration tested, e.g., GSM-R, and signal sighting undertaken. The Franchisee shall agree a detailed programme with Network Rail and BAM Nuttall between the execution of this Agreement and the Franchise Commencement Date.			
12.2	<p>Launch Event</p> <p>The Franchisee shall spend at least [--REDACTED--] (excluding the Franchisee's internal costs or costs charged by Affiliates) on the Borders Railway Project Launch Event ("Project Launch Event") which on the opening weekend over three days and seven station locations is planned to achieve the following objectives:-</p> <ul style="list-style-type: none"> • celebrate the completion of the project and the reopening of the Borders Railway after 46 years and generate high amounts of positive media interest with local, Scottish and UK media • encourage trial of the new railway by as many sections of the community as possible • use the opening of the railway as a positive celebration of the Borders region • gain commitment to regular travel and season ticket purchases from the Franchisee's target market. <p>The Franchisee shall engage with stakeholders, including Network Rail, to develop its marketing plans for the Project Launch Event from the Franchise Commencement Date. The Franchisee will become an integral member of the Projecy Launch Event organising committee.</p> <p>The Franchisee shall contribute event planning expertise, marketing budget and management and operational resources (in each case specific to the Project Launch Event). The Franchisee shall work in partnership with Network Rail and shall use all reasonable endeavours to ensure that both the timetable and operations on the day are delivered seamlessly and the railway operates to its maximum potential. The Franchisee will increase management focus and deploy additional employees to eliminate or minimise delays.</p>	Time of launch event	[----- ----- ----- REDACTED----- ----- -----]	2.4

13.1	<p>Train service contingency plans</p> <p>On or before 31st December 2015 and annually thereafter for the remainder of the Franchise Term, the Franchisee shall review the Passenger Services contingency plans and update them to reflect arrangements for higher passenger numbers during Special Events, provision for extreme weather conditions and best practice shared within the Abellio Group. The Franchisee shall also review the Passenger Service contingency plans as part of planning for significant timetable changes in conjunction with Network Rail and other operators.</p> <p>For the purpose of this Committed Obligation, the Abellio Group shall be defined as Abellio Transport Holdings Limited and its subsidiaries</p>	31 st December 2015 and per Franchisee Year thereafter; and/or failure to review and update for significant timetable changes.	[---REDACTED---]	
13.2	<p>Contingency planning app</p> <p>On or before 31st December 2015, the Franchisee shall implement a contingency planning app on each smart device provided pursuant to Committed Obligation reference 17.6 which shall enable all Franchise Employees with smart devices to access summaries of the Passenger Services contingency plans, alternative travel arrangements and the message to communicate to customers in the event of disruption. The implementation of the contingency planning app shall be added to an appropriate SQUIRE Service Schedule.</p>	31 st December 2015	[--- REDACTED ---]	
13.3	<p>Traincrew real time despatch management tool</p> <p>Within six months of Network Rail having successfully deployed the Traffic Management System, the Franchisee shall deploy a traincrew despatch management tool which shall monitor traincrew movements and detect conflicts in traincrew diagrams and enable the Franchisee to manage the impact of traincrew delays more effectively by creating alternative diagrams and contingency plans in the event of disruption. The Franchisee shall use all reasonable endeavours to procure that Network Rail successfully deploy the Traffic Management System.</p> <p>At least the following Franchise Employees will have access to the traincrew despatch management tool:</p> <p>Operations Director Operations Managers Driver Managers</p>	6 months from Network Rail deployment of Traffic Management System	[--- REDACTED ---]	

13.4	<p>Publication of right time performance data</p> <p>The Franchisee will Publish, at a Route level:</p> <ul style="list-style-type: none"> • Punctuality MAA timed to one minute at arrival at the final destination (5 minutes for Express) within three months of the Franchise Commencement Date; • Punctuality timed to one minute at arrival at key intermediate stations on or before the 31st December 2017. <p>The information will be Published each Reporting Period on the Website and on posters at all final destination and key intermediate stations.</p> <p>For the purposes of this Committed Obligation key intermediate stations shall be Stirling, Perth, Dundee, Aviemore, Kilmarnock, Bathgate, Falkirk High, Shotts, Glasgow Central low-level, Glasgow Queen Street low-level, Kirkcaldy, Dumfries, Elgin, Montrose, Dumbarton Central, Paisley Gilmour Street, Kilwinning, Rutherglen, Cathcart, Dalmuir, Partick and Motherwell.</p> <p>The information will be Published on the Website each Reporting Period and on posters at all final destination and key intermediate stations.</p>	<p>Three months from Franchise Commencement Date</p> <p>31st December 2017</p>	[----- REDACTED-----]	
14.1	<p>Integrated property management team</p> <p>Subject only to the consent of Network Rail, on or before the end of the first Franchisee Year, the Franchisee shall establish an integrated property management team with Network Rail.</p> <p>The integrated property management team shall combine the maintenance and renewals organisations currently operated by Network Rail and the Outgoing Franchisee. It shall sit under the Franchisee's Alliance with Network Rail and be headed by a single business leader. This will address issues of overlap across Network Rail and Outgoing Franchisee resources, systems and contracts.</p>	<p>End of first Franchisee Year</p>	[---REDACTED---]	

	<div><div><div><div><div>Head of Asset Management and Station Development</div><div>Shared Clerical Support</div></div><div><div><div>Asset Mgmt x 6</div><div>Commercial Property Management x 1</div><div>Route Facilities & Maintenance Property Management x 20 Plus Direct Labour</div><div>Project Management x 2</div><div>Commercial Manager/ QS x 2</div><div>HSQE Manager x 3</div></div><div><div><div>Senior Asset Manager Asset Manager x 4 (inc 1 No MS) Bus Planner</div><div>Senior Manager Managers x 5 Works Co-ord x 3 FM x 7 Supervisors x 3 Site Manager</div><div>Senior Project Manager Project Manager</div><div>HSQE Access Section Planner</div><div>Helpdesk</div><div>Artisans & Direct Labour</div></div><div>SRorg001b</div></div></div></div></div></div>											
	<p>The integrated property management team will provide a single point of accountability and a clear mandate for defining and delivering the station asset management plans, compliant with a unified asset management policy. The key posts in the new organisation are shown in the diagram above and the table below:-</p> <table><tr><th>ROLE</th><th>KEY RESPONSIBILITIES</th></tr><tr><td>Head of Asset Management and Station Development</td><td><ul style="list-style-type: none">• overall accountability for discharging licence conditions and lease compliance for stations, managing asset processes, delivering maintenance and renewals, managing retail income• oversees delivery of reactive, routine maintenance and minor works (managed by facilities manager) and the larger renewals (managed by project manager) both using supplier framework partners• reports to directly to Commercial Director</td></tr><tr><td>Senior Asset Manager (AM)</td><td><ul style="list-style-type: none">• develop and maintain the asset management policy. This will include definition of all routine, maintenance and renewals activities to maintain and, where required, improve asset capacity, capability and condition• ownership of the asset information management system (AIMS) and station asset management plan (SAMP)• manage business plan• report periodic progress, monitor/report Key Performance Indicators (KPIs)</td></tr><tr><td>Senior Project Manager (PM)</td><td><ul style="list-style-type: none">• definition and input of all large renewals /enhancement activities into AIMS/SAMP• day-to-day management of delivery contractors</td></tr></table>	ROLE	KEY RESPONSIBILITIES	Head of Asset Management and Station Development	<ul style="list-style-type: none">• overall accountability for discharging licence conditions and lease compliance for stations, managing asset processes, delivering maintenance and renewals, managing retail income• oversees delivery of reactive, routine maintenance and minor works (managed by facilities manager) and the larger renewals (managed by project manager) both using supplier framework partners• reports to directly to Commercial Director	Senior Asset Manager (AM)	<ul style="list-style-type: none">• develop and maintain the asset management policy. This will include definition of all routine, maintenance and renewals activities to maintain and, where required, improve asset capacity, capability and condition• ownership of the asset information management system (AIMS) and station asset management plan (SAMP)• manage business plan• report periodic progress, monitor/report Key Performance Indicators (KPIs)	Senior Project Manager (PM)	<ul style="list-style-type: none">• definition and input of all large renewals /enhancement activities into AIMS/SAMP• day-to-day management of delivery contractors			
ROLE	KEY RESPONSIBILITIES											
Head of Asset Management and Station Development	<ul style="list-style-type: none">• overall accountability for discharging licence conditions and lease compliance for stations, managing asset processes, delivering maintenance and renewals, managing retail income• oversees delivery of reactive, routine maintenance and minor works (managed by facilities manager) and the larger renewals (managed by project manager) both using supplier framework partners• reports to directly to Commercial Director											
Senior Asset Manager (AM)	<ul style="list-style-type: none">• develop and maintain the asset management policy. This will include definition of all routine, maintenance and renewals activities to maintain and, where required, improve asset capacity, capability and condition• ownership of the asset information management system (AIMS) and station asset management plan (SAMP)• manage business plan• report periodic progress, monitor/report Key Performance Indicators (KPIs)											
Senior Project Manager (PM)	<ul style="list-style-type: none">• definition and input of all large renewals /enhancement activities into AIMS/SAMP• day-to-day management of delivery contractors											

		<ul style="list-style-type: none"> • manage scheme development and delivery • report periodic progress, monitor/report Key Performance Indicators (KPIs) 			
	Route Facilities & Maintenance Manager (FM)	<ul style="list-style-type: none"> • definition and input of all reactive and routine maintenance activities into AIMS • day-to-day management of facilities contractors • manage definition of scope, specification and costs for customer services property/desk initiatives • manage the customer services property/desk initiatives • report periodic progress, monitor/report KPIs 			
	Commercial Property Manager	<ul style="list-style-type: none"> • manage the commercial retail portfolio • manage growth of portfolio • rental collection • report periodic progress, monitor/report KPIs 			
	<p>The scope of the integrated property management team will cover the delivery of reactive and planned preventative maintenance (PPM) for managed stations, franchised stations, depots and lineside buildings. The integrated property management team will also manage the delivery of asset renewals for these assets assigned to Network Rail's property works team. A future aim will be to grow the capability of this team such that it can deliver complex renewals and enhancement schemes more cost effectively than Network Rail's investment projects which currently undertakes this work.</p> <p>Joint Asset Management Policy, Station Asset Management Plans and Business Planning</p> <p>The Franchisee shall develop a new joint asset management policy for the integrated property management team. This will unify Network Rail and Outgoing Franchisee standards to ensure consistency of delivery and improve whole life cycle costing approach, thereby avoiding the current issues with footbridges. Through the joint policy and integrated property management team, the Franchisee shall measure the performance of managed stations using the SQMS process. The joint asset management policy will include inspections, PPM standards, whole lifecycle appraisal guidance, reactive fault handling, asset data management, project development, standard designs and energy management policy.</p> <p>The station asset management plan is the physical works plan that will deliver the joint asset</p>				

	<p>management policy and objectives across the lifecycle of the assets. The station asset management plan will collate data on work activities at each location including:</p> <ul style="list-style-type: none">• routine maintenance activities• inspections, Nationally Significant Infrastructure Projects, Access for All schemes and proposed maintenance renewals plans• enhancement proposals including improved station retail, customer facilities and major station development schemes as detailed in Committed Obligation references 15.5 to 15.10• any input from the Authority's business planning process <p>The data will be consolidated into a work bank with the purpose of improving the coordination of maintenance work packages and reducing costs. Since the station asset management plan is a dynamic plan it will be constantly reviewed and refreshed as requirements change, and will be readily capable of manipulation. This dynamic station asset management plan will be held in the asset information management system (see below).</p> <p>The table below illustrates how the integrated property management team will rationalise the supply chain:-</p> <table><tr><th colspan="4">SUPPLY CHAIN RATIONALISATION PROPOSALS</th></tr><tr><th>WORK SCOPE</th><th>OUTGOING FRANCHISEE</th><th>NETWORK RAIL</th><th>FUTURE SUPPLIER</th></tr><tr><td>Reactive/ PPM for stations M&E and fabric (and depots/lin eside for Network Rail)</td><td>CPMS (Glasgow area) Babcock Rail (Depots and other stations) NB This has been retendered and awarded to North South Communications</td><td>CPMS Direct labour force</td><td>Single new supplier A & B (driven by geographic coverage)</td></tr><tr><td>SQUIRE faults</td><td>Direct labour force North South Communications CPMS Ltd</td><td>N/A</td><td>Single new supplier A & B (driven by geographic coverage)</td></tr><tr><td>SISS systems</td><td>ADT (Glasgow area) North South Communications</td><td>N/A</td><td>Single supplier C (driven by geographic coverage)</td></tr><tr><td>Renewals</td><td>N/A</td><td>Mixture</td><td>Tendered Framework for renewals/ten dered above £1m</td></tr></table>	SUPPLY CHAIN RATIONALISATION PROPOSALS				WORK SCOPE	OUTGOING FRANCHISEE	NETWORK RAIL	FUTURE SUPPLIER	Reactive/ PPM for stations M&E and fabric (and depots/lin eside for Network Rail)	CPMS (Glasgow area) Babcock Rail (Depots and other stations) NB This has been retendered and awarded to North South Communications	CPMS Direct labour force	Single new supplier A & B (driven by geographic coverage)	SQUIRE faults	Direct labour force North South Communications CPMS Ltd	N/A	Single new supplier A & B (driven by geographic coverage)	SISS systems	ADT (Glasgow area) North South Communications	N/A	Single supplier C (driven by geographic coverage)	Renewals	N/A	Mixture	Tendered Framework for renewals/ten dered above £1m			
SUPPLY CHAIN RATIONALISATION PROPOSALS																												
WORK SCOPE	OUTGOING FRANCHISEE	NETWORK RAIL	FUTURE SUPPLIER																									
Reactive/ PPM for stations M&E and fabric (and depots/lin eside for Network Rail)	CPMS (Glasgow area) Babcock Rail (Depots and other stations) NB This has been retendered and awarded to North South Communications	CPMS Direct labour force	Single new supplier A & B (driven by geographic coverage)																									
SQUIRE faults	Direct labour force North South Communications CPMS Ltd	N/A	Single new supplier A & B (driven by geographic coverage)																									
SISS systems	ADT (Glasgow area) North South Communications	N/A	Single supplier C (driven by geographic coverage)																									
Renewals	N/A	Mixture	Tendered Framework for renewals/ten dered above £1m																									

	Enhancements	CPMS North South Communications	Tendere	Tendered Framework for renewals/tendered above £1m			
14.2	Implementation of an ISO55000 accredited asset system The Franchisee shall use all reasonable endeavours to procure that the asset system of the integrated property management team referred to in Committed Obligation reference 14.3 below is accredited to the ISO55000 series and is PAS55 compliant within one year of the team being established. The asset system is defined in PAS 55 as 'organisation's asset management policy, asset management strategy, asset management objectives, asset management plan(s) and the activities, processes and organisational structures necessary for their development, implementation and continual improvement'. The system is supported by the key enablers of the right organisation structure and information systems and delivers the policy and strategies using an asset management plan, monitored and refined to re-align with organisational goals. A PAS 55 compliant and accredited 'asset system' will provide cross-functional linkages between renewals and maintenance activity which are not possible with the current split responsibilities. It will deliver better prioritisation of maintenance and renewals and cost efficiencies through: <ul style="list-style-type: none"> • an integrated delivery organisation, • a joint asset management policy leading to a single Station Asset Maintenance Plan for each location • integrated Asset Information Management System and helpdesk, • a unified supply chain • new measures for station performance. 				Within one year of the team being established	[---REDACTED---	
14.3	Asset Information Management System On or before the end of the second Franchisee Year or within one year of Network Rail approval				On or before the end of the second	[---REDACTED---	

	<p>(whichever is the longer), the Franchisee shall establish an Asset Information Management System (AIMS) which shall contain all data on station assets received from Network Rail and the Train Operator providing services under the Previous Franchise Agreement.</p> <p>Performance assessment and improvement will be a central part of the new AIMS. Members of the integrated property management team will be able to access asset data via AIMS which will contain details of all assets and their condition and remaining life. It will also contain the station asset management plan which details all asset-related activities including inspections, renewals, enhancements, station facilities upgrades and planned maintenance. This single repository for asset data will support strategic, holistic asset management and the planning of any investments.</p> <p>The AIMS will be a fully integrated system using the same Atrium (Manhattan) software as Network Rail's OPAS system and following the same asset hierarchy and database structure.</p> <p>The following table shows the additional Atrium (Manhattan) functionality which the Franchisee shall adopt to deliver the AIMS. The new ScotRail Atrium system will hold cost data to aid unit cost reporting and as at Abellio Greater Anglia, the Franchisee will configure the system to produce real-time KPI graphs. KPIs will be contained in a role specific dashboard, workflow and diary notification system which will hold SQUIRE condition and trend data. Significantly, the system will also be configured to permit the modelling of investment on output measures.</p> <table><tr><th colspan="2">ADDITIONAL ATRIUM (MANHATTAN) MODULES TO BE USED VS. NETWORK RAIL USE OF ATRIUM (MANHATTAN) (OPAS)</th></tr><tr><th>ASPECT</th><th>DETAIL</th></tr><tr><td>Existing Atrium (Manhattan) modules used by Network Rail</td><td>Condition survey; specialist surveys; orders (reactive); contracts (routine); core registers; security and admin functions; request management.</td></tr><tr><td>Additional modules to be used by the Franchisee</td><td>Projects contractor module; single integrated property model; cost in use capability; programme management; long-term forecasting / vision; performance indicators; acquisitions and disposals; tenancy agreements; suitable and sufficiency; forecasting; vision.</td></tr></table> <p>A single property helpdesk will be established in order to remove existing duplication. This will be linked to AIMS to provide cost estimates of reactive and minor works as orders are placed by the helpdesk. The system will also report performance against response times.</p> <p>Faults will be able to be registered by station</p>	ADDITIONAL ATRIUM (MANHATTAN) MODULES TO BE USED VS. NETWORK RAIL USE OF ATRIUM (MANHATTAN) (OPAS)		ASPECT	DETAIL	Existing Atrium (Manhattan) modules used by Network Rail	Condition survey; specialist surveys; orders (reactive); contracts (routine); core registers; security and admin functions; request management.	Additional modules to be used by the Franchisee	Projects contractor module; single integrated property model; cost in use capability; programme management; long-term forecasting / vision; performance indicators; acquisitions and disposals; tenancy agreements; suitable and sufficiency; forecasting; vision.	Franchisee Year (or one year from Network Rail approval, if longer)		
ADDITIONAL ATRIUM (MANHATTAN) MODULES TO BE USED VS. NETWORK RAIL USE OF ATRIUM (MANHATTAN) (OPAS)												
ASPECT	DETAIL											
Existing Atrium (Manhattan) modules used by Network Rail	Condition survey; specialist surveys; orders (reactive); contracts (routine); core registers; security and admin functions; request management.											
Additional modules to be used by the Franchisee	Projects contractor module; single integrated property model; cost in use capability; programme management; long-term forecasting / vision; performance indicators; acquisitions and disposals; tenancy agreements; suitable and sufficiency; forecasting; vision.											

	<p>managers, members of the integrated property management team , as a result of management safety tours or as part of inspections. Additionally, all SQUIRE faults will be routed to this single reporting centre. Each fault will be interrogated by the helpdesk operator to establish site, asset location and nature of fault. From the nature of the fault, the Atrium (Manhattan) system will identify which is the correct contractor to respond. Each fault will be assigned a response priority (30 min for lift entrapment, two hours, 24 hours, 7 days) and dispatched by email to the responsible contractor.</p> <p>Contractors will be required to close out faults in the requisite periods within the system. Contractors will be required to restore assets to safety as a minimum. Where faults require longer term action, this will be notified via the helpdesk to the Facilities team with a quotation for review. The ScotRail Atrium system shall also assimilate all SQUIRE faults from the Authority's systems into this helpdesk to ensure full visibility of all work and to enable trend analysis.</p> <p>Lift calls will be managed by Network Rail's property helpdesk drawing upon its national lift and escalator contract. Faults registered at the Franchisee's helpdesk will be transferred to Network Rail; although a direct telephone number will also be given to station managers.</p>																																													
15.1	<p>Improved waiting facilities at stations</p> <p>On or before the end of the second Franchisee Year, the Franchisee will provide shelters at the following 41 stations:</p> <table><tr><td>Anderston,</td><td>Bellshill,</td><td>Bishopton</td></tr><tr><td>Cambuslang,</td><td>Coatbridge Sunnyside</td><td>Dumbarton Central</td></tr><tr><td>Dunblane</td><td>Dunfermline</td><td>Dumfries</td></tr><tr><td>Elgin</td><td>Greenock West</td><td>Kilmarnock</td></tr><tr><td>Largs</td><td>Polmont</td><td>Airdrie</td></tr><tr><td>Anniesland</td><td>Bishopbriggs</td><td>Croy</td></tr><tr><td>Dalmuir</td><td>East Kilbride</td><td>Falkirk High</td></tr><tr><td>Hamilton Central</td><td>Hamilton West</td><td>Hyndland</td></tr><tr><td>Inverkeithing</td><td>Irvine</td><td>Johnstone</td></tr><tr><td>Kilwinning</td><td>Kirkcaldy</td><td>Lenzie</td></tr><tr><td>Linlithgow</td><td>Milngavie</td><td>Mount Florida</td></tr><tr><td>Rutherglen</td><td>Dyce</td><td>Motherwell</td></tr><tr><td>Partick</td><td>Prestwick International Airport</td><td>Exhibition Centre (Glasgow)</td></tr><tr><td>Bridge of Allan</td><td>Stirling</td><td></td></tr></table> <p>Subject to match funding being provided, the Franchisee shall provide shelters at a further 11</p>	Anderston,	Bellshill,	Bishopton	Cambuslang,	Coatbridge Sunnyside	Dumbarton Central	Dunblane	Dunfermline	Dumfries	Elgin	Greenock West	Kilmarnock	Largs	Polmont	Airdrie	Anniesland	Bishopbriggs	Croy	Dalmuir	East Kilbride	Falkirk High	Hamilton Central	Hamilton West	Hyndland	Inverkeithing	Irvine	Johnstone	Kilwinning	Kirkcaldy	Lenzie	Linlithgow	Milngavie	Mount Florida	Rutherglen	Dyce	Motherwell	Partick	Prestwick International Airport	Exhibition Centre (Glasgow)	Bridge of Allan	Stirling		On or before the end of the second Franchisee Year	[----- REDACTED-----]	
Anderston,	Bellshill,	Bishopton																																												
Cambuslang,	Coatbridge Sunnyside	Dumbarton Central																																												
Dunblane	Dunfermline	Dumfries																																												
Elgin	Greenock West	Kilmarnock																																												
Largs	Polmont	Airdrie																																												
Anniesland	Bishopbriggs	Croy																																												
Dalmuir	East Kilbride	Falkirk High																																												
Hamilton Central	Hamilton West	Hyndland																																												
Inverkeithing	Irvine	Johnstone																																												
Kilwinning	Kirkcaldy	Lenzie																																												
Linlithgow	Milngavie	Mount Florida																																												
Rutherglen	Dyce	Motherwell																																												
Partick	Prestwick International Airport	Exhibition Centre (Glasgow)																																												
Bridge of Allan	Stirling																																													

	<p>stations as set out below on or before the end of the second Franchisee Year:-</p> <table><tr><td>Blairhill</td><td>Dalmeny</td></tr><tr><td>Bridgeton</td><td>Port Glasgow</td></tr><tr><td>Blantyre</td><td>Prestwick Town</td></tr><tr><td>Bearsden</td><td>Aberdour,</td></tr><tr><td>Clarkston</td><td>Cowdenbeath</td></tr><tr><td>Dalgety Bay</td><td></td></tr></table> <p>The Franchisee shall use reasonable endeavours to secure the Third Party funding referred to in this Committed Obligation.</p> <p>If the Franchisee is unable to obtain Third Party funding referred to in this Committed Obligation, the Franchisee shall, nevertheless, install six shelters selected by the Franchisee from the list above.</p>	Blairhill	Dalmeny	Bridgeton	Port Glasgow	Blantyre	Prestwick Town	Bearsden	Aberdour,	Clarkston	Cowdenbeath	Dalgety Bay						
Blairhill	Dalmeny																	
Bridgeton	Port Glasgow																	
Blantyre	Prestwick Town																	
Bearsden	Aberdour,																	
Clarkston	Cowdenbeath																	
Dalgety Bay																		
15.2	<p>Investment in retail developments</p> <p>Subject to planning permission and the consent of relevant property owners, on or before the 31st March 2018, the Franchisee shall invest at least [-----REDACTED-----] in delivering improved retail facilities and customer access points at Aberdeen and Inverness Stations.</p>	31 st March 2018	[----- ----- REDACTED----- -----]															
15.3	<p>ToGo Kiosks</p> <p>Subject only to the consent of Network Rail and other relevant property owners, on or before the 31st December 2016 the Franchisee shall construct eleven ToGo Kiosks at stations with over 1 million footfall per annum. The ToGo Kiosks will retail hot and cold beverages and snacks and provide a consistent range of drinks, bakery goods, snacks, confectionery, newspapers and convenience products:-</p> <table><tr><th colspan="2">STATIONS TO BE FITTED WITH TOGO KIOSKS</th></tr><tr><td>Ayr</td><td>Dundee</td></tr><tr><td>Paisley GS</td><td>Aberdeen</td></tr><tr><td>Partick</td><td>Inverness</td></tr><tr><td>Motherwell</td><td>Glasgow Central Low Level</td></tr><tr><td>Haymarket</td><td>Charing Cross</td></tr><tr><td>Stirling</td><td></td></tr></table> <p>This investment will establish a more consistent and familiar retail offering across locations that encompass over 60% of all Passenger Journeys.</p>	STATIONS TO BE FITTED WITH TOGO KIOSKS		Ayr	Dundee	Paisley GS	Aberdeen	Partick	Inverness	Motherwell	Glasgow Central Low Level	Haymarket	Charing Cross	Stirling		31 st December 2016	[----- REDACTED-----]	
STATIONS TO BE FITTED WITH TOGO KIOSKS																		
Ayr	Dundee																	
Paisley GS	Aberdeen																	
Partick	Inverness																	
Motherwell	Glasgow Central Low Level																	
Haymarket	Charing Cross																	
Stirling																		
15.4	<p>Tickets Plus</p>		[----- -----]	2.3														

<p>On or before 31st December 2016 the Franchisee will introduce combined ticket and retail facilities with the ability to sell tickets at not less than 5 stations. The new facilities will have the capability to allow users to download ITSO smart products on to ITSO Certified Smartmedia.</p> <p>On or before 31st December 2017, the Franchisee shall review the success of the facilities introduced pursuant to this Committed Obligation in order to determine whether to introduce the combined facilities at a further 16 stations and will report its findings to the Authority. Subject to the Authority's approval, the Franchisee shall procure that the combined facilities are installed and operated at those further 16 stations.</p> <p>For stations with footfall of 500,000 - 1 million per annum, the Franchisee shall introduce the Tickets Plus concept. This will enhance ticket offices with additional food and drink products.</p> <p>The Franchisee shall install the Ticket Plus concept at 21 stations which match the footfall profile stated above and feature staffed ticket operations throughout the day. These are detailed in the table below, together with projected implementation timescales. Following the successful implementation of Tickets Plus, the Franchisee will consider extending the concept to a further 80 Stations which match the stated footfall and ticket office opening hours profile.</p>	<p>31st December 2016 for pilot.</p> <p>31st December 2017 for roll out (if pilot a success)</p>	<p>----- REDACTED----- -----]</p>																			
<table><tr><th colspan="6">STATION IDENTIFIED FOR IMPLEMENTATION OF THE TICKETS PLUS CONCEPT</th></tr><tr><th>STATION</th><th>CONCEPT</th><th>TIME SCALE</th><th>STATION</th><th>CONCEPT</th><th>TIME SCALE</th></tr><tr><td>Mount Florida</td><td>Tkts Plus</td><td>2015-16</td><td>Hyndland</td><td>Tkts Plus</td><td>2016-17</td></tr></table>				STATION IDENTIFIED FOR IMPLEMENTATION OF THE TICKETS PLUS CONCEPT						STATION	CONCEPT	TIME SCALE	STATION	CONCEPT	TIME SCALE	Mount Florida	Tkts Plus	2015-16	Hyndland	Tkts Plus	2016-17
STATION IDENTIFIED FOR IMPLEMENTATION OF THE TICKETS PLUS CONCEPT																					
STATION	CONCEPT	TIME SCALE	STATION	CONCEPT	TIME SCALE																
Mount Florida	Tkts Plus	2015-16	Hyndland	Tkts Plus	2016-17																

	Kilwinni ng	Tkts Plus	2015- 16	Exhibition C	Tkts Plus	2016-17			
	Falkirk High	Tkts Plus	2015- 16	Johnstone	Tkts Plus	2016-17			
	Kirkcal dy	Tkts Plus	2015- 16	Helensburgh	Tkts Plus	2016-17			
	East Kilbride	Tkts Plus	2015- 16	Argyle Street	Tkts Plus	2016-17			
	Perth	Tkts Plus	2015- 16	Croy	Tkts Plus	2016-17			
	Irvine	Tkts Plus	2015- 16	Airdrie	Tkts Plus	2016-17			
	Milngav ie	Tkts Plus	2015- 16	Inverkeithing	Tkts Plus	2016-17			
	Rutherg len	Tkts Plus	2015- 16	Linlithgow	Tkts Plus	2016-17			

	<table><tr><td>Hamilton C</td><td>Tkts Plus</td><td>2015-16</td><td>Anniesland</td><td>Tkts Plus</td><td>2016-17</td></tr><tr><td>Bathgate</td><td>Tkts Plus</td><td>2015-16</td><td></td><td></td><td></td></tr></table> <p>This investment will establish a more consistent and familiar retail offering across locations that encompass over 60% of all Passenger Journeys.</p>	Hamilton C	Tkts Plus	2015-16	Anniesland	Tkts Plus	2016-17	Bathgate	Tkts Plus	2015-16						
Hamilton C	Tkts Plus	2015-16	Anniesland	Tkts Plus	2016-17											
Bathgate	Tkts Plus	2015-16														
15.5	<p>Feasibility study into the redevelopment of Aberdeen Station</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall spend [---REDACTED---] in completing a feasibility study (which shall be delivered to the Authority) in relation to the redevelopment of Aberdeen Station. The study will consider the proposal to extend the existing station concourse upwards via an enhanced retail environment to Guild Street, incorporating an over site development to provide a new route to Bridge Street.</p>	End of first Franchisee Year	[---REDACTED---]													
15.6	<p>Aberdeen Station improvements</p> <p>The Franchisee shall deliver a Business Case (as defined in paragraph 1.1.2 of Part 4 of this Schedule 1.6) to the Authority no later than the end of the first Franchisee Year.</p>	End of first Franchisee Year	[---REDACTED---]													
15.7	<p>Perth Station improvements</p> <p>The Franchisee shall deliver a Business Case (as defined in paragraph 1.1.2 of Part 4 of this Schedule 1.6) to the Authority no later than the end of the third Franchisee Year.</p>	End of third Franchisee Year	[---REDACTED---]													
15.8	<p>Stirling Station improvements</p> <p>The Franchisee shall deliver a Business Case (as defined in paragraph 1.1.2 of Part 4 of this Schedule 1.6) to the Authority no later than the end of the second Franchisee Year.</p>	End of second Franchisee Year	[---REDACTED---]													




	<p>new Robroyston station, ensure that Passenger Services call at this station, as follows: -.</p> <p>(a) If the station opens before the commencement of the December 2017 Passenger Timetable, the Franchisee shall ensure that the hourly service between Glasgow Queen Street and Falkirk Grahamston calls at this station. The Franchisee shall serve this route with a diesel train until the Passenger Change Date December 2018 whereby it will be replaced by an electric train following completion of electrification of the Dunblane/Alloa/Stirling line.</p> <p>(b) If the station opens on or after the commencement of the December 2017 Passenger Timetable, the Franchisee shall ensure that the hourly service between Glasgow Queen Street High Level and Cumbernauld calls at this station in addition to the above mentioned service between Glasgow Queen Street and Falkirk Grahamston. The Franchisee shall serve this route with Class 31X and Class 32X electric trains.</p> <p>The timetable applicable for the introduction of call as Robroyston Station shall be as set out in the document in Agreed Form marked RT.</p> <p>The Franchisee shall co-ordinate and facilitate in partnership with the Authority the commissioning of the station. The date upon which Passenger Services are to be introduced shall be agreed with the Authority. The Franchisee shall operate the station as the Station Facility Owner.</p> <p>For the purpose of this Committed Obligation, the following has been assumed:-</p> <ul style="list-style-type: none"> that the specification for the station is as described in Option 10 in the Robroyston/Millerston Community Growth Area STAG Appraisal. that the station is unstaffed. 	Robroyston Station	-----]	
16.1	<p>Customer Experience Delivery Group</p> <p>The Franchisee shall establish a Customer Experience Delivery Group by the end of the first Franchisee Year. The Customer Experience Delivery Group will meet at least every three Reporting Periods and will comprise key internal</p>	End of first Franchisee Year	[----- REDACTED----- -----]	

	<p>and selected external stakeholders. The Customer Experience Delivery Group will be responsible for production and annual review of the Quality Plan. The Franchisee will provide a copy of all minutes and a report on the annual review of the Quality Plan to the Authority within one Reporting Period of the relevant meeting.</p> <p>The selected external stakeholders will include at least a representative from each of: Passenger's Council; the Authority; Network Rail; and the Regional Transport Partnerships.</p>			
16.2	<p>Additional National Passenger Surveys (NPS)</p> <p>From the Franchise Commencement Date, the Franchisee shall commission the Passengers' Council to carry out two additional National Passenger Surveys each year, bringing the total to 4 survey waves per year.</p>	Franchise Commencement Date	[----- REDACTED----- -----]	
16.3	<p>SQMS surveys</p> <p>From the Franchise Commencement Date, the Franchisee shall introduce an independently monitored service quality management system. At least 130 mystery shopping visits will be made to stations by independent suppliers each Reporting Period under this system. The results of these visits will be made known to the Authority no later than 10 days following the end of each Reporting Period.</p>	Franchise Commencement Date	[----- REDACTED----- -----]	
16.4	<p>On-line passenger panel</p> <p>On or before the end of the first Franchisee Year, the Franchisee will introduce an online passenger panel comprising at least 5000 Passenger Service users. The Franchisee shall use all reasonable endeavours to increase the membership if the panel to 10,000 members by the end of the second Franchisee Year.</p>	End of first Franchisee Year.	[----- REDACTED----- -----]	
16.5	<p>Transparent Reporting</p> <p>From the beginning of the second Franchisee Year, the Franchisee shall Publish, no later than 10 Working Days following the end of each Reporting Period, measures of the Franchisee's performance against the NPS, performance targets. These measures will be Published on the Website and on posters at all staffed stations.</p>	Beginning of the second Franchisee Year	[----- REDACTED----- -----]	
16.6	<p>ICS surveys</p>	Franchise Commence	[----- REDACTED-----	

	<p>From the Franchise Commencement Date, the Franchisee shall undertake two passenger satisfaction surveys each year, each audited. The results of these surveys will be benchmarked against train operating companies in the Abellio Group to ensure best practice is shared. The results of the passenger satisfaction survey will be made available to the Authority by the end of the Reporting Period after the survey is completed.</p> <p>For the purpose of this Committed Obligation, the Abellio Group shall be defined as Abellio Transport Holdings Limited and its subsidiaries.</p>	ment Date	----- ----- -----]																															
17.1	<p>New catering equipment</p> <p>On or before the 31st May 2016, the Franchisee shall provide improved catering equipment on each Train Fleet where catering is provided as at the Franchise Commencement Date. The improved catering equipment will include flexible service equipment (e.g. host trays), backup refrigerated and ambient mobile storage facilities and two additional water urns on each catered Train. The Franchisee shall provide galley equipment on the Inter-city Train Fleet to support the catering offer in first and second class.</p> <p>On the High Speed Trains, the new equipment will offer at least the capability to deliver coffee and chilled fresh food.</p> <p>By no later than 31st July 2015, the Franchisee shall introduce catering onto early, late and weekend Passenger Services which did not previously have a food and drink service the number of Passenger Services being as set out in the table below:</p> <table border="1"> <thead> <tr> <th>Route/Location</th><th>Glasgow</th><th>Edinburgh</th><th>Inverness</th><th>Aberdeen</th></tr> </thead> <tbody> <tr> <td>Inverness-Glasgow/Edinburgh</td><td>3</td><td>3</td><td></td><td></td></tr> <tr> <td>Inverness – Kyle of Lochalsh</td><td></td><td></td><td>1</td><td></td></tr> <tr> <td>Inverness – Thurso</td><td></td><td></td><td>1</td><td></td></tr> <tr> <td>Glasgow/Edinburgh – Aberdeen</td><td>2</td><td>4</td><td></td><td>4</td></tr> <tr> <td>Total</td><td>5</td><td>7</td><td>2</td><td>4</td></tr> </tbody> </table> <p>The Franchisee shall propose to the Authority, for</p>	Route/Location	Glasgow	Edinburgh	Inverness	Aberdeen	Inverness-Glasgow/Edinburgh	3	3			Inverness – Kyle of Lochalsh			1		Inverness – Thurso			1		Glasgow/Edinburgh – Aberdeen	2	4		4	Total	5	7	2	4	<p>31st May 2016 in respect of improved catering equipment</p> <p>The dates set out in the adjacent table in respect of extended catering service.</p>	[----- REDACTED----- -----]	2.3
Route/Location	Glasgow	Edinburgh	Inverness	Aberdeen																														
Inverness-Glasgow/Edinburgh	3	3																																
Inverness – Kyle of Lochalsh			1																															
Inverness – Thurso			1																															
Glasgow/Edinburgh – Aberdeen	2	4		4																														
Total	5	7	2	4																														

	its approval, the Passenger Services onto which catering shall be introduced together with the rationale for that selection. The Franchisee shall make any such proposals at least 3 Reporting Periods prior to the date it is required to deliver the Committed Obligation on the Passenger Service or such other shorter period as may be agreed by the Authority.			
17.2	New on-train menu On or before the 31 st December 2015, the Franchisee shall introduce a new range of food and drinks on Passenger Services with catering facilities. The new range will feature products sourced from local suppliers when it is reasonably practicable to do so. Products will be selected on the basis that they come from ethical and sustainable supply sources and that associated material and packaging can be recycled. The Franchisee will promote Scotland's food and drink industry nationally by producing guides and joint marketing offers.	31 st December 2015	[----- REDACTED----- -----]	
17.3	Not spot solutions No more than one year after 4G Connectivity becomes available across the network, and in any event no later than the 31 st December 2016, the Franchisee will install a PICO Mast or similar equipment at up to 10 stations where there would otherwise be no 4G Connectivity.	One year after 4G Connectivity becomes available across the network	[----- REDACTED----- -----]	
17.4	New Customer Information Screens Subject only to the granting of planning permission and the consent of any relevant property owner, on or before the end of the first Franchisee Year or within 12 months of 4G Connectivity becoming available at the relevant location (whichever is the longer), the Franchisee shall install 110 new Customer Information Screens at stations where there is currently no such provision, and in any event shall install such screens by 31 December 2016. The Customer Information Screen will be Nexus Alpha's Chronos low powered screens or equivalent.	End of first Franchisee Year or within 12 months of 4G Connectivity becoming available at the relevant location (if longer)	[----- REDACTED----- -----]	
17.5	Additional Customer Information Screens at Key Stations Subject only to the granting of planning permission and the consent of any relevant property owner on or before the end of the first Franchisee Year, the Franchisee shall, subject to	End of first Franchisee Year	[----- REDACTED----- -----]	

	Network Rail approval (where necessary), install an additional 30 Customer Information Screens at Key Stations.			
17.6	Smart Devices for Franchise Employees On or before the end of the first Franchisee Year, the Franchisee shall provide at least 3500 additional, role specific smart devices to members of Franchise Employees.	End of first Franchisee Year	[----- REDACTED----- -----]	
17.7	Colour Coded Timetables The Franchisee shall provide colour-coded Timetables indicating the level of anticipated crowding on different Passenger Services such Timetables to be updated and reissued, as a minimum for the Passenger Change Date in May and December in each year during the Franchise Term, starting with the December 2015 Passenger Change Date. Proposed colour-coded Timetables will be shared with the Authority at least one Reporting Period prior to them being Published.	December 2015 Passenger Change Date	[----- REDACTED----- -----]	
17.8	Marking Station platforms On or before the 31 st December 2018, the Franchisee shall mark 60 platforms to show where Train doors will be positioned at stations to be chosen by the Franchisee and shall keep such markings accurate at all times during the remainder of the Franchise Term. The Franchisee shall as soon as practicable after the Franchise Commencement Date, inform Transport Scotland which platforms will be marked. The commitment in this Committed Obligation shall be conditional on all necessary consents and approvals being obtained by the Franchisee including but not limited to Network Rail approvals.	31 st December 2018	[----- REDACTED----- -----]	
18	ScotRail Price Promise Scheme (“the Scheme”) The Scheme will allow passengers to access the best value tickets available for their journey through the provision of improved ticketing information. The Franchisee shall publicise and promote the Scheme and raise awareness amongst Passengers of ticket conditions which have an impact on cost of travel. In addition, the Scheme will commit the Franchisee to refund to passengers the Price Promise Refund. For this purpose: “Actual Price” is the price paid by a passenger for a ticket bought from the Franchisee for a journey	Franchise Commencement Date	[----- REDACTED----- -----]	

	<p>on a Passenger Service (the “Journey”);</p> <p>“Best Possible Price” is the cheapest price for which that passenger could have paid for a ticket (or combination of tickets) incorporating ticket conditions required by the Passenger from the Franchisee for the same Journey at the time the actual ticket was purchased; and</p> <p>“Price Promise Refund” is the amount by which the Actual Price is more than the Best Possible Price. The Price Promise Refund shall be refunded to the Passenger in the form of a method of payment equivalent to that used by the Passenger in purchasing their ticket.</p>									
19	NOT USED									
20.1	<p>Annual marketing spend</p> <p>The Franchisee shall allocate and spend at least [-----REDACTED-----]every 3 Franchisee Years to be spent on marketing activities.</p>	From the Franchise Commence ment Date	[----- REDACTED-----]	2.4						
20.2	<p>New online presence</p> <p>By no later than 1 month after the Franchise Commencement Date, the Franchisee shall deploy a new Website with the marketing features detailed below.</p> <table><tr><th>KEY FEATURES</th><th>NEW SCOTRAIL.CO.UK WEBSITE (MOCK-UP)</th></tr><tr><td><ul style="list-style-type: none">• a clear value proposition on the homepage that promotes the destinations, attractive advance purchase pricing and products</td><td rowspan="3"></td></tr><tr><td><ul style="list-style-type: none">• geo-targeted homepage content, so differing locations and markets are served personalised offers (i.e. Scottish visitors will be served more local content and passenger information; UK and overseas content will differ with more focus on destinations, scenic trains and leisure products)</td></tr><tr><td><ul style="list-style-type: none">• content will be translated for any country/language that exceeds 3% of total visits to the website or more than 10,000 unique visits per period</td></tr></table> <p>Mock-up of new ScotRail.co.uk website</p>	KEY FEATURES	NEW SCOTRAIL.CO.UK WEBSITE (MOCK-UP)	<ul style="list-style-type: none">• a clear value proposition on the homepage that promotes the destinations, attractive advance purchase pricing and products		<ul style="list-style-type: none">• geo-targeted homepage content, so differing locations and markets are served personalised offers (i.e. Scottish visitors will be served more local content and passenger information; UK and overseas content will differ with more focus on destinations, scenic trains and leisure products)	<ul style="list-style-type: none">• content will be translated for any country/language that exceeds 3% of total visits to the website or more than 10,000 unique visits per period	One month after the Franchise Commence ment Date	[----- REDACTED-----]	
KEY FEATURES	NEW SCOTRAIL.CO.UK WEBSITE (MOCK-UP)									
<ul style="list-style-type: none">• a clear value proposition on the homepage that promotes the destinations, attractive advance purchase pricing and products										
<ul style="list-style-type: none">• geo-targeted homepage content, so differing locations and markets are served personalised offers (i.e. Scottish visitors will be served more local content and passenger information; UK and overseas content will differ with more focus on destinations, scenic trains and leisure products)										
<ul style="list-style-type: none">• content will be translated for any country/language that exceeds 3% of total visits to the website or more than 10,000 unique visits per period										

	<ul style="list-style-type: none"> • inspirational photographic and video content that is regularly updated as part of our 'content marketing' strategy • integration with our social media channels (ie, Twitter, Facebook, YouTube, Pinterest, and Google+) and with partner websites such as VS, VB and integrated travel partners • commitment to website optimisation with intuitive customer pathways, optimised buy-online journeys with abandonment tactics, ongoing search engine optimisation (SEO) and agile methods to iterate improvements • creation of 'route one' multiple landing pages to support key campaigns. <p>The Franchisee shall also deploy a 'mobile-optimised' version of the new Website. The new online presence will include dedicated micro-sites for the Borders Project Railway, EGIP railway and Scenic Train sectors. No later than 6 months after Franchise Commencement Date, the Franchisee shall also provide on the Website historic information on crowding levels by service and real-time disruption information.</p>			
20.3	<p>Regular brand tracking</p> <p>From the Franchise Commencement Date, the Franchisee shall carry out every three Reporting Periods a brand tracking study to measure public perception of the ScotRail Franchise brand. The study will be carried out by independent consultants and the results shared with the Authority by no later than one Reporting Period after each study is completed.</p>	Franchise Commencement Date	[----- REDACTED----- -----]	
20.4	<p>Benefits for Season Ticket holders</p> <p>From the Franchise Commencement Date, the Franchisee shall offer, publicise and promote in all relevant marketing campaigns additional benefits to customers buying Season Ticket products on Smartcards. The benefits shall include:</p> <ul style="list-style-type: none"> • 1/3 off Standard Class Off-Peak single 	Franchise Commencement Date	[----- REDACTED----- -----]	

	<p>and return tickets purchased online for any Route;</p> <ul style="list-style-type: none"> • up to three additional adults aged 16 or over travelling with the Season Ticket holder on any Route will each be eligible for a 1/3 discount when purchasing their Standard Class Off-Peak single and return tickets online; and • eligibility for an upgrade to First Class for the Season Ticket holder and up to three additional adults aged 16 or over travelling with the Season Ticket holder when travelling in the Off-Peak on the Route covered by their Season Ticket for an initial supplement of only £5 per journey. 			
21	NOT USED			
22.1	<p>Contactless payment</p> <p>On or before the first anniversary of the Franchise Commencement Date, the Franchisee shall provide facilities to allow for contactless card payment at all retail ticket office windows in at least 143 staffed stations on the ScotRail network.</p>	First anniversary of the Franchise Commencement Date	[----- REDACTED----- -----]	
22.2	<p>New Ticket Vending Machines</p> <p>On or before the first anniversary of the Franchise Commencement Date, the Franchisee shall deploy at least 126 new Ticket Vending Machines at locations agreed with the Authority. Of these 126 machines, 100 will replace life expired machines and 26 will be additional to the current estate.</p> <p>The balance of the existing 179 TVM's (i.e. 79) will be replaced by the Franchisee as they become life expired and in any event by end of January 2020.</p> <p>The new machines will be ITSO enabled and PCI compliant. They will also have an enhanced graphical user interface together with an audio link between the machine and the Customer Contact Centre. The machines will have the capability to retail smartcards.</p> <p>In addition all TVMs on the ScotRail network will have an enhanced graphical user interface installed and operational by no later than the first anniversary of the Franchise Commencement Date.</p>	First anniversary of the Franchise Commencement Date and thereafter as existing TVMs become life expired and in any event by January 2020.	[----- REDACTED----- -----]	
22.3	<p>New ScotRail Web Ticketing Solution</p> <p>By no later than 1 month after the Franchise Commencement Date, the Franchisee shall</p>	By no later than 1 month after the	[----- REDACTED----- -----]	

	launch a dedicated new ScotRail web ticketing solution on the Website. The new ScotRail web ticketing solution will feature an improved user interface and will offer an ITSO smart fulfilment option for Season Tickets, Anytime Tickets and Off-Peak Tickets.	Franchise Commencement Date	-----]	
22.4	<p>Journey Companion App</p> <p>By no later than 1 month after the Franchise Commencement Date, the Franchisee will make available a mobile ticketing app with at least the following features:</p> <ul style="list-style-type: none"> • Allow passengers to buy train tickets securely for travel on Passenger Services and on other railway passenger services the rest of UK • Allow passengers to buy tickets 10 minutes before departure and collect from TVMs with barcode to mobile option on selected Routes • Allow passengers to search for real time live service information across all travel modes • Allow passenger to access information relating to the crowding of particular Passenger Services • Allow passengers to access Cab&Go Services and Bike&Go Facilities booking services <p>By no later than 31st December 2018, the app will be upgraded to allow passengers to access live crowding information on EGIP services and Alloa-Stirling- Dunblane Routes.</p>	<p>By no later than 1 month after the Franchise Commencement Date</p> <p>31st December 2018 for live crowding information on EGIP services and services on the Alloa – Stirling- Dunblane Route)</p>	[----- REDACTED----- -----]	
22.5	<p>New gatelines</p> <p>Subject only to the consent of Network Rail and other relevant property owners (where required) on or before the first anniversary of the Franchise Commencement Date, the Franchisee shall install new automatic ticket gatelines at two stations approved by the Authority where there are currently no such facilities.</p>	First anniversary of the Franchise Commencement Date.	[----- REDACTED----- -----]	

22.6	Annual ticketless travel survey The Franchisee shall conduct an annual survey of ticketless travel. The survey shall be carried out by an independent company. The first survey will take place no later the 30 th June 2015 and the Franchisee shall share the results with the Authority by no later than one Reporting Period after the survey is completed.	30 th June 2015	[----- REDACTED----- -----]	
22.7	Ticketless travel analyst From the Franchise Commencement Date, the Franchisee shall create an additional role of ticketless travel analyst to analyse trends in ticketless travel and allow the Franchisee's revenue protection staff to be deployed as efficiently as possible.	Franchise Commencement Date	[----- REDACTED----- -----]	
22.8	Intelligent Queue Monitoring Equipment On or before the end of the first Franchisee Year, the Franchisee shall install intelligent queue monitoring equipment in at least 7 Stations. The Franchisee shall make the data gathered by the intelligent queue monitoring equipment available to the Authority.	End of first Franchisee Year	[----- REDACTED----- -----]	2.3
23.1	Environmental management systems The Franchise shall use all reasonable endeavours to ensure that it achieves accreditation to the updated ISO 14001 standard before the end of the first Franchisee Year.	End of first Franchisee Year	[----- REDACTED----- -----]	
23.2	Sustainability innovation fund From the Franchise Commencement Date, the Franchisee shall allocate [-----REDACTED----- -----] Per annum to be spent on research and development of innovative solutions to environmental issues in the railway environment which will include, but will not be limited to, research into innovative solutions to key sustainability, issues relating to carbon reduction, energy use reduction and the reduction of waste sent to landfill. All proposed research and development projects will be assessed by a panel including representatives of the Authority, Network Rail, Resource Efficient Scotland and Zero Waste Scotland. In addition, four initial research projects shall be carried out by the Franchisee, which are (1) the	Franchise Commencement Date	[----- REDACTED----- -----]	2.4

	feasibility of using biobutane to resolve the cold weather operation issues for biodiesel; (2) trialling new smart meters to achieve additional benefit from fitment of Automated Meter Reading system to low energy use sites; (3) finding solutions to waste issues, including behaviour change and hard to recycle waste streams; and (4) using thin film lightweight solar PV technology in areas lacking the structural strength to support traditional PV.											
23.3	Corporate Social Responsibility Report The Franchisee shall Publish a corporate and social responsibility report each Franchisee Year during the Franchise Term. The Report will show the Franchisee's progress in achieving its sustainability targets, in particular those associated with reductions in energy use, carbon and waste. The Report will be Published on the Website by no later than the end of each Franchisee Year.	Per each Franchisee Year	[----- REDACTED----- -----]									
23.4	Energy audit The Franchisee shall carry out an audit of energy used by the Franchisee, per Reporting Period and per location and use the results of the audit to agree baselines from which energy use per passenger kilometre shall be reduced over the Franchise Term on or before the end of the first Franchisee Year. The methodology for carrying out the audit shall be submitted to the Authority by no later than 4 Reporting Periods after the Franchise Commencement Date.	End of first Franchisee Year	[----- REDACTED----- -----]									
23.5	Carbon and Energy Strategy On or before 20 th September 2016, the Franchisee shall Publish a carbon and energy strategy document detailing its approach to reducing energy consumption and carbon emissions across the Franchise Services.	30 th April 2017	[----- REDACTED----- -----]									
23.6	Reduction in fuel consumption per passenger kilometre The Franchisee shall achieve the reductions in diesel/electricity use per passenger kilometre (from a benchmark set on or before the Franchise Commencement Date) which are set out in the table below: . <table><tr><th>DATE</th><th>REDUCTION TO BE ACHIEVED (%)</th></tr><tr><td>30th April 2018</td><td>1</td></tr><tr><td>30th April 2021</td><td>3</td></tr><tr><td>31st March 2025</td><td>5</td></tr></table>	DATE	REDUCTION TO BE ACHIEVED (%)	30 th April 2018	1	30 th April 2021	3	31 st March 2025	5	End of tenth Franchisee Year	[----- REDACTED----- -----]	
DATE	REDUCTION TO BE ACHIEVED (%)											
30 th April 2018	1											
30 th April 2021	3											
31 st March 2025	5											

	<p>The benchmark shall be calculated by: dividing the total consumed electricity and diesel (Kw/H) for traction by passenger kilometres travelled (taking into account the impact of regenerative braking).</p> <p>All numbers will be on an annual basis, and included in the Franchisee's published annual accounts from which they will be drawn for these purposes. Diesel usage will be converted to Kw/H at a rate of 11.1 Kw/H per litre of diesel.</p>											
23.7	<p>Reduce non-traction energy use</p> <p>The Franchisee shall achieve the reductions in non-traction energy use (from a benchmark set on or before the Franchise Commencement Date) which are set out in the table below.</p> <table><tr><th>DATE</th><th>REDUCTION TO BE ACHIEVED (%)</th></tr><tr><td>30th April 2018</td><td>4</td></tr><tr><td>30th April 2021</td><td>7</td></tr><tr><td>31st March 2025</td><td>10</td></tr></table> <p>For the purpose of this Committed Obligation, when comparing actual non-traction energy use to the benchmark:</p> <p>1) the energy usage of any New Stations, and</p> <p>2) the additional energy requirements associated with any Qualifying Change,</p> <p>shall be excluded from the usage which is compared to the benchmark.</p> <p>The benchmark usage shall be calculated by reducing the total energy consumption of the Franchisee (Kw/H) by the amount used for traction and deducting from that figure the energy consumption of the Franchisee which is subject to re-charge by the Franchisee to third parties. All numbers will be on an annual basis, and included in the Franchisee's published annual accounts from which they will be drawn for these purposes.</p> <p>.</p>	DATE	REDUCTION TO BE ACHIEVED (%)	30 th April 2018	4	30 th April 2021	7	31 st March 2025	10	End of tenth Franchisee Year	[----- REDACTED----- -----]	
DATE	REDUCTION TO BE ACHIEVED (%)											
30 th April 2018	4											
30 th April 2021	7											
31 st March 2025	10											
23.8	<p>Better waste management</p> <p>On or before the end of the seventh Franchisee Year, the Franchisee shall reduce the proportion of waste sent to landfill by 25% from a benchmark set on or before the Franchise Commencement Date.</p>	End of seventh Franchisee Year	[----- REDACTED----- -----]									
23.9	<p>Environmental awareness training</p> <p>All new Franchise Employees will receive an environment and sustainability induction within 3 months of joining. On or before 31st December 2017, the Franchisee shall ensure that all Franchise Employees, including directors, have</p>	31 st December 2017	[----- REDACTED----- -----]									

	<p>received such environmental awareness training.</p> <p>Green champions in each Business Unit will train towards National Vocational Qualification (NVQ) Environmental Principles and Practice.</p>			
23.10	<p>Sustainable procurement policy</p> <p>The Franchisee shall:</p> <p>(a) on or before 31st July 2016, attain assurance to level 3 of the framework for sustainable procurement in accordance with the BS8903 standard or equivalent standard; and</p> <p>(b) on or before 31st January 2018, attain assurance to level 4 of the framework for sustainable procurement in accordance with the BS8903 standard or equivalent standard.</p>	<p>31st July 2016 for level 3</p> <p>31st January 2018 for level 4</p>	[----- REDACTED----- -----]	
24.1	<p>IIP Gold</p> <p>The Franchisee shall use reasonable endeavours to ensure that the Investors In People Gold accreditation is obtained by no later than 31st March 2017 and thereafter is maintained throughout the Franchise Term.</p>	31 st March 2017	[----- REDACTED----- -----]	
24.2	<p>Apprenticeships</p> <p>The Franchisee shall recruit at least 10 apprentices each Franchisee Year during the Franchise Term. The apprenticeships will be as follows:</p> <ul style="list-style-type: none"> • 4 in in engineering lasting not less than 48 months • 2 in customer services lasting not less than 18 months, • 2 in tourism lasting not less than 18 months and • 2 in hospitality lasting not less than 18 months <p>All apprentices will also be offered the opportunity to complete the Duke of Edinburgh Scheme Gold Award.</p> <p>All apprentices shall be Franchise Employees.</p>	Franchise Commence ment Date	[----- REDACTED----- -----]	
24.3	<p>E-learning facilities</p> <p>On or before the 31st March 2016, the Franchisee shall create e-learning facilities at 11 locations on the ScotRail network. The facilities will offer</p>	31 st March 2016	[----- REDACTED----- -----]	

24.9	British Cleaning Standard certificate From the 30 th June 2016, the Franchisee shall offer all cleaning staff the opportunity to achieve the British Cleaning Standard certificate.	30 th June 2016	[----- REDACTED----- -----]																													
24.10	Graduate placements From the 1 st September 2016, the Franchisee shall offer at least two six month placements annually to graduates on the Network Rail Track and Train Graduate Trainee Scheme.	1 st September 2016	[----- REDACTED----- -----]																													
24.11	Annual training spend The Franchisee shall allocate and spend at least [---REDACTED---] in each Franchisee Year on the training activities (excluding the cost of the learning and development team and training academy) set out above and such other training activities as are appropriate.	Per each Franchisee Year	[----- REDACTED----- -----]	2.4																												
24.12	Scottish Vocational Qualifications From 1 st August 2015, the Franchisee shall offer the percentage of Franchise Employees shown in the table below, Scottish Vocational Qualifications in the relevant areas:- <table border="1"><thead><tr><th>SVQ SUBJECT</th><th>TARGETED FRANCHISE EMPLOYEES</th><th>%/NUMBER OF EMPLOYEES FIRST FRANCHISEE YEAR</th><th>% / NUMBER OF EMPLOYEES EACH SUBSEQUENT FRANCHISEE YEAR</th></tr></thead><tbody><tr><td>Hospitality (Level 4)</td><td>On-train catering, 'To-Go' Kiosks, Tickets Plus retail outlets</td><td>5%/25</td><td>6.67%/33</td></tr><tr><td>Travel and tourism (HNC level 4)</td><td>Scenic trains employees</td><td>5%/8</td><td>6.67% /11</td></tr><tr><td>Rail Services (driving)</td><td>Train drivers</td><td>4% /46</td><td>4.8%/55</td></tr><tr><td>Business, admin, IT & accounting</td><td>HQ and support employees</td><td>5%/15</td><td>6.67%/20</td></tr><tr><td>Literacy and numeracy units</td><td>Customer-facing employees</td><td>2.5%/51</td><td>3.33%/68</td></tr><tr><td>Improving wellbeing (Level 3)</td><td>All employees</td><td>1%/47</td><td>1.33%/62</td></tr></tbody></table>	SVQ SUBJECT	TARGETED FRANCHISE EMPLOYEES	%/NUMBER OF EMPLOYEES FIRST FRANCHISEE YEAR	% / NUMBER OF EMPLOYEES EACH SUBSEQUENT FRANCHISEE YEAR	Hospitality (Level 4)	On-train catering, 'To-Go' Kiosks, Tickets Plus retail outlets	5%/25	6.67%/33	Travel and tourism (HNC level 4)	Scenic trains employees	5%/8	6.67% /11	Rail Services (driving)	Train drivers	4% /46	4.8%/55	Business, admin, IT & accounting	HQ and support employees	5%/15	6.67%/20	Literacy and numeracy units	Customer-facing employees	2.5%/51	3.33%/68	Improving wellbeing (Level 3)	All employees	1%/47	1.33%/62	By end of the first Franchisee Year and each subsequent Franchisee Year	[----- REDACTED----- -----]	
SVQ SUBJECT	TARGETED FRANCHISE EMPLOYEES	%/NUMBER OF EMPLOYEES FIRST FRANCHISEE YEAR	% / NUMBER OF EMPLOYEES EACH SUBSEQUENT FRANCHISEE YEAR																													
Hospitality (Level 4)	On-train catering, 'To-Go' Kiosks, Tickets Plus retail outlets	5%/25	6.67%/33																													
Travel and tourism (HNC level 4)	Scenic trains employees	5%/8	6.67% /11																													
Rail Services (driving)	Train drivers	4% /46	4.8%/55																													
Business, admin, IT & accounting	HQ and support employees	5%/15	6.67%/20																													
Literacy and numeracy units	Customer-facing employees	2.5%/51	3.33%/68																													
Improving wellbeing (Level 3)	All employees	1%/47	1.33%/62																													

	Totals		22.5%/192	29.47%/249			
24.13	Scottish Business in the Community Scheme				From the Franchise Commencement Date	[----- REDACTED----- -----]	
	From the Franchise Commencement Date, the Franchisee shall be a member of the Scottish Business in the Community Scheme and allow every Franchise Employee to be released for one day per annum to take part in a community project organised pursuant to the Scottish Business in the Community Scheme.					[----- REDACTED----- -----]	
	The Franchisee shall nominate itself for the BiTC Big Tick Award during 2017.				31 st December 2017	[----- REDACTED----- -----]	
	The Franchisee shall also nominate itself for Volunteering Company of the Year Award during 2019.				31 st December 2019	[----- REDACTED----- -----]	
	From the Franchise Commencement Date, the Franchisee shall place two of its customer apprentices with Scottish Business in the Community during each Franchisee Year for a period of 3 months.				Franchise Commence ment Date		
24.14	Schools Programme				1 st March 2016	[----- REDACTED----- -----]	
	From 1 st March 2016, the Franchisee shall introduce a schools programme. The programme will comprise at least two Franchise Employees visiting 4 Scottish schools each month during the school term to promote the employment opportunities within the Franchisee.						
24.15	Certificate of Work Readiness				From 1 st August 2015	[----- REDACTED----- -----]	
	From 1 st August 2015, the Franchisee shall offer at least 5 school leavers each year the opportunity						

	to complete a certificate of work readiness while completing a 5 to 6 week work placement.			
24.16	<p>Training facilities available to charities</p> <p>From 1st October 2015 and throughout the remainder of the Franchise Term, the Franchisee shall, so far as is reasonably practicable, make its training facilities available to local charities free of charge on request.</p> <p>At least once every three Reporting Periods the Franchisee shall Publish, promote and hold a train simulator open day from which all proceeds will be paid to a local charity.</p>	<p>From 1st October 2015</p> <p>Franchise Commencement Date</p>	<p>[----- REDACTED----- -----]</p> <p>[----- REDACTED----- -----]</p>	
24.17	<p>Training for Scottish Veterans</p> <p>From the 1st June 2016, the Franchisee shall offer free courses in CV writing and interview skills to at least 100 Scottish veterans who are registered with the Scottish Association for Mental Health or Poppy Scotland.</p>	<p>1st June 2016</p>	<p>[----- REDACTED----- -----]</p>	
24.18	<p>Training for Scottish prisoners</p> <p>From 1st June 2016, the Franchisee shall:</p> <p>(a) Make at least two visits per year to Scottish prisons to provide recruitment and selection workshops; and</p> <p>(b) Make available at least 5 work placements for newly released ex-offenders.</p>	<p>1st June 2016</p>	<p>[----- REDACTED----- -----]</p> <p>[----- REDACTED----- -----]</p>	
24.19	<p>Reduced Fares for job-seekers</p> <p>On the Franchise Commencement Date, the Franchisee shall launch a scheme which will allow unemployed job seekers who are not in full-time education the opportunity to receive:</p> <p>a) a maximum of 2 free Return Fares each month for the sole purpose of enabling travel to and from job interviews; and</p> <p>b) a maximum of one free monthly Season Ticket if they are successful in securing a job,</p> <p>subject to the job seeker meeting such reasonable eligibility criteria as are specified by the Franchisee for such tickets and are necessary to avoid fraudulent use.</p>	<p>Franchise Commencement Date</p>	<p>[----- REDACTED----- -----]</p>	2.3

24.20	Intern programme From 1 st September 2015, the Franchisee shall offer at least 2 six-month placements per Franchisee Year to graduate interns.	1 st September 2015	[----- REDACTED----- -----]	
24.21	Alternative Language Training Throughout the Franchise Term, the Franchisee shall offer all Franchise Employees languages training such as French, German and Spanish free of charge. The Franchisee shall ensure that Franchise Employees who speak an alternative language are visible by having the flag of the country's language displayed on their name badge. The Franchise shall also offer all Franchise Employees the opportunity to learn sign language to assist deaf customers free of charge.	Franchise Commencement Date	[----- REDACTED----- -----]	
25.1	Public Contracts Scotland (PCS) From the Franchise Commencement Date, the Franchisee shall ensure that all eligible Franchisee contracts are advertised on the PCS website.	Franchise Commencement Date	[----- REDACTED----- -----]	
25.2	Community benefit clauses From the Franchise Commencement Date, the Franchisee shall use all reasonable endeavours to ensure that eligible contracts with large suppliers contain provision requiring them to contract with SMEs.	Franchise Commencement Date	[----- REDACTED----- -----]	
25.3	Incubator space at Stations From the end of the first Franchisee Year, subject only to obtaining the consent of Network Rail and any other relevant property owner, the Franchisee shall make available suitable vacant space at a peppercorn rent in at least 5 Stations for use by small, start-up businesses in any areas where a lack of accommodation for new business is restricting business growth or where there is a particular economic requirement. The Franchisee shall spend at least [-----REDACTED-----] to fund or part fund the refurbishment of such premises.	End of first Franchisee Year	[----- REDACTED----- -----]	2.3
25.4	SME engagement The Franchisee will review and improve its procurement processes in line with Scottish Government guidance to encourage SMEs and	Franchise Commencement Date	[----- REDACTED----- -----]	

	<p>local SMEs to bid for its supply chain requirements, in particular in relation to the elements of its supply chain which are particularly suited to local SMEs such as the catering supplies for the scenic trains.</p> <p>The Franchisee will advertise all appropriate contracts on the PCS portal.</p> <p>The Franchisee will establish its own SME forum, to allow discussion in relation to the barriers to, and opportunities arising from, SME involvement in the supply chain and how the Franchisee can assist SMEs. There will at least two forum events in each Franchisee Year in each of four regional centres.</p> <p>The Franchisee will work with the Scottish Council for Development and Industry, the Federation of Small Businesses and Chambers of Commerce to use two of these events as wider 'meet the buyer' roadshows. In addition the Franchisee will participate in the annual local PCS supplier events and the National Procurement Conference.</p> <p>These SME engagement methods set out above will be formalised in the Franchisee's Sustainable Procurement Strategy. The Franchisee will impose an obligation on its main contractors to adopt similar SME engagement methods when they procure sub-contract packages, and the Franchisee will impose community benefit provisions on its main contractors where this is appropriate and offers value for money.</p>			
25.5	<p>Head of economic development</p> <p>On or before the Franchise Commencement Date, the Franchisee shall create and fill a new post of head of economic development.</p>	Franchise Commencement Date	[----- REDACTED----- -----]	
25.6	<p>Borders Rail sustainable development enterprise</p> <p>No later than 30th September 2015, the Franchisee shall establish a sustainable development enterprise for the Borders Railway Project. The enterprise will promote Stations and Passenger Services to local residents and influence development around the railway by local developers. The Franchisee shall carry out a review of the Borders Rail sustainable development enterprise with review dates of 31st December 2017 and 31st December 2019 and results of the reviews being shared with the Authority within 4 Reporting Periods of such review date.</p>	By 30 th September 2015	[----- REDACTED----- -----]	
26.1	<p>Community liaison executives</p> <p>On or before the 30th June 2015, the Franchisee shall create and fill four part time or two full time</p>	30 th June 2015	[---REDACTED--- --]	

	equivalent community liaison executive posts to be responsible for the development of Community Rail projects in Scotland.			
26.2	Station Biodiversity fund From the Franchise Commencement Date, the Franchisee shall allocate [---REDACTED---] per Franchisee Year to be spent on biodiversity research or planting projects at Stations which are in close proximity to natural heritage and nature reserves across a wide geographical area.	Franchise Commencement Date	[----- REDACTED-----]	2.4
26.3	Community ambassadors scheme From the Franchise Commencement Date, the Franchisee shall allocate at least [---REDACTED---] each Franchisee Year to be spent on supporting a community ambassador scheme.	Franchise Commencement Date	[----- REDACTED-----]	2.4
26.4	The Deal Campaign On or before the end of the first Franchisee Year, the Franchisee shall launch, Publish and promote the ScotRail Deal Campaign to recruit Community Rail Volunteers. During mobilisation, the Franchisee shall develop a campaign to promote the ScotRail Deal to encourage volunteering along the key Community Rail Partnership lines, and other lines identified as potentially benefitting from Station adoption. This will be accompanied by specific pages on the Website and Project Scotland's website. Specific roles which the Franchisee will advertise are: Station Adopters, Community Rail Partnership members, and Community Ambassadors. The campaign will be launched 6 months after the Franchise Commencement Date. The community rail managers will hold volunteering recruitment sessions in either village halls, local Stations (if suitable), or hired space at leisure centres or local hotels. Other stakeholders (eg ACoRP, Community Councils, RTPs) will be invited to attend to encourage a joint approach from the outset.	End of first Franchisee Year	[----- REDACTED-----]	
26.5	Travelling Classrooms During the first Franchisee Year, the Franchisee shall pilot the 'travelling classroom' initiative in Markinch and Stranraer. This initiative will provide opportunities to schools in those areas to travel on trains and learn about the history of the line, local natural environment and local industries.	End of first Franchisee Year	[----- REDACTED-----]	

27.1	<p>Tourism ambassadors</p> <p>On or before 1st December 2017, the Franchisee shall ensure that a Tourism Ambassador is present on each Scenic Train. The Franchisee shall procure that the Tourism Ambassador attends Visit Scotland's Tourism for All training course</p> <p>For the purposes of this Committed Obligation and Committed Obligation reference 27.2 below, a Scenic Train is any service running on West Highland Line, Kyle Line, Far North Line, Glasgow-Ayr-Stranraer Line, Glasgow-Kilmarnock-Carlisle Line and Borders Railway Line.</p> <p>In the peak tourist season multi lingual students on placements will work with the Franchise Employees on the Scenic Train.</p>	1 st December 2017	[----- REDACTED----- -----]	
27.2	<p>Scenic Train package</p> <p>On or before the 1st December 2018, the Franchisee shall launch a pre-bookable Scenic Train Package which shall cost a maximum of £20 per person. Such package shall include, but is not limited to, the following:-</p> <ol style="list-style-type: none"> 1. Entitlement to a reserved seat in a separate premium carriage (or part of carriage depending on demand); 2. Service from a Tourism Ambassador as described in Committed Obligation reference 27.1; 3. Printed information and maps onboard which detail walking and cycling routes in addition to a range of Visit Scotland information on local attractions and places to stay/eat. 4. Expansion of the Outgoing Franchisee's existing 'View from the Train' information to give as interactive an experience as possible; 5. Each train will be 'dressed' with tablecloths and information on the Scenic Train Route. 6. Option to adapt service to groups' requirements with themed events such as Harry Potter on the Kyle Line with locally brewed "butter beer"; 7. Onboard catering which shall focus on local suppliers and feature the best brands and primary produce from the best producers; 8. Scenic breakfast, lunch or dinner hamper (consisting of high quality boxed food) together with a guide for the customer's journey which is pre-bookable. This Scenic Train catering package shall be available on 	1 st December 2018	[----- REDACTED----- -----]	

	<p>Scenic Trains which use the West Highland Line, Kyle Line and Glasgow-Kilmarnock-Carlisle Lines; and</p> <p>9. Additional catering options with hot meals (for Scenic charter Trains only).</p> <p>In addition to the Scenic Train Package, the Franchisee shall also organise special scenic railway events which focus on a particular aspect of the journey, with keynote speakers to give more information. The Franchisee will work with the University of the Third Age (U3A) to assist with the programme of events and to target its membership base (eg history of the route, local flora and fauna and introduction to the Western Isles). The Franchisee will also promote active travel (eg a cycling routes event working with Stirling cycling hub). The Franchisee shall implement its proposals with ScotchBrothEvents for whisky and food-tasting events which are tailored by line. These proposals include (one) the Whisky Trail on the West Highland Line and (two) Game and Cheese on the Carlisle via Kilmarnock line. The Franchisee shall work with local suppliers (eg Braehead Foods for game and Ayrshire cheeses) during its implementation of such proposals.</p>			
27.3	<p>Vegetation clearance on Scenic Routes</p> <p>From the Franchise Commencement Date the Franchisee shall carry out a full vegetation and woodland survey along the West Highland Line and Kyle Line.</p> <p>The Franchisee shall allocate at least [---REDACTED---] per Franchisee Year on procuring and, thereafter, maintaining vegetation clearance on West Highland Line and Kyle Line (and shall work in partnership, throughout the Franchise Term, with Friends of the West Highland and Kyle Lines, Network Rail and other partners including landowners (for example the Loch Lomond and Trossachs National Park) in developing a strategic approach to such vegetation clearance).</p> <p>The Franchisee shall work in partnership with Network Rail, Loch Lomond and Trossachs National Park (including their relevant friends) and Community Rail Partnerships to create a priorities and project plan, on or before the Franchise Commencement Date, for clearing (and maintaining) the sections of the lines considered by all partners to be most impactful. The Franchisee shall allocate an additional [---REDACTED---] per Franchisee Year to be spent on commissioning a vegetation survey to identify such sections of lines.</p>	Franchise Commencement Date	[----- REDACTED----- -----]	2.4

28.1	<p>Introduction of Revenue Management System</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall introduce an automated computer system to interrogate and manipulate Advance Ticket Fares based on demand for a particular Fare over the last 12 months.</p> <p>For the purposes of this Committed Obligation and Committed Obligation reference 28.2 below an Advance Ticket Fare is a single Fare purchased in advance of travel and which is subject to a quota.</p>	End of first Franchisee Year	[----- REDACTED----- -----]	
28.2	<p>New headline Advance Ticket Purchase Fares</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall introduce a new headline single fare of £5 (standard class) and £10 (first class) between any two stations in Scotland, where the prevailing standard class single Fare exceeds £5. The Fare will be of limited availability, with availability determined by demand for particular Passenger Services.</p>	End of first Franchisee Year	[----- REDACTED----- -----]	
28.3	<p>New Super Off-Peak day return</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall introduce a new Super Off-Peak day return product on all flows which currently have an existing Off-Peak Day Return to or from Glasgow, Edinburgh or Aberdeen. The Super Off-Peak day return will only be available on Smartcard. The initial price of the Super Off-Peak return will be around 20% lower than the current Off-Peak return ticket as at the Franchise Commencement Date.</p>	End of first Franchisee Year	[----- REDACTED----- -----]	
28.4	<p>Off-peak Flex Carnet</p> <p>On or before the 30th September 2016, the Franchisee shall introduce an Off Peak Flex Carnet product which will enable customers to purchase an Off-peak Ticket Fare at a discounted rate which entitles the purchaser to make multiple Off-Peak day return journeys during the period for which, and between the Stations for which, such Fare is valid.</p> <p>To make better use of capacity in the shoulder peak, the Franchisee will also introduce an Off-Peak version of the Flex Carnet, allowing customers to choose between Anytime and Off-Peak Fares based on their time of travel. Unlike Flexipass, this will encourage frequent travellers using the Flex Carnet product to travel on Off-Peak services where possible, and will encourage greater take-up of the Flex Carnet product. Off-</p>	30 st September 2016	[----- REDACTED----- -----]	

	Peak day return restrictions will be relaxed compared to the standard restrictions for individual tickets where capacity is available, e.g. Flex Carnet users will be able to use an Off-Peak ticket for early morning travel, where they start their journey ('touching in' with their Smart card) before 06:30. This will help to spread demand away from the busy core morning peak period and will also further encourage migration to this Smart product from individual day tickets.			
28.5	Great Scenic Railways of Scotland From the Franchise Commencement Date, the Franchisee shall establish a Great Scenic Railways of Scotland Marketing Campaign and spend at least [---REDACTED---] of the annual marketing budget referred to in Committed Obligation reference 20.1 above on that campaign in each Franchisee Year (excluding costs and expenditure associated with the development and maintenance of the microsite).	Franchise Commencement Date	[----- REDACTED-----]	2.4
28.6	City Days Out Marketing Campaign From the Franchise Commencement Date, the Franchisee shall establish a 'City Days Out from...' Marketing Campaign for each of the seven cities (Aberdeen, Dundee, Edinburgh, Glasgow, Inverness, Perth and Stirling). At least [---REDACTED---] of the annual marketing budget referred to in Committed Obligation reference 20.1 above will be made available and spent this initiative.	Franchise Commencement Date	[----- REDACTED-----]	2.4
28.7	e-CRM and Email Marketing The Franchisee shall implement of a Customer Relationship Management platform "Right Now" or equivalent in partnership with TrainLine by no later than 31 st March 2015.	31 st March 2015	[----- REDACTED-----]	
28.8	Tourism Manager On or before the Franchise Commencement Date, the Franchisee shall appoint a Tourism Manager who will be the main point of contact between Visit Scotland and the Scottish Tourism industry.	Franchise Commencement Date	[----- REDACTED-----]	
28.9	Membership of Marketing Institutions The Franchisee shall procure that its senior marketing team will either be or become members of the Chartered Institute of Marketing (CIM) or Institute of Direct and Digital Marketing (IDM) and will complete their continuing professional development each Franchisee Year. This will be written into their personal objectives.	Franchise Commencement Date	[----- REDACTED-----]	

	The Franchisee shall also procure that its Head of Marketing Service becomes a member of the Market Research Society.			
28.10	<p>ScotRail Club 50 Smartcard</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall launch, promote and publicise a ScotRail Club 50 Smartcard. The Club 55 product will be retained until replaced by the Club 50 Smartcard. The Club 50 Smartcard will exceed the discounts offered on the Club 55 product by offering deeper discounts on longer distance routes in the low season.</p> <p>The Franchisee shall invest at least [---REDACTED---] in the first Franchisee Year for this product. The Project Manager will withdraw the existing Club55 return seasonal product by not releasing it in the fares database for the May-15 upload. Franchise Employees will be briefed three times on this change, two months, two weeks and two days prior to withdrawal.</p> <p>In association with Saga or an alternative organisation, the ScotRail Club50 will offer year-round member benefits. The club will engage this growing segment and be designed specifically to increase Off-Peak journeys where capacity is available, by offering members who have purchased a railcard a 10% discount on Off-Peak, Super Off-Peak and Advance Ticket fares, or a 20% discount for online sales. Annual membership will cost £15, with railcard reductions available through strategic partnerships with organisations such as the National Trust for Scotland, Historic Scotland and the Ramblers Association. Payment by direct debit will reduce annual membership to £10. The Franchisee will apply promotions and other marketing activity effectively, to stimulate use of available capacity throughout the year, using Club50 data and Saga's data and expertise.</p>	End of first Franchisee Year	[----- REDACTED----- -----]	
28.11	<p>ScotRail air-addon Fares</p> <p>Subject to the agreement of Logan Air, on or before the end of the first Franchisee Year, the Franchisee shall launch a one year pilot offering a fixed price product single journey anywhere across the ScotRail network of £20 to Logan Air passengers offering one day's travel on Passenger Services on the day for which their Logan Air flight ticket is valid for travel.</p> <p>If the Authority and the Franchisee agree (acting</p>	End of first Franchisee Year	[----- REDACTED----- -----]	

	reasonably) that the Logan Air scheme is successful following a one-year pilot period, the Franchisee shall continue to offer the product to Logan Air passengers and shall use all reasonable endeavours to offer a scheme similar to the Logan Air scheme to all passengers of air operators who operate services into Scotland's airports.		[----- REDACTED----- -----]	
28.12	<p>Existing Railcard Users</p> <p>The Franchisee shall retain the Highland Rail Card, and shall procure that holders will migrate to Smartcards by no later than the first anniversary of the Franchise Commencement Date. The Senior, Family & Friends, 16-25, National Entitlement Card scheme, Scottish Youth and Disabled Persons railcard shall also be retained by the Franchisee for the duration of the Franchise Period.</p> <p>Such existing railcards will all feature in our advertising, especially online and at stations. The Franchisee will support ATOC promotional campaigns and offer space at stations for relevant posters.</p>	First anniversary of Franchise Commencement Date	[----- REDACTED----- -----]	
28.13	<p>18+students</p> <p>National Entitlement Card holders will no longer require a separate Scottish Youth Railcard and will be able to enjoy discounts by showing their National Entitlement Card as they do on buses.</p>	Franchise Commencement Date	[----- REDACTED----- -----]	
28.14	<p>Under-25s Advance Purchase Discount Product</p> <p>On or before the 30th September 2015, the Franchisee shall launch an Under-25s Advance Purchase Discount Product. The product will offer a minimum discount of 10% to individuals under the age of 25 when buying Advance Ticket products online and fulfilled by Smartmedia. Higher discounts will apply to specific campaigns to fill available longer distance capacity and periods when demand is usually low.</p>	30 th September 2015	[----- REDACTED----- -----]	
29.1	<p>ITSO Certified Smartmedia backoffice</p> <p>On or before the 31st October 2015, the Franchisee shall upgrade its back-office information system by introducing a new ITSO version 2.1.4 HOPS.</p>	31 st October 2015	[----- REDACTED----- -----]	
29.2	Smartcard programme team	Franchise Commencement Date	[----- REDACTED----- -----]	

	<p>By no later than the Franchise Commencement Date, the Franchisee shall appoint a Smartcard programme manager who will be responsible for the implementation of the Franchisee's Smartcard roll-out programme and shall establish a dedicated Smartcard programme team consisting of project director integration, Smartcard programme manager and a business analyst. This team will be supported by 8 workstream leaders from across the Franchisee's organisation. The post and the team will be retained by the Franchisee for at least the first two Franchisee Years.</p>		<p>-----]</p> <p>[----- REDACTED----- -----]</p>																
29.3	<p>Web-TIS development</p> <p>The Franchisee shall continue to develop the new ScotRail web ticketing solution introduced in accordance with Committed Obligation reference 22.3 above in accordance with the implementation strategy set out in the table below:-</p> <table border="1"> <thead> <tr> <th colspan="5">ITSO INFRASTRUCTURE IMPLEMENTATION STRATEGY (2015-2019)</th></tr> <tr> <th>Stage</th><th>Phase</th><th>Timing</th><th>Scope</th><th>Smart product development</th></tr> </thead> <tbody> <tr> <td>1</td><td>Mobilisation and transition</td><td>Jan – Oct 2015</td><td> <ul style="list-style-type: none"> seamless handover of ScotRail's pilot infrastructure from Outgoing Franchisee engagement of the SIT team establish dedicated Smart programme team fix pilot issues to remove customer barriers to uptake Smart enablement of the Franchisee's WebTIS and HOPS integration Smart seasons </td><td> <ul style="list-style-type: none"> traditional seasons testing anytime and off peak tickets on Smart </td></tr> </tbody> </table>	ITSO INFRASTRUCTURE IMPLEMENTATION STRATEGY (2015-2019)					Stage	Phase	Timing	Scope	Smart product development	1	Mobilisation and transition	Jan – Oct 2015	<ul style="list-style-type: none"> seamless handover of ScotRail's pilot infrastructure from Outgoing Franchisee engagement of the SIT team establish dedicated Smart programme team fix pilot issues to remove customer barriers to uptake Smart enablement of the Franchisee's WebTIS and HOPS integration Smart seasons 	<ul style="list-style-type: none"> traditional seasons testing anytime and off peak tickets on Smart 		<p>[----- REDACTED----- -----]</p>	
ITSO INFRASTRUCTURE IMPLEMENTATION STRATEGY (2015-2019)																			
Stage	Phase	Timing	Scope	Smart product development															
1	Mobilisation and transition	Jan – Oct 2015	<ul style="list-style-type: none"> seamless handover of ScotRail's pilot infrastructure from Outgoing Franchisee engagement of the SIT team establish dedicated Smart programme team fix pilot issues to remove customer barriers to uptake Smart enablement of the Franchisee's WebTIS and HOPS integration Smart seasons 	<ul style="list-style-type: none"> traditional seasons testing anytime and off peak tickets on Smart 															

				enablement for all routes <ul style="list-style-type: none"> seasons pilot continuation until migration to new HOPS 				
	2	Enabling	Nov – Jan	<ul style="list-style-type: none"> develop infrastructure to move out of pilot mode: ensure station fit for purpose, deliver improved customer experience and wider rollout of existing products core initiatives: new HOPS, systems integration, revenue management system, WebTIS/Customer Relationship Management (CRM) development, TVM development, card replacement bureaux, Smart Centre of Excellence, new validation equipment and gates 	<ul style="list-style-type: none"> new Smart seasons existing anytime and off peak tickets advance Flex Carnet super off peak 			
	3	Enhancing	2017 – 2019	<ul style="list-style-type: none"> enhance infrastructure to introduce new Smart products and wider range of customer touch points core initiatives: Remote Ticket Download (RTD) (@home, @work, 	<ul style="list-style-type: none"> all existing ticket types contract seasons multi-modal (PLUSBUS, Zonecard, One Ticket) account-based products 			

				@kiosk), NFC as a Smartmedia (ITSO@over theair), installation of cashless ITSO kiosks <ul style="list-style-type: none"> phased introduction of account- based ticketing 				
	4	Business as usual	2020	<ul style="list-style-type: none"> stable system in place with full product set and wide range of options to download Smart products 	<ul style="list-style-type: none"> new Smart-only products 			
	The Franchisee shall also ensure the system allows users to purchase the Initial ITSO Fares for fulfilment on ITSO Certified Smartmedia by 1 st April 2017 and all other Fares for fulfilment on ITSO Certified Smartmedia by 1 st April 2019.					1 st April 2017 (for Initial ITSO Fares) 1 st April 2019 (for all other Fares)		
29.4	New handheld ticket machines for on-train On or before the end of the first Franchisee Year, the Franchisee shall fully replace the ticket validation machines currently used on Outgoing Franchisee's railway passenger services Trains with new machines capable of validating and retailing ITSO tickets and retailing conventional magnetic stripe tickets. The new machines will be ITSO 2.1.4 compliant.					End of first Franchisee Year	[----- REDACTED----- -----]	
29.5	Smartcard replacement facilities On or before the 31 st October 2015, the Franchisee shall promote, publicise and make available during ticket office open hours, facilities to replace passengers' paper tickets with Smartcards at Aberdeen, Dundee, Inverness, Perth, Stirling, Ayr, Paisley Gilmour Street and Motherwell Stations, in addition to the facilities already available at stations in Edinburgh and Glasgow.					31 st October 2015	[----- REDACTED----- -----]	
29.6	Smart testing and training centre					31 st October	[----- REDACTED----- -----]	

	<p>Franchise Employees.</p> <p><u>Customer Pilot:</u></p> <p>On or before 31st January 2016, the Franchise shall launch a 6 month NFC phone pilot. The scheme will allow 50 customers to download a ticket to a Smartcard from an NFC enabled mobile device issued by the Franchisee free of charge. The pilot will be limited to point to point journeys.</p> <p>Subject to the success of the pilot programme as demonstrated by the results of the pilot presented to the Franchisee's board and made available to the Authority, the Franchisee shall make the NFC service available to all ScotRail Franchise passengers by no later than the end of 2017.</p>	30 th January 2016		
29.10	<p>ITSO at Work Service</p> <p>On or before the 31st May 2018, the Franchisee shall launch an ITSO at Work Service 6 month pilot scheme with major employers.</p> <p>The Franchisee shall work with major employers in Edinburgh and Glasgow area (e.g. University of Edinburgh, Tesco Bank, RBS and Lloyds) to install simple pick up points at more convenient locations to enable employees to arrive at the station with their ticket already loaded.</p> <p>Subject to the success of the pilot programme as identified by a full review of the pilot (which will be completed by 31st January 2019 and shared with the Authority), the Franchisee shall make the ITSO at Work Service available to other employers.</p>	<p>31st May 2018</p> <p>31st January 2019</p>	[----- REDACTED----- -----]	
29.11	<p>New ScotRail Franchise Smartcard</p> <p>By no later than 1 month after the Franchise Commencement Date, the Franchisee shall launch a new ITSO Certified Smartcard which is compliant with paragraph 6.5 of Schedule 2.5 (<i>Transport, Travel and Other Schemes</i>) of this Agreement.</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall offer the capability for the National Entitlement Card and SPT subway products to be loaded onto the ScotRail Franchise Smartcard.</p>	<p>By no later than 1 month after the Franchise Commencement Date</p> <p>End of first Franchisee Year</p>	[----- REDACTED----- -----]	

29.12	<p>Uptake of Smartmedia Ticketing</p> <p>The Franchisee shall use all reasonable endeavours to ensure that:</p> <p>(a) On or before 1st April 2019 at least 60 per cent. of Passenger Journeys are made using ITSO Certified Smartmedia; and</p> <p>(b) On or before 1st April 2021 at least 65 per cent. of Passenger Journeys are made using ITSO Certified Smartmedia; and</p>	<p>(a) 1st April 2019</p> <p>(b) 1st April 2021</p>	<p>[----- REDACTED----- -----]</p>	
29.13	<p>Contract Season Tickets</p> <p>On or before 31st December 2015, the Franchisee shall launch a new 'Contract Season' Ticket, which will have the capability for opt-out periods (e.g. customer annual leave) from April 2016.</p>	31 st December 2015	<p>[----- REDACTED----- -----]</p>	
29.14	<p>Flex Carnet</p> <p>On or before 30th September 2016, the Franchisee shall introduce a Peak Flex Carnet product which will enable customers to purchase a Fare at a discounted rate which entitles the purchaser to make multiple day return journeys during the period for which, and between the Stations for which, such Fare is valid.</p> <p>The Flex Carnet product will address customer demand for a more flexible product that balances commitment of frequent travel but over greater periods. This product will allow customers travelling between two points to choose how many return journeys they need (10-240) and the period over which they will use them (1 week – 12 months).</p> <p>Varying discounts will be applied according to duration and volume, with the price per journey being based on 10% of the weekly season fare for very frequent travel, increasing to half of the Anytime day return Fare for infrequent travel. The Smartcard Flex Carnet product will be available for day tickets on all flows where seasons are currently available, and also (subject to agreement with other operators) on zonal day tickets. Customers will specify their Flex Carnet requirements using the Franchisee's WebTIS application.</p> <p>The primary retailing channel for Flex Carnets will be online with the option of pickup via RTD at multiple locations (including NFC) or gatelines. An online 'auto top-up' option will be provided, enabling a renewal carnet to be loaded immediately after the last journey and will be</p>	30 th September 2016	<p>[----- REDACTED----- -----]</p>	

	<p>automatically charged to the Flex Carnet holder via a direct debit arrangement. The value and flexibility of carnets will be promoted through local advertising, customer relationship management and the Website. Regular customers using day tickets will also be targeted at stations.</p>			
29.15	<p>PLUSBUS Scheme on ITSO Certified Smartmedia</p> <p>On or before the end of the second Franchisee Year, the Franchisee shall enable passengers to pay for bus travel on the PLUSBUS Scheme using ITSO Certified Smartmedia.</p> <p>Within six Reporting Periods of Lothian Buses upgrading its systems to the required ITSO standard (v.2.1.4) and introducing an ABT option, the Franchisee shall deliver integrated ticketing options with Lothian Buses</p> <p>Within six Reporting Periods of Edinburgh Trams Limited upgrading its systems to the required ITSO standard (v.2.1.4), the Franchisee shall use all reasonable endeavours to deliver integrated ticketing options with Edinburgh Tram.</p>	End of the second Franchisee Year	[----- REDACTED----- -----]	
29.16	<p>National fulfilment service feasibility study</p> <p>On or before the 31st October 2018 the Franchisee shall complete a study into the feasibility of setting up a national fulfilment service. The Franchisee shall make the study available to the Authority and other key stakeholders by no later than 31 October 2018.</p> <p>The study will be an examination of the feasibility of introducing to Scotland a national fulfilment services based on Smartcards. The report will consist of the following key elements;</p> <ul style="list-style-type: none"> • situation analysis and description of the potential opportunity for a national fulfilment service in Scotland; • approach to the development, design and benefits of such a system; • a fully resourced and costed deployment plan focused on implementation timescales; • a risk based assessment of the key issues, constraints and problems envisaged with mitigations; and • a recommendation and next steps section. 	31 st October 2018	[----- REDACTED----- -----]	
29.17	Account-based ticketing	End of third Franchisee	[----- REDACTED-----	

	On or before the end of the third Franchisee Year, the Franchisee shall conduct a pilot of an account-based ticketing initiative. This pilot will allow Franchise Employees to receive a Smartcard which they can use to access the ScotRail network and then pay post-travel. Subject to the success of the pilot, the Franchisee shall expand the scheme to all eligible Passengers.	Year	-----]	
29.18	<p>Extension of Glasgow Subway STR products onto ScotRail services</p> <p>On or before the end of the second Franchisee Year, the Franchisee shall launch an Off-Peak product allowing the extension of the Glasgow subway STR product.</p> <p>SPT has already launched a pay as you go (“PAYG”) product on the Glasgow subway. Following the initial process of ensuring that Bramble and ScotRail products can all be loaded onto either Smartcard, the Franchisee shall extend the subway STR product onto Passenger Services in the Glasgow area, i.e, introduce a rail PAYG product. Initially the PAYG product will be an Off-Peak product available within the current ‘Roundabout’ validity area, covering around 120 stations in the inner part of the SPT area. The product will be valid after 09:00 on Weekdays or any time at weekends. The PAYG product will have a simple zone structure (subject to the constraints of the regulated Off-Peak Fares), and will have a daily price cap equal to the price of the Roundabout ticket (currently £6.30).</p> <p>Following the launch of this product, the Franchisee will, within 13 Reporting Periods, introduce a Peak version of the PAYG product (valid at any time on Weekdays), with a higher capped fare based on a new Peak Roundabout product. Further development could include extensions of the area covered by PAYG, depending on the success of the initial product.</p>	End of the third Franchisee Year	[----- REDACTED----- -----]	
30.1	<p>Project director for integration</p> <p>From the Franchise Commencement Date, the Franchisee shall appoint a project director for integration, to whom the current transport integration manager will report. The main role of this post will be to drive transport integration issues within the business and represent the ScotRail Franchise at the Transport Integration Group. The project director will be retained by the Franchisee for at least the first two Franchisee Years.</p>	Franchise Commencement Date	[---REDACTED---]	

30.2	Transport integration fund The Franchisee shall make available a fund of <ul style="list-style-type: none">• [---REDACTED---] for the first two Franchisee Years;• [---REDACTED---] for the remaining Franchisee Years; to be spent in connection with the Franchisee's work with the Transport Integration Group.	Franchise Commence ment Date	[----- REDACTED-----]	2.4										
30.3	Station Travel Plans On or before the end of the fourth Franchisee Year, the Franchisee shall work with Local Authorities to develop Station Travel Plans to deliver improved transport integration at 30 Stations. The Station Travel Plans shall be reviewed by the Franchisee and the relevant Local Authority on an annual basis for the remainder of the Franchise Term. The Franchisee shall use all reasonable to secure the active participation of the relevant Local Authority.	End of the fourth Franchisee Year	[----- REDACTED-----]											
30.4	Better wayfinding signage Subject only to the consent of Network Rail and other relevant property owners, on or before the end of October 2016, the Franchisee shall spend at least [---REDACTED---] in installing improved wayfinding signage at the following Stations. <table border="1"><tr><td>Glasgow Queen Street</td><td>Haymarket</td></tr><tr><td>Paisley Gilmour Street</td><td>Aberdeen</td></tr><tr><td>Stirling</td><td>Dundee</td></tr><tr><td>Perth</td><td>Inverness</td></tr><tr><td>Partick</td><td>Motherwell</td></tr></table>	Glasgow Queen Street	Haymarket	Paisley Gilmour Street	Aberdeen	Stirling	Dundee	Perth	Inverness	Partick	Motherwell	31 st October 2016	[----- REDACTED-----]	
Glasgow Queen Street	Haymarket													
Paisley Gilmour Street	Aberdeen													
Stirling	Dundee													
Perth	Inverness													
Partick	Motherwell													
30.5	Staffed information desks Subject to the consent of Network Rail and other relevant property owners, on or before the end of September 2015, the Franchisee shall establish staffed information desks at the following stations: <table border="1"><tr><td>Glasgow Queen Street</td><td>Haymarket</td></tr><tr><td>Paisley Gilmour Street</td><td>Aberdeen</td></tr><tr><td>Stirling</td><td>Dundee</td></tr><tr><td>Perth</td><td>Inverness</td></tr><tr><td>Glasgow Central</td><td>Edinburgh Waverley</td></tr></table> The desks will be staffed by at least one Franchise Employee during the core operational	Glasgow Queen Street	Haymarket	Paisley Gilmour Street	Aberdeen	Stirling	Dundee	Perth	Inverness	Glasgow Central	Edinburgh Waverley	30 th September 2015	[---REDACTED--]	
Glasgow Queen Street	Haymarket													
Paisley Gilmour Street	Aberdeen													
Stirling	Dundee													
Perth	Inverness													
Glasgow Central	Edinburgh Waverley													

	<p>parking spaces across the ScotRail network by at least 600 spaces by the end of the 5th Franchisee Year.</p> <p>Subject to obtaining Third Party funding, the Franchisee shall increase the provision of car-parking spaces across the ScotRail network by at least a further additional 400 spaces.</p> <p>The Franchisee proposes to roll-out the new car-parking spaces required by this Committed Obligation as set out in the table below:</p> <table><tr><th>Station</th><th>Current spaces</th><th>Additional spaces</th></tr><tr><td>East Kilbride</td><td>287</td><td>150</td></tr><tr><td>Falkirk High</td><td>285</td><td>140</td></tr><tr><td>Stirling</td><td>276</td><td>140</td></tr><tr><td>Bathgate</td><td>400</td><td>150</td></tr><tr><td>Johnstone</td><td>282</td><td>120</td></tr><tr><td>Airdrie</td><td>139</td><td>80</td></tr><tr><td>Uddingston</td><td>228</td><td>120</td></tr><tr><td>Lenzie</td><td>149</td><td>100</td></tr><tr><td>Total</td><td>2,046</td><td>1,000</td></tr></table>	Station	Current spaces	Additional spaces	East Kilbride	287	150	Falkirk High	285	140	Stirling	276	140	Bathgate	400	150	Johnstone	282	120	Airdrie	139	80	Uddingston	228	120	Lenzie	149	100	Total	2,046	1,000		<p>-----]</p> <p>[----- REDACTED----- -----]</p>	
Station	Current spaces	Additional spaces																																
East Kilbride	287	150																																
Falkirk High	285	140																																
Stirling	276	140																																
Bathgate	400	150																																
Johnstone	282	120																																
Airdrie	139	80																																
Uddingston	228	120																																
Lenzie	149	100																																
Total	2,046	1,000																																
30.11	<p>Upgraded pay and display machines</p> <p>On or before the end of the second Franchisee Year, the Franchisee shall upgrade the payment machines at all paid for Station car parks where the Franchisee is the Facility Owner so that they accept chip and pin card payment and are compatible with smartcards. The Franchisee shall introduce cashless parking payment methods allowing customers to pay by Smartcard, mobile phone or online via the Website.</p>	End of the second Franchisee Year	<p>[----- REDACTED----- -----]</p>																															
30.12	<p>Electric Car Charging Bays</p> <p>On or before the end of November 2017, the Franchisee shall ensure there are at least two electric car charging bays in each of at least 50 Station car parks. The locations will be chosen based on evidence and feedback from the Authority and other key stakeholders and market conditions.</p> <p>The Franchisee shall promote low emission car usage by offering lower parking tariffs with discounts of up to 15% to customers with Low Emission Vehicles.</p>	<p>30th November 2017</p> <p>Franchise Commence ment Date and</p>	<p>[----- REDACTED----- -----]</p> <p>[----- REDACTED----- -----]</p>																															

		thereafter from the date of installation																																																																																																																													
30.13	<p>Cycle spaces</p> <p>Without prejudice to Paragraph 9.2 of Schedule 1.4 to this Agreement, on or before the end of the third Franchisee Year, the Franchisee shall install 3500 extra cycle spaces at stations.</p> <p>Such spaces shall include the following:-</p> <table><tr><th>STATION</th><th>CURRENT SPACES</th><th>ADDITIONAL SPACES</th></tr><tr><td>Aberdour</td><td>5</td><td>24</td></tr><tr><td>Bridge of Allan</td><td>6</td><td>24</td></tr><tr><td>Haymarket</td><td>60</td><td>50</td></tr><tr><td>Dalgety Bay</td><td>30</td><td>50</td></tr><tr><td>Drem</td><td>10</td><td>12</td></tr><tr><td>Dumfries</td><td>10</td><td>50</td></tr><tr><td>Dunbar</td><td>12</td><td>50</td></tr><tr><td>Dunblane</td><td>13</td><td>50</td></tr><tr><td>Dunfermline Town</td><td>28</td><td>50</td></tr><tr><td>Gourock</td><td>10</td><td>12</td></tr><tr><td>Helensburgh Central</td><td>26</td><td>50</td></tr><tr><td>Inverurie</td><td>22</td><td>50</td></tr><tr><td>Hamilton Central</td><td>0</td><td>50</td></tr><tr><td>Kirkcaldy</td><td>20</td><td>50</td></tr><tr><td>Leuchars</td><td>10</td><td>24</td></tr><tr><td>Linlithgow</td><td>38</td><td>75</td></tr><tr><td>Livingston North</td><td>6</td><td>25</td></tr><tr><td>Livingston South</td><td>8</td><td>12</td></tr><tr><td>Milngavie</td><td>18</td><td>50</td></tr><tr><td>North Berwick</td><td>18</td><td>12</td></tr><tr><td>Paisley Gilmour Street</td><td>10</td><td>50</td></tr><tr><td>Partick</td><td>22</td><td>50</td></tr><tr><td>Polmont</td><td>10</td><td>24</td></tr><tr><td>Rosyth Halt</td><td>10</td><td>50</td></tr><tr><td>Troon</td><td>20</td><td>24</td></tr><tr><td>Uddingston</td><td>20</td><td>24</td></tr><tr><td>Dyce</td><td>16</td><td>50</td></tr><tr><td>Falkirk High</td><td>20</td><td>50</td></tr><tr><td>Inverkeithing</td><td>19</td><td>50</td></tr><tr><td>Elgin</td><td>19</td><td>24</td></tr><tr><td>Larbert</td><td>16</td><td>50</td></tr><tr><td>Newton</td><td>16</td><td>24</td></tr><tr><td>Stonehaven</td><td>14</td><td>24</td></tr><tr><td>Markinch</td><td>34</td><td>24</td></tr><tr><td>Ayr</td><td>10</td><td>50</td></tr><tr><td>Edinburgh Park</td><td>35</td><td>50</td></tr><tr><td>Bathgate</td><td>30</td><td>50</td></tr><tr><td>Markinch</td><td>34</td><td>25</td></tr><tr><td>Alloa</td><td>20</td><td>50</td></tr><tr><td>Total</td><td>725</td><td>1513</td></tr></table> <p>The remaining locations will be chosen based on evidence and feedback from the Authority and other key stakeholders and market conditions. No later than 1st September 2015, the Franchisee shall provide to the Authority its updated programme of installation of the 3,500 bicycle</p>	STATION	CURRENT SPACES	ADDITIONAL SPACES	Aberdour	5	24	Bridge of Allan	6	24	Haymarket	60	50	Dalgety Bay	30	50	Drem	10	12	Dumfries	10	50	Dunbar	12	50	Dunblane	13	50	Dunfermline Town	28	50	Gourock	10	12	Helensburgh Central	26	50	Inverurie	22	50	Hamilton Central	0	50	Kirkcaldy	20	50	Leuchars	10	24	Linlithgow	38	75	Livingston North	6	25	Livingston South	8	12	Milngavie	18	50	North Berwick	18	12	Paisley Gilmour Street	10	50	Partick	22	50	Polmont	10	24	Rosyth Halt	10	50	Troon	20	24	Uddingston	20	24	Dyce	16	50	Falkirk High	20	50	Inverkeithing	19	50	Elgin	19	24	Larbert	16	50	Newton	16	24	Stonehaven	14	24	Markinch	34	24	Ayr	10	50	Edinburgh Park	35	50	Bathgate	30	50	Markinch	34	25	Alloa	20	50	Total	725	1513	End of the third Franchisee Year	[----- REDACTED----- -----]	
STATION	CURRENT SPACES	ADDITIONAL SPACES																																																																																																																													
Aberdour	5	24																																																																																																																													
Bridge of Allan	6	24																																																																																																																													
Haymarket	60	50																																																																																																																													
Dalgety Bay	30	50																																																																																																																													
Drem	10	12																																																																																																																													
Dumfries	10	50																																																																																																																													
Dunbar	12	50																																																																																																																													
Dunblane	13	50																																																																																																																													
Dunfermline Town	28	50																																																																																																																													
Gourock	10	12																																																																																																																													
Helensburgh Central	26	50																																																																																																																													
Inverurie	22	50																																																																																																																													
Hamilton Central	0	50																																																																																																																													
Kirkcaldy	20	50																																																																																																																													
Leuchars	10	24																																																																																																																													
Linlithgow	38	75																																																																																																																													
Livingston North	6	25																																																																																																																													
Livingston South	8	12																																																																																																																													
Milngavie	18	50																																																																																																																													
North Berwick	18	12																																																																																																																													
Paisley Gilmour Street	10	50																																																																																																																													
Partick	22	50																																																																																																																													
Polmont	10	24																																																																																																																													
Rosyth Halt	10	50																																																																																																																													
Troon	20	24																																																																																																																													
Uddingston	20	24																																																																																																																													
Dyce	16	50																																																																																																																													
Falkirk High	20	50																																																																																																																													
Inverkeithing	19	50																																																																																																																													
Elgin	19	24																																																																																																																													
Larbert	16	50																																																																																																																													
Newton	16	24																																																																																																																													
Stonehaven	14	24																																																																																																																													
Markinch	34	24																																																																																																																													
Ayr	10	50																																																																																																																													
Edinburgh Park	35	50																																																																																																																													
Bathgate	30	50																																																																																																																													
Markinch	34	25																																																																																																																													
Alloa	20	50																																																																																																																													
Total	725	1513																																																																																																																													

	storage spaces specifying the number of spaces to be installed by location, the type of bicycle storage facility to be installed at each location and by what date the installation shall be completed to cover each Franchisee Year in the Franchise Term for the Authority's approval. The Franchisee shall make any changes to the programme that the Authority may request. The Authority will have a final right of approval over the location of such spaces.																																			
30.14	Cyclepoints Subject only to the consent of Network Rail and other relevant property owners, on or before the end of the third Franchisee Year, the Franchisee shall install a cyclepoint at Glasgow Central station, Edinburgh Waverley station and Stirling Station. For the purposes of this Committed Obligation, a cyclepoint shall be defined as a cycle parking facility with a mix of free and paid for secure storage.	End of the third Franchisee Year	[----- REDACTED----- -----]																																	
30.15	Bike & Go Facilities Subject only to the consent of Network Rail (where required) on or before the end of the second Franchisee Year, the Franchisee shall use all reasonable endeavours to introduce 'Bike & Go' Facilities in at least 10 of the stations listed below. <table><tr><th>STATI</th><th>CRITERIA AND OTHER COMMENTS</th><th>STATION</th><th>CRITERIA AND OTHER COMMENTS</th></tr><tr><td>Edinbu rgh Waverl ey</td><td>Key station; also electric bikes</td><td>Ayr</td><td>Key station and employment destinations</td></tr><tr><td>Glasgo w Central</td><td>Footfall and key station</td><td>Linlith gow</td><td>Key station and hospital nearby</td></tr><tr><td>Glasgo w Queen Street</td><td>Footfall and key station</td><td>Perth</td><td>Key station</td></tr><tr><td>Paisley Gilmou r Street</td><td>Footfall and key station</td><td>Living ston North</td><td>Employment destination: Sky HQ at 3km</td></tr><tr><td>Aberde en</td><td>Footfall and key station</td><td>Edinb urgh Park</td><td>Employment destination: large business estate</td></tr><tr><td>Stirling</td><td>Footfall and key station</td><td>Dun bar</td><td>Funding for cycle access proposed</td></tr><tr><td>Partick</td><td>Footfall and key station</td><td>Inver urie</td><td>Funding for modal</td></tr></table>	STATI	CRITERIA AND OTHER COMMENTS	STATION	CRITERIA AND OTHER COMMENTS	Edinbu rgh Waverl ey	Key station; also electric bikes	Ayr	Key station and employment destinations	Glasgo w Central	Footfall and key station	Linlith gow	Key station and hospital nearby	Glasgo w Queen Street	Footfall and key station	Perth	Key station	Paisley Gilmou r Street	Footfall and key station	Living ston North	Employment destination: Sky HQ at 3km	Aberde en	Footfall and key station	Edinb urgh Park	Employment destination: large business estate	Stirling	Footfall and key station	Dun bar	Funding for cycle access proposed	Partick	Footfall and key station	Inver urie	Funding for modal	End of the second Franchisee Year	[----- REDACTED----- -----]	
STATI	CRITERIA AND OTHER COMMENTS	STATION	CRITERIA AND OTHER COMMENTS																																	
Edinbu rgh Waverl ey	Key station; also electric bikes	Ayr	Key station and employment destinations																																	
Glasgo w Central	Footfall and key station	Linlith gow	Key station and hospital nearby																																	
Glasgo w Queen Street	Footfall and key station	Perth	Key station																																	
Paisley Gilmou r Street	Footfall and key station	Living ston North	Employment destination: Sky HQ at 3km																																	
Aberde en	Footfall and key station	Edinb urgh Park	Employment destination: large business estate																																	
Stirling	Footfall and key station	Dun bar	Funding for cycle access proposed																																	
Partick	Footfall and key station	Inver urie	Funding for modal																																	

	<table><tr><td></td><td></td><td></td><td>interchange</td></tr><tr><td>Dunde e</td><td>Key station and university</td><td>Avie more</td><td>Destination: Cairngorms; also electric bikes</td></tr><tr><td>Charin g Cross</td><td>Footfall and key station</td><td>Fa lkirk High</td><td>Destination for Falkirk Wheel</td></tr><tr><td>Hayma rket</td><td>Footfall and key station</td><td>Ardros san SB</td><td>Good cycle conditions</td></tr><tr><td>Mother well</td><td>Key station</td><td>Dumfr ies</td><td>Good cycle conditions</td></tr><tr><td>Dyce</td><td>Employment destination</td><td>Bathg ate</td><td>Good cycle conditions</td></tr><tr><td>Invern ess</td><td>Key station</td><td>Total</td><td>25 locations</td></tr></table> <p>The Franchisee's Bike & Go facilities branding in Scotland shall be cobranded with ScotRail branding or another Scottish government or Local Authority brand of the Authority's choice.</p> <p>The Franchisee shall also procure subject to Local Authority matched funding, that accessible cycles including hand cycles, recumbent bikes and trikes shall be available for hire.</p>				interchange	Dunde e	Key station and university	Avie more	Destination: Cairngorms; also electric bikes	Charin g Cross	Footfall and key station	Fa lkirk High	Destination for Falkirk Wheel	Hayma rket	Footfall and key station	Ardros san SB	Good cycle conditions	Mother well	Key station	Dumfr ies	Good cycle conditions	Dyce	Employment destination	Bathg ate	Good cycle conditions	Invern ess	Key station	Total	25 locations			
			interchange																													
Dunde e	Key station and university	Avie more	Destination: Cairngorms; also electric bikes																													
Charin g Cross	Footfall and key station	Fa lkirk High	Destination for Falkirk Wheel																													
Hayma rket	Footfall and key station	Ardros san SB	Good cycle conditions																													
Mother well	Key station	Dumfr ies	Good cycle conditions																													
Dyce	Employment destination	Bathg ate	Good cycle conditions																													
Invern ess	Key station	Total	25 locations																													
31.1	<p>Stakeholder Equality Group</p> <p>On or before the 31st December 2015, the Franchisee shall establish a Stakeholder Equality Group. The Stakeholder Equality Group will meet every three Reporting Periods and be comprised of key external stakeholders and will be responsible for a programme of activities to monitor the level of use on the ScotRail network by people with reduced mobility. The product of the Stakeholder Equality Group's research and monitoring activities will be fed into the Franchisee's strategy for future improvement works at Stations and on Trains.</p> <p>The Franchisee shall allocate and spend [--- REDACTED---] per annum on the Stakeholder Equality Group undertaking research and commissioning mystery shopping through member organisations to monitor performance of facilities and services and undertake access audits to gain greater understanding of the numbers of disabled people and elderly people using train services in Scotland and the quality of their journey experience.</p>	31 st December 2015	[----- REDACTED-----]																													
31.2	<p>Passenger Assist</p> <p>On or before the 31st December 2017, the Franchisee shall reduce the notice period for passengers booking the Passenger Assist Service (covering all stations across the ScotRail network) to 3 hours.</p>	31 st December 2017 and thereafter, the fourth and sixth anniversary	[----- REDACTED-----]																													

	<p>The Franchisee shall before the end of fourth anniversary of the Franchise Commencement Date procure that the said notice period is reduced to 2 hours.</p> <p>The Franchisee shall before the end of sixth anniversary of the Franchise Commencement Date procure that the said notice period is reduced to 1 hour.</p> <p>The Franchisee shall procure that all Franchise Employees involved in delivering Passenger Assist are fully trained and kept up-to-date on the service.</p>	of Franchise Commencement Date		
31.3	<p>Assist-Mi pilot</p> <p>On or before the 31st December 2017, the Franchisee shall complete a pilot scheme implementing the Assist-Mi customer assistance mobile app at selected Stations. The Franchisee shall report to the Authority upon its completion, the success of the pilot scheme and shall, thereafter, subject to the approval of the authority, extend the scheme across the ScotRail network.</p>	31 st December 2017	[----- REDACTED----- -----]	
32.1	<p>Dedicated customer service Franchise Employees</p> <p>On or before the end of the first Franchisee Year, the Franchisee shall create an additional 25 dedicated customer service posts to deploy at key projects across the ScotRail network.</p>	End of first Franchisee Year	[----- REDACTED----- -----]	
32.2	<p>Peak manager</p> <p>For at least the period during which Passenger Services operating from Glasgow Queen Street Station are affected by EGIP enabling works and EGIP project works, the Franchisee shall ensure an additional manager is on duty during Morning Peak, Evening Peak and Saturday daytime hours to oversee the Passenger Services and ensure the such are operated in the most efficient and effective manner.</p>	During period which services operating from Glasgow Queen Street Station are affected by EGIP enabling works and EGIP project works	[----- REDACTED----- -----]	
32.3	<p>Major Projects Communication Plan</p> <p>From the Franchise Commencement Date, the Franchisee shall establish, implement and update a major projects communication plan to ensure passengers are kept informed of any planned</p>	Franchise Commencement Date	[----- REDACTED----- -----]	2.4

	<p>engineering works which are likely to have a significant effect on journey times or network availability. The Franchisee shall share such major projects communication plan with the Authority within one Reporting Period of establishing/updating such Plan.</p> <p>At least [---REDACTED---] of the annual marketing budget referred to in Committed Obligation reference 20.1 above will be made available and spent on this initiative.</p>		[----- REDACTED----- -----]	
32.4	<p>Additional wayfinding signage</p> <p>In addition to the commitment at Committed Obligation reference 30.4 above, the Franchisee shall spend at least [---REDACTED---] in providing improved wayfinding signage at Glasgow Queen Street and any other station impacted by the EGIP enabling works and EGIP project works being carried out at Glasgow Queen Street Station.</p>	During period which services operating from Glasgow Queen Street Station are affected by EGIP enabling works and EGIP project works	[----- REDACTED----- -----]	
32.5	<p>Real time data analysis</p> <p>On or before 31st January 2016, the Franchisee shall deploy the Nexus Alpha Tyrell IO-PIDD Tool to improve the timeliness and quality of information provided to passengers during times of disruption.</p>	31 st January 2016	[----- REDACTED----- -----]	
32.6	<p>Nexus Alpha live disruption map</p> <p>On or before 31st January 2016, the Franchisee shall develop a live disruption tool which can be accessed using the Website and Journey Companion App (as provided for in Committed Obligation reference 22.4 above).</p>	End of first Franchisee Year	[----- REDACTED----- -----]	
32.7	<p>Additional interchange facilities</p> <p>On or before the 31st July 2015, Franchisee shall spend at least [---REDACTED---] in installing an additional shelter at Springburn Station, and a new bus shelter at Ashfield Station.</p>	31 st July 2015	[----- REDACTED----- -----]	2.4

	<p>shall provide flexible service equipment such as host trays.</p> <p>The Franchisee shall procure that an improved complimentary food and drink offer is offered to First Class customers (both on-train and at station-based ToGo Kiosk on production of their tickets). In addition to the at-seat service within First Class, the Franchisee shall also procure that customers are provided with a self-service area where they can help themselves to more drinks and snacks.</p> <p>The Franchisee shall procure that the onboard food and drink range will feature some of Scotland's best brands and where practicable, will be sourced from local suppliers. Products will be selected on the basis that they come from ethical and sustainable supply sources, and that associated packaging can be minimised and recycled. The Franchisee shall also help to promote Scotland's food and drink industry nationally by producing guides and joint-marketing offers.</p>			
34.3	<p>Steam Tourist Services</p> <p>The Franchisee shall conduct a two year pilot of the Steam Tourist Services. For the purposes of the pilot, at least four Steam Tourist Services will be operated between the months of April and September in each of the first Two Franchisee years. At least one Steam Tourist Service will be operated in each such Franchisee Year on each of Routes B2, B3 and B4.</p> <p>The Franchisee shall procure that at least one Steam Tourist Service will be operated on Route C4 from the date of opening of the Borders Railway.</p>	<p>Franchise Commencement Date</p> <p>Date of opening of Borders Railway</p>	<p>[----- REDACTED----- ----- ----- ----- ----- ----]</p>	
34.4	<p>Scenic Railways of Scotland Voucher Book</p> <p>The Franchisee shall launch a Scenic Railways of Scotland Voucher Book, working in collaboration with Visit Scotland and the Scottish Tourism Alliance.</p>	<p>From the beginning of the second Franchisee year</p>	<p>[---REDACTED---]</p>	
34.5	<p>First Time Traveller assistance programme</p> <p>The Franchisee shall launch a First Time Traveller Assistance Programme. At least 25 Franchise Employees deployed wholly or mainly at Stations will be trained to assist First Time Travellers. The Franchisee shall spend at least [---REDACTED---] in each Franchisee Year in relation to the First</p>	<p>From the Franchise Commencement date</p>	<p>----- ----- ----- REDACTED----- ----- -----</p>	

	Time Traveller Assistance Programme.		-----]																									
34.6	A9 dualling The Franchisee shall work closely with the Authority's A9 Dualling team to develop and implement a marketing strategy designed to promote the use of the Passenger Services as an alternative mode of transport for those affected whilst the A9 Dualling takes place. The Franchisee shall use all reasonable endeavours to ensure it has a representative at all of the community engagement events hosted by the Authority relating to the A9 Dualling. The Franchisee shall spend at least [---REDACTED---] on the activities set out in this Committed Obligation.	From the Franchise Commence ment Date	[----- REDACTED----- ----- ----- ----- ----- ----]																									
34.7	New homes initiative The Franchisee shall work closely with Homes for Scotland and the Authority to develop and implement a marketing strategy designed to ensure that individuals benefiting from the Authority's first time home buyer incentive schemes are aware of the benefits of using the Passenger Services. The Franchisee shall spend a fund of [---REDACTED---] to provide a free one-month Season Ticket to households which have benefited from such an Authority scheme. Each household shall be entitled to one such Season Ticket.	From the Franchise Commence ment Date	[----- REDACTED----- ----- ----- ----- ----- ----]																									
35.1	Journey time improvements Subject to the delivery by Network Rail of the projects specified in the HLOS issued by the Authority in 2012 for Control Period 5, the Franchisee shall ensure that average journey times (minutes per train mile), as measured by the 'All Sectors' Journey Time Metric meet or exceed the following targets: <table><tr><td>WHOLE SCOTRAIL</td><td>DEC 15</td><td>DEC 16</td><td>DEC 17</td></tr><tr><td></td><td>1.648</td><td>1.644</td><td>1.629</td></tr></table> <table><tr><td>WHOLE SCOTRAIL</td><td>DEC 18</td><td>DEC 19</td><td>DEC 20</td></tr><tr><td></td><td>1.604</td><td>1.602</td><td>1.599</td></tr></table> <table><tr><td>WHOLE</td><td>DEC 21</td><td>DEC 22</td><td>DEC 23</td></tr><tr><td></td><td></td><td></td><td></td></tr></table>	WHOLE SCOTRAIL	DEC 15	DEC 16	DEC 17		1.648	1.644	1.629	WHOLE SCOTRAIL	DEC 18	DEC 19	DEC 20		1.604	1.602	1.599	WHOLE	DEC 21	DEC 22	DEC 23					From the implementa tion of the December 2015 Passenger Change Date	[----- REDACTED----- ----- ----- ----- ----- ----]	
WHOLE SCOTRAIL	DEC 15	DEC 16	DEC 17																									
	1.648	1.644	1.629																									
WHOLE SCOTRAIL	DEC 18	DEC 19	DEC 20																									
	1.604	1.602	1.599																									
WHOLE	DEC 21	DEC 22	DEC 23																									

	SCOTRAIL						
		1.597	1.595	1.592			
	WHOLE SCOTRAIL	DEC 24					
		1.59					

Note: Column 2 (Summary Description) in the Table should be read in conjunction with the relevant Committed Obligation in Part 1 (*Franchisee's Committee Obligations*) to this Schedule 1.6 set out at the paragraph specified in column 1 (Reference). In the event of any conflict between Column 2 and the description of the Committed Obligation in Part 1 (*Franchisee's Committee Obligations*) to this Schedule 1.6, the latter shall prevail.

3. Waiver of Payments under this Part 3

- 3.1 The Authority may at its reasonable discretion decide to waive its rights to receive any payments payable in respect of a late, partial or non-delivery of any Committed Obligations.
- 3.2 In deciding whether to waive such rights the Authority may, but shall not be obliged to, take into consideration the circumstances under which the late, partial or non-delivery arose.

This page is intentionally devoid of substantive content

Part 4

Station Investment Fund

1 Definitions

1.1 For the purposes of this Part 4 of this Schedule 1.6:

1.1.1 **“Fund Contribution”** means the amounts (expressed in real terms) payable by the Franchisee into the Fund Account on the day after the Payment Date for each Reporting Period as set out in the following table:

Amount (expressed in real terms) per RP in Franchisee Year	Fund Contribution £
1	[---REDACTED---
2	[---REDACTED---
3	[---REDACTED---
4	[---REDACTED---
5	[---REDACTED---
6	[---REDACTED---
7	[---REDACTED---

1.1.2 **“Business Case”** means a business case prepared pursuant to paragraph 3.1.1 (and for the purposes of paragraphs 4 and 5, includes one prepared pursuant to paragraph 3.1);

1.1.3 **“Eligible Stations”** means Aberdeen, Inverness, Perth, Motherwell, and Stirling;

1.1.4 **“Eligible Station Project”** means, in relation to each Eligible Station, a works project designed to achieve the following:

Eligible Station	Eligible Station Project
Aberdeen	Reconfigured station facilities and new retail facilities.

Inverness	Station square improvements, a new entrance façade and concourse renovation works.
Perth	Refurbished station entrance and access scheme and refurbished buildings on platform 7a to create new 'starter' units.
Motherwell	Improved station concourse with improved interchange facilities.
Stirling	A new, pedestrianised station square with additional retail units.

1.1.5 “**Fund Account**” means an account in the name of the Franchisee.

2 Contributions to Fund and the Fund Account

- 2.1 The Fund Contributions for each Franchisee Year shall be indexed by the quotient of the Retail Prices Index for the January which immediately precedes the commencement of the relevant Franchisee Year divided by the Retail Prices Index for January 2015.
- 2.2 On the day after the Payment Date for each Reporting Period the Franchisee shall pay the relevant Fund Contribution, indexed in accordance with paragraph 2.1 into the Fund Account.
- 2.3 The Franchisee shall not pay money to or from or otherwise operate the Fund Account other than in accordance with the provisions of this Part 4 of this Schedule 1.6.
- 2.4 The Franchisee shall ensure that the Fund Account is an interest bearing account, with a reasonable rate of interest and shall deliver account statements to the Authority on not less than a quarterly basis throughout the Franchise Term.

3 Business Cases and Third Party Funding for Station Improvement Projects

- 3.1 The Franchisee:
- 3.1.1 shall, at its own cost, prepare business cases for the Eligible Station Projects which as a minimum must contain the following information:
- 3.1.1.1 a detailed description of the proposed Eligible Station Project;
- 3.1.1.2 a detailed description of the costs and benefits of the outcome of the Eligible Station Project including any additional commercial revenue and rental projected to be derived from the proposed Eligible Station Project;
- 3.1.1.3 the schedule and programme of the proposed Eligible Station Project;
- 3.1.1.4 a detailed schedule of the timing and value of withdrawals from the Fund Account necessary to fund the proposed Eligible Station Project or where it is not reasonably practicable for the Franchisee to provide such information at the time of submitting

the Business Case, the Franchisee's proposal for determining the timing and value of withdrawals in advance of the commencement of the works to which they relate;

- 3.1.1.5 any contingency fund reasonably required to mitigate the risk of cost-overruns, given the nature and risks associated with the proposed Eligible Station Project,;
 - 3.1.1.6 confirmation that necessary permissions and consents have been given, or are in the process of being sought and are likely to be granted prior to the date scheduled for commencement of the proposed Eligible Station Project;
 - 3.1.1.7 the Committed Obligation and Committed Obligation Payment Adjustment to be applied if the Franchisee fails to deliver the proposed Eligible Station Project.
- 3.1.2 use all reasonable endeavours to secure third party funding for each Eligible Station Projects identified in a Business Case; and
 - 3.1.3 present each Business Case, and any offers of third party funding secured in relation to it, to the Authority for approval.
- 3.2 If the Authority approves a Business Case (including a Business Case with any amendments as may be agreed between the Authority and the Franchisee, each acting reasonably) the Eligible Station Project shall, for the purposes of this Part 4 of this Schedule 1.6 be an "Approved Fund Project".
 - 3.3 The Franchisee may, at its own cost, prepare business cases for station improvement projects (at Eligible Stations or other Stations) other than Eligible Station Projects which shall include the information set out in paragraphs 3.1.1.1 to 3.1.1.4, and if approved by the Authority such projects shall also be Approved Fund Projects.

4 Approved Fund Projects

- 4.1 Subject to the restrictions in paragraph 5:
 - 4.1.1 the Franchisee shall use all reasonable endeavours to secure the necessary permissions and consents for each Approved Fund Project;
 - 4.1.2 subject to obtaining the necessary permissions and consents the Franchisee shall undertake each Approved Fund Project in accordance with its approved Business Case; and
 - 4.1.3 after applying any third party funding secured for the Approved Fund Project, the Franchisee may draw funds from the Fund Account to pay for the costs of the delivery of the Approved Fund Project in accordance with the schedule of withdrawals agreed with the Authority as part of the Business Case or determined in accordance with the methodology proposed and agreed as part of the Business Case. Any cost overruns will be payable by the Franchisee from its own funds.

5 Restrictions

- 5.1 All Approved Fund Projects must commence prior to the 5th anniversary of the Franchise Commencement Date and must be scheduled to be completed prior to the 7th anniversary of the Franchise Commencement Date.

5.2 New Station Facilities created through the implementation of Approved Fund Projects shall, if the Authority requires, be transferred to a Successor Operator at no cost to the Authority or the Successor Operator.

5.3 Amounts from the Fund Account shall not be:

5.3.1 paid by the Franchisee to any Affiliate of the Franchisee unless:

5.3.1.1 the payment relates to works or activities the Affiliate of the Franchisee undertook which were tendered by the Franchisee and won at tender by the Affiliate; or

5.3.1.2 the payment was anticipated by the Business Case or the Franchisee otherwise has the approval of the Authority for that payment;

5.3.2 applied by the Franchisee to its internal costs of delivering an Approved Fund Project unless that application was anticipated by the Business Case or the Franchisee otherwise has the approval of the Authority for that application; or

5.3.3 used to pay for the delivery of any Committed Obligation.

5.4 On termination of this Agreement or on the later to occur of:

5.4.1 the 7th anniversary of the Franchise Commencement Date; and

5.4.2 the completion of the last Approved Fund Project which was subject to an approved Business Case as at the 5th anniversary of the Franchise Commencement Date,

the Franchisee shall pay to the Authority an amount equal to 87.5% the amount in the Fund Account.

6 Record keeping

6.1 The Franchisee shall at all times during the Franchise Term maintain records of:

6.1.1 the amount standing to the credit of the Fund Account; and

6.1.2 the costs of the delivery of the Approved Fund Projects, with a detailed breakdown identifying each separate element of such costs on an open book basis;

6.1.3 and shall provide such information to the Authority within such period and in such format as the Authority may reasonably specify.

SCHEDULE 1.7

THIS IS SCHEDULE 1.7 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Franchise Services

1. Franchise Services

The Franchisee may at all times during the Franchise Term provide and operate the Franchise Services specified in this Schedule 1.7 and the Passenger Services.

2. Restrictions relative to Franchise Services

- 2.1 The Franchisee shall not directly or indirectly, without the prior written consent of the Authority, carry on any business or activity other than the provision and operation of the Franchise Services.
- 2.2 Such consent shall not be unreasonably withheld where the other business or activity proposed to be carried on by the Franchisee could not reasonably be so carried on by an Affiliate of the Franchisee unless, in the Authority's reasonable opinion such additional business or activity:
 - (a) might prejudice the continuity of the provision of the Franchise Services by a Successor Operator at the end of the Franchise Term; or
 - (b) might result in additional liabilities and obligations being assumed by such a Successor Operator.
- 2.3 The Authority may impose such conditions to its consent as it considers appropriate for the purpose of securing the continuity of the provision of the Franchise Services at the end of the Franchise Term.
- 2.4 The Franchisee shall not during the Franchise Term, without the consent of the Authority:
 - (a) provide or operate any railway passenger services other than the Passenger Services or Charter Services;
 - (b) operate any stations or light maintenance depots; or
 - (c) hold shares, participations or any other interest in any other company or body corporate unless such company or body corporate is:-
 - (i) Network Rail; or
 - (ii) owned directly or indirectly by another participant in the railway industry and the holding is incidental to the Franchisee's participation in an Inter-Operator Scheme or any other arrangement designed to ensure or facilitate co-operation between such participants or between any such participants and any other person.
- 2.5 The Franchisee shall not engage any Franchise Employee in any activity or business which it may not conduct or engage in under this paragraph 2.

3. **Station Services**

3.1 The Station Services shall comprise:

- (a) the provision of any services to persons at the Stations or to Train Operators whose trains call at such Stations, provided that such services:
 - (i) are made available only or principally to passengers alighting from or joining trains calling at such Stations and to such Train Operators;
 - (ii) are provided in connection with the calling of trains at such Stations and are not designed to encourage, and do not have the effect of encouraging, passengers or other persons to use such Station Services other than in connection with a journey on a train calling at such Stations;
 - (iii) exclude the sale or issue (for a charge) of any goods or items not included in the price of a Fare;
 - (iv) may include car parking; and
- (b) the provision of access to any person under an Access Agreement at the Stations.

3.2 The Station Services shall include the provision of any service which the Franchisee may provide, or may be required to provide, under any Access Agreement in effect on the Franchise Commencement Date or as lawfully directed by the ORR from time to time.

4. **Light Maintenance Services**

4.1 Light Maintenance Services shall comprise:

- (a) the provision of access to any other person under an Access Agreement;
- (b) the carrying out of inspections of rolling stock vehicles;
- (c) the carrying out of maintenance work on rolling stock vehicles of a kind which is normally carried out at regular intervals of 12 months or less;
- (d) replacement of failed components and consumables on rolling stock vehicles;
- (e) the preparation of rolling stock vehicles for service;
- (f) the stabling or other temporary holding of rolling stock vehicles;
- (g) the refuelling of rolling stock vehicles;
- (h) the replenishment of water tanks; and
- (i) the cleaning of the exterior or the interior of rolling stock vehicles,

in each case for itself and/or other Train Operators, at the Stations and at the Depots.

- 4.2 Light Maintenance Services shall include the provision of any service which the Franchisee may provide, or may be required to provide, under any Access Agreement in effect on the Franchise Commencement Date or as lawfully directed by the ORR from time to time.
- 4.3 The Franchisee shall offer the Caledonian Sleeper Franchisee a Depot Access Agreement at Inverness Depot.

5. **Ancillary Services**

The Franchisee may carry out the following Ancillary Services as an adjunct to the principal purpose of providing Franchise Services and subject to such not detracting from Franchise Services or the customer experience of those using the same:

- 5.1 the selling, lending or hiring of any goods or rights and the provision of any services (whether for a charge or not) on any train used in the provision of the Passenger Services where such goods or services are sold or provided principally (subject to paragraph 5.7) for consumption or use on that train, including the sale of any Fares, meals, light refreshments, newspapers, magazines, books, entertainment materials or media and communications connectivity;
- 5.2 the provision of any service at any station which, if provided on a train used in the provision of the Passenger Services, would fall within paragraph 5.1 or which, if provided at a Station, would fall within paragraph 3 and which, in each case, is made available only or principally to persons at such stations who either are about to travel or have recently travelled on a train used in the provision of the Passenger Services;
- 5.3 subject to obtaining the express consent of the Authority the subleasing, hiring or licensing of the rolling stock vehicles used in the provision of the Passenger Services;
- 5.4 subject to obtaining the express consent of the Authority, the lending, seconding, hiring or contracting out during any Reporting Period to another person or persons (whether for a charge or not) of:
 - (a) up to one per cent. of the number of Franchise Employees (as at the Franchise Commencement Date) for over 75 per cent. of their normal working hours during such Reporting Period (including on a full-time basis); and
 - (b) up to one per cent of the number of Franchise Employees (as at the Franchise Commencement Date) for under 75 per cent of their normal working hours during such Reporting Period;

provided that this paragraph shall not apply to any employee lent, seconded, hired or contracted out under any of paragraphs 5.1 to 5.3 inclusive and 5.5 to 5.16 inclusive, or engaged in any other activity which is permitted under this Schedule 1.7;

- 5.5 any heavy maintenance of rolling stock vehicles which does not fall within the Light Maintenance Services on behalf of any other person at the following Depots, subject to the number of persons engaged or employed in such activity not exceeding by more than 10 per cent. the number of Franchise Employees so engaged or employed on the Franchise Commencement Date, being:

Inverness;
 Corkerhill;
 Haymarket;
 Shields

- 5.6 the selling at any location of any Fare which is valid, in whole or in part, on the Passenger Services and the selling of any other Fare at any location where such Fares may be purchased from the Franchisee on or before the date of signature of this Agreement or at any other location provided that the majority of Fares sold at any such other location shall be Fares which are valid, in whole or in part, on the Passenger Services;
- 5.7 the selling, in conjunction with any Fare, of any other rights which entitle the purchaser thereof to:
 - (a) travel on any other train or light rail service;
 - (b) travel on any aircraft;
 - (c) travel on any shipping or ferry service;
 - (d) travel on any bus; or
 - (e) attend any event or attraction or enter any location;
- 5.8 the lending, seconding, hiring or contracting out of Franchise Employees to other Train Operators in order to enable such Train Operators to provide services at the Stations to passengers travelling on such operators' trains;
- 5.9 the provision of telephone, internet and mobile data services information relating to railway passenger services within Great Britain to passengers;
- 5.10 the supervision, management and training of train crew of other Train Operators provided such activity is necessarily incidental to the provision of the Passenger Services or of ScotRail Franchise and could not reasonably be carried out by or through an Affiliate of the Franchisee;
- 5.11 subject to obtaining the express consent of the Authority, the subleasing, hiring, licensing, lending of any rolling stock vehicles or other assets of the Franchisee or the lending, hiring or contracting out of any employees of the Franchisee or the provision of any other services to Network Rail or any other Train Operator on an emergency basis;
- 5.12 the licensing or permitting of any other person (including an Affiliate of the Franchisee) to carry out any activity or business, in connection with the provision of the Franchise Services, or otherwise, on any rolling stock vehicle operated by the Franchisee, at any Station at any Depot, or otherwise (including the letting, leasing or licensing (on an exclusive basis or otherwise) of any part or all of a Station or Depot to such other person);
- 5.13 such other activity or business as may be reasonably necessary for the purpose of providing any other Franchise Services or complying with this

Agreement provided that it could not reasonably be carried out by or through an Affiliate of the Franchisee;

- 5.14 not used;
- 5.15 the provision or operation of Charter Services, subject to the Train Mileage of such Charter Services not exceeding in any Reporting Period 1 per cent. of the scheduled Train Mileage of Passenger Services provided by the Franchisee in such Reporting Period, without the consent of the Authority;
- 5.16 the provision of consultancy services reasonably ancillary to the provision of the other Franchise Services; and
- 5.17 any services or activity not falling within paragraphs 3, 4 or 5.1 to 5.16, subject to the gross value of any such services or activity (excluding any attribution of costs) not exceeding [---REDACTED---]per annum each and in aggregate no more than [---REDACTED---]per annum in each Franchisee Year, provided that in the second and each subsequent Franchisee Year, these amounts will be adjusted in accordance with the following formula:

Adjusted Amount = Original Amount x RPI

where RPI is the quotient of the Retail Prices Index for the January which immediately precedes the commencement of that subsequent Franchisee Year divided by the Retail Prices Index for January 2015.

6. **Affiliates of the Franchisee**

Nothing in this Schedule 1.7 shall restrict any Affiliate of the Franchisee from having an interest in or participating in any business or activity.

7. **Franchise obligation**

Nothing in this Schedule 1.7 including paragraph 6 shall entitle the Franchisee or any Affiliate to act in any way contrary to the terms or spirit of clause 4 of this Agreement.

SCHEDULE 1.8

THIS IS SCHEDULE 1.8 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Restrictions of Use

Part 1

Extended Restrictions of Use

1. Notice of Proposed Possessions Strategy and Network Change

1.1. The Franchisee shall notify the Authority:

- (a) as soon as reasonable practicable upon receiving any notification from Network Rail (including pursuant to Part D or Part G of the Network Code) of any proposal to implement works which require a programme of co-ordinated Restrictions of Use extending over the periods specified in condition D6.1.1 of the Network Code; and
- (b) a reasonable period in advance of:
 - (i) responding to Network Rail in respect of any notification referred to in paragraph 1.1(a);
 - (ii) appealing against any aspect of the proposed extended Restriction of Use specified in any Possessions Strategy Notice;
 - (iii) submitting any notification to Network Rail (pursuant to Part G of the Network Code) or any proposal to implement a Network Change; and
 - (iv) notifying Network Rail that it believes that a Network Change has occurred due to any change to the operation of the network,

in order to allow the consultation pursuant to paragraph 1.2 to take place in a timely manner should it be required.

1.2. If and to the extent requested by the Authority, the Franchisee shall:

- (a) consult the Authority in relation to any of the matters referred to in paragraph 1.1;
- (b) provide to the Authority copies of any notices, correspondence or other information exchanged between Network Rail and the Franchisee in respect of those matters; and
- (c) object to any such proposal, make representations to Network Rail in respect of any notification referred to in paragraph 1.1(a) and to withhold consent in respect of any such proposals and obtain the Authority's prior approval of any settlement or compromise with Network Rail prior to offering or accepting the same.

2. Implementation of Works Specified in any Possession Strategy Notice

2.1. The Franchisee shall co-operate with Network Rail, the Authority and any other relevant party in connection with any proposed extended Restriction of Use specified in any Possessions Strategy Notice.

- 2.2. The Franchisee shall co-operate with Network Rail in Network Rail's endeavours to obtain all consents required for the carrying out of each such extended Restriction of Use, including any required consent under Part D of the Network Code and under Part G of the Network Code in respect of any related Network Change.
- 2.3. The Franchisee's obligations under paragraphs 2.1 and 2.2 shall not require it to take or omit to take, nor excuse it from taking or omitting to take, any action that would be prejudicial to:
 - (a) proper performance of its obligations under this Agreement; or
 - (b) the pursuit of reasonable profit from the proper performance of its obligations under the Franchise Agreement.

3. Initiation of Change

- 3.1. The Franchisee shall, if so requested by the Authority (by notice given by the Authority which specifically refers to this paragraph) use reasonable endeavours to pursue:-
 - (a) a Network Change Proposal; and
 - (b) any Material Change Proposal or a Major Change Proposal

specified in writing by the Authority in the notice so given. In this paragraph, the expressions "Material Change Proposal" and "Major Change Proposal" shall have the same meaning as in the Station Access Conditions for the Stations, as amended from time to time.
- 3.2. Where the Franchisee uses its reasonable endeavours pursuant to paragraph 3.1, such will be a Change.

Part 2**Major Scottish Projects****1. Implementation of Major Scottish Project**

- 1.1 The Franchisee shall co-operate with the Authority and any other relevant party in connection with each Major Scottish Project;
- 1.2 The Franchisee shall co-operate with the Authority in the Authority's or a third party's endeavours to obtain or procure the obtaining of all necessary consents required for the carrying out of each Major Scottish Project, including any approval required and any Network Change required under the Network Code;
- 1.3 The Franchisee's obligation under paragraph 1.1 shall not require it to take or omit to take nor excuse it from taking or omitting to take any action that would be prejudicial to:-
 - (a) proper performance of its obligations under this Agreement; or
 - (b) the pursuit of reasonable profit from the proper performance of its obligations under this Agreement.

2. Notwithstanding the terms of paragraph 1.3, where the Franchisee's co-operation is required in connection with a Major Scottish Project, it shall constitute a Change save to the extent that the Major Scottish Project or any part thereof is addressed directly by any provisions of this Agreement and where such provisions do not indicate that the Franchisee's efforts or actions in respect of the same (including the granting of permission, taking of no action or simple acquiescence or activity or exercise of a right) shall constitute a Change or where such provisions indicate that the Franchisee's effort or actions shall not constitute a Change.

SCHEDULE 2

**THIS IS SCHEDULE 2 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT
BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED**

Assets, Leases, Third Parties, Other Franchise Operations and Schemes

Schedule 2.1:	Property Leases
Schedule 2.2:	Security of Access Assets, Rolling Stock Leases, Station and Depot Leases
Schedule 2.3:	Third Party Delivery of Passenger Services and Other Franchisees
Schedule 2.4:	Other Franchise Operations
Schedule 2.5:	Transport, Travel and Other Schemes
	Appendix: List of Transport, Travel and Other Schemes
Schedule 2.6	Inverness Depot

SCHEDULE 2.1

THIS IS SCHEDULE 2.1 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Property Leases

1. The Franchisee shall not without the prior written consent of the Authority (whether generally or on a case-by-case basis and which consent shall not be unreasonably withheld):
 - 1.1. enter into any new Property Lease; or
 - 1.2. effect any amendment to any Property Lease, except to the extent that the Franchisee is required to do so by virtue of any station or depot access conditions to which it is a party.
2. In respect of any new Property Leases with Network Rail, the Franchisee shall enter into such Property Leases:
 - 2.1. with the intent that Section 31 of the Act shall apply to such leases; and
 - 2.2. in the Agreed Form marked **SL**, **MSAL**, **DL** or **IA** (as appropriate).
3. In respect of any new Property Leases with the Caledonian Sleeper Franchisee, the Franchisee shall enter into such Property Leases:
 - 3.1. with the intent that Section 31 of the Act shall apply to such Leases; and
 - 3.2. in the Agreed Form marked **SAL** and **DAL** (as appropriate).
4. In respect of any assignation or amendment of any Property Lease to which Section 31 of the Act applied on its grant, each of the Authority and the Franchisee acknowledge that it is their intention that Section 31 of the Act shall continue to apply to such assigned or amended lease.

SCHEDULE 2.2

THIS IS SCHEDULE 2.2 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Security of Access Assets, Rolling Stock Leases, Station and Depot Leases

1. Novation of Access Agreements During the Franchise Term

1.1 The Franchisee shall, to the extent so requested by the Authority (other than on termination of this Agreement, for which the provisions of paragraph 1 of Schedule 15.4 (*Provisions Applying on and after Termination*) apply):

- (a) following receipt of a notice purporting to terminate or irritate any Access Agreement to which it is a party, in relation to such Access Agreement; or
- (b) following receipt of a notice purporting to terminate or irritate a Station Lease or Depot Lease in whole or in part or on becoming aware of any proceedings or any other steps having or purporting to have similar effect, in relation to any Access Agreement under which it is a Facility Owner by virtue of a Property Lease,

novate its interest under any relevant Access Agreement (and any related Collateral Agreement) to the Authority or as it may direct.

1.2 Such novation shall be subject to the agreement of any counterparty to such Access Agreement or Collateral Agreement and, to the extent applicable, the ORR.

1.3 Such novation shall be on such terms as the Authority may reasonably require, including:

- (a) that the Franchisee shall not be released from any accrued but unperformed obligation, the consequences of any breach of the relevant agreement which is the subject of arbitration or litigation between the parties thereto or any liability in respect of any act or omission under or in relation to the relevant agreement prior to, or as at the date of, any such novation (except to the extent that the Authority or its nominee agrees to assume responsibility for such unperformed obligation, such liability or the consequences of such breach in connection with the relevant novation); and
- (b) that neither the Authority nor its nominee shall be obliged, in connection with the novation, to agree to assume responsibility for any unperformed obligation, liability or consequences of a breach referred to in paragraph 1.3(a),

but shall not, unless the Franchisee otherwise agrees, be on terms which release any counterparty to the relevant agreement from any liability to the Franchisee arising prior to the date of such novation.

1.4 The Franchisee shall, on the occurrence of any of the circumstances specified in paragraph 1.1 in relation to any other Train Operator who is a party to an Access Agreement to which the Franchisee is also party, agree to the novation of the relevant Train Operator's interest under the relevant Access Agreement to the Authority or as it may direct, subject, to the extent

applicable, to the consent of the ORR. The provisions of paragraph 1.3 shall apply to any such novation.

- 1.5 The Franchisee shall notify the Authority on becoming aware of any circumstances which might lead to the Authority being able to require the Franchisee to novate its interest or agree to the novation of another Train Operator's interest under this paragraph 1.

2. **Rolling Stock Related Contracts and Insurance Arrangements**

- 2.1 The Franchisee shall not:

- (a) execute any Rolling Stock Related Contract;
- (b) exercise any option or other discretion in any Rolling Stock Related Contract that would result in any increased payment or delay in delivery being made by the Franchisee to the relevant counterparty or which may result in it being reasonably likely to be unable to comply with the terms of this Agreement; or
- (c) amend or waive the terms of any Rolling Stock Related Contract or lose any rights to enforce the whole terms of any Rolling Stock Related Contract in its favour,

without, in each case, the prior written consent of the Authority (not to be unreasonably withheld) and shall supply a copy of all draft and all executed Rolling Stock Related Contracts (including any agreement amending any Rolling Stock Related Contract) to the Authority.

- 2.2 The Franchisee shall not, without the prior written consent of the Authority,

- (a) amend the terms of any insurance arrangements which relate to rolling stock vehicles used by it in the provision of the Passenger Services and to which it is a party on the Franchise Commencement Date; or
- (b) enter into any New Insurance Arrangements which relate to rolling stock vehicles used or to be used by it in the provision of the Passenger Services.

- 2.3 The Franchisee shall, in addition, if it enters into any New Insurance Arrangements, use all reasonable endeavours to ensure that the relevant insurers waive their rights of subrogation against any Train Operator which may have equivalent insurance arrangements providing for a similar waiver of rights of subrogation against the Franchisee, whether on a reciprocal basis or otherwise.

- 2.4 The Franchisee shall provide the Authority with copies of the consolidated Rolling Stock Related Contracts as they are procured from time to time by the Franchisee.

3. **Assignment of Property Leases during Franchise Term**

- 3.1 The Franchisee shall (other than on termination of this Agreement, for which the provisions of paragraph 4.6 of Schedule 15.4 (*Provisions Applying on and after Termination*) shall apply) following receipt of a notice purporting to terminate or irritate a Property Lease or on becoming aware of any proceedings or any other steps having or purporting to have similar effect, if

requested by the Authority, assign its interest under all or any Property Leases to the Authority or as it may direct, subject where applicable to the agreement of any other party to such Property Lease or the ORR.

- 3.2 Such assignment shall be on such terms as the Authority may reasonably require, including:
- (a) that the Franchisee shall not be released from any accrued but unperformed obligation, the consequences of any antecedent breach of a covenant, undertaking or obligation in the Property Leases or any liability in respect of any act or omission under or in relation to the Property Lease prior to, or as at the date of, any such assignment (except to the extent that the Authority or its nominee agrees to assume responsibility for such unperformed obligation, such liability or the consequences of such breach in connection with the relevant assignment); and
 - (b) that neither the Authority nor its nominee shall be obliged, in connection with such assignment, to agree to assume responsibility for any unperformed obligation, liability or consequences of a breach referred to in paragraph 3.2(a), and the Franchisee shall indemnify the Authority or its nominee, as the case may be, on an after-tax basis against any costs, losses, liabilities or expenses suffered or incurred in relation thereto.
- 3.3 The Franchisee shall, on the occurrence of any of the circumstances specified in paragraph 3.1 in relation to any other Train Operator who is a party to a Property Lease to which the Franchisee is also party, agree to the assignment of such Train Operator's interest under the relevant Property Lease to the Authority or as it may direct, subject, where applicable, to the consent of Network Rail. The provisions of paragraph 3.2 shall apply to any such assignment.
- 3.4 The Franchisee shall notify the Authority on becoming aware of any circumstances which might lead to the Authority being able to require the Franchisee to assign its interest or agree to the assignment of another Train Operator's interest under this paragraph 3.

4. Station And Depot Leases

- 4.1 The Franchisee shall at all times enforce its rights under each Station Lease and Depot Lease.
- 4.2 The Franchisee shall not:
- (a) terminate or irritate or agree to terminate or irritate in whole or in part, or take or omit to take any other action which might result in the termination or irritancy of any Station Lease or Depot Lease;
 - (b) assign all or part of its interest under any Station Lease or Depot Lease;
 - (c) sublet the whole or substantially the whole of the property comprised in any Station Lease or Depot Lease; or
 - (d) by any act or omission lose any of its rights to enforce those provisions of any Station Lease or Depot Lease which are in the Franchisee's favour,

except to the extent that the Authority may otherwise agree from time to time (such agreement not to be unreasonably withheld if the Franchisee has made arrangements, reasonably satisfactory to the Authority, for the continued operation of such Station or Depot (as the case may be) for the remainder of the Franchise Term or if consent to the Closure of the relevant Station or Depot has been granted).

5. Station Subleases

5.1 Unless the Authority agrees otherwise, the Franchisee shall not sublet, or grant any licence or any other right equating to a right of occupancy (whether or not exclusive), to any of its Affiliates of any part of the property comprised in any Property Lease except on terms that any such subletting:

- (a) (other than any subletting to an Affiliate which is a Train Operator) is terminable without compensation immediately upon the termination of this Agreement; and
- (b) is excluded from the provisions of Part II of the Landlord and Tenant Act 1954 and the Tenancy of Shops (Scotland) Act 1949.

5.2 If so requested by the Authority, the Franchisee shall:

- (a) extend each Station Sublease on the same terms for such period as the Authority may request (including a period equivalent to the franchise term of the Train Operator who is the lessee under such Station Sublease); and
- (b) if such Station Sublease terminates (which for the purposes of this paragraph 5.2(b) shall include the termination, at or around the time of termination of the Previous Franchise Agreement, of a station sublease in respect of which the Franchisee was the lessor), grant a new Station Sublease on the same terms to such Train Operator and for such period as the Authority may request (including a period equivalent to the franchise term of the Train Operator who is the lessee under such Station Sublease),

subject, where required, to the consent of Network Rail (and, if required, the relevant sub-lessee) and to the duration of the relevant Station Lease.

5.3 The Franchisee shall notify the Authority immediately on it becoming aware of any event which might give the Franchisee a right to surrender, irritate or terminate any Station Sublease. The Franchisee shall notify the Authority if it wishes to surrender, irritate or terminate any such Station Sublease but shall not (without the Authority's prior written consent) effect such surrender, irritancy or termination until the date which occurs 3 months after the date of such notice.

5.4 The Franchisee shall, throughout the term of any Station Sublease ensure that it does not, through any act or omission by it, lose any right to enforce any or all of the terms of that Sublease which are in the Franchisee's favour.

6. Authority rights relating to Access Agreements and Property Leases

6.1 Where the Authority considers it requisite for the purposes of better securing the delivery of railway passenger services under this Agreement or any other franchise agreement or for the better achievement by it of any of its statutory purposes, the Authority may require the Franchisee:

- (a) to exercise or refrain from exercising its rights under any Access Agreement or any Property Lease, or any related rights under such other agreements as the Authority may specify; and/or
 - (b) subject to the consent of the counterparty thereto, to assign, novate or surrender its rights under any Access Agreement or Property Lease.
- 6.2 Except to the extent that the Authority otherwise indicates from time to time, the Franchisee shall notify the Authority of its intention to enter into or amend any Access Agreement:
 - (a) where the approval of the ORR is required under the Act, not less than 10 business days before the submission to the ORR; and
 - (b) where no such approval is required, not less than 21 business days prior to entering into such amendment or Access Agreement.
- 6.3 The Franchisee shall comply with its obligations under any Access Agreement or any Property Lease to which it is a party from time to time:
 - (a) to notify or consult with the Authority on any matter or proposal relating to that Access Agreement or Property Lease; and
 - (b) which are contingent on a particular course of action being taken by the Authority or which are otherwise expressly included in that Access Agreement or Property Lease for the benefit of the Authority.
- 6.4 If and to the extent that:
 - (a) the Authority exercises its rights pursuant to paragraph 6.1;
 - (b) the Franchisee's compliance with the Authority's requirements pursuant to paragraph 6.1 would lead to the unavoidable consequence of the Franchisee contravening any other terms of this Agreement or the occurrence of an Event of Default; and
 - (c) the Franchisee duly complies with such requirements,
 no such contravention of this Agreement or Event of Default shall have occurred.

SCHEDULE 2.3

THIS IS SCHEDULE 2.3 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Third Party Delivery of Passenger Services and Other Franchisees

1. Sub-contracting any Passenger Services

- 1.1 Subject to paragraph 1.2, the Franchisee may not subcontract or delegate the provision of all or any part of the Passenger Services without the prior written consent of the Authority.
- 1.2 The Franchisee may subcontract or delegate the provision of the Passenger Services, provided that:
 - (a) the Authority receives prior written notice of any such subcontracting or delegation;
 - (b) the Franchisee continues to be party to all Access Agreements and Property Leases necessary to provide such Passenger Services and to enjoy all relevant access and operational rights thereunder;
 - (c) the Franchisee continues to specify and control (within the limitations imposed on it by Schedule 5 (*Fares*)) the terms and conditions (subject to the requirements of the Inter-Operator Schemes) on which such Passenger Services are to be provided, including the determination of the Price or Child Price (as the case may be) of any Fares;
 - (d) the Train Mileage of the Passenger Services so delegated or subcontracted does not without the consent of the Authority exceed 1 per cent. of the aggregate scheduled Train Mileage of the Franchisee in any Reporting Period; and
 - (e) the Franchisee continues to perform its obligations under Schedule 1.1 (*Service Development*) in respect of any subcontracted or delegated services.
- 1.3 Any such subcontracting or delegation shall not relieve the Franchisee from any of its obligations under this Agreement, including its obligations under this paragraph 1 and Schedule 14 (*Preservation of Assets*).

2. Other Franchisees

- 2.1 If the franchise agreement of another franchisee terminates or a railway administration order is made in respect of another franchisee, the Franchisee shall co-operate with any reasonable request of the Authority to ensure:
 - (a) that the services provided or operated by such other franchisee may continue to be provided or operated by any successor Train Operator or the railway administrator; and
 - (b) that the benefit of any arrangements between the Franchisee and such other franchisee which were designated as a key contract under such franchise agreement immediately prior to its termination or to a

railway administration order being made will continue to be provided to any successor Train Operator or to the railway administrator.

- 2.2 The benefit of any arrangements of the type referred to in paragraph 2.1(b) shall be provided on substantially the same terms as previously obtained by the relevant franchisee, subject to clause 7 and paragraph 2.3, provided that the Authority may exclude or modify any terms agreed or amended by such franchisee in the 12 months preceding the date on which such franchisee's franchise agreement was terminated or the date on which the relevant railway administration order was made which were, in the Authority's reasonable opinion, to the material detriment of such franchisee's business. The benefit of such arrangements shall be provided for such period as the Authority may reasonably require to allow the relevant Train Operator or railway administrator to renegotiate such arrangements or make alternative arrangements.
- 2.3 The Franchisee shall notify the Authority of its intention to terminate any contract with any other Train Operator which is designated as a "Key Contract" under that Train Operator's franchise agreement and shall give that Train Operator sufficient notice to enable it to make suitable alternative arrangements for its passengers without causing disruption to the railway passenger services provided by such Train Operator.
- 2.4 If the franchise agreement of another franchisee terminates in contemplation of the entry into or entry into effect of a new franchise agreement with the same franchisee in respect of all or a material part of the relevant railway passenger services, the Franchisee shall waive any event of default or other right it may have to terminate any agreement with such franchisee arising out of such termination, provided that the entry into or entry into effect of such new franchise agreement takes place.
- 2.5 References in this paragraph 2 to a franchisee include references to any franchise operator of that franchisee.

SCHEDULE 2.4

THIS IS SCHEDULE 2.4 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Other Franchise Operations

1. Rolling Stock Testing and Commissioning

The Franchisee shall, to the extent reasonably requested by the Authority and subject to payment of any reasonable costs by the relevant third party, co-operate with any third party which the Authority may specify (including a Successor Operator, any other franchisee of the Authority, a rolling stock vehicle manufacturer, a rolling stock vehicle refurbishment contractor, a Charter Service operator, Network Rail or the Authority) in connection with the testing and commissioning of new rolling stock vehicles or any new equipment to be fitted to rolling stock vehicles (whether such rolling stock vehicles are new or otherwise). Such co-operation shall not unreasonably disrupt the provision and operation of the Franchise Services and may include:

- 1.1. the movement of test trains within and around depots;
- 1.2. making available suitably qualified personnel to operate test trains along the Routes and provide information on the Routes;
- 1.3. making Train Slots available for such purposes;
- 1.4. granting or procuring the grant of access to the third party and its representatives to any relevant facilities; and
- 1.5. the delivery of rolling stock vehicles to specific locations.

2. Restrictions on Closures of Railway Passenger Services or Railway Facilities

2.1 Except to the extent that the Authority agrees otherwise, the Franchisee shall not:

- (a) cease to operate;
- (b) cease to secure the operation of; or
- (c) propose to terminate the use of,

any Station or Depot (or part of a Station or Depot) or any railway passenger service over a Route where such cessation or proposal might result in a Closure.

2.2 If any procedures are commenced under Part 4 of the Railways Act 2005 in relation to a Closure, the Franchisee shall, at its own cost and to the extent so requested by the Authority, take such action as the Authority may require in order to enable the Authority to comply with any duty imposed on it under Part 4 of the Railways Act 2005 in relation to such Closure.

3. Staffing at Stations

3.1 If the Franchisee proposes to take any step or becomes aware of any proposal on or after the Franchise Commencement Date which would result in a Station:

- (a) ceasing to be staffed at all times of the day at which railway passenger services are scheduled to call; or
- (b) being staffed at times which are less than the scheduled staffing times at the Franchise Commencement Date,

it shall provide at least 8 weeks' written notice of such proposal to the Authority and the Passengers' Council.

- 3.2 Subject to paragraph 3.3, the Franchisee shall in respect of its own staff have regard to the views and representations of the Authority, and the Rail Passengers' Council before implementing any proposals pursuant to paragraph 3.1.
- 3.3 The Franchisee shall not implement any proposals in respect of its own staff pursuant to paragraph 3.1 at any Station without the agreement of the Authority.
- 3.4 The Franchisee shall not reduce the opening hours of the Stations, or of the ticket office(s), waiting rooms or areas, or similar passenger facility at the Stations from the opening hours in respect of the same in place at the Franchise Commencement Date.

4. Royal Train

- 4.1 The Franchisee shall, if and to the extent requested by any person who from time to time is the operator of the same (and subject to the payment by such person of any reasonable costs of the Franchisee), co-operate in the provision by such person of railway passenger services for Her Majesty Queen Elizabeth II or any successor head of state or members of the family or representatives of either of them.
- 4.2 The provision of railway services for Her Majesty Queen Elizabeth II or any successor head of state or members of the family or representatives of either of them may include:
 - (a) running a "sweeper" train in front of the royal train;
 - (b) having spare locomotives on standby as rescue traction; and/or
 - (c) carrying out security requirements or co-operating with other persons in ensuring that security requirements are carried out prior to calling at any station on the Routes.

5. Charter Services

The Franchisee shall, if and to the extent requested by any Charter Service operator or open access train operator and subject to the payment by such operator of any reasonable costs of the Franchisee, co-operate in the provision by such operator of railway passenger services to facilitate the use of the railway network to support and promote tourism and sustainable economic development with Scotland including without prejudice to the foregoing generality subject to obtaining the Authority's consent to do so, flexing the Franchisee's timetable to allow such services to be run.

6. Borders Railway

- 6.1 The Franchisee shall co-operate with the organisation of the opening of the Borders Railway, such opening event shall be a major celebration for the

Borders and Midlothian communities along its route including celebratory steam hauled services;

- 6.2 The Franchisee shall be required to facilitate the operation of Charter Services by other operators on the Borders Railway to promote tourism along its route and co-operate through alterations to its regular timetabled Passenger Services at its own cost.

SCHEDULE 2.5

THIS IS SCHEDULE 2.5 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Transport, Travel and Other Schemes

1. Integrated Transport Schemes

- 1.1 The Franchisee shall participate in and comply with its obligations under the Integrated Transport Schemes listed in paragraph 1 of the Appendix (*List of Transport, Travel and Other Schemes*).
- 1.2 As and when required by the Authority, the Franchisee shall co-operate with the development and promotion of any schemes proposed by the Authority or any third party (including any Local Authority) and which relate to the integration of any other form of transport with the Franchise Services. If the Authority reasonably considers that the Franchisee's participation in any such scheme would have no adverse financial effect on the Franchisee, the Authority shall be entitled, but not obliged, to designate any such scheme as an Integrated Transport Scheme.
- 1.3 If and to the extent that the Authority designates any further integrated transport scheme or proposed scheme as an Integrated Transport Scheme for the purposes of this paragraph 1 then the Franchisee shall participate in and comply with its obligations under such scheme and take such other steps as the Authority may reasonably require.
- 1.4 The Authority shall consult the Franchisee before designating any scheme an Integrated Transport Scheme under paragraph 1.2 and shall allow the Franchisee a reasonable opportunity to make representations to it with respect to any such designation.
- 1.5 If the Franchisee's participation in any integrated transport scheme or proposed scheme would have an adverse financial effect on the Franchisee, the Authority may designate such scheme or proposed scheme as an Integrated Transport Scheme for the purposes of this paragraph 1 and the Franchisee shall participate in and comply with its obligations under such scheme and take such steps as the Authority may reasonably require. The Franchisee's compliance with this paragraph 1.5 shall constitute a Change.

2. National and Local Authority Concessionary Travel Schemes

- 2.1 The Franchisee shall, subject to paragraphs 2.3 and 2.8, participate in and comply with its obligations under:
 - (a) the concessionary travel schemes set out in paragraph 2 of the Appendix (*List of Transport, Travel and Other Schemes*); and
 - (b) any other concessionary travel scheme which the Franchisee is required to participate in during the Franchise Term pursuant to paragraph 2.2.
- 2.2 The Franchisee shall, subject to paragraphs 2.4 and 2.8, if so requested by the Authority participate in and comply with its prospective obligations under:

- (a) any concessionary travel scheme set out in paragraph 2 of the Appendix (*List of Transport, Travel and Other Schemes*), the terms of which have been amended since the date of signature of this Agreement; and
 - (b) such other concessionary travel schemes as any relevant Local Authority, or the Authority may require or request it to participate in.
- 2.3 Subject to the terms of the relevant concessionary travel scheme and paragraph 2.8, the Franchisee shall be entitled to cease to participate in any scheme referred to in paragraph 2.1 where, in the reasonable opinion of the Authority:
 - (a) the Franchisee's continuing participation in such scheme; and/or
 - (b) the obligations assumed by the relevant Local Authority, or the Authority in connection therewith

each pursuant to Part II of the Travel Concession Regulations 1986 (SI 1986/77) (**Regulations**) would fail to render the Franchisee financially no worse off (within the meaning of the Regulations).
- 2.4 Subject to paragraph 2.8, the Authority shall not require the Franchisee to participate in any scheme referred to in paragraph 2.2 where the Authority is reasonably satisfied that:
 - (a) the reimbursement arrangements with respect to the Franchisee's participation in any such scheme; and/or
 - (b) the obligations to be assumed by such Local Authority, or the Authority in connection therewith,

each pursuant to the Regulations would fail to render the Franchisee financially no worse off (within the meaning of the Regulations) as a result of such participation.
- 2.5 The Authority shall consult the Franchisee before making any request of the Franchisee to participate in any amended or new concessionary travel scheme pursuant to paragraphs 2.2(a) or (b) and shall allow the Franchisee a reasonable opportunity to make representations to it with respect to any such participation.
- 2.6 The Franchisee shall supply to the Authority, in respect of any concessionary travel schemes referred to in paragraphs 2.1 and 2.2, such information within such period as the Authority may reasonably require for the purposes of determining whether or not the Franchisee is or will be financially no worse off (within the meaning of the Regulations) as a consequence of its participation in any such scheme, and/or the obligations assumed by such Local Authority, or the Authority in connection therewith.
- 2.7 If the Authority and the Franchisee are unable to agree whether the Franchisee will be financially no worse off (within the meaning of the Regulations), the Authority and the Franchisee may resolve such dispute in accordance with the Dispute Resolution Rules.
- 2.8 If the Franchisee's participation in any concessionary travel scheme would make the Franchisee financially worse off (within the meaning of the Regulations), the Authority may require such participation, or continued

participation, and the Franchisee shall participate in and comply with its obligations under such scheme and take such steps as the Authority may reasonably require. The Franchisee's compliance with the terms of this paragraph 2.8 shall constitute a Change.

3. Multi-Modal Fares Schemes

3.1 The Franchisee shall, subject to paragraphs 3.3 and 3.9, participate in and comply with its obligations under:

- (a) the multi-modal fares schemes set out in paragraph 3 of the Appendix (*List of Transport, Travel and Other Schemes*); and
- (b) any other multi-modal fares scheme which the Franchisee is required to participate in during the Franchise Term pursuant to paragraph 3.2.

3.2 The Franchisee shall, subject to paragraphs 3.4 and 3.9, if so requested by the Authority, participate in and comply with its prospective obligations under:

- (a) any multi-modal fares scheme set out in paragraph 3 of the Appendix (*List of Transport, Travel and Other Schemes*), the terms of which have been amended since the date of signature of this Agreement; and
- (b) such other multi-modal fares schemes as any relevant Local Authority, or the Authority may require or request it to participate in.

3.3 Subject to the terms of the relevant multi-modal fares scheme and paragraph 3.9, the Franchisee shall be entitled to cease to participate in any scheme referred to in paragraph 3.1 where, in the reasonable opinion of the Authority:

- (a) the Franchisee's continuing participation in such scheme; and/or
- (b) the obligations assumed by the relevant Local Authority, or Authority in connection therewith,

would fail, by way of distribution of income or otherwise, to render the Franchisee financially no worse off.

3.4 Subject to paragraph 3.9, the Authority shall not require the Franchisee to participate in any scheme referred to in paragraph 3.2 where the Authority is reasonably satisfied, that the Franchisee's participation in any such scheme and/or the obligations to be assumed by the relevant Local Authority, or the Authority in connection therewith, would fail, by way of distribution of income or otherwise to render the Franchisee financially no worse off.

3.5 In determining whether the Franchisee shall, pursuant to paragraph 3.3, continue to participate or, pursuant to paragraph 3.4, participate in any multi-modal fares scheme, the Authority shall construe the term **financially no worse off** to mean:

- (a) in respect of any multi-modal fares scheme set out in paragraph 3 of the Appendix (*List of Transport, Travel and Other Schemes*), that the Franchisee incurs no materially greater financial loss than the financial loss (if any) incurred by the Franchisee at the Franchise Commencement Date under that scheme, as adjusted by reference to any change in the Retail Prices Index since such date;

- (b) in respect of any multi-modal fares scheme which replaces and (in the Authority's reasonable opinion) is reasonably similar to any such scheme as may be set out in paragraph 3 of the Appendix, that the Franchisee incurs no materially greater financial loss than the financial loss (if any) incurred by the Franchisee at the Franchise Commencement Date under the replaced scheme, as adjusted by reference to any change in the Retail Prices Index since such date; and
 - (c) in respect of any multi-modal fares scheme which does not replace or which does replace but which is not (in the Authority's reasonable opinion) reasonably similar to any such scheme or schemes as may be set out in paragraph 3 of the Appendix (*List of Transport, Travel and Other Schemes*), the same as the meaning given to that term in the Regulations, as if the Regulations applied to such multi-modal fares scheme.
- 3.6 The Authority shall consult the Franchisee before making any request of the Franchisee to participate in any amended or new multi-modal fares scheme pursuant to paragraph 3.2 and shall allow the Franchisee a reasonable opportunity to make representations to it with respect to any such participation.
- 3.7 The Franchisee shall supply to the Authority, in respect of any multi-modal fares schemes referred to in paragraphs 3.1 and 3.2 such information within such period as the Authority may reasonably require for the purposes of determining whether or not the Franchisee is or will be financially no worse off as a consequence of its participation in any such scheme and/or the obligations to be assumed by the relevant Local Authority, or the Authority in connection therewith.
- 3.8 If the Authority and the Franchisee are unable to agree whether the Franchisee will be financially no worse off, the Authority and the Franchisee may resolve such dispute in accordance with the Dispute Resolution Rules.
- 3.9 If the Franchisee's participation, or continued participation, in any multi modal fare scheme would make the Franchisee materially financially worse off the Authority may require such participation, or continued participation, and the Franchisee shall participate in and comply with its obligations under such a scheme and take such steps as the Authority may reasonably require. The Franchisee's compliance with the terms of this paragraph 3.9 shall constitute a Change.
- 3.10 As regards each of the multi-modal fares schemes set out in paragraph 3 of the Appendix (*List of Transport, Travel and Other Schemes*), provided the terms of the scheme are not amended, the Franchisee agrees that its continuing participation in the scheme will render the Franchisee financially no worse off.
- 3.11 Within the constraints imposed by competition legislation the Franchisee shall throughout the Franchise Term:
 - (a) co-operate with SPT to provide travel cards and Glasgow Subway fares as add on fares to Fares;
 - (b) co-operate with local bus operators to provide bus fares as add on fares to Fares; and

(c) continue to develop and improve the integration of local bus services with the Passenger Services.

3.12 The Franchisee shall act as an impartial retailer at its points of sale of tickets as between its tickets and any relevant multi-operator multi-modal tickets which it is from time to time authorised to sell.

3.13 The Franchisee shall use all reasonable endeavours to promote multi-modal tickets including working with Local Authorities and operators of ITSO Certified Smartmedia within Scotland who may wish to implement smartcard multi-modal ticketing schemes and where the Franchisee's consent is required to such propositions the Franchisee shall not unreasonably withhold or delay granting consent to such propositions.

4. **Discount Fare Schemes**

4.1 The Franchisee shall participate in and comply with its obligations under the Discount Fares Schemes.

4.2 If the Authority:

- (a) effects, or proposes to effect, an amendment to a Discount Fare Scheme;
- (b) introduces any new Discount Fare Scheme; or
- (c) ceases to approve a Discount Fare Scheme,

for the purposes of Section 28 of the Act such amendment, intended amendment, introduction or cessation of approval shall be a Change.

4.3 The Authority shall provide a reasonable opportunity to the Franchisee to make representations to it before amending, introducing or ceasing to approve a Discount Fare Scheme pursuant to paragraph 4.2.

5. **Inter-Operator Schemes**

5.1 The Franchisee shall participate in, and comply with its obligations under, and the terms of, each of the Inter-Operator Schemes set out in paragraph 5 of the Appendix (*List of Transport, Travel and Other Schemes*).

5.2 Without limiting paragraphs 5.1 and 5.3, the Franchisee agrees with the Authority to be bound by Parts IV and V of Chapter 4 of the Ticketing and Settlement Agreement and shall not amend, or agree or propose to amend, the Ticketing and Settlement Agreement without the prior written consent of the Authority.

5.3 The Franchisee shall not amend, or agree or propose to amend, any Inter-Operator Scheme other than in accordance with its terms.

5.4 The Franchisee shall:

- (a) provide reasonable notice to the Authority of any proposal to amend any Inter-Operator Scheme which it intends to make or of which it receives notification and which is reasonably likely materially to affect the provision of the Franchise Services; and
- (b) have regard to the Authority's views in respect of any such proposal.

- 5.5 If an amendment is effected or proposed to be effected to an Inter-Operator Scheme which requires the consent or approval of the Authority in accordance with the terms thereof, such amendment shall be treated as a Change to the extent and only to the extent that the Franchisee makes a saving as a consequence of such amendment or proposed amendment.

6. Introduction of ITSO Ticketing/Smartmedia Technology

- 6.1 The Franchisee shall by no later than two (2) years from the Franchise Commencement Date:

- (a) ensure that all ITSO Certified Smartmedia product retailing and fulfilment equipment, media, readers and validators (including on any automated ticket gates where fitted) at Stations is fit for the purpose of enabling the Franchisee to comply with its obligations pursuant to paragraph 6.3. Where the aforesaid items are not fit for the said purpose the Franchisee shall take all steps necessary (including for the avoidance of doubt replacing) to make the aforesaid items fit for the said purpose.
- (b) install or utilise an ITSO Certified Smartmedia back office (being compliant with the latest version of the ITSO Specification available at the time of its deployment) which:-
 - (i) interfaces with other ITSO host operators or processing systems across the ITSO Environment and the ITSO security management service; and
 - (ii) is able to:
 - A. operate hotlisting of both other Train Operators and the Authority's products and cards; and
 - B. is capable of the transfer of other Train Operators, the Authority's and other transport operators ITSO smart ticketing products and to the Franchisee's ITSO Certified Smartmedia or other compatible smartmedia; and
- (c) provide, procure and install any other equipment, commercial arrangements and/or licences (being the most current version available at the time of their deployment) as are, in the Authority's reasonable opinion, necessary in order to operate an efficient and effective ITSO-based scheme across the entire area in which Passenger Services are provided.

- 6.2 Where the Franchisee operates Passenger Services at stations where the Franchisee is not the Facility Owner:

- (a) the Franchisee shall co-operate with the relevant Facility Owner and any other Train Operators operating passenger services from such stations with the intention of ensuring that ITSO equipment operated by the Franchisee pursuant to its obligations under this paragraph 6 is fully compatible with the ITSO equipment employed by such relevant Facility Owner or other Train Operators operating passenger services from such stations with the intention of ensuring that ITSO equipment operated by the Franchisee pursuant to its obligations under this paragraph 6 is fully compatible with the ITSO equipment employed by such relevant Facility Owner or other Train Operator (including as to

ITSO Certified Smartmedia functionality to ensure as far as practicable reciprocal operation of such Smartmedia). It shall not be a breach of this paragraph 6.2 if the relevant Facility Owner or Train Operators fail to introduce or install ITSO compatible facilities at such stations;

- (b) the Franchisee shall be permitted to propose in relation to such stations reasonable non-station based equipment solutions (including train borne validators) for the purposes of delivering some or all of the required ITSO equipment functionality. The Authority shall consider and not unreasonably withhold consent to any such proposal.

6.3 The Franchisee shall ensure that:

- (a) passengers travelling on any of the Passenger Services can do so using ITSO Certified Smartmedia for all Initial ITSO Fares, Super OFF- Peak ticket fares, an expanded range of yield managed Advance Ticket fares and Flex Carnet by no later than two (2) years from the Franchise Commencement Date;
- (b) passengers travelling on any of the Passenger Services can do so using ITSO Certified Smartmedia for all types of Fare by no later than four (4) years from the Franchise Commencement Date;
- (c) the majority of passengers travelling on the Passenger Services utilising the Initial ITSO Fares, Contract Season Tickets and the ASR Business Card do so using ITSO Certified Smartmedia by the fourth anniversary of the Franchise Commencement Date;
- (d) the majority of passengers travelling on the Passenger Services utilising any type of Fare do so using ITSO Certified Smartmedia by the sixth anniversary of the Franchise Commencement Date; and
- (e) the National and Local Authority Concessionary Travel Schemes referred to in paragraph 2 and Discount Fare Schemes are available and applied through the ITSO Certified Smartmedia as the relevant type of Initial ITSO Fare or any other type of Fare is available on ITSO Certified Smartmedia.

6.4 The Franchisee shall use all reasonable endeavours to co-operate with Network Rail and other Train Operators in relation to the provision of equipment to permit ITSO Certified Smartmedia.

6.5 The Franchisee shall:

- (a) co-operate with Network Rail and other Train Operators in relation to the provision of equipment to permit ITSO Certified Smartmedia use;
- (b) co-operate with other Train Operators in relation to the introduction of flexible ticketing schemes by such other Train Operators (including flexible season tickets and/or flexible ticketing schemes based on ITSO Certified Smartmedia);
- (c) develop an approach to the use of ITSO Certified Smartmedia to facilitate use of more sophisticated ticket types and demand management over time;

- (d) co-operate with other Train Operators who either have or will have ITSO Certified Smartmedia functionality, to ensure reciprocal operation of ITSO Certified Smartmedia;
- (e) ensure that all ITSO Certified Smartmedia equipment operates to RSPS3002 standards.
- (f) promote the inter-availability of any smartmedia related ticketing schemes and shall join any relevant ATOC approved smartmedia related ticketing scheme such as the South East Flexible Ticketing Programme;
- (g) promote demand management and passenger benefits by making proposals for the development and implementation of new Smartmedia/flexible products;
- (h) co-operate with Local Authorities, as well as other Train Operators in relation to any proposals to use or convert any multi-modal fare schemes to use ITSO Certified Smartmedia and shall not unreasonably withhold or delay its consent to any such proposals;
- (i) co-operate with relevant Local Authorities in relation to any proposal to implement ITSO Certified Smartmedia based schemes including multi modal fare schemes and shall not unreasonably withhold or delay its consent to any such proposals;
- (j) co-operate with the Authority on the introduction of a national ITSO smartcard ticketing scheme across multi modes of transport within Scotland including in the creation of a Fulfilment Service;
- (k) obtain and retain and comply with throughout the Franchise Term an ITSO Operating Licence; and
- (l) ensure that its ITSO Certified Smartmedia is capable of at least eight products including:
 - (i) those under development by the South East Flexible Ticketing Programme:
 - A. TYP 2 – Stored Travel Right (STR);
 - B. TYP 14 – Entitlement;
 - C. TYP 16 – ID personal data;
 - D. TYP 21 – 1 – Season Ticket;
 - E. TYP 24 – ATOC Flexible product; and
 - (ii) other ITSO compliant products including for other forms of transport and, for example, products such as the National Entitlement Card; and
 - (iii) appropriate anti-tear software.

Monitoring Requirements

- 6.6 Commencing with effect from the earlier of the Franchise Commencement Date and the date on which passengers can use ITSO Certified Smartmedia for their journey on the Passenger Services the Franchisee shall within 10 days of the end of each Reporting Period report to the Authority:

- (a) the total number of Passenger Journeys made during the relevant Reporting Period;
- (b) the total number of Passenger Journeys made using ITSO Certified Smartmedia during the relevant Reporting Period; and
- (c) the total number of ITSO Certified Smartmedia issued during the relevant Reporting Period.

6.7 The Franchisee in respect of the last Reporting Period in each Reporting Year ending on or after 31 March 2016 shall determine the percentage number of Passenger Journeys made using ITSO Certified Smartmedia during the relevant Reporting Year in accordance with the following formula:

$$\frac{Y}{Z} \times 100$$

where:

Y is the total number of Passenger Journeys made in the relevant Reporting Year using ITSO Certified Smartmedia;

Z is the total number of Passenger Journeys made in the relevant Reporting Year

the Franchisee shall within 10 days of the end of the aforesaid Reporting Period report to the Authority the percentage calculated in accordance with the above formula.

- 6.8 Where during the Franchise Term the Franchisee becomes Facility Owner of a station the Franchisee shall purchase and install such ITSO Certified Smartmedia product retailing and fulfilment equipment, media, readers and validations that in the reasonable opinion of the Authority is necessary at such station that within such period of time as the Authority shall reasonably determine.
- 6.9 The Franchisee shall co-operate with the development and promotion of smart ticketing schemes and initiatives lead by the Authority including without prejudice to the foregoing by the Franchisee incorporating the branding of the National Entitlement Card prominently on its issued ITSO Certified Smartmedia subject to the Authority granting a licence to the Franchisee to make use of such branding, if required.

APPENDIX TO SCHEDULE 2.5

List of Transport, Travel and Other Schemes

1. Integrated Transport Schemes

This is intentionally left blank

2. Local Authority Concessionary Travel Schemes

		Rail Participation						
		Card Type						
Scheme	Local Authority Areas Served	Elderly	Disabled	Companion	Young Person	Taxi Card	Blind Companion	Blind
Aberdeen	Aberdeen City Council							Y
Aberdeenshire & Moray	Aberdeenshire Council Moray Council					#Y		Y
Angus	Angus Council	Y	Y			Y		Y
Clackmannanshire, Falkirk & Stirling	Clackmannanshire Council Falkirk Council Stirling Council	~Y	~Y					Y
Dumfries & Galloway	Dumfries & Galloway Council							Y
Dundee	Dundee City Council							Y
Eilean Siar	Comhairle nan Eilean Siar							Y
Fife	Fife Council	Y	Y	Y	Y		Y	Y
Highland	Highland Council	Y	Y				Y	Y
Lothians	City of Edinburgh Council East Lothian Council Midlothian Council	^Y	^Y			*Y	^Y	Y
Orkney	Orkney Islands Council							Y
Perth & Kinross	Perth & Kinross Council							Y
Scottish Borders	Scottish Borders Council							Y
Shetland	Shetland Islands Council							Y
Strathclyde Partnership for Transport	Argyll & Bute Council East Ayrshire Council East Dunbartonshire Council East Renfrewshire Council Glasgow City Council Inverclyde Council North Ayrshire Council North Lanarkshire Council Renfrewshire Council South Ayrshire Council South Lanarkshire Council West Dunbartonshire Council	Y	Y	Y			Y	Y
West Lothian	West Lothian Council	Y	Y	Y		Y	Y	Y

Aberdeenshire only

~ Falkirk only

* Not Midlothian

^ East Lothian only

3. Multi Modal Fares Schemes

	SCHEME	DESCRIPTION
	SPT	
1.	Strathclyde Transport Zonecard Scheme (Including Conference Delegates' Travel Ticket)	Zone based flexible season ticket for unlimited travel by rail, Subway, most buses and some ferries.
2.	Day Tripper	A family based day ticket for unlimited travel throughout Strathclyde by rail, Subway, most buses and some ferries.
3.	Roundabout	An inner city one day "offpeak" ticket for unlimited travel by rail and subway within the designated area.
4.	Playscheme Travel Pass	A Playscheme based travel pass that allows Playschemes to travel in the SPT area free of charge by rail, Subway, some buses and some ferries
5.	Glasgow Central to Glasgow Queen Street shuttle bus	Free shuttle bus for valid rail ticket holders
	AUTHORITY	
1.	One – Ticket – SESTRAN	"Travelarea" based flexible season ticket for limited travel by rail and unlimited travel by bus.
2.	Central Scotland Rover	Unlimited off peak rail travel on any 3 days out of 7 between designated stations in central Scotland and unlimited Subway travel.
3.	Freedom of Scotland	A Rover ticket that allows travel on any 4 out of 8 or 8 out of 15 consecutive days on all ScotRail and Cal Mac ferry services in Scotland and unlimited ScotRail travel. A selection of bus and coach routes are also included. This ticket will be valid in the seated portion of the Caledonian Sleeper between the following stations: <ul style="list-style-type: none"> • Aviemore and Inverness • Fort William and Edinburgh
4.	Highland Rover	Unlimited rail travel for 4 out of 8 consecutive days on the West Highland or Kyle of Lochalsh to Inverness railway lines, some buses and some ferries. This ticket will be valid in the seated portion of the Caledonian Sleeper between the following stations: <ul style="list-style-type: none"> • Fort William and Edinburgh
5.	Plusbus	Add on to any rail journey that starts or finishes at participating stations giving unlimited access to most buses in the local network
6.	Leuchars to St Andrews Rail link	Rail ticket incorporating bus travel between St Andrews bus station and Leuchars station
7.	Taxi link between Scrabster and Thurso	Rail ticket incorporating taxi transfer between Thurso and Scrabster

4. Discount Fare Schemes

- 4.1. ATOC Disabled Persons Railcard Scheme dated 23 July 1995 between the participants named therein;

- 4.2. ATOC 16-25 Railcard Scheme dated 23 July 1995 between the participants named therein;
- 4.3. ATOC Senior Railcard Scheme dated 23 July 1995 between the participants named therein;
- 4.4. Scottish Youth Railcard under the Young Scot NEC Card.

5. Inter-Operator Schemes

- 5.1. ATOC Staff Travel Scheme dated 23 July 1995 between the participants named therein;
- 5.2. Ticketing and Settlement Agreement;
- 5.3. ATOC LRT Scheme dated 23 July 1995 between the participants named therein;
- 5.4. Travelcard Agreement dated 15 October 1995 between London Regional Transport and the parties named therein;
- 5.5. Through Ticketing (Non-Travelcard) Agreement dated 15 October 1995 between London Regional Transport and the parties named therein; and
- 5.6. National Rail Enquiries Scheme dated 11 June 1996 between the participants named therein.

SCHEDULE 2.6**INVERNESS DEPOT**

1. The Franchisee shall (without prejudice to the duties or powers of ORR):
 - 1.1. offer depot access at Inverness Depot and a range of depot services (including in respect of the specification and quality of the latter) to the Caledonian Sleeper Franchisee which are no less in any such aspect than the maintenance services provided by the Outgoing Franchisee in respect of the Caledonian Sleeper services; and
 - 1.2. when required by the Authority, demonstrate that charges sought from and/or charged to other Train Operators for depot access and/or depot services are reasonable.

SCHEDULE 3

**THIS IS SCHEDULE 3 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT
BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED**

Priced Options

Priced Options

1. Part 1 of this Schedule 3 contains a list of Priced Options agreed as at the date of this Agreement, and the terms upon which the Authority may exercise each Priced Option.
2. The Authority may call any Priced Option set out in this Schedule 3 by serving written notice on the Franchisee
 - (a) at any time prior to the last date for the call of such Priced Option, and on the terms of such Priced Option, in which case the terms of such Priced Option, including the agreed cost and revenue amounts for that Priced Option, shall apply and the Franchisee shall implement such Priced Option in accordance with those terms; and
 - (b) at any time after the last date for the call of such Priced Option and/or on different terms to those specified within such Priced Option in which case such call shall be a Change.

Priced Option 1 – Improved Services between Edinburgh and Berwick-upon-Tweed/Newcastle

(a) Description, objective and specification

The Franchisee will maintain the current Passenger Service and overlay on it a two hourly off-peak daytime interval for the Dunbar service, extending it into the peak travel hours to provide additional capacity on the Berwick-Dunbar-Edinburgh axis. This will allow New Stations at East Linton and Reston to be served during the Peak as well as the Off-Peak when the current Passenger Service generally runs. It will also provide connections at Berwick into Up and out of Down Cross-Country trains as well as some East Coast services. Trains would run across the bridge to Tweedmouth in order to turn back without causing congestion at Berwick-on-Tweed station. Owing to pathing constraints, it will not be possible to use the new service to create an even interval service at Dunbar, but it will allow for a service in each to be provided from Dunbar in combination with the existing trains that call there, running between Dunbar at Edinburgh. Overall the new service will require one additional EMU diagram along and an increase in driver establishment of 12 drivers at Edinburgh along with relevant route learning costs.

References to Edinburgh are to Edinburgh Waverley station.

(b) Price for exercising the Priced Option

Please refer to the incremental price analysis contained in the Appendix to this Schedule.

(c) Timescale for implementing Priced Option

Twelve months from exercise of option.

(d) Other effects on this Agreement

None identified.

(e) Last date for exercising the Priced Option in order to maintain the price detailed in (b) above.

1st December 2018

(f) Timetable

Option EWD timetable

Start time	Start Point	End Time	End Point
06.31	Edinburgh	07.30	Berwick-upon-Tweed
08.36	Edinburgh	09.33	Berwick-upon-Tweed
10.33	Edinburgh	11.30	Berwick-upon-Tweed
12.33	Edinburgh	13.30	Berwick-upon-Tweed
14.35	Edinburgh	15.32	Berwick-upon-Tweed
16.34	Edinburgh	17.31	Berwick-upon-Tweed
18.34	Edinburgh	19.31	Berwick-upon-Tweed
20.33	Edinburgh	21.30	Berwick-upon-Tweed
22.33	Edinburgh	23.30	Berwick-upon-Tweed

Start time	Start Point	End Time	End Point
07.41	Berwick-upon-Tweed	08.39	Edinburgh
09.47	Berwick-upon-Tweed	10.45	Edinburgh
11.50	Berwick-upon-Tweed	12.48	Edinburgh
13.47	Berwick-upon-Tweed	14.45	Edinburgh
15.47	Berwick-upon-Tweed	16.45	Edinburgh
17.48	Berwick-upon-Tweed	18.46	Edinburgh
19.47	Berwick-upon-Tweed	20.45	Edinburgh
21.47	Berwick-upon-Tweed	22.45	Edinburgh
23.44	Berwick-upon-Tweed	00.42	Edinburgh

Option SuO Timetable

Start time	Start Point	End Time	End Point
08.36	Edinburgh	09.33	Berwick-upon-Tweed
11.36	Edinburgh	12.33	Berwick-upon-Tweed
14.36	Edinburgh	15.33	Berwick-upon-Tweed
17.36	Edinburgh	18.33	Berwick-upon-Tweed
20.36	Edinburgh	21.33	Berwick-upon-Tweed

Start time	Start Point	End Time	End Point
09.47	Berwick-upon-Tweed	10.45	Edinburgh
12.47	Berwick-upon-Tweed	13.45	Edinburgh
15.47	Berwick-upon-Tweed	16.45	Edinburgh
18.47	Berwick-upon-Tweed	19.45	Edinburgh
21.51	Berwick-upon-Tweed	22.49	Edinburgh

Priced Option 2 – Improved Services between Stranraer and Glasgow

(a) Description, objective and specification

The Franchisee shall restructure the timetable so that one train every two hours is operated between Stranraer and Ayr. By using three discrete DMU diagrams, it is also possible to extend these trains from Ayr to Kilmarnock providing through services to stations between Ayr and Kilmarnock every two hours, while also providing a second two-hourly Girvan - Kilmarnock service. Together these trains will combine to provide an hourly service linking Girvan, Ayr and Kilmarnock. This would replace the current offer on this axis, which has intervals of approximately 1, 2 and 2.5 hours between services, depending on the time of day. This will also offer increased connections to the Dumfries line and to Glasgow via Barrhead.

The enhanced service uses the same level of resources as the existing offer for Stranraer and Kilmarnock – Girvan. Therefore we do not need to provide for additional rolling stock or staff in order to operate this service.

This will result in an increased number of services between Stranraer and Ayr, calling at Barrhill, Girvan and Maybole.

These services shall connect with direct services to and from Glasgow Central and Kilmarnock.

Connections shall be at Ayr for Glasgow Central and Girvan or Ayr for Kilmarnock. Waiting time will not exceed 10 minutes for Glasgow Central and 15 minutes for Kilmarnock.

The number of journey opportunities (which may be with one connection at Ayr) between Stranraer/Barrhill/Girvan/Maybole and Glasgow Central shall be more than the number of existing direct services between these stations and Glasgow Central.

Services specified in Routes D9a and D14b in the SLC will not be adversely affected.

The proposed timetable shall suit local needs for commuting and encourage leisure travel.

(b) Price for exercising the Priced Option

Please refer to the incremental price analysis contained in the Appendix to this Schedule.

(c) Timescale for implementing Priced Option

Twelve months from exercise of option.

(d) Other effects on this Agreement

None identified.

(e) Last date for exercising the Priced Option in order to maintain the price detailed in (b) above.

1st December 2017

(f) Timetable

The revised timetable is set out in the document in Agreed Form marked **S-G**.

Priced Option 3 – New Station at Winchburgh

(a) Description, objective and specification

Two services per hour between the New Station at Winchburgh and Edinburgh (Waverley) station on Route C2 (Dunblane/Alloa). The option is journey time neutral and includes the operation of the New Station as Station Facility Owner. The Franchisee will co-ordinate and facilitate the commissioning of the New Station.

The option has been priced on the basis that the station is unstaffed.

(b) Price for exercising the Priced Option

Please refer to the incremental price analysis contained in the Appendix to this Schedule.

(c) Timescale for implementing Priced Option

Twelve months from exercise of option.

On the assumption this option is exercised with the timing the Franchisee envisages, the Franchisee would begin planning for the Passenger Service to begin in December 2017 with Passenger Services commencing on the date of the December 2018 Timetable Change Date.

(d) Other effects on this Agreement

None identified.

(e) Last date for exercising the Priced Option in order to maintain the price detailed in (b) above.

1st December 2020.

(f) Timetable

The revised timetable is set out in the document in Agreed Form marked **W-E**.

Priced Option 4 – Operating Dunbar Station as the Station Facility Owner

(a) Description, objective and specification

Take over Dunbar station as the new Station Facility Owner for the station, which shall include, but not be limited to changing the station signage and colours to the Authority's Branding.

The Franchisee shall co-operate with the Train Operator of the Intercity East Coast franchise to enable the said Train Operator to: -

- (i) surrender its Station Lease in respect of Dunbar station; and
- (ii) become the beneficiary of a Station Access Agreement in respect of Dunbar station,

simultaneously with the Franchisee entering into a Station Lease in respect of Dunbar station.

The Franchisee shall enter into a station access agreement with the Train Operator of the Intercity East Coast franchise to allow such Train Operator to access Dunbar station.

(b) Price for exercising the Priced Option

Please refer to the incremental price analysis contained in the Appendix to this Schedule.

(c) Timescale for implementing Priced Option

To be implemented no later than 30 June 2015 or such other date falling 4 months after the date of commencement of the Intercity East Coast franchise (whichever is the later).

(d) Other effects on this Agreement

None identified.

(e) Last date for exercising the Priced Option in order to maintain the price detailed in (b) above.

Eight months before the Expiry Date.

This page is intentionally devoid of substantive content

APPENDIX TO SCHEDULE 3

This Appendix contains the prices for the Priced Options detailed in Schedule 3. The figures in the tables should be treated incrementally to the Base Franchise Payments in Appendix 1 and Appendix 2 to Schedule 8.2 and are shown in 2015/2016 real prices.

Priced Option 1: Improved Services between Edinburgh and Berwick-upon-Tweed/Newcastle

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	
Year	FXD (£)	VCRPI (£)	VCAWE (£)	PRPI (£)	TRRPI (£)	Target Revenue (£)
1	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---
2	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---
3	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---
4	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---
5	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---
6	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---
7	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---
8 ext	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---
8	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---
9	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---
10	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---
11	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---
12	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---	[---REDACTED---

Priced Option 2 – Improved Services between Stranraer and Glasgow

Column 1		Column 2	Column 3	Column 4	Column 5	Column 6		Target Revenue (£)
Year		FXD (£)	VCRPI (£)	VCAWE (£)	PRPI (£)	TRRPI (£)		
1		REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
2		REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
3		REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
4		REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
5		REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
6		REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
7		REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
8 ext		REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
8		REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
9		REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
10		REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
11		REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
12		REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]

Priced Option 3 – New Station at Winchburgh

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6		Target Revenue (£)
Year	FXD (£)	VCRPI (£)	VCAWE (£)	PRPI (£)	TRRPI (£)		
1	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
2	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
3	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
4	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
5	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
6	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
7	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
8 ext	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
8	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
9	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
10	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
11	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
12	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]

Priced Option 4 – Operating Dunbar Station as the Station Facility Owner

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6		Target Revenue (£)
Year	FXD (£)	VCRPI (£)	VCAWE (£)	PRPI (£)	TRRPI (£)		
1	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
2	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
3	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
4	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
5	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
6	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
7	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
8 ext	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
8	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
9	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
10	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
11	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]
12	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]	REDACTED--]

SCHEDULE 4

**THIS IS SCHEDULE 4 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT
BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED**

Maintaining and Enhancing Stations, Depots and Trains

Schedule 4.1: Franchise Facilities

Appendix: Station Surveys

Schedule 4.2: Persons with Disabilities and Disability Discrimination

Appendix: Minor Works

SCHEDULE 4.1

THIS IS SCHEDULE 4.1 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Franchise Facilities

1. Franchise Facilities Surveys

- 1.1 If requested by the Authority, the Franchisee and the Authority shall undertake joint surveys that record:
 - (a) the facilities and characteristics of the rolling stock vehicles comprising the Train Fleet;
 - (b) the interior and exterior condition of each of the rolling stock vehicles comprising the Train Fleet;
 - (c) the facilities available at each Station or Major Station Area (including the facilities in the Control Centres at Paisley Gilmour Street and Dunfermline Stations) and their operational status and condition;
 - (d) the information provision facilities at each Station or Major Station Area and their operational status and condition;
 - (e) the facilities available at each Station or Major Station Area car park and their operational status and condition;
 - (f) the ticket selling facilities of each Station or Major Station Area and their operational status and condition;
 - (g) the aesthetic condition of each Station or Major Station Area and the state of repair of each Station, including the buildings, roofs, station shelters, guttering, glazing, painted surfaces, tiled surfaces, floor surfaces and signage;
 - (h) the facilities available at each Depot and their operational status and condition; and
 - (i) the aesthetic condition of each Depot and the state of repair of each Depot, including the buildings, roofs, guttering, glazing, painted surfaces, tiled surfaces, floor surfaces and signage.
- 1.2 The Franchisee and the Authority shall be entitled to use photographic or video recording equipment in the carrying out of any survey pursuant to paragraph 1.1 but in any event both of them shall record the results of such surveys in accordance with paragraph 2.
- 1.3 The surveys shall be completed within four months of the date of request under paragraph 1.1 (or such other period as the Authority and the Franchisee shall agree). The Franchisee shall co-operate with the Authority in relation to the surveys in order to, as far as possible, carry out such surveys in conjunction with:
 - (a) in respect of the Train Fleet, the owners of any rolling stock vehicles within the Train Fleet;

- (b) in respect of the Stations or Major Station Areas and Depots, representatives from Network Rail and/or in respect of Stations at which the Caledonian Sleeper Franchisee's railway passenger services call or Depots which the Caledonian Sleeper Franchisee make use of the Caledonian Sleeper Franchisee; and
- (c) if the survey is to be completed before the Franchise Commencement Date, in respect of the matters referred to in both paragraphs 1.3(a) and (b), representatives of the Outgoing Franchisee under the Previous Franchise Agreement.
- 1.4 If requested by the Authority, the surveys under paragraph 1.1 shall not be joint but shall be undertaken by the Franchisee and the Franchisee shall provide the Authority with all information it may request to audit and verify the results of any survey. The cost of joint surveys in respect of the Stations or Major Station Areas, the Train Fleet and Depots shall be divided equally between the Franchisee and the Authority.
- 1.5 In respect of the matters referred to in paragraphs 1.1(g) and 1.1(i), each Station or Major Station Area and Depot shall be further categorised, in the case of all Stations or Major Station Areas and all Depots, by the Authority and the Franchisee (and, in the absence of agreement, the Authority shall reasonably determine the categories) in accordance with the following condition standard:

Condition status at time of survey completion	Description of condition status	Characteristics of condition status
1	Excellent	As new or recently refurbished, no attention required
2	Good	Good aesthetic appearance, a few minor aesthetic issues requiring attention, no concerns as to repair of fabric of building
3	Satisfactory	Generally acceptable appearance, a few minor aesthetic issues requiring attention, a few minor deficiencies in condition where delay in remedying would not damage the fabric of the building
4	Poor	Shabby, aesthetically poor, attention required to a few deficiencies where delay in remedying would increase the cost of repair
5	Extremely poor	Dilapidated, urgent attention required to a significant number of deficiencies or a few deficiencies where delay in remedying would cause significant additional cost

2. The Franchise Facilities Book

- 2.1 Within 1 month of the completion of any survey, pursuant to paragraph 1.1, the Authority and the Franchisee shall agree the extent of the items listed in paragraph 1.1 and their condition for the relevant rolling stock vehicles, Station or Major Station Area or Depot. In the absence of such agreement within one month of the completion of a survey, the Authority shall reasonably determine the extent of the items listed and their condition within a further month of the completion of the survey in question.
- 2.2 The record of the extent and condition of the items listed in paragraph 1.1 as agreed between the Franchisee and the Authority or determined by the Authority shall be compiled in and known as the **Franchise Facilities Book** as more particularly described in paragraph 2.3. The Franchise Facilities Book may contain no entry or entries as at the Franchise Commencement Date and may be compiled as the surveys in respect of matters referred to at paragraph 1.1 are carried out.
- 2.3 The Franchise Facilities Book shall include the following:
- (a) a list of:
 - (i) those facilities identified pursuant to paragraph 1.1;
 - (ii) those facilities which, from time to time, replace any facilities specified therein; and
 - (iii) any:
 - (A) additional rolling stock vehicles, which from time to time, are used by the Franchisee in the provision of the Passenger Services; and
 - (B) additional facilities, which from time to time, are made available in the provision of the Franchise Services by the Franchisee (or as a consequence of any of the arrangements mentioned in paragraph 5) at the Stations, the Station car parks and the Depots,

(together the **Franchise Facilities**);
 - (b) a summary of the operational status and condition of each Franchise Facility at the date of such facility's inclusion within the Franchise Facilities Book; and
 - (c) a list of the Stations or Major Station Areas in the format set out in the Appendix (*Station Surveys*) and listing the following:
 - (i) the banding of each Station or Major Station Area according to each such Station's:
 - (A) size;
 - (B) annual origin and destination revenue; and
 - (C) annual origin and destination journey numbers,

by the allocation of a letter, A to F (inclusive), to each such Station or Major Station Area in accordance with the criteria used by Network Rail for this purpose from time to time;

- (ii) in respect of each Station or Major Station Area, the standard according to the categories determined pursuant to paragraph 1.5;
 - (iii) in respect of each Station or Major Station Area, the aesthetic condition of the items referred to in paragraph 1.1(g); and
 - (d) a list of Depots and the aesthetic condition of the items referred to in paragraph 1.1(i).
- 2.4 The Franchisee shall compile and maintain the Franchise Facilities Book:
- (a) in a fair, true and diligent manner;
 - (b) in accordance with any guidance issued to it by the Authority from time to time; and
 - (c) no less than once every quarter of a Franchisee Year update the Franchise Facilities Book and provide a report to the Franchise Manager copied to the SQL on such update.
- 2.5 The Franchise Facilities Book shall also record which Stations or Major Station Areas are staffed and during what hours they are staffed.
- 2.6 The Franchisee and the Authority shall work together in compiling the Franchise Facilities Book (and any computer records relating thereto) with the intention that the book will be capable of being a computerised record covering the whole of Scotland without undue difficulty or expense.
- 2.7 The Franchise Facilities Book shall be available for inspection (and copying) in Scotland during normal business hours by, or on behalf of, the Authority. The Franchisee shall ensure that the Authority is provided with a complete copy of the Franchise Facilities Book promptly after its completion and the Franchisee shall also promptly provide updates from time to time.

3. **Obligations during the Franchise Term**

- 3.1 In so far as not provided for in Schedule 1.6 (*Committed Obligations*) within 6 months of the Franchise Commencement Date the Franchisee shall devise a programme for the maintenance and refurbishment of Stations or Major Station Areas to ensure that:
- (a) in aggregate across the ScotRail Franchise; and
 - (b) in aggregate across each banding of Stations or Major Station Areas determined pursuant to paragraph 2.3(c)(i) ,
- there is no degradation of the condition of Stations or Major Station Areas (the **Station Condition Maintenance Programme**) during the Franchise Term from the conditions determined pursuant to paragraph 1.5.
- 3.2 The Station Condition Maintenance Programme shall identify the categories of work to be undertaken at each Station or Major Station Area and the timetable for completing each category of such work.
- 3.3 In so far as not provided for in Schedule 1.6 (*Committed Obligations*) within 6 months of the Franchise Commencement Date the Franchisee shall devise a

programme to ensure that maintenance of Depot buildings is carried out in a timely manner and not delayed, so that additional costs are not incurred when maintenance is actually carried out (the **Depot Condition Maintenance Programme**).

- 3.4 The Depot Condition Maintenance Programme shall identify the categories of work to be undertaken at each Depot and the timetable for completing each category of such work.
- 3.5 The Franchisee shall use all reasonable endeavours to procure that each of the Station Condition Maintenance Programme and the Depot Condition Maintenance Programme are implemented in accordance with their respective terms.
- 3.6 The Franchisee shall review the content and implementation of the Station Condition Maintenance Programme and the Depot Condition Maintenance Programme at least once every 13 Reporting Periods and shall make the results of such review available to the Authority at the next Franchise Performance Meeting following completion of such review.
- 3.7 If and to the extent:-
 - (a) the Franchisee replaces any of the facilities specified in a Franchise Facilities Book or makes available for use any additional facilities at the locations referred to in paragraph 1.1; or
 - (b) additional assets or facilities are made available at those locations in consequence of any of the arrangements referred to in paragraph 5 or of the Franchisee carrying out its obligations in Part 2 of Schedule 1.6 (*Committed Obligations*) or in Schedule 3 (*Priced Options*) or any other obligations pursuant to this Agreement.

the Franchisee shall maintain such replacement or additional assets or facilities and update the relevant Franchise Facilities Book in accordance with this Schedule 4.1.

4. **Franchise Facilities Surveys to End of the Franchise Period**

- 4.1 For the purpose of determining prior to the end of the Franchise Period:
 - (a) the extent and condition of the Franchise Facilities; and
 - (b) in the case of the Stations or Major Station Areas, whether in aggregate across the ScotRail Franchise or in aggregate across each banding of Stations determined pursuant to paragraph 2.3(c)(i), there has been any degradation of the condition of the Stations or Major Station Areas from the conditions determined pursuant to paragraph 1.5,

the Authority and the Franchisee shall conduct surveys similar to those referred to in paragraph 1 in accordance with the requirements of this paragraph 4. If requested by the Authority, these surveys shall not be joint but shall be undertaken by the Franchisee, and the Franchisee shall provide the Authority with all information it may request to audit and verify the results of any survey.

- 4.2 The surveys referred to in paragraph 4.1 shall be conducted:

- (a) no more than 12 months prior to and no less than 6 months prior to the Expiry Date; or
 - (b) following service of a Termination Notice, within such period as the Authority may reasonably specify.
- 4.3 Within 1 month of the completion of the last survey pursuant to paragraph 4.1 the Authority and the Franchisee shall agree, or in the absence of such agreement, the Authority shall reasonably determine
- (a) the extent and prevailing condition of the Franchise Facilities including:
 - (i) in respect of each Station or Major Station Area and Depot, the prevailing condition according to the condition standards set out in paragraph 1.5;
 - (ii) in respect of each Station or Major Station Area, the aesthetic condition of the items referred to in paragraph 1.1(g); and
 - (iii) in respect of each Depot, the aesthetic condition of the items referred to in paragraph 1.1(i); and
 - (b) the banding of each Station or Major Station Area according to that Station's:
 - (i) size;
 - (ii) annual origin and destination revenue; and
 - (iii) annual origin and destination journey numbers,

by the allocation of a letter, A to F (inclusive), to each such Station or Major Station Area in accordance with the criteria used by Network Rail for this purpose from time to time.
- 4.4 It shall be a contravention of this Agreement if there is any degradation, either in aggregate across the ScotRail Franchise or in aggregate across each banding of Stations or Major Station Areas, determined pursuant to paragraph 2.3(c)(ii), in the conditions of the Stations from the conditions determined pursuant to paragraph 1.5.

5 Work required by the Authority

- 5.1 The Authority may issue a Variation to this Agreement in order to remedy, improve or enhance any aspect of the condition (including the aesthetic condition) or state of repair of, or the facilities available at a Station or Major Station Area or a Depot or on a rolling stock vehicle comprised in the Train Fleet.
- 5.2 The Franchisee shall co-operate with the Authority in conducting any surveys and pricing any remedial, improvement or enhancement work, if required to do so by the Authority, and contracting for and project managing the remedial, improvement or enhancement work and completing and complying with the terms of any Variation to remedy, improve or enhance any aspect of the condition (including the aesthetic condition) or the state of repair of, or the facilities available at, a Station or Major Station Area or Depot or on a rolling stock vehicle comprised in the Train Fleet.

- 5.3 Once remedial work, improvements or enhancements directed by the Authority in accordance with paragraph 5.1 have been completed, the Authority may adjust the Franchise Facilities Book to reflect the work done and/or facilities made available and the Authority may also, acting reasonably, re-categorise the relevant Station or Major Station Area in accordance with the condition standards set out in paragraph 1.5.
- 5.4 The reference to "the condition of Stations and Major Station Areas " in paragraph 3.1 shall be to the condition of a Station or Major Station Area as improved by remedial or improvement work or enhancements required by the Authority, by improvements or enhancements as referred to in paragraph 5.5.
- 5.5 Where the Authority or any other body grant funds or otherwise meets the cost of assets or facilities that improve or enhance any aspect of a Station (including ticket barriers, ticket machines or CCTV) then the Authority may require the adjustment of the Franchise Facilities Book to reflect such improvement or enhancement and the Authority may also, acting reasonably, re-categorise the relevant Station in accordance with the condition standards set out in paragraph 1.5.
- 5.6 Where either the Authority or any other body is considering grant funding or otherwise meeting the costs of assets or facilities the Franchisee shall co-operate with the Authority, or such body and provide to it such information and advice as it may reasonably request.
- 5.7 The rights of the Authority referred to in paragraph 5.1 shall not in any way prejudice the Authority in ensuring that repairs or remedial work is carried out by the Franchisee in accordance with Schedule 7.3 (*SQUIRE*).

APPENDIX TO SCHEDULE 4.1

Station Surveys

Category	Station Categorisation and Condition																													
	A					B					C					D					E					F				
Condition	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Station Name																														
[Station 1]																														
[Station 2]																														
[Station 3]																														
[Station X]																														
[Station Y]																														
[Station Z]																														

SCHEDULE 4.2

THIS IS SCHEDULE 4.2 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Persons with Disabilities and Disability Discrimination

1. Relationship with Other Obligations relating to Persons with Disabilities

- 1.1 The Franchisee acknowledges that its obligations in this Schedule 4.2 are in addition to and do not limit its obligations to comply with:
- (a) the EA;
 - (b) any applicable condition(s) in any of its Licences (including in respect of Disabled Persons); and
 - (c) any other of the requirements of this Agreement.
- 1.2 This Schedule 4.2 sets out:
- (a) specific arrangements which apply in respect of physical alterations to stations to facilitate accessibility and use by Disabled Persons; and
 - (b) specific obligations of the Franchisee directed at meeting the needs of Disabled Persons.

2. Physical Alterations and Accessibility of Stations

- 2.1 In respect of physical alteration works at stations to facilitate accessibility and use by Disabled Persons, it is acknowledged by the Franchisee that:
- (a) there is limited funding available to the Authority to assist franchisees and/or franchise operators with the carrying out of those works;
 - (b) consequently, there is a need for such works to be carried out over a period of time to reflect the availability of funding, and for such works to be prioritised with regard to where there is the greatest need and/or where physical alterations can have the greatest effect; and
 - (c) the Authority's participation in the national programme of works of physical alterations at stations addresses these issues in a structured way.
- 2.2 The Franchisee will:
- (a) co-operate reasonably with and assist the Authority in the development and furtherance by the Authority of the programme described in paragraph 2.1(c) by providing to the Authority:
 - (i) information concerning the usage of Stations (including, where and to the extent reasonably practicable, usage of Stations by Disabled Persons); and
 - (ii) advice as to the most economic way in which accessibility for Disabled Persons could, in the Franchisee's reasonable opinion, be improved at Stations;

- (b) co-operate reasonably with other Train Operators and/or Network Rail to seek to ensure that, where it would be advantageous to do so, having regard to the needs of Disabled Persons, any planned work on the Stations to facilitate accessibility and use by Disabled Persons is, so far as reasonably practicable, co-ordinated with other work to be carried out at the Stations and/or other parts of the network; and
- (c) use all reasonable endeavours to secure sources of grant funding (other than from itself or an Affiliate) for improving accessibility for Disabled Persons at Stations (in addition to any funding secured through the Authority pursuant to paragraph 2.5), including but not limited to funding from Local Authorities, and the Lottery Commission. The Franchisee shall notify the Authority of:
 - (i) any such additional funding which it secures; and
 - (ii) the terms on which such additional funding has been granted.

2.3 In participating in any multi-modal fares scheme, the Franchisee shall, subject to paragraph 3 of Schedule 2.5 (*Transport, Travel and Other Schemes*), use all reasonable endeavours to secure, through the planning and development of such scheme, improvements in disabled access to the entrances of any relevant station, including within and in the immediate proximity of such station.

2.4 If, during the Franchise Term:

- (a) the Franchisee has complied with its obligations in terms of the EA (to take such steps as are reasonable to provide a reasonable alternative method of making services at a Station accessible to a Disabled Person to avoid a Disabled Person being placed at a substantial disadvantage by a physical feature at a Station and its obligations in paragraph 2.7 concerning Minor Works); and
- (b) notwithstanding such compliance, if the Franchisee reasonably considers it is still required to carry out or procure physical works of alteration at a Station in order to comply with the EA Requirements in respect of that Station, and, in so carrying out or procuring, would incur expenditure which it would not otherwise have an obligation to incur,

the Franchisee may seek funding from the Authority in respect of that expenditure.

2.5 If the Franchisee seeks funding from the Authority under paragraph 2.4, and demonstrates to the Authority's satisfaction that the criteria in paragraph 2.4 have been satisfied, then the Authority may agree to adjust the amount of Franchise Payments in respect of some or all of the works and/or expenditure. In considering its response to any such request, the Authority will have regard to the availability of funding and the priorities set out in the programme described in paragraph 2.1(c), together with any other available sources of funding described in paragraph 2.2(c). If and to the extent the Authority agrees to adjust Franchise Payments in accordance with this paragraph 2.5 in any Franchisee Year:

- (a) the Authority shall make such adjustment to the Franchise Payments; and
- (b) the Franchisee shall spend such additional funds:
 - (i) in order to comply with the EA Requirements referred to in paragraph 2.4(b); and

- (ii) in accordance with any conditions the Authority may notify the Franchisee of.

2.6 If and to the extent the Franchisee is required to pay any increased access charges as a result of additional expenditure required to be incurred by another station Facility Owner for the purpose of complying with the EA Requirements in respect of a station at which the Passenger Services are permitted to call under this Agreement, provided that the Franchisee:

- (a) notifies the Authority within 7 days of becoming aware of any proposal for the increase in such charges (or the works to which they relate); and
- (b) complies with the Authority's reasonable directions regarding the exercise of any rights the Franchisee may have in respect thereof,

the imposition of the increased access charges shall constitute a Change.

2.7 **Minor Works Budget**

The Franchisee shall:

- (a) establish and manage the Minor Works Budget to fund the carrying out of Minor Works. For the purposes of this paragraph 2.7, **Minor Works** means small scale physical alterations or additions to improve accessibility of Stations to Disabled Persons, not involving substantial works of construction or reconstruction. The Minor Works:
 - (i) may, but shall not necessarily include, the Minor Works described in the Appendix (*Minor Works*);
 - (ii) shall not include any works which Network Rail, the Franchisee or any other person has a separate obligation to carry out, except where:
 - (A) such obligation is an obligation of the Franchisee under the EA; or
 - (B) the inclusion of such works would lead to the acceleration of the timescale for their completion and the Authority gives its consent pursuant to paragraph 2.7(a)(iii);
 - (iii) shall only include works other than those permitted by paragraphs 2.7(a)(i) and (ii) with the prior consent of the Authority; and
 - (iv) must comply with the standards provided for in the Code of Practice, unless otherwise agreed with the prior consent of the Authority;
- (b) before the start of each Franchisee Year:
 - (i) develop a Minor Works Programme and consult with the Mobility Access Committee Scotland and/or the Disabled Persons Transport Advisory Committee and/or SATA and/or SRAF and the Passenger's Council in relation thereto;
 - (ii) in conjunction with its activities in paragraph 2.7(b)(i), and, consistent with its obligations under paragraph 2.2(b), liaise with Network Rail and other Train Operators as necessary with regard to the

determination and implementation of each Minor Works Programme;
and

- (iii) following the consultation and liaison described in paragraphs 2.7(b)(i) and (ii), obtain the Authority's prior approval (such approval not to be unreasonably withheld) of each Minor Works Programme;
- (c) carry out or procure the carrying out of the Minor Works' Programme in each Franchisee Year and in doing so, spend at least the amount of the Minor Works Budget for the relevant Franchisee Year in such Franchisee Year (unless otherwise agreed by the Authority);
- (d) report progress to the Authority in determining and carrying out the Minor Works' Programme no less than once every 3 Reporting Periods; and
- (e) co-operate, as the Authority may reasonably require, with Network Rail or any other person seeking to carry out or procure Minor Works at the Stations or any other stations.

3. Dealing with Claims relating to Stations

- 3.1 If during the Franchise Period the Franchisee receives notification of a claim under the EA in respect of any alleged non-compliance with the EA Requirements or otherwise in respect of any Station (an **EA Claim**) then the Franchisee shall:
- (a) notify the Authority within 7 days of receiving notification of the EA Claim. The Franchisee shall at the same time notify the Authority of any reasonable alternative methods of making services at the Station accessible to or improving use by Disabled Persons that it has considered and/or put in place pursuant to the EA;
 - (b) if required by the Authority, defend the EA Claim or any aspect of the EA Claim (which may include appealing the judgement or decree). The Authority will, subject to paragraph 3.4, pay the Franchisee's reasonable costs of:
 - (i) any defence or appeal required by the Authority; and/or
 - (ii) compliance with the Authority's instructions in accordance with paragraph 3.1(c); and
 - (c) act in accordance with the reasonable instructions of the Authority to defend the EA Claim (or any aspect of it) as required under paragraph 3.1(b) and shall not (without the prior consent of the Authority) settle or enter into any compromise in relation to the EA Claim (or the relevant aspect of it), including by entering into mediation.
- 3.2 If, in the reasonable opinion of the Franchisee, it will be more cost effective to settle the EA Claim rather than act in accordance with the Authority's requirement under paragraph 3.1, it shall produce for the Authority's approval a settlement proposal (the **Settlement Proposal**).
- 3.3 If the Authority does not accept the Settlement Proposal and still requires the Franchisee to defend the EA Claim (or any aspect of it) then the Franchisee shall defend the EA Claim in accordance with paragraph 3.1.
- 3.4 If the Franchisee is required to defend an EA Claim where it has submitted a Settlement Proposal to the Authority and an award is made in respect of the EA

Claim in favour of the person bringing it which is higher than the figure set out in the Settlement Proposal, then, subject to paragraph 3.5, the Authority shall pay to the Franchisee:

- (a) the difference between such an award and the figure set out in the Settlement Proposal; and
- (b) the further reasonable costs incurred or payable by the Franchisee in defending the EA Claim, to the extent that such costs have not already been paid by the Authority under paragraph 3.1(b).

- 3.5 The Authority shall not have any obligation to make the payments described in paragraphs 3.1(b) or 3.4 where it is determined or, if no declaration or determination by the court on this point has been sought or made, the Authority, in its reasonable opinion, considers that the Franchisee has not taken such steps as it is reasonable, in all the circumstances of the case, for it to take to provide a reasonable alternative method of making services at the Station accessible to Disabled Persons.

APPENDIX TO SCHEDULE 4.2

Minor Works

1. Providing additional signage, where it does not currently exist, to allow better way finding around the station by Disabled Persons.
2. Removing:
 - (a) thresholds (above 15 millimetres) which do not comply with the Code of Practice; or
 - (b) less than 3 steps,

from the entrances to booking halls or platforms to enable those facilities to have step-free access.
3. Providing contrasting manifestations on glazed areas where contrasting manifestations do not currently exist.
4. Providing additional handrails around the station where handrails do not currently exist and where the Franchisee reasonably believes they may be required by a Disabled Person.
5. Providing new accessible stair nosings where stair nosings do not currently exist.
6. Providing new tactile surfaces, including at the top and bottom of flights of steps, but excluding at platform edges, where tactile surfaces do not currently exist.
7. Providing additional seating that is accessible to Disabled Persons, but not replacing existing seating.
8. Providing induction loops for ticket office windows where induction loops do not currently exist.
9. Replacing non-standard fittings with fittings that are compliant with the Code of Practice in existing disabled toilets, which would include replacing non-standard fittings in respect of toilet bowls and sinks, but would not include making major changes to plumbing or to the dimensions of the toilet area.
10. Providing dropped kerbs at drop off/set down points or station car parks to enable access/egress thereto where dropped kerbs do not currently exist.
11. Marking out existing car-parking bays for use by persons with disabilities which comply with the Code of Practice, where such car parking bays do not currently comply.
12. Providing portable light-weight ramps (and appropriate restraining devices for such ramps) and any required assistance with the use of such ramps. Any such ramps shall be:
 - (a) compliant with TSI PRM (or where ramps are fitted to vehicles which first entered passenger service between 31 December 1998 and 1 July 2008 compliant with the Rail Vehicle Accessibility Regulations 1998 provided that where compliant width of the wheelchair ramp exceeds that of a vehicle doorway, it shall be acceptable that the width of the ramp shall be the maximum practicably achievable); and
 - (b) carried on board trains to provide a method of facilitating access to or egress from a rolling stock vehicle, acknowledging that their use is subject to availability of staff:
 - (i) on the train of which the rolling stock vehicle comprises part; or

(ii) at the station.

SCHEDULE 5

**THIS IS SCHEDULE 5 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT
BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED**

Fares

Schedule 5.1:	Purpose, Structure and Construction
Schedule 5.2:	Franchisee's Obligation to Create Fares
Schedule 5.3:	Regulation of Individual Fares
Schedule 5.4:	Exceeding the Regulated Price or Regulated Child Price
Schedule 5.5:	Changes to Fares and Fares Regulation
Schedule 5.6:	Fares Regulation Information and Monitoring

SCHEDULE 5.1

THIS IS SCHEDULE 5.1 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Purpose, Structure and Construction

1. Purpose of Schedule 5

Purpose of provisions relating to Creating Fares

- 1.1 The purpose of Schedule 5.2 (*Franchisee's Obligation to Create Fares*) is to ensure that any Fare which is created by the Franchisee as Lead Operator is Created in accordance with the Ticketing and Settlement Agreement and appropriate restrictions are placed on the Franchisee's ability to Create Fares.

Purpose of Fares Regulation

- 1.2 The purpose of Schedules 5.3 (*Regulation of Individual Fares*) to 5.6 (*Fares Regulation Information and Monitoring*) (inclusive) is, amongst other things, to provide for the regulation of Fares by the Authority pursuant to Section 28 of the Act.
- 1.3 For purposes of regulating Fares, each Fare that is to be regulated by the Authority shall be dealt with in accordance with Schedule 5.3 (*Regulation of Individual Fares*).
- 1.4 The Authority's regulation of Fares places a limit on the Price or Child Price of each Fare that is a Protected Fare. The limit on the Price or Child Price of each Fare is set by reference to the individual increase in Price and Child Price of each Protected Fare.
- 1.5 Subject to the more detailed provisions of Schedule 5.3 (*Regulation of Individual Fares*) the increase in Regulated Peak Fares may not exceed RPI + 0 per cent per annum and the increase in Off-Peak Tickets may not exceed RPI - 1 per cent per annum.
- 1.6 The Authority may alter these limits, and other aspects of its regulation of Fares, in accordance with the more detailed provisions of Schedule 5.5 (*Changes to Fares and Fares Regulation*).

Outline of protected/unregulated products

The table below summarises the scope of Fares Regulation envisaged for the Franchisee from the Franchise Commencement Date:

Area	Fares Regulation	
	Protected	Unregulated
Scotland (including Strathclyde and Edinburgh commuter area)	Season tickets	First Class
	Anytime single/return	Super Off-peak Return
	Anytime day single/return	
	Off peak single/return	Flexipasses and Advance tickets
	Off peak day single/return	

2. Structure of Schedule 5

- 2.1 Schedule 5.2 (*Franchisee's Obligation to Create Fares*) sets out or refers to the Franchisee's obligations to Create Fares.
- 2.2 Schedule 5.3 (*Regulation of Individual Fares*) sets out the limits applicable to the increase in the Price or Child Price of any individual Fare.
- 2.3 Schedule 5.4 (*Exceeding the Regulated Price or Regulated Child Price*) sets out the consequences of the Franchisee exceeding the Regulated Price or Regulated Child Price of any Fare.
- 2.4 Schedule 5.5 (*Changes to Fares and Fares Regulation*) sets out the Authority's ability to vary the forgoing provisions.
- 2.5 Schedule 5.6 (*Fares Regulation Information and Monitoring*) sets out Fares regulation information and monitoring provisions.

3. Construction

References to "Fare"

- 3.1 For the purposes of:
 - (a) Schedule 5.2 (*Franchisee's obligation to Create Fares*), "Fare" shall have the wide meaning given to it in paragraph (b) of that definition; and
 - (b) Schedules 5.3 (*Regulation of Individual Fares*) to 5.6 (*Fares Regulation Information and Monitoring*) (inclusive), "Fare" shall have the narrow meaning given to it in paragraph (a) of that definition.

- 3.2 References in this Schedule 5 to a Fare shall, except to the extent the context otherwise requires, be construed as references to the Fare which is or can be Created by the Lead Operator for the Flow to which the Fare relates or, if such Flow is not a Compulsory Inter-available Flow, any Fare which the Franchisee has Created or can Create in respect of that Flow as the Authority may specify.

Fares Documents

- 3.3 In the event of an immaterial inconsistency between the Fares, 2014 Ticket Prices or 2014 Nominal Ticket Sales:
- (a) described in or determined in accordance with this Schedule 5; and
 - (b) described in the Fares Document,
- the Fares Document shall prevail.
- 3.4 In the event of a material inconsistency between the Fares, 2014 Ticket Prices or 2014 Nominal Ticket Sales:
- (a) described in or determined in accordance with this Schedule 5; and
 - (b) described in the Fares Document,
- this Schedule 5 shall prevail.

Setting of Child Prices

- 3.5 Any requirement under this Schedule 5 to set a Child Price in respect of a Fare shall be satisfied by the Franchisee Creating either:
- (a) a Fare which is only valid for use by persons under the age of 16; or
 - (b) a Fare which is valid for use:
 - (i) by any person at a price; and
 - (ii) only by persons under the age of 16 and at a discounted price relative to the price set pursuant to paragraph 3.5(b)(i).

New Stations

- 3.6 Subject to paragraph 3.2, the Authority may require the creation of a Protected Fare or Fares to or from any New Station, on such basis as it may, after consultation with the Franchisee, reasonably determine and references in Schedule 5 to Fares and other relevant definitions shall be construed accordingly.

Internet season ticket sales

- 3.7 The Franchisee shall offer Season Tickets for the Passenger Services for sale via the Website and the Customer Contact Centre.

Fares timing restrictions

- 3.8 Without the prior consent of the Authority, the Franchisee shall not create new restrictions or alter existing restrictions on the times of day during which a regulated off-peak Fare is valid on a Passenger Service.
- For the purposes of this paragraph 3.8, the existing restrictions are:

	Validity and Restrictions on Validity for Off Peak Singles and Returns	Applicable Area
	Valid on any train except those timed to depart Mondays - Fridays before 0900 with the exception of the Passenger Service departing Largs at or around 0833 to Glasgow Central and the Passenger Service departing Wemyss Bay at or around 0857 to Glasgow Central	Within Strathclyde
	Valid on any train except those timed to depart Mondays - Fridays before 0800	Routes within the Service Level Commitment known as Routes B2, B3 and B4, except those parts of the B2 and B3 Routes that are within Strathclyde.
	Valid on any train except those timed to depart Mondays - Fridays before 0915. Not valid on any train departing: - <ol style="list-style-type: none"> 1. Glasgow Queen Street or Glasgow Central, Edinburgh Waverley or Haymarket Stations Mondays to Fridays between 1643 and 1809; 2. Edinburgh Waverley or Haymarket Stations - Glasgow Queen Street at or around 1815; 3. Glasgow Queen St – Edinburgh Waverley or Haymarket Stations at or around 1815 (for the avoidance of doubt except the train at or around 1756 to Glasgow Central via Shotts) 	Central Belt
	Valid on any train except those timed to depart Mondays - Fridays before 0900. Not valid for passengers joining at Inverness, Aberdeen or Dyce Stations, Mondays to Fridays, on any train time to depart between 1700 and 1730	Route within the Service Level Commitment known as Route B1 (Aberdeen – Inverness)
	Valid on any train on Saturdays, Sundays and Bank Holidays	

SCHEDULE 5.2

THIS IS SCHEDULE 5.2 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Franchisee's Obligation to Create Fares

1. **Creation of Protected Fares**

The Franchisee shall ensure that any Protected Fare Created by the Franchisee as Lead Operator is Created to the extent it is entitled or obliged to do so under the terms of the Ticketing and Settlement Agreement.

2. **Restrictions on Creation of Fares**

2.1 The Franchisee shall set the Child Price for any Fare so that Fare may be purchased by or for a person under the age of 16 for an amount which is no greater than the lowest amount that would be paid if that person were the holder of a Young Person's Railcard (as amended or replaced from time to time) and whose purchase was made without condition as to the day, or time of day, of travel and also without any other condition.

2.2 The Franchisee shall not Create or agree to Create any Fare or Discount Card with a validity of 13 or more months without the consent of the Authority (such consent not to be unreasonably withheld).

3. **Removal of Fares Anomalies**

3.1 The Franchisee shall not create or agree to create any Fare which creates an anomaly.

3.2 The Franchisee shall continually review the Fares it has or can create to identify Fare anomalies and when the Franchisee has identified any such anomalies the Franchisee shall reduce affected Fares at the next Fares Setting Round to remove such anomalies.

3.3 Where the application of the Franchisee's obligation in terms of Schedule 5.3 (*Regulation of Individual Fares*) would lead to the creation of Fares anomalies, the Franchisee shall not apply the requirements of Schedule 5.3 to the affected Fares. This shall not constitute a Change.

SCHEDULE 5.3

THIS IS SCHEDULE 5.3 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Regulation of Individual Fares

1. Price or Child Price not to exceed Regulated Price or Regulated Child Price

Subject to paragraph 3.3 of Schedule 5.2 (*Franchisee's Obligation to Create Fares*), the Franchisee shall procure that the Price or Child Price (as the case may be) of any Protected Fare in any Fare Year does not exceed the Regulated Price or Regulated Child Price (as the case may be) for each such Fare in that Fare Year.

2.1 Subject to paragraph 2.4, the Regulated Price or Regulated Child Price (as the case may be) for any Protected Fare in any Fare Year shall be an amount equal to the Preceding Year Ticket Price x PII where:

Preceding Year Ticket Price is the maximum Price or Child Price (as the case may be) for that Fare recorded by RSP in 2014 or, for any subsequent Fare Year, the Fare Year preceding that Fare Year, provided that such maximum Price or Child Price (as the case may be) complied with the requirements of this Schedule 5. If such maximum Price or Child Price (as the case may be) did not so comply, then such maximum Price or Child Price (as the case may be) shall be the last Price or Child Price (as the case may be) for such Fare recorded by RSP which did so comply. In each case the maximum Price or Child Price (as the case may be) shall be less any part of that Price or Child Price (as the case may be) that forms part of that Fare pursuant to a rounding up or down in accordance with paragraph 2.4 in 2015 or, for any subsequent Fare Year, the Fare Year preceding that Fare Year; and

PII is the Permitted Individual Increase in any Fare Year, as determined in accordance with paragraph 2.2.

2.2 The Permitted Individual Increase in any Fare Year shall be an amount equal to:

$$PII = \frac{(100 \times RPI) + k}{100}$$

where:

PII is the Permitted Individual Increase in that Fare Year;

RPI is an amount equal to:

$$\frac{RPI - 1}{RPI - 2}$$

where:

RPI – 1 is the Retail Prices Index for the July of the calendar year preceding that Fare Year; and

RPI – 2 is the Retail Prices Index for the July of the calendar year preceding the calendar year referred in the definition of RPI-1; and

k is equal to - 1 for Off-Peak Tickets and 0 for Regulated Peak Fares.

2.3 Where:

- (a) the Franchisee sets the Price or Child Price (as the case may be) of any Protected Fare in any Fare Year; and
- (b) the Authority reasonably determines that the Price or Child Price (as the case may be) of such Protected Fare was set solely for the purpose of increasing the value of the Preceding Year Ticket Price in the next Fare Year,

the Preceding Year Ticket Price for the purposes of determining the Regulated Price pursuant to paragraph 2.1 in the next Fare Year shall be the maximum Price or Child Price (as the case may be) prior to such setting that complied with the requirements of this Schedule 5, as recorded by RSP in such preceding Fare Year.

- 2.4 The Price or Child Price of any Protected Fare which is changed in accordance with paragraph 2.1 may following such change be rounded up or down to the nearest 10p or multiple thereof as the Franchisee may consider appropriate subject to such rounding, if applied, being applied to all Prices and Child Prices of all relevant Protected Fares. Any other changes to the Prices and Child Prices of Protected Fares (whether because the Franchisee wishes to rebalance such Prices and Child Prices or otherwise) may only be made with the prior consent of the Authority or in accordance with Schedule 5.4 (*Exceeding the Regulated Price or Regulated Child Price*) or otherwise in accordance with this Schedule.

3. **Compulsory Inter-available Flows**

Where the Franchisee:

- (a) as Lead Operator for a Compulsory Inter-available Flow, is responsible for setting the Price or Child Price (as the case may be) of a Fare for that Flow; and
- (b) has notified RSP of the Price or Child Price (as the case may be) of that Fare in any Fares Setting Round,

the Franchisee shall not increase the Price or Child Price (as the case may be) of that Fare in the same Fares Setting Round without the consent of the Authority and each other Train Operator which provides railway passenger services for such Flow.

SCHEDULE 5.4**THIS IS SCHEDULE 5.4 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED****Exceeding the Regulated Price or Regulated Child Price**

1. If the Franchisee is in contravention of paragraph 1 of Schedule 5.3 (*Regulation of Individual Fares*):
 - 1.1. it shall reduce the Price or Child Price of any relevant Fare at the next available opportunity and, in any event, at the next Fares Setting Round, so as to comply with the requirements of paragraph 1 of Schedule 5.3 from such date; and
 - 1.2. the Authority may adjust the Franchise Payments by an amount equivalent in its opinion to the sum of:
 - (a) any additional gross revenue accruing to the Franchisee or any person selling Fares on its behalf as a result of the sale of Fares at Prices and/or Child Prices in excess of the relevant amounts permitted under Schedule 5.3; and
 - (b) any costs incurred by the Authority in determining the amount of such additional gross revenue.
2. Any adjustment to the Franchise Payments by the Authority pursuant to paragraph 1:
 - 2.1. shall not constitute a Change; and
 - 2.2. shall be without prejudice to any other rights or remedies of the Authority under the Act or this Agreement in respect of such contravention.
3. The Franchisee shall take such action as the Authority may reasonably direct the Franchisee to for the benefit of passengers affected by such a contravention.

SCHEDULE 5.5

THIS IS SCHEDULE 5.5 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Changes to Fares and Fares Regulation

1. Changes to Prices

The Franchisee may request permission from the Authority from time to time to increase any Prices or Child Prices beyond the levels permitted under Schedule 5.3 (*Regulation of Individual Fares*) in connection with any proposed or actual improvement in any aspect of the Passenger Services relating to such Fares. The Authority shall act reasonably in relation to any such request but shall not under any circumstances be obliged to accept any such request in whole or in part.

2. Changes to Fares regulation

The parties agree that the Authority shall have the power at any time and on more than one occasion during the Franchise Term to alter the obligations of, and restrictions on, the Franchisee under Schedules 5.2 (*Franchisee's Obligation to Create Fares*) to 5.6 (*Fares Information and Monitoring*) (inclusive) for any Fare Year, or part thereof (including alteration of the value of "k" in paragraph 2.2 of Schedule 5.3 (*Regulation of Individual Fares*) or to introduce further regulation of Fares for which the Franchisee is the Lead Operator. The exercise by the Authority of its powers under this paragraph 2 shall be a Change.

3. Change of Lead Operator / Major Flow Operator

- 3.1 The Franchisee shall not without the Authority's prior approval agree to any request under the Ticketing and Settlement Agreement that it cease to be Lead Operator in respect of any Flow.
- 3.2 The Franchisee shall inform the Authority if it becomes the Lead Operator in respect of any Flow.
- 3.3 The Franchisee shall inform the Authority if it ceases to be a Major Flow Operator in respect of any Flow.

4. Variation

Without in anyway limiting the Authority's rights under paragraph 2, the parties agree that the Authority has the power from time to time by using a Variation to:

- (a) regulate in any way and/or specify the Fares, Prices and/or Child Prices on all, or any, Passenger Services and/or Flows on which there are Passenger Services;
- (b) create, and regulate Fares Baskets.

SCHEDULE 5.6**THIS IS SCHEDULE 5.6 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT
BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED****Fares Regulation Information and Monitoring****1. Information**

- 1.1 The Franchisee shall provide to the Authority by no later than week 12 of each Fares Setting Round a summary to such level of detail or generality as the Authority may reasonably require of the Prices and Child Prices of the Fares it is intending to set.
- 1.2 The Franchisee shall notify, or procure the notification to, the Authority of any proposed increase to the Price or Child Price of any Fare which the Franchisee sets and shall provide such details of any such proposal at such times (including before and during each Fares Setting Round) and in such form (including by electronic data transfer) as the Authority may reasonably request from time to time (which form in respect both of this notification and/or the information to be provided pursuant to paragraph 1.1, may include, at the request of the Authority a letter from the Franchisee to the Authority describing the methodology behind and rationale for the setting of such Price(s) and/or Child Price(s)).
- 1.3 The Franchisee shall make available, or procure that RSP makes available, to the Authority, for any Fares Setting Round during the Franchise Term, such details (including the proposed Prices or Child Prices) of the Initial Permanent Fare of any Fare set by the Franchisee for each such Fares Setting Round.

2. Monitoring

- 2.1 The Franchisee shall provide to the Authority:
 - (a) such access as the Authority may require to information pertaining to the Prices or Child Prices of any Fare set by the Franchisee from time to time; and
 - (b) such further information as the Authority may require for the purpose of determining the Gross Revenue of the Franchisee in relation to any particular Fare or Fares or any particular period.
- 2.2 By no later than week 17 of each Fares Setting Round the Franchisee will provide to the Authority written confirmation from a statutory director of the Franchisee of whether the Franchisee has complied with its obligations under this Schedule 5 during each such Fares Setting Round.
- 2.3 The Franchisee shall take such action as the Authority may require following receipt of any details from the Franchisee pursuant to paragraph 1 in order to ensure that the Franchisee will comply with the provisions of Schedule 5.3 (*Regulation of Individual Fares*) to this Schedule 5.5 (inclusive).

SCHEDULE 6

**THIS IS SCHEDULE 6 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT
BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED**

Rolling Stock

Schedule 6.1 EGIP & HLOS Rolling Stock

Appendix 1: Delivery Schedule

Appendix 2: Output Requirement

Schedule 6.2 Inter City Rolling Stock

Appendix 1: Delivery Schedule

Appendix 2: Output Requirement

Schedule 6.3 Scenic Train Rolling Stock

Appendix 1: Delivery Schedule

Appendix 2: Output Requirement

Schedule 6.4 Other Rolling Stock

Appendix 1: Delivery Schedule

Appendix 2: Output Requirement

SCHEDULE 6.1

THIS IS SCHEDULE 6.1 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

EGIP and HLOS Rolling Stock

1. Specification

- 1.1. The Franchisee shall procure that the EGIP and HLOS Rolling Stock (**"the Rolling Stock"**) shall conform to the EGIP and HLOS Technical Specification (**"Technical Specification"**) and shall meet or exceed the Output Requirement for the EGIP and HLOS Rolling Stock (**"Output Requirement"**).
- 1.2. In the event of any conflict between the Output Requirement and the Technical Specification, the Output Requirement shall take precedence.
- 1.3. The Franchisee confirms and undertakes that it has studied the detail in the Output Requirement and each document comprised therein and has satisfied itself that no discrepancies or errors exist within the Output Requirement or between the Output Requirement and the Technical Specification.
- 1.4. The Franchisee has satisfied itself as to the veracity, accuracy, reasonableness, scope, materiality, currency (where applicable) and completeness of all due diligence carried out by and background information made available to the Franchisee. Such satisfaction is limited to the scope of procurement by the Franchisee and not to the EGIP and HLOS Network Rail Works in their entirety. The Franchisee acknowledges that it accepts all risks arising from any discrepancies, errors or omissions that subsequently appear within or between information relied upon by the Franchisee (whether or not supplied or referenced by the Authority or its agents) and that the Franchisee shall not be entitled to make any claim against the Authority for an extension of time, additional payment, any relief or otherwise in respect of any such errors, discrepancies or omissions. Where there is such discrepancy, error or omission (**"discrepancy"**), the Franchisee shall as soon as reasonably practicable, and in any event within 5 business days, provide the Authority with proposals for resolving a discrepancy which comply with this Agreement. Unless, within 10 business days of receipt by the Authority of the Franchisee's proposals for resolving a discrepancy, the Authority notifies the Franchisee requiring it to resolve the discrepancy in a different manner (which manner shall be binding but shall be reasonable in time and cost having regard to the Output Requirement), the Franchisee shall resolve the discrepancy in the manner proposed by it.
- 1.5. The Authority, its officers, agent and advisors accept no liability or responsibility in contract, delict (including negligence or breach of statutory duty), statute or otherwise for the Output Requirement.
- 1.6. All liability attached to the Technical Specification (whether pursuant to Legislation, the provisions of this Agreement or otherwise) shall remain with the Franchisee.
- 1.7. The Authority gives no warranty or undertaking (express or implied) to the Franchisee that the Technical Specification meets the Output Requirement or is otherwise fit for purpose.
- 1.8. For the purposes of this Schedule 6.1 **the Project** shall mean the EGIP and HLOS Rolling Stock Project.

2. Project Management

- 2.1. The Franchisee shall secure, instruct and manage a knowledgeable team of rolling stock staff from within the Franchisee's staff with a proven track record of delivery of similar projects, to deliver the Project.
- 2.2. The Franchisee shall undertake such preparatory and management actions as are necessary to deliver the Project and meet its obligations under the Agreement, including to:
 - (a) directly appoint and instruct advisers and/or consultants (e.g. lawyers) as required to support the core Franchisee team in the delivery of the Project;
 - (b) support Network Rail in their refresh of the GRIP 1 study for the introduction of the EGIP and HLOS Rolling Stock and the impact on the network;
 - (c) introduction into passenger service;
 - (d) develop detailed project plans (activity, resource, and cost schedules) for the following packages of work (all as more particularly described in paragraph 2.3), the delivery of which the Franchisee will be directly responsible to the Authority for :
 - (i) manufacture and delivery of the Rolling Stock;
 - (ii) maintenance preparedness (Rolling Stock and Cascaded Units);
 - (iii) training of on-board operating staff;
 - (iv) operational safety; and
 - (v) commercial preparedness;
- 2.3. The Franchisee shall successfully deliver the following packages of work (according to project plans, and any subsequent revisions, approved by the Authority):
 - (a) **Rolling Stock manufacture and delivery:** manage, co-ordinate and undertake the necessary activities to deliver, commission and bring into service the Rolling Stock, with all necessary approvals and testing, all in accordance with the Agreement;
 - (b) **Cascaded trains:** plan and manage the withdrawal from service, and re-deployment of the EGIP and HLOS Cascaded Units ("**Cascaded Units**"), ensuring no avoidable impact on existing services and the availability of the units for passenger service in accordance with the EGIP and HLOS Cascade Plan ("**Cascade Plan**");
 - (c) **Maintenance:** plan, co-ordinate and undertake the agreed activities necessary to ensure that the required processes, people and equipment are available at the right locations, providing the capabilities and capacity, when required to provide the specified levels of maintenance support for Rolling Stock and Cascaded Units;
 - (d) **Training of on-board operating staff:** manage the training and if required recruitment processes to ensure that the right numbers of staff, with the required skills are available when required to operate the Rolling Stock (and support the testing and introduction of the Rolling Stock where required);
 - (e) **Operational safety:** to assess the risks associated with the operation of the Rolling Stock. To amend and/or develop processes and procedures, develop and deliver supporting training materials ensuring that relevant stakeholders are consulted and involved throughout the process; and

- (f) **Commercial preparedness:** to amend any existing and develop a new passenger information strategy to support the introduction of the Rolling Stock and the Cascade Units. Plan for, test and implement changes to SQUIRE Services Schedules Agreement ensuring co-ordination of such with SQUIRE Operations Team at the Authority enabling revisions to take effect from the introduction of each set of service changes;
- (g) **Network Rail:** interface with and support Network Rail to ensure, to the extent reasonably possible that appropriate approvals, gauging and any safety requirements are met for the introduction of the Rolling Stock;
- (h) **Interim deployment:** develop options and plans for the interim deployment of the Rolling Stock and the Cascaded Units as a result of the introduction of the Rolling Stock. The Franchisee's proposals in this regard shall be subject to the approval of the Authority, such approval not to be unreasonably withheld or delayed on the deployment plans staffing and training requirements. Such options and plans shall be designed so that they can be delivered by the Rolling Stock performing in accordance with the Output Requirement and the Engineering Access Statement;
- (i) **Diagrams and stabling:** develop detailed diagrams and associated stabling requirements;

3. Programme

- 3.1. The Franchisee shall ensure that the Rolling Stock is delivered and brought into service in accordance with the EGIP and HLOS Delivery Schedule ("**the Delivery Schedule**")
- 3.2. The Franchisee shall:-
 - (a) not take any action(s) or step(s) which is or are designed or intended directly or indirectly to delay the introduction of any of the Rolling Stock beyond the dates specified in the Delivery Schedule;
 - (b) not knowingly or negligently omit to take any action(s) or step(s) if such omission would result directly or indirectly in the delay of the introduction of any of the Rolling Stock beyond the dates specified in the Delivery Schedule;
 - (c) take all action as the Authority shall require to enforce all rights the Franchisee may have against third parties including the relevant Rolling Stock leasing companies to ensure the introduction of the Rolling Stock by the dates specified in the Delivery Schedule or to ensure compliance with any other term of the relevant contractual documentation, at no cost to the Authority;
 - (d) at the request of the Authority, copy to the Authority all communications, or such other information as the Authority may request, with respect to the delivery, inspection and acceptance of the Rolling Stock that may be made to or received by the relevant Rolling Stock leasing company;
 - (e) upon the reasonable request by the Authority, permit the Authority to inspect all records (including financial records) of the Franchisee and the relevant Rolling Stock leasing company (to the extent that the Franchisee is entitled to this information under the relevant lease or any other agreement with the relevant Rolling Stock leasing company) in connection with the delivery of the Rolling Stock;
 - (f) shall enforce all rights the Franchisee may have against third parties (including Network Rail and the Rolling Stock manufacturer) to ensure the compatibility of the Rolling Stock with the extension of platforms on the infrastructure is completed on schedule to deliver the Franchise Services;

- 3.3. if the date or dates in the Delivery Schedule has or have passed or passes or pass without the relevant Rolling Stock being brought into service, the Franchisee shall:-
- (a) not take any action(s) or step(s) which is or are designed or intended directly or indirectly to delay further the introduction of the Rolling Stock;
 - (b) not knowingly or negligently omit to take any action or step if such omission would directly or indirectly delay further the introduction of the Rolling Stock;
 - (c) enforce all rights it may have against third parties to ensure the introduction of the Rolling Stock or the recovery of damages or other appropriate remedy as soon as possible thereafter and to take such action as the Authority may reasonably require in this regard.

4. **Project Delivery**

- 4.1. Notwithstanding the specific responsibilities set out in paragraph 4.3, the Franchisee warrants to the Authority that in carrying out and completing the Project, the Franchisee has exercised and shall continue to exercise the level of professional skill, care and diligence to be expected of a properly qualified and competent professional contractor experienced in carrying out works and services of a similar nature to the Project in connection with projects of a similar scope and complexity.
- 4.2. The Franchisee acknowledges that the Authority will rely upon the skill, care and diligence of the Franchisee in connection with all matters for which the Franchisee is responsible under this Schedule 6.1.
- 4.3. The Franchisee shall design, carry out, manufacture, engineer, supply, test, commission, deliver and provide the constituent elements of the Project and otherwise perform its obligations under this Schedule 6.1:
- (a) so as to ensure compliance with the Output Requirement;
 - (b) so as to ensure compliance with the Technical Specification;
 - (c) in accordance with the Delivery Schedule;
 - (d) in accordance with the Quality Assurance Plan;
 - (e) so as to ensure that all parts, components, systems, devices, equipment, software and mechanisms incorporated in the Rolling Stock are fit for purpose to comply with the Output Requirement requirements, compatible and interoperable with each other;
 - (f) using good industry practice;
 - (g) in compliance with all Legislation and standards including the Interoperability Regulations and achieves required consents;
 - (h) in a manner which does not infringe intellectual property rights of any third party;
 - (i) in a manner which does not infringe the instructions issued to it by the Authority or its authorised representatives (provided that the identity of such persons is notified to the Franchisee in advance in writing) in accordance with the terms of this Agreement;
 - (j) so as to ensure that each unit of the Rolling Stock meets the Output Requirement and provide the Authority for each unit of Rolling Stock (without prejudice to the Authority's other rights and remedies under this Agreement) with a Rolling Stock Commissioning

Certificate confirming that this is the case upon completion of acceptance testing of each unit of Rolling Stock;

- (k) so as to ensure that the Franchisee obtains all required pre-operational consents and approvals;
 - (l) without prejudice to paragraph (g) hereof, in accordance with applicable environmental Legislation in force in Scotland;
 - (m) so as to assist the Authority in relation to providing information that best value has been secured in respect of the procurement of the Project as a whole and its component parts;
 - (n) in such manner as not wilfully to detract from the image and reputation of the Authority;
 - (o) so as to ensure that sustainability factors have been incorporated in relation to energy consumption and the supply of materials from sustainable sources into the design, the manufacture and operation of the Rolling Stock;
 - (p) in a manner that is not likely to be injurious to persons or property; and
 - (q) using the EGIP and HLOS Rolling Stock Project Key Personnel.
- 4.4. The Franchisee shall complete its process to identify the successful bidder to be appointed as the Rolling Stock manufacturer for the Project and the Franchisee shall ensure that the contract signed with the successful bidder shall include finalised designs that are compliant with Appendix 2 to this Schedule 6.1.
- 4.5. The Franchisee shall pursuant to paragraph 4.4: -
- (a) submit to the Authority final drafts of contract the Franchisee intends to grant to the successful bidder;
 - (b) provide to the Authority such additional information relating to the draft contract as the Authority may reasonably request, so as the Authority can review the said draft contracts in respect of compliance with the Output Requirement and the Franchise Agreement;
 - (c) if the Authority in its reasonable opinion considers that the said draft contracts or any part thereof is not compliant with paragraph 4.3(d), the Output Requirement and the Franchise Agreement, revise the said draft contracts and re-submit such revised draft contracts to the Authority. This process shall be repeated until the Authority confirms that in its reasonable opinion the said draft contracts are compliant with the Output Requirement and the Franchise Agreement;

Subject to the Franchisee complying in a timely manner with its obligations in paragraph 4.5 (a) and (b), the Authority shall respond to any request by the Franchisee for a response on the said draft contracts (as originally submitted or as revised in accordance with paragraph 4.5(c)) as soon as reasonably practicable and, in any event, within 28 days of receipt of such request in respect of the said draft contracts as originally submitted or 14 days in respect of the draft contracts as revised in accordance with paragraph 4.5(c) or such longer period as the Authority and the Franchisee shall agree (both parties acting reasonably) having regard to the extent and nature of the amendments to the contract.

- 4.6. The Franchisee shall, unless agreed otherwise by the Authority in writing, assemble the Rolling Stock in the case of EGIP at the factory identified in the contract with the successful bidder as the factory where the refurbishment of the Rolling Stock will take place, and assemble or refurbish the Rolling Stock in the case of HLOS at the factory identified in the contract with the successful bidder as the factory where the refurbishment of the Rolling Stock will take place ("**the Factory**"). The Authority shall not unreasonably withhold its consent to a request from the Franchisee that it assembles or refurbishes the Rolling Stock in a location other than the Factory if the reason for such request is the occurrence of a serious event at the premises in the Factory which prevents the Rolling Stock from being assembled or refurbished in the Factory.
- 4.7. The Franchisee shall comply with the Construction (Design and Management) Regulations 2007 in so far as they are applicable to the discharge of the Franchisee's obligations in respect of the Project, and prepare and comply with the health and safety plan.
- 4.8. The Franchisee shall at all times keep itself fully informed about current professional and technical standards and about all matters relating to, or which might have a bearing on, the carrying out of the Project or any of its constituent parts.

5. **Necessary Consents**

- 5.5. The Franchisee shall, prior to delivery of the Rolling Stock, obtain all necessary consents, permissions and approvals to allow it to operate and put the Rolling Stock into service, including consents, permissions and approvals from ORR, Network Rail and any other body, whether incorporated or unincorporated, whose consent, permission or approval is required.
- 5.6. The Franchisee shall, upon request by the Authority, exhibit to the Authority all such consents, permissions and approvals referred to in this paragraph and shall confirm in writing to the Authority on, or prior to, the delivery date of each of the Rolling Stock that all such consents, permissions and approvals have been obtained.
- 5.7. The Franchisee shall complete successfully any pre-service inspections required by Railway Group Standards or the Safety Certificate or otherwise required (including pre-service inspections for confirming acceptance of delivery under the terms of the relevant lease for the Rolling Stock) prior to putting any Rolling Stock into non-passenger service for driver training and acceptance and fare paying passenger service. The Authority shall be entitled to attend any such inspections and the Franchisee shall notify the Authority of the date of any such inspections in good time to allow the Authority to arrange for a representative of the Authority to attend.

6. **Prohibited Materials**

- 6.5. The Franchisee undertakes and warrants to the Authority that at the date of this Agreement, it has not specified for use and shall not specify for use and shall ensure that there shall not be used in relation to the Project, any materials which at the time of specification or use (as the case may be):
- 6.6. are known to be deleterious in the particular circumstances in which they are specified to be used (either to health and safety or to the durability of the Rolling Stock or EGIP and HLOS Rolling Stock Works); or
- 6.7. contravene any relevant standard or code of practice issued from time to time by the BSI Group or under a European directive relating to standards; or
- 6.8. do not accord with the guidelines contained in the edition of the publication "Good Practice in Selection of Construction Materials" (Ove Arup & Partners) current at the date of specification or use; or

6.9. contravene good industry practice.

7. Introduction into service

The Train Fleet Tables in Appendix 1 to Schedule 1.1 (*Service Development*) shall, if required, be updated as to reflect the entry into service of each Rolling Stock unit as it enters into service. Such updating shall not constitute a Change.

8. Maintenance, Equipment and Spares

- 8.5. The Franchisee shall maintain each unit of the Rolling Stock until it enters into service, so that it shall at all times comply with the Output Requirement;
- 8.6. Upon any unit of the Rolling Stock entering into service, the Franchisee shall handover maintenance of that unit of the Rolling Stock to the Franchisee's maintenance organisation or maintenance supplier as applicable;
- 8.7. The Franchisee warrants to the Authority that all Rolling Stock related equipment, spares and other materials supplied or procured by the Franchisee shall, in so far as applicable, meet the Output Requirement requirements and Technical Specification.

9. Liaison

- 9.5. The Franchisee shall provide such support, assistance and co-operation to the Authority in relation to the Project as the Authority may reasonably request from time to time;
- 9.6. The Franchisee shall keep the Authority's Representative fully informed, updated and appraised of all relevant developments in relation to the development, manufacturing, supply and testing of the Rolling Stock in a timely manner;
- 9.7. The Franchisee shall promptly provide such information, assistance and expertise as the Authority may reasonably request to meet their respective obligations in respect of the Project;
- 9.8. The Franchisee shall (and shall procure that the Franchisee Parties) liaise with the Authority, and the Authority Parties, and any other parties as may reasonably be required by the Authority to facilitate the production, by such persons, of any information required from them, in order that the EGIP and HLOS Rolling Stock Works and its other obligations in respect of the Project can be progressed according to meet the Delivery Schedule. The Franchisee shall (and shall procure that the Franchisee Parties) liaise with the Authority, any Authority Parties, and any other parties as may be reasonably required by the Authority as often as is necessary in order to ensure that the Project is carried out and delivered properly and in accordance with the terms of this Schedule 6.1;
- 9.9. The Franchisee shall (and shall procure that the Franchisee Parties shall) liaise with Authority, any Authority Party and any other parties as may reasonably be required by the Authority and shall provide such information as may be reasonably requested by such persons in relation to the design, construction, testing, commissioning, integration, operation and maintenance of the Rolling Stock to the extent that such information is available to the Franchisee.

10. Franchisee's liability

- 10.5. The commencement or continuance of any proceedings pursuant to the Dispute Resolution Procedure shall not:
 - (a) relieve the Franchisee from performing its obligations; or

- (b) suspend in whole or in part the Franchisee's obligations, under or in relation to this Agreement.
- 10.6. The Franchisee's duties and obligations under or pursuant to this Schedule 6.1 will not be released, diminished or in any other way affected by any independent inquiry into any matter which may be made or carried out by the Authority or by any firm, company or party on the Authority's behalf nor by any action or omission of any such firm, company or party whether or not such action or omission might give rise to any independent liability of such firm, company or party to the Authority.
- 10.7.** The Franchisee is deemed to have satisfied itself that it fully understands the scope and extent of the requirements in respect of its obligations pursuant to this Agreement, and that it has sufficient information (including due diligence and background information) or will at the relevant time have sufficient information, to enable it to carry out its obligations pursuant to this Agreement. In connection with such information the Franchisee is deemed to have satisfied itself that it has or will have satisfied itself that it is accurate and complete before placing reliance upon it.

APPENDIX 1 TO SCHEDULE 6.1**EGIP & HLOS Rolling Stock Delivery Schedule**

Unit number	Unit Type	Proposed Acceptance Date
3 off	3XX/3	June 2017
3 off	3XX/4	June 2017
12 off	3XX/3	September 2017
9 off	3XX/4	September 2017
4 off	3XX/3	June 2018
11 off	3XX/4	June 2018
28 off	3XX/3	January 2019

APPENDIX 2 TO SCHEDULE 6.1

EGIP & HLOS Rolling Stock Output Requirement

Part 1

Interpretation and Definitions

1. INTERPRETATION

- 1.1 Expressions to which meanings are assigned by the Franchise Agreement shall have the same meanings when used in the Output Requirement and the provisions of the Franchise Agreement as to its interpretation shall apply also to the Output Requirement;
- 1.2 Expressions to which meanings are not assigned herein or to which meanings are not assigned by the Franchise Agreement shall be interpreted in accordance with the industry standards and nomenclature used by Train Operators as at the Franchise Commencement Date;

2. DEFINITIONS

The following words and expressions have the following meanings in this Output Requirement:

Automatic Selective Door Operation or “ASDO” means a system that automatically determines the Unit’s location and hence the doors to enable for opening at a given station platform. The role of the train crew is limited to correctly positioning the Unit within the platform and then operating the door release buttons, confirming from Selective Door Operation (SDO) system indications that the correct doors are being selected. Manual override is permitted under abnormal or fault conditions;

CCTV means Closed-Circuit Television;

dB means decibels;

DfT means the department of the United Kingdom government known as the Department for Transport and includes any successor to all or some of its functions;

DCO means Driver Controlled Operation where safe operation of the Rolling Stock is controlled entirely by a Driver. This does not exclude the presence of other train crew;

Driver means a member of the Traincrew with specific duties to drive the Rolling Stock;

FFCCTV means forward and rear facing CCTV as defined in GM/GN2606;

GPS means Global Positioning System;

HVAC means Heating Ventilation and Air Conditioning;

Journey Time means the time measured from traction application at the journey start location to Unit stopped at the journey completion location including the station stopping pattern and associated total dwell times;

Laden means each passenger seat occupied, and (for standard class only) one standing passenger per 0.55m² of floor space, measured at waist level, disregarding space taken by toilets, luggage stacks, equipment cupboards and wheelchair spaces;

MDBF means Mean Distance Between Failures, this represents the total distance travelled by the fleet in a given period divided by the total number, for a given failure category, of failures of the fleet of units in the same period;

NNTR means Notified National Technical Rules as defined section 2 of the Rail Interoperability Regulations 2011;

Noise-TSI means the technical specification for interoperability relating to the subsystem 'rolling stock noise' of the trans-European conventional rail system;

Operational Routes means the Edinburgh/Glasgow via Falkirk High routes and routes specified in Table 1 of the Appendix to this Output Requirement;

Requiring Assistance Failures means a failure in service which results in the Unit requiring assistance to move, for example total loss of power; inability to release the brake; total loss of air; mechanical failure requiring wheel-skate; requires to be dead-hauled;

RGS means, to the extent applicable to the Units, spares, special tools and their operation, those standards to which railway assets or equipment used on or as part of railway assets must conform, and operating procedures including those within the Rule Book, with which the operators of railway assets must comply, known generally as Railway Group Standards and which are established and maintained by RSSB;

RIR means the Railway (Interoperability) Regulations 2011;

ROGS means Railway and Other Guided Transport Systems (Safety) Regulations 2006 (as amended);

Service Failures means a delay which can be summarised as a delay of more than three (3) minutes attributed (or deemed attributed) to a Unit by Network Rail pursuant to the train performance monitoring regime operated by Network Rail from time to time or a Cancellation attributed to a Unit;

SRT-TSI means the technical specification of interoperability relating to 'safety in railway tunnels' in the trans-European conventional and high-speed rail system;

Train Infrastructure Interface Specification or "TIIS" means Network Rail's engineering requirements of the infrastructure interfaces required for compatibility purposes;

Traincrew means on-board staff responsible for the operation of the Train;

TSI means Technical Specification for Interoperability;

Vehicle means a single, one piece body together with all supporting running gear and interior, exterior and underframe fittings forming part of a Unit;

Unit means a single fixed formation consisting of Vehicles coupled together such that it meets the requirements of the Technical Specification, with two identical driving cabs, one positioned at each end.

Part 2

Output Requirement

1. COMPLIANCE AND AUTHORISATION

1.1 Compliance

- 1.1.1 The Franchisee shall ensure that the Rolling Stock complies with all Legislation and standards including relevant Technical Specifications for Interoperability (TSI), any open points addressed using the appropriate Notified National Technical Rules (NNTR), Railway Group Standards and the relevant clauses of GERT8000 (the 'Rule Book') as published by RSSB.
- 1.1.2 The Franchisee shall ensure that relevant recommendations from all relevant previous UK rail accident inquiries have been incorporated into the Rolling Stock design.
- 1.1.3 The Franchisee shall, in addition to ensuring that the Rolling Stock complies with the TSI – PRM as will be in force post December 2019, where reasonably practicable, include advice from consultation with DPTAC and MACS, provided such consultation is given in reasonable time.
- 1.1.4 The Franchisee shall ensure that the Rolling Stock, including all replaceable parts, shall have suitable SRT-TSI compliance to operate anywhere on the ScotRail network.
- 1.1.5 During manufacture, the Franchisee shall ensure the implementation of a hazardous substances limitation strategy and report on progress regularly to the Authority.

1.2 Authorisation under ROGS and RIR

- 1.2.1 The Franchisee shall ensure that the Rolling Stock is compliant and approved by a suitably appointed Independent Competent Person as meeting or exceeding the Railway Interoperability Regulations 2011 and the Railway and Other Guided Transport (Safety) Regulations 2006 (as amended) for use on the Operational Routes.
- 1.2.2 The Franchisee shall ensure that the Rolling Stock complies with HSE/ORR Safety Directorate Railway Safety Principles and Guidance.
- 1.2.3 Where specific standards are mentioned in this Output Requirement, if there is a conflict with the requirements of clause 1.1.1, the requirements of clause 1.1.1 shall take precedence.
- 1.2.4 The Franchisee shall ensure that the Rolling Stock is compatible with infrastructure on the Operational Routes specified in Section 3 and described in Appendix 1 to this Output Requirement.

2. ROLLING STOCK LENGTH AND WEIGHT

- 2.1 *The maximum length of an EGIP Train is governed by the constraint of the platform lengths at Glasgow Queen Street high level station at each stage of the EGIP infrastructure implementation.*

A number of platforms at Glasgow Queen Street high level will be extended to accommodate a longer train length than currently used for Edinburgh to Glasgow services.

- 2.2 The draft timeline for delivery of the EGIP & related parts of the HLOS infrastructure programmes are;

Date	Output
December 2016	<ul style="list-style-type: none"> • Electrification of the core Edinburgh to Glasgow via Falkirk High route complete. • New Edinburgh Gateway Station opens on the Fife line at Gogar outside Edinburgh. • No changes to the existing timetable. • It is required that a 7 x 23m car electric train operates (or an electric train of equivalent length which delivers the required capacity for the service) in each direction in each peak period from December 2016.
December 2017	<ul style="list-style-type: none"> • Phased introduction during 2017 the franchise will require that new electric trains be introduced to the Edinburgh to Glasgow via Falkirk High route, including 7 x 23m car formations, with an all electric fleet* in place by December 2017. • A revised timetable should be in place for December 2017 achieving some journey time benefits, including a headline of 44 minutes or better. It is recognised that the ultimate 42 minute target may not be achievable until December 2018. • 7 x 23m car formations should be run during 2017.
December 2018	<ul style="list-style-type: none"> • Dunblane/Alloa/Stirling electrification complete • Electric trains should be run on all services* (Edinburgh-Glasgow via Falkirk High and Dunblane/Alloa/Stirling) • Introduction of 42 minute or better headline timetable for Edinburgh-Glasgow • Completion of Queen Street Station redevelopment • Introduction of 8 x 23m car formations to follow on Edinburgh to Glasgow via Falkirk High route using the lengthened platforms at Glasgow Queen Street.

**The Franchisee may operate Diesel trains in exceptional circumstances for occasional, temporary or other valid operational reasons agreed in advance with the Authority.*

- 2.3 The Rolling Stock shall comply with the Network Rail TIIS for the EGIP Project at each stage of the works and also have a Route Availability (RA) rating of RA3 or lower as defined in GE/RT8006 under all load conditions and shall comply at all times with the design kinematic envelope that the Franchisee provides to Network Rail for the Rolling Stock for the purposes of system integration.

3. ROUTES AND ROUTE CLEARANCE

The Rolling Stock will be deployed on the Edinburgh Glasgow via Falkirk High routes and will be required to operate over those routes and other routes which are diversionary routes or provide access to depots. At some future time, the Units may be deployed on other routes forming part of the Scottish AC Electrified Network, or which may be added to that network. Collectively, these routes form the Operational Routes over which various levels of route clearance are required. Other Routes may be necessary for the delivery, maintenance and repair of the Units as specified by the Franchisee, see clause 3.2 below.

3.1 Operational Routes

- 3.1.1 The Franchisee shall ensure that the Rolling Stock shall be cleared for passenger operation over the Operational Routes to deliver services between Glasgow Queen Street high level (QS HL) and Edinburgh via Falkirk High, together with diversionary routes, and other routes as specified in Table 1 of Appendix 1.

3.2 Other Routes

- 3.2.1 The Franchisee shall ensure that the Rolling Stock shall have the necessary route clearance for such routes as might reasonably be required to move the Rolling Stock to heavy repair facilities. The Franchisee shall state which locations the Rolling Stock will be capable of movement to, either under their own power, or hauled.
- 3.2.2 The Franchisee shall ensure that it has the necessary route clearance to transport the Units between the manufacturing locations and the Scottish AC Electrified Network.
- 3.2.3 The Franchisee shall ensure that the Rolling Stock is modelled for gauge clearance on the Operational Routes and identify and resolve any clearance problems they identify directly with Network Rail. The Franchisee shall provide a detailed report for the Authority backed up by the Gauging Portfolio on:
- (a) the other routes forming the Scottish AC Electrified Network, specified in Table 2 Appendix 1; and
 - (b) the routes proposed for future electrification, specified in Table 3 of Appendix 1.
- 3.2.4 The Franchisee shall ensure that the Rolling Stock is modelled for stepping distances and shall provide design details to Network Rail and support Network Rail on any stepping problems identified and work with Network Rail to resolve these problems by undertaking further calculations and if Network Rail and the Franchisee agree it is necessary re-design of elements of the Rolling Stock. The Franchisee shall provide a detailed report for the Authority backed up by the Gauging Portfolio by the Franchisee on:
- (a) the other routes forming the Scottish AC Electrified Network, specified in Table 2 of Appendix 1; and
 - (b) the routes proposed for future electrification, as specified in Table 3 of Appendix 1.
- 3.2.5 The Franchisee shall ensure that the Rolling Stock maximises body width, by minimising locked in suspension movement. Franchisees shall demonstrate to the Authority how this has been achieved within the Rolling Stock design.

4. OPERATIONAL PERFORMANCE

An important objective is the reduction of journey times between Glasgow Queen Street high level and Edinburgh Waverley via Falkirk High. The Units shall be capable of the journey time and turnaround performance required to meet these objectives routinely throughout the day in daily passenger service.

4.1 Journey Times

4.1.1 The Franchisee shall ensure that all possible train formations up to a maximum length of 8 x 23m Vehicles are capable under all loading conditions of delivering (or improving upon) the following overall end to end journey times for EGIP Rolling Stock and Dunblane, Alloa and Stirling for HLOS Rolling Stock:

- (a) Glasgow to Edinburgh via Falkirk High (fast), 42 minutes or less with 3 stops
- (b) Edinburgh to Glasgow via Falkirk High (fast), 42 minutes or less with 3 stops
- (c) Dunblane, Alloa and Stirling services shall have end to end journey times as per the table or shorter and with the calling pattern specified therein:

<u>Route and Stopping Pattern</u>	<u>Calling Pattern</u>	<u>Average</u>
<u>OFF PEAK 1000 to 1300</u>	<u>(Sample Hour 1000 to 1300)</u>	<u>Journey Time</u>
	<u>3 hour Report Window</u>	
Stirling to Edinburgh	All stops	47 minutes
Edinburgh to Stirling	All stops	46 minutes
Dunblane to Edinburgh	All stops	56 minutes
Edinburgh to Dunblane	All stops	55 minutes
Queen Street to Stirling	All stopper	36 minutes
Stirling to Queen Street	All stopper	34 minutes
Queen Street to Dunblane	All stopper	46 minutes
Dunblane to Queen Street	All stopper	43 minutes
Queen Street to Alloa	All stopper	46 minutes
Alloa to Queen Street	All stopper	44 minutes

4.1.2 The Franchisee shall ensure that the Rolling Stock shall be capable of achieving a dwell time (wheels stop to wheels start) at stations of no more than 30 seconds with a maximised door open time that shall be no less than 15 seconds at all passenger loadings except for those during the Peak.

4.1.3 The Franchisee shall ensure that the Rolling Stock shall be capable of meeting all the performance and timetable requirements with wheels in any condition from new to fully worn.

4.1.4 The Franchisee shall ensure that the Rolling Stock shall be capable of Driver Controlled Operation (DCO) on the Operational Routes, utilising trainborne CCTV equipment and without the need for platform based DCO equipment.

4.1.5 The Franchisee shall ensure that as a minimum at Driver changeover, or when a Driver changes ends, it shall be possible to re-energise the cab controls

within a minimum time of insertion of the master key consistent with reliably achieving the turnaround times at terminal stations of 60 seconds.

4.2 **Maximum Speed**

4.2.1 The Franchisee shall ensure that the Rolling Stock in Laden condition shall accelerate to and maintain a maximum speed of a minimum of 160 km/h.

4.2.2 The maximum speed shall be maintained when the Rolling Stock is operating on tangent level track with a headwind of up to 60 km/h, the headwind acting in the opposite direction of travel and acting on the projected area of the Unit.

4.3 **Operational Gradients**

4.3.1 The Franchisee shall ensure that the Rolling Stock may safely operate on gradients up to:

(a) traction: 1:45

(b) parking brake: 1:37

4.4 **Acceleration and Braking**

4.4.1 The Franchisee shall ensure that the deceleration performance shall meet the requirements of GK/RT0075, Appendix C, gradient on the level, between 0 and 40mph and GM/RT2044, figure 3, curve Y above 40mph.

4.4.2 The Franchisee shall ensure that a maximum jerk rate of 0.5 m/s³ shall not be exceeded for both normal traction and braking (i.e. normal and non-emergency braking).

4.5 **Ride Performance**

4.5.1 The Franchisee shall ensure that the ride performance of the Rolling Stock, at all speeds and mileages between overhaul, shall be optimised over the Operational Routes in achieving mean comfort indices, comfort on curve transitions calculated in accordance with BS EN 12299:2009 Railway Applications Ride Comfort for Passengers.

4.5.2 The Franchisee shall ensure that the Mean Comfort Index for each Unit shall not exceed 2.0 when operating on any section of the Operational Routes at any loading from tare to crush Laden when measured at any point in the saloon and at any speed between stationary and 120 kph.

4.5.3 The Franchisee shall ensure that the Mean Comfort Index does not significantly degrade at speeds above 120kph.

4.5.4 For each measurement location within the saloon the Mean Comfort Index shall be calculated by taking the arithmetic mean of all comfort indices calculated for that location.

4.5.5 The Franchisee shall ensure that the Mean Comfort Index is sustained without significant degradation during the whole life of the Unit by appropriate maintenance actions.

4.6 Noise and Vibration

Noise generated by railway operations can be a source of annoyance to neighbours of the railway and the minimisation and control of noise is important. In addition to the general requirement for compliance with the TTS, consideration needs to be given to the requirements in respect of exterior noise and noise measurement guidance in the Noise-TSI.

- 4.6.1 Each Unit shall comply with the requirements of the Noise Technical Standard for Interoperability.
- 4.6.2 The Franchisee shall ensure that when the Rolling Stock is stationary, with pantograph up and auxiliary systems (including air conditioning) running and all doors closed, noise levels measured inside the Vehicles at every seat location shall not exceed 65dB(A) averaged over 15 seconds at the average height of a seated passenger's head.
- 4.6.3 The Franchisee shall ensure that when running under conditions of power or braking, noise levels at every seated position, measured inside the Vehicles shall not exceed 74dB(A) averaged over 15 seconds at 1.2m from the floor at all speeds up to 160 km/h. This measurement shall be in accordance with Euronorm prEN3381 and take place on the Operational Routes on a track maintained in accordance with RGS. Measurements shall be carried out under following conditions:
 - (a) during accelerations from 0 to 30 km/h (as stated in EN 3381),
 - (b) during decelerations from 30 to 0 km/h (as stated in EN 3381),
 - (c) at constant speeds (more than 30 km/h, as stated in EN 3381)
- 4.6.4 The Franchisee shall ensure that the Rolling Stock does not emit any prominent harmonics or discrete tones in any operating mode or conditions.
- 4.6.5 The Franchisee shall ensure that the interior of the Rolling Stock shall be free from rattles, whistles, banging doors as a result of pressure pulses from passing trains or lineside structures, or other annoying sound disturbances to passengers at acceptance and maintained in order to remain as close to this standard as practicable over the service life of the Rolling Stock.

4.7 Utilisation and Reliability

The Units will be operated on a high intensity service, requiring high levels of availability and reliability. Franchisees must state and justify the planned annual kilometrage estimated to achieve their planned service patterns

- 4.7.1 The Franchisee shall ensure that the reliability growth profile of the Rolling Stock achieve a minimum availability of 92.5% within 18 months of service introduction.

It is anticipated that Franchisees shall undertake or procure the undertaking of planned maintenance of the Rolling Stock outside the primary daily utilisation, i.e. between the morning and evening peaks and between 22:00 to 04:30 each day Monday to Sunday inclusive.

- 4.7.2 During the reliability growth period the level of reliability of the Rolling Stock shall be measured and reported by the Franchisee to the Authority on the basis of Mean Distance Between Failure (MDBF) data, for two failure categories:-

- (a) Service Failures; and.
- (b) Requiring Assistance Failures.

- 4.7.3 The Franchisee shall demonstrate that the MDBF for Service Failures as a result of design, manufacture and maintenance issues shall not be less than 72,500 km within 18 months of service introduction.
- 4.7.4 The Franchisee shall demonstrate that the MDBF for Requiring Assistance Failures as a result of design, manufacture and maintenance issues shall not be less 10,500,000 km within 18 months of service introduction.
- 4.7.5 The Franchisee shall demonstrate that the Primary Delay per Service Failure as a result of design, manufacture and maintenance issues shall be minimised and shall not be more than 10 minutes when averaged across the full fleet on a rolling 6 period basis within 18 months of service introduction.
- 4.7.6 The Franchisee shall provide the Authority with design calculations, reliability predictions analyses and testing demonstrating that single-point failures have been minimised, and the Franchisee shall provide for any residual single-point failure modes that cannot be eliminated in design a clear specification of work-arounds, isolations, or recovery options.
- 4.7.7 The Franchisee shall demonstrate that the Rolling Stock has been assembled with proven components and subsystems. The Franchisee shall demonstrate that the main components including, but not limited to, exterior doors, brakes, bogies, HVAC, couplers, toilets, relays, power supply and control system, including drive line have been tested and where appropriate proven analytically.
- 4.7.8 The Franchisee shall ensure and if required demonstrate that appropriate analysis informs the design of the diagnostics (both on-train and shore based systems).
- 4.7.9 The Franchisee shall ensure and if required demonstrate that appropriate analysis has been used as a basis for fault diagnosis and maintenance optimisation in accordance with accepted reliability centred maintenance practices.

4.8 Ambient Conditions

- 4.8.1 The Franchisee shall ensure that the Rolling Stock is able to operate reliably in adverse weather conditions, including in snow and/or floodwater in accordance with the Rule Book, GE/RT8000
- 4.8.2 The Franchisee shall as a minimum ensure that the Rolling Stock incorporates features to minimise the risk of build-up of ice / snow on Vehicle body sides, ends, underframes and equipment, on connections and linkages between underframe equipment, on brake equipment, and on connections between Vehicles.
- 4.8.3 The Franchisee shall as a minimum ensure that the leading end mechanical and electrical couplers of the Rolling Stock shall be provided with heating for winter condition working.
- 4.8.4 The Franchisee shall as a minimum ensure that the Rolling Stock design takes into consideration the risk of increased mass and reduced clearances in

extreme weather conditions and shall minimise the effects, so far as is reasonably practicable.

- 4.8.5 The Franchisee shall as a minimum ensure that components which are mounted on the underframe shall be designed so as not to compromise their functionality including in extreme weather conditions. The Franchisee shall provide the Authority with the IP rating as defined in EN 60529 of underframe components and minimise potential water penetration through air inlets or outlets.

4.9 Effluent Tank Capacity

- 4.9.1 The Franchisee shall ensure that the effluent retention tank for each toilet shall have a sufficient capacity to allow a minimum of two full days of operation between emptying, days of operation to be in accordance with the Train Plan.
- 4.9.2 The Franchisee shall ensure that each retention tank shall as a minimum be fitted with a bodyside level gauge and indicator on each side of the carbody and an installation which gives an indication to the TMS.

4.10 Fresh Water Replenishment Frequency

- 4.10.1 The Franchisee shall ensure that as a minimum the fresh water tank shall have sufficient capacity to allow two full days of operation of the flush toilet including routine use of the handbasin, days of operation to be in accordance with the Train Plan.

- 4.11 The Franchisee shall ensure that an external level gauge shall be provided on both sides of the Rolling Stock showing the level of fresh water in the fresh water tank.

4.12 Energy Efficiency

The Scottish Government is committed to reducing the energy demand of train fleets operating on the Scottish Rail Network, to reduce energy and minimise impacts on the environment. A Description of how energy efficiency is, or will be optimised for key areas during the Unit design is required as part of the Technical Response.

- 4.12.1 The Franchisee shall ensure that the Rolling Stock is designed to optimise energy efficiency.
- 4.12.2 The Franchisee shall ensure that the Rolling Stock as a minimum includes a "Sleep Mode" to reduce auxiliary load during stabling. This shall automatically switch off all non-essential auxiliary loads (e.g. reduced lighting, reduced/no heating) and include the requisite logic to allow maintenance and servicing of the Rolling Stock.

It is the intention that billing for energy consumed by trains on Scottish Electrified AC Network shall be based on measurements of actual electricity consumption. In addition to EN50463, GM/RT2132 On-board Energy Metering for Billing Purposes is an applicable standard.

- 4.12.3 The Franchisee shall ensure that the Rolling Stock shall be supplied with an operational metering system accepted by Network Rail as compliant with applicable standards and certificated to permit immediate use by the Operator.
- 4.12.4 The Franchisee shall ensure that the Rolling Stock shall be fitted with on-board energy consumption meters capable of sampling no less than every 30

seconds the overall electricity consumption to within +/-1.5 % accuracy as required by GMRT2132.

4.12.5 The Franchisee shall ensure that the Rolling Stock shall include a feedback indication to the Driver of the energy used. The Driver Advisory System to be developed by the Manufacturer shall reflect UK Rail industry best practice. The information to be provided shall include, as a minimum:

- (a) Actual Unit running against timetable; and
- (b) Target speed to maintain timetable slot while optimising energy consumption.

5. COMPATIBILITY

5.1 Electrical multiple unit and Train Configurations

5.1.1 The Franchisee shall ensure that the Rolling Stock is capable of reconfiguration without modification in both length and the swapping of individual Vehicles from Unit to Unit whilst still meeting the minimum requirements of the Outline Requirement.

5.1.2 The Franchisee shall ensure that the Rolling Stock shall be designed to be operated in multiple within the class. The Franchisee shall state the maximum number of Units/Vehicles that can be operated in one train length under normal passenger operation, empty coaching stock movements and recovery.

5.1.3 The Franchisee shall ensure that as a minimum that in the event of loss of main or auxiliary power on any single Vehicle within a train, it shall be possible for the Traincrew to continue to operate the Train with all essential and emergency services functioning.

5.1.4 The Franchisee shall ensure that where reasonably practicable Units are made fully compatible with an existing build of Units operating on the Scottish electrified network.

5.1.5 The Franchisee shall produce a clear operationally based strategy on the level of compatibility required between the HLOS Units for Alloa – Dunblane services with the EGIP Rolling Stock.

5.2 Other multiple Units

5.2.1 The Franchisee shall ensure as a minimum that the Rolling Stock shall be capable of mechanical coupling to another Unit fitted with a Dellner 12 rotating latch coupler in the event of an electrical/pneumatic fault in the other Unit.

5.2.2 The Franchisee shall as a minimum ensure that the Rolling Stock shall be capable of being hauled by other Units fitted with Dellner 12 rotating latch type couplers as well as Drawhook, Buckeye, BSI, or Tightlock couplers, if necessary, using an appropriate adapter coupler as described in section 5.3.

5.3 Failed Vehicle Rescue

5.3.1 The Franchisee shall ensure that failed Rolling Stock shall be capable of being recovered by a Unit of the same class including circumstances where the rescuing Unit is required to provide air, traction and train control to the failed

Unit in order to clear the running line in accordance with the Rule Book, GE/RT8000.

5.3.2 The Franchisee shall ensure that failed Rolling Stock shall be capable of recovery by other existing locomotives and Rolling Stock operating over the ScotRail Network employing an emergency adapter coupler where necessary, together with any other mechanical, pneumatic and electrical couplings that may be required.

5.3.3 The Franchisee shall ensure that as a minimum the recovery method referred to in 5.3.2 shall retain necessary provisions for air operated equipment such as brakes, horns, wipers, stabling brakes and safety in the event of train division. Air supply for the hauled Unit will be performed by a pneumatic hose, however several systems consuming air (e.g. air springs) may have to be isolated to provide sufficient air supply for the hauled Rolling Stock.

5.3.4 The Franchisee shall ensure that the total time to fit the equipment and couple the relevant Vehicles shall not exceed five minutes, assuming that relevant equipment is present together with the rescuing vehicle.

5.4 Dead Haulage

5.4.1 The Franchisee shall as a minimum ensure that it is possible for the Rolling Stock to operate as a fully coupled train with an unpowered Unit of Rolling Stock in passenger service for recovery purposes in excess of 60 minutes at speeds of up to 100km/h unless the Rule Book requires a slower speed of operation to be enforced. In these circumstances, all necessary safety systems (brakes, cab controls, emergency ventilation, lighting, control circuits, communications, door controls etc.) must remain functional.

5.4.2 The Franchisee shall ensure that it is possible to haul or propel unpowered Units for up to 200 km without passengers, with minimum need for preparation and without damage, provided that this is undertaken no more frequently than once a year.

5.4.3 An 'Unpowered Unit' shall mean that such Unit has (a) no auxiliary supply of its own, (b) no HVAC/heating and (c) only emergency lighting and emergency ventilation available.

6. COUPLING AND GANGWAYS

The service plan for the passenger services envisages frequent attaching and detaching of Units, with electrical multiple unit operation during the peak periods and single Unit operation in the off-peak. A reliable and efficient means of coupling and uncoupling is therefore important.

6.1 Couplers

6.1.1 The Franchisee shall ensure that the Rolling Stock is fitted with automatic rotating latch Dellner Type 12 couplers or compatible equivalent from an alternative manufacturer.

6.1.2 The Franchisee shall ensure the coupler shall be fitted with electric heaters of sufficient power to avoid the need to fit bags during snowy weather.

6.1.3 The Franchisee shall ensure that it shall be possible to couple Rolling Stock, and uncouple it by the Driver from the normal seated position in the cab without assistance.

6.1.4 The Franchisee shall as a minimum ensure that coupling of the Rolling Stock is possible on all horizontal and vertical curves and shall be achievable under all conditions and combinations of load, wheel wear and suspension condition.

6.2 Coupling and Uncoupling

6.2.1 The Franchisee shall ensure that the Rolling Stock shall have a means of rapid and effective automatic coupling/uncoupling with each other.

6.2.2 The Franchisee shall ensure that the Driver shall be provided with all information relating to the status of the Train necessary to enable rapid coupling and uncoupling, e.g. head/tail lamp indications front and rear in the driving cab.

6.2.3 The Franchisee shall ensure that the time taken for coupling or uncoupling shall be less than 20 seconds from mechanical couplers making first contact or the uncoupling command being given. The time for the Train configuration shall be additional, but shall be minimised and consistent with timetabled in service formation changes after the Driver has activated the master key in the leading cab.

6.3 Unit End Gangway Connection

It shall be possible for Traincrew and passengers to pass between Units i.e. gangway connections are required at the cab ends. Deployment of the gangway from secured "not in use" to secured "in use" shall be achieved within 1 minute and vice versa by a single person. The Unit end gangway outer door shall be openable from inside and outside the cab and shall be lockable from inside and outside using gated square key.

6.3.1 When the cab is a leading or trailing cab, the unit end gangway shall be stowed out of use such that:-

- (a) The cab shall be fully available for use.
- (b) The stowed gangway shall be sealed against water ingress to the cab (special attention – type test with high pressure water) and noise ingress.
- (c) PIS/PA audio announcements shall not be heard in the cab.
- (d) There shall be a door between the saloon and the cab.

6.3.2 When the cab is an intermediate cab, the unit end gangway connection shall be deployed and in use such that:-

- (a) There shall be a clear level walkway through the gangway with no tripping hazards.
- (b) There shall be sufficient handholds throughout, to the extent reasonably practicable.
- (c) The gangway shall be suitable for transit by a standard catering trolley.
- (d) The gangway area shall be well lit and have a similar look and feel as the saloon including to the extent reasonably practicable minimal differences in the ambience of the saloon in terms of heating and ventilation.

- (e) There shall be no surfaces facing passengers that carry dirt (i.e. surfaces that are external surfaces when the gangway is not in use).
- (f) The drivers and non-drivers cab areas shall be segregated from the gangway corridor by partitions/doors having clear glazing to increase ambient light.
- (g) Access from the through gangway corridor into the drivers and non-drivers cab areas shall only be possible by traincrew using a gated square key.
- (h) PIS/PA announcements shall, to the extent reasonably practicable, be fully audible to passengers transiting the gangway corridor and that emergency PIS/PA announcements shall be fully audible to passengers transiting the gangway corridor.
- (i) Passenger access shall be possible between the saloon and gangway corridor in both directions through the cab to saloon door.
- (j) The gangway corridor shall be segregated from the passenger saloon by a door. When this door is closed, passengers in the saloon shall be able to view the gangway corridor area through the door, and vice versa.

6.4 Intermediate Coupling between Vehicles of a Unit

- 6.4.1 The Franchisee shall ensure that the free movement of passengers and Traincrew through the Vehicles of a Unit of Rolling Stock is possible, particularly to allow passengers boarding at a terminal station to move through to the front/rear Vehicles of a Unit of Rolling Stock into adjacent Vehicles.
- 6.4.2 The Franchisee shall ensure that the gangways provide good visibility between adjacent Vehicles of a Unit of Rolling Stock.
- 6.4.3 The interior of the inter-Vehicle gangway connections shall offer a similar ambience to the standard passenger saloon and the floor shall be level, present no hazard, and allow ready through access by a catering trolley and persons with reduced mobility (it is not mandatory for this to be in a wheelchair).
- 6.4.4 The Franchisee shall ensure that noise and draughts are eliminated as far as practicable from entering the passenger saloons arising from the inter-Vehicle gangway areas.
- 6.4.5 The Franchisee shall ensure that where bodyend doors are fitted, that these shall protect the interior of a Vehicle (including any sensor switches on the doors themselves) from the ingress of rain or snow through the gangway, in the event of the Vehicles of a Unit being separated and stabled in the open.
- 6.4.6 The Franchisee shall ensure that where bodyend doors are not fitted, that an alternative means is provided to protect the interior of a Vehicle (including all electrical components) from the ingress of rain or snow through the gangway, in the event of the Vehicles of a Unit being separated and stabled in the open.

7. PRINCIPAL SYSTEMS

7.1 External Passenger Doors

A key factor in meeting the journey time objectives are the station dwell times. Recent door system designs and requirements for warning sounders have tended to extend door cycle times which have in turn resulted in longer station dwell times and longer scheduled journey times. It is important that this is not repeated for these Units.

- 7.1.1 The Franchisee shall ensure that the Rolling Stock has a minimum of two exterior doorways for passenger use on each side of each Vehicle in the Unit.
- 7.1.2 The Franchisee shall ensure that the clear width of each passenger doorway with the door leaves in the open position shall be at least 1300mm.
- 7.1.3 The Franchisee shall ensure as a minimum that the time from initialising door open to the doorway being fully open shall be five (5) seconds or less.
- 7.1.4 The Franchisee shall ensure as a minimum that the time from the door close command being made to the doors being fully closed shall be eight seconds or less, including the period for which the warning must be sounded prior to the doors closing.
- 7.1.5 The Franchisee shall state in their specification for the Rolling Stock the duration of each stage in the door opening and closing cycle and demonstrate achievement of these values in practice.
- 7.1.6 The Franchisee shall ensure that the doors automatically close after a set period of time during which no passengers have boarded or alighted, the time period shall be adjustable.
- 7.1.7 The Franchisee shall ensure that each exterior doorway shall incorporate two sets of internal door open and door close push buttons, positioned adjacent to the doorway on either side, which shall comply with the requirements of the TSI-PRM and be installed to minimise the likelihood of inadvertent operation.

7.2 Internal Passenger Doors and Draught Screens

To provide a comfortable passenger environment it is essential that passenger areas are well screened from draughts and noise, but except to separate the First Class accommodation, if any, from a vestibule area, there is no requirement for internal doors within the main saloon areas or vestibules. There is, however, no objection to their provision if necessary to maintain the saloon environment at the specified levels, but their presence and effect on passenger flows must be taken into account in calculating station dwell times.

- 7.2.1 The Franchisee shall ensure that any interior door shall be power operated, and shall close automatically when the door aperture is not obstructed.
- 7.2.2 The Franchisee shall ensure that interior doors shall have labelling applied for safety reasons to indicate a glazed door and allow good visibility through the door in the closed position, so that passengers can easily see most of the saloon area beyond the door, or in an adjacent Vehicle in the case of bodyend doors.
- 7.2.3 The Franchisee shall ensure that a partition incorporating an interior door shall be provided to separate First Class accommodation, if any, from the adjacent vestibule or Standard accommodation.

- 7.2.4 The Franchisee shall ensure that Passenger saloons shall be adequately screened from doorways to prevent draughts.

7.3 Door Control by Driver

- 7.3.1 The Franchisee shall ensure that the Rolling Stock is designed to allow full control of the doors by the Driver from the leading cab.
- 7.3.2 The Franchisee shall ensure that at turnaround points, the Driver shall be able to enable the passenger doors to allow passengers to access or egress the passenger saloon, before shutting down the leading cab and removing the master key.
- 7.3.3 The Franchisee shall ensure that the doors shall remain enabled (including automatic close facility) until a master key is re inserted at the other cab and a contradictory command is given.

7.4 Door Control by Servicing Staff

- 7.4.1 The Franchisee shall ensure that a subsidiary door control panel is fitted on each side of each Unit for the use of staff on stations and in stabling points and maintenance depots. The panel shall be fully enclosed, with an access door that requires a standard carriage key to open it. The subsidiary panel shall be activated by inserting a door key switch only when no master key is inserted in a cab desk.
- 7.4.2 The Franchisee shall ensure that an acoustic warning signal shall be audible in all cabs if a master key is inserted whilst a door key switch used by servicing staff is inserted.

7.5 DCO In-Cab CCTV

The Manufacturer should note the report 'Assessing the impact of increased numbers of CCTV images on Driver Only Operation (DOO) of trains' produced in 2005 and posted on the RSSB website.

- 7.5.1 The Franchisee shall ensure that the Rolling Stock complies with the requirements of RIS-2703-RST.
- 7.5.2 The DCO CCTV cameras shall incorporate developments in digital camera design in handling of low light, high contrast, and glare such that the quality of image presented to the Driver for dispatch decisions is maximised.
- 7.5.3 The Franchisee shall ensure that the Rolling Stock is fitted with an In-Cab CCTV system to enable DCO without the need of platform equipment (mirrors and monitors) or staff.
- 7.5.4 The Franchisee shall ensure that during the coupling operation, on coupling up, the monitor screens in the leading driving cab will automatically display the required camera images.
- 7.5.5 The Franchisee shall as a minimum ensure that the DCO CCTV system shall record the images generated from when the doors are open until the point 30 seconds after the 'all doors close' signal is given.

7.5.6 The Franchisee shall ensure that no fault in CCTV recording may be permitted to cause a loss of the direct delivery of DCO CCTV images to the Driver's cab screens.

7.5.7 The Franchisee shall demonstrate the operation of the DCO viewing aids to the Authority during development.

7.5.8 The Franchisee shall ensure the supply and operation of suitable on-line condition monitoring equipment to allow test equipment to be fitted to the CCTV equipment, to monitor both video and digital signals while the train is in service.

7.6 Selective Door Operation

7.6.1 The Franchisee shall ensure that the Rolling Stock is fitted with an Automatic Selective Door Operation (ASDO) system compliant with GM/RT2473 that assists in ensuring that only those doors on the platform side of the train are permitted to be unlocked for opening.

7.6.2 The Franchisee shall ensure that the system in conjunction with operating procedures shall function reliably and safely at covered stations and tunnels without a requirement for ground based equipment (antennae, beacons or balises).

7.6.3 The Franchisee shall ensure that the system does not cause an extension of the door operation times specified in 7.1.3.

7.7 Braking

7.7.1 The Franchisee shall ensure that the Rolling Stock shall be designed such that it can stop within the braking distances specified by GM/RT 2040, GMRT2044 (stopping distances of Fig.3) and GM/RT 2045.

7.7.2 The Franchisee shall ensure that the traction and braking system permits safe starting on gradients without rolling back, on the steepest gradients on the GB Rail Network.

7.8 Traction and Wheel Slip/Slide Control

7.8.1 The Franchisee shall ensure that the Rolling Stock is fitted with a proven traction and wheel slip / slide system to optimise the safe operational performance within the available wheel to rail adhesion levels by complementing the traction drive and braking control systems. The Franchisee shall ensure that the Rolling Stock maximises the capability of Regenerative Braking in low adhesion within the duty cycle of the train.

7.8.2 The Franchisee shall ensure that the recommendations in the RAIB Report "Autumn Adhesion Investigation Part 3: Review of adhesion-related incidents Autumn 2005" during design are implemented on the Rolling Stock.

7.8.3 The Franchisee shall ensure that there is an illuminated indication to the Driver of failures of the wheel slip / slide system, its actuating mechanism or control system.

7.8.4 The Franchisee shall ensure that the Rolling Stock is fitted with automatic multi-shot sanders, as an integrated feature of the traction and braking system, to aid traction and braking in low adhesion conditions, and shall comply with RGS for sanding in braking and traction (manually controlled by the Driver).

7.8.5 The Franchisee shall ensure there is an illuminated indication, controlled by TMS, to the Driver when the Brake System automatically initiates sanding.

7.8.6 The Franchisee shall ensure that there is an indication provided to the Driver when the sand level is low. From that point sand in traction shall be prohibited and conserved for braking purposes only. The Manufacturer shall consider and propose to the Operator modifications to sanding functionality to protect against “running out” and to utilise additional sanding positions on a multiple Unit formation where sanding is not achieving the required improvement in brake performance.

7.8.7 The Franchisee shall ensure that the sandboxes are heated or have other means of keeping contents dry over the range of operating conditions.

7.9 **Bogies and Suspension**

7.9.1 The Franchisee shall ensure that the Rolling Stock is fitted with a proven bogie and suspension system which shall be designed as an integrated system with the bodyshell so as to optimise operational performance and ride quality.

7.9.2 The Franchisee shall ensure that in the bogie design special attention is made to reducing weight, vertical track forces and primary yaw stiffness, where it can be achieved whilst retaining the ride and stability performance.

7.9.3 The Franchisee shall ensure that the bogie and suspension system shall be designed and arranged such that individual components can be removed, replaced and re-commissioned efficiently. The Franchisee shall ensure that the Rolling Stock is compatible with the standard types of ground wheel lathe available.

7.9.4 The Franchisee shall ensure that the axle box design allows hot axle box detection by standard ground/track based detection system or complies in some other manner with the TSI.

7.10 **Train Management System**

7.10.1 The Franchisee shall ensure that the Rolling Stock is equipped with a Train Management System (TMS) which shall support the operations and maintenance staff with the information necessary to achieve the required performance and manage disruptions.

7.10.2 The Franchisee shall ensure that the TMS provides a comprehensive interface between Unit systems and the maintenance and operational staff.

7.11 **Train / Shore Communication**

7.11.1 The Franchisee shall deliver a strategy to the Authority detailing how Data shall be recovered from all systems on the train and how updates are made to the software of the on-board systems

8. **SECONDARY SYSTEMS**

8.1 **Climate Control - Driver's Cab**

8.1.1 The Franchisee shall ensure that the Rolling Stock is fitted with a climate control system that shall maintain draught free, pre-set, air temperatures and

control the number of air changes in the Driver's cabs in accordance with BS EN 14813.

- 8.1.2 The climate control system shall maintain an internal cab temperature selectable by the Driver in the range of 18-26°C as a minimum the range of external ambient temperature from -6°C to +28°C. Above an external ambient temperature of 28°C, for each additional 1°C increase in ambient temperature, the temperature in the cab shall increase by no more than 1°C. When the external ambient temperature is below -6°C, for each additional 1°C decrease in ambient temperature, the temperature in the cab shall decrease by no more than 1°C.
- 8.1.3 The Franchisee shall ensure that the climate control system for the cab area is independent from the system for the passenger area.
- 8.1.4 The Franchisee shall ensure that the Driver has control of the cab temperature by an adjustable thermostat.
- 8.1.5 The Franchisee shall ensure that it shall be possible to switch off the cab air conditioning by means of a switch in the cab.
- 8.1.6 The Franchisee shall ensure that if the climate control systems for the cab areas use liquid refrigerants, these shall be compliant to the latest inter-governmental protocols, including the "Montreal Convention".
- 8.1.7 The Franchisee shall ensure that in the event of auxiliary power loss, adequate ventilation and heating of the driving cabs shall be provided.

8.2 Climate Control - Passenger Saloons

- 8.2.1 The Franchisee shall ensure that the Rolling Stock is fitted with a climate control system that shall maintain draught free, pre-set, air temperatures and control the number of air changes in the passenger saloons, vestibules and toilets.
- 8.2.2 The Franchisee shall ensure that the climate control system prevents contamination of the air quality in the passenger saloons from toilet odours both from the toilet cubicle and from any enclosed tank or piping areas within the Vehicle.
- 8.2.3 The Franchisee shall ensure that if all seats are occupied, the climate control system shall maintain a saloon temperature of 23°C ± 2°C at any point in the saloon when the external ambient temperature is 32°C. Under fully Laden conditions, the climate control system shall maintain a saloon temperature of 24°C ± 2°C at any point in the saloon when the external ambient temperature is 32°C. When the external ambient temperature is above 32°C, for each additional 2°C increase in ambient temperature, the temperature in the saloon shall increase by no more than 1°C, up to a maximum external temperature of 35°C.
- 8.2.4 The Franchisee shall ensure that if all seats are empty, the climate control shall maintain, a saloon temperature of 20°C ± 2°C at any point in the saloon when the external ambient temperature is -6°C. When the external ambient temperature is below -6°C, for each additional 1°C decrease in ambient temperature, the temperature in the saloon shall decrease by no more than 1°C.

8.3 Passenger Information and On-board Communication Systems

- 8.3.1 The Franchisee shall ensure that the PA system shall provide an output of high quality, free from echoes, reverberation and feedback, with volume levels automatically adjusted to be slightly above the ambient noise level.
- 8.3.2 The Franchisee shall ensure that Traincrew communication shall not interfere with the normal automatic announcements being made by the PIS or be interrupted by any other PIS function.
- 8.3.3 The Franchisee shall ensure that the Rolling Stock is fitted with a Passenger Information System (PIS), which automatically generates audio and visual announcements and allows the Driver, or other member of the Traincrew to select emergency announcements to meet the requirements of TSI - PRM. The announcements shall be audible throughout the saloons and vestibules and the visual displays shall as a minimum be sufficient to satisfy TSI - PRM.
- 8.3.4 The Franchisee shall ensure that the system shall indicate the next station stop to the Driver.
- 8.3.5 The Franchisee shall ensure that destination indicators are provided on the bodyside of each Vehicle which can be read by passengers waiting to board from the platform.
- 8.3.6 To allow for potential future deployment of the Units, the database shall have the capacity to accommodate all stations and calling patterns on the Operational Routes and have at minimum 40% spare capacity to accommodate future expansion.
- 8.3.7 The Franchisee shall ensure that the failure of one or more PIS functions shall not affect the operation of the others.

8.4 Passenger Counting System

- 8.4.1 The Franchisee shall ensure that the Rolling Stock is fitted with a system to determine the number of passengers boarding and alighting to within an error of 3% and hence calculate the number of passengers on board (i.e. counters in passenger doorways, not a load weighing system). The system shall be fitted to a minimum of 30% of the Units.
- 8.4.2 The Franchisee shall ensure that the system correlates the information on the number of passengers with the time and last station at which the Train containing the Unit called and shall store such information for remote down loading.
- 8.4.3 The Franchisee shall ensure that it is possible for any single Unit, or group of Units (batch downloading), to transmit for off-line evaluation remotely and without intervention of Traincrew or maintenance staff.

8.5 Seating Availability System

- 8.5.1 From December 2018 the Franchisee will implement a live seating availability information system using a mobile phone application on the new EGIP and HLOS Rolling Stock.

8.6 On-Train Data Recorder (OTDR)

- 8.6.1 The Franchisee shall ensure that the Rolling Stock is fitted with an On Train Data Recording Device (OTDR) to monitor and record the data on the functions required by and otherwise in compliance with GM/RT 2472.
- 8.6.2 The Franchisee shall ensure that a system is provided to remotely download the OTDRs on the Unit using wireless technology, when the Unit is stationary or on the move.
- 8.6.3 The Franchisee shall ensure that it is possible to download data from the OTDR using a memory flash card or equivalent memory device as a secondary means of obtaining the data.

8.7 Forward Facing Cab CCTV

- 8.7.1 The Franchisee shall ensure that each cab of the Rolling Stock shall be fitted with a Forward Facing CCTV (FFCCTV) camera to record images of the track and lineside area. The camera shall be of a high quality with a proven history of on-board applications.
- 8.7.2 The Franchisee shall ensure that the FFCCTV system shall record whenever a cab is energised and it shall be possible to configure the system for simultaneous forward and rearward recording.
- 8.7.3 The Franchisee shall ensure that images are recorded onto a central digital video recorder and shall include a pre-defined watermark system allowing positive identification of the image including GPS reference.
- 8.7.4 The Franchisee shall ensure that the system records at a suitable frame rate, with appropriate resolution for use at up to the maximum speed of the Unit, to allow the recorded images to be used in connection with investigations.
- 8.7.5 The Franchisee shall ensure that the system shall record for a minimum of 7 seven days before overwriting.

9. INTERIOR

The EGIP services are aimed at meeting the needs of a range of different markets, including commuting, leisure and business travel, as well as passengers travelling to and from Edinburgh Airport and elsewhere. The ambience, comfort and functionality offered by the design of the Unit's interior will be a key factor in meeting the objectives of improving the rail passenger's environment. To deliver the EGIP services efficiently and effectively, while meeting the needs of these disparate markets, a single design is required. In designing the interior features and appearance of the Units, Manufacturers should consider the requirements and expectations of the different markets that the Unit will serve. The Authority has also developed a unified identity for the rail network in Scotland, including Rolling Stock interior and livery guidelines. The Franchisee is required to provide an interior and exterior design and livery consistent with the Authority's Brand Guidelines.

9.1 General

- 9.1.1 The Franchisee shall ensure a recognised design team with ergonomic competencies involved in the design and layout of the Vehicle interiors in general and, in particular, to provide Human Factors input into the design of passenger and traincrew operated controls. The Franchisee shall also consult with the Authority, DfT, and other groups representing the interests of passengers and staff (e.g. DPTAC, MACS and the trade unions).

9.1.2 The Franchisee shall ensure that the interior design of the saloons and vestibules shall provide an open aspect that avoids enclosed unlit areas. The ambience shall be one that reduces the perceived threat to passengers with particular consideration for the elderly, single females and other vulnerable groups.

9.1.3 The Franchisee shall consult with the Authority throughout the development of the design, from the concept stage through to finalisation. The Authority shall reserve the right to accept the final design at a design review convened by the Franchisee at the request of the Authority.

9.1.4 The Franchisee shall ensure that the Rolling Stock shall be designed to permit a laden catering trolley to be pushed easily through the Train.

9.2 Seating

9.2.1 The Franchisee shall ensure that the Rolling Stock shall be fitted with First and Standard class seating to suit the requirements of the services on the Operational Routes to deliver the capacity.

9.2.2 The Franchisee shall ensure that seats are of a slim-line design that maximises the available legroom for a given seat pitch, whilst not sacrificing passenger comfort.

9.2.3 The Franchisee shall ensure that as far as practicable seats are aligned with windows.

9.2.4 The Franchisee shall ensure that all seats have either fixed or folding tables. There is not a requirement for tip-up seats to have a table provided.

9.2.5 The Franchisee shall as a minimum ensure that each EGIP Unit of Rolling Stock has 266 seats in the standard class accommodation arranged in a 2+2 layout, i.e., two transverse pairs of seats arranged either side of a central aisle. Where first class seating is offered, it shall be included within the minimum seating number per Unit of 266.

9.2.6 Where the Franchisee provides first class seating the minimum for each Unit of Rolling Stock will be 12 fixed seats in a segregated area, arranged in either a 2+1 or 2+2 layout.

9.2.7 Tip-up seating shall be included in the Unit seating count where installed in the universal accessible area or in the cycle storage area up to a maximum of 12 tip-up seats per Unit.

9.2.8 The use of single fixed seats is acceptable, but should be kept to a minimum.

9.3 Windows

9.3.1 The Franchisee shall ensure that each passenger saloon shall be fitted with sealed double-glazed glass window units with reduced solar gain coatings. The coating shall be to a common standard, i.e. it can be obtained from more than one supplier.

9.3.2 The Franchisee shall ensure that all windows and door glazing shall be fitted with anti-graffiti film.

- 9.3.3 The Franchisee shall ensure that the windows are designed to allow the transmission of signals for mobile phones and prevent the attenuation of signals.

9.4 Floor Coverings

- 9.4.1 The Franchisee shall ensure that all saloon floor areas shall be fitted with carpet throughout that is hardwearing and easy to clean.
- 9.4.2 The Franchisee shall ensure that the toilets, vestibules and bicycle storage areas shall be fitted with anti-slip wipe-clean flooring. The anti-slip flooring shall be suitable for wet and dry conditions.
- 9.4.3 The Franchisee shall ensure that the floor covering in the vestibules shall be easy to clean, shall be capable of coping with moisture from incoming passengers and shall ideally inhibit the treading of dirt into the passenger saloons.

9.5 Luggage Stowage

- 9.5.1 The Franchisee shall ensure that the passenger saloons shall be fitted with overhead luggage racks suitable for the stowage of passenger hand luggage, and cabin luggage of dimensions of 560mm x 450mm x 250mm.
- 9.5.2 The Franchisee shall ensure that storage facilities are provided for larger items of luggage, either at floor level between seat backs, or in dedicated stacks, within sight of and/or in close proximity to passengers

9.6 Waste Containment

- 9.6.1 The Franchisee shall ensure that the passenger saloons and toilet shall be provided with waste bins.

9.7 Toilet Facilities

- 9.7.1 The Franchisee shall ensure that the Rolling Stock shall have toilets distributed appropriately through the train in all formations.
- 9.7.2 The Franchisee shall ensure that there is provision made to allow baby changing, including providing for the safety of the baby and parent/carer and encouraging the correct disposal of nappies.
- 9.7.3 All on-board toilets shall have CET retention of waste .

9.8 Saloon CCTV Security Systems

- 9.8.1 The Franchisee shall ensure that the Rolling Stock has a security camera system that is capable of the recording of events on the train to provide evidence. The system shall conform to all requirements for the recordings produced to be admissible as evidence under Scots Law, including storage, retrieval and image quality and to have a secure auditable trail of data that meets the requirements of evidential continuity.
- 9.8.2 The Franchisee shall ensure that it is possible to download the images remotely via wireless transmission without affecting the integrity of the stored

data. The Franchisee shall agree with the Manufacturer the architecture for achieving this.

- 9.8.3 The Franchisee shall ensure as a minimum that the system has a capacity to record for 14 days before overwriting.

9.9 **Bicycle Storage**

- 9.9.1 The Franchisee shall ensure that the Rolling Stock shall include a Bicycle Storage Area with space for the storage of at least two bicycles in a dedicated area adjacent to an entrance vestibule.

9.10 **Power Sockets for Passenger Use**

- 9.10.1 The Franchisee shall ensure that a power socket, designed to accommodate a normal UK three pin domestic plug, shall be provided adjacent to each pair of seats for the use of passengers to plug in chargers for laptop computers, mobile phones and other small items of personal electronic equipment. Power sockets shall not present a hazard to any passenger.

- 9.10.2 The Franchisee shall ensure that a power socket shall be located adjacent to each wheelchair location.

9.11 **Wi-Fi/Mobile Communications**

The provision of passenger 'Wi-Fi' internet access is required.

- 9.11.1 The Franchisee shall ensure that the Rolling Stock includes the installation of equipment to allow passenger access to the mobile digital communications via an onboard wireless connection.

- 9.11.2 The Franchisee shall ensure that the installation as a minimum allows 4G operation from the public networks where this is available for passengers with mobile devices, and Wi-Fi connectivity with 802.11n standard access points, minimum speed 20 Mbps.

9.12 **Ramps for Wheelchair Access**

- 9.12.1 The Franchisee shall ensure that suitable ramps, compliant with the requirements of TSI - PRM, to allow wheelchairs to gain access to the Rolling Stock shall be provided and stored near the wheelchair positions. The doors to the wheelchair area shall have a function to disable the auto-close facility to allow ramp use.

9.13 **Miscellaneous Provisions**

- 9.13.1 The Franchisee shall ensure the provision of all necessary emergency and operational equipment along with suitable storage on the Rolling Stock.

10. **EXTERIOR (GENERAL)**

10.1 **Appearance**

- 10.1.1 The Franchisee shall ensure that the Rolling Stock has a distinctive cab exterior design that demonstrates a modern image with smooth and aerodynamic bodyside and cab contours.

10.1.2 The Franchisee shall ensure the Authority's Branding is applied to the interior and exterior of the Rolling Stock.

10.1.3 The Franchisee shall propose the exterior appearance in the form of coloured renderings based on a concept in accordance with the Authority's Brand Guidelines.

10.1.4 The Franchisee shall ensure that the surface finish of the exterior of the Rolling Stock shall be free of welding marks, grinding/sanding marks and indentations once painted. Where the Manufacturer has applied filler, this must not be seen to flake, crack or shrink once the final paint finish has been applied.

10.2 **Destination Indicator**

10.2.1 The Franchisee shall ensure that the cabs shall be fitted with a Destination Indicator that displays the name of the destination station and a brief indication of the route, if alternative routes are available. The Destination Indicator display shall meet the requirements of the TSI - PRM in all respects, including character size. The display shall be readily legible in all daytime and night time conditions.

10.3 **Design Life**

10.3.1 The Franchisee shall ensure that the Rolling Stock shall have a design life of at least 35 years.

10.3.2 The Franchisee shall ensure that the design of the Rolling Stock shall ensure that potential obsolescence of constituent components and systems throughout the design life can be managed to ensure fleet reliability and availability requirements are maintained.

APPENDIX 1 TO EGIP & HLOS ROLLING STOCK OUTPUT REQUIREMENT

OPERATIONAL ROUTES

This appendix sets out the routes forming, or which may be added to, the Scottish AC Electrified Network. :

- *Table 1 covers the operational routes required for the delivery of the core EGIP and HLOS service, diversionary routes and routes to maintenance depots – full clearance for operation of the Units is required over the Priority 1 routes;*
- *Table 2 covers the other existing electrified routes forming the current Scottish AC Electrified Network – clearance modelling and the identification of any inadequate clearances is required for the Priority 2 routes; and*
- *Table 3 covers routes that maybe added to the Scottish AC Electrified Network – included for information only and no clearance information is required.*

Note; GW = Shields Road Depot, CK = Corkerhill Depot and ED = Eastfield Depot.

Table 1 – Operational Routes

LoR code	Line of Route Description	OHLE	Priority
SC001	Gretna Junction - Larkfield Junction (via Beattock and Motherwell)	existing	1
SC001	Larkfield Junction - Glasgow Central	existing	1
SC003	Carstairs South Junction - Haymarket East Junction	existing	1
SC005	Carstairs Station Junction - Carstairs East Junction	existing	1
SC007	Midcalder Junction – Holytown Junction	proposed	1
SC011	Law Junction - Uddingston Junction (via Holytown)	existing	1
SC013	Wishaw Central Junction - Shieldmuir Junction	existing	1
SC023	Motherwell - Newton, Hamilton Junction (via Hamilton)	existing	1
SC025	Rutherglen Central Junction - Finnieston Junctions	existing	1
SC027	Rutherglen West Jn - Rutherglen North Jn (West Curve)	existing	1
SC029	LarkfieldJn - Shields Jn (including Up Through Terminus)	existing	1
SC031	Eglington Street Junction - Glasgow Central	existing	1
SC059	Glasgow Central - Shields Junction (direct or via Smithy Lye) <i>[GW and CK Depot access]</i>	existing	1
SC061	Shields Junction - Corkerhill Depot Junction <i>[GW and CK Depot access]</i>	existing	1
SC099	Whifflet North Junction – Rutherglen East Junction	proposed	1
SC093	Motherwell - Gartsherrie South Junction	existing	1
SC093	Gartsherrie South Junction - Greenhill Lower Junction	EGIP/HLOS	1
SC101	Coatbridge Junction – Langloan Junction	proposed	1
SC103	Garnqueen North Junction - Cowlares West Junction	EGIP	1
SC105	Gartsherrie South Junction - Gartcosh Junction	proposed	1
SC106	Sighthill West Junction - Cowlares South Jn (Chord Line)	EGIP	1
SC107	Edinburgh Waverley - Cowlares West Jn (via Falkirk High)	EGIP	1
SC107	Cowlares West Junction - Glasgow Queen Street <i>[access to ED Depot]</i>	EGIP	1
SC109	PolmontJn - Greenhill Upper Jn (via Falkirk Grahamston)	HLOS	1
SC110	Carmuir East Junction - Larbert Junction	HLOS	1
SC111	Newbridge Junction - Bathgate <i>[Bathgate depot access]</i>	existing	1
SC119	Greenhill Upper Junction - Dunblane	HLOS	1
SC121	Stirling North to CambusJn	HLOS	1
SC123	Drumgelloch - High Street Junction	existing	1
SC123	High Street Junction - Finnieston Junctions	existing	1

SC123	Finnieston Junctions - Hyndland North Junction	existing	1
SC129	Springburn - Bellgrove Junction	existing	1
SC147	Berwick upon Tweed - Haymarket East Junction (via Edinburgh Waverley)	existing	1
SC149	North Berwick – Drem Junction	existing	1
SC155	Monktonhall Junction – Millerhill Yard [Millerhill Depot access]	existing	1
SC161	Millerhill Yard – Portobello Junction [Millerhill Depot access]	existing	1

Table 2 – Other Routes

LoR code	Line of Route Description	OHLE	Priority
SC009	Lanark - Lanark Junction	Existing	2
SC015	Mossend East Jn - Mossend North Jn (North Curve)	Existing	2
SC017	Mossend East Jn - Mossend South Jn (East Curve)	Existing	2
SC019	Mossend South Jn - Mossend West Jn (West Curve)	Existing	2
SC024	Larkhall - Haughhead Junction	Existing	2
SC031	Muirhouse Central Junction - Eglinton Street Junction	Existing	2
SC049	Muirhouse Central Junction - Terminus Junction	Existing	2
SC051	Muirhouse Central Jn - Muirhouse North Jn (via Cathcart Circle)	Existing	2
SC053	Neilston - Cathcart West Junction	Existing	2
SC055	Newton, Hamilton Junction - Cathcart West Junction	Existing	2
SC057	Cathcart East Junction - Cathcart North Junction	Existing	2
SC059	Shields Junction - Newton Junction (Ayr)	Existing	2
SC059	Newton Junction – Ayr [access to Ayr Townhead yard]	Existing	2
SC065	Paisley - Bishopton	Existing	2
SC065	Bishopton - Gourock	Existing	2
SC067	Wemyss Bay Junction - Wemyss Bay	Existing	2
SC073	Kilwinning Junction - Fairlie	Existing	2
SC073	Fairlie – Largs	Existing	2
SC077	Ardrossan South Beach - Ardrossan Harbour	Existing	2
SC081	Byrehill Junction - Dubbs Junction	Existing	2
SC111	Bathgate - Drumgelloch	Existing	2
SC123	Hyndland North Jn - Craigendoran (via Singer)	Existing	2
SC123	Craigendoran Junction - Helensburgh Central	Existing	2
SC125	Hyndland East Junction - Hyndland West Junction	Existing	2

SC125	Hyndland West Junction - Dalmuir (Via Yoker) [access to Yoker yard]	Existing	2
SC133	Westerton Junction - Milngavie	Existing	2
SC135	Dalreoch Junction - Balloch	Existing	2
SC136	Hyndland North Junction - Hyndland West Junction	Existing	2

Table 3 Future Routes

LoR code	Line of Route Description –	OHLE	Priority
SC007	MidcalderJn to HolytownJn)	Future	3
SC031	Gretna Jn - Muirhouse Central Jn (via Kilmarnock)	Future	3
SC039	Kilmarnock to Barassie	Future	3
SC045	East Kilbride - Busby Junction	Future	3
SC047	Muirhouse South Junction - Larkfield Junction	Future	3
SC061	Corkerhill Depot Junction - Paisley Canal [GW and CK Depot access]	Future	3
SC099	Whifflet North Junction - Rutherglen East Junction	Future	3
SC101	Coatbridge Junction - Langloan Junction	Future	3
SC119	Dunblane to Dundee	Future	3
SC131	High Street Jn to Shields Jn	Future	3
SC171	Edinburgh Waverley to Almond Jn	Future	3
SC171	Almond Jn to Dundee (via Kirkcaldy)	Future	3
SC173	Inverkeithing Central Jn to Thornton West Jn	Future	3
SC176	Inverkeithing North Jn to Thornton East Jn	Future	3
SC178	Thornton South Jn to Thornton West Jn	Future	3
SC181	LadybankJn to Hilton Jn	Future	3

Table 4 Network Rail Infrastructure Boundaries

Existing Electrified and EGIPstabling and maintenance potential locations.

Line of route code	Location	Trader	OLE
SC001	Polmadie Depot	West Coast Traincare	Existing
SC001	Polmadie Down	West Coast Traincare	Existing
SC001	ShieldmuirRMT	Royal Mail	Existing
SC059	Ayr Townhead	First ScotRail	Existing
SC061	CorkerhillCSMD	First ScotRail	Existing
SC061	Shields ETD	First ScotRail	Existing
SC093	Coatbridge Freightliner Tmnl	Freightliner	Existing

SC093	Mossend DCL	DB Schenker	Existing
SC093	Mossend Down Yd	DB Schenker	Existing
SC093	Mossend Up Yd	Network Rail	Existing
SC093	Motherwell (Derby)	First ScotRail	Existing
SC093	Motherwell (Weighs)	First ScotRail	Existing
SC093	Motherwell Depot	Network Rail	Existing
SC107	Eastfield Depot	First ScotRail	EGIP
SC111	Bathgate Depot	First ScotRail	Existing
SC125	Yoker Depot	First ScotRail	Existing
SC147	Craigtinny Depot	East Coast Trains	Existing
SC155	Millerhill Yard (TMD)	DB Schenker	Existing

SCHEDULE 6.2

THIS IS SCHEDULE 6.2 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Inter-city Rolling Stock

1. Specification

- 1.1. The Franchisee shall procure that the Inter-city Rolling Stock ("**the Rolling Stock**") shall conform to the Inter-city Technical Specification ("**Technical Specification**") and shall meet or exceed the Output Requirement for the Inter-city Rolling Stock ("**Output Requirement**").
- 1.2. In the event of any conflict between the Output Requirement and the Technical Specification, the Output Requirement shall take precedence.
- 1.3. The Franchisee confirms and undertakes that it has studied the detail in the Output Requirement and each document comprised therein and has satisfied itself that no discrepancies or errors exist within the Output Requirement requirements or between the Output Requirement and the Technical Specification.
- 1.4. The Franchisee has satisfied itself as to the veracity, accuracy, reasonableness, scope, materiality, currency (where applicable) and completeness of all due diligence carried out by and background information made available to the Franchisee. The Franchisee acknowledges that it accepts all risks arising from any discrepancies, errors or omissions that subsequently appear within or between information relied upon by the Franchisee (whether or not supplied or referenced by the Authority or its agents) and that the Franchisee shall not be entitled to make any claim against the Authority for an extension of time, additional payment, any relief or otherwise in respect of any such errors, discrepancies or omissions. Where there is such discrepancy, error or omission ("**discrepancy**"), the Franchisee shall as soon as reasonably practicable, and in any event within 5 business Days, provide the Authority with proposals for resolving a discrepancy which comply with this Agreement. Unless, within 10 business days of receipt by the Authority of the Franchisee's proposals for resolving a discrepancy, the Authority notifies the Franchisee requiring it to resolve the discrepancy in a different manner (which manner shall be binding but shall be reasonable in time and cost having regard to the Output Requirement), the Franchisee shall resolve the discrepancy in the manner proposed by it.
- 1.5. The Authority, its officers, agent and advisors accept no liability or responsibility in contract, delict (including negligence or breach of statutory duty), statute or otherwise for the Output Requirement.
- 1.6. All liability attached to the Technical Specification (whether pursuant to Legislation, the provisions of this Agreement or otherwise) shall remain with the Franchisee.
- 1.7. The Authority gives no warranty or undertaking (express or implied) to the Franchisee that the Technical Specification meets the Output Requirement or is otherwise fit for purpose.
- 1.8. For the purposes of this Schedule 6.2 **the Project** shall mean the Inter-city Rolling Stock Project.

2. Project Management

- 2.1. The Franchisee shall secure, instruct and manage a knowledgeable team of rolling stock staff from within the Franchisee's staff with a proven track record of delivering similar projects, to deliver the Project.

- 2.2. The Franchisee shall undertake such preparatory and management actions as are necessary to deliver the Project and meet its obligations under the Agreement, including to:
- (a) directly appoint and instruct advisers and/or consultants (e.g. lawyers) as required to support the core Franchisee team in the delivery of the Project;
 - (b) introduction into passenger service;
 - (c) develop detailed project plans (activity, resource, and cost schedules) for the following packages of work (all as more particularly described in paragraph 2.3), the delivery of which the Franchisee will be directly responsible to the Authority for :
 - (i) refurbishment and delivery of the Rolling Stock;
 - (ii) maintenance preparedness (Rolling Stock and Cascaded Units);
 - (iii) Training of on-board operating staff;
 - (iv) operational safety; and
 - (v) commercial preparedness;
- 2.3. The Franchisee shall successfully deliver the following packages of work (according to project plans, and any subsequent revisions, approved by the Authority):
- (a) **Rolling Stock refurbishment and delivery:** manage, co-ordinate and undertake the necessary activities to deliver, commission and bring into service the Rolling Stock, with all necessary approvals and testing, all in accordance with this Agreement;
 - (b) **Cascaded trains:** plan and manage the withdrawal from service, and re-deployment of the Inter-city Cascaded Units ("**Cascaded Units**"), ensuring no avoidable impact on existing services and the availability of the units for passenger service in accordance with the Inter-city Cascade Plan ("**Cascade Plan**");
 - (c) **Maintenance:** plan, co-ordinate and undertake the agreed activities necessary to ensure that the required processes, people and equipment are available at the right locations, providing the capabilities and capacity, when required to provide the specified levels of maintenance support for Rolling Stock and Cascaded Units;
 - (d) **Training of on-board operating staff:** manage the training and if required recruitment processes to ensure that the right numbers of staff, with the required skills are available when required to operate the Rolling Stock (and support the testing and introduction of the Rolling Stock where required);
 - (e) **Operational safety:** to assess the risks associated with the operation of the Rolling Stock. To amend and/or develop processes and procedures, develop and deliver supporting training materials ensuring that relevant stakeholders are consulted and involved throughout the process;
 - (f) **Commercial preparedness:** to amend any existing and develop a new passenger information strategy to support the introduction of the Rolling Stock and the Cascade Units. Plan for, test and implement changes to SQUIRE Services Schedules Agreement ensuring co-ordination of such with SQUIRE Operations Team at the Authority enabling revisions to take effect from the introduction of each set of service changes;
 - (g) **Network Rail:** interface with and support Network Rail to ensure, to the extent reasonably possible that appropriate approvals, gauging and any safety requirements are met for the introduction of the Rolling Stock;

- (h) **Diagrams and stabling:** develop detailed diagrams and associated stabling requirements.

3. Programme

- 3.1. The Franchisee shall ensure that the Rolling Stock is delivered and brought into service in accordance with the Inter-city Delivery Schedule ("**the Delivery Schedule**").
- 3.2. The Franchisee shall:-
 - (a) not take any action(s) or step(s) which is or are designed or intended directly or indirectly to delay the introduction of any of the Rolling Stock beyond the dates specified in the Delivery Schedule;
 - (b) not knowingly or negligently omit to take any action(s) or step(s) if such omission would result directly or indirectly in the delay of the introduction of any of the Rolling Stock beyond the dates specified in the Delivery Schedule;
 - (c) take all action as the Authority shall require to enforce all rights the Franchisee may have against third parties including the relevant Rolling Stock leasing companies to ensure the introduction of the Rolling Stock by the dates specified in the Delivery Schedule or to ensure compliance with any other term of the relevant contractual documentation, at no cost to the Authority;
 - (d) at the request of the Authority, copy to the Authority all communications, or such other information as the Authority may request, with respect to the delivery, inspection and acceptance of the Rolling Stock that may be made to or received by the relevant Rolling Stock leasing company;
 - (e) upon the reasonable request by the Authority, permit the Authority to inspect all records (including financial records) of the Franchisee and the relevant Rolling Stock leasing company (to the extent that the Franchisee is entitled to this information under the relevant Rolling Stock lease or any other agreement with the relevant Rolling Stock leasing company) in connection with the delivery of the Rolling Stock;
 - (f) shall enforce all rights the Franchisee may have against third parties (including Network Rail and the Rolling Stock refurbisher) to ensure the compatibility of the Rolling Stock with the infrastructure is completed on schedule to deliver the Franchise Services.
- 3.3. if the date or dates in the Delivery Schedule has or have passed or passes or pass without the relevant Rolling Stock being brought into service, the Franchisee shall:-
 - (a) not take any action(s) or step(s) which is or are designed or intended directly or indirectly to delay further the introduction of the Rolling Stock;
 - (b) not knowingly or negligently omit to take any action or step if such omission would directly or indirectly delay further the introduction of the Rolling Stock;
 - (c) enforce all rights it may have against third parties to ensure the introduction of the Rolling Stock or the recovery of damages or other appropriate remedy as soon as possible thereafter and to take such action as the Authority may reasonably require in this regard.

4. Project Delivery

- 4.1. Notwithstanding the specific responsibilities set out in paragraph 4.3, the Franchisee warrants to the Authority that in carrying out and completing the Project, the Franchisee has exercised and shall continue to exercise the level of professional skill, care and

diligence to be expected of a properly qualified and competent professional contractor experienced in carrying out works and services of a similar nature to the Project in connection with projects of a similar scope and complexity.

- 4.2. The Franchisee acknowledges that the Authority will rely upon the skill, care and diligence of the Franchisee in connection with all matters for which the Franchisee is responsible under this Schedule 6.2.
- 4.3. The Franchisee shall design, carry out, manufacture, engineer, supply, test, commission, deliver and provide the constituent elements of the Project and otherwise perform its obligations under this Schedule 6.2:
 - (a) so as to ensure compliance with the Output Requirement;
 - (b) so as to ensure compliance with the Technical Specification
 - (c) in accordance with the Delivery Schedule;
 - (d) in accordance with the Quality Assurance Plan;
 - (e) so as to ensure that all parts, components, systems, devices, equipment, software and mechanisms incorporated in the Rolling Stock are fit for purpose to comply with the Output Requirement, compatible and interoperable with each other;
 - (f) using good industry practice;
 - (g) in compliance with all Legislation and standards including the Interoperability Regulations and achieves required consents;
 - (h) in a manner which does not infringe intellectual property rights of any third party;
 - (i) in a manner which does not infringe the instructions issued to it by the Authority or the Authority's Representatives in accordance with the terms of this Agreement;
 - (j) so as to ensure that each unit of the Rolling Stock meets the Output Requirement and provide the Authority for each unit of Rolling Stock (without prejudice to the Authority's other rights and remedies under this Agreement) with a Rolling Stock Commissioning Certificate confirming that this is the case upon completion of acceptance testing of each unit of Rolling Stock;
 - (k) so as to ensure that the Franchisee obtains all required pre-operational consents and approvals;
 - (l) without prejudice to paragraph (g) hereof, in accordance with applicable environmental Legislation in force in Scotland;
 - (m) so as to assist the Authority in relation to providing information that best value has been secured in respect of the procurement of the Project as a whole and its component parts;
 - (n) in such manner as not wilfully to detract from the image and reputation of the Authority;
 - (o) so as to ensure that sustainability factors have been incorporated in relation to energy consumption and the supply of materials from sustainable sources into the design, the manufacture and operation of the Rolling Stock;
 - (p) in a manner that is not likely to be injurious to persons or property; and
 - (q) using the Inter-city Rolling Stock Project Key Personnel.

4.4. The Franchisee shall: -

- (a) develop the procurement strategy for the Project and obtain the Authority's approval to the same;
- (b) utilise an OJEU competition process to identify the Rolling Stock refurbisher for the Project;
- (c) issue the Prior Information Notice for the Project by 30 September 2016 at the latest to indicate the scope and quantity of the refurbishment work to be done as part of the Project;
- (d) subject to paragraph 4.5 hereof, issue the ITT for the Project to bidders by 31 January 2017 at the latest setting out the evaluation process to bidders and requiring bidders to submit a response in compliance with paragraph 4.3;
- (e) evaluate bids on contract price, quality, commercial terms and deliverability;
- (f) ensure that the competition process ends in an appointment to the successful bidder and the contract with the successful bidder signed by 31 July 2017 at the latest;
- (g) ensure that the contract signed with the successful bidder shall include finalised designs that are compliant with Appendix 2 to this Schedule 6.2

4.5. The Franchisee shall pursuant to paragraph 4.4: -

- (a) by no later than 1 November 2016, submit to the Authority final drafts of the Franchisee's proposed ITT including all appendices thereto;
- (b) provide to the Authority such additional information relating to the draft ITT as the Authority may reasonably request, so as the Authority can review the draft ITT in respect of compliance with the Output Requirement and the Franchise Agreement;
- (c) if the Authority in its reasonable opinion considers that the draft ITT or any part of it is not compliant with paragraph 4.3 (d), the Output Requirement and the Franchise Agreement, revise the draft ITT and re-submit such revised draft ITT to the Authority. This process shall be repeated until the Authority confirms that in its reasonable opinion the draft ITT is compliant with the Output Requirement and the Franchise Agreement;

Subject to the Franchisee complying in a timely manner with its obligations in paragraph 4.5 (a) and (b), the Authority shall respond to any request by the Franchisee for a response on the draft ITT (as originally submitted or as revised in accordance with paragraph 4.5(c)) as soon as reasonably practicable and, in any event, within 28 days of receipt of such request in respect of the draft ITT as originally submitted or 14 days in respect of the draft ITT as revised in accordance with paragraph 4.5(c) or such longer period as the Authority and the Franchisee shall agree (both parties acting reasonably) having regard to the extent and nature of the amendments to the draft ITT.

4.6. The Franchisee shall pursuant to paragraph 4.4: -

- (a) submit to the Authority final drafts of contract the Franchisee intends to grant to the successful bidder;
- (b) provide to the Authority such additional information relating to the draft contract as the Authority may reasonably request, so as the Authority can review the said draft contracts in respect of compliance with the Output Requirement and the Franchise Agreement;
- (c) if the Authority in its reasonable opinion considers that the said draft contracts or any part thereof is not compliant with paragraph 4.3(d), the Output Requirement and the Franchise Agreement, revise the said draft contracts and re-submit such revised draft contracts to

the Authority. This process shall be repeated until the Authority confirms that in its reasonable opinion the said draft contracts are compliant with the Output Requirement and the Franchise Agreement;

Subject to the Franchisee complying in a timely manner with its obligations in paragraph 4.6 (a) and (b), the Authority shall respond to any request by the Franchisee for a response on the said draft contracts (as originally submitted or as revised in accordance with paragraph 4.6(c)) as soon as reasonably practicable and, in any event, within 28 days of receipt of such request in respect of the said draft contracts as originally submitted or 14 days in respect of the draft contracts as revised in accordance with paragraph 4.6(c) or such longer period as the Authority and the Franchisee shall agree (both parties acting reasonably) having regard to the extent and nature of the amendments to the contract.

- 4.7. The Franchisee shall, unless agreed otherwise by the Authority in writing, refurbish the Rolling Stock at the factory identified in the contract with the successful bidder as the factory where the refurbishment of the Rolling Stock will take place ("**the Factory**"). The Authority shall not unreasonably withhold its consent to a request from the Franchisee that it assembles or refurbishes the Rolling Stock in a location other than the Factory if the reason for such request is the occurrence of a serious event at the premises in the Factory which prevents the Rolling Stock from being assembled or refurbished in the Factory.
- 4.8. The Franchisee shall comply with the Construction (Design and Management) Regulations 2007 in so far as they are applicable to the discharge of the Franchisee's obligations in respect of the Project, and prepare and comply with the health and safety plan.
- 4.9. The Franchisee shall at all times keep itself fully informed about current professional and technical standards and about all matters relating to, or which might have a bearing on, the carrying out of the Project or any of its constituent parts.

5. Necessary Consents

- 5.1. The Franchisee shall, prior to delivery of the Rolling Stock, obtain all necessary consents, permissions and approvals to allow it to operate and put the Rolling Stock into service, including consents, permissions and approvals from ORR, Network Rail and any other body, whether incorporated or unincorporated, whose consent, permission or approval is required.
- 5.2. The Franchisee shall, upon request by the Authority, exhibit to the Authority all such consents, permissions and approvals referred to in this paragraph and shall confirm in writing to the Authority on, or prior to, the delivery date of each of the Inter-city Rolling Stock that all such consents, permissions and approvals have been obtained.
- 5.3. The Franchisee shall complete successfully any pre-service inspections required by Railway Group Standards or the Safety Certificate or otherwise required (including pre-service inspections for confirming acceptance of delivery under the terms of the relevant lease for the Rolling Stock) prior to putting any Rolling Stock into non-passenger service for driver training and acceptance and fare paying passenger service. The Authority shall be entitled to attend any such inspections and the Franchisee shall notify the Authority of the date of any such inspections in good time to allow the Authority to arrange for a representative of the Authority to attend.

6. Prohibited Materials

The Franchisee undertakes and warrants to the Authority that at the date of this Agreement, it has not specified for use and shall not specify for use and shall ensure that there shall not be used in relation to the Project, any materials which at the time of specification or use (as the case may be):

- 6.1. are known to be deleterious in the particular circumstances in which they are specified to be used (either to health and safety or to the durability of the Rolling Stock or Inter-city Rolling Stock Works); or
- 6.2. contravene any relevant standard or code of practice issued from time to time by the BSI Group or under a European directive relating to standards; or
- 6.3. do not accord with the guidelines contained in the edition of the publication "Good Practice in Selection of Construction Materials" (Ove Arup & Partners) current at the date of specification or use; or
- 6.4. contravene good industry practice.

7. Introduction into service

The Train Fleet Tables in Appendix 1 to Schedule 1.1 (*Service Development*) shall, if required, be updated as to reflect the entry into service of each Rolling Stock unit as it enters into service. Such updating shall not constitute a Change.

8. Maintenance, Equipment and Spares

- 8.1. The Franchisee shall maintain each unit of the Rolling Stock until it enters into service, so that it shall at all times comply with the Output Requirement requirements;
- 8.2. Upon any unit of the Rolling Stock entering into service, the Franchisee shall handover maintenance of that unit of the Rolling Stock to the Franchisee's maintenance organisation or maintenance supplier as applicable;
- 8.3. The Franchisee warrants to the Authority that all Rolling Stock related equipment, spares and other materials supplied or procured by the Franchisee shall, in so far as applicable, meet the Output Requirement and Technical Specification.

9. Liaison

- 9.1. The Franchisee shall provide such support, assistance and co-operation to the Authority in relation to the Project as the Authority may reasonably request from time to time;
- 9.2. The Franchisee shall keep the Authority's Representative fully informed updated and apprised of all relevant developments in relation to the development, manufacturing, supply and testing of the Rolling Stock in a timely manner;
- 9.3. The Franchisee shall promptly provide such information, assistance and expertise as the Authority may reasonably request to meet their respective obligations in respect of the Project;
- 9.4. The Franchisee shall (and shall procure that the Franchisee Parties) liaise with the Authority, and the Authority Parties, and any other parties as may reasonably be required by the Authority to facilitate the production, by such persons, of any information required from them, in order that the Inter-city Rolling Stock Works and its other obligations in respect of the Project can be progressed according to meet the Delivery Schedule. The Franchisee shall (and shall procure that the Franchisee Parties) liaise with the Authority, any Authority Parties, and any other parties as may be reasonably required by the Authority as often as is necessary in order to ensure that the Project is carried out and delivered properly and in accordance with the terms of this Schedule 6.2;
- 9.5. The Franchisee shall (and shall procure that the Franchisee Parties shall) liaise with Authority, any Authority Party and any other parties as may reasonably be required by the Authority and shall provide such information as may be reasonably requested by such persons in relation to the design, construction, testing, commissioning, integration,

operation and maintenance of the Rolling Stock to the extent that such information is available to the Franchisee.

10. Franchisee's liability

- 10.1. The commencement or continuance of any proceedings pursuant to the Dispute Resolution Procedure shall not:
- (a) relieve the Franchisee from performing its obligations; or
 - (b) suspend in whole or in part the Franchisee's obligations, under or in relation to this Agreement.
- 10.2. The Franchisee's duties and obligations under or pursuant to this Schedule 6.2 will not be released, diminished or in any other way affected by any independent inquiry into any matter which may be made or carried out by the Authority or by any firm, company or party on the Authority's behalf nor by any action or omission of any such firm, company or party whether or not such action or omission might give rise to any independent liability of such firm, company or party to the Authority.
- 10.3. The Franchisee is deemed to have satisfied itself that it fully understands the scope and extent of the requirements in respect of its obligations pursuant to this Agreement, and that it has sufficient information (including due diligence and background information) or will at the relevant time have sufficient information, to enable it to carry out its obligations pursuant to this Agreement. In connection with such information the Franchisee is deemed to have satisfied itself that it has or will have satisfied itself that it is accurate and complete before placing reliance upon it.

APPENDIX 1 TO SCHEDULE 6.2**Inter-city Rolling Stock Delivery Schedule**

Unit number	Unit Type	Proposed Acceptance Date
1 & 2	HST	June 2018
3 to 8	HST	July 2018
9 to 13	HST	October 2018
14 to 18	HST	November 2018
19 to 24	HST	December 2018

This page is intentionally devoid of substantive content

APPENDIX 2 TO SCHEDULE 6.2

Inter-city Rolling Stock Output Requirement

Part 1

Interpretation and Definitions

1. INTERPRETATION

- 1.1 Expressions to which meanings are assigned by the Franchise Agreement shall have the same meanings when used in the Output Requirement, unless other meanings are expressly assigned to them in the Output Requirement and the provisions of the Franchise Agreement as to its interpretation shall apply also to the Output Requirement;
- 1.2 Expressions to which meanings are not assigned herein or to which meanings are not assigned by the Franchise Agreement shall be interpreted in accordance with the industry standards and nomenclature used by Train Operators as at the Franchise Commencement Date;

2. DEFINITIONS

The following words and expressions have the following meanings in this Output Requirement:

CCTV means Closed-Circuit Television;

DfT means the department of the United Kingdom government known as the Department for Transport and includes any successor to all or some of its functions;

Driver means a member of the Traincrew with specific duties to drive the Rolling Stock;

FFCCTV means forward and rear facing CCTV as defined in GM/GN2606;

GPS means Global Positioning System;

NNTR means Notified National Technical Rules as defined section 2 of the Rail Interoperability Regulations 2011;

Operational Routes means services between Glasgow and Aberdeen; Glasgow and Inverness; Edinburgh and Inverness; Edinburgh and Aberdeen; and Aberdeen and Inverness;

RIR means the Railway (Interoperability) Regulations 2011;

ROGS means Railway and Other Guided Transport Systems (Safety) Regulations 2006 (as amended);

SRT-TSI means the technical specification of interoperability relating to 'safety in railway tunnels' in the trans-European conventional and high-speed rail system;

Traincrew means on-board staff responsible for the operation of the Train;

TSI means Technical Specification for Interoperability;

Vehicle means a single, one piece body together with all supporting running gear and interior, exterior and underframe fittings forming part of a Unit;

Unit means a single fixed formation consisting of Vehicles coupled together such that it meets the requirements of the Technical Specification, with two identical driving cabs, one positioned at each end.

Part 2

Output Requirement

1. Compliance and Authorisation

1.1. Compliance

- 1.1.1. The Franchisee shall ensure that the Rolling Stock complies with all Legislation and standards including relevant Technical Specifications for Interoperability (TSI), any open points addressed using the appropriate Notified National Technical Rules (NNTR), Railway Group Standards and the relevant clauses of GERT8000 (the 'Rule Book') as published by RSSB.
- 1.1.2. The Franchisee shall ensure that relevant recommendations from all relevant previous UK rail accident inquiries have been incorporated into the Rolling Stock design.
- 1.1.3. The Franchisee shall, in addition to ensuring that the Rolling Stock complies with the TSI-PRM as will be in force post December 2019, and where reasonably practicable, include advice from consultation with DPTAC and MACS, provided such consultation is given in reasonable time.
- 1.1.4. The Franchisee shall ensure that the Rolling Stock, including all replaceable parts, shall have suitable SRT-TSI compliance to operate anywhere on the ScotRail network.
- 1.1.5. During refurbishment, the Franchisee shall ensure the implementation of a hazardous substances limitation strategy and report on progress regularly to the Authority.

1.2. Authorisation under ROGS and RIR

- 1.2.1. The Franchisee shall ensure that the Rolling Stock is compliant and approved by a suitably appointed Independent Competent Person as meeting or exceeding the Railway Interoperability Regulations 2011 and the Railway and Other Guided Transport (Safety) Regulations 2006 (as amended) for use on the Operational Routes.
- 1.2.2. The Franchisee shall ensure that the Rolling Stock complies with HSE/ORR Safety Directorate Railway Safety Principles and Guidance.
- 1.2.3. Where specific standards are mentioned in this Output Requirements, if there is a conflict with the requirements of clause 1.1.1, the requirements of clause 1.1.1 shall take precedence.
- 1.2.4. The Franchisee shall ensure that the Rolling Stock is compatible with infrastructure on the Operational Routes specified in Section 3 and described in Appendix 1 to this Output Requirement.

2. Routes

The Rolling Stock will be deployed on the Inter-city routes, defined as those services between Glasgow and Aberdeen; Glasgow and Inverness; Edinburgh and Inverness; Edinburgh and Aberdeen; and Aberdeen and Inverness and will be required to operate over those routes and other routes which are diversionary routes or provide access to depots. Collectively, these routes form the Operational Routes. Other Routes may be necessary for the delivery, maintenance and repair of the Units as specified by the Franchisee, see clause 2.2 below.

2.1. Operational Routes

The Franchisee shall ensure that the Rolling Stock shall be cleared for passenger operation over the Operational Routes to deliver the Inter-city services, together with diversionary routes.

2.2. Other Routes

2.2.1. The Franchisee shall ensure that the Rolling Stock is modelled for gauge clearance on the Operational Routes and identify and resolve any clearance problems they identify directly with Network Rail.

2.2.2. The Franchisee shall ensure that the Rolling Stock is modelled for stepping distances and shall provide design details to Network Rail and support Network Rail on any stepping problems identified and work with Network Rail to resolve these problems by undertaking further calculations and if Network Rail and the Franchisee agree it is necessary re-design of elements of the Rolling Stock.

3. Operational Performance

3.1. Ride Performance

The Franchisee shall ensure that the ride performance of the Rolling Stock, at all speeds and mileages between overhaul, shall be optimised over the Operational Routes.

3.2. Noise and Vibration

3.2.1. Each Unit shall comply with the requirements of the Noise Technical Standard for Interoperability.

3.2.2. The Franchisee shall ensure that the Rolling Stock does not emit any prominent harmonics or discrete tones in any operating mode or conditions.

3.2.3. The Franchisee shall ensure that the interior of the Rolling Stock shall be free from rattles, whistles, banging doors as a result of pressure pulses from passing trains or lineside structures, or other annoying sound disturbances to passengers at acceptance and maintained in order to remain as close to this standard as practicable over the service life of the Rolling Stock.

3.3. Ambient Conditions

3.3.1. The Franchisee shall ensure that the Rolling Stock is able to operate reliably in adverse weather conditions, including in snow and/or floodwater in accordance with the Rule Book, GE/RT8000

3.3.2. The Franchisee shall as a minimum ensure that the Rolling Stock incorporates features to minimise the risk of build-up of ice / snow on Vehicle body sides, ends, underframes and equipment, on connections and linkages between underframe equipment, on brake equipment, and on connections between Vehicles.

3.3.3. The Franchisee shall as a minimum ensure that the leading end mechanical and electrical couplers of the Rolling Stock shall be provided with heating and/or protection for winter condition working.

3.4. Energy Efficiency

The Scottish Government is committed to reducing the energy demand of train fleets operating on the Scottish Rail Network, to reduce energy and minimise impacts on the environment. A Description of how energy efficiency is, or will be optimised for key areas during the Unit design is required as part of the Technical Response.

It is the intention that billing for energy consumed by trains on Scottish Electrified AC Network shall be based on measurements of actual electricity consumption. In addition to EN50463, GM/RT2132 On-board Energy Metering for Billing Purposes is an applicable standard.

3.4.1. The Franchisee shall ensure that the Rolling Stock shall be supplied with an operational metering system accepted by Network Rail as compliant with applicable standards and certificated to permit immediate use by the Operator.

3.4.2. The Franchisee shall ensure that the Rolling Stock shall be fitted with on-board energy consumption meters capable of sampling no less than every 30 seconds the overall electricity consumption to within +/-1.5 % accuracy as required by GMRT2132.

3.4.3. The Franchisee shall ensure that the Rolling Stock shall include a feedback indication to the Driver of the energy used. The Driver Advisory System to be developed by the Manufacturer shall reflect UK Rail industry best practice. The information to be provided shall include, as a minimum;

3.4.3.1. Actual Unit running against timetable; and

3.4.3.2. Target speed to maintain timetable slot while optimising energy consumption

4. Principal Systems

4.1. Internal Passenger Doors and Draught Screens

4.1.1. The Franchisee shall ensure that a partition incorporating an interior door shall be provided to separate First Class accommodation, if any, from the adjacent vestibule or Standard accommodation.

4.1.2. The Franchisee shall ensure that Passenger saloons shall be adequately screened from doorways to prevent draughts.

4.2. Bogies and Suspension

The Franchisee shall ensure that the Rolling Stock is fitted with a proven bogie and suspension system which shall be designed as an integrated system with the bodyshell so as to optimise operational performance and ride quality.

5. Secondary Systems

5.1. Climate Control - Driver's Cab

5.1.1. The Franchisee shall ensure that the Rolling Stock is fitted with a climate control system that shall maintain draught free, pre-set, air temperatures and control the number of air changes in the Driver's cabs in accordance with BS EN 14813.

5.1.2. The Franchisee shall ensure that the climate control system for the cab area is independent from the system for the passenger area.

5.1.3. The Franchisee shall ensure that the Driver has control of the cab temperature by an adjustable thermostat.

5.1.4. The Franchisee shall ensure that it shall be possible to switch off the cab air conditioning by means of a switch in the cab.

5.1.5. The Franchisee shall ensure that if the climate control systems for the cab areas use liquid refrigerants, these shall be compliant to the latest inter-governmental protocols, including the "Montreal Convention".

- 5.1.6. The Franchisee shall ensure that in the event of auxiliary power loss, adequate ventilation and heating of the driving cabs shall be provided.

5.2. Climate Control - Passenger Saloons

- 5.2.1. The Franchisee shall ensure that the Rolling Stock is fitted with a climate control system that shall maintain draught free, pre-set, air temperatures and control the number of air changes in the passenger saloons, vestibules and toilets.
- 5.2.2. The Franchisee shall ensure that the climate control system prevents contamination of the air quality in the passenger saloons from toilet odours both from the toilet cubicle and from any enclosed tank or piping areas within the Vehicle.

5.3. Passenger Information and On-board Communication Systems

- 5.3.1. The Franchisee shall ensure that the PA system shall provide an output of high quality, free from echoes, reverberation and feedback, with volume levels automatically adjusted to be slightly above the ambient noise level.
- 5.3.2. The Franchisee shall ensure that Traincrew communication shall not interfere with the normal automatic announcements being made by the PIS or be interrupted by any other PIS function.
- 5.3.3. The Franchisee shall ensure that the Rolling Stock is fitted with a Passenger Information System (PIS), which automatically generates audio and visual announcements and allows the Driver, or other member of the Traincrew to select emergency announcements to meet the requirements of TSI-PRM. The announcements shall be audible throughout the saloons and vestibules and the visual displays shall as a minimum be sufficient to satisfy TSI-PRM.
- 5.3.4. The Franchisee shall ensure that destination indicators are provided on the bodyside of the Rolling Stock which can be read by passengers waiting to board from the platform.

5.4. Passenger Counting System

- 5.4.1. The Franchisee shall ensure that by no later than the second anniversary of the Franchise Commencement Date the Rolling Stock is fitted with a system to determine the number of passengers boarding and alighting to within an error of 3% and hence calculate the number of passengers on board (i.e. counters in passenger doorways, not a load weighing system). The system shall be fitted to a minimum of 30% of the Units.
- 5.4.2. The Franchisee shall ensure that the system correlates the information on the number of passengers with the time and last station at which the Train containing the Unit called and shall store such information for remote down loading.
- 5.4.3. The Franchisee shall ensure that it is possible for any single Unit, or group of Units (batch downloading), to transmit for off-line evaluation remotely and without intervention of Traincrew or maintenance staff.

5.5. Seating Availability System

The Franchisee will implement an analysis of historical data to produce crowding information for the use of passengers, including the use of using a mobile phone application, coloured timetables (as provided for in Committed Obligation reference 17.7) and marked platforms (as provided for in Committed Obligation reference 17.8).

5.6 Forward Facing Cab CCTV

- 5.6.1 The Franchisee shall ensure that each cab of the Rolling Stock shall be fitted with a Forward Facing CCTV (FFCCTV) camera to record images of the track and lineside area. The camera shall be of a high quality with a proven history of on-board applications.
- 5.6.2 The Franchisee shall ensure that the FFCCTV system shall record whenever a cab is energised and it shall be possible to configure the system for simultaneous forward and rearward recording.
- 5.6.3 The Franchisee shall ensure that images are recorded onto a central digital video recorder and shall include a pre-defined watermark system allowing positive identification of the image including GPS reference.
- 5.6.4 The Franchisee shall ensure that the system records at a suitable frame rate, with appropriate resolution for use at up to the maximum speed of the Unit, to allow the recorded images to be used in connection with investigations.
- 5.6.5 The Franchisee shall ensure that the system shall record for a minimum of 7 seven days before overwriting.

6. Interior

The Inter-City services are aimed at meeting the needs of a range of different markets, including commuting, leisure and business travel. The ambience, comfort and functionality offered by the design of the Rolling Stock interior will be a key factor in meeting the objectives of improving the rail passenger's environment. The Authority has also developed a unified identity for the rail network in Scotland, including rolling stock interior and livery guidelines. The Franchisee is required to provide an interior and exterior design and livery consistent with the Authority's Brand Guidelines.

6.1. General

- 6.1.1. The Franchisee shall ensure a recognised design team with ergonomic competencies involved in the design and layout of the Vehicle interiors in general and, in particular, to provide Human Factors input into the design of passenger and traincrew operated controls. The Franchisee shall also consult with the Authority, DfT, and other groups representing the interests of passengers and staff (e.g. DPTAC, MACS and the trade unions).
- 6.1.2. The Franchisee shall ensure that the interior design of the saloons and vestibules shall provide an open aspect that avoids enclosed unlit areas. The ambience shall be one that reduces the perceived threat to passengers with particular consideration for the elderly, single females and other vulnerable groups.
- 6.1.3. The Franchisee shall consult with the Authority throughout the development of the design, from the concept stage through to finalisation. The Authority shall reserve the right to accept the final design at a design review convened by the Franchisee at the request of the Authority.
- 6.1.4. The Franchisee shall ensure that the Rolling Stock shall be designed to permit a laden catering trolley to be pushed easily through the Train.

6.2. Seating

- 6.2.1. The Franchisee shall ensure that the Rolling Stock shall be fitted with First and Standard class seating to suit the requirements of the services on the Operational Routes to deliver the capacity.

- 6.2.2. The Franchisee shall ensure that seats are of a slim-line design that maximises the available legroom for a given seat pitch, whilst not sacrificing passenger comfort.
- 6.2.3. The Franchisee shall ensure that as far as practicable seats are aligned with windows.
- 6.2.4. The Franchisee shall ensure that all seats have either fixed or folding tables.
- 6.2.5. The Franchisee shall ensure that standard class seating is arranged in a 2+2 layout, i.e., two transverse pairs of seats arranged either side of a central aisle.
- 6.2.6. Where First Class is provided, the Franchisee shall ensure that there is a clear differentiation between the quality of First and Standard Class accommodation.

6.3. Floor Coverings

- 6.3.1. The Franchisee shall ensure that all saloon floor areas shall be fitted with carpet throughout that is hardwearing and easy to clean.
- 6.3.2. The Franchisee shall ensure that the toilets, vestibules and bicycle storage areas shall be fitted with anti-slip wipe-clean flooring. The anti-slip flooring shall be suitable for wet and dry conditions.
- 6.3.3. The Franchisee shall ensure that the floor covering in the vestibules shall be easy to clean, shall be capable of coping with moisture from incoming passengers and shall ideally inhibit the treading of dirt into the passenger saloons.

6.4. Luggage Stowage

- 6.4.1. The Franchisee shall ensure that the passenger saloons shall be fitted with overhead luggage racks suitable for the stowage of passenger hand luggage, and cabin luggage of dimensions of 560mm x 450mm x 250mm.
- 6.4.2. The Franchisee shall ensure that storage facilities are provided for larger items of luggage, either at floor level between seat backs, or in dedicated stacks, within sight of and/or in close proximity to passengers

6.5. Waste Containment

The Franchisee shall ensure that the passenger saloons and toilet shall be provided with waste bins.

6.6. Toilet Facilities

- 6.6.1. The Franchisee shall ensure that the Rolling Stock shall have toilets distributed appropriately through the train in all formations.
- 6.6.2. The Franchisee shall ensure that there is provision made to allow baby changing, including providing for the safety of the baby and parent/carer and encouraging the correct disposal of nappies.
- 6.6.3. All on-board toilets shall comply with paragraphs 5.8 and 5.9 of Schedule 13.1 (*Franchise Management*).

6.7. Bicycle Storage

The Franchisee shall ensure that the Rolling Stock shall include a Bicycle Storage Area with space for the storage of at least two bicycles in a dedicated area adjacent to an entrance vestibule.

6.8. Power Sockets for Passenger Use

6.8.1. The Franchisee shall ensure that a power socket, designed to accommodate a normal UK three pin domestic plug, shall be provided adjacent to each pair of seats for the use of passengers to plug in chargers for laptop computers, mobile phones and other small items of personal electronic equipment. Power sockets shall not present a hazard to any passenger.

6.8.2. The Franchisee shall ensure that a power socket shall be located adjacent to each wheelchair location.

6.9. Wi-Fi/Mobile Communications

The provision of passenger 'Wi-Fi' internet access is required.

6.9.1. The Franchisee shall ensure that the Rolling Stock includes the installation of equipment to allow passenger access to the mobile digital communications via an onboard wireless connection.

6.9.2. The Franchisee shall ensure that the installation as a minimum allows 4G operation from the public networks where this is available for passengers with mobile devices, and Wi-Fi connectivity with 802.11n standard access points, minimum speed 20 Mbps.

6.10. Saloon CCTV Security Systems

6.10.1. The Franchisee shall ensure that the Rolling Stock has a security camera system that is capable of the recording of events on the train to provide evidence. The system shall conform to all requirements for the recordings produced to be admissible as evidence under Scots Law, including storage, retrieval and image quality and to have a secure auditable trail of data that meets the requirements of evidential continuity.

6.10.2. The Franchisee shall ensure that it is possible to download the images remotely via wireless transmission without affecting the integrity of the stored data. The Franchisee shall agree with the Manufacturer the architecture for achieving this.

6.10.3. The Franchisee shall ensure as a minimum that the system has a capacity to record for 14 days before overwriting.

7. Exterior (General)

7.1. Appearance

7.1.1. The Franchisee shall ensure the Authority's Branding is applied to the interior and exterior of the Rolling Stock.

7.1.2. The Franchisee shall propose the exterior appearance in the form of coloured renderings based on a concept in accordance with the Authority's Brand Guidelines.

8. Aberdeen to Inverness

The operating and passenger demand characteristics of Aberdeen to Inverness services are different from those of the rest of the Operational Routes and as such the Authority recognises that the Rolling Stock used for the Aberdeen to Inverness services may differ from that used on the rest of the Operational Routes.

8.1. Passenger facing requirements

The Franchisee shall, however, ensure that the Rolling Stock for use on the Aberdeen to Inverness Passenger Services provides the same passenger facing elements as that used on the rest of the Operational Routes.

SCHEDULE 6.3

THIS IS SCHEDULE 6.3 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Scenic Train Rolling Stock

1. Specification

- 1.1. The Franchisee shall procure that the Scenic Train Rolling Stock ("**the Rolling Stock**") shall conform to the Scenic Train Technical Specification ("**Technical Specification**") and shall meet or exceed the Output Requirement for the Scenic Train Rolling Stock ("**Output Requirement**").
- 1.2. In the event of any conflict between the Output Requirement and the Technical Specification, the Output Requirement shall take precedence.
- 1.3. The Franchisee confirms and undertakes that it has studied the detail in the Output Requirement and each document comprised therein and has satisfied itself that no discrepancies or errors exist within the Output Requirement or between the Output Requirement and the Technical Specification.
- 1.4. The Franchisee has satisfied itself as to the veracity, accuracy, reasonableness, scope, materiality, currency (where applicable) and completeness of all due diligence carried out by and background information made available to the Franchisee. The Franchisee acknowledges that it accepts all risks arising from any discrepancies, errors or omissions that subsequently appear within or between information relied upon by the Franchisee (whether or not supplied or referenced by the Authority or its agents) and that the Franchisee shall not be entitled to make any claim against the Authority for an extension of time, additional payment, any relief or otherwise in respect of any such errors, discrepancies or omissions. Where there is such discrepancy, error or omission ("**discrepancy**"), the Franchisee shall as soon as reasonably practicable, and in any event within 5 business days, provide the Authority with proposals for resolving a discrepancy which comply with this Agreement. Unless, within 10 business days of receipt by the Authority of the Franchisee's proposals for resolving a discrepancy, the Authority notifies the Franchisee requiring it to resolve the discrepancy in a different manner (which manner shall be binding but shall be reasonable in time and cost having regard to the Output Requirement), the Franchisee shall resolve the discrepancy in the manner proposed by it.
- 1.5. The Authority, its officers, agent and advisors accept no liability or responsibility in contract, delict (including negligence or breach of statutory duty), statute or otherwise for the Output Requirement.
- 1.6. All liability attached to the Technical Specification (whether pursuant to Legislation, the provisions of this Agreement or otherwise) shall remain with the Franchisee.
- 1.7. The Authority gives no warranty or undertaking (express or implied) to the Franchisee that the Technical Specification meets the Output Requirement or is otherwise fit for purpose.
- 1.8. For the purposes of this Schedule 6.3 **the Project** shall mean the Scenic Train Rolling Stock Project.

2. Project Management

- 2.1. The Franchisee shall secure, instruct and manage a knowledgeable team of Rolling Stock staff from within the Franchisee's staff, with a proven track record of delivering similar projects, to deliver the Project.

- 2.2. The Franchisee shall undertake such preparatory and management actions as are necessary to deliver the Project and meet its obligations under the Agreement, including to:
- (a) directly appoint and instruct advisers and/or consultants (e.g. lawyers) as required to support the core Franchisee team in the delivery of the Project;
 - (b) introduction into passenger service;
 - (c) develop detailed project plans (activity, resource, and cost schedules) for the following packages of work (all as more particularly described in paragraph 2.3), the delivery of which the Franchisee will be directly responsible to the Authority for :
 - (i) refurbishment and delivery of the Rolling Stock;
 - (ii) maintenance preparedness (Rolling Stock and Cascaded Units);
 - (iii) training of on-board operating staff;
 - (iv) operational safety; and
 - (v) commercial preparedness.
- 2.3. The Franchisee shall successfully deliver the following packages of work (according to project plans, and any subsequent revisions, approved by the Authority):
- (a) **Rolling Stock refurbishment and delivery:** manage, co-ordinate and undertake the necessary activities to deliver, commission and bring into service the Rolling Stock, with all necessary approvals and testing, all in accordance with the Agreement;
 - (b) **Cascaded trains:** plan and manage the withdrawal from service, and re-deployment of the Scenic Train Cascaded Units ("**Cascaded Units**"), ensuring no avoidable impact on existing services and the availability of the units for passenger service in accordance with the Scenic Train Cascade Plan ("**Cascade Plan**");
 - (c) **Maintenance:** plan, co-ordinate and undertake the agreed activities necessary to ensure that the required processes, people and equipment are available at the right locations, providing the capabilities and capacity, when required to provide the specified levels of maintenance support for Rolling Stock and Cascaded Units;
 - (d) **Training of on-board operating staff:** manage the training and if required recruitment processes to ensure that the right numbers of staff, with the required skills are available when required to operate the Rolling Stock (and support the testing and introduction of the Rolling Stock where required);
 - (e) **Operational safety:** to assess the risks associated with the operation of the Rolling Stock. To amend and/or develop processes and procedures, develop and deliver supporting training materials ensuring that relevant stakeholders are consulted and involved throughout the process;
 - (f) **Commercial preparedness:** to amend any existing and develop a new passenger information strategy to support the introduction of the Rolling Stock and the Cascade Units. Plan for, test and implement changes to SQUIRE Services Schedules Agreement ensuring co-ordination of such with SQUIRE Operations Team at the Authority enabling revisions to take effect from the introduction of each set of service changes;
 - (g) **Network Rail:** interface with and support Network Rail to ensure, to the extent reasonably possible that appropriate approvals, gauging and any safety requirements are met for the introduction of the Rolling Stock;

- (h) **Diagrams and stabling:** develop detailed diagrams and associated stabling requirements.

3. Programme

- 3.1. The Franchisee shall ensure that the Rolling Stock is delivered and brought into service in accordance with the Scenic Train Delivery Schedule ("**the Delivery Schedule**").
- 3.2. The Franchisee shall:-
 - (a) not take any action(s) or step(s) which is or are designed or intended directly or indirectly to delay the introduction of any of the Rolling Stock beyond the dates specified in the Delivery Schedule;
 - (b) not knowingly or negligently omit to take any action(s) or step(s) if such omission would result directly or indirectly in the delay of the introduction of any of the Rolling Stock beyond the dates specified in the Delivery Schedule;
 - (c) take all action as the Authority shall require to enforce all rights the Franchisee may have against third parties including the relevant Rolling Stock leasing companies to ensure the introduction of the Rolling Stock by the dates specified in the Delivery Schedule or to ensure compliance with any other term of the relevant contractual documentation, at no cost to the Authority;
 - (d) at the request of the Authority, copy to the Authority all communications, or such other information as the Authority may request, with respect to the delivery, inspection and acceptance of the Rolling Stock that may be made to or received by the relevant Rolling Stock leasing company;
 - (e) upon the reasonable request by the Authority, permit the Authority to inspect all records (including financial records) of the Franchisee and the relevant Rolling Stock leasing company (to the extent that the Franchisee is entitled to this information under the relevant lease or any other agreement with the relevant Rolling Stock leasing company) in connection with the delivery of the Rolling Stock;
 - (f) shall enforce all rights the Franchisee may have against third parties (including Network Rail and the Rolling Stock refurbisher) to ensure the compatibility of the Rolling Stock with the infrastructure is completed on schedule to deliver the Franchise Services.
- 3.3. if the date or dates in the Delivery Schedule has or have passed or passes or pass without the relevant Rolling Stock being brought into service, the Franchisee shall:-
 - (a) not take any action(s) or step(s) which is or are designed or intended directly or indirectly to delay further the introduction of the Rolling Stock;
 - (b) not knowingly or negligently omit to take any action or step if such omission would directly or indirectly delay further the introduction of the Rolling Stock;
 - (c) enforce all rights it may have against third parties to ensure the introduction of the Rolling Stock or the recovery of damages or other appropriate remedy as soon as possible thereafter and to take such action as the Authority may reasonably require in this regard.

4. Project Delivery

- 4.1. Notwithstanding the specific responsibilities set out in paragraph 4.3, the Franchisee warrants to the Authority that in carrying out and completing the Project, the Franchisee has exercised and shall continue to exercise the level of professional skill, care and

diligence to be expected of a properly qualified and competent professional contractor experienced in carrying out works and services of a similar nature to the Project in connection with projects of a similar scope and complexity.

- 4.2. The Franchisee acknowledges that the Authority will rely upon the skill, care and diligence of the Franchisee in connection with all matters for which the Franchisee is responsible under this Schedule 6.3.
- 4.3. The Franchisee shall design, carry out, refurbish, engineer, supply, test, commission, deliver and provide the constituent elements of the Project and otherwise perform its obligations under this Schedule 6.3:
 - (a) so as to ensure compliance with the Output Requirement requirements;
 - (b) so as to ensure compliance with the Technical Specification;
 - (c) in accordance with the Delivery Schedule;
 - (d) in accordance with the Quality Assurance Plan;
 - (e) so as to ensure that all parts, components, systems, devices, equipment, software and mechanisms incorporated in the Scenic Train Rolling Stock are fit for purpose to comply with the Output Requirement, compatible and interoperable with each other;
 - (f) using good industry practice;
 - (g) in compliance with all Legislation and standards including the Interoperability Regulations and achieves required consents;
 - (h) in a manner which does not infringe intellectual property rights of any third party;
 - (i) in a manner which does not infringe the instructions issued to it by the Authority or the Authority's Representatives (provided that the identity of such persons is notified to the Franchisee in advance in writing) in accordance with the terms of this Agreement;
 - (j) so as to ensure that each unit of the Rolling Stock meets the Output Requirement and provide the Authority for each unit of Rolling Stock (without prejudice to the Authority's other rights and remedies under this Agreement) with a Rolling Stock Commissioning Certificate confirming that this is the case upon completion of acceptance testing of each unit of Rolling Stock;
 - (k) so as to ensure that the Franchisee obtains all required pre-operational consents and approvals;
 - (l) without prejudice to paragraph (g) hereof, in accordance with applicable environmental Legislation in force in Scotland;
 - (m) so as to assist the Authority in relation to providing information that best value has been secured in respect of the procurement of the Project as a whole and its component parts;
 - (n) in such manner as not wilfully to detract from the image and reputation of the Authority;
 - (o) so as to ensure that sustainability factors have been incorporated in relation to energy consumption and the supply of materials from sustainable sources into the design, the manufacture and operation of the Rolling Stock;
 - (p) in a manner that is not likely to be injurious to persons or property; and

- (q) using the Scenic Train Rolling Stock Project Key Personnel.

4.4. The Franchisee shall: -

- (a) develop the procurement strategy for the Project and obtain the Authority's approval to the same;
- (b) utilise an appropriate competition process to identify the Rolling Stock refurbisher for the Project;
- (c) subject to paragraph 4.5 hereof, issue the ITT for the Project to bidders by 30 September 2015 at the latest to provide details of the scope and quantity of the refurbishment work to be done as part of the Project and setting out the evaluation process to bidders and requiring bidders to submit a response in compliance with paragraph 4.3;
- (d) evaluate bids on contract price, quality, commercial terms and deliverability;
- (e) ensure that the competition process ends in an appointment to the successful bidder and the contract with the successful bidder signed by 31 March 2016 at the latest;
- (f) ensure that the contract signed with the successful bidder shall include finalised designs that are compliant with Appendix 2 to this Schedule 6.3

4.5. The Franchisee shall pursuant to paragraph 4.4: -

- (a) by no later than 1 July 2015, submit to the Authority final drafts of the Franchisee's proposed ITT including all appendices thereto;
- (b) provide to the Authority such additional information relating to the draft ITT as the Authority may reasonably request, so as the Authority can review the draft ITT in respect of compliance with paragraph 4.4(d), the Output Requirement and the Franchise Agreement;
- (c) if the Authority in its reasonable opinion considers that the draft ITT or any part of it is not compliant with paragraph 4.3(d), the Output Requirement and the Franchise Agreement, revise the draft ITT and re-submit such revised draft ITT to the Authority. This process shall be repeated until the Authority confirms that in its reasonable opinion the draft ITT is compliant with the Output Requirement and the Franchise Agreement;

Subject to the Franchisee complying in a timely manner with its obligations in paragraph 4.5 (a) and (b), the Authority shall respond to any request by the Franchisee for a response on the draft ITT (as originally submitted or as revised in accordance with paragraph 4.5(c)) as soon as reasonably practicable and, in any event, within 28 days of receipt of such request in respect of the draft ITT as originally submitted or 14 days in respect of the draft ITT as revised in accordance with paragraph 4.5(c) or such longer period as the Authority and the Franchisee shall agree (both parties acting reasonably) having regard to the extent and nature of the amendments to the draft ITT.

4.6. The Franchisee shall pursuant to paragraph 4.4: -

- (a) submit to the Authority final drafts of contract the Franchisee intends to grant to the successful bidder;
- (b) provide to the Authority such additional information relating to the draft contract as the Authority may reasonably request, so as the Authority can review the said draft contracts in respect of compliance with the Output Requirement and the Franchise Agreement;
- (c) if the Authority in its reasonable opinion considers that the said draft contracts or any part thereof is not compliant with paragraph 4.3(d), the Output Requirement and the Franchise Agreement, revise the said draft contracts and re-submit such revised draft contracts to the Authority. This process shall be repeated until the Authority confirms that in its reasonable opinion the said draft contracts are compliant with the Output Requirement and the Franchise Agreement;

Subject to the Franchisee complying in a timely manner with its obligations in paragraph 4.6 (a) and (b), the Authority shall respond to any request by the Franchisee for a response on the said draft contracts (as originally submitted or as revised in accordance with paragraph 4.6(c)) as soon as reasonably practicable and, in any event, within 28 days of receipt of such request in respect of the said draft contracts as originally submitted or 14 days in respect of the draft contracts as revised in accordance with paragraph 4.6(c) or such longer period as the Authority and the Franchisee shall agree (both parties acting reasonably) having regard to the extent and nature of the amendments to the contract.

- 4.7. The Franchisee shall, unless agreed otherwise by the Authority in writing, refurbish the Rolling Stock at the factory identified in the contract with the successful bidder as the factory where the refurbishment of the Rolling Stock will take place ("**the Factory**"). The Authority shall not unreasonably withhold its consent to a request from the Franchisee that it refurbishes the Rolling Stock in a location other than the Factory if the reason for such request is the occurrence of a serious event at the premises in the Factory which prevents the Rolling Stock from being refurbished in the Factory.
- 4.8. The Franchisee shall comply with the Construction (Design and Management) Regulations 2007 in so far as they are applicable to the discharge of the Franchisee's obligations in respect of the Project, and prepare and comply with the health and safety plan.
- 4.9. The Franchisee shall at all times keep itself fully informed about current professional and technical standards and about all matters relating to, or which might have a bearing on, the carrying out of the Project or any of its constituent parts.

5. Necessary Consents.

- 5.1. The Franchisee shall, prior to delivery of the Rolling Stock, obtain all necessary consents, permissions and approvals to allow it to operate and put the Rolling Stock into service, including consents, permissions and approvals from ORR, Network Rail and any other body, whether incorporated or unincorporated, whose consent, permission or approval is required.
- 5.2. The Franchisee shall, upon request by the Authority, exhibit to the Authority all such consents, permissions and approvals referred to in this paragraph and shall confirm in writing to the Authority on, or prior to, the delivery date of each of the Scenic Train Rolling Stock that all such consents, permissions and approvals have been obtained.
- 5.3. The Franchisee shall complete successfully any pre-service inspections required by Railway Group Standards or the Safety Certificate or otherwise required (including pre-service inspections for confirming acceptance of delivery under the terms of the relevant lease for the Rolling Stock) prior to putting any Rolling Stock into non-passenger service for driver training and acceptance and fare paying passenger service. The Authority shall be entitled to attend any such inspections and the Franchisee shall notify the Authority of

the date of any such inspections in good time to allow the Authority to arrange for a representative of the Authority to attend.

6. Prohibited Materials

The Franchisee undertakes and warrants to the Authority that at the date of this Agreement, it has not specified for use and shall not specify for use and shall ensure that there shall not be used in relation to the Project, any materials which at the time of specification or use (as the case may be):

- 6.1. are known to be deleterious in the particular circumstances in which they are specified to be used (either to health and safety or to the durability of the Rolling Stock or Scenic Train Rolling Stock Works); or
- 6.2. contravene any relevant standard or code of practice issued from time to time by the BSI Group or under a European directive relating to standards; or
- 6.3. do not accord with the guidelines contained in the edition of the publication "Good Practice in Selection of Construction Materials" (Ove Arup & Partners) current at the date of specification or use; or
- 6.4. contravene good industry practice.

7. Introduction into service

The Train Fleet Tables in Appendix 1 to Schedule 1.1 (*Service Development*) shall, if required, be updated as to reflect the entry into service of each Rolling Stock unit as it enters into service. Such updating shall not constitute a Change.

8. Maintenance, Equipment and Spares

- 8.1. The Franchisee shall maintain each unit of the Rolling Stock until it enters into service, so that it shall at all times comply with the Output Requirement requirements;
- 8.2. Upon any unit of the Rolling Stock entering into service, the Franchisee shall handover maintenance of that unit of the Rolling Stock to the Franchisee's maintenance organisation or maintenance supplier as applicable;
- 8.3. The Franchisee warrants to the Authority that all Rolling Stock related equipment, spares and other materials supplied or procured by the Franchisee shall, in so far as applicable, meet the Output Requirement and Technical Specification.

9. Liaison

- 9.1. The Franchisee shall provide such support, assistance and co-operation to the Authority in relation to the Project as the Authority may reasonably request from time to time;
- 9.2. The Franchisee shall keep the Authority's Representative fully informed updated and apprised of all relevant developments in relation to the development, manufacturing, supply and testing of the Rolling Stock in a timely manner;
- 9.3. The Franchisee shall promptly provide such information, assistance and expertise as the Authority may reasonably request to meet their respective obligations in respect of the Project.
- 9.4. The Franchisee shall (and shall procure that the Franchisee Parties) liaise with the Authority, and the Authority Parties, and any other parties as may reasonably be required by the Authority to facilitate the production, by such persons, of any information required from them, in order that the Scenic Train Rolling Stock Works and its other obligations in

respect of the Project can be progressed according to meet the Delivery Schedule. The Franchisee shall (and shall procure that the Franchisee Parties) liaise with the Authority, any Authority Parties, and any other parties as may be reasonably required by the Authority as often as is necessary in order to ensure that the Project is carried out and delivered properly and in accordance with the terms of this Schedule 6.3.

- 9.5. The Franchisee shall (and shall procure that the Franchisee Parties shall) liaise with Authority, any Authority Party and any other parties as may reasonably be required by the Authority and shall provide such information as may be reasonably requested by such persons in relation to the design, construction, testing, commissioning, integration, operation and maintenance of the Rolling Stock to the extent that such information is available to the Franchisee.

10. Franchisee's liability

- 10.1. The commencement or continuance of any proceedings pursuant to the Dispute Resolution Procedure shall not:
- (a) relieve the Franchisee from performing its obligations; or
 - (b) suspend in whole or in part the Franchisee's obligations, under or in relation to this Agreement.
- 10.2. The Franchisee's duties and obligations under or pursuant to this Schedule 6.3 will not be released, diminished or in any other way affected by any independent inquiry into any matter which may be made or carried out by the Authority or by any firm, company or party on the Authority's behalf nor by any action or omission of any such firm, company or party whether or not such action or omission might give rise to any independent liability of such firm, company or party to the Authority.
- 10.3. The Franchisee is deemed to have satisfied itself that it fully understands the scope and extent of the requirements in respect of its obligations pursuant to this Agreement, and that it has sufficient information (including due diligence and background information) or will at the relevant time have sufficient information, to enable it to carry out its obligations pursuant to this Agreement. In connection with such information the Franchisee is deemed to have satisfied itself that it has or will have satisfied itself that it is accurate and complete before placing reliance upon it.

APPENDIX 1 TO SCHEDULE 6.3**Scenic Train Rolling Stock Delivery Schedule**

Quantity of 158 Units converted (aggregate)	Proposed Last Acceptance Date
10	31 May 2016
20	31 March 2017
30	31 January 2018
40	30 November 2018

APPENDIX 2 TO SCHEDULE 6.3**Scenic Train Rolling Stock Output Requirement****Part 1****Interpretation and Definitions****1. INTERPRETATION**

- 1.1 Expressions to which meanings are assigned by the Franchise Agreement shall have the same meanings when used in the Output Requirement, unless other meanings are expressly assigned to them in the Output Requirement and the provisions of the Franchise Agreement as to its interpretation shall apply also to the Output Requirement;
- 1.2 Expressions to which meanings are not assigned herein or to which meanings are not assigned by the Franchise Agreement shall be interpreted in accordance with the industry standards and nomenclature used by Train Operators as at the Franchise Commencement Date.

2. DEFINITIONS

The following words and expressions have the following meanings in this Output Requirement:

CCTV means Closed-Circuit Television;

DfT means the department of the United Kingdom government known as the Department for Transport and includes any successor to all or some of its functions;

Driver means a member of the Traincrew with specific duties to drive the Rolling Stock;

FFCCTV means forward and rear facing CCTV as defined in GM/GN2606;

GPS means Global Positioning System;

NNTR means Notified National Technical Rules as defined section 2 of the Rail Interoperability Regulations 2011;

Operational Routes means services on the West Highland Line to Oban/Fort William and the Kyle Line;

RIR means the Railway (Interoperability) Regulations 2011;

ROGS means Railway and Other Guided Transport Systems (Safety) Regulations 2006 (as amended);

Traincrew means on-board staff responsible for the operation of the Train;

TSI means Technical Specification for Interoperability;

Vehicle means a single, one piece body together with all supporting running gear and interior, exterior and underframe fittings forming part of a Unit;

Unit means a single fixed formation consisting of Vehicles coupled together such that it meets the requirements of the Technical Specification, with two identical driving cabs, one positioned at each end.

Part 2

Output Requirement

1. Compliance and Authorisation

1.1. Compliance

1.1.1. The Franchisee shall ensure that the Rolling Stock complies with all Legislation and standards including relevant Technical Specifications for Interoperability (TSI), any open points addressed using the appropriate Notified National Technical Rules (NNTR), Railway Group Standards and the relevant clauses of GERT8000 (the 'Rule Book') as published by RSSB.

1.1.2. The Franchisee shall, in addition to ensuring that the Rolling Stock complies with the TSI-PRM as will be in force post December 2019, and where reasonably practicable, include advice from consultation with DPTAC and MACS, provided such consultation is given in reasonable time.

1.1.3. During refurbishment, the Franchisee shall ensure the implementation of a hazardous substances limitation strategy and report on progress regularly to the Authority.

1.2. Authorisation under ROGS and RIR

1.2.1. The Franchisee shall ensure that the Rolling Stock is compliant and approved by a suitably appointed Independent Competent Person as meeting or exceeding the Railway Interoperability Regulations 2011 and the Railway and Other Guided Transport (Safety) Regulations 2006 (as amended) for use on the Operational Routes.

1.2.2. The Franchisee shall ensure that the Rolling Stock complies with HSE/ORR Safety Directorate Railway Safety Principles and Guidance.

1.2.3. Where specific standards are mentioned in this Output Requirement, if there is a conflict with the requirements of clause 1.1.1, the requirements of clause 1.1.1 shall take precedence.

1.2.4. The Franchisee shall ensure that the Rolling Stock is compatible with infrastructure on the Operational Routes specified in Section 3 and described in Appendix 1 to this Output Requirement.

2. Routes

The Rolling Stock will be deployed on the Scenic Train routes on the West Highland Line to Oban/Fort William and the Kyle Line and will be required to operate over those routes and other routes which are diversionary routes or provide access to depots. Collectively, these routes form the Operational Routes. Other Routes may be necessary for the delivery, maintenance and repair of the Units as specified by the Franchisee, see clause 2.2 below.

2.1. Operational Routes

The Franchisee shall ensure that the Rolling Stock shall be cleared for passenger operation over the Operational Routes to deliver the Scenic Train services, together with diversionary routes.

2.2. Other Routes

2.2.1. The Franchisee shall ensure that the Rolling Stock is modelled for gauge clearance on the Operational Routes and identify and resolve any clearance problems they identify directly with Network Rail.

- 2.2.2. The Franchisee shall ensure that the Rolling Stock is modelled for stepping distances and shall provide design details to Network Rail and support Network Rail on any stepping problems identified and work with Network Rail to resolve these problems by undertaking further calculations and if Network Rail and the Franchisee agree it is necessary re-design of elements of the Rolling Stock.

3. Operational Performance

3.1. Ride Performance

The Franchisee shall ensure that the ride performance of the Rolling Stock, at all speeds and mileages between overhaul, shall be optimised over the Operational Routes.

3.2. Noise and Vibration

- 3.2.1. Each Unit shall comply with the requirements of the Noise Technical Standard for Interoperability.
- 3.2.2. The Franchisee shall ensure that the Rolling Stock does not emit any prominent harmonics or discrete tones in any operating mode or conditions.
- 3.2.3. The Franchisee shall ensure that the interior of the Rolling Stock shall be free from rattles, whistles, banging doors as a result of pressure pulses from passing trains or lineside structures, or other annoying sound disturbances to passengers at acceptance and maintained in order to remain as close to this standard as practicable over the service life of the Rolling Stock.

3.3. Ambient Conditions

- 3.3.1. The Franchisee shall ensure that the Rolling Stock is able to operate reliably in adverse weather conditions, including in snow and/or floodwater in accordance with the Rule Book, GE/RT8000
- 3.3.2. The Franchisee shall as a minimum ensure that the Rolling Stock incorporates features to minimise the risk of build-up of ice / snow on Vehicle body sides, ends, underframes and equipment, on connections and linkages between underframe equipment, on brake equipment, and on connections between Vehicles.
- 3.3.3. The Franchisee shall as a minimum ensure that the leading end mechanical and electrical couplers of the Rolling Stock shall be provided with heating and/or protection for winter condition working.

3.4. Energy Efficiency

The Scottish Government is committed to reducing the energy demand of train fleets operating on the Scottish Rail Network, to reduce energy and minimise impacts on the environment. A Description of how energy efficiency is, or will be optimised for key areas during the Unit design is required as part of the Technical Response.

It is the intention that billing for energy consumed by trains on Scottish Electrified AC Network shall be based on measurements of actual electricity consumption. In addition to EN50463, GM/RT2132 On-board Energy Metering for Billing Purposes is an applicable standard.

- 3.4.1. The Franchisee shall ensure that the Rolling Stock shall be supplied with an operational metering system accepted by Network Rail as compliant with applicable standards and certificated to permit immediate use by the Operator.
- 3.4.2. The Franchisee shall ensure that the Rolling Stock shall be fitted with on-board energy consumption meters capable of sampling no less than every 30 seconds the overall electricity consumption to within +/-1.5 % accuracy as required by GMRT2132.

3.4.3. The Franchisee shall ensure that the Rolling Stock shall include a feedback indication to the Driver of the energy used. The Driver Advisory System to be developed by the Manufacturer shall reflect UK Rail industry best practice. The information to be provided shall include, as a minimum;

3.4.3.1. Actual Unit running against timetable; and

3.4.3.2. Target speed to maintain timetable slot while optimising energy consumption.

4. Principal Systems

4.1. Internal Passenger Doors and Draught Screens

The Franchisee shall ensure that Passenger saloons shall be adequately screened from doorways to prevent draughts.

4.2. Bogies and Suspension

The Franchisee shall ensure that the Rolling Stock is fitted with a proven bogie and suspension system which shall be designed as an integrated system with the bodysell so as to optimise operational performance and ride quality.

5. Secondary Systems

5.1. Passenger Information and On-board Communication Systems

5.1.1. The Franchisee shall ensure that the PA system shall provide an output of high quality, free from echoes, reverberation and feedback, with volume levels automatically adjusted to be slightly above the ambient noise level.

5.1.2. The Franchisee shall ensure that Traincrew communication shall not interfere with the normal automatic announcements being made by the PIS or be interrupted by any other PIS function.

5.1.3. The Franchisee shall ensure that the Rolling Stock is fitted with a Passenger Information System (PIS), which automatically generates audio and visual announcements and allows the Driver, or other member of the Traincrew to select emergency announcements to meet the requirements of TSI-PRM. The announcements shall be audible throughout the saloons and vestibules and the visual displays shall as a minimum be sufficient to satisfy TSI-PRM.

5.2. Passenger Counting System

5.2.1. The Franchisee shall ensure that by no later than the second anniversary of the Franchise Commencement Date the Rolling Stock is fitted with a system to determine the number of passengers boarding and alighting to within an error of 3% and hence calculate the number of passengers on board (i.e. counters in passenger doorways, not a load weighing system). The system shall be fitted to a minimum of 30% of the Units.

5.2.2. The Franchisee shall ensure that the system correlates the information on the number of passengers with the time and last station at which the Train containing the Unit called and shall store such information for remote down loading.

5.2.3. The Franchisee shall ensure that it is possible for any single Unit, or group of Units (batch downloading), to transmit for off-line evaluation remotely and without intervention of Traincrew or maintenance staff.

5.3. Seating Availability System

The Franchisee will implement an analysis of historical data to produce crowding information for the use of passengers, including the use of using a mobile phone application, coloured timetables (as provided for in Committed Obligation reference 17.7) and marked platforms (as provided for in Committed Obligation reference 17.8).

5.4 Forward Facing Cab CCTV

- 5.4.1 The Franchisee shall ensure that each cab of the Rolling Stock shall be fitted with a Forward Facing CCTV (FFCCTV) camera to record images of the track and lineside area. The camera shall be of a high quality with a proven history of on-board applications.
- 5.4.2 The Franchisee shall ensure that the FFCCTV system shall record whenever a cab is energised and it shall be possible to configure the system for simultaneous forward and rearward recording.
- 5.4.3 The Franchisee shall ensure that images are recorded onto a central digital video recorder and shall include a pre-defined watermark system allowing positive identification of the image including GPS reference.
- 5.4.4 The Franchisee shall ensure that the system records at a suitable frame rate, with appropriate resolution for use at up to the maximum speed of the Unit, to allow the recorded images to be used in connection with investigations.
- 5.4.5 The Franchisee shall ensure that the system shall record for a minimum of 7 seven days before overwriting.

6. Interior

The Scenic Train services are aimed at meeting the needs of the leisure and tourist market. The ambience, comfort and functionality offered by the design of the Rolling Stock interior will be a key factor in meeting the objectives of improving the rail passenger's environment. Whilst the Authority has also developed a unified identity for the rail network in Scotland, including Rolling Stock interior and livery guidelines, the Franchisee is allowed to propose variations on the Authority's Branding Guidelines to enhance the Scenic Trains. The Franchisee is required to provide an interior and exterior design and livery consistent with the Authority's Branding Guidelines.

6.1. General

- 6.1.1. The Franchisee shall ensure a recognised design team with ergonomic competencies involved in the design and layout of the Vehicle interiors in general and, in particular, to provide Human Factors input into the design of passenger and traincrew operated controls. The Franchisee shall also consult with the Authority, DfT, and other groups representing the interests of passengers and staff (e.g. DPTAC, MACS and the trade unions).
- 6.1.2. The Franchisee shall ensure that the interior design of the saloons and vestibules shall provide an open aspect that avoids enclosed unlit areas. The ambience shall be one that reduces the perceived threat to passengers with particular consideration for the elderly, single females and other vulnerable groups.
- 6.1.3. The Franchisee shall consult with the Authority throughout the development of the design, from the concept stage through to finalisation. The Authority shall reserve the right to accept the final design at a design review convened by the Franchisee at the request of the Authority.
- 6.1.4. The Franchisee shall ensure that the Rolling Stock shall be designed to permit a laden catering trolley to be pushed easily through the Train.

6.2. Seating

- 6.2.1. The Franchisee shall ensure that the Rolling Stock shall be fitted with 'premium' comfort seating to suit the requirements of the services on the Operational Routes.
- 6.2.2. The Franchisee shall ensure that seats are of a design that maximises the available legroom and maximises passenger comfort.
- 6.2.3. The Franchisee shall ensure that as far as practicable seats are aligned with windows.
- 6.2.4. The Franchisee shall ensure that all seats have either fixed or folding tables.

6.3. Floor Coverings

- 6.3.1. The Franchisee shall ensure that all saloon floor areas shall be fitted with carpet throughout that is hardwearing and easy to clean.
- 6.3.2. The Franchisee shall ensure that the toilets, vestibules and bicycle storage areas shall be fitted with anti-slip wipe-clean flooring. The anti-slip flooring shall be suitable for wet and dry conditions.
- 6.3.3. The Franchisee shall ensure that the floor covering in the vestibules shall be easy to clean, shall be capable of coping with moisture from incoming passengers and shall ideally inhibit the treading of dirt into the passenger saloons.

6.4. Luggage Stowage

- 6.4.1. The Franchisee shall ensure that the passenger saloons shall be fitted with overhead luggage racks suitable for the stowage of passenger hand luggage, and cabin luggage of dimensions of 560mm x 450mm x 250mm.
- 6.4.2. The Franchisee shall ensure that storage facilities are provided for larger items of luggage, either at floor level between seat backs, or in dedicated stacks, within sight of and/or in close proximity to passengers

6.5. Waste Containment

The Franchisee shall ensure that the passenger saloons and toilet shall be provided with waste bins.

6.6. Toilet Facilities

- 6.6.1. The Franchisee shall ensure that the Rolling Stock shall have toilets distributed appropriately through the train in all formations.
- 6.6.2. The Franchisee shall ensure that there is provision made to allow baby changing, including providing for the safety of the baby and parent/carer and encouraging the correct disposal of nappies.
- 6.6.3. All on-board toilets shall comply with paragraphs 5.8 and 5.9 of Schedule 13.1 (*Franchise Management*).

6.7. Bicycle Storage

The Franchisee shall ensure that the Rolling Stock shall include a Bicycle Storage Area with space for the storage of at least two bicycles in a dedicated area adjacent to an entrance vestibule.

6.8. Power Sockets for Passenger Use

6.8.1. The Franchisee shall ensure that a power socket, designed to accommodate a normal UK three pin domestic plug, shall be provided adjacent to each pair of seats for the use of passengers to plug in chargers for laptop computers, mobile phones and other small items of personal electronic equipment. Power sockets shall not present a hazard to any passenger.

6.8.2. The Franchisee shall ensure that a power socket shall be located adjacent to each wheelchair location.

6.9. Wi-Fi/Mobile Communications

The provision of passenger 'Wi-Fi' internet access is required.

6.9.1. The Franchisee shall ensure that the Rolling Stock includes the installation of equipment to allow passenger access to the mobile digital communications via an onboard wireless connection.

6.9.2. The Franchisee shall ensure that the installation as a minimum allows 4G operation from the public networks where this is available for passengers with mobile devices, and Wi-Fi connectivity with 802.11n standard access points, minimum speed 20 Mbps.

6.10 Saloon CCTV Security Systems

6.10.1 The Franchisee shall ensure that the Rolling Stock has a security camera system that is capable of the recording of events on the train to provide evidence. The system shall conform to all requirements for the recordings produced to be admissible as evidence under Scots Law, including storage, retrieval and image quality and to have a secure auditable trail of data that meets the requirements of evidential continuity.

6.10.2 The Franchisee shall ensure that it is possible to download the images remotely via wireless transmission without affecting the integrity of the stored data. The Franchisee shall agree with the Manufacturer the architecture for achieving this.

6.10.3 The Franchisee shall ensure as a minimum that the system has a capacity to record for 14 days before overwriting.

7. Exterior (General)

7.1. Appearance

7.1.1. The Franchisee shall ensure the Authority's Branding or the Franchisee's variation thereon that has been approved by the Authority is applied to the interior and exterior of the Rolling Stock.

7.1.2. The Franchisee shall propose the exterior appearance in the form of coloured renderings based on a concept in accordance with the Authority's Branding Guidelines.

SCHEDULE 6.4

THIS IS SCHEDULE 6.4 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Other Rolling Stock

1. Specification

1.1. The Franchisee shall procure that: -

- (a) the Other Rolling Stock listed in the Delivery Schedule shall conform to the Other Rolling Stock Technical Specification ("**Technical Specification**") and shall meet or exceed the Output Requirement for the Other Rolling Stock ("**Output Requirement**"); and
- (b) the Other Rolling Stock being the Rolling Stock (save for that listed in the Delivery Schedule) used to provide Passenger Services for those services specified in Column 1 in the Other Rolling Stock Output Requirement shall meet or exceed the Output Requirement for the Other Rolling Stock ("**Output Requirement**");

together being the Rolling Stock ("**the Rolling Stock**").

- 1.2. In the event of any conflict between the Output Requirement and the Technical Specification, the Output Requirement shall take precedence.
- 1.3. The Franchisee confirms and undertakes that it has studied the detail in the Output Requirement and each document comprised therein and has satisfied itself that no discrepancies or errors exist within the Output Requirement or between the Output Requirement and the Technical Specification.
- 1.4. The Franchisee has satisfied itself as to the veracity, accuracy, reasonableness, scope, materiality, currency (where applicable) and completeness of all due diligence carried out by and background information made available to the Franchisee. The Franchisee acknowledges that it accepts all risks arising from any discrepancies, errors or omissions that subsequently appear within or between information relied upon by the Franchisee (whether or not supplied or referenced by the Authority or its agents) and that the Franchisee shall not be entitled to make any claim against the Authority for an extension of time, additional payment, any relief or otherwise in respect of any such errors, discrepancies or omissions. Where there is such discrepancy, error or omission ("**discrepancy**"), the Franchisee shall as soon as reasonably practicable, and in any event within 5 business days, provide the Authority with proposals for resolving a discrepancy which comply with this Agreement. Unless, within 10 business days of receipt by the Authority of the Franchisee's proposals for resolving a discrepancy, the Authority notifies the Franchisee requiring it to resolve the discrepancy in a different manner (which manner shall be binding but shall be reasonable in time and cost having regard to the Output Requirement), the Franchisee shall resolve the discrepancy in the manner proposed by it.
- 1.5. The Authority, its officers, agent and advisors accept no liability or responsibility in contract, delict (including negligence or breach of statutory duty), statute or otherwise for the Output Requirement.
- 1.6. All liability attached to the Technical Specification (whether pursuant to Legislation, the provisions of this Agreement or otherwise) shall remain with the Franchisee.

- 1.7. The Authority gives no warranty or undertaking (express or implied) to the Franchisee that the Technical Specification meets the Output Requirement or is otherwise fit for purpose.
- 1.8. For the purposes of this Schedule 6.4 **the Project** shall mean the Other Rolling Stock Project.

2. Project Management

- 2.1. The Franchisee shall secure, instruct and manage a knowledgeable team of rolling stock staff from within the Franchisee's staff, with a proven track record of delivering similar projects, to deliver the Project.
- 2.2. The Franchisee shall undertake such preparatory and management actions as are necessary to deliver the Project and meet its obligations under the Agreement, including to:
 - (a) directly appoint and instruct advisers and/or consultants (e.g. lawyers) as required to support the core Franchisee team in the delivery of the Project;
 - (b) introduction into passenger service, where the Rolling Stock is not already in passenger service;
 - (c) develop detailed project plans (activity, resource, and cost schedules) for the following packages of work (all as more particularly described in paragraph 2.3), the delivery of which the Franchisee will be directly responsible to the Authority for :
 - (i) refurbishment and delivery of the Rolling Stock;
 - (ii) maintenance preparedness (Rolling Stock and Cascaded Units);
 - (iii) training of on-board operating staff;
 - (iv) operational safety; and
 - (v) commercial preparedness.
- 2.3. The Franchisee shall successfully deliver the following packages of work (according to project plans, and any subsequent revisions, approved by the Authority):
 - (a) **Rolling Stock refurbishment and delivery:** manage, co-ordinate and undertake the necessary activities to deliver, commission and bring into service the Rolling Stock, with all necessary approvals and testing, all in accordance with this Agreement;
 - (b) **Cascaded trains:** plan and manage the withdrawal from service, and re-deployment of the Other Rolling Stock Cascaded Units ("**Cascaded Units**"), ensuring no avoidable impact on existing services and the availability of the units for passenger service in accordance with the Other Rolling Stock Cascade Plan;
 - (c) **Maintenance:** plan, co-ordinate and undertake the agreed activities necessary to ensure that the required processes, people and equipment are available at the right locations, providing the capabilities and capacity, when

required to provide the specified levels of maintenance support for Rolling Stock and Cascaded Units;

- (d) **Training of on-board operating staff:** manage the training processes to ensure that the right numbers of staff, with the required skills are available when required to operate the Rolling Stock (and support the testing and introduction of the Rolling Stock where required);
- (e) **Operational safety:** to assess the risks associated with the operation of the Rolling Stock. To amend and/or develop processes and procedures, develop and deliver supporting training materials ensuring that relevant stakeholders are consulted and involved throughout the process;
- (f) **Commercial preparedness:** to amend any existing and develop a new passenger information strategy to support the introduction of the Rolling Stock and the Cascade Units. Plan for, test and implement changes to SQUIRE Services Schedules Agreement ensuring co-ordination of such with SQUIRE Operations Team at the Authority enabling revisions to take effect from the introduction of each set of service changes;
- (g) **Network Rail:** interface with and support Network Rail to ensure, to the extent reasonably possible that appropriate approvals, gauging and any safety requirements are met for the introduction of the Rolling Stock;
- (h) **Diagrams and stabling:** develop detailed diagrams and associated stabling requirements.

3. Programme

3.1. The Franchisee shall ensure that the Rolling Stock:-

- (a) listed in the Delivery Schedule, is delivered and brought into service in accordance with the Other Rolling Stock Delivery Schedule (“**the Delivery Schedule**”) ; or
- (b) for the Rolling Stock not listed in the Delivery Schedule, is modified or refurbished to comply with the Output Requirement by 31 December 2020 or the earlier date required in terms of the Output Requirement in respect of that element of modification or refurbishment.

3.2. The Franchisee shall:-

- (a) not take any action(s) or step(s) which is or are designed or intended directly or indirectly to delay the introduction of any of the Rolling Stock beyond the dates specified in the Delivery Schedule;
- (b) not knowingly or negligently omit to take any action(s) or step(s) if such omission would result directly or indirectly in the delay of the introduction of any of the Rolling Stock beyond the dates specified in the Delivery Schedule;
- (c) take all action as the Authority shall require to enforce all rights the Franchisee may have against third parties including the relevant Rolling Stock leasing companies to ensure the introduction of the Rolling Stock by the dates specified in the Delivery Schedule or to ensure compliance with any other term of the relevant contractual documentation, at no cost to the Authority;
- (d) at the request of the Authority, copy to the Authority all communications, or such other information as the Authority may request, with respect to the

delivery, inspection and acceptance of the Rolling Stock that may be made to or received by the relevant Rolling Stock leasing company;

- (e) upon the reasonable request by the Authority, permit the Authority to inspect all records (including financial records) of the Franchisee and the relevant Rolling Stock leasing company (to the extent that the Franchisee is entitled to this information under the relevant lease or any other agreement with the relevant leasing company) in connection with the delivery of the Rolling Stock;
 - (f) shall enforce all rights the Franchisee may have against third parties (including Network Rail and the Rolling Stock refurbisher) to ensure the compatibility of the Rolling Stock with the infrastructure is completed on schedule to deliver the Franchise Services.
- 3.3. if the date or dates in the Delivery Schedule has or have passed or passes or pass without the relevant Rolling Stock being brought into service, the Franchisee shall:-
- (a) not take any action(s) or step(s) which is or are designed or intended directly or indirectly to delay further the introduction of the Rolling Stock;
 - (b) not knowingly or negligently omit to take any action or step if such omission would directly or indirectly delay further the introduction of the Rolling Stock;
 - (c) enforce all rights it may have against third parties to ensure the introduction of the Rolling Stock or the recovery of damages or other appropriate remedy as soon as possible thereafter and to take such action as the Authority may reasonably require in this regard.

4. Project Delivery

- 4.1. Notwithstanding the specific responsibilities set out in paragraph 4.3, the Franchisee warrants to the Authority that in carrying out and completing the Project, the Franchisee has exercised and shall continue to exercise the level of professional skill, care and diligence to be expected of a properly qualified and competent professional contractor experienced in carrying out works and services of a similar nature to the Other Rolling Stock Project in connection with projects of a similar scope and complexity.
- 4.2. The Franchisee acknowledges that the Authority will rely upon the skill, care and diligence of the Franchisee in connection with all matters for which the Franchisee is responsible under this Schedule 6.4.
- 4.3. The Franchisee shall design, carry out, refurbish, engineer, supply, test, commission, deliver and provide the constituent elements of the Project and otherwise perform its obligations under this Schedule 6.4:
 - (a) so as to ensure compliance with the Output Requirement requirements;
 - (b) so as to ensure compliance with the Technical Specification;
 - (c) in accordance with the Delivery Schedule;
 - (d) in accordance with the Quality Assurance Plan;
 - (e) so as to ensure that all parts, components, systems, devices, equipment, software and mechanisms incorporated in the Other Rolling Stock are fit for purpose to comply with the Output Requirement, compatible and interoperable with each other;

- (f) using good industry practice;
 - (g) in compliance with all Legislation and standards including the Interoperability Regulations and achieves required consents;
 - (h) in a manner which does not infringe intellectual property rights of any third party;
 - (i) in a manner which does not infringe the instructions issued to it by the Authority or the Authority's Representatives in accordance with the terms of this Agreement;
 - (j) so as to ensure that each unit of the Rolling Stock meets the Output Requirement and provide the Authority for each unit of Rolling Stock (without prejudice to the Authority's other rights and remedies under this Agreement) with a Rolling Stock Commissioning Certificate confirming that this is the case upon completion of acceptance testing of each unit of Rolling Stock;
 - (k) so as to ensure that the Franchisee obtains all required pre-operational consents and approvals;
 - (l) without prejudice to paragraph (g) hereof, in accordance with applicable environmental Legislation in force in Scotland;
 - (m) so as to assist the Authority in relation to providing information that best value has been secured in respect of the procurement of the Project as a whole and its component parts;
 - (n) in such manner as not wilfully to detract from the image and reputation of the Authority;
 - (o) so as to ensure that sustainability factors have been incorporated in relation to energy consumption and the supply of materials from sustainable sources into the design, the manufacture and operation of the Rolling Stock;
 - (p) in a manner that is not likely to be injurious to persons or property; and
 - (q) using the Other Rolling Stock Project Key Personnel.
- 4.4. The Franchisee shall comply with the Construction (Design and Management) Regulations 2007 in so far as they are applicable to the discharge of the Franchisee's obligations in respect of the Project, and prepare and comply with the health and safety plan.
- 4.5. The Franchisee shall at all times keep itself fully informed about current professional and technical standards and about all matters relating to, or which might have a bearing on, the carrying out of the Project or any of its constituent parts.

5. Necessary Consents.

- 5.1. The Franchisee shall, prior to delivery of the Rolling Stock, obtain all necessary consents, permissions and approvals to allow it to operate and put the Rolling Stock into service, including consents, permissions and approvals from ORR, Network Rail and any other body, whether incorporated or unincorporated, whose consent, permission or approval is required.

- 5.2. The Franchisee shall, upon request by the Authority, exhibit to the Authority all such consents, permissions and approvals referred to in this paragraph and shall confirm in writing to the Authority on, or prior to, the delivery date of each of the Other Rolling Stock that all such consents, permissions and approvals have been obtained.
- 5.3. The Franchisee shall complete successfully any pre-service inspections required by Railway Group Standards or the Safety Certificate or otherwise required (including pre-service inspections for confirming acceptance of delivery under the terms of the relevant lease for the Rolling Stock) prior to putting any Rolling Stock into non-passenger service for driver training and acceptance and fare paying passenger service. The Authority shall be entitled to attend any such inspections and the Franchisee shall notify the Authority of the date of any such inspections in good time to allow the Authority to arrange for a representative of the Authority to attend.

6. Prohibited Materials

- 6.1. The Franchisee undertakes and warrants to the Authority that at the date of this Agreement, it has not specified for use and shall not specify for use and shall ensure that there shall not be used in relation to the Project, any materials which at the time of specification or use (as the case may be):
 - 6.2. are known to be deleterious in the particular circumstances in which they are specified to be used (either to health and safety or to the durability of the Other Rolling Stock or Other Rolling Stock Works); or
 - 6.3. contravene any relevant standard or code of practice issued from time to time by the BSI Group or under a European directive relating to standards; or
 - 6.4. do not accord with the guidelines contained in the edition of the publication "Good Practice in Selection of Construction Materials" (Ove Arup & Partners) current at the date of specification or use; or
 - 6.5. contravene good industry practice.

7. Introduction into service

The Train Fleet Tables in Appendix 1 to Schedule 1.1 (*Service Development*) shall, if required, be updated as to reflect the entry into service of each Rolling Stock unit as it enters into service. Such updating shall not constitute a Change.

8. Maintenance, Equipment and Spares

- 8.1. The Franchisee shall maintain each unit of the Rolling Stock until it enters into service, so that it shall at all times comply with the Output Requirement;
- 8.2. Upon any unit of the Rolling Stock entering into service, the Franchisee shall handover maintenance of that unit of the Rolling Stock to the Franchisee's maintenance organisation or maintenance supplier as applicable;
- 8.3. The Franchisee warrants to the Authority that all Rolling Stock related equipment, spares and other materials supplied or procured by the Franchisee shall, in so far as applicable, meet the Output Requirement and Technical Specification.

9. Liaison

- 9.1. The Franchisee shall provide such support, assistance and co-operation to the Authority in relation to the Project as the Authority may reasonably request from time to time;
- 9.2. The Franchisee shall keep the Authority's Representative fully informed updated and apprised of all relevant developments in relation to the development, manufacturing, supply and testing of the Rolling Stock in a timely manner;
- 9.3. The Franchisee shall promptly provide such information, assistance and expertise as the Authority may reasonably request to meet their respective obligations in respect of the Project;
- 9.4. The Franchisee shall (and shall procure that the Franchisee Parties) liaise with the Authority, and the Authority Parties, and any other parties as may reasonably be required by the Authority to facilitate the production, by such persons, of any information required from them, in order that the Other Rolling Stock Works and its other obligations in respect of the Project can be progressed according to meet the Delivery Schedule. The Franchisee shall (and shall procure that the Franchisee Parties) liaise with the Authority, any Authority Parties, and any other parties as may be reasonably required by the Authority as often as is necessary in order to ensure that the Project is carried out and delivered properly and in accordance with the terms of this Schedule 6.4;
- 9.5. The Franchisee shall (and shall procure that the Franchisee Parties shall) liaise with Authority, any Authority Party and any other parties as may reasonably be required by the Authority and shall provide such information as may be reasonably requested by such persons in relation to the design, construction, testing, commissioning, integration, operation and maintenance of the Rolling Stock to the extent that such information is available to the Franchisee.

10. Franchisee's liability

- 10.1. The commencement or continuance of any proceedings pursuant to the Dispute Resolution Procedure shall not:
 - (a) relieve the Franchisee from performing its obligations; or
 - (b) suspend in whole or in part the Franchisee's obligations, under or in relation to this Agreement.
- 10.2. The Franchisee's duties and obligations under or pursuant to this Schedule 6.4 will not be released, diminished or in any other way affected by any independent inquiry into any matter which may be made or carried out by the Authority or by any firm, company or party on the Authority's behalf nor by any action or omission of any such firm, company or party whether or not such action or omission might give rise to any independent liability of such firm, company or party to the Authority.
- 10.3. The Franchisee is deemed to have satisfied itself that it fully understands the scope and extent of the requirements in respect of its obligations pursuant to this Agreement, and that it has sufficient information (including due diligence and background information) or will at the relevant time have sufficient information, to enable it to carry out its obligations pursuant to this Agreement. In connection with such information the Franchisee is deemed to have satisfied itself that it has or will have satisfied itself that it is accurate and complete before placing reliance upon it.

APPENDIX 1 TO SCHEDULE 6.4**Other Rolling Stock Delivery Schedule**

	Unit Type	Proposed Acceptance Date
	7 x Class 321	Oct 2015

APPENDIX 2 TO SCHEDULE 6.4**Other Rolling Stock Output Requirement****Rolling stock quality specification (passenger facing elements)**

The Franchisee shall ensure that the Rolling Stock operating on the services detailed in column 1 shall have the minimum or better attributes listed in the following table in column 2:

Column 1	Column 2
East Coast Suburban (e.g. Edinburgh – Dundee, Fife Circle)	<ul style="list-style-type: none"> • High quality and safe passenger environment consistent with modern inter-urban and regional passenger Rolling Stock in the UK and Europe. This condition is to be maintained by the Franchisee throughout the Franchise Term, by means of an interior refresh as necessary. • The Rolling Stock shall have the ability to work safely and reliably in the ambient winter / summer weather conditions experienced in the Network Rail Scotland area. • The Rolling Stock shall be bogied vehicles. • Standard Class accommodation shall have a seating density no greater than 2+2. • Where First/Business Class is provided, there shall be a clear differentiation between the quality of First/Business and Standard Class accommodation. • Shoulder room and legroom shall not be less than that provided on each route on the last day of the Previous Franchise Agreement • The Rolling Stock shall have air conditioning and appropriate heating including during station stops. • The Rolling Stock shall have toilet provision on board which is no less than provided on each route on the last day of the Previous Franchise Agreement and shall be of a design that avoids smell being noticeable in seated areas. • All on-board toilets shall comply with paragraphs 5.8 and 5.9 of Schedule 13.1 (<i>Franchise Management</i>). • The Franchisee shall ensure that a minimum of 90% of fleet is TSI-PRM compliant by 31/12/2018. • The Franchisee shall ensure that 100% of fleet is TSI-PRM compliant by 31/12/2019. • The Rolling Stock shall have real-time visual and audible passenger information system that as a minimum is TSI-PRM compliant. • The Rolling Stock shall have facilities for storing large items of luggage within sight/proximity of passengers when seated; overhead racks for smaller luggage, flexible space for pushchairs/prams and cycle storage facilities (with a minimum space of 2 cycles per unit). • The Rolling Stock shall have Wi-Fi capability fully compatible with modern standards with a minimum speed of 20 Mbps. • The Rolling Stock shall have 230V power sockets

	<p>(one per pair of seats) capable of charging a laptop, mobile phone or similar device.</p> <ul style="list-style-type: none"> • The Rolling Stock shall have tables at all seats (may be fixed or folding). • The Rolling Stock shall have no more than 50% of the seats shall be “airline” style layout. • The Rolling Stock shall be equipped with CCTV coverage of the passenger saloons and shall have on-board recording facilities at a minimum of 2 fps normal and 25 fps for 2 mins before and 5 mins after a trigger event of all passenger areas (except toilets). System to include forward facing camera mounted in each driving cab. • The internal design shall maximise comfort for standing passengers at the Peak, e.g. space and handhold provision. • The Rolling Stock shall have bodyside door locations / width and interior layout to facilitate rapid boarding and alighting appropriate for the service. • By no later than the second anniversary of the Franchise Commencement Date the Rolling Stock shall have a passenger counting system that complies with paragraph 1.6(a) of Schedule 1.5 (<i>Information about Passengers</i>).
<p>Highland Rural (e.g. Inverness – Wick/Thurso/Kyle of Lochalsh, West Highland Line)</p> <p>South West Rural (e.g. Glasgow – Carlisle, Glasgow – Stranraer)</p>	<ul style="list-style-type: none"> • High quality and safe passenger environment consistent with modern inter-urban and regional passenger Rolling Stock in the UK and Europe. This condition is to be maintained by the Franchisee throughout the Franchise Term, by means of an interior refresh as necessary. • The Rolling Stock shall have the ability to work safely and reliably in the ambient winter / summer weather conditions experienced in the Network Rail Scotland area. • The Rolling Stock shall be bogied vehicles. • Standard Class accommodation shall have a seating density no greater than 2+2. • Where First/Business Class is provided, there shall be a clear differentiation between the quality of First/Business and Standard Class accommodation. • The Rolling Stock shall have comfortable seats which are aligned with windows as far as practicable and whilst not leading to a significant loss of overall capacity or unacceptable leg-room. • Shoulder room and legroom shall not be less than that provided on each route on the last day of the Previous Franchise Agreement. • The Rolling Stock shall have appropriate heating and ventilation, including during station stops. • The Rolling Stock shall have toilet provision on board which is no less than provided on each route on the last day of the Previous Franchise Agreement and shall be of a design that avoids smell being noticeable in seated areas. • All on-board toilets shall comply with paragraphs 5.8 and 5.9 of Schedule 13.1 (<i>Franchise Management</i>). • The Franchisee shall ensure that a minimum of 90% of fleet is TSI-PRM compliant by 31/12/2018.

	<ul style="list-style-type: none"> • The Franchisee shall ensure that 100% of the fleet is TSI-PRM compliant by 31/12/2019. • The Rolling Stock shall have real-time visual and audible passenger information system that as a minimum is TSI-PRM compliant. • The Rolling Stock shall have facilities for storing large items of luggage within sight/proximity of all passengers when seated; overhead racks for smaller luggage, flexible space for pushchairs/prams and cycle storage facilities (with a minimum space of 2 cycles per unit). • The Rolling Stock shall have Wi-Fi capability fully compatible with modern standards with a minimum speed of 20 Mbps. • The Rolling Stock shall have 230V power sockets (one per pair of seats) capable of charging a laptop, mobile phone or similar device. • The Rolling Stock shall have tables at all seats (may be fixed or folding). • No more than 50% of the seats shall be “airline” style layout • The Rolling Stock shall be equipped with CCTV coverage of the passenger saloons and shall have on-board recording at a minimum of 2 fps normal and 25 fps for 2 mins before and 5 mins after a trigger event of all passenger areas (except toilets). System to include forward facing camera mounted in each driving cab. • The Rolling Stock shall be capable of supporting an at-seat catering service which is available to all passengers. • By no later than the second anniversary of the Franchise Commencement Date the Rolling Stock shall have a passenger counting system that complies with paragraph 1.6(a) of Schedule 1.5 (<i>Information about Passengers</i>).
<p>Strathclyde Electrics (except South Electrics)</p> <p>(e.g. Argyle Line, Glasgow – Ayrshire Coast, Glasgow North Electrics, Helensburgh – Airdrie – Edinburgh)</p>	<ul style="list-style-type: none"> • High quality and safe passenger environment consistent with modern suburban passenger Rolling Stock in the UK and Europe. • The Rolling Stock shall have the ability to work safely and reliably in the ambient winter / summer weather conditions experienced in the Network Rail Scotland area. • The Rolling Stock shall be bogied vehicles. • Standard Class accommodation shall have a seating density no greater than currently provided on each route. • Where First/Business Class is provided, there shall be a clear differentiation between the quality of First/Business and Standard Class accommodation. • Shoulder room and legroom shall not be less than that provided on each route on the last day of the Previous Franchise Agreement. • The Rolling Stock shall have appropriate heating and ventilation, including during station stops. • The Rolling Stock shall have toilet provision on board which is no less than that provided on each route on the last day of the Previous Franchise

	<p>Agreement and shall be of a design that avoids smell being noticeable in seated areas.</p> <ul style="list-style-type: none"> • All on-board toilets shall comply with paragraphs 5.8 and 5.9 of Schedule 13.1 (<i>Franchise Management</i>). • The Franchisee shall ensure that a minimum of 90% of fleet is TSI-PRM compliant by 31/12/2018. The Franchisee shall ensure that 100% of fleet is TSI-PRM compliant by 31/12/2019. • The Rolling Stock shall have real-time visual and audible passenger information system that as a minimum is TSI-PRM compliant. • The Rolling Stock shall have facilities for storing large items of luggage within sight/proximity of passengers when seated; overhead racks for smaller luggage, flexible space for pushchairs/prams and cycle storage facilities (with a minimum space of 2 cycles per unit). • The Rolling Stock shall have Wi-Fi capability fully compatible with modern standards with a minimum speed of 20 Mbps. • The Rolling Stock shall have 230V power sockets (one per pair of seats) capable of charging a laptop, mobile phone or similar device. • No more than 50% of the seats shall be “airline” style layout. • The Rolling Stock shall be equipped with CCTV coverage of the passenger saloons and shall have on-board recording facilities at a minimum of 2 fps normal and 25 fps for 2 mins before and 5 mins after a trigger event of all passenger areas (except toilets). System to include forward facing camera mounted in each driving cab. • The on-board CCTV cameras and in-cab monitors shall be of a sufficient standard to permit DOO. • The internal design to maximise comfort for standing passengers at the Peak, e.g. space and handhold provision. • The Rolling Stock shall have bodyside door locations / width and interior layout to facilitate rapid boarding and alighting appropriate for the service. • By no later than the second anniversary of the Franchise Commencement Date the Rolling Stock shall have a passenger counting system that complies with paragraph 1.6(a) of Schedule 1.5 (<i>Information about Passengers</i>).
--	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Glasgow South Electrics	<ul style="list-style-type: none"> • High quality and safe passenger environment consistent with modern suburban passenger Rolling Stock in the UK and Europe. • The Rolling Stock shall have the ability to work safely and reliably in the ambient winter / summer weather conditions experienced in the Network Rail Scotland area. • The Rolling Stock shall be bogied vehicles. • Standard Class accommodation shall have a seating density no greater than currently provided on each route. • Where First/Business Class is provided, there shall be a clear differentiation between the quality of First/Business and Standard Class accommodation. • Shoulder room and legroom shall not be less than that provided on each route on the last day of the Previous Franchise Agreement. • The Rolling Stock shall have appropriate heating and ventilation, including during station stops. • The Franchisee shall ensure that a minimum of 90% of fleet is TSI-PRM compliant by 31/12/2018. • The Franchisee shall ensure that a minimum of 100% of fleet is TSI-PRM compliant by 31/12/2019 • The Rolling Stock shall have real-time visual and audible passenger information system that as a minimum is TSI-PRM compliant. • The Rolling Stock shall have facilities for storing large items of luggage within sight/proximity of passengers when seated; overhead racks for smaller luggage, flexible space for pushchairs/prams and cycle storage facilities (with a minimum space of 2 cycles per unit). • The Rolling Stock shall have Wi-Fi capability fully compatible with modern standards with a minimum speed of 20 Mbps. • The Rolling Stock shall be equipped with CCTV coverage of the passenger saloons and shall have on-board recording facilities at a minimum of 2 fps normal and 25 fps for 2 mins before and 5 mins after a trigger event of all passenger areas (except toilets). System to include forward facing camera mounted in each driving cab. • The on-board CCTV cameras and in-cab monitors shall be of a sufficient standard to permit DOO. • The Franchisee shall ensure that design to maximise comfort for standing passengers at the Peak. • The Rolling Stock shall have bodyside door locations / width and interior layout to facilitate rapid boarding and alighting appropriate for the service. • By no later than the second anniversary of the Franchise Commencement Date the Rolling Stock shall have a passenger counting system that complies with paragraph 1.6(a) of Schedule 1.5 (<i>Information about Passengers</i>).
-------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<p>Strathclyde Diesel (e.g. Glasgow QS – Anniesland, Glasgow – Cumbernauld, Glasgow – Dunblane/Alloa, Glasgow – Kilmarnock)</p>	<ul style="list-style-type: none"> • High quality and safe passenger environment consistent with modern suburban passenger Rolling Stock in the UK and Europe. • The Rolling Stock shall have the ability to work safely and reliably in the ambient winter / summer weather conditions experienced in the Network Rail Scotland area. • The Rolling Stock shall be bogied vehicles. • The Rolling Stock shall have toilet provision on board which is no less than that provided on each route on the last day of the Previous Franchise Agreement and shall be of a design that avoids smell being noticeable in seated areas. • All on-board toilets shall comply with paragraphs 5.8 and 5.9 of Schedule 13.1 (<i>Franchise Management</i>). • Standard Class accommodation shall have a seating density no greater than 2+2. • Where First/Business Class is provided, there shall be a clear differentiation between the quality of First/Business and Standard Class accommodation. • Shoulder room and legroom shall not be less than that provided on each route on the last day of the Previous Franchise Agreement. • The Rolling Stock shall have appropriate heating and ventilation, including during station stops. • The Franchisee shall ensure that a minimum of 90% of fleet is TSI-PRM compliant by 31/12/2018 • The Franchisee shall ensure that 100% of fleet is TSI-PRM compliant by 31/12/2019 • The Rolling Stock shall have real-time visual and audible passenger information system that as a minimum is TSI-PRM compliant. • The Rolling Stock shall have flexible space for storing large items of luggage or for pushchairs/prams; overhead racks for smaller luggage. • The Rolling Stock shall have dedicated cycle storage facilities (with a minimum space of 2 cycles per unit). • The Rolling Stock shall have Wi-Fi capability fully compatible with modern standards with a minimum speed of 20Mbps. • The Rolling Stock shall have 230V power sockets (one per pair of seats) capable of charging a laptop, mobile phone or similar device. • No more than 50% of the seats shall be “airline” style layout. • The Rolling Stock shall be equipped with CCTV coverage of the passenger saloons and shall have on-board recording at a minimum of 2 fps normal and 25 fps for 2 mins before and 5 mins after a trigger event of all passenger areas (except toilets). System to include forward facing camera mounted in each driving cab. • The Rolling Stock shall have tables at all seats (may be fixed or folding). • The internal design shall maximise comfort for standing passengers at peak times, e.g. space and
-----------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	<p>handhold provision.</p> <ul style="list-style-type: none">• The Rolling Stock shall have bodyside door locations / width and interior layout to facilitate rapid boarding and alighting appropriate for the service.• By no later than the second anniversary of the Franchise Commencement Date the Rolling Stock shall have a passenger counting system that complies with paragraph 1.6(a) of Schedule 1.5 (<i>Information about Passengers</i>).
--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

SCHEDULE 7

**THIS IS SCHEDULE 7 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT
BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED**

Train Operating Performance / KPIs and Journey Time Metric/ SQUIRE

Schedule 7.1: Train Operating Performance

Appendix 1:	Cancellations Benchmark Table
Appendix 2:	Capacity Benchmark Table
Appendix 3:	PPM Benchmark Tables
Appendix 4:	Construction and Systems

Schedule 7.2 KPIs and Journey Time Metric

Appendix 1:	Off-Peak Patronage Forecast Table and Dealing with Disruption Passenger Satisfaction Level Table
--------------------	---------------------------------------------------------------------------------------------------------------------

Schedule 7.3: SQUIRE

Appendix A:	Escalation Procedure
--------------------	-----------------------------

SCHEDULE 7.1

THIS IS SCHEDULE 7.1 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Train Operating Performance

1. Benchmarks

Performance of the Franchise will be measured across Cancellations, Capacity and PPM for Franchise Services as a whole, and for each of the Sectors.

Location of Benchmarks

- 1.1 The Cancellations Benchmarks are set out in Appendix 1 (*Cancellations Benchmark Table*).
- 1.2 The Capacity Benchmarks are set out in Appendix 2 (*Capacity Benchmark Table*).
- 1.3 The PPM Benchmarks are set out in Appendix 3 (PPM Benchmark Tables).

2. Information Provision

Cancellations Benchmarks

- 2.1 Within 7 days of the end of each Reporting Period the Franchisee shall, in accordance with the relevant requirements of Appendix 3 (*Operational Information*) to Schedule 13.2 (*Information*), report to the Authority (in respect of the Sectors) the total number of Cancellations or Partial Cancellations in that Reporting Period. Each such report shall be broken down between the Sectors.
- 2.2 For each Reporting Period, the Authority shall calculate a moving annual average of the Franchisee's performance against the Cancellation Benchmark for the ScotRail Franchise as a whole, and for each of the Sectors in accordance with the following formula:

$$\frac{A + D}{13}$$

where:

A is ascertained as follows:

$$\frac{B}{C} \times 100$$

where:

B is the total number of Cancellations or Partial Cancellations of Passenger Services in the relevant Sector or Sectors to which the relevant calculation pertains (at such level of disaggregation as the

Authority may from time to time require) operated in that Reporting Period, on the basis that:

- (a) a Cancellation shall count as 1;
- (b) a Partial Cancellation shall count as 0.5; and
- (c) any Cancellations or Partial Cancellations during that Reporting Period which were caused by:
 - (i) the Franchisee's implementation of a Service Recovery Plan during that Reporting Period; or
 - (ii) the occurrence or continuing effect of a Force Majeure Event,
 shall be disregarded in determining such total number;

C is the total number of Passenger Services in the relevant Sector or Sectors to which the relevant calculation pertains (at such level of disaggregation as the Authority may from time to time require) scheduled to be operated in that Reporting Period, disregarding any Cancellations or Partial Cancellations during that Reporting Period which were caused by:

- (a) the Franchisee's implementation of a Service Recovery Plan during that Reporting Period; or
- (b) the occurrence or continuing effect of a Force Majeure Event; and

D is the sum of the values of A in each of the 12 preceding Reporting Periods.

Capacity Benchmarks

2.3 Within 7 days of the end of each Reporting Period the Franchisee shall, in accordance with the relevant requirements of Appendix 3 (*Operational Information*) to Schedule 13.2 (*Information*), report to the Authority (in respect of all Sectors) the total Capacity provided by the Passenger Services in the relevant Sector or Sectors to which the relevant calculation pertains (at such level of disaggregation as the Authority may from time to time require) in that Reporting Period against the total Capacity planned to be provided in that Reporting Period for each such Passenger Service in the Train Plan. Each such report shall be broken down between the Sectors and shall set out the consequences for the Capacity provided of each of the circumstances set out in (a) to (c) in the definition of B below.

2.4 For each Reporting Period, the Authority shall calculate a moving annual average of the Franchisee's performance against the Capacity Benchmark for the Franchise as a whole, and for each of the Sectors in accordance with the following formula:

$$\frac{A + D}{13}$$

where:

A is ascertained as follows:

$$\frac{C - B}{C} \times 100$$

where:

B is the aggregate of the Capacity provided at the Formation Monitoring Point for each Passenger Service in the relevant Sector or Sectors to which the relevant calculation pertains which is included in the Train Plan of the Franchisee for the Reporting Period, disregarding any Capacity that was not provided as a result of

- (a) the Franchisee's implementation of a Service Recovery Plan during that Reporting Period;
- (b) the occurrence or continuing effect of a Force Majeure Event; or
- (c) a Passenger Service not passing such Formation Monitoring Point.

C is the aggregate of the Capacity planned to be provided at the Formation Monitoring Point for each Passenger Service in accordance with the Train Plan disregarding Capacity that is less than the passenger carrying capacity specified for such Passenger Service in the Train Plan as a result of:

- (a) the Franchisee's implementation of a Service Recovery Plan during that Reporting Period; or
- (b) the occurrence or continuing effect of a Force Majeure Event; or
- (c) a Passenger Service not passing such Formation Monitoring Point

and

D is the sum of the values of A in each of the 12 preceding Reporting Periods.

- 2.5 If and to the extent that any Passenger Service is operated with passenger carrying capacity in excess of the passenger carrying capacity specified for that Passenger Service in the Train Plan, the excess capacity shall be disregarded for the purposes of the calculation referred to in paragraph 2.4.

PPM Benchmarks

- 2.6 Within 7 days of the end of each Reporting Period the Franchisee shall, in accordance with the relevant requirements of Appendix 3 (*Operational Information*) to Schedule 13.2 (*Information*), report to the Authority the value of the PPM.
- 2.7 For each Reporting Period, the Authority shall calculate a moving annual average of the Franchisee's performance in terms of PPM for the Franchise

as a whole, and for each of the Sectors, in accordance with the following formula:

$$(A + E) / 13$$

Where:

A is ascertained as follows:

$$[D - (B + C)] / D$$

- B is the total number of Cancellations and Partial Cancellations of Passenger Services operated in that Reporting Period.
- C is the total number of non-Cancelled and non-Partially Cancelled Passenger Services operated in that Reporting Period which arrived at scheduled destination, as determined by the Train Plan, five or more minutes late.
- D is the total number of Passenger Services scheduled to be operated in that Reporting Period.
- E is the sum of the values of A in each of the 12 preceding Reporting Periods.

First 12 Reporting Periods of the Franchise Term

- 2.8 For as long as fewer than 13 Reporting Periods have elapsed following the Franchise Commencement Date, the Authority shall, for the purposes of performing the calculations referred to in paragraphs 2.2, 2.4 and 2.7, assume performance at the Target Performance Level in respect of any of the 13 reporting periods that precede the Franchise Commencement Date. For the avoidance of doubt, In respect of the calculations referred to in paragraph 2.7 this paragraph shall apply to the calculation of PPM for the Franchise as a whole only, the calculation of PPM for each of the Sectors shall commence from Reporting Period 13.

Calculations

- 2.9 The Authority shall perform the calculations referred to in paragraphs 2.2 and 2.4 rounded to 2 decimal places, with the midpoint (that is, 11.115) rounded upwards that is, 11.12).

Notice of Performance Results

- 2.10 As soon as reasonably practicable after the end of each Reporting Period, the Authority shall notify the Franchisee of the results of the calculations performed pursuant to this paragraph 2.

Meaning of Train Plan

- 2.11 For the purposes of this Schedule 7.1, **Train Plan** shall, unless otherwise stated, mean the then current Train Plan which has been finalised pursuant to paragraph 12.2 of Schedule 1.1 (*Service Development*) and which includes any amendments thereto:
 - (a) pursuant to paragraphs 3.2 and 3.5 of Schedule 1.2 (*Operating Obligations*);

- (b) pursuant to paragraph 4 of Schedule 1.2, where:
 - (i) such amendments are required as a consequence of Network Rail exercising its rights pursuant to the Track Access Agreement; and
 - (ii) the Franchisee has complied with the provisions of such paragraph in respect thereof; and
- (c) pursuant to paragraph 3.3 of Schedule 1.2, where such amendments are agreed by the Authority's response in accordance with such paragraph.

Performance Levels

Expectation of Good Performance

- 3.1 The Franchisee shall procure that in each Reporting Period during the Franchise Term, the moving annual average of the number of:
- (a) Cancellations and Partial Cancellations will be equal to or lower than the Target Performance Level specified in the cell relating to each such Reporting Period in the Cancellations Benchmark Table;
 - (b) Passenger Services operated with less Passenger Carrying Capacity than the Passenger Carrying Capacity specified for each such Passenger Service in the Train Plan will be equal to or lower than the Target Performance Level specified in the cell relating to each such Reporting Period in the Capacity Benchmark Table;
 - (c) PPM will be equal to or higher than the Target Performance Levels specified in the cells relating to each such Reporting Period in the PPM Benchmark Table.

Consequences for Poor Performance

- 3.2 The consequences of the Franchisee's performance equalling or exceeding the Improvement Plan Performance Levels relating to Cancellations and Capacity Benchmark and/or failing to achieve at least the Improvement Plan Performance Levels of the PPM Benchmark are, if and whenever the Franchisee's performance:-
- (a) in respect of a Reporting Period, calculated as a moving annual average in accordance with this Schedule 7.1 does not equal or exceed the Improvement Plan Performance Level for Cancellations and Capacity Benchmark or fails to achieve the Improvement Plan Performance Level or higher for the PPM Benchmark, that the Franchisee shall promptly notify the Authority of that fact;
 - (b) prepare and provide to the Authority, for the Authority's comments, a plan that it proposes to implement to ensure that its future performance meets the Target Performance Level as soon as reasonably practicable (an **Improvement Plan**). The Franchisee shall have due regard to any comments provided by the Authority in relation to the Improvement Plan and may amend the Improvement Plan as may be considered necessary (and consistent with its obligations under this paragraph 3.2(a));
 - (c) implement such Improvement Plan; and

- (d) advise the Authority from time to time of the results of the implementation of such Improvement Plan.

3.3 The Franchisee shall procure that in each Reporting Period, the moving annual average of the number of:

- (a) Cancellations and Partial Cancellations does not equal or exceed the Breach Performance Levels and the Default Performance Levels specified in the cells relating to each such Reporting Period in the Cancellations Benchmark Table;
- (b) Passenger Services operated with less Passenger Carrying Capacity than the Passenger Carrying Capacity specified for each such Passenger Service in the Train Plan, does not equal or exceed the Breach Performance Levels and the Default Performance Levels specified in the cells relating to such Reporting Period in the Capacity Benchmark Table;
- (c) PPM does not fall below (that is, is neither equal to nor worse than) the Breach Performance Levels and the Default Performance Levels specified in the relevant cell relating to such Reporting Period in the PPM Benchmark Table.

3.4 Certain consequences of the Franchisee's performance:

- (a) not being equal to or exceeding the Breach Performance Levels relating to :
 - (i) the Cancellations Benchmark; and/or
 - (ii) the Capacity Benchmark;
 are set out in Schedule 10 (*Remedies, Termination and Expiry*);
- (b) falling below (that is, being neither equal to nor worse than) the Breach Performance Levels to the PPM Benchmark are set out in Schedule 10;
- (c) not being equal to or exceeding the Default Performance Levels relating to the Cancellations Benchmark and Capacity Benchmark are set out in Schedule 10; and
- (d) falling below (that is, being neither equal to nor worse than) the Default Performance Levels relating to the PPM Benchmark are set out in Schedule 10.

4. **Benchmark Adjustments**

4.1 If:

- (a) there is a Change to the Service Level Commitments previously in force; and
- (b) the Authority reasonably considers that a revision to the Benchmarks are required to hold constant the risk of the Franchisee failing to satisfy the Benchmarks,

the Authority shall make such revisions to the Benchmarks as it reasonably considers appropriate to hold constant such risk.

- 4.2 The Authority shall notify the Franchisee of any revision to the Benchmarks in accordance with the procedural stipulations pursuant to paragraph 4.2 of Schedule 1.1 (*Service Development*).

APPENDIX 1 TO SCHEDULE 7.1**Cancellations Benchmark Table**

From the first day of Reporting Period 1 in the fifth Franchisee Year onwards, the Cancellation Benchmarks for the Passenger Services as a whole and for each Sector in each Reporting Period will be as follows:-

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>	<u>Column 5</u>
Sector	Target Performance Level (%)	Improvement Plan Performance Level (%)	Breach Performance Level (%)	Default Performance Level (%)
Passenger Services (as a whole)	1.60%	1.90%	2.20%	2.50%
Express (E&G) Sector	1.60%	1.90%	2.20%	2.50%
Express (Other) Sector	1.60%	1.90%	2.20%	2.50%
Suburban West Sector	1.60%	1.90%	2.20%	2.50%
Suburban East Sector	1.60%	1.90%	2.20%	2.50%
Rural Sector	1.60%	1.90%	2.20%	2.50%

1. START OF THE SCOTRAIL FRANCHISE

For the Franchisee Years from the Franchise Commencement Date to 2018/2019 the last day of Reporting Period 13 of the fourth Franchisee Year inclusive:

1.1 If Cancellation MAA at the Franchise Commencement Date is at or below the Target Performance Level values in the Cancellations Benchmark Table for Passenger Services (as a whole) or for an individual Sector, then the Target Performance Level, Improvement Plan Level, Breach Performance Level and Default Performance Level in the Cancellations Benchmark Table will apply to all Reporting Periods from the Franchise Commencement Date to 2018/2019 the last day of Reporting Period 13 of the fourth Franchisee Year inclusive;

1.2 If Cancellation MAA at the Franchise Commencement Date is above the values in the Cancellations Benchmark Table for Passenger Services (as a whole) or for an individual Sector, then the Target Performance Level will be set at that level and the Improvement Plan Level will be set at +0.3% points above the Target Performance Level, Breach Performance Level +0.6% points above the Target Performance Level and Default Performance Level +0.9% points above the Target Performance Level and each of these relative levels are to reduce in each Franchisee Year from the Franchise Commencement Date to the last day of Reporting Period 13 of the fourth

Franchisee Year on a straight line profile until these relative levels reach the values in the Cancellations Benchmarks Table.

2. CP6

All levels from Reporting Period 1 of the fifth Franchisee Year shall, at the Authority's option be subject to adjustment to allow revised objectives and targets for Control Period 6. Any such adjustment shall constitute a Change.

APPENDIX 2 TO SCHEDULE 7.1**Capacity Benchmark Table**

From the first day of Reporting Period 1 in the fifth Franchisee Year onwards, the Capacity Benchmarks for the Passenger Services as a whole and for each Sector in each Reporting Period will be as follows:-

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>	<u>Column 5</u>
Sector	Target Performance Level (%)	Improvement Plan Performance Level (%)	Breach Performance Level (%)	Default Performance Level (%)
Passenger Services (as a whole)	1.0%	1.3%	1.6%	1.9%
Express (E&G) Sector	1.0%	1.3%	1.6%	1.9%
Express (Other) Sector	0.5%	0.8%	1.1%	1.4%
Suburban West Sector	0.8%	1.1%	1.4%	1.7%
Suburban East Sector	1.6%	1.9%	2.2%	2.5%
Rural Sector				

1. START OF THE SCOTRAIL FRANCHISE

For the Franchisee Years from the Franchise Commencement Date to the last day of Reporting Period 13 of the fourth Franchisee Year inclusive:

1.1 If Capacity MAA at the Franchise Commencement Date is at or below the Target Performance Levels values in the Capacity Benchmark Table for Passenger Services (as a whole) or for an individual Sector, then the Target Performance Level, Improvement Plan Level, Breach Performance Level and Default Performance Level will apply to all Reporting Periods from the Franchise Commencement Date to the last day of Reporting Period 13 of the fourth Franchisee Year inclusive;

1.2 If Capacity MAA at the Franchise Commencement Date is above the Target Performance Levels values in the Capacity Benchmark Table for Passenger Services (as a whole) or for an individual Sector, then the Target Performance Level will be set at that level and the Improvement Plan Level will be set at +0.3% appoints above the Target Performance Level, Breach Performance Level will be set at +0.6% appoints above the Target Performance Level and Default Performance Level will be set at +0.9% appoints above the Target Performance Level and each of these relative levels are to reduce in each Franchisee Year from the Franchise Commencement Date to the last day of Reporting Period 13 of the fourth Franchisee Year on a straight

line profile until these relative levels reach the values in the Capacity Benchmark Table.

2. CP6

All levels from Reporting Period 1 of the fifth Franchisee Year shall, at the Authority's option be subject to adjustment to allow revised objectives and targets for Control Period 6. Any such adjustment shall constitute a Change.

APPENDIX 3 TO SCHEDULE 7.1

PPM Benchmark Tables

From the first day of Reporting Period 1 of the fifth Franchisee Year onwards, the PPM Benchmarks for the Passenger Services as a whole will be as follows:

PPM Benchmark Table 1

Column 1	Column 2	Column 3	Column 4	Column 5
	Target Performance Level (%)	Improvement Plan Performance Level (%)	Breach Performance Level (%)	Default Performance Level (%)
Passenger Services (as a whole)	92.5%	91.5%	88.5%	85.5%

1. START OF THE SCOTRAIL FRANCHISE

For the Franchisee Years from the Franchise Commencement Date to the last day of Reporting Period 13 of the fourth Franchisee Year inclusive:

1.1 If PPM MAA at the Franchise Commencement Date is at or above the Target Performance Levels values in the PPM Benchmark Table 1 for Passenger Services as a whole, then the Target Performance Level, Improvement Plan Performance Level, Breach Performance Level and Default Performance Level will apply to all Reporting Periods from the Franchise Commencement Date to the last day of Reporting Period 13 of the fourth Franchisee Year inclusive.

1.2 If PPM MAA at the Franchise Commencement Date is below the Target Performance Levels values in the PPM Benchmarks above for Passenger Services as a whole, then the Target Performance Level will be set at that level, the Improvement Plan Performance Level, Breach Performance Level and Default Performance Level will be set at the relative levels to the Target Performance Level set out in PPM Benchmark Table 3 and each of these relative levels are to increase in each Franchisee Year from the Franchise Commencement Date to the last day of Reporting Period 13 of the fourth Franchisee Year, based on a straight line profile until these relative levels reach the values in the PPM Benchmark Table 1.

For individual Sectors, the PPM Benchmarks will be set relative to PPM for each Sector at the Franchise Commencement Date, based on the values defined in the PPM Benchmark Table 2. PPM Benchmarks will be fixed at these values for all Reporting Periods of the Franchise.

PPM Benchmark Table 2

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>	<u>Column 5</u>
Sector	[Not Used]	Improvement Plan Performance Level (%)	Breach Performance Level (%)	Default Performance Level (%)
Express (E&G) Sector	-	-3.0%	-6.0%	-9.0%
Express (Other) Sector	-	-3.0%	-6.0%	-9.0%
Suburban West (Peak) Sector	-	-3.0%	-6.0%	-9.0%
Suburban West (Off-Peak) Sector	-	-1.5%	-4.5%	-7.5%
Suburban East Sector	-	-3.0%	-6.0%	-9.0%
Rural Sector	-	-3.0%	-6.0%	-9.0%

PPM Benchmark Table 3

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
PPM MAA Levels relative to Target Performance Level	Passenger Services (as a whole)	Suburban West (Off Peak) Sector	All other Sectors
Improvement Plan Performance Level (%)	-1.0%	-1.5%	-3.0%
Breach Performance Level (%)	-4.0%	-4.5%	-6.0%
Default Performance Level (%)	-7.0%	-7.5%	-9.0%

2. CP6

All levels from Reporting Period 1 of the fifth Franchisee Year shall, at the Authority's option be subject to adjustment to allow revised objectives and targets for Control Period 6. Any such adjustment shall constitute a Change.

APPENDIX 4 TO SCHEDULE 7.1

Part 1 — Construction

- (a) For the purposes of this Schedule 7.1, a day shall be deemed to begin at 0200 and end at 0159 on the same day.
- (b) Subject to paragraph 1(a) above, where any train is scheduled to depart from its point of origin on one day and arrive at its destination point on the following day, any determination of that train as Cancelled or Partially Cancelled shall be treated as occurring on the day on which the train was scheduled to depart from its point of origin.
- (c) References in this Schedule 7.1 to “trains” do not include Charter Services or other movements of rolling stock outside the Passenger Timetable (but which may be included in any relevant working timetable).
- (d) A train is treated as being in a Sector for that part of its journey during which it satisfies the Service Code, timing, direction and description set out in Part 3 of this Appendix 4 to Schedule 7.1 as forming a service which is included in that Sector.
- (e) Pursuant to this Schedule 7.1, the Authority shall determine the achievement or otherwise of Benchmarks in respect of the Sectors.
- (f) In monitoring the Schedule 7.1 Benchmarks, each train should only be measured once. The Sector for each train will be based on the Sector of the Service Code at the final scheduled destination. In the Suburban West Sector, each train is then defined as either Peak or Off-peak (a train will not be classed as both) under this Schedule 7.1. Given each train is only monitored once, the aggregate of the Sector calculations should equate to the Passenger Services (as a whole) calculation.

Part 2 – Systems

Systems

1. The parties agree that the Benchmark in each Reporting Period shall be determined by reference to:
 - (a) such systems as may be used by Network Rail from time to time for recording or monitoring the operation of the Passenger Services and as may be selected by the Authority and notified to the Franchisee by the Authority from time to time (the “**Network Rail Systems**”);
 - (b) such systems as the Authority may put in place or (acting reasonably) require the Franchisee to use for determining the Benchmark on the basis of the information and data in the Network Rail Systems and the other information and data available to it (the “**Authority Systems**”);
 - (c) such other systems as the Authority and the Franchisee may agree;
 - (d) such other relevant information, data and records as may be available to the Authority or which the Authority may reasonably require the Franchisee to provide to it from time to time, including the information specified in paragraphs 2 and 3 of this Part 2; and
 - (e) such systems as the Franchisee may propose to the Authority, and the Authority, acting reasonably, agrees should be put to use for rebasing or

monitoring the operation of the Passenger Services (the “**Franchisee Systems**”).

2. The Franchisee shall, if so requested, use all reasonable endeavours to procure that there are entered into the Network Rail Systems and/or provided to the Authority:
 - (a) each Passenger Timetable;
 - (b) each Train Plan;
 - (c) each item of rolling stock used in the provision of the Passenger Services which is planned under a Train Plan to Pass a relevant Formation Monitoring Point but does not so Pass at such Formation Monitoring Point (except in circumstances where the whole train of which such rolling stock forms part is part of a Sector and does not Pass such Formation Monitoring Point); and
 - (d) such other information and data as the Authority may require to facilitate the proper or efficient determination of performance against Benchmark under this Schedule 7.1.
3. The Franchisee shall provide such information as the Authority may require in relation to any differences between a Timetable and an Applicable Timetable for any day which results from an Allowable Change, such information to include, without limitation:
 - 3.1. where the Allowable Change is a Restriction of Use, details of compensation therefor under the Track Access Agreement; and
 - 3.2. evidence of the manner and time of publication to passengers of details of such difference from the Timetable.

The Franchisee shall provide to the Authority details of the number of Minutes late which a train may be at a Formation Monitoring Point as a result of being delayed awaiting a Connection (to be provided within 7 days of the day on which the relevant train may be delayed).

4. The Franchisee shall provide to the Authority the information required under paragraphs 2 and 3 in such form and format as the Authority may require from time to time. The Franchisee shall provide to the Authority such further details or information as it may reasonably require in relation to such information.
5. The Authority and the Franchisee will co-operate with each other to ensure that performance against Benchmark calculated under this Schedule 7.1 are determined correctly and efficiently on the basis of the information available to each of them from time to time.

Access and review of systems

6. The Franchisee and the Authority each agree to use all reasonable endeavours to ensure that each other may have such access to the Network Rail Systems as they may be able to procure during the Franchise Period.
7. The Authority agrees to permit the Franchisee to inspect the Authority Systems at any reasonable time during the Franchise Period and on reasonable notice if the Franchisee has reasonable grounds to believe that a fault in the Authority Systems is resulting in the incorrect determination of the performance against Benchmark calculated under this Schedule 7.1.
8. If the Franchisee notifies the Authority that it has reasonable grounds to believe that the Systems are not satisfying any relevant requirements and it is established, following any investigation or inspection, that such Systems are not satisfying any

relevant requirements, the information or determination obtained from the relevant System for any relevant Reporting Periods commencing after the date which is two months prior to such notification may be adjusted in such a manner which is fair and reasonable to correct such information or determination, and any performance against Benchmark previously calculated under this Schedule 7.1 may be adjusted accordingly. The parties may refer any dispute relating thereto for resolution in accordance with the Dispute Resolution Rules.

9. Any inspection or investigation of any System shall be carried out at the cost of the party conducting the investigation or inspection (except in the case of fraud by another party or its employees or agents).

Failure to record or supply information

10. If the Franchisee fails to comply with its obligations under paragraphs 2, 3 or 4 of this Part 2, the Authority may, if it reasonably considers that performance against Benchmark has been incorrectly calculated as a result of such non-compliance (whether as a result of new information or data becoming available or otherwise), require any relevant performance against Benchmark which may be affected by such non-compliance to be adjusted in a manner which is fair and reasonable to reflect performance against Benchmark which, so far as reasonably determinable on the basis of any relevant data (including any new information or data), should have been calculated. The parties to any dispute relating thereto may refer it for resolution in accordance with the Dispute Resolution Rules.
11. If, as a result of any fault in the Systems or failure to record any or all relevant information, performance against Benchmark cannot be reasonably determined then the parties shall use all reasonable endeavours to determine the relevant performance against Benchmark on the basis of such manual information as may have been recorded by Network Rail and other relevant sources, including those of the Franchisee. Nothing in this paragraph 11 shall however prevent the Authority from determining any performance against Benchmark on the basis of information available to it at any relevant time.

CP6 Determination/Regulatory Devices

12. Without prejudice to the Authority's rights in terms of paragraph 2 of each Appendices 1, 2 and 3 off this Schedule 7.1, whenever there is a determination by the ORR for Control Period 6 or subsequent Control Periods, the Authority may by a Variation make variations to the terms of this Schedule in order to ensure that, so far as reasonably possible, the consequences of this Schedule for the Authority and the Franchisee are in all material respects held constant. Any variation to the terms of this Schedule affected by such a Variation shall not constitute a Change.

Part 3 — Service Groups

Part 3(a) — Service Group A (HA02) East Coast Suburban Services

Service Code	Formation Monitoring Point
576 EDINBURGH-DUNBLANE	Edinburgh
584 HAYMARKET-NORTH BERWICK	Edinburgh
586 EDINBURGH-NEWCRAIGHALL	Edinburgh
587 FIFE CIRCULAR	Edinburgh

Part 3(b) — Service Group B (HA01) Express Services

Service Code	Formation Monitoring Points
540 GLASGOW-ABERDEEN-DYCE	Glasgow Queen Street high level
541 EDINBURGH-ABERDEEN	Edinburgh
548 EDINBURGH-FALKIRK-GLASGOW	Glasgow Queen Street high level
549 GLASGOW/EDINBURGH-INVERNESS	Edinburgh Glasgow Queen Street high level

Part 3(c) — Service Group C Strathclyde Diesel (HA07)

Service Code	Formation Monitoring Points
561 GLASGOW QUEEN STREET / SPRINGBURN-CUMBERNAULD (S)	Glasgow Queen Street high level
564 GLASGOW-SHOTTS-EDINBURGH	Glasgow Central high level
565 GLASGOW-PAISLEY CANAL (S)	Glasgow Central high level
566 GLASGOW - WHIFFLET (S)	Glasgow Central high level
567 GLASGOW-EAST KILBRIDE (S)	Glasgow Central high level
568 GLASGOW-BARRHEAD-KILMARNOCK (S)	Glasgow Central high level
572 MOTHERWELL-CUMBERNAULD (S)	None
574 GLASGOW NORTHERN SUBURBAN (S)	Glasgow Queen Street high level
575 GLASGOW-STIRLING-DUNBLANE	Glasgow Queen Street high level
577 KILMARNOCK-GIRVAN	None
578 GLASGOW-FALKIRK GRAHAMSTON	Glasgow Queen Street high level

Part 3(d) — Service Group D (HA06op) Strathclyde Electric Offpeak

Service Code	Formation Monitoring Points
560 GLASGOW NORTH (S)	Glasgow Queen Street low level
562 GLASGOW SOUTH (S)	Glasgow Central high level
563 ARGYLE LINE (S)	Glasgow Central Low Level
569 GLASGOW-WEMYSS BAY/GOUROCK (S)	Glasgow Central high level
571 GLASGOW-ARDROSSAN/LARGS (S)	Glasgow Central high level
573 GLASGOW-AYR (S)	Glasgow Central high level

Part 3(e) — Service Group E (HA06p) Strathclyde Electric Peak

Service Code	Formation Monitoring Points
--------------	-----------------------------

560 GLASGOW NORTH (S)	Glasgow Queen Street low level
562 GLASGOW SOUTH (S)	Glasgow Central high level
563 ARGYLE LINE (S)	Glasgow Central Low Level
569 GLASGOW-WEMYSS BAY/GOUROCK (S)	Glasgow Central high level
571 GLASGOW-ARDROSSAN/LARGS (S)	Glasgow Central high level
573 GLASGOW-AYR (S)	Glasgow Central high level

Part 3(f) - Service Group F (HA03) South West Rural

Service Code	Formation Monitoring Points
579 GLASGOW/CARLISLE - STRANRAER	None

Part 3(g) - Service Group G (HA04) Highland Rural

Service Code	Formation Monitoring Points
542 INVERNESS – WICK/THURSO	None
543 INVERNESS – KYLE OF LOCHALSH	None
545 GLASGOW – OBAN/FORT WILLIAM/MALLAIG	None
547 ABERDEEN – INVERNESS	None

SCHEDULE 7.2

THIS IS SCHEDULE 7.2 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

KPIs AND JOURNEY TIME METRICS

Part 1 – Off-Peak Patronage

Measurement of Off-Peak Patronage

1. Off-Peak Patronage in a Franchisee Year shall be determined by use of LENNON data split by ticket type for the Franchisee Year subject to adjustments determined by the Authority to reflect:
 - 1.1. manual counts of passengers by an independent company contracted to carry out such on behalf of the Franchisee and the Authority (at the cost of the Franchisee) on Passenger Services where another Train Operator provides railway passenger services between Stations on one or more routes within a Service Group; or
 - 1.2. the effect on the aggregate number of passenger journeys on Off-Peak Passenger Services of any Force Majeure Event; or
 - 1.3. the effect on LENNON data of SPT Zonecard or other multi modal Fares schemes referred to in the Appendix to Schedule 2.5 (*Transport, Travel and Other Schemes*) where:
 - (a) the Franchisee has requested that the Authority takes account of the effect at such schemes on LENNON data used for Off-Peak Patronage determination; and
 - (b) the Franchisee's request is accompanied by prima facie evidence of an effect on the data in excess of 1%; and
 - (c) the Authority procures a suitably qualified expert, at the cost of the Franchisee, to conduct an independent study into the Franchisee's claim; and
 - (d) the appointed expert concludes that the effect on the data exceeds 1%.

Off-Peak Patronage KPI

2. Off-Peak Patronage in a Franchisee Year shall not fall below the Off-Peak Patronage Forecast Level;
3. If Off-Peak Patronage in a Franchisee Year falls below the Off-Peak Patronage Forecast Level the Franchisee shall prepare an Improvement Plan as provided for in paragraph 9 of this Schedule 7.2 to address the reasons for the fall in Off-Peak Patronage against the Off-Peak Patronage Forecast Level to be agreed with the Authority and take all steps necessary to implement the Improvement Plan in the following Franchisee Year;
4. If Off-Peak Patronage falls below the Off-Peak Patronage Forecast Level in any two consecutive Franchisee Years it shall be a contravention by the Franchisee of the terms of this Agreement and the Franchisee will prepare a Remedial Plan (as provided for in paragraph 3 of Schedule 10.1 (*Remedial Plans and Remedial Agreements*)) to be agreed with the Authority and take all steps necessary to implement the agreed Remedial Plan in the following Franchisee Year;
5. If Off-Peak Patronage falls below the Off-Peak Patronage Forecast Level in any three consecutive Franchisee Years, such shall constitute a continuing and material Event of

Default under paragraph 2.10 of Schedule 10.3 (*Events of Default and Termination Event*) and the Authority shall be entitled to terminate this Agreement by serving a Termination Notice on the Franchisee. The Agreement shall terminate with effect from the date specified in any such Termination Notice.

Reduction in Off-Peak Patronage

6. If Off-Peak Patronage decreases in absolute terms in any two consecutive Franchisee Years (except where anticipated in the Off-Peak Patronage Forecast Level) it shall be a contravention by the Franchisee of the terms of this Agreement and the Franchisee shall prepare a Remedial Plan (as provided for in paragraph 3 of Schedule 10.1 (*Remedial Plans and Remedial Agreements*)) to address the reasons for the reduction in Off-Peak Patronage to be agreed with the Authority and take all steps necessary to implement the agreed Remedial Plan in the following Franchisee Year;
7. If Off-Peak Patronage decreases in absolute terms in any three consecutive Franchisee Years, such shall constitute a continuing and material Event of Default under paragraph 2.10 of Schedule 10.3 (*Events of Default and Termination Event*) and the Authority shall be entitled to terminate this Agreement by serving a Termination Notice on the Franchisee. The Agreement shall terminate with effect from the date specified in any such Termination Notice.
8. The Off-Peak Patronage figure to be used in determining at the end of the first Franchisee Year if there has been a decrease in absolute terms of Off-Peak Patronage shall be subject to the adjustments set out in paragraphs 1.1 to 1.3 of this Schedule 7.2. For all subsequent Franchisee Years the actual Off-Peak Patronage for the previous Franchisee Year as determined in accordance with paragraph 1 of this Schedule 7.2 shall be used to determine relative levels of Off-Peak Patronage. This shall not constitute a Change.

Improvement Plans

9. If and whenever the Franchisee's performance in respect of the Off-Peak Patronage KPI requires the preparation of an Improvement Plan the Franchisee shall:-
 - 9.1. prepare and provide to the Authority, for the Authority's comments, a plan that it proposes to implement to ensure that its future performance improves (an "**Improvement Plan**"). The Franchisee shall have due regard to any comments provided by the Authority in relation to the Improvement Plan and may amend the Improvement Plan as may be considered necessary (and consistent with its obligations under this paragraph 9.1;
 - 9.2. implement such Improvement Plan; and
 - 9.3. advise the Authority from time to time of the results of the implementation of such Improvement Plan.

Part 2 - Passenger Satisfaction

Overall Success – Passenger Satisfaction

10.

10.1. The Authority shall, subject to paragraphs 2.11 and 2.12 of Schedule 1.5 (*Information about Passengers*) assess the Franchisee's performance in terms of the National Passenger Survey as at the date of publication of the National Passenger Survey subsequent to the third anniversary of the Franchisee Commencement Date that provides three years of National Passenger Survey scores relating to the Franchisee's performance.

10.2. The Franchisee requires to have a mean average score in terms of the National Passenger Surveys carried out over the aforesaid period for each of:

- (a) Overall Satisfaction;
- (b) Punctuality and Reliability; and
- (c) How Well the Franchisee Dealt with Disruption;

of no worse than the mean average scores for the three year period ending on the day prior to the Franchise Commencement Date.

Measurement of Passenger Satisfaction

11.

Subject to paragraphs 2.11 and 2.12 of Schedule 1.5 (*Information about Passengers*), the results for "Overall Satisfaction" and separately, "How Well the Franchisee Dealt with Disruption" of the National Passenger Survey(s) carried out by the Passengers' Council in any Franchisee Year shall be used to determine the Franchisee's performance against respectively, the Overall Passenger Satisfaction Target and the Dealing with Disruption Passenger Satisfaction Target for that Franchisee Year. If in any Franchisee Year the Passengers' Council has conducted:

11.1 only one National Passenger Survey in that Franchisee Year then the performance of the Franchisee against the Passenger Satisfaction Targets shall be measured against the relevant results of such National Passenger Survey; or

11.2 more than one National Passenger Survey in that Franchisee Year then the performance of the Franchisee against the Passenger Satisfaction Targets shall be measured against the average of the relevant results of all of the National Passenger Surveys conducted by the Passengers' Council in that Franchisee Year.

Overall Satisfaction KPI

12.

12.1. The Franchisee's score in terms of the National Passenger Survey in each Franchisee Year for Overall Satisfaction must not fall below the Overall Passenger Satisfaction Target.

- 12.2. The Authority may upon exercising Rebasing update the Overall Passenger Satisfaction Target to reflect the average Overall Satisfaction results in the National Passenger Survey for the period between the Franchise Commencement Date and the Rebasing.

Failure to meet Overall Passenger Satisfaction Target

13.

- 13.1. If Overall Satisfaction does not meet the Overall Passenger Satisfaction Target in a Franchisee Year:

(a) such shall be a contravention by the Franchisee of the terms of this Agreement and the Franchisee shall prepare a Remedial Plan (as provided for in paragraph 3 of Schedule 10.1 (*Remedial Plans and Remedial Agreements*)) to be agreed with the Authority and take all steps necessary to implement the agreed Remedial Plan in the following Franchisee Year; and

(b) the Franchisee shall pay to the Authority, by way of adjustments to the Franchise Payments in the following Franchisee Year, the Overall Satisfaction KPI Penalty

- 13.2. If Overall Satisfaction does not meet the Overall Passenger Satisfaction Target in any two consecutive Franchisee Years, such shall constitute a continuing and material Event of Default under paragraph 2.10 of Schedule 10.3 (*Events of Default and Termination Event*) and the Authority shall be entitled to terminate this Agreement by serving a Termination Notice on the Franchisee. The Agreement shall terminate with effect from the date specified in any such Termination Notice.

“How Well the Franchisee Dealt with Disruption” KPI

14. The Franchisee’s score in terms of the National Passenger Survey in each Franchisee Year for “How Well the Franchisee Dealt with Disruption” must not fall below the Dealing with Disruption Passenger Satisfaction Target.

Failure to meet the Dealing with Disruption Passenger Satisfaction Target

15.

- 15.1. If the Franchisee’s score for “How Well the Franchisee Dealt with Disruption” falls below the Dealing with Disruption Passenger Satisfaction Target in a Franchisee Year, the Franchisee shall pay to the Authority by way of adjustments to the Franchise Payments in the following Franchisee Year, the Dealing with Disruption KPI Penalty.

- 15.2. If the Franchisee’s score for “How Well the Franchisee Dealt with Disruption” does not exceed the Remedial Plan Level in a Franchisee Year, it shall be a contravention by the Franchisee of the terms of the Franchise Agreement and the Franchisee shall prepare a Remedial Plan (as provided for in paragraph 3 of Schedule 10.3 (*Remedial Plans and Remedial Agreements*)) to be agreed with the Authority and take all steps to implement the agreed Remedial Plan in the following Franchisee Year.

- 15.3. If the Franchisee’s score for “How Well the Franchisee Dealt with Disruption” does not exceed the Remedial Plan Level in any two consecutive Franchisee Years, such shall constitute a continuing and material Event of Default under paragraph 2.10 of Schedule 10.3 (*Events of Default and Termination Event*) and the Authority shall be entitled to terminate this Agreement by serving a Termination Notice on

the Franchisee. The Agreement shall terminate with effect from the date specified in any such Termination Notice.

Part 3 – Journey Time Metric

16. In this Part 3 of Schedule 7.2:

16.1 **“Journey Time”** means in each Timetable and for each Sector the total planned train journey time of all Passenger Services (expressed in minutes) divided by the total planned journey distances (expressed in miles). Planned train journey times shall be rounded up to the next minute if the Franchisee’s operational policy or practise is to close train doors 31 seconds or more before departure. For Passenger Services which cross Edinburgh Waverley, Glasgow Central Low Level, Glasgow Queen Street low level or Aberdeen the dwell time at those stations shall be disregarded for the purposes of Journey Time calculations.

16.2 **“Journey Time Metric”** means subject to paragraphs 17.2 and 17.3 the minutes per mile figure specified for a Sector in the following table

	Sector	All Sectors	Express (E&G)	Express (Other)	Suburban West Off Peak	Suburban West Peak	Suburban East	Rural
1	Minutes per Mile From December 2015	1.648	1.058	1.167	1.930	2.052	1.686	1.513
2	Minutes per Mile From December 2016	1.644	1.058	1.167	1.930	2.052	1.686	1.513
3	Minutes per Mile From December 2017	1.637	0.931	1.168	1.927	2.091	1.679	1.511
4	Minutes per Mile From December 2018	1.604	0.932	1.154	1.899	2.045	1.633	1.509
5	Minutes per Mile From December 2019	1.602	0.932	1.154	1.899	2.045	1.633	1.509
6	Minutes per Mile	1.599	0.932	1.154	1.899	2.045	1.633	1.509

	From December 2020							
7	Minutes per Mile From December 2021	1.597	0.932	1.154	1.899	2.045	1.633	1.509
8	Minutes per Mile From December 2022	1.595	0.932	1.154	1.899	2.045	1.633	1.509
9	Minutes per Mile From December 2023	1.592	0.932	1.154	1.899	2.045	1.633	1.509
10	Minutes per Mile From December 2024	1.590	0.932	1.154	1.899	2.045	1.633	1.509

17. Annual adjustment

- 17.1 The Franchisee shall review the Journey Time of Passenger Services in each Sector and all Sectors against the Journey Time Metric for that Sector and all Sectors at least once every Franchisee Year and shall make the results of such review available to the Authority at the next Franchise Performance Meeting;
- 17.2 The Journey Time shall be calculated annually on the Principal Change Date. In the event that on a Principal Change Date the Journey Time for a Sector or Sectors has changed from the figure specified within the above table and that change is due:
- (a) to a Network Change that has been funded (in whole or in part) by the Authority or Network Rail then, except where otherwise agreed with the Authority in advance of the occurrence of the Network Change, the Journey Time calculation for that Sector or Sectors shall be the Journey Time Metric applicable from that Principal Change Date; or
 - (b) in part to a Network Change that has been funded (in whole or in part) by the Authority or Network Rail and in part due to other factors then, except where otherwise agreed with the Authority in advance of the occurrence of the Network Change, the Journey Time calculation for that Sector Or Sectors shall not take account of such other factors

and the resulting figures shall be the Journey Time Metric applicable from that Principal Change Date.

- 17.3 The Journey Time shall be calculated for the 2014 Principal Change Date (**"the 2014 Journey Time"**). In the event that the 2014 Journey Time for a Sector or Sectors is lower than any of the figures specified within above table the Journey Time calculation for that Sector or Sectors shall be the Journey Time Metric applicable from the 2014 Principal Change Date.

18. The Franchisee shall use best endeavours to ensure that the Journey Time is equal to or lower than the Journey Time Metric in each Sector in every Timetable throughout the Franchise Term.

19. The Franchisee's performance against the Journey Time Metric will be a consideration of the Authority in determining whether the Authority's stated policy objectives have been delivered through the Franchise Services.

APPENDIX 1 TO SCHEDULE 7.2

Off-Peak Patronage Forecast Table and Dealing with Disruption Passenger Satisfaction Level Table

Part 1

Off-Peak Patronage Forecast Table

[NOTE: For the first 4 Franchisee Years Off-Peak Patronage Forecast Level must be no less than 98% of Off-Peak Patronage Forecast.

For Franchisee Years 5 to 7 Off-Peak Patronage Forecast Level must be no less than 97% of Off-Peak Patronage Forecast.

Off-Peak Patronage Forecast will be as per Bidder's forecast model for number of passenger journeys on "Reduced" ticket types]

Column 1	Column 2	Column 3
Franchisee Year	Off-Peak Patronage Forecast	Off-Peak Patronage Forecast Level
Year 1	[---REDACTED---	[---REDACTED---
Year 2	[---REDACTED---	[---REDACTED---
Year 3	[---REDACTED---	[---REDACTED---
Year 4	[---REDACTED---	[---REDACTED---
Year 5	[---REDACTED---	[---REDACTED---
Year 6	[---REDACTED---	[---REDACTED---
Year 7	[---REDACTED---	[---REDACTED---

Part 2

Dealing with Disruption Passenger Satisfaction Level Table

Column 1	Column 2	Column 3
Franchisee Year	Dealing with Disruption Passenger Satisfaction Target	Remedial Plan Level
1	43%	[---REDACTED---
2	45%	[---REDACTED---
3	48%	[---REDACTED---
4	50%	[---REDACTED---
5	51%	[---REDACTED---
6	51%	[---REDACTED---
7	51%	[---REDACTED---

SCHEDULE 7.3

THIS IS SCHEDULE 7.3 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

SQUIRE

1. Introduction

- 1.1. This Schedule 7.3 together with the SQUIRE Service Schedules describes:
 - (a) the Station Services, On-Train Services and Information Away from Station Services which are to be provided by the Franchisee;
 - (b) the rights of the Authority to carry out (or to require to be carried out) inspections of the quality of those services provided by the Franchisee;
 - (c) the Management and Processes to be put in place by the Franchisee for the management and delivery of service quality for the Franchise Term;
 - (d) the responsibilities and reporting lines for the SQM and Quality Manager;
 - (e) the requirements for (and the frequency of) service quality inspections and re-inspections to be carried out by, or on behalf of, the Authority ("**inspections**" and "**re-inspections**", respectively);
 - (f) the means of measurement of the level of performance found during inspections and re-inspections in accordance with the SQUIRE Service Schedules;
 - (g) the means of calculation of any Service Quality Payments; and
 - (h) the way in which the Authority and the Franchisee shall work together to rectify poor performance by the Franchisee.
- 1.2 Pursuant to this Schedule 7.3 the Authority shall inspect (or require the inspection), and receive and make payments in respect of, the other Franchise Services with which this Schedule 7.3 deals ("**the SQUIRE Regime**").
- 1.3 The Franchisee shall use all reasonable endeavours to procure that at Glasgow Central, Edinburgh Waverley and Prestwick International stations the standards for Station Services specified in this Schedule 7.3 and in the SQUIRE Service Schedules are provided at no worse than the relevant Benchmark Level.
- 1.4 Subject to Schedule 1.6 (*Committed Obligations*) and Schedule 3 (*Priced Obligations*) and to any other obligations with this Agreement which result in or require improvements in facilities or assets but without prejudice to paragraph 18, the Franchisee will not have any obligations under the SQUIRE regime in relation to facilities and assets, or be obliged, as part of the SQUIRE regime in this Schedule 7.3, to provide facilities and assets, where those assets are not physically present at the Franchise Commencement Date. The Franchisee accepts that the rectification of poor performance in terms of paragraph 11 could require the provision of replacement assets.
- 1.5 There will be no liability for the Franchisee in relation to the application of any SQUIRE regime prior to the Franchise Commencement Date. Any penalties,

performance points, notices or other liabilities applicable from the application of any SQUIRE regime prior to the Franchise Commencement Date shall be cancelled and shall not apply in relation to the Franchisee.

2 The Services

In this Schedule 7.3, reference to a “**Service**” shall, as the context requires, be to any or all of:-

- 2.1 The Station Services as set out in service schedules 1 to 17 in the SQUIRE Service Schedules Agreement.
- 2.2 The On-Train Services as set out in service schedules 18 to 33 and 36 in the SQUIRE Service Schedules Agreement.
- 2.3 The Information Away from Station Services as set out in service schedule 34 in the SQUIRE Service Schedules Agreement.
- 2.4 The Emerging Technologies as set out in service schedule 35 in the SQUIRE Service Schedules Agreement.

3 Service Quality Management Arrangements

The Franchisee shall:

- 3.1 in relation to the SQUIRE Regime:
 - (a) ensure that the Quality Manager reports directly to and make recommendations to an executive officer of the Franchisee to reduce the occurrence of below Benchmark Level performance against the SQUIRE Service Specifications and the incidence of failed inspections and re-inspections;
 - (b) record and maintain a list of any corrective actions identified during any checks on service quality undertaken by the Franchisee (“*audits*”), inspections or re-inspections undertaken by the Authority and ensure that the appropriate responsible parts of the Franchisee’s organisation are advised of any necessary corrective actions;
 - (c) monitor the implementation by the responsible party within the Franchisee’s organisation of the corrective actions identified;
 - (d) ensure that the Quality Manager, SQM and RPM perform the tasks required of them under paragraph 4; and
 - (e) ensure that the Quality Manager has responsibility for the SQM role or appoints an appropriate SQM who shall report to the Quality Manager;
- 3.2 ensure that sufficient staff reporting to the Quality Manager are employed (either directly or under a sub-contract) and employ sufficient resources to allow the Quality Manager to carry out the tasks required of him;
- 3.3 ensure that corrective actions arising from any inspections or re-inspections are diligently and promptly dealt with and that there are adequate resources, monitoring processes and procedures, and appropriate contractual arrangements, in place to do so;

- 3.4 ensure that the Franchisee's obligations set out in paragraph 1 of Schedule 1.3 (*Additional Service Specifications*) and in this Schedule 7.3 are complied with in full;
- 3.5 co-operate with the Authority in allowing the Authority's personnel (or its agents or sub-contractors) to conduct inspections, re-inspections or audits and in making appropriately senior and appropriately qualified members of the Franchisee's personnel available to attend meetings;
- 3.6 provide to the Authority when requested details of where train staff and, in the case of staffed Stations, Station staff will be available for any inspection; and
- 3.7 keep the Managing Director of the Franchisee fully advised as regards the matters referred to in paragraphs 3.1 to 3.6 above and copy to him/her any recommendations made to the executive officer referred to in paragraph 3.1(a).

4. **Role of the Quality Manager and/or SQM in respect of the SQUIRE Regime**

- 4.1 The Quality Manager shall:
 - (a) report directly to an executive officer of the Franchisee;
 - (b) keep full and accurate records and documents relating to or affecting the performance by the Franchisee of the Services;
 - (c) develop and keep under review a train presentation programme for implementation by the Franchisee (to include the management of fault recording and rectification), designed to ensure that the relevant SQUIRE Service Specifications are reached and, where possible, exceeded and that, in any event, the relevant Benchmark Level is met;
 - (d) develop and keep under review a station environment, structures, information provision, security, ticket selling and revenue protection programme for implementation by the Franchisee (to include the management of fault recording and rectification), designed to ensure that the relevant SQUIRE Service Specifications are reached and, where possible, exceeded and that, in any event, the relevant Benchmark Level is met;
 - (e) develop and keep under review a programme regarding the Information Away from Station Services for implementation by the Franchisee (to include the management of fault recording and rectification), designed to ensure that the relevant SQUIRE Service Specifications are reached and, where possible, exceeded and that, in any event, the relevant Benchmark Level is met;
 - (f) review the results of the Passenger View Surveys to inform the programmes referred to in paragraphs (c) to (e);
 - (g) send to the relevant executive officer of the Franchisee at the end of each Reporting Period a statement (copied at the same time to the Managing Director of the Franchisee) detailing the inspections and re-inspections where a fail has been recorded (including in respect of Management and Processes) together with audits, copying this statement to the Authority;

- (h) ensure that all inspections, re-inspections and audits that may be conducted are fully recorded and any information that is due to be passed to the executive officer of the Franchisee, Franchisee's staff and/or to the Authority is passed on timeously;
- (i) ensure that where faults are found during an audit, inspection or re-inspection or items have failed in an inspection or re-inspection, appropriate remedial action is taken promptly and that there is a process for recording and monitoring the completion of the corrective actions;
- (j) ensure that the Authority's SQIs are granted such access to the facilities under the control of the Franchisee as is necessary to permit the Authority to exercise its rights of inspection under paragraph 5 and are also provided with reliable information on the availability of trains and of staff in respect of staffed stations to allow the Authority to exercise its rights of inspection and re-inspection;
- (k) ensure that current site specific safety rules and regulations are made available to the Authority's SQIs; and
- (l) ensure that the Franchisee puts in place systems to preserve the documents referred to in paragraph 5.10 for a period of either 6 years or until 12 months after the expiry of the Franchise Term, whichever is the later.

4.2 With respect to the Key Personnel and SQM involved in SQUIRE:-

- (a) The SQM shall be an individual capable of competently performing the functions the role requires of him, including in the management of the work of others.
- (b) The SQM, in implementing his role, shall develop and implement processes to ensure that there is, throughout the organisation of the Franchisee, a focus upon the importance of continued improvement in the passengers' experiences across the areas of Train presentation, Station condition and interaction with Franchisee staff. This focus must include an appreciation of the need to record reliable and accurate information on the Franchisee's ongoing performance across these areas.
- (c) The RPM shall be an individual capable of competently performing the functions the role requires of him, including in the management of the work of others.
- (d) The RPM, in implementing his role, shall develop and implement processes to ensure that there is, throughout the organisation of the Franchisee, a focus upon the importance of continued improvement in the Franchisee's performance across the areas of revenue collection and protection against ticketless travel. This focus must include an appreciation of the need to record reliable and accurate information on the Franchisee's ongoing performance across these areas.
- (e) The SQM shall ensure that the Franchisee has in place a management process for reporting to and seeking action from Network Rail in relation to any amount of litter on the track adjacent to platforms which fail to comply with Grade B Cleanliness Standard as defined in the Code of Practice on Litter and Refuse issued by the Scottish Government under section 89 of the Environmental

Protection Act 1990 as published in 2000 or any successor legislation.

- (f) The SQM will ensure that aspects of SQUIRE Service Schedules not assessed as part of the typical on-train audits are regularly assessed as part of a depot visit.
- (g) The SQM will ensure that Fast Track reporting of potential failures under Schedule 7.3 (*SQUIRE*) is enabled both to the SQM and also the property help desk.
- (h) The SQM will ensure that processes are in place to ensure that all alarms and Help/Information Points are working, with records of test procedures.
- (i) The SQM shall have records to ensure that in areas of semi-permanent darkness, such as subways, lights shall be switched on at all times between 30 minutes before the first scheduled Train and until 30 minutes after the actual arrival or actual departure, whichever is the later, of the last Train.

4.3 There shall be deemed to be a failure to meet the requirements in paragraph 4.2 if:

- (a) a Train Faults System to allow for timeous repair/remedy (which is independent of the SQUIRE Service Schedules, but which incorporates information arising from inspections) has not been established by the Franchisee, or it cannot be shown to be kept continually up-to-date (by being updated no less than daily);
- (b) a Station Faults System to allow for timeous repair/remedy (which is independent of the Service Schedules, but which incorporates information arising from inspections) has not been established by the Franchisee, or it cannot be shown to be kept continually up-to-date (by being updated no less than daily);
- (c) the Faults Systems do not incorporate a means of recording any complaints or comments from passengers in respect of any faults;
- (d) it cannot be demonstrated (during each inspection after the first Franchisee Year) that the SQM has reviewed, during the preceding thirteen Reporting Periods, the data captured under the Faults Systems and prepared, within one Reporting Period of such a review, a plan (a “**Faults Plan**”) to reduce the incidence of faults arising and the time taken to remedy or repair such faults;
- (e) it cannot be demonstrated (during each inspection after the first Franchisee Year) that the SQM has reviewed, during the preceding thirteen Reporting Periods, the data captured under the Faults Systems to ensure the Faults Systems are being fully and properly utilised by the Franchisee’s staff and has prepared, within one Reporting Period of such a review a plan (a “**Faults Reporting Plan**”) to continually improve the frequency, quality and accuracy of fault reporting by the Franchisee’s staff;
- (f) it cannot be shown that the SQM has implemented a Faults Plan and a Faults Reporting Plan within two Reporting Periods of the preparation of each such plan;
- (g) it can be demonstrated that the RPM has failed to ensure that full and accurate records and documents have been kept in relation to the Franchisee’s performance of its obligations in respect of revenue

collection and protection against ticketless travel;

- (h) the RPM has failed to forward to the relevant executive officer of the Franchisee his detailed statement at the end of any Reporting Period which has fallen since the last date of inspection of the Services under this service schedule or has failed to copy that report to the Managing Director of the Franchisee;
- (i) it cannot be demonstrated that either one of paragraphs 4.2 (f) – (i) have been met.

5. **Authority Service Quality Inspections (“SQI”)**

- 5.1 The Authority shall appoint individuals (who may be sub-contractors of the Authority), each to be known as an SQI to inspect a representative sample of the Station Services, On-Train Services, Information Away from Station Services, Emerging Technologies and Management and Processes in accordance with this paragraph 5.
- 5.2 The SQIs appointed by the Authority shall be responsible for carrying out inspections in respect of all other Franchise Services including SQUIRE Services and Stations. The SQIs of the Authority may inspect the Management and Processes.
- 5.3 The Authority shall have the right to have its SQIs inspect each Station up to the maximum number of times set out in paragraph 3 of each relevant service schedule in the SQUIRE Service Schedules. The Authority does not commit to any minimum number of inspections of Stations. Notwithstanding the foregoing, an SQI may inspect a Station up to 52 times during any 13 consecutive Reporting Periods if:
 - (a) the Station concerned is a Key Station; or
 - (b) any notice or notices which have been issued under paragraph 6.2 during the preceding three Reporting Periods show or record, in total, seven or more failures in respect of one or more Station Services at that Station;

even more frequent inspections are to be permitted where this is provided for in a SQUIRE Service Schedule.
- 5.4 SQIs shall endeavour to inspect Trains in accordance with the number of inspections set out in the SQUIRE Service Schedules but the Authority does not commit to any minimum number of inspections of Trains.
- 5.5 SQIs may inspect up to twice as many Services as permitted by paragraph 5.4 in respect of an On-Train Service or On-Train Services if the Franchisee fails to provide that On-Train Service or those On-Train Services at the Benchmark Level for three successive Reporting Periods. These additional inspections may continue for so long as required by the Authority.
- 5.6 Subject to the rights of the Authority to re-inspect or carry out additional inspections under paragraph 6, no Station Service or particular rolling stock vehicle shall be inspected within seven days of a previous inspection; provided that this shall not preclude the inspection of any rolling stock vehicle where that rolling stock vehicle has been inspected during the preceding 7 days while providing a different Service than that which it is providing when inspected for the second or subsequent time. Certain SQUIRE Service Schedules anticipate the possibility of further inspections within that seven day period and nothing in this paragraph 5.6 shall restrict the Authority from requiring those more frequent inspections by its SQIs.

- 5.7 The SQIs of the Authority shall endeavour also to:
- (a) vary the timing of inspections, both as regards days of the week and times of day, to seek to ensure that a reasonable cross section of inspection times, both Peak (meaning for the purpose of this paragraph the Peak on Weekdays) and Off-Peak, is achieved;
 - (b) construct and implement their programme of inspections so that the Stations and Trains audited are randomly selected;
 - (c) undertake their inspections and re-inspections on Trains so that these shall not interfere with the timely delivery of passenger services;
 - (d) seek to programme their inspections so that they are representative of the number of Services starting or operating in the Peak and in the Off-Peak ;
 - (e) undertake their inspections at Stations so that these shall not interfere with the delivery of Services to passengers;
 - (f) conduct at least 10% of inspections on either a Saturday or a Sunday; and
 - (g) seek to ensure that during any Reporting Period the number of inspections undertaken in any week shall in normal circumstances be approximately equal.
- 5.8 An SQI of the Authority shall inspect the Information Away from Station Services at least once during every 13 consecutive Reporting Periods.
- 5.9 An SQI of the Authority shall inspect the Management and Processes at least once during every 13 consecutive Reporting Periods.
- 5.10 In addition to the other rights enjoyed by the Authority under this paragraph 5, the Authority shall have, at all reasonable times, access to and the right to reproduce at its own cost the records created by the Franchisee relating to the performance by the Franchisee of the Services. This access shall be for the purpose of auditing and verifying the Franchisee's performance of the Services. The term "records" shall, for the purposes of this paragraph 5.10, be deemed to extend to all books, records, receipts, vouchers and documents, of any description (including those stored on microfilm, video tape or digital recordings or on computer, which shall be made available in legible form).

6. Role of Service Quality Inspectors

- 6.1 During each inspection an SQI shall determine whether the Services are being performed to the required level of service quality in accordance with the relevant SQUIRE Service Specification and which, if any, Services require rectification by the Franchisee so that each Service is provided in accordance with the relevant SQUIRE Service Specification.
- 6.2 If following any inspection of one or more Stations, or Trains, or of Information Away from Station Services or Management and Processes, the Authority determines that there is a failure in terms of paragraph 1 of any SQUIRE Service Schedule to meet the required standard of service quality and/or that a Service requires rectification, the Authority may serve a notice ("**Notice**") on the Franchisee. The Notice shall specify each Service which has failed to meet the required standard and where a Service requires rectification it shall specify each Service requiring rectification and shall specify the time for rectification of each such SQUIRE Service as stated in paragraph 5 of the relevant SQUIRE Service Schedule, (such time to run from the beginning of the Working Day following the date of receipt of such Notice) and the

Franchisee shall rectify each such Service within such time.

- 6.3 The Authority shall use reasonable endeavours to provide any Notice to the Franchisee by 1400 hours on the Working Day following the relevant inspection or as soon as reasonably practicable thereafter.
- 6.4 After the expiry of the time specified in a Notice an SQI may re-inspect any Station or Train or re-inspect the provision of Information Away from Stations or Management and Processes in respect of which a Notice has been issued that required rectification of a Service to determine whether any Service specified in the Notice has been rectified so that that Service is provided in accordance with the relevant SQUIRE Service Schedule. Any re-inspection by an SQI under this paragraph shall not constitute an inspection referred to in paragraphs 5.3 to 5.5 or 5.7.
- 6.5 If an SQI, after re-inspection under paragraph 6.4, determines that the Franchisee has not rectified all Services specified in a Notice:
 - (a) the Franchisee shall incur the number of Performance Points set out in the relevant SQUIRE Service Schedule in relation to a failure to comply with a Notice; and
 - (b) the procedure set out in paragraphs 6.2 to 6.4 above may be repeated by the Authority until the Franchisee has rectified all SQUIRE Services specified in any Notice. This procedure shall, however, be suspended on the date of receipt by the Authority of proposals submitted by the Franchisee in accordance with paragraph 11 unless and until the Franchisee is, in the reasonable opinion of the Authority, failing to use its best endeavours to implement the agreed or determined proposals.
- 6.6 In addition to the inspections and re-inspections permitted by this paragraph 6 the Authority shall be entitled to procure additional inspections of some or all the Station Services at any Station or Stations on up to 6 occasions in each Reporting Period ("**additional inspections**"). The level of performance determined during additional inspections shall not be taken into account in determining the number of Performance Points incurred under the relevant SQUIRE Service Schedule in any Reporting Period. The Authority shall not be entitled to carry forward from one Reporting Period to the next its entitlement to carry out any additional inspections during that Reporting Period that it did not carry out.
- 6.7 If following any additional inspection of a Station Service the Authority determines that there is a failure, in terms of paragraph 1.2 (or any other provision of paragraph 1) of any SQUIRE Service Schedule to meet the required standard of service quality and the relevant Station Service requires rectification, the Authority may serve a notice ("**an Additional Inspection Notice**") on the Franchisee. The Additional Inspection Notice shall specify each Station Service requiring rectification and shall specify the time for rectification of each such Station Service as stated in paragraph 5 of the relevant SQUIRE Service Schedule, (such time to run from the beginning of the Working Day following the date of receipt of such Additional Inspection Notice) and the Franchisee shall rectify each such Station Service within such time. For the purposes of this paragraph 6.7, references in the relevant SQUIRE Service Schedule to "Notice" shall be deemed to include "Additional Inspection Notice").
- 6.8 The Authority shall use reasonable endeavours to provide any Additional Inspection Notice to the Franchisee by 1400 hours on the Working Day following the relevant inspection or as soon as reasonably practicable thereafter.

- 6.9 After the expiration of the time specified in an Additional Inspection Notice, an SQI may re-inspect any Station in respect of which an Additional Inspection Notice has been issued to determine whether all Station Services specified in the Additional Inspection Notice have been rectified. Any re-inspection by an SQI under this paragraph shall not constitute an inspection referred to in paragraphs 5.3 to 5.5 or 5.7.
- 6.10 If an SQI after a re-inspection under paragraph 6.9 determines that the Franchisee has not rectified all Station Services specified in an Additional Inspection Notice:
- (a) the Franchisee shall incur the number of Performance Points set out in the relevant SQUIRE Service Schedule in relation to a failure to comply with a Notice and references in the relevant SQUIRE Service Schedule to "Notice" shall be deemed to include "Additional Inspection Notice"; and
 - (b) the procedure set out in paragraphs 6.7 to 6.10 shall be repeated until the Franchisee has rectified all Station Services specified in any Additional Inspection Notice. The procedure shall, however, be suspended on the date of receipt by the Authority of proposals submitted by the Franchisee in accordance with paragraph 11 unless and until the Franchisee is, in the reasonable opinion of the Authority, failing to use its best endeavours to implement the agreed or determined proposals.
- 6.11 If an SQI has not re-inspected any Station, Train, or Information Away from Station Services or Management and Processes within 7 days of the expiration of the time specified in any Notice, or any Additional Inspection Notice, the Franchisee shall be deemed to have rectified any Service as required by such Notice or Additional Inspection Notice.
- 6.12 The Authority shall provide the SQM with copies of all reports prepared by their SQIs during inspections and re-inspections pursuant to this paragraph 6. Where those reports have been compiled on a computer and are stored in a non-legible form, legible printouts shall be provided. Where reasonably practicable, all reports shall be provided to the Franchisee by 1400 hours on the second Working Day following the relevant inspection or re-inspection.

7. Franchisee's Response to a Notice

If the Franchisee, acting reasonably, considers that the content of any Notice, Additional Inspection Notice or report is incorrect or that such Notice, Additional Inspection Notice or report has not been properly given by the Authority, the SQM may notify the Authority of this within 7 days of the date of receipt of that Notice, Additional Inspection Notice or report, such notification shall be accompanied by photographic or other documentary evidence which supports their notification. If the SQM has not so notified the Authority within 7 days of receipt of that Notice, Additional Inspection Notice or report, the Franchisee shall be deemed to be satisfied as to the correctness of content and method of delivery or service of the same. The parties shall, in seeking to resolve any dispute as to the correctness of content or service of a Notice, Additional Inspection Notice or report, comply with the Escalation Procedure.

8. Major Event

- 8.1 Where the performance by the Franchisee of any SQUIRE Service is materially adversely affected by the occurrence of a Major Event affecting that SQUIRE Service, that Service shall be excluded from the provisions of this Schedule 7.3 for such period as the Authority shall determine if:
- (a) the Franchisee shall have notified the Authority of the occurrence and location of a Major Event in writing within 24 hours of the occurrence

of that Major Event;

- (b) the Franchisee shall have provided to the Authority such other information, as the Authority shall reasonably require in connection with that Major Event; and
- (c) the Franchisee shall have:-
 - (i) used all reasonable endeavours to prevent the occurrence of any Major Event and to restore normal performance of its obligations in the event of the occurrence of a Major Event and shall have actively mitigated and minimised the effect of any Major Event on the performance of its obligations under this Schedule 7.3 and the SQUIRE Service Schedules Agreement;
 - (ii) complied with the terms of paragraph 10 and 11 in Schedule 1.2 (*Operating Obligations*); and
 - (iii) otherwise complied with the terms of this Agreement.

8.2 Notwithstanding that none of the requirements listed in paragraph 8.1 (a) to (c) inclusive has been met, the Authority may agree the exclusion of that Service from the provisions of the SQUIRE Regime where in the opinion of the Authority the performance by the Franchisee of any Service is materially adversely affected by the occurrence of a Major Event.

8.3 If the Franchisee is not satisfied with a decision of the Authority under paragraph 8.1 above the SQM may notify the Authority of the same within 7 days of the date on which that decision is notified to the Franchisee such notification shall be accompanied by photographic or other documentary evidence which supports their notification. If the SQM has not so notified the Authority within 7 days of the date on which that decision is notified to the Franchisee the Franchisee shall be deemed to be satisfied as to the decision. The parties shall, in seeking to resolve any dispute as to a decision of the Authority under paragraph 8.1, comply with the Escalation Procedure.

9. Calculation of Performance Points

9.1 The Authority shall calculate the number of Performance Points, derived from paragraph 4 of each service schedule in the SQUIRE Service Schedules Agreement to be added or subtracted for each Reporting Period in relation to each SQUIRE Service Schedule. In its calculations the Authority shall have regard to the outcomes of all inspections and re-inspections by its SQIs and the service by it of Notices and Additional Inspection Notices and the Franchisee's compliance with those Notices and Additional Inspection Notices in the relevant Reporting Period. Performance Points will be awarded in accordance with the numbers set out in the SQUIRE Service Schedules and according to the following:-

- (a) Where the level of performance of the relevant Service is greater than (that is, better than) Benchmark Level, Performance Points shall be incurred:

$$\text{Performance Points incurred} = \left(\frac{AL - BL}{CL - BL} \right) \times CP$$

Where:

CP = the number of Performance Points which would be awarded at Ceiling Level

AL = the level at which the Service was performed

BL = Benchmark Level

CL = Ceiling Level

No additional Performance Points shall be incurred under, as appropriate, paragraph 4.1(a) or 4.2(a) of the relevant SQUIRE Service Schedule in respect of performance above Ceiling Level.

- (b) Where the level of performance of the relevant Service is less than Benchmark Level, Performance Points shall be incurred in accordance with the following formula:

$$\text{Performance Points incurred} = \left(\frac{BL - AL}{BL - FL} \right) \times FP$$

Where:

FP = the number of Performance Points which would be awarded at Floor Level

AL = the level at which the Service was performed, but if that level was below FL then AL shall equal FL

FL = Floor Level

BL = Benchmark Level

No additional Performance Points shall be incurred under, as appropriate, paragraph 4.1(b) or 4.2(b) of the relevant SQUIRE Service Schedule in respect of performance below Floor Level. For performance at less than the Benchmark Level the Performance Points are negative points.

- (c) Where the level of performance of the relevant Service is at Benchmark Level, no Performance Points shall be incurred under, as appropriate paragraph 4.1(a) or (b) or 4.2(a) or (b) of the relevant SQUIRE Service Schedule.

- 9.2 The Authority shall provide to the Franchisee, within 10 days of the end of each Reporting Period details of the number of Performance Points awarded by it in respect of that Reporting Period broken down across the SQUIRE Service Schedules in the SQUIRE Service Schedules Agreement.

- 9.3 For the avoidance of doubt, the level of performance described in each SQUIRE Service Schedule by the Franchisee over any Reporting Period will relate to the levels of performance measured by the SQIs of the Authority during such Reporting Period.

10. **Service Quality Payments**

- 10.1 The Authority shall calculate the relevant Service Quality Payment for each Reporting Period by:

- (a) aggregating the Performance Points awarded to the Franchisee by the Authority for each Service pursuant to paragraph 9.1; and
- (b) converting the Performance Points to pounds sterling in the following manner, such conversion to be on a *pro rata* basis where the number of Performance Points is not a whole number:

- (i) For Performance Points accruing at or before the end of the first Franchisee Year that follows the Franchise Commencement Date:

1 Performance Point = £1;

- (ii) For Performance Points accruing in any subsequent Franchisee Year:

1 Performance Point = £1 x RPI

where RPI is the quotient of the Retail Prices Index for the January which immediately precedes the commencement of that subsequent Franchisee Year divided by the Retail Prices Index for January 2015.

The Authority shall promptly advise the Franchisee of the Service Quality Payment it has calculated.

- 10.2 The Authority shall pay to the Franchisee any Service Quality Payment in respect of the SQUIRE Regime which has a positive value, if any such Service Quality Payment is payable on the same day as a Franchise Payment and the Authority so elects, the Service Quality Payment shall be paid by way of adjustment to the Franchise Payment.
- 10.3 The Franchisee shall retain any Service Quality Payment in respect of the SQUIRE Regime which has a negative value for reinvestment in improvements to qualitative respects of the Franchise Services in accordance with the terms of paragraph 10.9 hereof ("**the Investment Fund**").
- 10.4 Each Service Quality Payment in respect of the SQUIRE Regime shall become payable by the relevant person on the last day of the Reporting Period immediately succeeding the Reporting Period to which the Service Quality Payment relates or, if the Authority does not notify the Franchisee of the relevant Service Quality Payment more than 4 days before the last day of such Reporting Period, 7 days after the Authority shall have notified the Franchisee under paragraph 10.1, or, if the Authority so elects, on the next day a Franchise Payment becomes payable under Schedule 8.1 (*Franchise Payments*).
- 10.5 Any payment of a Service Quality Payment shall be made by automatic electronic funds transfer in pounds sterling to such bank account in the United Kingdom as the payee of such payment may have previously specified to the payer in writing and shall be made so that cleared funds are received in that account on or before the date such payment becomes payable under this Schedule 7.3.
- 10.6 Interest shall accrue on any sum due and owing to the Authority under this Schedule 7.3 at the Interest Rate calculated on a daily basis if and to the extent that payment is not received by the Authority on the date such payment becomes payable under this Schedule 7.3.
- 10.7 For the first two Reporting Periods of the Franchise Term the value attributed to a Performance Point shall be nil so no payments shall be due to be made under this Schedule 7.3 in respect of SQUIRE performance during those two Reporting Periods.
- 10.8 The Franchisee shall maintain separately in its accounts a control account which shall record the balances on a Reporting Period by Reporting Period basis of the payment to and from the Investment Fund. The Authority upon request, shall be given access to such records.
- 10.9 The Franchisee shall propose for agreement by the Authority no less than once every Franchisee Year how the Investment Fund should be spent, the

Authority shall not unreasonably withhold their consent to any proposals that the Authority believes shall improve quality.

- 10.10 If the Authority withholds consent to any proposal or the Franchisee fails to make any proposals, the Franchisee shall use the Investment Fund to make such improvements as the Authority directs.
- 10.11 The Investment Fund shall be indexed to RPI (in the same way as variable costs in Schedule 8.2 (*Annual Franchise Payments*) should the Franchisee hold any balance at the end of a Franchisee Year.

11. Franchisee Proposals to Rectify Poor Performance

- 11.1 If the Authority determines that the Franchisee has provided any Service at or below the Floor Level in two successive Reporting Periods or a SQI has successively re-inspected any Station or Train 4 times and the Franchisee has not complied with the last Notice or Additional Inspection Notice served following the last inspection or re-inspection or additional inspection, the Authority may notify the Franchisee of the same. The SQM shall, within 14 days of notification of such occurrence by the Authority, submit to the Authority the Franchisee's proposals. The Franchisee's proposals shall include solutions which, in its reasonable opinion, will ensure that (having regard to cost and the practicalities of implementation) the relevant Service will be provided above Floor Level and that the relevant Notice or Additional Inspection Notice will be complied with as soon as practicable. The proposals shall indicate proposed timescales for implementation and the estimated cost (if any) of implementation. Within 14 days of receipt of the Franchisee's proposals, the Authority shall notify the Franchisee whether or not it agrees with such proposals and, if the proposals are so agreed, the Franchisee shall implement such proposals within the proposed timescale for implementation.
- 11.2 If the Authority does not consider that such proposals will ensure that the relevant Service will be provided above Floor Level and that the relevant Notice or Additional Inspection Notice will be complied with, the Authority and the Franchisee shall for 2 weeks (following the Authority's intimation of its view of the Franchisee's initial proposals) in good faith use all reasonable endeavours to agree revised proposals, and failing agreement the parties shall comply with the provisions of the Escalation Procedure. Following agreement of revised proposals in accordance with this paragraph 11.2, or determination of the Franchisee's proposals in accordance with the Escalation Procedure, the Franchisee shall implement the proposals so agreed or determined within the timescales agreed or determined for implementation.
- 11.3 When deciding whether to agree to the Franchisee's proposals in accordance with paragraphs 11.1 and 11.2, the Authority shall take into account:
 - (a) any documents created by the Franchisee (including by the SQM) in pursuance of its obligations under paragraph 4 above of which it has received a copy; and
 - (b) the findings it has reached following on any examination it may have undertaken under paragraph 5.10 of the records of the Franchisee.

12. Breach and Service Quality

Only where the Franchisee fails to use best endeavours to implement the agreed or determined proposals in accordance with paragraph 11.2 will any failure by the Franchisee to comply with a service schedule in the SQUIRE Service Schedules, constitute non-performance of or non-compliance to a material extent with any

obligation in this Schedule 7.3 for the purpose of paragraph 2.10 of Schedule 10.3 (*Events of Default and Termination Event*).

13. Notices

For the purposes of this Schedule 7.3 any notice shall be sent in the manner required by paragraph 3.1(a) of Schedule 19 (*Other Provisions*) and the provisions of that paragraph shall apply to such notices.

14. Self-Monitoring

14.1 As and when requested by the Authority, the Franchisee shall provide to the Authority a **Service Quality Monitoring Plan** which shall contain the Franchisee's informed opinion (including without prejudice to the foregoing generality the taking into account the Passenger View Surveys) as to any revised regime to be implemented for the SQUIRE Regime so that it can be developed into a regime which provides for the Franchisee to self-monitor and self-assess (through an arm's length operation procured by the Franchisee) the matters being monitored and assessed by the Authority and which will allow for the Authority to audit and verify the results of such self-monitoring and self-assessment.

14.2 The Authority may accept any proposals in the Service Quality Monitoring Plan. In addition to or in substitution for (in part or in whole) that Plan, the Authority may (on not less than 6 months written notice to the Franchisee) specify the provisions of this Schedule 7.3 which the Authority has determined will give effect to a regime which provides for self-monitoring and self-assessment by the Franchisee of the Station Services, On-Train Services, Information Away from Station Services and Emerging Technologies under the SQUIRE Regime. The Franchisee shall comply with such specification from the expiry date of such notice or such later date as may be specified by the Authority.

14.3 Any specification under paragraph 14.2 shall not constitute a Change.

14.4 Any specification under paragraph 14.2 may include (but will not be limited by that):-

- (a) that the Authority shall be entitled to require the Franchisee to appoint at the Franchisee's own expense SQIs to inspect the Station Services, On-Train Services, Information Away from Station Services and Emerging Technologies;
- (b) that, if the Authority does so require the Franchisee to appoint its own SQIs, the Authority shall be under no obligation to appoint its own SQIs, and for the purposes of this Schedule 7.3 references to SQIs appointed by the Authority, or to SQIs of the Authority or any other similar expression shall be a reference to SQIs appointed by the Franchisee;
- (c) that, if the Authority requires the Franchisee to appoint its own SQIs, the Authority shall be entitled to audit the consistency and accuracy of any inspections carried out by the SQIs and to audit the service quality of the services monitored by the Franchisee's SQIs;
- (d) that, if the Authority requires the Franchisee to appoint its own SQIs, the Authority shall be entitled to require that the Franchisee provide from time to time (and at least monthly) to the Authority an analysis of results and trends gathered both by the SQIs appointed by the Franchisee and the SQM; and
- (e) requirements as to frequency of inspections and maximum and

minimum numbers of inspection.

- 14.5 The Franchisee shall grant such access to the facilities and records under its control as is necessary to enable the Authority to exercise its audit rights.

15 Variations to the SQUIRE Regime

- 15.1 The Authority may pursuant to paragraphs 1.1(a) or 1.1(b) of Schedule 9.1 (*Variations and Financial Consequences of Change*) vary the terms of the SQUIRE Regime and such a variation may include the addition or removal of Stations or stations from the SQUIRE Regime, changes to the SQUIRE Service Specifications, changes to the SQUIRE Benchmarks, changes to the SQUIRE Stations and changes to those aspects of the Franchise Services to which the SQUIRE Regime applies. Such a variation may also add or remove Stations or stations from the obligations set out in paragraph 1.3.

15.2 SQUIRE Regime Review

- (a) Without prejudice to paragraph 15.1, the Authority and the Franchisee shall jointly review the SQUIRE Regime after Franchisee Years 3, 5 and 8 to consider whether the SQUIRE Service Schedules are:-

- (i) still relevant; and
- (ii) still accord with the scores the Franchisee achieves in National Passenger Surveys and the Authority's assessment in terms of paragraph 10 of Schedule 7.2 (*KPIs and Journey Time Metric*)

with the operational objective of ensuring the SQUIRE Regime is still focused on the best service deliverable for passengers and the commercial objective of ensuring that the balance of the potential Service Quality Payments having a positive or negative value provides a representative level of incentive and risk to the Franchisee as at the Franchise Commencement Date and continues to ensure that the franchise facilities condition remains at the level such were in at the Franchise Commencement Date, or, if later, the date such facility came into use for the Franchise Services.

- (b) The parties shall also take into account the results of the Passenger View Surveys and any Inspection Programme conducted pursuant to paragraph 16 hereof, output from the Franchisee's online panel surveys carried out in accordance with the Committed Obligation with reference 16.4 and the Franchisee's external benchmarking surveys carried out by ICS carried out in accordance with Committed Obligation reference 16.6, with greater weight being given to surveys conducted by independent parties than those carried out by the Franchisee.
- (c) The parties shall consult with each other in good faith and each shall act reasonably to negotiate amendments to the SQUIRE Service Schedules Agreement that are required as a result of the SQUIRE Regime Review.
- (d) In the event that the parties cannot agree on the terms of the amended SQUIRE Service Schedules Agreement within 4 Reporting Periods then the Authority's amendments to the SQUIRE Regime shall apply and if the Franchisee considers such amendments are not

required, the Authority and the Franchisee may resolve such dispute in accordance with the Dispute Resolution Rules.

- (e) In the event that the parties reach agreement on the terms of an amended SQUIRE Service Schedules Agreement, the terms of this Agreement will be varied pursuant to paragraph 1.1(b) of Schedule 9.1 (*Variation and the Financial Consequences of Change*) and the amended SQUIRE Regime shall apply from the date the parties agree to in such Variation.

16 Localised Approach

- 16.1 The Franchisee shall consult with Stakeholders, Community Rail Partnerships and other local bodies with an interest in Franchise Services local to the Franchise Services in question to develop propositions for programmes of inspection to be an alternative to the SQUIRE Regime ("*Inspection Programme*") which are suitable for local needs.
- 16.2 The proposition being the outcome of the consultation shall be provided to the Authority in draft at least three months prior to the second anniversary of the Franchise Commencement Date along with evidence the consultation required under paragraph 16.1 took place.
- 16.3 The Franchisee shall consult with the Authority regarding the proposition issued under paragraph 16.2 including in relation to its contents and the level of consultation undertaken in accordance with paragraph 16.1. The parties shall co-operate in the consultation process with a view to the Franchisee issuing within 30 days after the issue of the draft proposition a revised proposition for approval by the Authority. The Authority shall not unreasonably withhold their approval to the revised proposition.
- 16.4 The Franchisee shall commence the Inspection Programme following the Authority confirming approval of the proposition during the Franchisee Year commencing on the second anniversary of the Franchise Commencement Date.
- 16.5 The Franchisee shall continue to consult with the parties who were involved in terms of paragraph 16.1 in developing the Inspection Programme as to its efficacy and any revisions required to it, should any revisions be required the Franchisee shall consult with the Authority in the same manner as paragraph 19.3 before implementing the revisions.
- 16.6 The Authority reserves the right to require the SQUIRE Regime to reapply to any facilities or services covered by the Inspection Programme, the exercise of that right shall not constitute a Change.
- 16.7 Either party may refer any dispute in relation to the above to be resolved in accordance with the Dispute Resolution Rules.

17 Franchise Facilities Book

Where a SQUIRE Service Specification is to be read in conjunction with a Franchise Facilities Book the reference is to the relevant Franchise Facilities Book as updated in accordance with Schedule 4.1 (*Franchise Facilities*).

18 Additional Assets

Assets and facilities that replace existing assets and facilities, and additional assets and facilities, at Stations or on rolling stock vehicles (including, in every case, new rolling stock vehicles and assets and facilities to be provided as a result of the Franchisee carrying out its obligations in Part 2 of Schedule 1.6 (*Committed*

Obligations) or Schedule 3 (*Priced Options*)) and to any other obligations within this Agreement which result in or require improvements in facilities or assets shall all be subject to the SQUIRE regimes described in this Schedule 7.3.

19 Staffing aspects of SQUIRE

The Franchisee shall from the Franchise Commencement Date ensure that its employees' service specification manuals incorporate the SQUIRE Service Specification and standards and the Franchisee shall train its employees to deliver the Services in accordance with that specification and those standards.

20 Operational aspects of SQUIRE

20.1 Each ticket office shall be equipped with an electronic information system or with relevant manuals including NRTT, Retail Manuals Part I and II, Routing Guide, Franchisee's Product Guide, Newsrail Express and engineering/special train notices or the equivalent to these publications in hard copy or electronic format.

20.2 The Customer Contact Centre shall also play a key role in co-ordinating internal information concerning the Franchisee's performance under Schedule 7.3 (*SQUIRE*). Its specific roles shall include:

- (a) Acceptance of internal reports of failure and acknowledgements;
- (b) Receipt of internally completed SQUIRE reports and aggregation into reports for the Service Quality Manager, the Franchisee's Managing Director, the Franchisee's executive, and the Franchisee's board;
- (c) Fast Track reporting of potential failure under this Schedule 7.3 (*SQUIRE*) to the SQM and property help desk;
- (d) Receipt and acknowledgement of reports received from customers, Stakeholders or external agencies; and
- (e) Co-ordination of required information concerning SQUIRE including records of reports which have to be sent to the Authority at the end of each Reporting Period.

20.3 The Franchisee's conductors shall be provided with mobile phones or a similar and suitable means of instantaneous communication and shall be required to phone or otherwise contact the Customer Contact Centre as soon as reasonably practicable if any Station needs attention in relation to a matter covered by Schedule 7.3 or the SQUIRE Service Schedules Agreement.

APPENDIX A to Schedule 7.3 –

Escalation Procedure

1. Within 5 Working Days of notification pursuant to paragraphs 7 or 8.3 of Schedule 7.3 or, where the relevant parties have not agreed revised proposals in accordance with paragraph 11.2, within 5 Working Days of the expiry of the period of 2 weeks referred to in those paragraphs, the relevant parties shall hold a meeting (“**the First Meeting**”) to discuss any disputes in respect of paragraphs 7, 8.3 or 11.2 (“**the Disputes**”) with a view to resolving the Disputes in good faith.

If, for any reason, the relevant parties have not resolved the Disputes within 10 Working Days of the First Meeting each party shall promptly and in any event within 15 Working Days of the First Meeting prepare a written summary of the Disputes and the reason for the Disputes and shall submit that summary accompanied by any photographic or other documentary evidence submitted by the Franchisee in terms of paragraphs 7 and 8.3 of Schedule 7.3 to the Nominated Representative of the other party. The Nominated Representatives of the relevant parties shall within 20 Working Days of the First Meeting meet with a view to resolving the Disputes (“**the Second Meeting**”). If the Nominated Representatives or the relevant parties have not resolved the Disputes within 10 Working Days of the Second Meeting then either party may require that the Disputes be resolved in accordance with the Dispute Resolution Rules.

2. “*Nominated Representative*” means
 - (i) in respect of the Franchisee, such person as the Franchisee shall nominate from time to time and notify to the Authority; and
 - (ii) in respect of the Authority, such person as the Authority shall nominate from time to time and notify to the Franchisee.
3. Any reference to this procedure is without prejudice to:-
 - (i) the Authority’s re-inspection rights in terms of paragraph 6.4 of Schedule 7.3;
 - (ii) the requirement for the Franchisee to make payments in terms of paragraph 10 of Schedule 7.3; and
 - (iii) the Franchisee’s obligations to rectify failures.

SCHEDULE 8

**THIS IS SCHEDULE 8 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT
BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED**

Payments**Schedule 8.1: Franchise Payments**

Appendix: Components of DFR

Schedule 8.2: Annual Franchise Payments

Appendix 1: Target Revenue (expressed in real terms)

**Appendix 2: Figures for calculation of Annual
Franchise Payments**

Schedule 8.3: Miscellaneous Payment Provisions**Schedule 8.4: Track Access Adjustments and Station Charge Adjustments****Schedule 8.5: Rebasing**

SCHEDULE 8.1

THIS IS SCHEDULE 8.1 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Franchise Payments

1. Franchise Payments

- 1.1 Subject to paragraphs 13.1 (b) and 15.1 of Schedule 7.2 (*KPIs and Journey Time Metrics*) the Franchise Payment for any Reporting Period shall be an amount equal to:

$$\begin{aligned} \text{£FP} = & \text{PFP} - \text{RShA} - \text{RShRA} + \text{RSuA} + \text{RSuRA} + \text{TAA} + \text{SCA} - \text{NRR} \\ & - \text{COPA} - \text{PShA} - \text{PshRA} - \text{NRAS} \end{aligned}$$

where:

£FP means the Franchise Payment for that Reporting Period;

NRAS means the amount equivalent to the amount received by the Franchisee from Network Rail in that Reporting Period by way of any Network Rail outperformance in terms of any Alliance with Network Rail;

NRR means an amount equivalent to the amount received by the Franchisee from Network Rail in that Reporting Period by way of Network Rail rebate in respect of the relevant year ending on (or around) 31 March, excluding any amount received by the Franchisee by way of reimbursement of or credit for value added tax. For this purpose "Network Rail rebate" and "Relevant Year" have the meanings given to them in the Track Access Agreement.

$$\text{PFP means } \left(\frac{\text{RPD}}{\text{FYD}} \times \text{AFP} \right);$$

where

RPD means the number of days in that Reporting Period;

FYD is equal to 365 or, if February 29 occurs during the Franchisee Year in which that Reporting Period falls, 366; and

AFP means the Annual Franchise Payment for the Franchisee Year in which that Reporting Period occurs, as determined in accordance with Schedule 8.2 (*Annual Franchise Payments*);

PShA means the amount of any Profit Share Adjustment to be made on that Reporting Period's Payment Date;

PShRA means the amount of any Profit Share Reconciliation Amount to be made on that Reporting Period's Payment Date;

RShA means the amount of any Revenue Share Adjustment to be made on that Reporting Period's Payment Date;

RShRA means the amount of any Revenue Share Reconciliation Amount to be paid on that Reporting Period's Payment Date;

RSuA means the amount of any Revenue Support Adjustment to be made on that Reporting Period's Payment Date;

RSuRA means the amount of any Revenue Support Reconciliation Amount to be paid on that Reporting Period's Payment Date;

TAA means any Track Access Adjustment to be made on that Reporting Period's Payment Date;

SCA means any Station Charge Adjustment to be made on that Reporting Period's Payment Date; and

COPA means any Committed Obligation Payment Adjustment to be made on that Reporting Period's Payment Date in accordance with Schedule 1.6 (*Committed Obligations*)

1.2 Where a Franchisee Year starts or ends during a Reporting Period, £FP and PFP shall be determined as if references in paragraph 1.1 to a Reporting Period were to each of the separate sections of 2 such Reporting Periods which fall either side of such Franchisee Year start or end, and the Franchise Payment for such Reporting Period shall be the sum of £FP as determined for each such section of such Reporting Period.

1.3 The parties agree:

- (a) each of £FP, RShRA, RSuA, RSuRA, TAA and SCA may be a positive or negative number;
- (b) where £FP is a positive number, the Authority shall pay that amount to the Franchisee on the Payment Date for that Reporting Period; and
- (c) where £FP is a negative number, the Franchisee shall pay to the Authority the corresponding positive amount on the Payment Date for that Reporting Period.

2. **Payment of Franchise Payments**

2.1 The Authority shall notify the Franchisee, no less than 7 days prior to the end of each Reporting Period, of the amount of the Franchise Payment payable in respect of that Reporting Period.

2.2 Each such notification shall set out in reasonable detail how the Franchise Payment has been calculated.

2.3 The Payment Date for a Reporting Period shall be the last business day of that Reporting Period.

2.4 Each Franchise Payment shall be payable by the Franchisee or, as the case may be, the Authority in the amount notified by the Authority in accordance with paragraph 2.1 on the Payment Date of the Reporting Period to which it relates.

2.5 Each Franchise Payment shall be made:

- (a) by automatic electronic funds transfer in pounds sterling to such bank account in the United Kingdom as the payee of such payment may have previously specified to the payer in writing; and

- (b) so that cleared funds are received in that account on or before the due date for payment.
- 2.6 If either party disputes the amount of a Franchise Payment, the dispute shall be resolved in accordance with the Dispute Resolution Rules but shall not affect the obligation of any party to pay a Franchise Payment notified in accordance with this paragraph 2.
- 2.7 If either party fails to pay any amount to the other on its due date, it shall in addition pay interest on such amount at the Interest Rate, calculated on a daily basis, from the due date for payment to the date on which payment is made.
- 2.8 If the amount of any Franchise Payment is agreed or determined to be incorrect and:
- (a) any party has made a payment to any other party which is greater than it would have made if the amount of the Franchise Payment had been correct, then the recipient shall repay the excess within 3 business days of the agreement or determination; or
 - (b) any party has made a payment to any other party which is less than it would have made if the amount of the Franchise Payment had been correct, then the payer shall pay the amount of any shortfall to the payee no later than the next day a Franchise Payment becomes payable under this Schedule 8.1 which falls not less than 7 days after such agreement or determination, or if there is no such day, 14 days after the date of such agreement or determination,

together, in each case, with interest on the amount payable at the Interest Rate, calculated on a daily basis from the date on which the Franchise Payment was paid until the date on which such excess amount or shortfall is paid.

3. Revenue Share

Entitlement to Revenue Share Adjustments

- 3.1 A Revenue Share Adjustment shall be made in accordance with paragraphs 3.2, 3.3 and 5.5 in respect of any Franchisee Year if the Annual Management Accounts for that Franchisee Year disclose Revenue for that Franchisee Year as exceeding Target Revenue by more than 5 per cent for that Franchisee Year.

Amount of Revenue Share Adjustments

- 3.2 Each Revenue Share Adjustment in respect of any Franchisee Year, shall be determined by reference to:

- (a) the Revenue disclosed in the Annual Management Accounts for that Franchisee Year;
- (b) Target Revenue for that Franchisee Year; and
- (c) the following formula:

$$RS_{rA} = (A \times 50 \%)$$

where:

RS_{rA} is the Revenue Share Adjustment for that Franchisee Year;

- A is the amount of Revenue for that Franchisee Year which is:
- (a) greater than 105 per cent. of Target Revenue.

Revenue Share Adjustment Date

- 3.3 Each Revenue Share Adjustment in respect of any Franchisee Year shall be payable by the Franchisee and, subject to paragraph 5, be made to the Franchise Payment payable on the next Revenue Share Adjustment Date.

Revenue Share Reconciliation Amount

- 3.4 After each Franchisee Year, the Authority shall, following receipt by the Authority of the Annual Audited Financial Statements in respect of that Franchisee Year, calculate the Revenue Share Reconciliation Amount in accordance with paragraph 3.5.
- 3.5 The Authority shall calculate the Revenue Share Reconciliation Amount in accordance with the following formula:

$$RS_hRA = RS_hA_{(FS)} - RS_hA$$

where:

RS_hRA is the Revenue Share Reconciliation Amount for any Franchisee Year;

$RS_hA_{(FS)}$ is the Revenue Share Adjustment determined in the manner set out in paragraph 3.2 but by reference to the Annual Financial Statements (instead of the Annual Management Accounts) for that Franchisee Year; and

RS_hA is the Revenue Share Adjustment (if any, or if there was none, nil) for that Franchisee Year determined pursuant to paragraph 3.2.

Revenue Share Reconciliation Date

- 3.6 Any Revenue Share Reconciliation Amount shall be payable by the Authority or the Franchisee and, subject to paragraph 5, be applied to the Franchise Payment payable on the next Revenue Share Reconciliation Date.

4. Revenue Support

Entitlement to Revenue Support Adjustments

- 4.1 A Revenue Support Adjustment shall be made in accordance with paragraphs 4.2, 4.5 to 4.7 (inclusive), and 5.5 in respect of any Reporting Period which starts after the 4th anniversary of the Franchise Commencement Date if:
- (a) subject to paragraph 4.2, the Management Accounts for that Reporting Period disclose cumulative, year to date Revenue up to the end of that Reporting Period as being less than 95 per cent of Target Revenue for that corresponding year to date period; and
- (b) within 7 days of delivery to the Authority of the Management Accounts for such Reporting Period, the Franchisee requests that a Revenue Support Adjustment be made by the Authority.

4.2 If any Revenue Support Adjustment is made in respect of any Reporting Period that starts during the Franchisee Year in which the 4th anniversary of the Franchise Commencement Date occurs, any such Revenue Support Adjustment shall be made by reference to:

- (a) the cumulative Revenue for the period from the first Reporting Period that starts after the 4th anniversary of the Franchise Commencement Date up to the end of the Reporting Period in respect of which such Revenue Support Adjustment is to be made; and
- (b) the cumulative Target Revenue for those Reporting Periods.

4.3 If:

- (a) the conditions specified in paragraph 4.1 are met prior to the 4th anniversary of the Franchise Commencement Date; and
- (b) the deficit is directly attributable to one or more Force Majeure Events,

then, subject to paragraph 4.4, the Franchisee may claim a Revenue Support Adjustment in accordance with paragraph 4.1 notwithstanding the fact that such Revenue Share Adjustment relates to a Reporting Period falling prior to the 4th anniversary of the Franchise Commencement Date.

4.4 If and to the extent that the deficit referred to in paragraph 4.3 is directly attributable to a Force Majeure Event arising as a result of Industrial Action (howsoever caused and of whatever nature) then the Franchisee shall not be eligible for any Revenue Support Adjustment and the provisions of paragraph 1.1 of Schedule 8.3 (*Miscellaneous Payment Provisions*) shall apply.

4.5 If a Revenue Support Adjustment is requested and made pursuant to paragraphs 4.1 to 4.3 (inclusive) in any Reporting Period in any Franchisee Year, a further Revenue Support Adjustment shall be made (whether or not requested) in accordance with paragraphs 4.6 and 4.7 in each subsequent Reporting Period that falls wholly within that Franchisee Year.

Amount of Revenue Support Adjustments

4.6 Each Revenue Support Adjustment in respect of any Reporting Period, shall be determined by reference to:

- (a) subject to paragraph 4.2, the cumulative, year to date Revenue up to the end of that Reporting Period, reported in the latest Management Accounts referred to in paragraph 4.1;
- (b) the Target Revenue for the year to date (with Target Revenue for the year being spread evenly across the year); and
- (c) the following formula:

$$RS_uA = RS_uE - PRS_uA$$

where:

RS_uA is the Revenue Support Adjustment for that Reporting Period;

RS_uE is the cumulative Revenue Support Adjustment entitlement for the year to date, determined by reference to the following formula:

$$RS_uE = (A \times 50\%)$$

where:

A is the amount by which cumulative, year to date Revenue up to the end of that Reporting Period is less than 95 per cent. of Target Revenue

for the year to date; and

PRS_uA is the cumulative net Revenue Support Adjustments (if any) made in any previous Reporting Periods in the same Franchisee Year as such Reporting Period.

Revenue Support Adjustment Date

- 4.7 Each Revenue Support Adjustment in respect of any Reporting Period shall be payable by the Authority or the Franchisee (as the case may be) and, subject to paragraph 5, made to the Franchise Payment payable on the Revenue Support Adjustment Date.

Revenue Support Reconciliation Amount

- 4.8 After each Franchisee Year in which any Revenue Support Adjustment has been made, the Authority shall, following receipt by the Authority of the Annual Financial Statements in respect of that Franchisee Year, calculate the Revenue Support Reconciliation Amount in accordance with paragraph 4.9.
- 4.9 The Authority shall calculate the Revenue Support Reconciliation Amount in respect of any Franchisee Year in accordance with the following formula:

$$RS_uRA = RS_uA_{(FS)} - PRS_uA$$

where:

RS_uRA is the Revenue Support Reconciliation Amount for that Franchisee Year;

$RS_uA_{(FS)}$ is the Revenue Support Adjustment for that Franchisee Year determined in accordance with the following formula:

$$RS_uA_{(FS)} = (A \times 50\%)$$

Where:

A is the amount by which Revenue for that Franchisee Year as reported in the Annual Financial Statements is less than 95 per cent. of Target Revenue

for that Franchisee Year; and

PRS_uA is the sum of each Revenue Support Adjustment determined pursuant to paragraph 4.6 in respect of any Reporting Period in that Franchisee Year.

Revenue Support Reconciliation Date

- 4.10 The Revenue Support Reconciliation Amount shall be payable by the Authority or the Franchisee (as the case may be) and, subject to paragraph 5, applied to the Franchise Payment payable on the Revenue Support Reconciliation Date.

Revenue Support Adjustment where Franchisee is in Contravention of its Performance Obligations

- 4.11 If a Revenue Support Adjustment is to be made in accordance with this paragraph 4 in circumstances where the Franchisee is performing its obligations in contravention of any Breach Performance Level, then the provisions of Schedule 15.1 (*Reletting Provisions*) and, notwithstanding that the last 12 or 13 months of the Franchise Period have not commenced at such time, the provisions of Schedule 15.2 (*Last 12 or 13 Months of Franchise Period*) shall apply.

Revenue Support Adjustment where Franchisee is in Breach of its Obligations

- 4.12 If a Revenue Support Adjustment is to be made in accordance with this paragraph 4, in circumstances where the Franchisee is contravening to a material extent any one or more of its obligations under the Franchise Agreement then notwithstanding that the last 12 or 13 months of the Franchise Period have not commenced at such time, the provisions of Schedule 15.2 (*Last 12 or 13 months of Franchise Period*) shall apply.

5 Final Franchisee Year

Revenue Share

- 5.1 Any Revenue Share Adjustment and/or Revenue Share Reconciliation Amount to be made in respect of the final Franchisee Year shall be determined in accordance with paragraphs 3.2 and 3.6 respectively but shall be paid within 30 days of the Authority giving written notice to the Franchisee of the amount of such Revenue Share Adjustment and/or Revenue Share Reconciliation Amount.

Revenue Support

- 5.2 Any Revenue Support Adjustment and/or Revenue Support Reconciliation Amount which:

- (a) is to be made in respect of the final Franchisee Year; and
- (b) has not been made during the Franchise Period,

shall be determined in accordance with paragraphs 4.6 and 4.9 respectively but shall be paid within 30 days of the Authority giving written notice to the Franchisee of the amount of such Revenue Support Adjustment and/or Revenue Support Reconciliation Amount.

Profit Share

- 5.3 Any Profit Share Adjustment and/or Profit Share Reconciliation Amount to be made in respect of the final Franchisee Year shall be determined in accordance with paragraphs 6.2 and 6.5 respectively but shall be paid within 30 days of the Authority giving written notice to the Franchisee of the amount of such Profit Share Adjustment and/or Profit Share Reconciliation Amount.

Annual Audited Financial Statements

5.4 If the Franchisee fails to provide the Annual Audited Financial Statements for the final Franchisee Year within 3 Reporting Periods of the expiry of the final Franchisee Year pursuant to paragraph 3.7 of Schedule 13.2 (*Information*), the Authority shall be entitled (but not obliged) to determine:

- (a) any Revenue Share Adjustment in accordance with paragraph 3.2;
- (b) any Revenue Share Reconciliation Amount in accordance with paragraph 3.5;
- (c) any Revenue Support Adjustment in accordance with paragraph 4.6;
- (d) any Revenue Support Reconciliation Amount in accordance with paragraph 4.9,
- (e) any Profit Share Adjustment in accordance with paragraph 6.2; and/or
- (f) any Profit Share Reconciliation Amount in accordance with paragraph 6.5.

but by reference to any relevant information available to the Authority at the time of such determination, including any information contained in the latest cumulative, year to date Management Accounts or in the Annual Management Accounts.

Target Revenue

5.5 If this Agreement terminates early, Target Revenue shall be pro-rated for the year of termination.

Threshold Amount

5.6 If this Agreement terminates early, Profit Threshold shall be pro-rated for the year of termination.

6. Profit Share

Entitlement to Profit Share Adjustments

6.1 A Profit Share Adjustment shall be made in accordance with paragraphs 6.2, 6.3 and 5.3 in respect of any Franchisee Year on the Profit Share Adjustment Date for that Franchisee Year if the Annual Management Accounts for that Franchisee Year disclose Profit for that Franchisee Year as exceeding the Profit Threshold for that Franchisee Year.

Amount of Profit Share Adjustment

6.2 Each Profit Share Adjustment (PSHA) in respect of any Profit Share Adjustment Date for that Franchisee Year shall be determined to the following formula:

$$\text{PSHA} = A \times 50\%$$

Where:

A is the extent to which the Profit disclosed in the Annual Management Accounts for the relevant Franchisee Year exceeds the Profit Threshold for that Franchisee Year ; and

The Profit Threshold (PT) for any Franchisee Year shall be determined by the following formula:

$$PT = [---REDACTED---] \times RPI$$

Where RPI is the Retail Prices Index for the January which immediately precedes the commencement of the relevant Franchisee Year divided by the Retail Prices Index for January 2015.

Profit Share Adjustment Date

- 6.3 Each Profit Share Adjustment in respect of any Franchisee Year shall be payable by the Franchisee and, subject to paragraph 5, be made to the Franchise Payment payable on the next Profit Share Adjustment Date.

Profit Share Reconciliation Amount

- 6.4 After each Franchisee Year, the Authority shall, following receipt by the Authority of the Annual Audited Financial Statements in respect of that Franchisee Year, calculate the Profit Share Reconciliation Amount in accordance with paragraph 6.5.
- 6.5 The Authority shall calculate the Profit Share Reconciliation Amount in accordance with the following formula:

$$PS_hRA = PS_hA_{(FS)} - PS_hA$$

where:

PS_hRA is the Profit Share Reconciliation Amount for any Franchisee Year;

$PS_hA_{(FS)}$ is the Profit Share Adjustment determined in the manner set out in paragraph 6.2 but by reference to the Annual Audited Financial Statements (instead of the Annual Management Accounts) for that Franchisee Year; and

PS_hA is the Profit Share Adjustment (if any, or if there was none, nil) for that Franchisee Year determined pursuant to paragraph 6.2.

Profit Share Reconciliation Date

- 6.6 Any Profit Share Reconciliation Amount shall be payable by the Authority or the Franchisee and, subject to paragraph 5, be applied to the Franchise Payment payable on the next Profit Share Reconciliation Date.

7. Unachieved Journey Time Savings Deduction

- 7.1 Following the 2018 Principal Change Date and each subsequent Principal Change Date thereafter the Journey Time Savings Adjustment ("**JTSA**") for Timetable Year_n shall be calculated as follows: .

$$JTSA_n = JT_{s_{bid}} - (JT_{base} - JT_{timetabled}) \times (£[---REDACTED---] \times IF)$$

Where:

JT_{base} is 165.08 which is the Average Journey Time for the Inter-city Routes set out in Appendix 2 (*December 2013 Inter-city Timetable*) to this Schedule 8.1 expressed in minutes and decimal fractions of a minute (expressed to two decimal places);

JTs_{bid} is 3.41;

JT_{timetabled} is the Average Journey Time for Timetable Year_n set out in the Timetable [for Wednesday] in operation from December_n expressed in minutes and decimal fractions of a minute (expressed to two decimal places);

IF is the quotient of the Retail Prices Index for the January which immediately precedes the commencement of that subsequent Timetable Year divided by the Retail Prices Index for January 2013;

Average Journey Time is the average journey time on Inter-city Routes expressed in minutes and decimal fractions of a minute (expressed to two decimal places) calculated using the 79 quickest end-to-end journey times set out in the Timetable on routes between Glasgow/Edinburgh and Aberdeen/Inverness provided that:

- (i) such 79 quickest end-to-end journey times include a minimum of 23 services on the Inverness route and 40 services which call at Glasgow;
- (ii) the number of trains that start from stations other than Aberdeen, Edinburgh, Glasgow and Inverness shall not exceed the number of trains that start from stations other than Aberdeen, Edinburgh, Glasgow and Inverness in Appendix 2 to this Schedule 8.1 (*December 2013 Inter-city Timetable*);

Inter-city Routes means trains running between:

- (i) Edinburgh – Aberdeen;
- (ii) Glasgow – Aberdeen;
- (iii) Edinburgh – Inverness;
- (iv) Glasgow – Inverness; and
- (v) those services included in Appendix 2 to this Schedule 8.1 (*December 2013 Inter-city Timetable*) only which start or terminate at Perth or Blair Atholl;

Timetable Year means any period of 12 months during the Franchise Period beginning on the Principal Change Date in any year, except that the first and last such periods may be for a period of less than 12 months and the first such period shall begin on the first Principal Change Date and end the anniversary of that Principal Change Date the last such period shall end on the last day of the Franchise Period;

Provided that where JTSA_n is a negative number the JTSA for that Timetable Year_n shall be zero.

7.2 JTSA_n shall be paid by the Franchisee by way of an adjustment to the Franchise Payment on the Payment Date in the Reporting Period following the December 2018 Principal Change Date and in each subsequent Franchisee Year on the Payment Date in the Reporting Period following the Principal Change Date in December of that Franchisee Year. The Authority shall not be required to make any payment to the Franchisee in respect of JTSA_n.

APPENDIX 1 TO SCHEDULE 8.1**Components of DFR**

The amounts for the purposes of the component of DFR in Profit are set out in the table below

Franchisee Year	Component of DFR
Year 1	[---REDACTED---
Year 2	[---REDACTED---
Year 3	[---REDACTED---
Year 4	[---REDACTED---
Year 5	[---REDACTED---
Year 6	[---REDACTED---
Year 7	[---REDACTED---
Year 8 (Ext1)	[---REDACTED---
Year 8	[---REDACTED---
Year 9	[---REDACTED---
Year 10	[---REDACTED---
Year 11 (Ext2)	[---REDACTED---
Year 12 (Ext2)	[---REDACTED---

APPENDIX 2 TO SCHEDULE 8.1**December 2013 Inter-city Timetable**

The inter-city services from the December 2013 timetable are shown below:

Direction	No	Origin	Dep time	Destination	Arr time
Aberdeen to Edinburgh					
Southbound	1	Aberdeen	05:46	Edinburgh	08:21
	2	Aberdeen	07:06	Edinburgh	09:31
	3	Aberdeen	09:07	Edinburgh	11:28
	4	Aberdeen	11:04	Edinburgh	13:31
	5	Aberdeen	12:06	Edinburgh	14:26
	6	Aberdeen	13:09	Edinburgh	15:34
	7	Aberdeen	14:04	Edinburgh	16:29
	8	Aberdeen	16:02	Edinburgh	18:32
	9	Aberdeen	17:06	Edinburgh	19:34
	10	Aberdeen	19:09	Edinburgh	21:31
	11	Aberdeen	20:09	Edinburgh	22:52
	12	Aberdeen	21:05	Edinburgh	23:49
	13	Aberdeen	22:27	Perth	00:12
Northbound	14	Edinburgh	05:30	Aberdeen	08:14
	15	Edinburgh	07:30	Aberdeen	09:52
	16	Edinburgh	08:28	Aberdeen	10:54
	18	Edinburgh	09:29	Aberdeen	11:49
	19	Edinburgh	11:28	Aberdeen	13:49
	20	Edinburgh	12:28	Aberdeen	14:50
	21	Edinburgh	13:28	Aberdeen	15:46
	22	Edinburgh	15:28	Aberdeen	17:53
	23	Edinburgh	16:29	Aberdeen	18:58
	24	Edinburgh	17:37	Aberdeen	20:07

	25	Edinburgh	19:28	Aberdeen	21:54
	26	Edinburgh	21:40	Aberdeen	00:04
Aberdeen to Glasgow					
Southbound35	27	Aberdeen	05:26	Glasgow	08:34
	28	Aberdeen	06:33	Glasgow	09:16
	29	Aberdeen	07:39	Glasgow	10:14
	30	Aberdeen	08:42	Glasgow	11:14
	31	Aberdeen	09:35	Glasgow	12:15
	32	Aberdeen	10:38	Glasgow	13:14
	33	Aberdeen	11:42	Glasgow	14:14
	34	Aberdeen	12:40	Glasgow	15:14
	35	Aberdeen	13:38	Glasgow	16:14
	36	Aberdeen	14:39	Glasgow	17:18
	37	Aberdeen	15:33	Glasgow	18:15
	38	Aberdeen	16:37	Glasgow	19:16
	39	Aberdeen	17:36	Glasgow	20:15
	40	Aberdeen	18:30	Glasgow	21:14
	41	Aberdeen	19:47	Glasgow	22:20
	42	Aberdeen	20:42	Glasgow	23:19
Northbound	43	Perth	06:00	Aberdeen	07:47
	44	Glasgow	05:56	Aberdeen	08:46
	45	Glasgow	07:41	Aberdeen	10:17
	46	Glasgow	08:41	Aberdeen	11:24
	47	Glasgow	09:41	Aberdeen	12:32
	48	Glasgow	10:41	Aberdeen	13:12
	49	Glasgow	11:41	Aberdeen	14:15
	50	Glasgow	12:41	Aberdeen	15:14
	51	Glasgow	13:41	Aberdeen	16:26
	52	Glasgow	14:41	Aberdeen	17:15

	53	Glasgow	15:41	Aberdeen	18:15
	54	Glasgow	16:41	Aberdeen	19:15
	55	Glasgow	17:41	Aberdeen	20:36
	56	Glasgow	18:41	Aberdeen	21:22
	57	Glasgow	19:41	Aberdeen	22:15
	58	Glasgow	20:41	Aberdeen	23:22
	59	Glasgow	21:42	Aberdeen	00:23

Services also extend to Inverurie, Dyce, at Newcraighall at either end of the journey to fulfil local commuting requirements. Stopping services to Dundee have not been included in this table.

Direction	No	Origin	Dep time	Destination	Arr time
Inverness to Edinburgh					
Southbound	59	Blair Atholl	07:12	Edinburgh	09:24
	60	Inverness	06:50	Edinburgh	10:02
	61	Inverness	09:41	Edinburgh	13:22
	62	Inverness	10:45	Edinburgh	14:22
	63	Inverness	12:53	Edinburgh	16:22
	64	Inverness	15:53	Edinburgh	19:21
	65	Inverness	18:46	Edinburgh	22:19
Northbound	66	Edinburgh	08:35	Inverness	11:57
	67	Edinburgh	10:36	Inverness	14:10
	68	Edinburgh	13:36	Inverness	16:54
	69	Edinburgh	17:42	Inverness	21:01
	70	Edinburgh	19:44	Inverness	23:10
Inverness to Glasgow					
Southbound	71	Inverness	08:45	Glasgow	12:09
	72	Inverness	14:49	Glasgow	18:09

	73	Inverness	17:30	Glasgow	20:45
	74	Inverness	20:15	Glasgow	23:43
Northbound	75	Glasgow	07:10	Inverness	10:26
	76	Glasgow	10:10	Inverness	13:28
	77	Glasgow	12:10	Inverness	15:23
	78	Glasgow	15:10	Inverness	18:21
	79	Glasgow	18:11	Inverness	21:26

SCHEDULE 8.2

THIS IS SCHEDULE 8.2 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Annual Franchise Payments

The Annual Franchise Payment for any Franchisee Year is an amount equal to:

$$AFP = FXD + (VCRPI \times RPI) + (VCAWE \times AWE) + (PRPI \times RPI) - (TRRPI \times RPI)$$

where:

AFP equals the Annual Franchise Payment in the relevant Franchisee Year.

FXD means the figure shown in respect of the relevant Franchisee Year in column 2 of the table set out in Appendix 2 (*Figures for Calculation of Annual Franchise Payments*) (NB this figure is the costs that are fixed for the franchise term);

VCRPI means the figure shown in respect of the relevant Franchisee Year in column 3 of the table set out in Appendix 2 (NB this figure is the variable costs to be indexed at RPI);

RPI is the quotient of the Retail Prices Index for the January which immediately precedes the commencement of the relevant Franchisee Year divided by the Retail Prices Index for January 2015;

VCAWE means the figure shown in respect of the relevant Franchisee Year in column 4 of the table set out in Appendix 2 (N.B. *this figure is the variable costs to be included at AWE*);

AWE is the quotient of the Average Weekly Earnings for the January which immediately precedes the commencement of the relevant Franchisee Year divided by the Average Weekly Earnings for January 2015;

TRRPI means the figure shown in respect of the relevant Franchisee Year in column 6 of the table set out in Appendix 2 (NB this figure is total revenue which will be indexed at RPI); and

PRPI means the figure shown in respect of the relevant Franchisee Year in column 5 of the table set out in Appendix 2 (NB this figure is the total profit which will be indexed at RPI).

APPENDIX 1 TO SCHEDULE 8.2**Target Revenue (expressed in real terms)**

Column 1	Column 2
Franchisee Year	Target Revenue (£)
Year 1	[---REDACTED---
Year 2	[---REDACTED---
Year 3	[---REDACTED---
Year 4	[---REDACTED---
Year 5	[---REDACTED---
Year 6	[---REDACTED---
Year 7	[---REDACTED---
Year 8 (ext)	[---REDACTED---
Year 8	[---REDACTED---
Year 9	[---REDACTED---
Year 10	[---REDACTED---
Year 11 (ext)	[---REDACTED---
Year 12 (ext)	[---REDACTED---

APPENDIX 2 TO SCHEDULE 8.2

Figures for Calculation of Annual Franchise Payments

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Franchisee Year	FXD (£)	VCRPI (£)	VCAWE (£)	PRPI (£)	TRRPI (£)
Year 1	[--- REDACTED- --]	[---REDACTED- --]	[--- REDACTED- --]	[--- REDACTED- --]	[--- REDACTED---]
Year 2	[--- REDACTED- --]	[---REDACTED- --]	[--- REDACTED- --]	[--- REDACTED- --]	[--- REDACTED---]
Year 3	[--- REDACTED- --]	[---REDACTED- --]	[--- REDACTED- --]	[--- REDACTED- --]	[--- REDACTED---]
Year 4	[--- REDACTED- --]	[---REDACTED- --]	[--- REDACTED- --]	[--- REDACTED- --]	[--- REDACTED---]
Year 5	[--- REDACTED- --]	[---REDACTED- --]	[--- REDACTED- --]	[--- REDACTED- --]	[--- REDACTED---]
Year 6	[--- REDACTED- --]	[---REDACTED- --]	[--- REDACTED- --]	[--- REDACTED- --]	[--- REDACTED---]
Year 7	[--- REDACTED- --]	[---REDACTED- --]	[--- REDACTED- --]	[--- REDACTED- --]	[--- REDACTED---]
Year 8 (Ext1)	[--- REDACTED- --]	[---REDACTED- --]	[--- REDACTED- --]	[--- REDACTED- --]	[--- REDACTED---]
Year 8	[--- REDACTED- --]	[---REDACTED- --]	[--- REDACTED- --]	[--- REDACTED- --]	[--- REDACTED---]
Year 9	[--- REDACTED- --]	[---REDACTED- --]	[--- REDACTED- --]	[--- REDACTED- --]	[--- REDACTED---]
Year 10	[--- REDACTED- --]	[---REDACTED- --]	[--- REDACTED- --]	[--- REDACTED- --]	[--- REDACTED---]
Year 11 (Ext2)	[--- REDACTED- --]	[---REDACTED- --]	[--- REDACTED- --]	[--- REDACTED- --]	[--- REDACTED---]
Year 12 (Ext2)	[--- REDACTED- --]	[---REDACTED- --]	[--- REDACTED- --]	[--- REDACTED- --]	[--- REDACTED---]

SCHEDULE 8.3

THIS IS SCHEDULE 8.3 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Miscellaneous Payment Provisions

1. Industrial Action

1.1 The Authority, in its discretion, may, subject to paragraph 1.2 below, at any time decide to reimburse or ameliorate net losses of the Franchisee arising from Industrial Action (however caused and of whatever nature) in circumstances where the Franchisee has demonstrated to the satisfaction of the Authority that it has taken all reasonable steps to avoid the Industrial Action and that, Industrial Action having nevertheless occurred, the Franchisee has taken all reasonable steps to mitigate its effects.

1.2 Where Industrial Action to which paragraph 1.1 applies has been or will be taken by any employees of the Franchisee or any of its Affiliates, Associates or sub-contractors, and the Authority is giving consideration to reimbursement or amelioration of net losses of the Franchisee, the Authority shall, prior to any decision to reimburse or ameliorate net losses of the Franchisee in terms of paragraph 1.1, consult with representatives of the persons in respect of whose employment the Industrial Action is taken and such Stakeholders (including the Passengers' Council) as the Authority may determine.

2. Set off, deductions, etc

All sums payable by any party under this Agreement shall be paid free and clear of any deductions, withholdings, set-offs or counter-claims, save only as may be required by Law or as expressly permitted or required under this Agreement.

3. Payment of Suppliers and Sub-contractors

The Franchisee shall settle valid invoices from its suppliers and sub-contractors for the sums contractually due within 30 days of receipt by the Franchisee of such invoices.

SCHEDULE 8.4

THIS IS SCHEDULE 8.4 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Track Access Adjustments and Station Charge Adjustments

1. Track Access Adjustments

- 1.1 The Track Access Adjustment to be made in respect of any Reporting Period shall be determined in accordance with the following formula:

$$TAA = L \times \frac{RPD}{FYD}$$

where:

TAA means the Track Access Adjustment to be made in that Reporting Period;

L is the value of “L_i” for the Franchisee Year in which the Reporting Period falls under Part 3 of Schedule 7 of the Track Access Agreement;

RPD means the number of days in that Reporting Period; and

FYD means the number of days in the Franchisee Year in which that Reporting Period falls,

except that, where a Reporting Period falls during two Franchisee Years, TAA shall be determined as if the references to Reporting Period were to each of the two periods within such Reporting Period which fall wholly within one of such Franchisee Years and the Track Access Adjustment to be made in that Reporting Period shall reflect the sum of TAA as determined for each such period.

- 1.2 The Franchisee shall notify the Authority upon becoming aware that any Track Access Adjustment is to be made and shall supply such information as the Authority may require in relation thereto. The Franchisee shall exercise its rights under the Track Access Agreement in such manner and take such other action as the Authority may reasonably require in connection with any related payment thereunder (including in relation to any agreement of the amount of any such payment and including submitting any relevant dispute to any relevant dispute resolution procedures). The Franchisee shall not, without the consent of the Authority, agree or propose to agree a value for “L_i” under Part 3 or 4 of Schedule 7 of the Track Access Agreement.
- 1.3 The Franchisee shall provide such evidence of payment as the Authority may require (including any certificates) for the purpose of determining the value of L under paragraph 1.1.
- 1.4 If no value is ascertained for L prior to the date on which the Franchise Payment for the relevant Reporting Period is determined, then a Track Access Adjustment shall only be determined to the extent such value can be

ascertained at such time and, when such value is subsequently ascertained, adjustment shall be made to reflect the full Track Access Adjustment for such Reporting Period.

- 1.5 The value of L when used in the computation in paragraph 1.1 shall be taken to exclude any input Value Added Tax which is recoverable in respect of the payments they represent by the Franchisee under Sections 24 to 26 of the Value Added Tax Act 1994.
- 1.6 References in this paragraph 1 to “L_t” and Parts 3 and 4 of Schedule 7 of the Track Access Agreement shall be deemed also to be references to such other provisions, and such other algebra under any such other provisions, of any Track Access Agreement as the Authority may reasonably consider have an equivalent effect, or are intended to fulfil the same function, as “L_t” and Parts 3 and 4 of Schedule 7 of the Track Access Agreement to which the Franchisee is a party on the Franchise Commencement Date.

2. Station Charge Adjustment

- 2.1 The Station Charge Adjustment to be made in respect of any Reporting Period shall be the aggregate of the Individual Station Charge Adjustments as determined in accordance with the following formula for each Station and each other station at which the Passenger Services call:

$$ISCA = (L - P) \times \frac{RPD}{FYD}$$

where:

ISCA means the Individual Station Charge Adjustment for the relevant station for that Reporting Period;

L is the value of “L_t” for the Franchisee Year in which the Reporting Period falls under:

- (a) if the relevant station is not an Independent Station, Condition F11.2 of the Franchise Station Access Conditions relating to such station; or
- (b) if the relevant station is an Independent Station, Condition 42.3 of the Independent Station Access Conditions relating to that Independent Station

in each case, to the extent that value represents an amount payable to or by Network Rail or any other relevant Facility Owner by or to the Franchisee on its own behalf under the relevant Station Lease or Access Agreement (excluding any amount payable to Network Rail by the Franchisee in its capacity as Facility Owner of a station on behalf of a beneficiary which is party to an Access Agreement in respect of that Station);

P is the value of “P_t” for the Franchisee Year in which the Reporting Period falls under:

- (a) if the relevant station is not an Independent Station, Condition F11.2 of the Franchise Station Access Conditions relating to such station; or

- (b) if the relevant station is an Independent Station, Condition 42.3 of the Independent Station Access Conditions relating to that Independent Station

in each case, to the extent that value represents an amount payable to or by Network Rail or any other relevant Facility Owner by or to the Franchisee on its own behalf under the relevant Station Lease or Access Agreement (excluding any amount payable to Network Rail by the Franchisee in its capacity as Facility Owner of a station on behalf of a beneficiary which is party to an Access Agreement in respect of that Station);

RPD means the number of days in that Reporting Period; and

FYD means the number of days in the Franchisee Year in which that Reporting Period falls except that, where a Reporting Period falls during 2 Franchisee Years, the Station Charge Adjustment shall be determined as if the references to Reporting Period were to each of the two periods within such Reporting Period which fall wholly within one of such Franchisee Years and the Station Charge Adjustment for such Reporting Period shall be the sum of the Station Charge Adjustment as determined for each such period.

- 2.2 The Franchisee shall notify the Authority upon becoming aware that any Station Charge Adjustment is to be made and shall supply such information as the Authority may require in relation thereto. The Franchisee shall exercise such rights as it may have under any relevant Station Lease or Access Agreement in such manner and take such other action as the Authority may reasonably require in connection with any related payment thereunder (including in relation to any agreement of the amount of any such payment and including submitting any relevant dispute to any relevant dispute resolution procedures). The Franchisee shall not, without the consent of the Authority, agree or propose to agree a value for “L_t” or “P_t” under any relevant Station Lease or Access Agreement.
- 2.3 The Franchisee shall provide such evidence of payment as the Authority may require (including any certificates) for the purpose of determining the value of L and P under paragraph 2.1.
- 2.4 If no value is ascertained for any of L or P prior to the date on which the Franchise Payment for the relevant Reporting Period is determined, then a Station Charge Adjustment shall only be determined to the extent such values can be ascertained at such time and, when such values are subsequently ascertained, an adjustment shall be made to reflect the full Station Charge Adjustment for such Reporting Period.
- 2.5 The values of L and P when used in the computation in paragraph 2.1 shall be taken to exclude any input Value Added Tax which is recoverable in respect of the payments they represent by the Franchisee under Sections 24 to 26 of the Value Added Tax Act 1994.
- 2.6 For the purposes of this paragraph 2, **Independent Station** shall mean:
 - (a) as at the date hereof, Birmingham New Street, Edinburgh Waverley, Glasgow Central, London Bridge, London Cannon Street, London Charing Cross, London Euston, London King’s Cross, London Liverpool Street, London Paddington, London St Pancras International,

London Victoria, London Waterloo (excluding Waterloo International), Leeds, Liverpool Lime Street and Manchester Piccadilly; and

- (b) any other station of which Network Rail may from time to time be the Facility Owner.

- 2.7 References in this paragraph 2 to “L_t”, “P_t”, Condition F11.2 of the Franchise Station Access Conditions and Condition 42.3 of the Independent Station Access Condition shall be deemed also to be references to such other provisions, and such other algebra under any such other provisions, of any relevant station access conditions as the Authority may reasonably consider have an equivalent effect, or are intended to fulfil the same function as, “L_t”, “P_t” and Condition F11.2 of the Franchise Station Access Conditions and Condition 42.3 of the Independent Station Access Conditions which are in effect on the Franchise Commencement Date.

SCHEDULE 8.5

THIS IS SCHEDULE 8.5 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Rebasing

1.
 - 1.1 The Parties shall procure that a Rebasing exercise in accordance with paragraphs 2 to 7 below in order to determine the Franchise Payments payable for Franchisee Years 6 to 10 (the “**Rebased Subsidy**”) commences no later than the Rebasing Date, unless either Party has prior to that date notified the other Party that it does not wish to carry out a Rebasing (a “**No Rebasing Notice**”).
 - 1.2 If a No Rebasing Notice is served by either Party no later than 3 months after the Rebasing Date paragraph (a) of the definition of Expiry Date shall apply so that the Franchise shall expire on the First Expiry Date.
2. The Franchisee shall provide to the Authority a Rebasing Report no later than the Rebasing Date setting out the data for the Revised Inputs to be used in a Run of the Financial Model in order to determine the Rebased Subsidy. The Rebasing Report shall also set out any non-compliances with the Modelling Requirements and Constraints as identified at the date of signature of this Agreement.

3. The Revised Inputs for the purposes of paragraph 2 are:

Revenue:

- 3.1 an arithmetic adjustment to the Target Revenue from Franchisee Year 6 to reflect the actual Revenue for the 13 Reporting Periods preceding the issue of the Rebasing Report in accordance with paragraph 2 above;

- 3.2 the revenue growth rate as detailed in the Record of Assumptions shall continue to apply for years 7, 8, 9 and 10 except where either Party has provided:

- 3.2.1 new evidence (published by the Passenger Demand Forecasting Council or similar body in remit and standing) since the date of signature of this Agreement of sensitivity to exogenous revenue drivers; and/or

- 3.2.2 revised forecasts (produced by reputable economic forecasting bodies) for exogenous revenue drivers utilised by the Franchisee in the Record of Assumptions;

in which case the revenue growth rate shall be adjusted to reflect such evidence or forecasts;

Costs:

- 3.3 the appropriate level of marketing spend shall be adjusted as agreed by the Parties in conjunction with agreeing the revenue growth rate in the light of experience in the Franchise to date and the agreed approach to marketing;
- 3.4 fuel and energy prices (but not consumption rates / volumes) shall be adjusted to take account of outturn prices and future projections by reputable independent parties;

- 3.5 resource volumes (but not applicable prices) driven substantially and legitimately by the level of patronage or Revenue in the Financial Model shall be adjusted (as appropriate) to take account of the adjusted Target Revenue from Franchisee Year 6 identified pursuant to paragraph 3(a) and (b) above. Such resource volumes may include ticket sales commission, catering costs, ticketing consumable and printing, other passenger related costs and any other resource volumes substantively linked to patronage or revenue;
- 3.6 changes to taxation arising out of an Act or instrument of the Scottish Parliament or the UK Parliament or other relevant national parliament or other changes to Scottish or UK Law which the parties agreed have resulted in a change (either increase or decrease) to the net tax charge of the business of the Franchise;
- 3.7 any efficiency savings resulting from industry wide changes in practice(s);
- 3.8 any costs associated with the adjusted targets for the Overall Satisfaction KPI as updated by the Authority pursuant to the then current National Passenger Satisfaction results;

Non-Compliances:

- 3.9 any Revised Input necessary to address a non compliance identified in the Rebasing Report.
4. For the avoidance of doubt, there shall be no Revised Inputs for:
- 4.1 staff volumes;
 - 4.2 rolling stock volumes and costs; and
 - 4.3 Network Rail / infrastructure costs (except as otherwise provided in this Agreement).
- 5. Where the Authority reasonably considers that additional assumptions are required in relation to circumstances not dealt with by the assumptions in the Record of Assumptions, the Parties shall agree or the Authority shall reasonably determine additional assumptions for this purpose.
 - 6. Following receipt of the Rebasing Report by the Authority, the Parties shall review and use reasonable endeavours to agree the Revised Inputs. If the Parties fail to agree the Revised Inputs within thirty business days of receipt of the Rebasing Report by the Authority, either Party may refer the matter to the Dispute Resolution Procedure prior to the 5th anniversary of the Franchise Commencement Date.
 - 7. Within fourteen business days of agreement or determination of the Revised Inputs, the Authority shall perform a Run of the Financial Model in accordance with paragraph 1 of Schedule 9.3 (*Runs of the Financial Model*) to determine the Rebased Subsidy.
 - 8. The results as certified by the Authority pursuant to paragraph 1.3. of Schedule 9.3 (*Runs of the Financial Model*) or by the auditor pursuant to paragraph 1.4. of Schedule 9.3 (*Runs of the Financial Model*) shall be the Agreed Rebasing.
 - 9. The Franchisee acknowledges and accepts that prior to determining whether to serve any notice in terms of paragraph 1 the Authority may consult with Stakeholders on an "in principle" basis to obtain Stakeholders' views on whether exercising the Rebasing would be in the interests of the Authority's stated policy objectives.

SCHEDULE 9

**THIS IS SCHEDULE 9 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT
BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED**

Changes

Schedule 9.1: Variations and Financial Consequences of Change

Schedule 9.2: Revised Inputs - Identity of the Financial Model etc.

Schedule 9.3 Runs of Financial Model

Appendix: Incentivising Long-Term Investment

Schedule 9.4: Authority Risk Assumptions

SCHEDULE 9.1

THIS IS SCHEDULE 9.1 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Variations and Financial Consequences of Change

1. Variations to this Agreement

1.1 The terms of this Agreement may be varied as follows but not otherwise:

- (a) by the Authority, in relation to:
 - (i) any aspect of the Franchise Services;
 - (ii) any obligations associated with the operation of the Caledonian Sleeper Franchise; and
 - (iii) any provision of this Agreement other than those provisions specified in paragraph 1.2,

by service of a notice on the Franchisee referring to this paragraph 1.1(a) and setting out the variation to the terms of this Agreement;
 - (b) in relation to any provision of this Agreement, by agreement in writing between the parties to that effect,
- (each a Variation).

Notwithstanding the references to this Agreement, a Variation pursuant to this paragraph 1.1 may also be made to the Definitions Agreement and/or the SQUIRE Service Schedules Agreement.

- 1.2 Without prejudice to the Authority's rights under paragraph 1.1, the terms of each of *Clause 3 (Term)*, *Schedules 8 (Franchise Payments)*, *9 (Changes)*, *10 (Remedies, Termination and Expiry)*, *12 (Financial Obligations and Undertakings)*, *14 (Preservation of Assets)*, *18 (Franchise Continuation)*, and paragraphs 1 to 8 (inclusive) of this Schedule 19 (*Other Provisions*) shall not be varied at any time other than in accordance with the terms of this Agreement or with the agreement of the parties.
- 1.3 The Authority shall, to the extent reasonably practicable, allow the Franchisee a reasonable opportunity to make representations to the Authority concerning any Variation to be made in accordance with paragraph 1.1(a) prior to making any such Variation.
- 1.4 The Authority may:
- (a) issue, revise and withdraw from time to time procedures that it requires to be followed for the purposes of orderly consideration of Variations. This will include for the purpose of establishing in relation to any Change whether it is a Qualifying Change; and

- (b) require the Franchisee to provide any information that the Authority reasonably requires for this purpose (including in relation to prospective change to profit, costs and revenue as a consequence of proceeding with the Variation).
- 1.5 Procedures issued pursuant to paragraph 1.4 may provide for indicative iterations of Runs of the Financial Model in relation to 1 or more Changes that the Authority is considering and may also provide for any number of Changes to be grouped together as a single Change for the purposes of agreeing or determining Revised Inputs and then performing a Run of the Financial Model.
- 1.6 Procedures issued pursuant to paragraph 1.4 shall have contractual effect between the parties in accordance with their terms.
- 1.7 The Franchisee may notify the Authority of any proposal for a Variation by notice setting out the proposed method of implementing such Variation including:
 - (a) the time scale for doing so;
 - (b) the effect (if any) on the timing of the performance of its other obligations under this Agreement;
 - (c) the impact of effecting the proposed Variation on the provision of the Franchise Services and the Franchisee's proposals as to how to minimise such impact; and
 - (d) the financial consequences of implementing the proposed Variation proposed by the Franchisee in terms of the Revised Inputs that the Franchisee considers the Variation would require.
- 1.8 The Authority shall be under no obligation to consider a Variation proposed by the Franchisee but, if it wishes to do so, it shall do so pursuant to paragraph 1.1 of this Schedule 9.1.
- 1.9 Where the Franchisee proposes a Variation in sufficient detail for it to be apparent that its implementation is likely to result in an increase in the overall profitability of the Franchisee through costs saving measures (a **Protected Proposal**), the Authority may not proceed with the Protected Proposal or seek to implement the substance of it by proposing a Variation of its own without complying with the provisions of paragraph 7.3 of Schedule 9.3 (*Runs of the Financial Model*).
- 1.10 A Variation to the terms of this Agreement pursuant to paragraph 1.1 may involve the deletion of terms, the addition of new terms or any other type of variation or change to this Agreement required by the Authority and the parties agree that the variation mechanism entitles the Authority to require the Franchisee to use the outputs from capital projects, major projects and other projects (including (whether existing or new) trains, stations, track, routes, infrastructure, CCTV and ticket barriers) in such manner as the Authority may require. A Variation may also require that the Franchisee co-operate in relation to capital projects, major projects and other projects and, where required to do so by a Variation, to exercise or refrain from exercising such rights as the Franchisee may have.

- 1.11 Any specific provision in this Agreement which provides that the Authority may make a Variation relating to a particular matter shall not in any way limit the Authority's rights under paragraph 1.1.
- 1.12 Without prejudice to this paragraph 1 (except paragraph 1.2) the Authority may make any Variation necessary for the facilitation or delivery of any Extended Restriction of Use or Major Scottish Project.

2. **Financial Consequences of a Change**

- 2.1 When there is or is to be a Qualifying Change the following shall be restated in the amounts and values ascertained by a Run of the Financial Model in accordance with Schedule 9.3 (*Runs of the Financial Model*) after taking into account any reconciliation payment relating to Estimated Revisions pursuant to paragraph 8 of Schedule 9.3:
 - (a) the amounts of Target Revenue for each Franchisee Year specified in Appendix 1 (*Target Revenue*) to Schedule 8.2 (*Annual Franchise Payments*); and
 - (b) the values of FXD, VCRPI, VCAWE, PRPI and TRRPI specified for each Franchisee Year in Appendix 2 (*Figures for Calculation of Annual Franchise Payments*) to Schedule 8.2.
- 2.2 Where a Run of the Financial Model is required it shall be performed:
 - (a) where it is reasonably practicable to do so, at least 3 Reporting Periods prior to the Qualifying Change; or
 - (b) as soon as reasonably practicable thereafter.
- 2.3 The restated amounts and values shall have effect on and from the later of:
 - (a) the date of the Qualifying Change or the date of the last Change pursuant to paragraph 4.1 (as the case may be); and
 - (b) the date on which the Authority approves or the auditor certifies the results of the Run of the Financial Model.
- 2.4 The Authority may stipulate (on or before the date on which the Authority approves or the auditor certifies the results of the Run of the Financial Model) that those amounts and values are to apply for a limited period of time only, with provision thereafter for a further Run of the Financial Model with new Revised Inputs based on information available at that time.
- 2.5 The Franchisee shall provide the Authority with a log of all changes to the Financial Model in the event of paragraph 2.1 applying.

3. **Estimated Financial Consequences**

- 3.1 Where:
 - (a) there is or is to be a Change before there is a Run of the Financial Model in relation to it; and

- (b) the Authority reasonably determines that the Change is likely to be a Qualifying Change,

then the Authority shall notify to the Franchisee a reasonable estimate of:

- (i) the amounts of Target Revenue specified for each Franchisee Year in Appendix 1 (*Target Revenue*) to Schedule 8.2 (*Annual Franchise Payments*); and
- (ii) the values of FXD, VCRPI, VCAWE, PRPI and TRRPI specified for each Franchisee Year in Appendix 2 (*Figures for Calculation of Annual Franchise Payments*) to Schedule 8.2.

which a Run of the Financial Model using the Authority's view of Revised Inputs and any Model Changes would produce (***Estimated Revisions***).

3.2 In the circumstances described in paragraph 3.1:

- (a) the amounts of Target Revenue specified for each Franchisee Year in Appendix 1 (*Target Review*) to Schedule 8.2 (*Annual Franchise Payments*); and
- (b) the values of FXD, VCRPI, VCAWE, PRPI and TRRPI specified for each Franchisee Year in Appendix 2 to Schedule 8.2,

shall be restated in the amounts and values of the Estimated Revisions, and Franchise Payments shall be paid accordingly until the Run of the Financial Model has taken place and its results have been put into effect.

3.3 The Authority shall use all reasonable endeavours to provide the notification required by paragraph 3.1 at least 2 Reporting Periods before it considers the Change is likely to occur. If, having exercised all reasonable endeavours, the Authority cannot provide 2 Reporting Periods' notice, it shall provide such notification as soon as reasonably practicable afterwards.

4. **Changes Beneath Threshold Amount**

- 4.1 Paragraph 1 shall also apply to any 2 or more Changes of which the Franchisee is notified of or of which it becomes aware in any Franchisee Year which do not exceed the Threshold Amount taken alone but which do exceed it when taken together.
- 4.2 If either party wishes to be able to claim an adjustment pursuant to paragraph 4.1 as and when the cumulative Threshold Amount (being the cumulo amount of all Changes during the Franchisee Year) is exceeded, such party shall notify the other parties after the individual Change occurs within the time limit prescribed in paragraph 5.1(b)(iii) that such party reserves its rights to accumulate that Change with others pursuant to paragraph 4.1.

5. **Time Limits**

- 5.1 Either party may require there to be a Run of the Financial Model in respect of a Change provided that:
 - (a) there are good reasons for considering that a Change is likely to be a Qualifying Change; and

- (b) that party notifies the other parties of its requirement within 6 months of:
 - (i) the notification or agreement of any Change that is a Variation pursuant to paragraph 2.1;
 - (ii) becoming aware of any other Change; or
 - (iii) where the claim is pursuant to paragraph 4.1, the occurrence of the last Qualifying Change.

5.2 Unless otherwise agreed by the Authority and the Franchisee, there shall be no entitlement to a Run of the Financial Model unless the Authority or the Franchisee (as the case may be) has notified the other within the 6 month period referred to in paragraph 5.1.

6. Specific Changes

Where an example of Change in the definition of Change in the Definitions Agreement contains wording that qualifies in some way the extent of a Change or the financial consequences of the Change, any restatement referred to in paragraph 2.1, the estimate referred to in paragraph 3.1 or the Revised Inputs, as the case may be, in respect of such a Change is to reflect those qualifications.

7. Capital Expenditure

Capital Expenditure Threshold

7.1 The Franchisee shall notify the Authority promptly if it reasonably expects that a Change to which paragraph 1 relates would require it to incur, singly or in aggregate with other Changes from time to time, Capital Expenditure in excess of 1 per cent of its annual Turnover in any Franchisee Year as disclosed by its latest available audited accounts and, when so notified, the Authority shall either:

- (a) withdraw the Change;
- (b) undertake to meet the excess through additional funding as and when such Capital Expenditure is incurred; or
- (c) direct the Franchisee to use all reasonable endeavours to borrow or otherwise raise the money required to fund any Change on commercial terms and at rates which are consistent with market conditions at the time, unless borrowing or otherwise raising such money would result in the Franchisee failing to comply with the financial covenants contained in Schedule 12 (*Financial Obligations and Undertakings*).

Method of Additional Funding

7.2 The additional funding referred to in paragraph 7.1(b) may be provided by increased Franchise Payments as and when required and the Authority may procure such additional funding rather than undertaking to meet it itself.

Franchisee to Seek Finance

- 7.3 If the Authority elects to require the Franchisee to use all reasonable endeavours as described in paragraph 7.1(c) then the Franchisee shall:
- (a) seek finance from a representative range of lending institutions and other financial institutions including those which at that time provide finance to the Franchisee and the Parent;
 - (b) if it is unable to raise funding, provide the Authority with all information the Authority may reasonably require in relation to the efforts made by the Franchisee and the reasons for a failure to raise additional finance;
 - (c) so far as it is able (having used all reasonable efforts to do so), the Franchisee shall provide to the Authority letters from lenders and financiers it has approached for finance stating their reasons for refusing to provide it and if the Authority so requires, arrange and attend meetings with them for the Authority to discuss those reasons; and
 - (d) if funding is not available, or is not available on terms that the Authority considers to be commercial terms or at rates which are consistent with market conditions at that time the Authority may:
 - (i) withdraw the Change; or
 - (ii) undertake to fund the Capital Expenditure as and when such Capital Expenditure is incurred.

Treatment of Borrowings in Revised Inputs

- 7.4 In calculating the Revised Inputs for the purposes of any Change referred to in this paragraph 7, the Franchisee shall account for the Capital Expenditure in accordance with the Adopted Accounting Principles, taking into account the basis on which such Capital Expenditure has been financed.

Meaning of Capital Expenditure

- 7.5 The expression *Capital Expenditure* when used in this Schedule 9.1 refers to the nature of the expenditure incurred by the Franchisee and consistent with the Adopted Accounting Principles, accordingly, does not include expenditure incurred under operating leases.

SCHEDULE 9.2

THIS IS SCHEDULE 9.2 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Revised Inputs: Identity of the Financial Model etc.

1. Franchisee's Obligations

- 1.1 The Franchisee shall deliver the Reference Documents to the Authority's Solicitors in the Agreed Form marked **RD**:
- (a) on the date of this Agreement;
 - (b) within 7 days of the Franchise Commencement Date, but updated only as strictly necessary for any elapsed time between the actual Franchise Commencement Date and the date assumed to be the Franchise Commencement Date in the Initial Business Plan; and
 - (c) within 7 days of any approval or audit of a Run of the Financial Model as provided for in paragraph 1.3 of Schedule 9.3 (*Runs of the Financial Model*), but updated with the Revised Inputs and any Model Changes;
- accompanied by a notice that those Reference Documents are to be Placed on Deposit.
- 1.2 The Franchisee shall with each such consignment of the Reference Documents include all of the following information to the extent that it is relevant:
- (a) details of the Reference Documents deposited (including full filename and version details, any details required to access the Reference Documents including media type, backup command/software used, compression used, archive hardware and operating system details);
 - (b) the names and contact details of persons who are able to provide support in relation to accessing and interpreting the Reference Documents; and
 - (c) if required by the Authority, a certificate from independent auditors approved by the Authority, confirming that the consigned version of the Reference Documents is in the Agreed Form in accordance with paragraph 1.1(a) or (as the case may be) is in accordance with paragraphs 1.1(b) or (c);
- 1.3 The Franchisee shall deliver to the Authority a copy of each set of Reference Documents (together with a copy of all information provided pursuant to paragraph 1.2) on the same day as each set of Reference Documents is Placed on Deposit;
- 1.4 The Franchisee shall supply the Authority with a further set of the Reference Documents in their most recently updated form within 7 days of receipt of a demand from the Authority for such.

2. Authority's Obligations

- 2.1 The Authority shall procure that the Authority's Solicitors hold the Reference Documents on the basis that they are Placed on Deposit provided that the Authority shall ensure that those solicitors shall:
- (a) within 5 days, acknowledge receipt to the Franchisee of any version of the Reference Documents delivered to it for the purposes of being Placed on Deposit;
 - (b) save as provided under paragraph 2(c), store each copy of the Reference Documents in a different physical location from any other copy of each such document and use all reasonable endeavours to ensure that each copy of the Reference Documents is at all times kept in a safe and secure environment. In so doing the Authority shall be deemed to have Placed on Deposit the Reference Documents for the purposes of this Agreement;
 - (c) notify the Franchisee if it becomes aware at any time during the term of this Agreement that any copy of the Reference Documents held by it has been lost, damaged or destroyed; in such an event, the Authority's Solicitors shall be permitted to create a new copy of the Reference Documents from any other copy thereof that it holds and shall within 7 days notify the Franchisee accordingly and afford it the right to make reasonable inspections in order to satisfy itself that a true and faithful copy has been made. Following the making of such a new copy of the Reference Documents, the Authority's Solicitors shall retain all copies of the Reference Documents in accordance with paragraph 2(b);
 - (d) within 7 days of receipt of a notice from the Franchisee stating that the Reference Documents are required for the purposes of an indicative or actual Run of the Financial Model in relation to any Change, or should the Authority itself so decide, release 1 copy of the Reference Documents to the Franchisee and retain 1 copy of each such model Placed on Deposit;
 - (e) maintain a record of any release of any copy of any version of the Reference Documents made, including details of any version released and the date of release as well as the identity of the person to whom the Reference Documents are released;
 - (f) have no obligation or responsibility to any person whatsoever to determine the existence, relevance, completeness, accuracy, effectiveness or any other aspect of the Reference Documents; and
 - (g) not be liable for any loss or damage caused to the Franchisee arising from any loss of or damage to the Reference Documents.
- 2.2 The Authority may use any copy of the Reference Documents received by it pursuant to paragraphs 1.3 or 1.4 from the date of receipt (which shall be the date of delivery) of the same for such purposes as the Authority deems appropriate.

SCHEDULE 9.3

THIS IS SCHEDULE 9.3 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Runs of the Financial Model

1. Run of the Financial Model

- 1.1 Any Run of the Financial Model that is required for the purposes of this Agreement shall be performed, after making any Model Changes and utilising the Revised Inputs, and shall be performed by:
 - (a) the Franchisee promptly on receiving notification of the Revised Inputs and any Model Changes from the Authority pursuant to paragraph 2.3; or
 - (b) the Authority if the Franchisee fails to do so.
- 1.2 The party that performs the Run of the Financial Model pursuant to paragraph 1.1 shall provide the other party to this Agreement with a reasonable opportunity to be in attendance and shall promptly notify the other party to this Agreement of the New Results.
- 1.3 The Authority, as soon as reasonably practicable after receiving or generating the New Results pursuant to paragraph 1.2, shall either:
 - (a) certify to the Franchisee its approval of the New Results; or
 - (b) notify the Franchisee that it requires the Run of the Financial Model and its results to be audited by an independent auditor appointed by the Authority with the approval (not to be unreasonably withheld or delayed) of the Franchisee.
- 1.4 For purposes of paragraph 1.3 (b), the requirement for an audit is one that requires the auditor either to certify:
 - (a) that the New Results have been produced by applying the Revised Inputs (as provided to the Franchisee by the Authority pursuant to paragraph 2.3) to the Financial Model after making the Model Changes (as provided to the Franchisee by the Authority pursuant to paragraph 2.3); or
 - (b) the following, by itself applying the Revised Inputs (as provided to the Franchisee by the Authority pursuant to paragraph 2.3) to the Financial Model after making the Model Changes (as provided to the Franchisee by the Authority pursuant to paragraph 2.3):
 - (i) the restated amounts of Target Revenue to be specified for each Franchisee Year in Appendix 1 (*Target Revenue*) to Schedule 8.2 (*Annual Franchise Payments*); and
 - (ii) the restated values of FXD, VCRPI, VCAWE, PRPI and TRRPI to be specified for each Franchisee Year in Appendix 2

(*Figures for Calculation of Annual Franchise Payments*) to Schedule 8.2.

- 1.5 The parties shall procure that any auditor is, as soon as reasonably practicable after his appointment, able to discharge the audit requirements.
- 1.6 The results as certified by the Authority pursuant to paragraph 1.3 or by the auditor pursuant to paragraph 1.4 shall be final and binding on the parties, except in the case of manifest error.
- 1.7 The costs of any audit shall be met as the auditor may direct.

2. **Revised Inputs and Model Changes**

2.1 ***Revised Inputs*** means :

- (a) the data that the Financial Model utilised in order to produce the Old Results, as such data is recorded in the Financial Model released to the Franchisee at the instruction of the Authority pursuant to paragraph 2(d) of Schedule 9.2 (*Revised Inputs: Identity of the Financial Model etc.*) for the purposes of a Run of the Financial Model; but
- (b) amended, whether by way of increase, reduction or other alterations to such data, (if at all) only as the parties may agree or the Authority may reasonably determine is required by the provisions of:
 - (i) paragraphs 3 to 8 (inclusive) of this Schedule 9.3; or
 - (ii) paragraph 6 of Schedule 9.1 (*Variations and Financial Consequences of Change*),

in respect of a Change or Rebasing in order to produce the New Results.

- 2.2 ***Model Changes*** means any changes that the parties may agree or the Authority may reasonably determine are required to the Financial Model and/or the Operational Model, as released to the Franchisee by the Authority pursuant to paragraph 2(d) of Schedule 9.2 (*Revised Inputs: Identity of the Financial Model etc.*) for purposes of a Run of the Financial Model, as a consequence of and in order to give effect to the Revised Inputs.
- 2.3 The Authority shall provide a written statement of the Revised Inputs and any Model Changes to the Franchisee for purposes of paragraph 1.1 promptly after they have been agreed or determined.

3. **Agreement or Determination of Revised Inputs**

- 3.1 The parties shall agree or the Authority shall reasonably determine the Revised Inputs that are required in respect of a Change:
 - (a) on the basis of the general adjustments and/or assumptions referred to in paragraph 4;
 - (b) on the basis of the assumptions in the Record of Assumptions as added to and/or amended (if at all) in accordance with paragraph 5;

- (c) so as to provide for Traction Electricity Charges in accordance with paragraph 6;
- (d) so as to provide for profit in accordance with paragraph 7;
- (e) so as to provide for Estimated Revisions in accordance with paragraph 8.

3.2 The Franchisee shall propose and the parties shall subsequently use reasonable endeavours to agree the Revised Inputs that are required in respect of a Rebasing in accordance with Schedule 8.5 (*Rebasing*).

4. General Adjustments/Assumptions

4.1 Revised Inputs are to be agreed between the parties or reasonably determined by the Authority on the basis that:

- (a) any increase in costs relating to a Change, and/or
- (b) any reduction in revenues relating to a Change,

that is attributable to any activities, actions or omissions of the Franchisee which are not permitted under, or would otherwise constitute a contravention of, the terms of this Agreement, is to be disregarded.

4.2 Revised Inputs are to be agreed between the parties or reasonably determined by the Authority on the basis that:

- (a) any reduction in costs relating to a Change; and/or
- (b) any increase in revenues relating to a Change,

that is attributable to any activities, actions or omissions of the Franchisee which are not permitted under, or would otherwise constitute a contravention of, the terms of this Agreement, is to be taken into account .

4.3 Revised inputs are also to be agreed between the parties or reasonably determined by the Authority on the basis that:

- (a) the Franchisee will use all reasonable endeavours to:
 - (i) reduce any costs that may arise or income that may be foregone; and
 - (ii) increase any revenue that may arise or avoid any cost that may be avoided

as a consequence of a Change; and

- (b) any requirement for borrowing in respect of Capital Expenditure by the Franchisee is dealt with in accordance with paragraph 7 of Schedule 9.1 (*Variations and Financial Consequences of Change*)

5. Assumptions in the Record of Assumptions

5.1 The parties shall (unless to do so would be contrary to paragraph 4) agree or the Authority shall reasonably determine Revised Inputs that are in accordance

with the assumptions that are contained in the Record of Assumptions, as added to or modified pursuant to paragraph 5.2 or paragraph 5.3.

5.2 Where the Authority reasonably considers that additional assumptions are required in relation to circumstances not dealt with by the assumptions in the Record of Assumptions, the parties shall agree or the Authority shall reasonably determine additional assumptions for this purpose.

5.3 Where the Authority reasonably considers that:

- (a) a Change is likely to result in an increase in either or both of the costs of the Franchisee and the revenues of the Franchisee; and
- (b) an assumption relevant to the Change contained in the Record of Assumptions does not accord with what would be achievable by, or experienced by, an economic and efficient franchisee,

then the parties shall agree or the Authority shall reasonably determine a modification to the assumption so that, as modified, it does accord with what would be achievable by, or experienced by, an economic and efficient franchisee.

5.4 Where there is a Variation made for the purpose described in paragraph 4(a) of Schedule 5.5 (*Changes to Fares and Fares Regulation*) and that Variation is limited to only a very few fares so that the Authority can reasonably conclude, after consulting with the Franchisee that the Record of Assumptions (and, if applicable, the Operational Model) is not sufficiently detailed to deal with those circumstances, then, to the extent that an assumption is needed for the revenue consequence of those circumstances on a Fare, it shall be reasonable for the Authority to have (if it wishes) as an additional assumption that there is no significant change to the distribution of travel on the Flow or between Flows as a consequence of those circumstances and therefore the aggregate Gross Revenues recorded by RSP as attributable to the sales of that Fare will increase or reduce accordingly in line with the amount of the Fare.

6. Traction Electricity Charges

6.1 This paragraph 6 applies only in relation to Charge Variations.

6.2 No Revised Inputs shall be made to the extent that a Charge Variation relates, directly or indirectly and however it may be effected, to the amount payable (in pence per kwh or otherwise) for traction current consumed by rolling stock vehicles operated by or on behalf of the Franchisee unless and to the extent that paragraph 6.4 applies.

6.3 As at the date of this Agreement, the amount payable for traction current consumed is reflected in the component EFgit referred to in paragraph 4 of Part 2 of Schedule 7 of the Track Access Agreement.

6.4 The parties shall agree or the Authority shall reasonably determine Revised Inputs to reflect any change in the basis of calculation of the margin or premium (if any) which the counterparty to the Relevant Agreement is entitled to charge in respect of traction current.

7. Revised Input for Profit

7.1 The parties shall agree or the Authority shall reasonably determine Revised Inputs in relation to profit:

- (a) where a Change is forecast to result in an increase to the Franchisee's costs, that provide for an increase in the amount of profit in any Franchisee Year equal to the Profit Margin percentage of the forecast increase in costs for that Franchisee Year; and/or
- (b) where a Change is forecast to result in a reduction in the Franchisee's costs, that provide for a decrease in the amount of profit in any Franchisee Year equal to the lower of:
 - (i) the Profit Margin; or
 - (ii) the average profit margin in the current Business Plan for the remaining Franchise Term,

of the forecast reduction in costs for that Franchisee Year.

Profit Margin in this paragraph 7 means [---REDACTED---]

Costs in this paragraph 7 means all net operating costs excluding total infrastructure charges where, infrastructure charges are defined in:

Charge	Infrastructure sheet row reference in Financial Model
Total Capacity Charge	31
Total Variable Track Access Charge	30
Total EC4T Charge	70
Total Electrification Asset Usage cost	71
Total Fixed Track Access Charge	29
Total Supplementary Schedule 4	77
Total Railway Safety Charge	91
Total Station Long Term Charge	51 (relates to SFO)
Total Station Access Charges	23 (relates to SSA)
Total Station Lease	58 (relates ISO)
Total Depot Lease	65
Total Network Rail 'Other' Charges	95
All other infrastructure charges	n/a

7.2 In agreeing or determining Revised Inputs in respect of any Change, the parties or the Authority shall effect such change (if any) in the amount attributable to profit in paragraph 7.1 as they agree or the Authority reasonably determines to reflect:

- (a) the risk for the Franchisee in continuing to operate the ScotRail Franchise on the terms of this Agreement after and as a result of the Change; and
- (b) the likelihood of
 - (i) material benefit from such Change arising after the expiry of the Franchise Term; and
 - (ii) material detriment from such Change arising prior to the expiry of the Franchise Term.

7.3 In agreeing or determining Revised Inputs for the purposes of any Protected Proposal, the parties or the Authority shall effect such change (if any) to the amount attributable to profit as they agree or the Authority reasonably determines:

- (a) fairly rewards the Franchisee for proposing the Protected Proposal; and
- (b) reasonably incentivises the Franchisee to propose further Protected Proposals,

by sharing with the Franchisee a reasonable amount of the decrease in the Franchisee's costs that is expected to arise from implementing the Protected Proposal.

7.4 The Appendix (*Incentivising Long-Term Investment*) to this Schedule 9.3 sets out guidance on incentivising long term investment in this or any subsequent franchised or other form or forms of operation of the Franchise Services.

8. **Estimated Revisions**

8.1 This paragraph applies only where and to the extent that, prior to the Run of the Financial Model, payments made between the Authority and the Franchisee have been altered in accordance with Estimated Revisions notified by the Authority to the Franchisee pursuant to paragraph 3 of Schedule 9.1 (*Variations and Financial Consequences of Change*).

8.2 Where payments between the Authority and the Franchisee have been altered in accordance with Estimated Revisions, the amount of the alteration shall be included in the Revised Input that relates to (as the case may be) the Franchisee's receipts from or payments to the Authority.

9. **Call Off Of Priced Options**

9.1 When a Priced Option is exercised by the Authority the Financial Model shall be updated so that Target Revenue, FXD, VCRPI, VCAWE, PRPI and TRRPI are restated to reflect the amounts agreed for the relevant Priced Option in Schedule 3 (*Priced Options*). The amounts stated in Schedule 3 are not unless otherwise stated indexed to RPI, or otherwise subject to change (as a result of the Change mechanism or otherwise), in the period between the date of this Agreement and the exercise of the relevant Priced Option and, when the

Financial Model is updated, it will be adjusted so that the amounts agreed for the relevant Priced Option are not, unless otherwise stated, indexed to RPI, or altered as a consequence of a Change (which may involve deflating figures in Schedule 3 before updating the Financial Model), over that period; provided that:

- (a) those amounts which are expressed in Schedule 3 to be subject to adjustment being the charges listed in column 4 of each relevant table shall be adjusted to reflect the actual amounts at the time of implementation of the Priced Option or as otherwise agreed between the parties; and
- (b) adjustments will be made to the Priced Option including the costs to the extent necessary to reflect that the specification or requirement for the Priced Option has been varied by the Authority where the Priced Option has been so varied.

Once a Priced Option has been called-off, and the Financial Model updated, it is agreed, for the avoidance of doubt, that the amounts stated in Schedule 3 will, as from the date of call-off, both be subject to RPI (from that date or, if later, the start of the second Franchisee Year) unless otherwise stated and to the financial consequences of a Change occurring after the date of call off.

- 9.2 If there is an extension of the Franchise Term pursuant to paragraphs 1 or 2 of Schedule 18 (*Franchise Continuation*) then the relevant costs in relation to the Priced Options shall be carried over for such period on a pro-rata basis.

APPENDIX TO SCHEDULE 9.3

Incentivising Long-Term Investment

This Appendix sets out guidance on incentivising long term investment.

1. The Franchisee is to be encouraged to:
 - (a) improve the efficiency;
 - (b) reduce the cost; and
 - (c) enhance the revenue earning potential of the delivery of services to passengers, from the commencement of this Franchise, through the Franchise Term and into the successor franchises.
2. It is recognised however, that the Franchise Term may be perceived to be a barrier to undertaking investment or change programmes where:
 - (a) the time scale for implementation limits the benefit to the Franchisee; or
 - (b) the business case for such investment or change has a payback period longer than the Franchise Term.
3. In this context investment or change may be considered to encompass:
 - (a) capital investments undertaken solely by the Franchisee;
 - (b) capital investments undertaken in association with others (including, but not limited to, Network Rail);
 - (c) changes in working practices of the Franchisee's employees; and
 - (d) changes in the contracted roles and responsibilities between the Franchisee and its major suppliers.
4. Accordingly, the Franchisee is encouraged to propose schemes that seek to achieve the objectives set out in paragraph 1 for consideration by the Authority during the Franchise Term.
5. In considering the Franchisee's proposals for any investment or change proposed to be undertaken, the Authority may recognise:
 - (a) the capital cost and proposed payment profile;
 - (b) legitimate costs of the Franchisee in developing, procuring, delivering and project managing the project;
 - (c) the life of any capital assets and the duration of the benefits stream arising;
 - (d) the remaining Franchise Term and the projected payback period;

- (e) the benefits associated with undertaking the investment early rather than waiting until the ScotRail Franchise and/or the Caledonian Sleeper Franchise and/or the ScotRail Franchise is re-let;
 - (f) the risks of cost overrun or under performance of the projected benefits;
 - (g) a profit element for undertaking the project commensurate with the risks of the proposed project; and
 - (h) alternative benefit sharing arrangements which could be based on:
 - (i) a capital lump sum when the expenditure is incurred;
 - (ii) an enhanced Franchise Payment over the Franchise Term;
 - (iii) a balloon payment on expiry of the Franchise which allocates a proportion of future benefits to the Franchisee;
 - (iv) an ongoing payment if the benefits materialise after the Franchise Term;
 - (v) agreeing a schedule of depreciation from the date of acquisition for capital assets acquired during the Franchise Term where such assets are designated as a Primary Franchise Asset or an undertaking by the Authority to so designate (and not de-designate), all to the effect that the relevant asset will appear with the appropriate residual value in a Transfer Scheme at the end of the Franchise Period;
 - (vi) any combination of any of paragraphs (h)(i) to (h) (v).
6. In evaluating the Franchisee's proposals for any investment or change proposed to be undertaken and to enable best value for money to be obtained from third party financiers, the Authority may also give consideration to the appropriateness of the provision, by the Authority, of an undertaking (or other form of comfort) pursuant to Section 54 of the Act or in respect of regulated finance.

SCHEDULE 9.4

**THIS IS SCHEDULE 9.4 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT
BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED**

Authority Risk Assumptions

None.

SCHEDULE 10

**THIS IS SCHEDULE 10 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT
BETWEEN THE AUTHORITY, AND ABELLIO SCOTRAIL LIMITED**

Remedies, Termination and Expiry

Schedule 10.1: Remedial Plans and Remedial Agreements

Schedule 10.2: Termination and Expiry

Schedule 10.3: Events of Default and Termination Event

Schedule 10.4: Force Majeure

Schedule 10.5: Liability

SCHEDULE 10.1

THIS IS SCHEDULE 10.1 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Remedial Plans and Remedial Agreements

1. Remedies for Contraventions of this Agreement

1.1 Without prejudice to the Authority's rights under paragraph 1.1 of Schedule 10.2 (*Termination and Expiry*), if the Authority is satisfied that the Franchisee is contravening or is likely to contravene any term of this Agreement it may serve a notice on the Franchisee requiring it to propose such steps as the Franchisee considers appropriate for the purpose of securing or facilitating compliance with the term in question (a **Remedial Plan Notice**).

1.2 The Franchisee hereby acknowledges that any and all of:-

- (a) failure to meet or exceed the Off Peak Patronage KPI in any two consecutive Franchisee Years;
- (b) Off Peak Patronage decreases in any two consecutive Franchisee Years (except where provided for in the Off Peak Patronage Forecast Level);
- (c) failure to meet or exceed the Overall Passenger Satisfaction Target in any two consecutive Franchisee Years; and
- (b) failure to meet or exceed Dealing with Disruption Passenger Satisfaction KPI in any two consecutive Franchisee Years,

each as provided for in paragraphs 4, 6, 13.1(a) and 15.2 of Schedule 7.2 (*KPIs and Journey Time Metric*) are contraventions of this Agreement.

2. Contents of Remedial Plan Notices

Each Remedial Plan Notice shall specify the following:

- 2.1 the term or terms of this Agreement that the Authority is satisfied that the Franchisee is contravening or is likely to contravene (each a **Relevant Term**); and
- 2.2 the time period within which the Authority requires the Franchisee to provide an appropriate plan for the purpose of facilitating or securing compliance with any Relevant Term (a **Remedial Plan**).

3. Contents of Remedial Plans

3.1 If the Authority issues a Remedial Plan Notice, the Franchisee shall submit a Remedial Plan to the Authority within the period specified in such Remedial Plan Notice.

3.2 Each Remedial Plan shall set out:

- (a) the Relevant Term which has caused a Remedial Plan to be required;

- (b) an explanation of the reasons for the contravention or likely contravention of the Relevant Term;
- (c) the steps proposed for the purposes of securing or facilitating compliance with the Relevant Term; and
- (d) the time period within which the Franchisee proposes to implement those steps.

4. Remedial Agreements

- 4.1 If the Authority is satisfied that the matters referred to in paragraph 3.2(c) and (d) are appropriate (with or without further modification as the Authority and the Franchisee may agree) it may require the Franchisee to enter into a supplemental agreement (**Remedial Agreement**) with the Authority to implement those matters.
- 4.2 It is a term of this Agreement that the Franchisee (at its own cost) complies with the Remedial Agreement in accordance with its terms.

5. Effect of Force Majeure Event

Without prejudice to the operation of paragraph 3.2 of Schedule 10.4 (*Force Majeure*) the following provisions shall apply in relation to Force Majeure Events affecting performance of a Remedial Agreement:

- 5.1 the Franchisee shall give written notice to the Authority promptly after it becomes aware (and in any event within 24 hours after becoming aware) of the occurrence or likely occurrence of a Force Majeure Event which will or is likely to affect the Franchisee's ability to comply with a Remedial Agreement within the period specified therein;
- 5.2 each notice submitted in accordance with paragraph 5.1 shall state the extent or likely extent of the relevant Force Majeure Event and, in the case of a Force Majeure Event which has not occurred at such time, the reasons why the Franchisee considers it likely to occur;
- 5.3 the Franchisee shall use, and shall continue to use, all reasonable endeavours to avoid or reduce the effect or likely effect of any Force Majeure Event on its ability to comply with any Remedial Agreement; and
- 5.4 subject to the Franchisee having complied with its obligations under paragraphs 5.1 to 5.3 (inclusive) the Franchisee shall be entitled to a reasonable extension of the remedial period applicable to a Remedial Agreement in order to take account of the effect of a Force Majeure Event which has occurred on the Franchisee's ability to comply with any Remedial Agreement.

6. Occurrence of a Contravention

- 6.1 Without prejudice to its rights under Schedule 7.3 (*SQUIRE*), following the occurrence of a contravention of this Agreement, the Authority may (but shall not be obliged to) commence or increase the level and/or frequency of monitoring (whether by inspection, audit or otherwise) of the Franchisee's performance of any relevant obligation until such time as the Franchisee demonstrates, to the Authority's reasonable satisfaction, that it is capable of performing and will perform such obligation as required by this Agreement.

- 6.2 The Franchisee shall co-operate fully with the Authority in relation to such monitoring referred to in paragraph 6.1.
- 6.3 The results of such monitoring will be reviewed at each Franchise Performance Meeting held pursuant to Schedule 11 (*Agreement and Service Delivery Management Provisions*).
- 6.4 The Franchisee shall compensate the Authority for all reasonable costs incurred by the Authority in carrying out such monitoring.

SCHEDULE 10.2

THIS IS SCHEDULE 10.2 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Termination and Expiry

1. Termination Notices

- 1.1 The Authority may, on and at any time after the occurrence of:
- (a) an Event of Default (subject to paragraphs 1.2 and 1.3) which is unremedied or continuing and which the Authority considers to be material; or
 - (b) a Termination Event which is unremedied or continuing,
- terminate this Agreement by serving a Termination Notice on the Franchisee. This Agreement shall terminate with effect from the date specified in any such Termination Notice.
- 1.2 The Authority may not serve a Termination Notice in respect of an Event of Default in relation to which a Remedial Plan Notice has been issued until the period has expired within which the Franchisee is required to deliver to the Authority the Remedial Plan specified in such Remedial Plan Notice.
- 1.3 The Authority may not serve a Termination Notice in respect of an Event of Default for which the Franchisee is implementing a Remedial Agreement in accordance with its terms.
- 1.4 The Franchisee hereby acknowledges that any and all of:-
- (a) failure to meet or exceed the Off-Peak Patronage Growth KPI in any three consecutive Franchisee Years;
 - (b) Off Peak Patronage decreasing in three consecutive Franchisee Years;
 - (c) failure to meet the Overall Passenger Satisfaction Target in any three consecutive Franchisee Years; and
 - (d) failure to meet or exceed the Remedial Plan Level of the Dealing with Disruption Passenger Satisfaction KPI in any two consecutive Franchisee Years,
- each as provided for in paragraphs 5, 7, 13.2 and 15.3 of Schedule 7.2 (*KPIs and Journey Time Metric*) are material Events of Default.

2. Consequences of Termination or Expiry

- 2.1 Upon termination of this Agreement (whether through default or effluxion of time or otherwise) the obligations of the parties shall cease except for:
- (a) any obligations arising as a result of any antecedent contravention of this Agreement;
 - (b) any obligations which are expressed to continue in accordance with the terms of this Agreement; and

- (c) any other obligations which give effect to such termination or to the consequences of such termination or which otherwise apply (expressly or impliedly) on or after such termination.

2.2 Nothing in this paragraph 2 shall prevent the Authority from bringing an action against the Franchisee in connection with the termination of this Agreement prior to the expiry of the Franchise Term.

2.3 On termination of this Agreement in accordance with paragraph 1.1(a), the Franchisee shall pay to the Authority the amount determined and paid in accordance with paragraph 2.4 (*Compensation on Termination for Franchisee Default*) below.

2.4 **Compensation on Termination for Franchisee Default**

(a) On termination of this Agreement in accordance with paragraph 1.1(a) of this Schedule 10.2, the Franchisee shall pay the Franchisee Default Termination Sum as calculated in accordance with paragraph 2.4(b) below;

(b) “**Franchisee Default Termination Sum**” (**FDTS**) shall be calculated on the following basis:

$$\text{FDTS} = (A + B) - C$$

Where:

“A” is the total cost to the Authority, reasonably and properly incurred, of appointing a Successor Operator to provide the Franchise Services for the period from the date of termination of this Agreement until the Expiry Date (as at the date of termination), (including all costs of re-tendering) and all sums payable to the Successor Operator in respect of the provision of the Franchise Services during such period, less any amount that would not have been payable had the Authority taken reasonable steps to mitigate such costs insofar as not included in “C”;

“B” is all costs, losses and expenses reasonably and properly incurred by the Authority as a direct result of the termination of this Agreement insofar as not included within “A” including for the avoidance of doubt, all costs, losses and expenses associated with the appointment of an interim successor operator;

“C” is a sum equal to the total Franchisee Payments which would have been payable to the Franchisee from date of termination of this Agreement until the Expiry Date (as at the date of termination) assuming that the Agreement had not been terminated prior to the Expiry Date (as at the date of termination); and

Provided that if FDTS is a negative number it shall be deemed to be zero (0).

2.5 The Franchisee Default Termination Sum shall be payable by the Franchisee within 20 business days of agreement or determination (as the case may be) of such sums in accordance with this paragraph 2.4.

2.6 If the Franchisee refers a dispute relating to the Franchisee Default Termination Sum to dispute resolution in accordance with the Dispute Resolution Procedure, the Franchisee shall pay to the Authority the Franchisee Default Termination Sum on or before the date falling twenty (20) Business Days after it has been determined in accordance with the Dispute Resolution Procedure and the Franchisee shall pay interest to the Authority at the Interest Rate on any amount of Franchisee Default Termination Sum which had been withheld, from the date specified in paragraph 2.4(c) until the date specified in this

paragraph 2.4(d). For the avoidance of doubt, where there is an agreed amount and a disputed amount in respect of the Franchisee Default Termination Sum the Franchisee shall (pay to the Authority the agreed amount no later than the date specified in paragraph 2.4(c), with the disputed amount being dealt with in accordance with this paragraph 2.4(d).

SCHEDULE 10.3

THIS IS SCHEDULE 10.3 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Events of Default and Termination Event

1. Provisions relating to Events of Default

Contravention

- 1.1 The occurrence of an Event of Default shall constitute a contravention of this Agreement by the Franchisee.

Notification of Event of Default

- 1.2 The Franchisee shall notify the Authority as soon as reasonably practicable on, and in any event within 24 hours of, it becoming aware of the occurrence of an Event of Default or an event which is likely to result in the occurrence of an Event of Default. The Franchisee shall take such action or steps as the Authority may require to remedy any Event of Default or potential Event of Default.

Consequences of Event of Default

- 1.3 On the occurrence of an Event of Default, the provisions of Schedule 10.1 (*Remedial Plans and Remedial Agreements*) shall also apply.

2. Events of Default

Each of the following is an Event of Default:

Insolvency

- 2.1 (a) **Administration:** Any step being taken by any person with a view to the administration of the Franchisee or the Parent or any Bond Provider under Part II of the Insolvency Act 1986;
- (b) **Insolvency:** Any of the Franchisee or the Parent or any Bond Provider stopping or suspending or threatening to stop or suspend payment of all or a material part of (or a particular type of) its debts, or being unable to pay its debts, or being deemed unable to pay its debts under Section 123(1) or (2) of the Insolvency Act 1986 except that in the interpretation of this paragraph:
- (i) the words "it is proved to the satisfaction of the court that" in sub-section (1)(e) and sub-section (2) of Section 123 shall be deemed to be deleted;
 - (ii) Section 123(1)(a) of the Insolvency Act 1986 shall have effect as if for "£750" there was substituted "£100,000" or such higher figure as the Authority may from time to time notify in writing to the Franchisee; and
 - (iii) any of the Franchisee or the Parent or any Bond Provider shall not be deemed to be unable to pay its debts for the purposes of this paragraph if any such demand as is mentioned in Section 123(1)(a) of the Insolvency Act 1986 is being

contested in good faith by such person with recourse to all appropriate measures and procedures and such person has adequate funds to discharge the amount of such demand or if any such demand is satisfied before the expiration of 21 days from such demand;

- (c) **Arrangements with Creditors:** The directors of the Franchisee or the Parent or any Bond Provider making any proposal under Section 1 of the Insolvency Act 1986, or any of the Franchisee or the Parent or any Bond Provider proposing or making any agreement for the deferral, rescheduling or other readjustment (or proposing or making a general assignation or an arrangement or composition with or for the benefit of creditors) of all or a material part of (or of a particular type of) its debts, or a moratorium being agreed or declared in respect of or affecting all or a material part of (or of a particular type of) its debts;
- (d) **Security Enforceable:** Any step being taken to enforce security over or a distress, diligence, execution or other similar process being levied or served against any property of the Franchisee or the whole or a substantial part of the assets or undertaking of the Franchisee, the Parent or any Bond Provider, including the appointment of a receiver, administrative receiver, manager or similar person to enforce that security;
- (e) **Stopping Business/Winding-Up:** Any step being taken by the Franchisee, the Parent or any Bond Provider with a view to its winding-up or any person presenting a winding-up petition or any of the Franchisee or the Parent or any Bond Provider ceasing or threatening to cease to carry on all or a material part of its business, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Authority before that step is taken;
- (f) **Railway Administration Order:** A railway administration order being made in relation to the Franchisee under Sections 60 to 62 of the Act; and
- (g) **Analogous Events:** Any event occurring which, under the Law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events listed in this paragraph 2.1,

unless and for so long as, in the case of paragraphs 2.1(a), (d) and (e), the relevant petition, proceeding or other step is being actively contested in good faith by the relevant person with recourse to all appropriate measures and procedures and such person has adequate funds to discharge the relevant debt and subject, in the case of any relevant event occurring in relation to a Bond Provider where no other Event of Default has occurred and is unremedied or continuing at such time, to a period of 28 days having elapsed in order to allow the Franchisee to replace the relevant Bond Provider.

Non-payment

- 2.2 The Franchisee failing to pay to the Authority any amount due under this Agreement within 28 days of the due date for such payment.

Change of Control

- 2.3 Without the prior consent of the Authority, a change occurring in the identity of any 1 person, or 2 or more persons acting by agreement, who may Control the Franchisee on and from the date of this Agreement and during the Franchise Term, which shall include a person, or 2 or more persons acting by agreement, ceasing to Control the Franchisee at any time during the Franchise Term, whether or not any other person Controls the Franchisee at the same time and, for the purposes of this paragraph 2.3, 2 or more persons shall be deemed to be acting by agreement in relation to the Franchisee if, assuming the Franchisee was a target company as defined in Section 824 of the Companies Act 2006, such persons would be under an obligation to disclose an interest in shares in such company by virtue of an agreement between such persons.

Revocation of Licence

- 2.4 Revocation of any Licence required to be held by the Franchisee in order to comply with its obligations under this Agreement.

Safety Certificate

- 2.5 The Safety Certificate of the Franchisee being revoked or not being renewed on its expiry during the Franchise Period.

Passenger Service Performance

- 2.6 The Franchisee's performance in relation to any Benchmark contravenes the Default Performance Level for that Benchmark for:
- (a) any 3 consecutive Reporting Periods;
 - (b) any 4 Reporting Periods within a period of 13 consecutive Reporting Periods; or
 - (c) any 5 Reporting Periods within a period of 26 consecutive Reporting Periods.

Remedial Agreements and Enforcement Orders

- 2.7 (a) Non-compliance by the Franchisee with a Remedial Agreement, where such non-compliance is material.
- (b) Non-compliance by the Franchisee with:
- (i) a provisional order;
 - (ii) a final order;
 - (iii) a penalty; or
 - (iv) any other order made relating to contravention of either a relevant condition or requirement (as defined in Section 55 of the Act) or another order,

in each case made by the Authority under the Act.

Financial Ratios

- 2.8 Breach by the Franchisee of either or both of the financial ratios specified in paragraph 2 of Schedule 12 (*Financial Obligations and Undertakings*).

Breach of Law

- 2.9 (a) It becoming unlawful for the Franchisee to provide all or, in the reasonable opinion of the Authority, a material part of the Passenger Services or to operate all or, in the reasonable opinion of the Authority, a material number of the Stations or Depots (except to the extent not required so to do under this Agreement).
- (b) The Franchisee or any of the directors or senior managers of the Franchisee being convicted of culpable homicide, manslaughter, fraud or, in England and Wales, any other indictable criminal offence, or in Scotland, any offence tried on indictment including where either the indictment or the verdict shall include any inchoate element in each case relating directly to the provision and operation of the Franchise Services.
- (c) The Franchisee being, in the reasonable opinion of the Authority, in material non-compliance with a prohibition or enforcement order (or the equivalent thereof) issued by the ORR or any other body with statutory responsibilities for safety. If the Franchisee makes an appeal against such prohibition or enforcement order (or such equivalent thereof) in accordance with its terms, no Event of Default shall have occurred under this paragraph 2.10(c) until such appeal has been determined to be unsuccessful.

Contravention of Other Obligations

- 2.10 The occurrence of the following:
- (a) the Franchisee contravening to a material extent any one or more of its obligations under this Agreement (other than such non-performance or non-compliance as may constitute an Event of Default under the provisions of this Schedule 10.3 other than this paragraph 2.10);
- (b) the service by the Authority on the Franchisee of a written notice specifying:
- (i) such contravention; and
- (ii) to the extent the contravention is capable of being remedied, the reasonable period within which the Franchisee is required to so remedy; and
- (c) the Franchisee contravening such obligation or obligations again to a material extent or permitting the contravention to continue or, if the contravention is capable of remedy, failing to remedy such contravention within such period as the Authority has specified in the notice served pursuant to paragraph 2.10(b).

Non-membership of Inter-Operator Schemes

- 2.11 The Franchisee ceasing to be a member of, or ceasing to participate in or to be party to, any of the Inter-Operator Schemes, or having its membership or participation therein suspended.

Bonds

- 2.12 (a) Any Performance Bond or Season Ticket and Smartcard Bond ceasing to be a legal, valid and binding obligation on the relevant Bond

Provider (other than in accordance with its terms) or it otherwise becoming unlawful or impossible for any Bond Provider to perform its obligations thereunder;

- (b) A failure by the Franchisee to provide to the Authority a Performance Bond which fulfils the requirements of Schedule 12 (*Financial Obligations and Undertakings*);
- (c) A failure by the Franchisee to provide to the Authority a Season Ticket and Smartcard Bond which fulfils the requirements of Schedule 12;

Key Contracts

- 2.13 Termination, or the material variation, of any Key Contract except where requested (or consented to (for the purpose of paragraph 7 of Schedule 14.3 (*Key Contracts*))) by the Authority or to the extent that the Franchisee has demonstrated to the reasonable satisfaction of the Authority that it is no longer necessary for it to be party to such Key Contract or that it has made adequate alternative arrangements in order to be able to continue to provide and operate the Franchise Services.

Funding Deed

- 2.14 A failure by the Franchisee or the Parent to comply with their respective obligations under the Funding Deed.

Rolling Stock Leases

- 2.15 A failure by the Franchisee to enter into a new Rolling Stock Lease in accordance with paragraph 3 of Appendix 1 to Schedule 1.1 (*Service Development*) in respect of substitute rolling stock vehicles which meet the requirements of paragraph 3.4 of Schedule 1.1.

Rolling Stock

- 2.16 The Franchisee contravening any one or more of its obligations in terms of paragraphs 1.1, 3.1 and 4 of Schedule 6.1 (*EGIP & HLOS Rolling Stock*); Schedule 6.2 (*Inter-city Rolling Stock*); Schedule 6.3 (*Scenic Train Rolling Stock*); and Schedule 6.4 (*Other Rolling Stock*) (other than such non-performance or non-compliance as may constitute an Event of Default under the provisions of this Schedule 10.3 other than this paragraph 2.16).

Alliancing Security

- 2.17 A failure by the Parent to comply with its obligations under the Alliancing Security.

Prohibition on blacklisting

- 2.18 The Franchisee committing any breach of the Employment Relations 1999 Act (Blacklists) Regulations 2010 or section 137 of the Trade Union and Labour Relations (Consolidation) Act 1992, or committing any breach of the Data Protection Act 1998 by unlawfully processing personal data in connection with any blacklisting activities.

3. Termination Event

The following shall be Termination Events entitling the Authority to terminate this Agreement in accordance with Schedule 10.2 (*Termination and Expiry*) if any Force Majeure Event:

- 3.1 continues with the effect of preventing the Franchisee from delivering, wholly or mainly, the Passenger Services for more than 6 consecutive months or for a total period of 6 months in any period of 12 consecutive months;.
- 3.2 is caused (directly or indirectly) by any Affiliate and if such Force Majeure Event continues with the effect of preventing the Franchisee from delivery, wholly or mainly of the Passenger Services, for more than one month;
- 3.3 caused (directly or indirectly) by any Associate and if such Force Majeure Event continues with the effect of preventing the Franchisee from delivery, wholly or mainly of the Passenger Services, for more than one month.

SCHEDULE 10.4

THIS IS SCHEDULE 10.4 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Force Majeure

1. Force Majeure Events

1.1 The following events shall constitute Force Majeure Events, subject to the conditions specified in paragraph 2 being satisfied:

- (a) the Franchisee or any of its agents or subcontractors is prevented or restricted by Network Rail (including by virtue of the implementation of any Contingency Plan) from gaining access to any section or part of track (including any track running into, through or out of a station). For the purposes of this paragraph 1:
 - (i) references to a party being prevented or restricted from gaining access to any section or part of track shall mean that such party is not permitted to operate any trains on the relevant section or part of track, or is only permitted to operate a reduced number of trains from that which it was scheduled to operate;
 - (ii) the period of such prevention or restriction shall be deemed to commence with effect from the first occasion on which the Franchisee is prevented or restricted from operating a train on such section or part of track;
 - (iii) references in paragraphs 1.1(a)(i) and (ii) to the operation of trains include scheduled empty rolling stock vehicle movements; and
 - (iv) **Contingency Plan** means a contingency plan (as defined in the Railway Operational Code or where the Railway Operational Code ceases to exist, such other replacement document of a similar or equivalent nature which contains a definition of contingency plan similar to that contained in the Railway Operational Code) implemented by and at the instigation of Network Rail, or such other contingency or recovery plan as the Authority may agree from time to time;
- (b) the Franchisee or any of its agents or subcontractors is prevented or restricted by Network Rail or any Facility Owner (other than a Facility Owner which is an Affiliate of the Franchisee) from entering or leaving:
 - (i) any station or part thereof (excluding, any prevention or restriction from gaining access to any section or part of track running into, through or out of a station); or
 - (ii) any depot or part thereof (including the movement of trains on tracks within any depot but excluding any prevention or restriction from gaining access to any track outside such depot running into or out of that depot);

- (c) any of the following events occurs:
- (i) a programme of Mandatory Modifications commences;
 - (ii) any diesel Rolling Stock Units are damaged by fire, vandalism, sabotage or a collision and are beyond repair or beyond economic repair; or
 - (iii) a government authority prevents the operation of diesel Rolling Stock Units on the grounds of safety,

and, in each case, the greater of 2 diesel Rolling Stock Units and 10 per cent. of all diesel rolling stock vehicles used by the Franchisee in the provision of the Passenger Services are unavailable for use in the provision of the Passenger Services as a result of the occurrence of such event;

- (d) any of the following events occurs:
- (i) a programme of Mandatory Modifications commences;
 - (ii) any electric Rolling Stock Units are damaged by fire, vandalism, sabotage or a collision and are beyond repair or beyond economic repair; or
 - (iii) a government authority prevents the operation of electric Rolling Stock Units on the grounds of safety,

and, in each case, the greater of 2 electric Rolling Stock Units and 10 per cent. of all electric rolling stock vehicles used by the Franchisee in the provision of the Passenger Services are unavailable for use in the provision of the Passenger Services as a result of the occurrence of such event;

- (e) the Franchisee prevents or restricts the operation of any train on safety grounds provided that:
- (i) the Franchisee has, either before or as soon as reasonably practicable after initiating such prevention or restriction, sought the confirmation of the ORR, or any other body with statutory responsibility for safety in the circumstances, of the necessity of such prevention or restriction; and
 - (ii) if and to the extent that the ORR or other relevant body indicates that such prevention or restriction is not necessary, then no Force Majeure Event under this paragraph 1.1(e) shall continue in respect of that restriction or prevention after the receipt of such indication from the ORR or other relevant body;
- (f) Act of God, war damage, enemy action, terrorism or suspected terrorism, riot, civil commotion, rebellion (together "**Emergency Events**") or the act of any government instrumentality (including the ORR and the Secretary of State but excluding the Authority) insofar as the act of government instrumentality directly relates to any Emergency Events,

provided that there shall be no Force Majeure Event under this paragraph 1.1(f) by reason of:

- (i) the suicide or attempted suicide of any person (other than a person engaged in terrorism or suspected terrorism);
 - (ii) the activities of the police, fire service, ambulance service or other equivalent emergency service that are not in response to acts of terrorism or suspected terrorism; or
 - (iii) an act of God which results in the Franchisee or its agents or subcontractors being prevented or restricted by Network Rail from gaining access to any relevant section or part of track; and
- (g) any strike or other Industrial Action by any or all of the employees of the Franchisee or any or all of the employees of:
- (i) Network Rail;
 - (ii) the operator of any other railway facility; or
 - (iii) any person with whom the Franchisee has a contract or arrangement for the lending, seconding, hiring, contracting out or supervision by that person of train drivers, conductors, other train crew or station or depot staff used by the Franchisee in the provision of the Franchise Services (except where such contract or arrangement is with an Affiliate of the Franchisee),
- or in the case of (i) and (ii) above, of the agents or sub-contractors of any such person.

2. **Conditions to Force Majeure Events**

- 2.1 The occurrence, and continuing existence of a Force Majeure Event shall be subject to satisfaction of the following conditions:
- (a) in relation to an event occurring under paragraph 1.1(a), that event has continued for more than 12 consecutive hours;
 - (b) the Franchisee notifies the Authority within 2 business days of it becoming aware of:
 - (i) the occurrence or likely occurrence of the relevant event; and
 - (ii) the effect or the anticipated effect of such event on the Franchisee's performance of the Passenger Services;
 - (c) at the same time as the Franchisee serves notification on the Authority under paragraph 2.1(b), it informs the Authority of the steps taken and/or proposed to be taken by the Franchisee to prevent the occurrence of, and/or to mitigate and minimise the effects of, the relevant event and to restore the provision of the Passenger Services;
 - (d) the relevant event did not occur as a result of:

- (i) any act or omission to act by the Franchisee or its agents or subcontractors save that, in respect of the occurrence of Industrial Action in accordance with paragraph 1.1(g) the provisions of paragraph 2.2 apply; or
- (ii) the Franchisee's own contravention of, or default under, this Agreement, any Access Agreement, Rolling Stock Lease, Property Lease or any other agreement;
- (e) the Franchisee used and continues to use all reasonable endeavours to avert or prevent the occurrence of the relevant event and/or to mitigate and minimise the effects of such event on its performance of the Passenger Services and to restore the provision of the Passenger Services as soon as reasonably practicable after the onset of the occurrence of such event;
- (f) the Franchisee shall, to the extent reasonably so requested by the Authority, exercise its rights and remedies under any relevant agreement to prevent the occurrence or recurrence of any such event and to obtain appropriate redress and/or compensation from any relevant person; and
- (g) the Franchisee's compliance with the requirements of paragraphs 10 and 11 of Schedule 1.2 (*Operating Obligations*).

2.2 Where:

- (a) Industrial Action in accordance with paragraph 1.1(g) occurs as a result of an act or omission to act by the Franchisee or its agents or subcontractors;
 - (b) the Authority reasonably believes that it was reasonable for the Franchisee, its agents or subcontractors (as the case may be) to take or omit to take such act; and
 - (c) the other conditions specified in paragraph 2.1 have been satisfied,
- such occurrence shall be a Force Majeure Event.

3. Consequences of Force Majeure Events

On Obligations

- 3.1 Subject to paragraph 3.2, the Franchisee shall not be responsible for any failure to perform any of its obligations under this Agreement, nor shall there be any contravention of this Agreement if and to the extent that such failure is caused by any Force Majeure Event.
- 3.2 Paragraph 3.1 shall not apply to the obligations of the Franchisee:-
 - (a) in Schedule 7.1 (*Train Operating Performance*) if the Force Majeure Event is an event occurring under paragraphs 1.1(a), (b) and (g); and
 - (b) in Schedule 7.2 (*KPIs AND Journey Time Metric*); or
 - (d) in Schedule 7.3 (*SQUIRE*).

- 3.3 If any Force Majeure Event continues, with the effect of preventing the Franchisee from delivering, wholly or mainly, the Passenger Services for more than 6 consecutive months or for a total period of 6 months in any period of 12 consecutive months, it shall be a Termination Event in accordance with paragraph 3 of Schedule 10.3 (*Events of Default and Termination Event*).

On Payments

- 3.4 Following the occurrence of a Force Majeure Event, the payment of Franchise Payments shall continue unaffected unless the provisions of paragraph 4 of Schedule 8.1 (*Franchise Payments*) apply.

SCHEDULE 10.5

THIS IS SCHEDULE 10.5 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Liability

1. Exclusion of Liability

Liability with respect to Passengers and Third Parties

- 1.1 The Franchisee hereby acknowledges that the Authority will not be responsible for the actions of the Franchisee or any Affiliate of the Franchisee or any Alliance or any Associate and that, except as expressly provided in this Agreement, the Franchisee shall provide and operate the Franchise Services at its own cost and risk without recourse to the Authority or government funds or guarantees.

The Franchisee, on demand, shall hold the Authority fully protected and indemnified in respect of all losses, liabilities, costs, charges, expenses, actions, proceedings, claims or demands incurred by or made on the Authority in connection with any death, personal injury, loss or damage suffered by passengers or by any third party (including, for the avoidance of doubt, any Alliance, or Affiliate of the Franchisee or Associate) using or affected by the Franchise Services which is caused or contributed to by the Franchisee, any Affiliate of the Franchisee or any Alliance or any Associate, or any employee, agent, contractor or sub-contractor of the Franchisee or of any Affiliate of the Franchisee or any Alliance or any Associate or anyone for whom the Franchisee or any Affiliate or any Alliance or any Associate is responsible at law.

Liability of Authority

- 1.2 Neither the Authority nor any of its officers, agents or employees shall in any circumstances be liable to the Franchisee for any loss or damage caused by the negligent exercise of any powers reserved to the Authority under this Agreement, except to the extent that such negligence also constitutes a contravention of an obligation of the Authority under this Agreement. The Franchisee may not recover from the Authority or any of its officers, agents, or employees any amount in respect of loss of profit or consequential loss.

2. Review or monitoring by the Authority

- 2.1 The Authority may for its own purposes (whether under this Agreement or under any other arrangement or otherwise and whether before or after the date of this Agreement) monitor or review any proposals, plans or projects (or any aspect thereof) of the Franchisee under this Agreement, but no review, enquiry, comment, statement, report or undertaking, made or given by or on behalf of the Authority during such review or monitoring (and no failure to undertake, make or give any review, enquiry, comment or statement) shall operate to exclude or relieve any of the parties from or reduce or otherwise affect the obligations of the parties under this Agreement.
- 2.2 The exercise by or on behalf of each of the Authority of (or, as the case may be, any failure to exercise) any of its functions, rights or obligations in respect of any review or monitoring process shall not in any way impose any liability,

express or implied, on the Authority to any other party save to the extent that the exercise (or failure to exercise) of any of such functions, rights or obligations results in a contravention by the Authority of an express provision of this Agreement and the Authority does not make or give any representation or warranty, either express or implied, as to whether any proposal, plan or project will enable any party to comply with its obligations under this Agreement.

SCHEDULE 11

THIS IS SCHEDULE 11 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Agreement and Service Delivery Management Provisions

1. Authority's Franchise Manager

- 1.1 The Authority shall appoint a competent Franchise Manager who shall have power and authority delegated to him by the Authority to act and to make decisions on behalf of the Authority in relation to this Agreement and amend this Agreement on behalf of the Authority. The principal responsibilities of the Franchise Manager to the Authority shall be, amongst other things:
- (a) to manage this Agreement on behalf of the Authority;
 - (b) to monitor the Franchisee's performance of its obligations under this Agreement;
 - (c) to ensure that the necessary resources within the Authority are made available expeditiously for the performance of the Authority's obligations under this Agreement; and
 - (d) to facilitate the Authority in fulfilling its obligations under this Agreement to the Franchisee.
- 1.2 The Franchise Manager may from time to time delegate any of the powers, functions and authorities vested in him to an assistant or agent and may at any time revoke any such delegation. Any such delegation or revocation shall be in writing signed by the Franchise Manager and shall state which power, function or authority is thereby delegated or revoked and the persons to whom or from whom the same are delegated or revoked respectively. No such delegation or revocation shall have effect until the Franchisee is deemed to have received notice of it in writing in accordance with paragraph 3 of Schedule 19 (*Other Provisions*).
- 1.3 Except in cases of emergency, or as a consequence of the proper exercise of disciplinary procedures of the Authority, the Authority shall give the Commercial Manager reasonable notice of a proposal to replace the Franchise Manager.

2. Franchisee's Key Personnel

- 2.1 The Franchisee shall and provide to the Authority identify a schedule of Key Personnel who shall be employed by the Franchisee in the performance of this Agreement. This shall include but not be limited to the following persons:
- (a) a Commercial Manager, whose role will include responsibility for the matters detailed in paragraph 3 and responsibility in relation to the Financial Model;
 - (b) a Quality Manager, whose quality management role will include responsibility for ensuring compliance by the Franchisee with:
 - (i) Schedule 7.1 (*Train Operating Performance*);

- (ii) Schedule 7.3 (*SQUIRE*); and
 - (iii) its legal obligations in relation to the Franchise Services including the Safety Certificate;
 - (c) an Investment Manager, whose investment and project management role will include responsibility for the delivery of the Franchisee's obligations in respect of:-
 - (i) New Train Fleets and improvements to rolling stock in accordance with Schedule 6 (*Rolling Stock*);
 - (ii) Schedule 1.6 (*Committed Obligations*); and
 - (iii) Schedule 3 (*Priced Options*);
 - (d) a Transport Integration Manager whose role will include responsibility for delivery of the Franchisee's obligations in respect of Schedule 13.6 (*Integration*);
 - (e) a Rail Patronage Manager whose rail patronage manager role will include responsibility for the matters detailed in paragraph 6;
 - (f) a Customer Service Manager whose role will include responsibility for the Information Strategy and all matters connected with passenger satisfaction and customer service;
 - (g) a Community Liaison Manager whose role will include responsibility for engaging with Community Rail Partnerships and the communities served by Passenger Services.
- 2.2 The Franchisee shall provide to the Authority an organisation chart detailing the responsibilities and reporting lines of each of the Key Personnel within 1 Reporting Period of the Franchise Commencement Date and shall update such chart (and provide a copy to the Authority promptly thereafter) as and when any changes occur.
- 2.3 Key Personnel may from time to time delegate any of the powers, functions and authorities vested in each of them to an assistant or agent and may at any time revoke any such delegation. Any such delegation or revocation shall be in writing signed by the Key Personnel member in question and shall state which power, function or authority is thereby delegated or revoked and the persons to whom or from whom the same are delegated or revoked respectively. No such delegation or revocation shall have effect until the Authority is deemed to have received notice of it in writing in accordance with paragraph 3 of Schedule 19 (*Other Provisions*).
- 2.4 Except in cases of emergency, or as a consequence of the proper exercise of disciplinary procedures of the Franchisee, a minimum of 1 months' notice must be given to the Franchise Manager of a proposal to replace any Key Personnel member.

3. **Commercial Manager**

- 3.1 The Franchisee shall appoint a competent Commercial Manager who shall have power and authority delegated to him by the Franchisee to act for and to

make decisions on behalf of the Franchisee in relation to this Agreement (but who shall not have power to amend this Agreement).

3.2 The principal responsibilities of the Commercial Manager to the Franchisee shall be, amongst other things:

- (a) to manage this Agreement on behalf of the Franchisee;
- (b) to ensure that the necessary resources within the Franchisee's organisation are made available expeditiously for the performance of the Franchisee's obligations under this Agreement;
- (c) to ensure that any necessary sub-contracts are placed and managed so that the requirements of this Agreement are fully met; and
- (d) to facilitate the Franchisee in fulfilling its obligations under this Agreement to the Authority.

3.3 The Commercial Manager shall:

- (a) report directly to an executive officer of the Franchisee;
- (b) make recommendations to an executive officer of the Franchisee on the marketing and promotion of Passenger Services, enhancement passenger satisfaction levels and growth of patronage throughout the Franchise Term (and shall copy any such recommendations to the Authority and the Managing Director of the Franchisee);
- (c) perform the tasks required of him under paragraph 3.2;
- (d) keep full and accurate records and documents in relation to, or affecting, the performance by the Franchisee of its obligations in paragraph 3.2;
- (e) send to that executive officer of the Franchisee at the end of each Reporting Period a statement (which shall be copied at the same time to the Authority and the Managing Director of the Franchisee) detailing:
 - (i) the latest findings on the Franchisee's performance as contained in the records and documents kept pursuant to Schedule 7.1 (*Train Operating Performance*);
 - (ii) a comparison of the Franchisee's performance with the targets it has set in respect of its obligations under Schedule 7.3 (*SQUIRE*);
 - (iii) the trends which the Commercial Manager has detected in passenger satisfaction and patronage growth with an analysis of the causes of any performance below that forecast or targeted by the Franchisee and his recommendations for rectification of performance levels where required;
 - (iv) the Commercial Manager's evaluation of the Franchisee's performance as against the requirements of any plan which deals with, or specifies, requirements in respect of passenger satisfaction and Off Peak patronage growth or any of the

Franchisee's other obligations in Schedule 7.2 (*KPIs and Journey Time Metric*);

- (v) the Commercial Manager's recommendations for continuing improvement in respect of the Franchisee's performance of its obligations under Schedule 7 (*Train Operating Performance, KPIs and Journey Time Metric, and SQUIRE*) and his forecast of the Franchisee's likely level of future performance of such obligations; and
- (f) co-operate with the Authority in relation to the promotion of passenger satisfaction and patronage and in making appropriately senior and appropriately qualified members of the Franchisee's personnel available to attend meetings.

4. **Quality Manager**

The Franchisee shall appoint a competent Quality Manager who shall be responsible for the matters referred to in paragraph 2.1 (b) and in addition:-

- (a) shall work with the Commercial Manager, the Rail Patronage Manager, and the Authority to minimise the amount of ticketless travel and fare evasion on the Passenger Services and to maximise passenger satisfaction and off-peak patronage growth;
- (b) his or her role will include responsibility for the obligations set out in paragraph 4 of Schedule 7.3 (*SQUIRE*) insofar as relating to the SQM or Quality Manager; and
- (c) may include the role of SQM.

5 **Transport Integration Manager**

The Franchisee shall appoint a competent Transport Integration Manager who shall be responsible for the matters referred to in paragraph 2.1(d) of this Schedule and in addition shall:-

- 5.1 report directly to an executive officer of the Franchisee;
- 5.2 have a leading role in improving integration of ticketing, timetabling, information and infrastructure activities in line with smart ticketing initiatives through the Transport Integration Group and otherwise;
- 5.3 draw on evidence relating to passenger views concerning integration;
- 5.4 work with the Authority and stakeholders in particular other transport service providers and Regional Transport Partnerships;
- 5.5 such work in terms of paragraph 5.4 shall include without prejudice to the generality:
 - (a) encouraging a shift from private car usage to integrated journeys making use of rail; and
 - (b) consulting on timetable changes and new services to improve connections between modes of transport;

- 5.5 prepare an annual plan identifying how the Franchisee shall measure improvements in transport integration and setting targets for such integration and monthly reports on progress against these targets. The plan and reports shall be made available to the Authority;
- 5.6 make use of data on passenger flows (including information on passenger origins and destinations) to identify gaps and opportunities to improve transport integration and to ascertain demand for sustainable transport connections to and from Stations;
- 5.7 have a leading role in planning and setting up any Fulfilment Service for smart ticketing proposed by the Authority.

6. Rail Patronage Manager

The Franchisee shall:

- 6.1 appoint a competent Rail Patronage Manager who shall:
 - (a) make recommendations to an executive officer of the Franchisee to promote passenger satisfaction levels, grow off-peak patronage and minimise the level of ticketless travel and fare evasion throughout the Franchise Term (and who shall copy any such recommendations to the Authority and the Managing Director of the Franchisee);
 - (b) perform the tasks required of him under paragraph 6;
- 6.2 ensure that the Franchisee's obligations set out in paragraphs 2 to 4 of Schedule 1.3 (*Additional Service Specifications*) are complied with in full;
- 6.3 co-operate with the Authority in relation to the promotion of passenger satisfaction and off-peak patronage and the minimisation of ticketless travel and fare evasion and in making appropriately senior and appropriately qualified members of the Franchisee's personnel available to attend relevant meetings;
- 6.4 his or her role will include responsibility for the obligations set out in paragraph 4 of Schedule 7.3 (*SQUIRE*) insofar as relating to the RPM;
- 6.5 The RPM shall:
 - (a) report directly to an executive officer of the Franchisee;
 - (b) keep full and accurate records and documents in relation to, or affecting, the performance by the Franchisee of its obligations in paragraphs 2 to 4 of Schedule 1.3 (*Additional Service Specifications*);
 - (c) send to that executive officer of the Franchisee at the end of each Reporting Period a statement (which shall be copied at the same time to the Authority and the Managing Director of the Franchisee) detailing:
 - (i) the latest findings on the Franchisee's performance as contained in the records and documents kept pursuant to paragraph 6.2;

- (ii) a comparison of the Franchisee's performance with the targets it has set in respect of its obligations under paragraphs 2 to 5 of Schedule 1.3 (*Additional Service Specifications*);
- (iii) the trends which the RPM has detected in ticketless travel passenger satisfaction and off-peak patronage growth with an analysis of the causes of any performance below that forecast or targeted by the Franchisee and his recommendations for rectification of performance levels where required;
- (iv) the RPM's evaluation of the Franchisee's performance as against the requirements of any Action Plan which deals with, or specifies, requirements in respect of ticketless travel, revenue protection passenger satisfaction and off-peak patronage growth or any of the Franchisee's other obligations in paragraphs 2 to 5 of Schedule 1.3 (*Additional Service Specification*);
- (v) the RPM's recommendations for continuing improvement in respect of the Franchisee's performance of its obligations under paragraphs 2 to 5 of Schedule 1.3 and in realisation of off peak patronage growth and higher passenger satisfaction levels and his forecast of the Franchisee's likely level of future performance of such obligations and objectives; and
- (vi) work with the SQM and the Authority to minimise the amount of ticketless travel and fare evasion on the Passenger Services and to maximise passenger satisfaction and off-peak patronage growth.

7. Control of Communications, Information and Documents

- 7.1 Save for correspondence between the parties' Nominated Representatives under the Escalation Procedure in Appendix A to Schedule 7.3 (SQUIRE), all correspondence between the Franchisee and the Authority (other than correspondence in connection with the matters referred to in paragraph 3.1(a) of Schedule 19 (*Other Provisions*)) shall be sent to the Commercial Manager and/or the Franchise Manager (as appropriate) in accordance with the terms of paragraph 3.1(b) of Schedule 19.
- 7.2 The Franchisee shall use a logical and structured system for correspondence reference.
- 7.3 All correspondence between the Franchisee and the Authority shall be given a unique reference number and, wherever possible, correspondence shall be cross-referenced to the relevant clause or paragraph of or schedule to this Agreement.

8. Franchise Performance and Review Meetings

- 8.1 (a) The Authority and the Franchisee shall hold one or a number of Franchise Performance Meetings in each Reporting Period at a time and location notified to the Franchisee by the Authority. Franchise Performance Meetings shall be held more often than once every Reporting Period if that is necessary to properly deal with the agenda items. At the Authority's option, Franchise Performance Meetings may (by notice to the Franchisee) be held once a quarter rather than per

Reporting Period after the third anniversary of the Franchise Commencement Date.

- (b) The parties shall review the financial and operational performance of the Franchisee at each Franchise Performance Meeting. Further agenda items shall include:
 - (i) KPI performance;
 - (ii) progress of the programmes under Schedule 6 (*Rolling Stock*);
 - (iii) timing of reports to be produced in terms of this Agreement;
 - (iv) asset condition (maintenance audit reports);
 - (v) fleet stewardship report;
 - (vi) fleet availability and performance; and
 - (vii) safety;

which will be grouped for discussion on a quarterly basis

- (c) Each Franchise Performance Meeting shall be minuted for or by the Franchise Manager and the minutes shall be sent to attendees within 7 business days of each such meeting.
- (d) The Franchise Manager shall chair the relevant elements of each Franchise Performance Meeting.
- (e) The Authority and the Franchisee shall agree a schedule of Franchise Performance Meetings prior to the commencement of each Franchisee Year to include four quarterly meetings spread equally throughout the Franchisee Year at which the Franchisee's Managing Director, a senior representative of the Parent and a senior representative of the Authority shall attend.

8.2 The Franchisee shall ensure that each of its representatives at all Franchise Performance Meetings have full power and authority delegated to them by the Franchisee to act and to make binding decisions on behalf of the Franchisee and shall include such directors and/or senior managers of the Franchisee and the Parent as the Authority may require.

8.3 Each Franchise Performance Meeting shall include as a minimum the following agenda items:

- (a) confirmation of the accuracy of the minutes of the previous Franchise Performance Meeting;
- (b) service delivery performance by the Franchisee by reference to the Benchmark;
- (c) performance by the Franchisee by reference to the KPIs;
- (d) service quality performance against Schedule 7.3 (*SQUIRE*) and by reference to the *SQUIRE* Benchmarks;

- (e) performance by the Franchisee of its financial obligations under Schedule 12 (*Financial Obligations and Undertakings*);
- (f) compliance by the Franchisee with its obligations under Schedule 13 (*Franchise Management and Information Obligations*) and the timely production of information prior to Franchise Performance Meetings;
- (g) any Remedial Plans and/or Remedial Agreements discussed at a previous Franchise Performance Meeting and any suggested improvements to the Franchisee's performance;
- (h) the results of any review of the Depot Condition Maintenance Programme and the Station Condition Maintenance Programme;
- (i) a review of the progress of the implementation of the Committed Obligations, or any Variations previously authorised;
- (j) adjustments to Franchise Payments;
- (k) outstanding correspondence and identification of matters in dispute and actions towards resolution;
- (l) any obligations of the Franchisee which the Authority is monitoring following a contravention of this Agreement;
- (m) a review of progress of decisions on authorisation of Variations or Changes and any new or proposed Variations or Changes;
- (n) any outstanding action of the Authority identified in previous Franchise Performance Meetings;
- (o) the revenue collection performance under Schedule 1.3 (*Additional Service Specifications*);
- (p) progress in planning for or implementation of projects, including Major Scottish Projects and the delivery of new or refurbished rolling stock;
- (q) a review of the progress toward implementation of any Priced Option called off pursuant to Schedule 3 (*Priced Options*);
- (r) a review of the Initial Business Plan, Updated Business Plan or revised Updated Business Plan, as appropriate;
- (s) performance by the Franchisee by reference to the Journey Time Metric; and
- (t) such other matters as may from time to time be determined to be necessary by the Franchisee or the Authority.

8.4 No later than the 5th business day prior to each Franchise Performance meeting, the Franchisee shall provide to the Authority in accordance with any guidance the Authority may issue to the Franchisee from time to time, a report detailing the Franchisee's performance with respect to the items referred to in paragraphs 8.3(b) to (l) inclusive and paragraph 8.3(o) to (s) (if appropriate).

8.5 The Franchisee shall prepare and present such additional reports to each Franchise Performance Meeting as the Authority may reasonably request. The

Franchisee's obligations under this paragraph 8.5 are subject to the Franchisee receiving at least 14 days' notice of the requirement to prepare and present any such additional report.

- 8.6 No comment or failure to comment nor any agreement or approval, implicit or explicit by the Authority at such meetings will relieve the Franchisee of any of its obligations under this Agreement.

9. Right of assessment or inspection

- 9.1 The Franchisee shall, if requested by the Authority, allow the Authority and its representatives and advisers:
- (a) to inspect and copy any records referred to in Schedule 13 (*Franchise Management and Information Obligations*) and the Authority may verify any such records; and
 - (b) to inspect and copy at any reasonable time any books, records and any other material, data sets or electronic information howsoever and wheresoever held kept by or on behalf of the Franchisee and/or its auditors and any assets (including the Franchise Assets) used by the Franchisee in connection with the Franchise Services.
- 9.2 The Franchisee shall make available to the Authority and its representatives and advisers the information referred to in paragraph 9.1 and grant or procure the grant of such access (including to or from third parties) as the Authority and its representatives and advisers shall reasonably require in connection therewith. The obligation of the Franchisee under this paragraph 9.2 shall include an obligation on the Franchisee to grant or procure the grant of such access to premises (including third party premises) where the information referred to in paragraph 9.1 is held, kept by or on behalf of the Franchisee.
- 9.3 The Authority and its representatives and advisers shall be permitted to take photographs, film or image, recording, or make any other kind of record of any such inspection.
- 9.4 If any inspection reveals that information previously supplied to the Authority was in the reasonable opinion of the Authority, in any material respect inaccurate or if such inspection reveals any other non-trivial contravention of the Franchisee's obligations under this Agreement, the costs of any such inspection shall be borne by the Franchisee.

SCHEDULE 12

THIS IS SCHEDULE 12 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Financial Obligations and Undertakings

1. **Obligations**

Except to the extent that the Authority may otherwise agree from time to time, the Franchisee shall not:

- 1.1 incur any liability or financial indebtedness except in the ordinary course of providing and operating the Franchise Services; or
- 1.2 make any loan or grant any credit, or have or permit to subsist any loan or any credit, to any person (other than the deposit of cash with a Bank as permitted under paragraph 1.5 or to an employee in the ordinary course of its business); or
- 1.3 create or permit to subsist any Security Interest over any of its assets or property or give any guarantee or indemnity to or for the benefit of any person or otherwise assume liability or become obliged (actually or contingently) in respect of any obligation of any other person, in each case other than in the ordinary course of the business of providing and operating the Franchise Services; or
- 1.4 create or acquire any subsidiary; or
- 1.5 make or have any investment in any other entity, except for the deposit of cash with a Bank.

2. **Financial Ratios**

The Franchisee undertakes that as at the end of each Reporting Period during the Franchise Term:

- 2.1 the ratio of its Modified Revenue to its Actual Operating Costs during the preceding 13 Reporting Periods (or prior to the end of the 13th, such Reporting Period, during all preceding Reporting Periods) will equal or exceed the ratio of 1.05:1;
- 2.2 the ratio of its Forecast Modified Revenue to its Forecast Operating Costs for the next 13 Reporting Periods (or, where there are less than 13 Reporting Periods remaining in the Franchise Term, for all such remaining Reporting Periods) will equal or exceed the ratio of 1.05:1; and
- 2.3 for the purposes of this paragraph 2, "preceding 13 Reporting Periods" means the Reporting Period just ended and the preceding 12 Reporting Periods of the Franchise Term.

3. **Breach of Financial Ratios**

- 3.1 The Franchisee shall not during any Lock-up Period, do any of the following without the Authority's prior written consent:

- (a) declare or pay any dividend (equity or preference) or make any other distribution including surrendering any taxable losses to any of its Affiliates or pay any of its Affiliates in respect of taxable losses that they wish to surrender to the Franchisee;
 - (b) make payment of any management charges to any of its Affiliates in excess of those specified in the Initial Business Plan; or
 - (c) make payment under any intra-group borrowings.
- 3.2 **Lock-up Period** means any period from the time when either of the ratios referred to in paragraphs 2.1 and 2.2 falls below the ratio of 1.07:1 until the time at which the Authority is satisfied that the relevant ratio is again above the ratio of 1.07:1.
- 3.3 Failure by the Franchisee at any time to comply with either of the ratios referred to in paragraph 2 shall be an Event of Default under paragraph 2.9 of Schedule 10.3 (*Events of Default and Termination Event*).

4. **Performance Bond**

Provision of Initial Performance Bond

- 4.1 The Franchisee shall procure that there shall be a valid and effective Performance Bond:
- (a) with effect:
 - (i) from Franchise Commencement Date;
 - (ii) throughout the Franchise Term; and
 - (iii) for a period of 7 Reporting Periods after the end of the Franchise Period;
 - (b) substantially in the form of Appendix 1 (*Form of Performance Bond*);
 - (c) having a value equal to the amount determined under paragraph 4.4; and
 - (d) having a minimum duration of at least three years.

Provision of Replacement Performance Bond

- 4.2 The Franchisee may replace the Performance Bond at any time provided that the Authority receives a replacement Performance Bond:
- (a) substantially in the form of Appendix 1 (or in any other form acceptable to the Authority in its discretion);
 - (b) duly executed and delivered by a Bond Provider acceptable to the Authority; and
 - (c) in an amount determined in accordance with paragraph 4.4.

- 4.3 The Franchisee shall replace any Performance Bond at least 6 months prior to its scheduled expiry with a replacement that complies with the requirements of paragraph 4.2.

Amount of Performance Bond

- 4.4 The amount of any Performance Bond shall be as follows:

- (a) in the period from the Franchise Commencement Date until the first anniversary of the Franchise Commencement Date [---REDACTED---]; and
- (b) in each subsequent Franchisee Year an amount which is [---REDACTED---]x RPI;

and for the purpose of this paragraph 4.4, RPI is the quotient of the Retail Prices Index for the January which immediately precedes the commencement of that subsequent Franchisee Year divided by the Retail Prices Index for January 2015.

Demands under Performance Bond

- 4.5 The Performance Bond shall be on terms that it is payable without further enquiry by the Bond Provider to the Authority in full in Edinburgh on first written demand by the Authority on the Bond Provider, certifying as to any one or more of the following:

- (a) that this Agreement has:
 - (i) either terminated early or expired and, in either case, there are liabilities or obligations outstanding from the Franchisee to the Authority; or
 - (ii) terminated solely as a consequence of the occurrence of one or more Events of Default in circumstances where the Authority has incurred or expects to incur additional costs in connection with early termination of this Agreement;
- (b) that a railway administration order has been made in relation to the Franchisee pursuant to Sections 60 to 62 of the Act;
- (c) the occurrence of an Event of Default:
 - (i) under paragraph 2.12(a) of Schedule 10.3 (*Events of Default and Termination Event*) in relation to the Performance Bond or the insolvency of the Bond Provider; or
 - (ii) under paragraph 2.12(b) of Schedule 10.3,

whether or not this Agreement is, or is to be, terminated as a result thereof;
- (d) that the Franchisee has failed to perform or comply with its obligations under any Supplemental Agreement;
- (e) that the Franchisee has failed to provide a replacement Performance Bond complying with this paragraph 4 (other than paragraph 4.9) at

least 6 months prior to the scheduled expiry of the existing Performance Bond; or

- (f) that the Franchisee has failed to procure the execution and delivery of a new Performance Bond by a Bond Provider acceptable to the Authority when required to do so in accordance with paragraph 4.9.

4.6 If the Authority makes a demand under the Performance Bond, it shall, within a reasonable period, account to the Franchisee for the proceeds of such Performance Bond less the amount of losses, liabilities, costs or expenses which, in the reasonable opinion of the Authority, the Authority or a Successor Operator has incurred or suffered or may be reasonably likely to incur or suffer including as a result of:

- (a) early termination of the Franchise Agreement; and/or
- (b) any failure of the Franchisee to perform or comply with any of its obligations to the Authority under the Franchise Agreement or to a Successor Operator under the Supplemental Agreement.

Characteristics of Performance Bond Provider

4.7 In determining whether a Bond Provider under any replacement Performance Bond is acceptable, the Authority may exercise its discretion, shall be entitled to require that the Bond Provider has at least an A- rating and shall not be obliged to accept a Bond Provider accepted under any previous Performance Bond.

4.8 The Franchisee shall provide such information relating to any Bond Provider or proposed Bond Provider as the Authority may require from time to time.

4.9 If at any time the Authority reasonably considers the Bond Provider under the then current Performance Bond to be unacceptable, the Authority may require the Franchisee within 20 business days to procure the execution and delivery of a new Performance Bond by a Bond Provider acceptable to the Authority. This applies:

- (a) notwithstanding the other provisions of this paragraph 4; and
- (b) irrespective of the scheduled expiry date of the then current Performance Bond.

5. Season Ticket and Smartcard Bond

Provision of Season Ticket and Smartcard Bond

5.1 The Franchisee shall procure that, for each Franchisee Year throughout the Franchise Term and during the relevant call period specified in clauses 4 and 5 of the Season Ticket and Smartcard Bond, there shall be in place a valid and effective Season Ticket and Smartcard Bond substantially in the form of Appendix 2 (*Form of Season Ticket and Smartcard Bond*).

Provision of Replacement Season Ticket and Smartcard Bond

- 5.2 No later than 1 Reporting Period before the expiry of each Bond Year, the Franchisee shall provide to the Authority (or procure that the Authority receives) a Season Ticket and Smartcard Bond for the following Bond Year:
- (a) substantially in the form of Appendix 2 (or in any other form acceptable to the Authority in its discretion);
 - (b) duly executed and delivered by a Bond Provider acceptable to the Authority; and
 - (c) in an amount determined in accordance with paragraph 5.3.

Amount of Season Ticket and Smartcard Bond

- 5.3 The amount of any Season Ticket and Smartcard Bond shall vary for each Reporting Period during the Bond Year to which the Season Ticket and Smartcard Bond relates in accordance with the following formula:

$$STBA = (STL + SCB) \times \frac{((RPI \times 100) + k)}{100} \times Z$$

where:

- STBA equals the amount of the Season Ticket and Smartcard Bond in the relevant Reporting Period;
- SCB equals the Stored Credit Balances (except where such is included within STL);
- STL equals, in respect of such Reporting Period, the maximum amount which would be payable by the Franchisee:
- (a) if this Agreement were to terminate on any day during the Reporting Period (the **relevant Reporting Period**) falling 13 Reporting Periods before such Reporting Period; and
 - (b) in respect of Season Ticket Fares under and in accordance with a Supplemental Agreement and paragraph 3.3 of Schedule 15.4 (*Provisions Applying on and after Termination*) and the rights and liabilities of the Franchisee relating to an obligation of carriage under the terms of any Season Ticket Fares which were designated as Primary Franchise Assets and transferred under a Transfer Scheme relating to that Supplemental Agreement to a Successor Operator at that time, provided that for these purposes only:
 - (i) **Season Ticket Fares** shall mean any Season Ticket Fare which expires more than 7 days after it first comes into effect;
 - (ii) the Franchise Commencement Date shall be assumed, where relevant, to have occurred before the commencement of the relevant Reporting Period; and
 - (iii) if STL cannot reasonably be determined at the time at which the Franchisee is required under paragraph 5.4 to provide its estimate of the amount of the relevant Season Ticket and Smartcard Bond (including because the relevant Reporting Period has not yet occurred), the relevant Reporting Period shall be the Reporting Period falling 26 Reporting Periods before the Reporting Period in the relevant Bond Year;

- RPI equals the quotient of the Retail Prices Index for the month for which the Retail Prices Index has most recently been determined at the time the Franchisee is required under paragraph 5.4 to provide its estimate of the amount of the relevant Season Ticket and Smartcard Bond divided by the Retail Prices Index for the month falling 12 months before such month;
- k has the value attributed to it in Schedule 5 (*Fares*) for the Fare Year in which the Reporting Period in the relevant Bond Year falls; and
- Z equals + 1 or, if the relevant Reporting Period falls 26 Reporting Periods before such Reporting Period, an amount equal to:

$$\frac{(RPI \times 100) + k}{100}$$

where RPI and k are determined for the 12 months and the Fare Year preceding the 12 months and the Fare Year for which RPI and k are respectively determined above.

- 5.4 The Franchisee shall supply to the Authority, not later than 3 Reporting Periods before the end of each Bond Year, its estimate of the amount of the Season Ticket and Smartcard Bond for each Reporting Period during the following Bond Year and shall supply such details as the Authority may request in connection therewith.
- 5.5 The Franchisee and the Authority shall endeavour to agree the amount of such Season Ticket and Smartcard Bond by no later than two Reporting Periods before the end of each Bond Year. If the Authority and the Franchisee are unable to agree the amount of the Season Ticket and Smartcard Bond in respect of any Reporting Period during the following Bond Year, the matter shall be resolved in accordance with the Dispute Resolution Rules.
- 5.6 If the amount of the Season Ticket and Smartcard Bond for each Reporting Period during a Bond Year has not been agreed 2 Reporting Periods before the end of the preceding Bond Year, then, until the amount is agreed or determined in accordance with the Dispute Resolution Rules, the amount thereof shall be the amount determined by the Authority.
- 5.7 The Authority and the Franchisee may agree to increase or reduce the amount covered or required to be covered under a Season Ticket and Smartcard Bond from time to time.

Demands under the Season Ticket and Smartcard Bond

- 5.8 (a) The Season Ticket and Smartcard Bond shall be on terms that it is payable without further enquiry by the Bond Provider to the Authority in full in Edinburgh on first written demand by the Authority on the Bond Provider, certifying as to any 1 or more of the following:
- (i) that this Agreement has terminated or expired;
 - (ii) that a railway administration order has been made in relation to the Franchisee pursuant to Sections 60 to 62 of the Act; or
 - (iii) that an Event of Default:

(A) under paragraph 2.13(a) of Schedule 10.3 (*Events of Default and Termination Event*) in relation to the Season Ticket and Smartcard Bond or the insolvency of the Bond Provider; or

(B) under paragraph 2.13(c) of Schedule 10.3,

has occurred (whether or not this Agreement is, or is to be, terminated as a result thereof).

(b) If the Authority makes a demand under the Season Ticket and Smartcard Bond, it shall account to the Franchisee for the proceeds of such Season Ticket and Smartcard Bond remaining following settlement of all liabilities or obligations of the Franchisee in respect of any Season Ticket Fares and/or Stored Credit Balance that may be transferred or transferred whether under a Transfer Scheme (or otherwise) to a Successor Operator.

Characteristics of Season Ticket Bond and Smartcard Provider

5.9 In determining whether a Bond Provider under any replacement Season Ticket and Smartcard Bond is acceptable, the Authority may exercise its discretion, shall be entitled to require that the Bond Provider has at least an A- rating and shall not be obliged to accept a Bond Provider accepted under any previous Season Ticket and Smartcard Bond.

5.10 The Franchisee shall provide such information relating to any Bond Provider or proposed Bond Provider as the Authority may require from time to time.

5.11 The Authority agrees that, subject to receipt of a Season Ticket and Smartcard Bond in an amount determined in accordance with paragraph 5.3 in respect of any Bond Year, it shall release the relevant Bond Provider from any liability under the Season Ticket and Smartcard Bond provided in relation to the preceding Bond Year on the expiry of such Bond Year, provided that no Event of Default has occurred and is unremedied or continuing.

Meaning of Reporting Period

5.12 References in this paragraph 5 to a **Reporting Period** shall be construed, where the Franchisee so requests and the Authority consents (such consent not to be unreasonably withheld) to be references to each consecutive 7 day period (or such other period as may be agreed) during such Reporting Period. The Franchisee may only make such a request in respect of a maximum of 2 Reporting Periods in each Bond Year and only where the amount of the Season Ticket and Smartcard Bond over any such period would differ materially if determined by reference to such 7 day periods.

6. Financial Transparency

6.1 The Franchisee shall ensure that there is no cross subsidisation between the Franchise Services and any other service run by the Franchisee or activities of the Franchisee or between the Franchisee and any Affiliate.

6.2 The Franchisee shall ensure that all transactions with any Affiliates are conducted on an arm's length basis and are so identified in all records and in its accounting records.

- 6.3 The Franchisee shall have clear, separate and transparent accounting systems for financing and operating the Franchise Services (in accordance with Regulation (EC) 1370/2007) to ensure that the Franchise Payment is only used for the Franchise Services and not for any other activity of the Franchisee and shall deal with the Authority on an open book basis.

7. Wi-Fi Provision

Without prejudice to the requirements of paragraph 6, the Franchisee shall:

- 7.1 ensure that there is no cross-subsidisation between the Franchise Services and the installation, provision and operation by the Franchisee of Wi-Fi equipment and service on Rolling Stock;
- 7.2 have clear, separate and transparent accounting systems for financing such installation, provision and operating the Wi-Fi equipment and service on Rolling Stock (in accordance with Regulation EC 1370/2007) to ensure that no element of the Franchise Payment is used for the aforesaid and shall deal with the Authority on an open book basis.

8. ITSO Ticketing/Smartmedia Technology

Without prejudice to the requirements of paragraph 6, the Franchisee shall:

- 8.1 ensure that there is no cross-subsidisation between the Franchise Services and the installation, provision and operation of by the Franchisee of ITSO Ticketing/Smartmedia Technology;
- 8.2 have clear, separate and transparent accounting systems for financing such installation, provision and operating the ITSO Ticketing/Smartmedia Technology (in accordance with Regulation EC 1370/2007) to ensure that no element of the Franchise Payment is used for the aforesaid and shall deal with the Authority on an open book basis.

9. ORCATS

The Franchisee shall act in the best financial interest of the Authority in regard to ORCATS. Without prejudice to the foregoing generality, the Franchisee shall:-

- 9.1 resist any ORCATS Notification that may have any adverse impact on the allocation of revenue to the Passenger Services;
- 9.2 not agree informally or formally to any ORCATS Adjustment without the prior consent of the Authority (such consent not to be unreasonably withheld);
- 9.3 challenge any ORCATS Adjustment through the Ticketing and Settlement Agreement, subject to obtaining the Authority's prior consent.

10. Sub-Contractor/Supplier Contracts

The Franchisee shall ensure that all contracts it enters into with suppliers and sub-contractors include provisions binding the Franchisee to make payment to such supplier or sub-contractor in no more than 30 days from the payment due date.

APPENDIX 1 TO SCHEDULE 12

Form of Performance Bond

**[DOCUMENT “PB” - PERFORMANCE BOND]
[TO BE AMENDED TO REFLECT THE AGREED PERFORMANCE PACKAGE]**

[Dated _____ 20[]]

[BOND PROVIDER]

PERFORMANCE BOND

[The Scottish Ministers]

To: [The Scottish Ministers]

Whereas:

We are informed that you have entered into a franchise agreement dated [DATE] (the **Franchise Agreement**) with ABELLIO SCOTRAIL LIMITED (the **Franchisee**) under which the Franchisee will provide certain railway passenger services.

We are further informed that the Franchise Agreement requires that the Authority receives a duly executed performance bond of up to [maximum amount] (the **Bond Value**) to secure the performance by the Franchisee of and its compliance with its obligations under the Franchise Agreement and any supplemental agreement thereto entered into between the Franchisee and a successor operator to the ScotRail Franchise (any such agreement, a **Supplemental Agreement**).

Accordingly:

We hereby unconditionally and irrevocably undertake to pay to you in full in Edinburgh, immediately upon receipt of your first written demand on us in the form set out in the Schedule and, without further enquiry, the sum specified therein. Such written demand shall state:

- (a) the Call Event (as defined in clause 2 hereof) that has occurred; and
- (b) the date of occurrence of such Call Event.

You may call on us for the whole or part of the amount of our liability hereunder and you may make any number of calls on us up to a maximum aggregate amount of the Bond Value. All sums payable hereunder shall be paid free of any restriction or condition and free and clear of and (except to the extent required by law) without any deduction or withholding, whether for or on account of tax, by way of set-off or otherwise.

1. The undertaking given by us above shall operate provided that:
 - (a) our maximum liability shall be limited to a sum or sums not exceeding in the aggregate the amount of the Bond Value or such lesser amount as you may notify us of from time to time in writing, separately from any demand, shall constitute the Bond Value of this Bond; and
 - (b) notwithstanding anything contained herein, our liability hereunder shall expire on the earlier of:
 - (i) the date falling 6 months after the date on which any railway administration order is made in relation to the Franchisee pursuant to Sections 60 to 62 of the Railways Act 1993;
 - (ii) the later of:
 - (A) the date falling 1 month after the determination of the Purchase Price (as defined in any Supplemental Agreement) under each relevant Supplemental Agreement; and
 - (B) the end of the Franchise Term (as defined in the Franchise Agreement); and
 - (iii) a date at least 3 years after the date of the bond.

except in respect of any written demand for payment complying with all the requirements hereof which is received by us on or before such date for either the Bond

Value, or for such lesser amount which, when aggregated with any previous demands, amounts to the Bond Value, after which date this undertaking shall be void whether returned to us or not.

2. **Call Event** means, in this Bond, any of:
 - (a) the termination or expiry of the Franchise Agreement in circumstances where there are liabilities or obligations outstanding from the Franchisee to the Authority;
 - (b) the termination of the Franchise Agreement (solely as a consequence of the occurrence of one or more Events of Default) in circumstances where the Authority has incurred or expects to incur additional costs in connection with termination of the ScotRail Franchise;
 - (c) the making of a railway administration order in relation to the Franchisee pursuant to Sections 60 to 62 of the Railways Act 1993;
 - (d) the occurrence of an Event of Default under the Franchise Agreement in respect of:
 - (i) paragraph 2.13(a) of Schedule 10.3 (*Events of Default and Termination Event*) in relation to the Performance Bond (as defined in the Franchise Agreement); or
 - (ii) paragraph 2.13(b) of Schedule 10.3,
 whether or not the Franchise Agreement is, or is to be, terminated as a result thereof;
 - (e) the failure by the Franchisee to perform or comply with its obligations under any Supplemental Agreement;
 - (f) the failure by the Franchisee to provide the Authority with a replacement Performance Bond which complies with paragraph 4 (other than paragraph 4.9) of Schedule 12 (*Financial Obligations and Undertakings*) of the Franchise Agreement at least 6 months prior to the scheduled expiry of the existing Performance Bond; or
 - (g) the failure by the Franchisee to procure the execution and delivery of a new Performance Bond by a Bond Provider in favour of and acceptable to the Authority when required to do so in accordance with paragraph 4.9 of Schedule 12 of the Franchise Agreement.
3. This undertaking is made to you, your successors and your assignees.
4. This undertaking shall not be discharged or released by time, indulgence, waiver, alteration or release of, or in respect to, the obligations of the Franchisee under the Franchise Agreement or any Supplemental Agreement or any other circumstances that might operate as a release of a guarantor at law or in equity.
5. You may make demand or give notice to us under this Bond in writing by hand or facsimile transmission to us as follows provided that any demand or notice by facsimile transmission is promptly confirmed by hand or by post:

Address: *[Bond Provider's Address]*

Facsimile Number: *[Bond Provider's fax number]*
6. References in this Bond to the Franchise Agreement and the Supplemental Agreement are to the Franchise Agreement and any Supplemental Agreement as amended from time to time. Terms defined therein shall have the same meaning in this Bond.

7. This Bond shall be governed by and construed in accordance with [Scots law] [the laws of England and Wales.]

Executed as a deed this [*day and month*]of [year].

**SCHEDULE TO THE PERFORMANCE BOND
SPECIMEN DEMAND NOTICE**

To: [Name and Address of Bond Provider]

[Date]

We refer to the performance bond issued by you on [date of bond] (**the Performance Bond**) in connection with the franchise agreement entered into between the Scottish Ministers (the **Authority**) and ABELLIO SCOTRAIL LIMITED (the **Franchisee**) on [franchise agreement signature date] (the **Franchise Agreement**).

We hereby notify you that the following Call Event (as defined in the Performance Bond) occurred on [date of occurrence of Call Event]: *[DELETE AS APPROPRIATE]*

[The Franchise Agreement has [terminated early/expired] on [date of termination / expiry in circumstances where there are liabilities or obligations outstanding from the Franchisee to the Authority]

[The Franchise Agreement has terminated early (solely as a consequence of the occurrence of one or more Events of Default) on [date of termination] in circumstances where the Authority has incurred or expects to incur additional costs in connection with termination of the ScotRail Franchise]

[A railway administration order has been made in relation to the Franchisee pursuant to Sections 60 to 62 of the Railways Act 1993.]

[That an Event of Default under the Franchise Agreement has occurred under:

- (a) *paragraph 2.13(a) of Schedule 10.3 (Events of Default and Termination Event) in relation to the Performance Bond (as defined in the Franchise Agreement);*
or
- (b) *paragraph 2.13(b) of Schedule 10.3,*

[The Franchisee has failed to perform or comply with its obligations under any Supplemental Agreement (as defined in the Franchise Agreement).]

[The Franchisee has failed to provide a replacement Performance Bond (as described in the Franchise Agreement) complying with paragraph 4 (other than paragraph 4.9) of Schedule 12 (Financial Obligations and Undertakings) to the Franchise Agreement at least 6 months prior to the scheduled expiry of the existing Performance Bond.]

[The Franchisee has failed to procure the execution and delivery of a new Performance Bond by a Bond Provider (as defined in the Franchise Agreement) acceptable to the Authority when required to do so in accordance with paragraph 4.9 of Schedule 12 (Financial Obligations and Undertakings) to the Franchise Agreement.]

[INSERT ANY OTHER CALL EVENTS THAT MAY BE REQUIRED AS THE AGREEMENT DEVELOPS]

We hereby demand immediate payment from you of *[specify alternative amount if not Bond Value]* or the Bond Value, whichever is smaller.

Please arrange for immediate payment of the relevant amount as follows:

[account details to which Bond monies are to be paid into]

Where used in this Notice, capitalised terms have the same meaning as in the Franchise Agreement and any Supplemental Agreement.

For and on behalf of
The Scottish Ministers

APPENDIX 2 TO SCHEDULE 12

Form of Season Ticket and Smartcard Bond

DOCUMENT “STB” - SEASON TICKET AND SMARTCARD BOND

[Dated_____20]

**[BOND PROVIDER]
SEASON TICKET AND SMARTCARD BOND**

[The Scottish Ministers]

To: [The Scottish Ministers] **(the Authority)**

Whereas:

We are informed that you have entered into a franchise agreement dated [] (the **Franchise Agreement**) with ABELLIO SCOTRAIL LIMITED (the **Franchisee**) under which the Franchisee will provide certain railway passenger services.

We are further informed that the Franchise Agreement requires that the Authority receives a duly executed season and smart card ticket bond to secure the performance by the Franchisee of and its compliance with certain of its obligations under the Franchise Agreement and any Supplemental Agreement (as defined in the Franchise Agreement) (any such agreement, a **Supplemental Agreement**).

Accordingly:

We hereby unconditionally and irrevocably undertake to pay to you in full in Edinburgh, immediately upon receipt of your first written demand on us in the form set out in Schedule 1 and, without further enquiry, the sum specified therein. Such written demand shall state:

- (a) the Call Event (as defined in clause 2) that has occurred; and
- (b) the date of occurrence of such Call Event.

You may call on us for the whole or part of the amount of our liability hereunder and you may make any number of calls on us up to a maximum aggregate amount of the Bond Value (as defined in clause 3). All sums payable hereunder shall be paid free of any restriction or condition and free and clear of and (except to the extent required by law) without any deduction or withholding, whether for or on account of tax, by way of set-off or otherwise.

1. The undertaking given by us above shall operate provided that:
 - (a) our maximum liability shall be limited to a sum or sums not exceeding in the aggregate the amount of the Bond Value on the date of occurrence of the Call Event stated in your written demand on us; and
 - (b) you may only call on us (whether on 1 or more occasions) in relation to 1 Call Event, such Call Event to be determined by reference to the first written demand which is received by us in the form set out in Schedule 1.
2. **Call Event** means, in this Bond, any of:
 - (a) the termination or expiry of the Franchise Agreement
 - (b) the making of a railway administration order in relation to the Franchisee pursuant to Sections 60 to 62 of the Railways Act 1993; or
 - (c) the occurrence of an Event of Default under paragraph 2.12(a) (in relation to a Season Ticket and Smartcard Bond (as defined in the Franchise Agreement)) or 2.12(c) of Schedule 10.3 (*Events of Default and Termination Event*) of the Franchise Agreement (whether or not the Franchise Agreement is, or is to be, terminated as a result thereof).

3. **Bond Value** shall mean, in respect of any date, the amount specified in Schedule 2 as being the value of this Bond for such date (provided that for these purposes, the date of occurrence of the Call Event specified in clause 2(c) shall be deemed to be the last date for which a Bond Value is assigned under Schedule 2 of this Bond).
4. Notwithstanding anything contained herein but subject to Clause 5, our liability hereunder in respect of any Call Event shall expire no later than the end of the Franchise Term and:
 - (a) in relation to a Call Event specified in Clauses 2(a) and (b), at noon (London time) on the date falling 3 business days after the date of occurrence of such Call Event (**business day** being a day on which banks are open for business in the City of London); and
 - (b) in relation to any other Call Event, on the day falling 1 month after the last date for which a Bond Value is assigned under Schedule 2 unless you notify us in writing prior to the relevant expiry time that the relevant Call Event has occurred (whether or not you call on us at the same time under this Bond).
5. If you do notify us under Clause 4 our liability shall expire on:
 - (a) if the Call Event in respect of which you may call on us under this Bond is the expiry or termination of the Franchise Agreement, the date falling 1 month after the determination of the Purchase Price (as defined in the Supplemental Agreement) under each relevant Supplemental Agreement where there is a Supplemental Agreement and the date falling 1 month after expiry or termination of the Franchise Agreement where there is no Supplemental Agreement;
 - (b) if the Call Event in respect of which you may call on us under this Bond is the making of a railway administration order in relation to the Franchisee pursuant to Sections 60 to 62 of the Railways Act 1993, the date falling 3 months after the making of such railway administration order; or
 - (c) if the Call Event in respect of which you may call on us under this Bond is the occurrence of an Event of Default under paragraph 2.12(a) (in relation to a Season Ticket and Smartcard Bond (as defined in the Franchise Agreement)) or paragraph 2.12(c) of Schedule 10.3 (*Events of Default and Termination Event*) of the Franchise Agreement (whether or not the Franchise Agreement is, or is to be, terminated as a result thereof), the date falling 1 month after your notification to us under clause 4,

except, in each case, in respect of any written demand for payment complying with all the requirements hereof which is received by us on or before the relevant date after which date this undertaking shall be void whether returned to us or not.
6. This undertaking is made to you, your successors and your assigns.
7. This undertaking shall not be discharged or released by time, indulgence, waiver, alteration or release of, or in respect to, the obligations of the Franchisee under the Franchise Agreement or any Supplemental Agreement or any other circumstances that might operate as a release of a guarantor at law or in equity.
8. You may make demand or give notice to us under this Bond in writing by hand, post or facsimile transmission to us as follows provided that any demand or notice by facsimile transmission is promptly confirmed by hand or by post:

Address: [Bond Provider's address]

Facsimile Number: [Bond Provider's fax number]

9. References in this Bond to the Franchise Agreement and the Supplemental Agreement are to the Franchise Agreement and the Supplemental Agreement as amended from time to time and terms defined therein shall have the same meaning in this Bond.
10. [This Bond shall be governed by and construed in accordance with the laws of [Scotland][England and Wales.]

Executed as a deed this [day and month] of [year].

[SCHEDULE 1 TO THE SEASON TICKET AND SMARTCARD BOND]

SPECIMEN DEMAND NOTICE

To *[Name and Address of Bond Provider]*
 [date]

We refer to the season ticket and Smartcard bond issued by you on *[date of Bond]* (**the Season Ticket and Smartcard Bond**) in connection with the franchise agreement entered into between The Scottish Ministers (**the Authority**) and *[Insert name of Franchisee]* (the **Franchisee**) on *[Franchise Agreement signature date]* (the **Franchise Agreement**).

We hereby notify you that the following Call Event (as defined in the Season Ticket and Smartcard Bond) occurred on *[date of occurrence of Call Event]*: *[delete as appropriate]*

[The Franchise Agreement terminated or expired on [date of termination/expiry]

[A railway administration order has been made in relation to the Franchisee pursuant to Sections 60 to 62 of the Railways Act 1993]

[An Event of Default occurred under paragraph 2.12(a) (in relation to a Season Ticket and Smartcard Bond (as defined in the Franchise Agreement)) or paragraph 2.12(c) of Schedule 10.3 (Events of Default and Termination Event) of the Franchise Agreement]

We hereby demand immediate payment from you of *[specify alternative amount if not Bond Value]* or the Bond Value, whichever is smaller.

Please arrange for immediate payment of the relevant amount as follows:

[account details to which Bond monies to be paid into]

Where used in this Notice, capitalised terms have the same meanings as in the Franchise Agreement and any Supplemental Agreement.

For and on behalf of
 The Scottish Ministers

[SCHEDULE 2 TO THE SEASON TICKET AND SMARTCARD BOND]

BOND VALUE

Call Event occurring in Reporting Period

Bond Value: £

1

2

3

4

5

6

7

8

9

10

11

12

13

(Dates to be
specified)

APPENDIX 3 TO SCHEDULE 12

Form of Alliancing Security

ALLIANCING SECURITY AGREEMENT

between

NS GROEP N.V

and

THE SCOTTISH MINISTERS

CONTENTS

<u>Clause</u>	<u>Page</u>
1. <u>DEFINITIONS AND INTERPRETATION</u>	532
2. <u>GUARANTEE, UNDERTAKING AND INDEMNITY</u>	533
3. <u>RESTRICTIONS AND CONDITIONS</u>	534
4. <u>PAYMENTS AND ACCOUNTS</u>	535
5. <u>MISCELLANEOUS</u>	536
6. <u>ASSIGNMENT</u>	538
7. <u>COMMUNICATIONS</u>	539
8. <u>GOVERNING LAW</u>	540

This Alliancing Security Agreement is made between:

- (1) **NS GROEP N.V.**, a company incorporated in the Netherlands with company number 30124358, and having its registered office at Laan van Puntenburg 100, 3511 ER Utrecht (the “**Guarantor**”); and
- (2) Scottish Ministers, Victoria Quay, Edinburgh, EH6 6QQ acting through Transport Scotland, Buchanan house, 58 Port Dundas Road, Glasgow, G4 0JF or such other agency, department or other organisational unit of the Scottish Government as they may from time to time nominate (the “**Scottish Ministers**”).

DEFINITIONS AND INTERPRETATION

1.1 In this Agreement, the following words and phrases have the specified meanings:-

“**assets**” includes present and future property, revenue rights and interests of every kind;

“**Capped Amount**” is [-----
REDACTED-----];

“**Discharge Date**” means the date that is eighteen calendar months after the end of the Franchise Period unless the Franchisee has received on or before such date a notification from the Scottish Ministers of the Secured Amount in which case the Discharge Date shall be the earlier of: (i) the date upon which the Secured Amount as so notified is received from the Franchisee by the Scottish Ministers, in cleared funds, to such bank account as may be notified by the Scottish Ministers to the Franchisee; and (ii) the date upon which any claim brought by the Scottish Ministers under this Agreement and in respect of such Secured Amount is discharged in full by the Guarantor and the Scottish Ministers has received such Secured Amount in cleared funds, to such bank account as may be notified by the Scottish Ministers to the Guarantor;

“**Franchise Agreement**” means the franchise agreement between the Scottish Ministers and the Franchisee, pursuant to which the Franchisee will provide services for the carriage of passengers by railway and operate certain Stations, executed on or about the date hereof which constitutes a single agreement together with the Definitions Agreement, Conditions Precedent Agreement and SQUIRE Services Agreement and which is a “franchise agreement” for the purposes of the Railways Act 1993 (as amended);

“**Franchisee**” means Abellio Scotrail Limited, a company incorporated in Scotland with company number SC450732 which is a subsidiary of the Guarantor;

“**person**” includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);

“Secured Amount” the amount of all sums due by the Franchisee to the Scottish Ministers under paragraph 2.4 of Schedule 10.2 (Compensation for Termination on Franchisee Default) in so far as not exceeding the Capped Amount; and

“security” includes any assignment by way of security, charge, lien, mortgage, pledge or other security interest securing any obligation of any person and any other agreement or arrangement having a similar effect.

1.2 Each reference in this Agreement to:-

1.2.1 this Agreement (or to any other agreement or deed) means, at any time, this Agreement (or, as applicable, such other agreement or deed) as amended, novated, re-stated, substituted or supplemented at that time, provided that the relevant amendment, novation, re-statement, substitution or supplement does not breach any term of this Agreement or the Franchise Agreement;

1.2.2 a party to this Agreement includes its successors-in-title and its permitted assignees and transferees;

1.2.3 the singular includes the plural and vice versa, as the context permits or requires; and

1.2.4 any provision of any statute or of any subordinate legislation means, at any time, the relevant provision as in force at that time (even if it has been amended or re-enacted since the date of this Agreement), unless this Agreement expressly states otherwise or the context requires otherwise.

1.3 Words and expressions defined in the Franchise Agreement shall have the same meanings in this Agreement unless the context otherwise requires.

2. **GUARANTEE, UNDERTAKING AND INDEMNITY**

2.1 In consideration of the benefits made available to the Franchisee pursuant to the Franchise Agreement, the Guarantor hereby:-

2.1.1 guarantees to the Scottish Ministers that the Franchisee shall comply with its obligations under paragraph 2.4 of Schedule 10.2 (Compensation for Termination on Franchisee Default) of the Franchise Agreement (the **“Guaranteed Obligations”**);

2.1.2 undertakes to pay the Secured Amount to the Scottish Ministers on demand if such amount is notified to it by the Scottish Ministers; and

2.1.3 as principal obligor and as a separate and independent obligation and liability from its obligations and liabilities under clause 2.1.1 and clause 2.1.2 agrees to indemnify and keep indemnified the Scottish Ministers in full and on demand from and against all and any losses, costs, claims, liabilities, damages, demands and expenses suffered or incurred by the Scottish Ministers arising out of, or in connection with, any failure of the Franchisee to

perform or discharge any of its obligations or liabilities in respect of the Guaranteed Obligations

(the “**Guarantee**”).

- 2.2 The Guarantor’s maximum aggregate liability to the Scottish Ministers under this Agreement shall not exceed the Capped Amount.
- 2.3 The Guarantor’s obligations under clause 2.1 are irrevocable and unconditional.
- 2.4 Subject to clause 3.2, this Agreement shall expire at 11.59 pm (London time) on the Discharge Date.

3. RESTRICTIONS AND CONDITIONS

3.1 No interference with Scottish Ministers’ rights

- 3.1.1 The Guarantor undertakes that, at any time on or before the Discharge Date, except as otherwise expressly permitted by this Agreement (or with the prior written consent of the Scottish Ministers), it will not:-

- 3.1.1.1 take or receive from any person (or permit to subsist) any security or any guarantee, indemnity or other financial support in respect of any liability it might incur under or in connection with this Agreement;

- 3.1.1.2 take any step against the Franchisee (or any co-surety) in respect of any liability it might incur under or in connection with this Agreement, including (whether on the basis of subrogation or otherwise) claiming reimbursement of any payment, exercising any right of set-off, counterclaim, indemnity or contribution in respect of any payment or enforcing any security;

- 3.1.1.3 exercise any right it might have (whether on the basis of subrogation or otherwise) to share in any security held by the Scottish Ministers; or

- 3.1.1.4 in any insolvency proceedings (or analogous proceedings) affecting the Franchisee, submit any proof or other claim or rank in competition with the Scottish Ministers (or with any trustee or agent acting on its behalf).

- 3.1.2 If, at any time, the Scottish Ministers instruct the Guarantor to take any of the steps referred to in clause 3.1.1.4, the Guarantor shall do so in accordance with the instructions and at its own expense.

- 3.1.3 If (a) at any time, the Guarantor holds the benefit of any security or receives any payment or other asset in breach of clause 3.1.1 or as a result of taking

any action under clause 3.1.2 or (b) at any time after the Scottish Ministers makes a demand under clause 2.1, the Guarantor receives any payment or any other asset from the Franchisee, then the Guarantor shall pay the relevant amount (or, as applicable, transfer the relevant security or other asset) to the Scottish Ministers, for application in or towards payment of the Guarantor's liabilities under this Agreement. Until it makes payment (or, as the case may be, completes the transfer), the Guarantor shall hold the relevant amount (or security or other asset) on trust for the Scottish Ministers. If, at any time, the aggregate amount of the property required to be held on trust under this clause 3.1.3 would otherwise exceed the amount of the Guarantor's liabilities under this Agreement at that time, this clause 3.1.3 will not apply with regard to (but only to the extent of) the excess amount.

3.2 Continuation of Obligations

If, at any time, there has been a release, settlement or discharge of the Guarantor's obligations under this Agreement and, as a consequence of any insolvency proceedings (or analogous proceedings) or for any other reason, (a) any payment made to the Scottish Ministers in respect of the Guarantee is required to be repaid and/or (b) any such payment or any security (or other right) held by the Scottish Ministers in respect of the Guarantee is void, is set aside or is otherwise affected, then the Guarantor's obligations under this Agreement shall continue in effect as if there had been no such release, settlement or discharge and as if the relevant payment had not been made and/or (as applicable) the relevant security (or other right) had not been held by the Scottish Ministers.

4. PAYMENTS AND ACCOUNTS

4.1 Set-off and other remedies

4.1.1 The Guarantor shall not exercise any right of set-off or counterclaim it might have in respect of any payment due to the Scottish Ministers under this Agreement.

4.1.2 The Scottish Ministers may, at any time, set off any obligation owed by the Scottish Ministers to the Guarantor (whether or not matured at such time) against any matured obligation owed by the Guarantor under this Agreement. If any amount is in a different currency from the amount against which it is to be set off, the Scottish Ministers may convert either amount (or both) at any reasonable time and at any reasonable rate.

4.2 No withholding

The Guarantor shall not make any withholding on account of tax from any payment due to the Scottish Ministers under this Agreement, unless it is required by law to do so at that time. If it is required by law to do so at that time, it shall increase the amount of the

relevant payment so that, after the withholding, the Scottish Ministers receive the amount it would have received if such withholding had not been required to be made. The Guarantor shall notify the Scottish Ministers if these circumstances arise.

4.3 Default interest

If the Guarantor fails to pay on its due date any amount payable under this Agreement, it shall pay interest on that amount. Interest will be payable from the due date until the date of payment of the relevant amount (even if payment is made only after a judgment has been obtained). At any time, the interest rate applicable to late payments will be two per cent higher than the base rate at that time of any UK clearing bank selected for this purpose by the Scottish Ministers. Interest accrued under this clause 4.3 will be compounded monthly.

4.4 General

4.4.1 Each payment by the Guarantor under this Agreement must be made in sterling.

4.4.2 On each date on which the Guarantor is required to make a payment under this Agreement, it shall do so in accordance with the Scottish Ministers' instructions (including as to time, method and place of payment).

4.4.3 The Scottish Ministers' calculation of any amount payable by the Guarantor under this Agreement at any time will be conclusive and binding on the Guarantor (in the absence of manifest error).

5. MISCELLANEOUS

5.1 Scottish Ministers' rights, remedies and discretions

5.1.1 The rights of the Scottish Ministers under this Agreement are independent of any other right which the Scottish Ministers have at any time in respect of the Guarantee.

5.1.2 The rights and remedies provided in this Agreement are in addition to (not instead of) rights or remedies under law. If the Scottish Ministers fails to exercise any right or remedy under this Agreement or delays its exercise of any right or remedy, this does not mean that it waives that right or remedy. If the Scottish Ministers exercise a right or remedy once, this does not mean that it cannot do so again. If the Scottish Ministers partly exercise a right of remedy, this does not mean that it cannot exercise that right or remedy again.

5.1.3 The Scottish Ministers may decide (a) whether and, if so, when, how and to what extent (i) to exercise its rights under this Agreement and (ii) to exercise any other right it might have in respect of the Guarantee (or otherwise) and (b) when and how to apply any payments received under this Agreement and any other payments received by it in respect of the Guarantee. The

Guarantor has no right to control or restrict the Scottish Ministers' exercise of this discretion. In particular, the Guarantor is not permitted to insist that the Scottish Ministers seeks payment from any other person, exercises any other right it might have or takes any other step before exercising any right under this Agreement.

- 5.1.4 No provision of this Agreement will interfere with the Scottish Ministers' right to arrange its affairs as it may decide (or oblige it to disclose any information relating to its affairs), except as expressly stated.

5.2 Indemnity

The Guarantor shall indemnify the Scottish Ministers on demand in respect of all expenses, losses and liabilities it incurs in connection with this Agreement.

5.3 Guarantor's obligations

- 5.3.1 Each obligation of the Guarantor under this Agreement is independent of each other obligation under this Agreement.
- 5.3.2 If, at any time, the Guarantor's performance of its obligations under this Agreement in respect of any part of the Guarantee would be in breach of sections 678-680 of the Companies Act 2006, the Guarantor's obligations will not apply at that time in respect of that part of the Guarantee.

5.4 This Agreement

- 5.4.1 The provisions of this Agreement will apply at all times (a) regardless of the date on which any obligations secured by the Guarantee arise or arose and (b) in respect of the full obligations secured by the Guarantee at the relevant time.
- 5.4.2 The provisions of this Agreement will not be affected by the occurrence or existence at any time of any of the following events or circumstances or by any person's knowledge or lack of knowledge as to any such matter: (a) any person's insolvency or lack of capacity, power or authority; (b) any unenforceability, illegality or invalidity of any obligation of any person; (c) any change in the constitution, membership, ownership, legal form, name or status of any person; (d) the making or termination of any other deed or agreement; (e) any amendment, novation, re-statement or substitution of, or any supplement to, any other deed or agreement; (f) any increase or reduction in the amount of any person's indebtedness or any alteration of any term or condition in respect of any person's indebtedness; (g) any person taking or omitting to take any step in relation to (i) the Franchisee, the Guarantor or any other person, (ii) the Guarantee, (iii) any security, guarantee, indemnity or other financial support in respect of any indebtedness and/or (iv) any other asset; or (h) anything else which,

although it could affect the liability of a surety, would not affect the liability of a principal debtor.

5.4.3 If, at any time, any provision of this Agreement is or is found to have been illegal, invalid or unenforceable in any respect under any law of any jurisdiction, this does not affect the legality, validity or enforceability of the other provisions of this Agreement or the legality, validity or enforceability of the affected provision under any law of any other jurisdiction.

5.4.4 This Agreement is the Scottish Ministers' property.

5.4.5 The Scottish Ministers shall not be obliged, before taking steps to enforce any of its rights and remedies under this Agreement, to:

- (a) take any action or obtain judgment in any court against the Franchisee or any other person;
- (b) make or file any claim in a bankruptcy, liquidation, administration or insolvency of the Franchisee or any other person; or
- (c) make, demand, enforce or seek to enforce any claim, right or remedy against the Franchisee or any other person.

5.5 Representations and warranties

The Guarantor makes the following representations and warranties:

5.5.1 It is a limited liability company, duly incorporated and validly existing under the law of the Netherlands, with power to own its assets and to carry on its business (and other activities) as they are being conducted.

5.5.2 It has the power and authority to enter into this Agreement and to perform its obligations and exercise its rights under it.

5.5.3 The obligations expressed to be assumed by it in this Agreement are legal, valid, binding and enforceable obligations (subject to the principle that equitable remedies are discretionary).

5.5.4 Entering into this Agreement and performing its obligations and exercising its rights do not conflict with any law applicable to it, its memorandum and articles of association or any agreement binding upon it (or its assets).

6. ASSIGNMENT

6.1 No assignment by Guarantor

The Guarantor shall not assign, novate or otherwise deal with any rights, interests or obligations under this Agreement.

6.2 Assignment by Scottish Ministers

- 6.2.1 The Scottish Ministers may, at any time, assign, novate and otherwise deal with any rights, interests or obligations under this Agreement.
- 6.2.2 The Scottish Ministers may disclose any information it sees fit to any person (a) to which it proposes to assign or novate (or has assigned or novated) any rights, interests or obligations under this Agreement and/or (b) with which it proposes to enter into (or has entered into) any other dealings in relation to any such rights, interests or obligations.

7. COMMUNICATIONS

- 7.1 Each notice, consent and other communication in respect of this Agreement will be effective only if made by letter or fax, delivered to the relevant address or fax number specified below (or to any substitute address or fax number notified in writing by the relevant party for this purpose) and marked for the attention of the specified department/individual, if applicable. Each communication by letter will be effective only if delivered by hand, sent by first class post (if sent from and to an address in the UK) or sent by airmail (if sent from or to an address elsewhere). In this clause 7, “**Business Day**” means a day, other than a Saturday or a Sunday, on which banks are open for general business in the principal financial centre in the jurisdiction in which the relevant communication is delivered and references to times are to times in the place of delivery.
- 7.2 Each communication to the Guarantor will become effective as follows:-
 - 7.2.1 a hand delivered letter will be effective as soon as it is delivered (or, if it is delivered after 5 pm or on a day that is not a Business Day, it will be effective at 9 am on the next Business Day);
 - 7.2.2 a letter sent by post from and to an address in the UK will be effective at 9 am on the second Business Day after it is posted and a letter sent by airmail from or to an address elsewhere will be effective at 9 am on the tenth Business Day after it is posted; and
 - 7.2.3 a fax will be effective one hour after the sending fax machine (or other system) generates a confirmation that the communication has been sent in full (or, if this occurs after 5 pm or on a day that is not a Business Day, it will be effective at 9 am on the next Business Day).
- 7.3 Each communication to the Scottish Ministers will become effective only when actually received by the Scottish Ministers.
- 7.4 The specified contact details are as follows:

Guarantor

Address: Abellio Scotrail Limited, 10th Floor, 133 Finnieston Street, Glasgow, G3 8HB

Fax number: 0207 430 2299

Attention: Dominic Booth

The Scottish Ministers

Address:

Fax number:

Attention:

8. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by Scots law.

IN WITNESS WHEREOF these presents consisting of this and the [•] preceding pages are executed as follows:-

SUBSCRIBED for and on behalf of NS GROEP N.V

by

one of its

at

on the day of

2014

in the presence of:-

.....

Guarantor

Witness:

Full Name:

Address:

.....

.....

SUBSCRIBED for and on behalf of THE SCOTTISH MINISTERS

by

one of its

at

on the day of

2014

in the presence of:-

.....

The Scottish Ministers

Witness:

Full Name:

Address:

.....

.....

SCHEDULE 13

**THIS IS SCHEDULE 13 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT
BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED**

Franchise Management and Information Obligations

Schedule 13.1:	Franchise Management
Schedule 13.2:	Information
	Appendix 1: Efficient Franchisee
	Appendix 2: Key Assets
	Appendix 3: Operational Information
	Appendix 4: Passenger journeys, miles and earnings information
Schedule 13.3 :	Co-operation
	Appendix : SCRF Principles
Schedule 13.4 :	Staff Obligations
Schedule 13.5 :	Safety and personal security
Schedule 13.6 :	Integration
Schedule 13.7 :	Related Parties and Open Book Accounting
	Appendix: Related Party Contracts

SCHEDULE 13.1

THIS IS SCHEDULE 13.1 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT AMONG THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Franchise Management

1. General Management Obligations

Human Resources

- 1.1 The Franchisee shall deliver the HR Strategy to the Authority on the Franchise Commencement Date.
- 1.2 The HR Strategy shall:
 - (a) describe the roles and contribution of the Franchisee's directors and the Franchise Employees in the delivery of the Franchisee's obligations under this Agreement;
 - (b) define the human resources policies, procedures and processes that are required to deliver the vision, business strategy and goals of the Franchisee;
 - (c) set measurable targets (where appropriate) for each aspect of the HR Strategy;
 - (d) define how the HR Strategy will be delivered over the Franchise Term;
 - (e) define how the delivery of the HR Strategy will be monitored and managed over the Franchise Term; and
 - (f) define how the HR Strategy may be varied to take account of changing circumstances or legislation.
- 1.3 The HR Strategy will comprise as a minimum:
 - (a) an **Organisational Development Strategy** incorporating:
 - (i) a manpower planning process on a rolling 5-year basis, updated annually and identifying areas where management action will be required to maintain the efficiency of the Franchisee;
 - (ii) a commitment by the Franchisee to achieve "Investors in People" accreditation within three years of the Franchise Commencement Date; and
 - (iii) appropriate performance management processes that embrace all Franchise Employees and provide individual feedback on personal performance;
 - (b) a **Recruitment, Retention & Resourcing Strategy** incorporating:
 - (i) an objective, transparent and fair recruitment process;
 - (ii) a succession - planning process for key grades / posts on a rolling 5-year basis, updated annually ensuring that there is resilience in the staffing levels of key posts;

- (iii) a statistical framework for the monitoring of recruitment and Franchise Employees turnover by gender, ethnic category, disability, sexuality, religion or belief, function, grade, length of service;
 - (iv) an Equalities Plan detailing the proactive steps to be taken to eliminate discrimination and promote equality and evidence of the activities carried out in accordance with the Equalities Plan;
- (c) a **Reward & Engagement Strategy** for each grade group which supports the vision, business strategy and goals and provides for motivation, reward and retention of Franchise Employees mitigation against the risk of Industrial Action, and incorporates:
 - (i) base salary and earnings data by key grade group;
 - (ii) earnings and hours-worked data;
 - (iii) previous information;
 - (iv) relevant comparator data;
 - (v) non-financial reward, recognition and motivation initiatives;
 - (vi) employee share schemes and/or profit-share mechanisms; and
 - (vii) pensions benefits;
- (d) a **Training & Development Strategy** incorporating:
 - (i) a commitment to become Investors in People accredited and continue throughout the Franchise Term to work toward the highest level of such accreditation;
 - (ii) the provision of induction training for all new Franchise Employees that incorporates:
 - (A) all necessary safety training;
 - (B) all task-specific training;
 - (C) training in order to make such Franchise Employees aware of the obligations required of the Franchisee under this Agreement and of the Franchisee's vision, business strategy and goals;
 - (D) training to provide understanding of the Franchisee's obligations under its Licences;
 - (E) training to provide understanding of the wider context of the railway; and
 - (F) training for Franchise Employees who have a passenger interface in:
 - (aa) how to deliver excellent customer service to all types of passengers including passengers with special requirements;
 - (bb) how to deal with dissatisfied or disruptive passengers;

- (cc) ensuring such staff are able to answer passenger enquiries about Passenger Services, Trains and products at all times including times of disruption; and
 - (dd) ensuring such staff can assist passengers with information about onward travel and alternative public transport options.
- (iii) the provision of refresher training and the circumstances when such would be provided;
- (iv) a competence framework based upon National Occupational Standards;
- (v) an assessment and verification framework consistent with the delivery of National Vocational Qualifications and/or Scottish Vocational Qualifications;
- (vi) a commitment by the Franchisee to encourage all Franchise Employees (where appropriate) to achieve an appropriate National Vocational Qualification and/or Scottish Vocational Qualification (or equivalent accredited qualification) within defined timescales;
- (vii) the means by which the Franchisee will make available other structured training and development opportunities, using approved training schemes such as “Modern Apprenticeships” and “Graduate Apprenticeships” where appropriate;
- (viii) Prior to the Franchise Commencement Date, subject to the co-operation of the Outgoing Franchisee, the Franchisee shall develop the activities of the in-house Training Academy for the ScotRail Franchise. From the Franchise Commencement Date the Franchisee shall ensure that the Training Academy is operational throughout the Franchise Term. Having thus developed the Training Academy, the Franchisee shall ensure from the Franchise Commencement Date that it is operated in accordance with industry standards through the Franchise Term;
- (ix) Training simulators and exercises

The Franchisee shall provide and thereafter maintain two simulators to be used for the purpose of training and competence management processes for train drivers employed in the Franchise and invest in additional or replacement simulators to reflect the development of the composition of the Train Fleet (including the New Train Fleets save for the Scenic Train Rolling Stock). This will incorporate the requirements for:-

- (A) the simulators shall mimic the driving controls of a typical traction unit (one DMU and one EMU) and the software will be typical of route sections found across the Franchise. The simulators shall permit drivers to experience scenarios unlikely to be found on a regular basis during actual driving;
- (B) the simulators shall be procured by the Franchisee following a full procurement exercise and will be designed with features which allow them to simulate realistically the characteristics of at least one of the traction types employed by the Franchise;
- (C) the Franchisee will ensure that best practice from other Train Operators which is relevant to the ScotRail Franchise, is reflected in the simulators;

- (D) the Franchisee shall ensure that the use of the simulators is an integral part of its training process for drivers with effect from the simulators being introduced into service;
 - (E) the simulators shall be located in Scotland at all times; and
 - (F) the Franchisee shall create and carry out training exercises to permit drivers and customer facing staff to experience a range of scenarios involving possible incidents and causes of disruption, to improve communication with and handling of reactions from passengers.
- (e) an **Involvement Strategy** incorporating:
 - (i) appropriate “Collective Consultation and Bargaining Frameworks”; and
 - (ii) the planned linkages to the wider local community that the Franchisee has through its Franchise Employees;
 - (f) a **Franchise Employee Communications Strategy** which defines the means and frequency with which the Franchisee will provide:
 - (i) information and feedback to Franchise Employees on the Franchisee’s performance, including whether good or bad performance;
 - (ii) information as to changes in management policy, personnel, organisational structure, reporting lines and responsibilities; and
 - (iii) the conduct, publication and actions to be taken as a result of an annual Franchise Employee attitude survey; and
 - (g) a **staffing strategy and structure** incorporating:-
 - (i) corporate structure of the Franchisee and relationships with Affiliates and Parent Company;
 - (ii) proposed management team and structure;
 - (iii) total establishment numbers including any expected changes in numbers, relevant skills and resources by activity and functions;
 - (iv) details of any proposed outsourcing or sub-contractor arrangements and activities.

2. **Quality Management**

- 2.1 The Franchisee shall deliver to the Authority on or before the Franchise Commencement Date the **Quality Plan**. The Quality Plan shall cover all of the obligations of the Franchisee under this Agreement incorporating:
 - (a) all areas of activity that will drive the Overall Satisfaction results measured by the National Passenger Survey;
 - (b) the management policy and the expected results from such policy and how that might improve National Passenger Survey results; and
 - (c) specific initiatives proposed.

- 2.2 The purpose of the Quality Plan is to ensure that the Franchisee manages in a systematic and structured manner the quality and delivery of its obligations under this Agreement so that they are delivered to a consistent quality in accordance with the terms of this Agreement.
- 2.3 The Quality Plan shall be compliant with the procedures and processes described in the Business Excellence Model of the British Quality Foundation or the EFQM Excellence Model of the European Foundation for Quality Management.
- 2.4 The Franchisee shall implement the Quality Plan throughout the Franchise Term. The Franchisee shall ensure that sufficient, adequately trained Franchise Employees are allocated to the management of quality and the delivery of the Franchise Services.
- 2.5 The Franchisee shall deliver to the Authority a Quality Report, at least once every 13 Reporting Periods during the Franchise Term (the first such report no later than the end of the 13th Reporting Period following the Franchise Commencement Date), which shall provide:
- (a) the Franchisee's own assessment of the Franchisee's performance of its obligations under this Agreement;
 - (b) (where applicable) a list of specific corrective actions which the Franchisee believes are necessary to remedy, as soon as reasonably practicable, issues of concern identified in the Franchisee's assessment;
 - (c) (where applicable) a list of specific actions for improvement identified in the Franchisee's assessment that the Franchisee intends to target so as to bring about continuous improvement of performance, in particular the delivery of the key performance results derived from the application of the Business Excellence Model of the British Quality Foundation or the EFQM Excellence Model of the European Foundation for Quality Management;
 - (d) a list of actions intended to maintain current areas of excellence identified in the Franchisee's assessment;
 - (e) a programme which specifies:
 - (i) the time within which the corrective action identified pursuant to paragraph 2.5(b) will be complete;
 - (ii) the time within which the continuous improvement actions identified pursuant to paragraph 2.5(c) will be complete; and
 - (iii) the time within which the maintenance actions necessary for maintaining the current areas of excellence identified pursuant to paragraph 2.5(d) will be complete; and
 - (f) any amendments to the Quality Plan necessary to ensure that the Franchisee manages in a systematic and structured manner the quality and delivery of its obligations under this Agreement so that they are delivered to a consistent quality in accordance with the terms of this Agreement.

3. Quality Standards

EFQM

- 3.1 The Franchisee shall operate a business management system the standard of which shall comply with the European Framework for Quality Management Model ("EFQM") and take all steps necessary to maintain such standards during the Franchise Term.

ISO 9000:2005 and related standards

- 3.2 The Franchisee shall work diligently towards operating a quality management system, the standard of which shall comply with the ISO 9000:2005, ISO 9001: 2008 and ISO 9004: 2009 upgraded status by December 2017 and thereafter take all steps necessary to maintain such standards during the Franchise Term.
- 3.3 The Franchisee shall operate an environmental management system, the standard of which shall comply with ISO 14001 accreditation status at each of its Depots by the first anniversary of the Franchise Commencement Date and thereafter take all steps necessary to maintain such standard during the Franchise Term.

4. Crystal Mark

The Franchisee shall ensure that by no later than the third anniversary of the Franchise Commencement Date all of its Published passenger facing documents including without prejudice to the foregoing generality its Passenger's Charter, Customer Complaints Handling Procedure and Disabled Persons Protection Policy are drafted to a standard which shall comply with the Crystal Mark standard (or equivalent).

5. Environment commitments and standards

ISO 14001 and ISO 15001 Environmental Accreditation and other systems

- 5.1 The Franchisee shall operate an environmental management system, the standard of which shall comply with ISO 14001, EMAS or BS8900 accreditation status by the first anniversary of the Franchise Commencement Date and thereafter take all steps necessary to maintain such standard during the Franchise Term.
- 5.2 The Franchisee shall operate an energy management system, the standard of which shall comply with ISO 15001 accreditation status by the first anniversary of the Franchise Commencement Date and thereafter take all steps necessary to maintain such standard during the Franchise Term.
- 5.3 The Franchisee shall, in so far as not covered by paragraphs 5.1 and 5.2, put in place systems to monitor the Franchisee's : -
- (a) energy consumption from traction and non-traction operations;
 - (b) carbon dioxide equivalent emissions from traction and non-traction operations; and
 - (c) waste to landfill.
- 5.4 The Franchisee shall ensure that there are adequate levels of staffing and management with responsibility to improve the Franchisee's environmental performance.
- 5.5 The Franchisee shall comply with all rail industry protocols with regard to reporting energy consumption and carbon dioxide equivalent emissions to the ORR and Network Rail.
- 5.6 The Franchisee shall Publish annual progress statements on the overall environmental performance of the Franchise (such shall include as a minimum energy consumption

and carbon dioxide equivalent emissions and waste that went to landfill from Franchise Services).

- 5.7 The Franchisee shall ensure all New Stations or new Depots deliver, where practicable, at least an “excellent” rating using BREEAM.

Controlled emission toilets

- 5.8 The Franchisee shall procure that:

- (a) where Routes and Passenger Services in Scotland prior to the Franchise Commencement Date are operated with Vehicles that have controlled emission toilets, such Routes and Passenger Services shall continue on and from the Franchise Commencement Date to be operated with Vehicles that have controlled emission toilets; and
- (b) where Routes and Passenger Services in Scotland prior to the Franchise Commencement Date are operated with Vehicles that are not fitted with controlled emission toilets, all Vehicles with toilets serving such Routes and Passenger Services shall be fitted with controlled emission toilets on or before 1 January 2020.

- 5.9 Pending installation of the controlled emission toilets in Vehicles the Franchisee shall procure that all Vehicles have a reliable means by which toilets are prevented from emptying whilst the Vehicle on which they are equipped is stationary within stations.

Regenerative braking

- 5.10 The Franchisee shall use regenerative braking to reduce energy consumption and CO² emissions where this is part of the standard equipment on the train and the line the train is operating on is capable of accepting regenerative output.

Energy consumption and emissions reporting

- 5.11 The Franchisee shall

- (a) with such frequency as the Authority may require, but in any event monthly, report to the Authority on the energy consumption and carbon dioxide equivalent emissions of the delivery of Franchise Services and energy efficiency and environmental performance, by the provision of such information in such format as is compatible with the Authority’s Carbon Management System may reasonably require. Such reports shall include:
 - (i) details of the unit numbers that are not using regenerative braking, the period for which it will not be in use and the reasons why it is not in use;
 - (ii) actual energy consumption, emission and environmental performance against targets; and
 - (iii) measures for monitoring diesel consumption to assist energy efficiency, reduce costs and carbon emissions, inform maintenance and driver training strategies and prevent spillages;
- (b) ensure:
 - (i) energy metering equipment is fitted to all electric rolling stock;

- (ii) energy metering equipment is fitted at all Stations and Depots;
- (iii) all train drivers are trained in eco-driving techniques and that systems are put in place to ensure that these techniques are applied;
- (iv) the fitment of appropriate Driver Advisory Systems;
- (v) through working with Network Rail, that the Franchisee takes into account energy efficiency in timetable preparation and stabling arrangements;
- (vi) intelligent control of train auxiliary/ hotel loads in service and when stabled;
- (vii) investment is made in energy efficiency at Stations and Depots; and
- (viii) existing micro-generation facilities at Stations and Depots are preserved and maintained.

Extreme weather events and climate change

5.12 The Franchisee shall monitor extreme weather events and the effects of climate change on the delivery of Franchise Services:-

- (a) report thereon in a format agreed with the Authority with such frequency as the Authority may require, but in any event monthly (the first such report no later than the end of the 1st Reporting Period following the Franchise Commencement Date) highlighting the frequency of events, the impact on the ScotRail Franchise (including in terms of delay and Cancellations to Passenger Services) and highlight hot spot locations that are prone to the effects of weather; and
- (b) meet no less frequently than twice per Franchisee Year with the Authority to discuss trends, positions and investigation plans required as a result of such monitoring.

Waste

5.13 The Franchisee shall:

- (a) implement relevant systems to ensure that waste is recovered and disposed of without endangering human health or causing harm to the environment; and
- (b) put mechanisms in place to achieve and monitor progress in reducing the waste the Franchisee sends to landfill from the Franchise Services.

Sustainability

5.14 The Franchisee shall develop and implement a sustainable procurement policy to:

- (a) reduce the environmental impact of goods and services procured to support the operation of the Franchise Services;
- (b) embed environmental and sustainability management across the Franchise Services;
- (c) consider how this will provide financial savings; and

the Franchisee shall consider operating an accredited management system in regard to sustainable procurement such as BS8903.

6. Advertisement of Contracts

Save as agreed between the Franchisee and the Authority prior to the Franchise Commencement Date or otherwise as required by law, the Franchisee shall, as a minimum, advertise all its potential contracts for goods and services in relation to the Franchise locally to where such goods and services will be provided and in Public Contracts Scotland in order to make sub-contracting opportunities more visible to SMEs.

7. Review for Innovation Opportunities

- 7.1 The Franchisee shall continually review its operations in a manner that ensures that the Franchisee seeks value for money and opportunities for innovation across the Franchise Services.
- 7.2 Where the Franchisee identifies such opportunities, the Franchisee, when taking and/or implementing the said opportunities, shall take into consideration the Authority's policy objectives and that this paragraph 7 shall not provide the Franchisee with any relief from any other obligation upon the Franchisee in terms of this Agreement.

SCHEDULE 13.2

THIS IS SCHEDULE 13.2 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Information

1. General Information

Corporate information

- 1.1 The Franchisee shall provide the following information to the Authority on or before the Franchise Commencement Date and shall notify the Authority of any change to such information within 21 days of such change:
- (a) its name;
 - (b) its business address and registered office;
 - (c) its directors and company secretary;
 - (d) its auditors;
 - (e) its trading name or names; and
 - (f) to the best of the Franchisee's knowledge and belief having made due and diligent enquiry, the identity of all persons holding, separately or acting by agreement, directly or indirectly, the right to cast more than 20 per cent. of the votes at general meetings of the Franchisee.
- 1.2 The Franchisee shall inform the Authority of any material change or proposed material change in its business (including the employment or the termination of employment of any Key Personnel, the termination of any Key Contract, any litigation or other dispute which may have a material effect on its business) and any material change in or restructuring of, the capitalisation or financing of the Franchisee or the Parent.

Operational and Performance-related Information to be provided by the Franchisee

- 1.3 The Franchisee shall provide to the Authority the information specified in the Appendices to this Schedule 13.2 at the times specified therein.
- 1.4 The Appendices to this Schedule 13.2 shall be interpreted in accordance with any guidance issued by the Authority from time to time for that purpose.

Maintenance of Records

- 1.5 The Franchisee shall maintain true, up to date and complete records of all of the information required to be provided by the Franchisee under this Agreement.
- 1.6 Each record required to be maintained by the Franchisee in accordance with this Schedule 13.2 shall be held for a period of 7 years following the date on which such record was required to be created.

- 1.7 References to records in this Schedule 13.2 shall include records maintained under any Previous Franchise Agreement to the extent that such records relate to the Franchise Services and the Franchisee has access to them (which it shall use all reasonable endeavours to secure).
- 1.8 The Franchisee shall not be responsible for any records maintained under any Previous Franchise Agreement, as referred to in paragraph 1.7, being true, up to date and complete. Notwithstanding the foregoing, as soon as reasonably practicable after becoming aware that any such records are not true, complete and up to date, the Franchisee shall take all reasonable steps to remedy any such deficiency, and shall thereafter maintain such records in accordance with paragraph 1.5.

Information to Stakeholders

- 1.9 The Franchisee shall comply with any reasonable requests and guidance issued by the Authority from time to time in respect of the provision of information to and co-operation and consultation with Stakeholders.

Public Sector Equality Duty

- 1.10 The Franchisee shall, upon request by the Authority, provide all and any information which may be required by the Authority in order to assist the Authority in complying with its Public Sector Equality Duty.

2. Business Plans

Initial Business Plan

- 2.1 On or before 15 November 2014, the Franchisee shall deliver to the Authority its Initial Business Plan and supporting Business Action Plans, describing its planned activities for each Franchisee Year during the Franchise Term, which shall include:
- (a) a description as to how the Franchisee will be able to meet its obligations under this Agreement for the Franchise Term, supported by operational plans demonstrating this;
 - (b) details of any investments proposed to be made or procured by the Franchisee in relation to the Franchise Services during the Franchise Term;
 - (c) a summary of the Franchisee's plans for marketing and developing the Franchise Services;
 - (d) a Financial Model, Operational Model and Record of Assumptions in the Agreed Form; and
 - (e) a profit and loss forecast, cash flow forecast and forecast balance sheet for each of the first 13 Reporting Periods following the Franchise Commencement Date, together with a list of assumptions on the basis of which each such forecast has been prepared.

As regards paragraph (e) above, the Authority accepts that the information required may not be included in the Initial Business Plan delivered prior to the Franchise Commencement Date. If that is the case, the Franchisee shall, by the end of the fourth Reporting Period following the Franchise Commencement Date, update the Initial Business Plan so that it contains the information required by that paragraph. The Franchisee shall keep the Authority advised as regards this updating and shall promptly supply the Authority with a copy of the updated Initial Business Plan.

- 2.2 The Authority may require the resubmission of the Initial Business Plan to the Authority on the Franchise Commencement Date, adjusted to the extent necessary to reflect any difference between the actual Franchise Commencement Date and the date assumed to be the Franchise Commencement Date in the Initial Business Plan submitted in accordance with paragraph 2.1.

Updated Business Plans

- 2.3 Not more than 3 Reporting Periods and not less than 1 Reporting Period prior to the start of each Franchisee Year (other than the first Franchisee Year), the Franchisee shall deliver to the Authority, an Updated Business Plan:
- (a) in substantially the same form as the immediately preceding Business Plan delivered to the Authority in accordance with this Agreement, revised to include the information available to the Franchisee as at the date of its delivery, describing the Franchisee's planned activities for each Franchisee Year during the remainder of the Franchise Term;
 - (b) containing a statement of the differences between such Updated Business Plan and the immediately preceding Business Plan delivered to the Authority in accordance with this Agreement together with an explanation of such differences;
 - (c) containing revised financial and operational models, together with a detailed statement and explanation of any material difference in the outputs provided by such financial and operational models and any such models provided in the immediately preceding Business Plan;
 - (d) containing details of any Business Action Plan notified to the Authority and any progress made in respect of such Business Action Plans;
 - (e) containing a revised profit and loss forecast, cash flow forecast and forecast balance sheet for each of the 13 Reporting Periods in that Franchisee Year; and
 - (f) continuing forecasts for anticipated moves on costs and revenues likely to impact on the parties' views on Rebasing.

Further Updated Business Plans

- 2.4 The Franchisee shall:
- (a) notify the Authority as soon as reasonably practicable if the business outlook or prospective financial results of the Franchisee are likely to be materially different from those specified in the most recent Business Plan; and
 - (b) within 1 month of any request by the Authority following receipt of a notification in accordance with paragraph 2.4(a), supply the Authority with a revised Updated Business Plan for the remainder of the Franchise Term which reflects the latest view of its business.

Provisions relating to Business Plans

- 2.5 The Franchisee shall:
- (a) comply with any guidance issued by the Authority from time to time as to its reasonable requirements for the format of any Business Plan. The contents

and assumptions to be included in any Business Plan shall, unless the Authority and the Franchisee otherwise agree, be consistent with the Record of Assumptions;

- (b) attend such meetings and make such presentations as the Authority shall request in connection with any Business Plan; and
 - (c) make Business Plans available for discussion at Franchise Performance Meetings.
- 2.6 The Franchisee shall not be relieved of any of its obligations under this Agreement as a result of any comment or failure to comment by the Authority on any Business Plan or any agreement with or approval, implicit or explicit, of any Business Plan by the Authority at any time.
- 2.7 The Authority may at any time require the Franchisee to produce a Business Action Plan in respect of any aspect of any Business Plan. Such Business Action Plan may include steps relating to:
- (a) timetable development;
 - (b) performance management improvement;
 - (c) customer service improvement;
 - (d) improvements in the quality of service delivery or the efficiency of delivery of the Franchise Services, including any investment to be made, procured or managed by the Franchisee during the Franchise Term;
 - (e) patronage growth plan;
 - (f) integration;
 - (g) localism;
 - (h) Extended Restrictions of Use; and
 - (i) Major Scottish Projects.
- 2.8 The Franchisee shall comply with any guidance issued by the Authority about how and with whom any consultation on the content of a Business Action Plan is to take place.
- 2.9 Any proposal in a Business Action Plan shall only be implemented if and to the extent that the Authority decides it is appropriate to do so and subject to any conditions which it may impose.
- 2.10 The Authority shall be permitted to carry out indicative Runs of the Financial Model for the purpose of considering whether or not to implement any proposal in a Business Action Plan.

3. Financial and Operational Information

Accounting Records

- 3.1 The Franchisee shall prepare and at all times during the Franchise Term maintain true, up to date and complete accounting records as are required to be kept under Section 386 of the Companies Act 2006. Such records shall be prepared on a consistent basis for each Reporting Period.

Reporting Period Financial Information

- 3.2 The Franchisee shall deliver to the Authority, within 2 weeks of the end of each Reporting Period, Management Accounts for such Reporting Period, setting out a cashflow statement, profit and loss account and balance sheet for that Reporting Period and cumulatively for the Franchisee Year to date.
- 3.3 The Management Accounts shall also set out:
- (a) sufficient information to enable the Authority to calculate Actual Operating Costs and Modified Revenue on a cumulative basis for the previous 6 Reporting Periods;
 - (b) a statement of calculation demonstrating the Franchisee's performance against the financial undertakings in paragraph 2 of Schedule 12 (*Financial Obligations and Undertakings*) during that Reporting Period;
 - (c) a comparison of the Franchisee's performance during such period against the forecast provided by the Franchisee in the then current Business Plan;
 - (d) a comparison of the Franchisee's cumulative performance during the Franchisee Year in which such period occurs against the forecast referred to in paragraph 3.3(c);
 - (e) a detailed statement and explanation of any material difference between such Management Accounts and the forecast referred to in paragraph 3.3(c), cross-referring to deviations from the applicable operational models;
 - (f) where the level of financial performance specified in the Management Accounts is worse than forecast by the Franchisee in its current Business Plan, a Financial Action Plan to ensure that the level of financial performance forecast in its current Business Plan for the remainder of the currency of that Business Plan is achieved and the Franchisee shall use all reasonable endeavours to implement such Financial Action Plan; and
 - (g) a forecast of Profit levels for the Franchisee Year taking account of the information referred to in paragraph 3.3(a).

Quarterly Financial Information

- 3.4 Within 4 weeks after the end of the 3rd, 6th, 9th and 12th Reporting Periods in each Franchisee Year, the Franchisee shall deliver to the Authority the following information:
- (a) an updated version of the profit and loss forecast, cash flow forecast and forecast balance sheet provided in accordance with paragraph 2.1(e), for each of the following 13 Reporting Periods; and
 - (b) a statement of calculation demonstrating the Franchisee's performance against each of the financial undertakings in paragraph 2 of Schedule 12 (*Financial Obligations and Undertakings*) and a forecast of performance against such undertakings for the following 13 Reporting Periods.
- 3.5 Where any Reporting Period falls partly within one Franchisee Year and partly within another, the results for each section of such Reporting Period falling either side of such Franchisee Year end shall be prepared on an accruals basis for each such section of such Reporting Period.

Annual Financial Information

- 3.6 Within 3 weeks of the end of each Franchisee Year, the Franchisee shall deliver to the Authority its Annual Management Accounts for that Franchisee Year.
- 3.7 The Franchisee shall deliver to the Authority:
- (a) in respect of any Franchisee Year other than the final Franchisee Year, its Annual Audited Financial Statements for that Franchisee Year within 3 Reporting Periods of the end of that Franchisee Year; and
 - (b) in respect of the final Franchisee Year, its Annual Audited Financial Statements for the period from the start of that Franchisee Year to the end of the Franchise Period within 3 Reporting Periods of the end of the Franchise Period,
- each together with a reconciliation to the Management Accounts for the same period.
- 3.8 The Franchisee shall deliver to the Authority at the same time as it delivers the relevant Annual Audited Financial Statements pursuant to paragraph 3.7, an unqualified written report from the Franchisee's auditors which confirms that such Annual Audited Financial Statements:
- (a) comply with paragraph 3.11;
 - (b) give a true and fair view of the amount of Revenue (including each revenue flow separately identified therein) earned by the Franchisee during the relevant Franchisee Year, excluding:
 - (i) any Revenue Share Adjustments paid or payable in respect of that Franchisee Year; and
 - (ii) any Revenue Support Adjustments received or receivable in respect of that Franchisee Year;
 - (c) detail that the amount of Revenue referred to in paragraph 3.8(b) comprises only some or all of those revenue flows specified in the definition of Revenue; and
 - (d) give a true and fair view of the amount of Profit earned by the Franchisee during the relevant Franchisee Year excluding any Profit Share Adjustments paid or payable by the Franchisee to the Authority in respect of that Franchisee Year.
- 3.9 Within 4 Reporting Periods after the end of each Franchisee Year, the Franchisee shall deliver to the Authority the following information:
- (a) certified true copies of its annual report and Annual Audited Accounts for that Franchisee Year, together with copies of all related directors' and auditors' reports;
 - (b) a reconciliation to the Management Accounts for the same period (including any reconciliation required for the purposes of paragraphs 3.4 to 3.6 inclusive and 4.8 to 4.10 inclusive of Schedule 8.1 (*Franchise Payments*));
 - (c) a statement from the Franchisee's auditors confirming compliance with the financial undertakings in paragraph 2 of Schedule 12 (*Financial Obligations and Undertakings*). Provided that the Authority shall be entitled to discuss any element of the statement provided or the information provided by the

Franchisee to demonstrate compliance with the financial undertakings with the Franchisee's auditors; and

- (d) a statement of all Related Party Contract transactions undertaken by the Franchisee with any Affiliate.

Accounting Standards and Practices

3.10 Each set of Management Accounts and Annual Management Accounts shall be:

- (a) drawn up in a form consistent with the Franchisee's profit and loss account, cashflow projection and balance sheets contained in the Financial Model (or such form as may reasonably be required from time to time by the Authority); and
- (b) prepared consistently in accordance with the Franchisee's normal accounting policies, details of which shall be supplied, on request, to the Authority and any changes to which shall be notified to the Authority on submission of such accounts.

3.11 Each set of Annual Audited Financial Statements and Annual Audited Accounts shall, save as stated in the notes thereto, be prepared and audited in accordance with the Adopted Accounting Principles and consistently applied and in accordance with the Companies Act 2006 and, together with those notes and subject to any qualifications contained in any relevant auditors' report, shall give a true and fair view of the state of affairs and profits of the Franchisee for the period covered by such accounts.

Parent Accounts

3.12 The Franchisee shall in addition deliver to, or procure delivery to, the Authority certified true copies of the annual reports and audited accounts of the Parent, together with copies of all related directors' and auditors' reports, within 4 Reporting Periods of the end of each accounting reference period of the Parent or, if the Parent is domiciled outside England and Wales or Scotland, the equivalent documents in the jurisdiction of residence of the Parent.

4. Safety Information

4.1 The Franchisee shall co-operate with any request of the Authority from time to time for provision of information and/or preparation and submission of reports detailing or identifying compliance with safety obligations set out in the Safety Regulations including any breaches of the Safety Regulations.

4.2 The Franchisee shall notify the Authority as soon as practicable of the receipt and contents of any formal notification relating to safety or any improvement or prohibition notice received from the ORR. Immediately upon receipt of such notification or notice, the Franchisee shall provide the Authority with a copy of such notification or notice.

5. Further Information

5.1 The Franchisee shall:-

- (a) deliver to the Authority, or procure the delivery to the Authority of, such information, records or documents as the Authority may request within such period as the Authority may reasonably require and which relates to or is connected with the Franchisee's performance of this Agreement;

- (b) procure that each Affiliate, Associate, contractor and sub-contractor of and consultant to the Franchisee complies with paragraph 5.1(a) in respect of any information, records or documents that relate to its dealings with the Franchisee in connection with the Franchisee's performance of this Agreement.

5.2 The information referred to in paragraph 5.1(a) shall include:-

- (a) any agreement, contract or arrangement to which the Franchisee is a party in connection with any rolling stock used in the operation of the Passenger Services;
- (b) in so far as the Franchisee has or is able to obtain the same, any other agreement contract or arrangement which may be associated (directly or indirectly) with the procurement, leasing, financing or maintenance of any such rolling stock (including relative to any depots);
- (c) any agreement for the manufacture or supply of any rolling stock; or
- (d) any arrangements for the securitisation of any lease granted in respect of such rolling stock.

5.3 The Authority may require the Franchisee to provide the information required to be provided under this Schedule 13 more frequently than set out in this Schedule 13.2.

5.4 The Authority may require the Franchisee to provide:

- (a) the information required to be provided under this Schedule 13.2, or, in the Authority's discretion, more detailed financial information, at any time in connection with the re-letting of the Franchise; and
- (b) such unaudited accounts under such accounting policies as may be prescribed by the Authority, acting reasonably, from time to time.

6. **Contraventions of this Agreement**

6.1 The Franchisee shall notify the Authority so far as possible before it may occur and in any event as soon as reasonably practicable thereafter, of any contravention by the Franchisee of any provision of this Agreement. This includes where the Franchisee is under an obligation to use reasonable endeavours, all reasonable endeavours or best endeavours to achieve a particular result by a particular time, where such result is not achieved by such time.

6.2 The Franchisee shall deliver to the Authority or procure the delivery to the Authority of, such information, records or documents as the Authority may request within such period as the Authority may reasonably require for the purpose of determining the existence, likelihood, nature or scope of any contravention of, Event of Default or Termination Event under, this Agreement.

7. **Information from Third Parties**

7.1 The Franchisee shall, if the Authority so requests, use all reasonable endeavours to ensure that the Authority has direct access to any information, data or records relating to the Franchisee which is or are maintained by third parties and to which the Authority is entitled to have access, or of which the Authority is entitled to receive a copy, under this Agreement.

- 7.2 The Franchisee shall, if the Authority so requests, procure the provision by RSP to the Authority of such information, data and records as the Franchisee is entitled to receive under the Ticketing and Settlement Agreement, in such form as the Authority may specify from time to time. Such obligation shall be subject to the payment by the Authority of the costs incurred by RSP in providing such information.
- 7.3 The obligations of the Franchisee under this Schedule 13.2 to provide information to the Authority shall not apply if the Authority notifies the Franchisee that it has received the relevant information directly from any other person (including Network Rail or RSP). The Franchisee shall, if the Authority so requests, confirm or validate any such information which is received from any such other person.

8. **Information To Third Parties**

The Franchisee shall whenever requested by the Authority, confirm what information the Franchisee has provided to Local Authorities, Visit Scotland or other Stakeholders pursuant to paragraph 1.9 of this Schedule 13.2 (*Information*).

9. **Compatibility of Information**

- 9.1 All financial, operational or other information, and any data and records required to be provided to the Authority under this Agreement shall be provided, if so requested by the Authority, in a form compatible with the Authority's electronic data and records systems on the Franchise Commencement Date, as modified from time to time in accordance with paragraph 10.
- 9.2 The Franchisee shall ensure that the interconnection of such systems or the provision of such information, data and records to the Authority under this Agreement will not result in any infringement of any third party intellectual property rights to which its systems or such information, data or records may be subject.

10. **Development of Computer Systems**

- 10.1 The Franchisee shall at all times during the Franchise Term, subject to paragraph 10.4, have the necessary Computer Systems to enable it to comply with its information-provision obligations in paragraph 9.
- 10.2 The Franchisee shall co-operate in accordance with paragraph 10.3 with the Authority and any third party that the Authority may reasonably specify in the development of:
- (a) the Franchisee's Computer System;
 - (b) the Authority's Computer System;
 - (c) any railway industry-wide Computer System; and/or
 - (d) any other Computer System, including any new Computer System, the Authority may specify

in order that Computer Systems within the railway industry use (where appropriate) the same or compatible computer language, format, networks and protocols.

- 10.3 In co-operating with the Authority and/or any third party in developing any of the Computer Systems specified by the Authority in accordance with paragraph 10.2, the Franchisee shall, when requested by the Authority:

- (a) make appropriately skilled and qualified Franchise Employees reasonably available, free of charge to:
 - (i) attend meetings with the Authority and/or such third party to discuss and review the need for enhancement or replacement of any Computer System;
 - (ii) provide the Franchisee's opinion on any updated specifications for the enhancement of any Computer System;
 - (iii) provide the Franchisee's opinion on any specifications for any replacement Computer System;
 - (iv) review and comment upon implementation timetables and programmes for any enhancement of any Computer System or any replacement Computer System;
 - (v) make available files and data from existing Computer Systems for down-loading onto any enhanced or new Computer System installed;
 - (vi) assist with the commissioning of and fault finding with any enhanced or new Computer System installed; and
 - (vii) make recommendations for modifications to any existing (whether enhanced or otherwise) or new Computer System in the light of operational experience; and
- (b) allow the Authority's employees, agents and contractors access to any existing Computer System to effect any necessary change-over arrangements before the introduction of any enhanced or new Computer System.

10.4 If and to the extent requested by the Authority, the Franchisee shall:

- (a) carry out the procurement, project management and acceptance of any enhancement of any existing Computer System, or replacement of an existing Computer System with a new Computer System; and
- (b) enter into such maintenance or support contracts as are necessary to maintain or support any enhanced or new Computer System,

and the cost and revenue effects arising from the Franchisee's compliance with this paragraph 10.4 shall constitute a Change.

10.5 The Franchisee shall use any enhanced or new Computer System developed with the co-operation of the Authority in accordance with paragraph 10.3 for the purposes for which such Computer System was intended.

11. **Information Appendices**

The Franchisee shall comply with terms of:-

- 11.1 Appendix 1: *(Efficient Franchise)*;
- 11.2 Appendix 2: *(Key Assets)*;
- 11.3 Appendix 3: *(Operational Information)*; and

11.4 Appendix 4: *(Passenger Journeys, Miles and Earning Information).*

APPENDIX 1 TO SCHEDULE 13.2

Efficient Franchisee

1. Information about the Efficiency of the Franchisee

1.1 The Franchisee shall:

- (a) at all times during the Franchise Term maintain records in relation to the areas and the information described in this Appendix 1; and
- (b) subject to paragraph 1.2, provide to the Authority the information set out in the following tables at the frequency specified in the column of each such table headed “When information to be provided”.

1.2 When so requested by the Authority, the Franchisee shall, within such reasonable period as the Authority may specify, make such information available for review by the Authority by reference to:

- (a) such level of disaggregation (including by Route or Service Group or Sector) as is reasonably specified by the Authority ; and
- (b) any particular day, week or other longer period as is reasonably specified by the Authority .

2. The following key shall apply to the tables in this Appendix 1:

A = Information to be provided on or before any Passenger Change Date;

B = Information to be provided for every Reporting Period within 10 days of the last day of each Reporting Period; and

C = Information to be provided annually within 10 days of the last day of each Franchisee Year.

Table 1 Rolling stock vehicles

Information to be provided	Class of Rolling Stock Vehicle			When information to be provided
	Class aaa	Class bbb	Class xxx	
Number of rolling stock vehicles in the Train Fleet				A
Number of rolling stock vehicles locked out of use in service in any one train, identified by train id/head code/diagram				A
Number of rolling stock vehicles scheduled to be in service in peak hour as a percentage of the number of rolling stock vehicles in the Train Fleet				A
Number of rolling stock vehicle hours scheduled in service per Reporting Period as a percentage of number of rolling stock				A

	Class of Rolling Stock Vehicle			When information to be provided
Information to be provided	Class aaa	Class bbb	Class xxx	
vehicles in the Train Fleet x 24 hours x 28 days (total rolling stock vehicle hours)				
Total standard time scheduled preventative maintenance rolling stock vehicle laws per Reporting Period as a percentage of total rolling stock vehicle hours				A
Performance measured by technical failures causing 3 mins delay or more expressed as miles per technical failure				B
Key reliability issues and improvement actions				B
Availability, actual versus planned				B
Rolling Stock Stewardship Report				B
The number of rolling stock vehicles locked out of use in service in one train, identified by the train id/head code/diagram on a daily basis				B

3. Where trains operated by the Franchisee consist of locomotive(s) and coaches, the Franchisee shall separate the information provided for locomotive(s) and coaches.

4. For Class of Rolling Stock Vehicle in the above Table, the information is to be provided as if there was a separate column for each class of vehicle in the Train Fleet.

Table 2 Information related to Efficiency of Operation

Information to be provided	When information to be provided
Total passenger journey kilometres divided by total staff hours plus contractor hours	A
Number of scheduled diagrams per Reporting Period divided by the number of drivers employed	A
The number of depot maintenance employees (including train maintenance staff and supervisory and administrative staff at the relevant depot) divided by the number of rolling stock vehicles in the Train Fleet	A
Scheduled driving/train crew in service time compared to total employed driver/ train crew time expressed as a percentage	A
Total number of employees divided by the number of rolling stock vehicles in the Train Fleet	A
Number of indirect employees (head office, management	A

and supervisory and administrative staff) relative to the number of direct employees (drivers, train crew, station staff and train maintainers), expressed as a percentage	
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

Table 3 Financial Efficiency Ratios

Information to be provided	When information to be provided
Total cost of service operations (all Franchisee's costs excluding head office, management and supervisory and administrative staff costs and head office lease and facilities costs) divided by total scheduled vehicle miles	A
Total maintenance cost (including depot costs, spare parts replacement train maintenance staff and depot supervisory costs, interior and exterior cleaning costs, depot maintenance costs excluding any vehicle fuel costs) divided by total scheduled vehicle miles	A
Total cost (sum of all Franchisee's costs) divided by total number of total passenger journey kilometres	A
Total cost of service operations (all Franchisee's costs excluding head office, management and supervisory and administrative staff costs and head office lease and facilities costs) divided by total passenger journeys	A
Administrative costs (head office, management and supervisory and administrative staff costs and head office lease and facilities costs) divided by total scheduled vehicle miles	A
Total fares revenue divided by the total number of total passenger journey kilometres	A
Ticket selling and revenue protection costs as a percentage of total revenue. Ticket selling and revenue protection costs shall include ticket office staff costs, ticket machine and ticket validation equipment maintenance costs, ticket procurement and ticket costs, revenue protection staff costs (less penalty fare (if any) receipts), costs associated with RSP and Ticketing and Settlement Agreement compliance, and commissions paid to third parties in respect of ticket sales plus ticket gating machine charges, maintenance cost and gating staff costs	A
Percentage of ticket sales revenue collected by ticket office staff	A
Percentage of ticket sales revenue collected by on train staff	A
Percentage of ticket sales revenue collected by automatic ticket machines	A
Percentage of total revenue obtained from season tickets	A

Table 4 Safety

Information to be provided	When information to be provided
Accidents reported (staff and passengers) divided by the number of passenger journeys	C
Crime incidents reported (staff and passengers) divided by the number of passenger journeys	C

Table 5 HR Information

Information to be provided	When information to be provided
Evidence of Franchisee's vision, company goals and HR Strategy that supports it	C
Evidence of a human resource database capable of informing the operation of the Franchisee and supporting the production of a manpower plan	C
Evidence of a 5 year manpower plan, rolling forward and updated annually	C
Evidence of working towards "Investors in People" accreditation	C
Evidence of a performance management process applicable to all staff	C
Evidence of an objective, transparent and fair recruitment process	C
Evidence of analysis of employment and recruitment data by gender, ethnic category, disability function and grade	C
Evidence of analysis of turnover by cause, retirement, dismissal, redundancy, ill health retirement, death	C
Evidence of succession planning, identification of prospective "hot spots" and actions taken to address them	C
Evidence of an Equalities plan, actions taken in terms of it and impact of implementing it	C
Evidence of historical and current data on salaries, earnings, hours of work, overtime worked, free day/rest day working, and other main terms and conditions for all key grade groups	C
Evidence of benchmark comparator data	C
Evidence of non-financial reward and recognition initiatives	C

Information to be provided	When information to be provided
Evidence of a competence framework in place based on national occupational standards	C
Evidence of an assessment and verification framework to enable the delivery of NVQs and SVQs	C
Evidence of a structured induction programme (supported by hard data) incorporating a rail industry perspective to all new entrants	C
Evidence (supported by hard data (numbers / %)) of staff with NVQs / SVQs (or equivalent externally recognised qualification) by grade against target	C
Evidence (supported by hard data (numbers / %)) of structured training and development for “Strategic”, “Supervisory” and “Operational” managers as well as the wider workforce	C
Evidence of a collective “consultation and bargaining framework”	C
Evidence (supported by hard data) (numbers/%) of people days lost through industrial action and a record of industrial action short of strike action	C
Evidence of an annual staff attitude survey	C
Evidence of actions taken arising from feedback received from the staff attitude survey	C
Evidence of company links to the community through its staff	C
Evidence of a company communication and briefing strategy	C
Evidence of a robust process of briefing, core briefing material and 2-way communication and feedback	C
Evidence of staff hours lost through sickness and other absence	C
Evidence of staff hours lost through training	C
Evidence of average wage and the minimum hourly rate and/or wage of all directly employed staff	C
Evidence of the number of apprenticeships created	C
Evidence of steps taken to eliminate discrimination and promote equality	C

Table 6 – Other

Information to be provided	When information to be provided
Monitoring of Resilience Plan implementation	C

APPENDIX 2 TO SCHEDULE 13.2**Key Assets****Information about assets used by the Franchisee**

1. The Franchisee shall at all times during the Franchise Term maintain records covering the following information:
 - 1.1 for each Primary Franchise Asset or other asset which is the subject of, or operated under, a Key Contract:
 - (a) the progress and completion of all work described in the maintenance schedules and manuals;
 - (b) all operating manuals (including any safety related regulations); and
 - (c) all permits, licences, certificates or other documents required to operate such asset; and
 - 1.2 a printed or electronic list of all assets owned by the Franchisee from time to time (excluding, unless otherwise requested by the Authority, any office furniture and consumable items).
2. The Franchisee shall provide copies of:
 - 2.1 the records referred to in paragraph 1.1; and
 - 2.2 the records referred to in paragraph 1.2,to the Authority when requested to do so from time to time by the Authority.

APPENDIX 3 TO SCHEDULE 13.2

Operational Information

1. Information About the Performance of the Franchisee

- 1.1 The Franchisee shall at all times during the Franchise Term maintain records in relation to its operational performance under this Agreement, covering the areas and the information described in this Appendix 3 and shall, subject to paragraph 1.3, provide such information to the Authority at the frequency specified in the column of each such table headed "When information to be provided".
- 1.2 The information referred to in paragraph 1.1 shall include details as to whether or not any curtailment, diversion, delay or failure to attain any connection is attributable, in the Franchisee's opinion, to either a Force Majeure Event or the implementation of a Service Recovery Plan.
- 1.3 When so requested by the Authority the Franchisee shall, within such reasonable period as the Authority may specify, make such information available for review by the Authority by reference to:
 - (a) such level of disaggregation (including by Route or Service Group or Sector and also including between the Services) as is reasonably specified by the Authority; and
 - (b) any particular day, week or other longer period as is reasonably specified by the Authority.
- 1.4 The following key shall apply to the Table in this Appendix 3:
 - A = Information to be provided on or before any Passenger Change Date;
 - B = Information to be provided for every Reporting Period within 17 days of the last day of each Reporting Period; and
 - C = Information to be provided annually within 10 days of the last day of each Franchisee Year.
- 1.5 For the purpose of this Appendix 3, a business day is any day between Monday to Friday (inclusive) excluding public holidays.

Table - Operational Information per Reporting Period

Information to be provided per Reporting Period	Information (Format)	When information to be provided
Number of Passenger Services		
Number of Passenger Services in the Timetable	[number]	B
Number of Cancellations and Partial Cancellations		
Number of Passenger Services in the Applicable Timetable which were the subject of a Cancellation	[number]	B
Number of Passenger Services in the Applicable Timetable which were the subject of a Partial Cancellation	[number]	B
Number of Passenger Services in the Applicable Timetable which were the subject of a Cancellation attributable to the Franchisee's implementation of a Service Recovery Plan	[number]	B
Number of Passenger Services in the Applicable Timetable which were the subject of a Partial Cancellation attributable to the Franchisee's implementation of a Service Recovery Plan	[number]	B
Any instance of 50 per cent, or more of the Passenger Services in the Timetable being the subject of a Cancellation on any day on any line or Route or in any Service Group	[number]	within 2 business days of the occurrence
Where there is a difference between the Timetable and the Applicable Timetable on any day which is attributable to the introduction, removal or alteration of a Passenger Service by the Franchisee (or with the agreement of the Franchisee in contravention of its obligations under Schedule 1 (<i>Passenger Service Obligations</i>)), the following: (a) the fact of such difference; (b) the number of: (i) Passenger Services affected; and (ii) Cancellations or Partial Cancellations which would have arisen if the Timetable on that day had been the same as the Applicable Timetable	[number]	B
Number of Passenger Services in the Applicable Timetable which were the subject of a cancellation and which satisfied the conditions of the term Cancellation , except that such cancellations occurred for reasons attributable to the occurrence of a Force Majeure Event	[number]	B
Number of Passenger Services in the Applicable Timetable which were the subject of a partial cancellation and which satisfied the conditions of the term Partial Cancellation , except that such partial cancellations occurred for reasons attributable to the occurrence of a Force Majeure Event.	[number]	B

Information to be provided per Reporting Period	Information (Format)	When information to be provided
Number of Passenger Services in the Applicable Timetable which were the subject of a cancellation and which satisfied the conditions of the term Cancellation , except that such cancellations occurred for reasons attributable to the exercise by Network Rail of its rights pursuant to the Track Access Agreement	[number]	B
Number of Passenger Services in the Applicable Timetable which were the subject of a partial cancellation and which satisfied the conditions of the term Partial Cancellation , except that such partial cancellations occurred for reasons attributable to the exercise by Network Rail of its rights pursuant to the Track Access Agreement	[number]	B

Capacity		
Number of Passenger Services that have less than the required Passenger Carrying Capacity specified in the Train Plan	[number]	B
Number of Passenger Services that have less than the required Passenger Carrying Capacity specified in the Train Plan attributable to the Franchisee's implementation of a Service Recovery Plan	[number]	B
Number of Passenger Services that have less than the required Passenger Carrying Capacity specified in the Train Plan attributable to the occurrence of a Force Majeure Event	[number]	B

Minutes Delay and Punctuality		
Number of Minutes Delay attributable to the Franchisee	[minutes]	B
Number of Minutes Delay attributable to Network Rail	[minutes]	B
Number of Minutes Delay for such Reporting Period for which the attribution is in dispute between Network Rail and the Franchisee	[minutes]	B
Number of Minutes Delay for the 12 preceding Reporting Periods for which the attribution remains in dispute between Network Rail and the Franchisee	[minutes]	B
Number of Minutes Delay from the 12 preceding Reporting Periods for which the attribution remains in dispute between Network Rail and the Franchisee	[minutes]	B
Number of Minutes Delay from the 12 preceding Reporting Periods for which disputed attribution has been resolved or determined since the Franchisee's previous report pursuant to paragraph 2.7 of Schedule 7.1 (<i>Train Operating Performance</i>) and the number of such Minutes Delay attributed to each of the Franchisee and Network Rail as a result of such resolution or determination	[minutes]	B

Number of Minutes Delay attributed to the occurrence of a Force Majeure Event	[minutes]	B
Passenger Services arriving at terminus stations less than 5 minutes late (or 10 minutes late in the case of designated long distance services) as a percentage of total number of scheduled passenger service arrivals at terminus stations	[%]	B
Average duration of delay per delayed Passenger Service	[minutes]	B
<p>Number of Passenger Services in the Timetable which arrive at their scheduled final destination:</p> <p>(a) Early</p> <p>(b) On time</p> <p>(c) 1 to 4.59 minutes late</p> <p>(d) 5 to 9.59 minutes late</p> <p>(e) 10 to 14.59 minutes late</p> <p>(f) 15 to 19.59 minutes late</p> <p>(g) 20 to 29.59 minutes late</p> <p>(h) 30 to 59.59 minutes late</p> <p>(i) 60 or more minutes late,</p> <p>measured against scheduled arrival time of such Passenger Services in the Timetable any Passenger Services which suffers a Cancellation will be recorded as having arrived at destination 20 to 29.59 minutes late)</p>	[number]	B
Passenger delay per Passenger Service	[minutes]	A

Train Mileage		
Aggregate Train Mileage scheduled in the Timetable	[mileage]	B
Aggregate Train Mileage operated	[mileage]	B

Passenger's Charter Information		
In respect of each Charter Group (and in each case, consistent with the Passenger's Charter Guidelines) for such Reporting Period:		B
(a) the number of Passenger Services planned for the purpose of the Passenger's Charter;	[number]	
(b) the number of such Passenger Services run as defined in the Passenger's Charter;	[number]	
(c) the percentage of Passenger Services as defined in the Passenger's Charter;	[%]	
(d) the calculated Reliability Moving Annual Average as defined in the Passenger's Charter;	[maa]	
(e) the number of Passenger Services having a punctuality target for the purpose of the Passenger's Charter;	[number]	
(f) the number of Passenger Services achieving the	[number]	

	punctuality target as defined in the Passenger's Charter;		
(g)	the percentage of Passenger Services achieving the punctuality target as defined in the Passenger's Charter; and	[%]	
(h)	the calculated Punctuality Moving Annual Average as defined in the Passenger's Charter	[<i>maa</i>]	
(i)	the number of delay = repay payments made	[number]	
(j)	the amount of delay = repay payments made	[sum]	
(k)	the amount of payments under (j) paid at scene;	[%]	
(l)	the amount of payments under (j) sent in post;	[%]	
(m)	the amount of payments under (j) made by other method (not (k) or (l))	[%]	

APPENDIX 4 TO SCHEDULE 13.2

Passenger Journeys, Miles and Earnings Information

Information About Journey Numbers and Earnings

1. The Franchisee shall at all times during the Franchise Term maintain records in relation to the information specified in the following table and shall, subject to paragraph 1.2, provide:
 - 1.1 such information to the Authority; and
 - 1.2 the information specified in such table,

at the frequency specified in the column of such table headed "When information to be provided".
2. When so requested by the Authority the Franchisee shall make such information available for review by the Authority by reference to:
 - 2.1 such level of disaggregation (including by Route or Service Group and also including between Services) as is specified by the Authority from time to time; and
 - 2.2 any particular day, week or other longer period as is specified by the Authority from time to time.
3. The following key shall apply to the Table in this Appendix 4:

A = Information to be provided on or before any Passenger Change Date;

B = Information to be provided for every Reporting Period within 10 days of the last day of each Reporting Period; and

C = Information to be provided annually within 10 days of the last day of each Franchisee Year.

Table - Passenger Journey Information

Information to be provided	Information (Format)	When information to be provided
Number of national passenger rail journeys (meaning the number of journeys by passengers from the station where such passengers join the railway passenger services to the station where such passengers exit the railway passenger services). A national passenger rail journey may encompass more than one passenger rail train journey (meaning the number of journeys by passengers on any one train between stations, which travel may form the whole or part of a national passenger rail journey)	[number]	B
Number of passenger rail train journeys	[number]	B
Number of passenger miles (meaning the total number of passengers transported over the distance of one mile on the Passenger Services)	[number/mileage]	B

Information to be provided	Information (Format)	When information to be provided
Earnings (meaning all income received from passengers. Earnings shall not be limited to income from Fares)	[£]	B
Farebox income (meaning income from Fares (showing the income for each ticket type for each line of route) which are valid for travel on the Passenger Services, or having such other meaning as the Authority may determine from time to time in its reasonable discretion)	[£]	B
Other passenger revenue (meaning Earnings less Farebox income)	[£]	B

4. Where the information referred to in this Appendix 4 is held in a system operated by RSP or any other system, the Franchisee may fulfil its obligations under paragraph 1 by procuring that the Authority shall be granted access free of charge to such records in a readily accessible manner and in a format acceptable to the Authority.
5. The Franchisee shall advise the Authority of any changes made to its systems or processes or those of RSP which materially change or affect the continuity of the records maintained pursuant to this Appendix 4. Such advice shall include an assessment of the materiality of the relevant change.

SCHEDULE 13.3

THIS IS SCHEDULE 13.3 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Co-operation

1. Development of Railway Industry Standards

- 1.1 The Franchisee shall at all times during the Franchise Term, co-operate with the Authority and any other competent authority in the development, modification, agreement and implementation of railway industry standards. References to **Railway Industry Standards** in this paragraph 1 shall include Railway Group Standards, TSIs, recommendations following accident investigations and any consultation documents on any proposed legislative change affecting the railway industry.
- 1.2 In co-operating with the Authority and/or any third party in developing any Railway Industry Standards, the Franchisee shall make appropriately skilled and qualified Franchise Employees reasonably available, free of charge to:
 - (a) attend meetings with the Authority and/or such third party to discuss and review the need for the development, agreement, amendment or need for derogation from any Railway Industry Standards;
 - (b) provide the Franchisee's opinion on any proposed Railway Industry Standards;
 - (c) provide the Franchisee's opinion on any existing Railway Industry Standards or any replacement Railway Industry Standards;
 - (d) review and comment upon implementation timetables and programmes for any Railway Industry Standards or any replacement Railway Industry Standards;
 - (e) make recommendations for modifications to any existing or new Railway Industry Standards in the light of operational experience;
 - (f) make representations to competent authorities to prevent the introduction of new Railway Industry Standards where in the Franchisee's opinion the introduction of such new Railway Industry Standards would cause disproportionate additional cost; and
 - (g) make representations to competent authorities to seek derogations from the application of new Railway Industry Standards where such new Railway Industry Standards are judged inappropriate by the Franchisee.

2. System Interface Committees

- 2.1 The Franchisee shall at all times during the Franchise Term co-operate with the reasonable requirements of any relevant System Interface Committees in the development, modification, agreement and implementation of any system interface recommendations made by those committees.
- 2.2 In co-operating with any relevant System Interface Committee, the Franchisee shall make appropriately skilled and qualified Franchise Employees reasonably available, free of charge to:

- (a) attend meetings with that committee to discuss and review the need for the development, agreement, amendment or need for derogation from any recommendations made by that committee;
- (b) provide the Franchisee's opinion on any such proposed recommendations;
- (c) review and comment upon implementation timetables and programmes for any such recommendations;
- (d) make recommendations for modifications to any existing system or system interface recommendations in the light of operational experience; and
- (e) make representations to competent authorities to seek derogations from the application of such recommendations where the Franchisee reasonably believes that such derogations are appropriate.

3. Development of Business Cases

The Franchisee shall co-operate with the Authority in the development of business cases connected with the improvement of the network (including any in respect of inter-modal schemes).

4. Development of Industry Schemes

The Franchisee shall at all times during the Franchise Term actively, co-operate, in a manner consistent with it being a reputable Train Operator of the Franchise, with Network Rail, the Authority and the ORR and all other relevant railway industry bodies and organisations in relation to the development of anything which can reasonably be considered to be a railway industry system in relation to the attribution of train delay, the allocation of revenue and/or the collection and dissemination of industry wide information.

5. Community Rail Partnerships

- 5.1 The Franchisee shall contribute from the Franchise Commencement Date to the expiry of the Franchise Term to Community Rail initiatives including covering funding for Community Rail Partnerships and Stations Community Regeneration Fund;

- (a) in the first Franchisee Year [---REDACTED---];
- (b) in the second Franchisee Year an amount which is [---REDACTED---] x RPI;
- (c) in relation to each subsequent Franchisee Year an amount which is equal to the amount of the previous Franchisee Year, that is replacing x RPI, and

for the purposes of this paragraph 5.1, RPI shall be the Retail Prices Index for the January which immediately precedes the commencement of the relevant Franchisee Year divided by the Retail Price Index for January 2015.

- 5.2 The Franchisee shall, at all times during the Franchise Term, participate in the relevant Community Rail Partnership's governance, funding and activities.
- 5.3 The Franchisee shall employ the equivalent one full time member of staff to assist with the creation, development and operation of Community Rail Partnerships.
- 5.4 The Franchisee shall manage and administer the Station Community Regeneration Fund in accordance with the SCRF Principles that can be used to:

- (a) carry out structural repairs to disused buildings; and
- (b) meet up to half of the costs of fitting out disused buildings for their intended use.

6. Station Investment

- 6.1 The Franchisee shall at all times during the Franchise Term, co-operate with the Authority and any third party nominated by the Authority and notified to the Franchisee in developing opportunities for financing investment at Stations or other stations served by Passenger Services in order to improve the station environment at such stations.
- 6.2 In co-operating with the Authority and/or any nominated third party in developing any such financing opportunities, the Franchisee shall:
- (a) attend meetings with the Authority and/or such third party to discuss such opportunities;
 - (b) provide the Franchisee's opinion on those opportunities;
 - (c) review and comment on implementation timetables and programmes for any such opportunities; and
 - (d) use all reasonable endeavours to achieve any necessary amendments to any Station Leases in order to facilitate the implementation of those opportunities.

7. Small and Medium-sized Enterprises

- 7.1 the Franchisee shall at all times keep accurate and complete records of its contracts with, as to type and value, and interaction with SMEs in delivering the Franchise Services.
- 7.2 By no later than 31 January in each year (and within one month of the end of the Franchise Period) the Franchisee shall deliver to the Authority a breakdown of the number of SMEs, and type and value of the contract the Franchisee has so contracted with in providing the Franchise Services during the calendar year (or part thereof) which ended on the immediately preceding 31 December or at the end of the Franchise Period (as applicable).

APPENDIX TO SCHEDULE 13.3

SCRF Principles

Aim

This scheme aims to make use of disused station buildings as either:

- a business meeting passenger or community needs
- a community project which contributes to the local community

The SCRF will create conditions where passengers will benefit from improved facilities at stations, redundant buildings will be brought back into use, and new opportunities for job creation and community involvement will be opened up.

Parties are to be requested to apply for funding

Applications are to be sought for funding towards a contribution towards set-up costs for ideas that would make use of a disused station building.

Is there a funding cap?

There is no upper limit for individual schemes. The scheme would not expect to be used for proposals which require less than £5,000. Any application seeking funding of £75,000 or more must be supported by a feasibility study which will be assessed for its strengths and weaknesses but which will not be included in the evaluation process. Approval of requests for funding on this scale will be put to the Authority for a final decision.

Assessment Criteria

Applications are to be assessed against the following criteria:

1. Proposal details – ensuring a fit between the proposed project and the building
2. Local fit – giving assurance the proposal works in partnership with or complements other local organisations
3. Market – showing that an evidence base exists and there is a need or market for the proposal
4. Outcome – targets and benefits expected as a result of the proposal

Management

The Franchisee shall provide guidelines and an application form for prospective beneficiaries of the scheme these shall be Published at a minimum on the Website.

Variation of principles

The Franchisee and the Authority may update and amend the SCRF Principles from time to time.

SCHEDULE 13.4

THIS IS SCHEDULE 13.4 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Staff Obligations

1. Training and development

- 1.1 The Franchisee shall invest at the annual sum specified in Committed Obligation reference 24.11 in Schedule 1.6 (*Committed Obligations*) from the Franchise Commencement Date to the expiry of the Franchise Term in a planned programme of staff training and coaching covering professional competence and customer service skills. References in this paragraph (a) to per annum are to a calendar year (so that where a Franchisee Year is less than a full calendar year the level of expenditure required during that Franchisee Year shall be found by multiplying the said annual sum by the number of days in that Franchisee Year divided by 365). The Franchisee shall at each quarterly Franchise Performance Meeting provide to the Authority evidence of the expenditure on such planned programme in that quarter and within three months of the end of each Franchisee Year will provide to the Authority evidence of the expenditure at the said annual rate on that programme in that Franchisee Year.
- 1.2 The Franchisee will regularly carry out a training needs analysis for staff, utilising the National Passenger Survey results and customer feedback.
- 1.3 The Franchisee will carry out management staff appraisals annually in order to identify the training required to facilitate staff development and use all reasonable endeavours to provide such training.
- 1.4 Apprenticeships
 - 1.4.1 The Franchisee will employ not less than 100 trainees and apprentices (during the Franchise Period) with a minimum of 50 having been taken on no later than the fifth anniversary of the Franchise Commencement Date.
 - 1.4.2 The Franchisee shall at all times keep accurate and complete records of training and apprenticeships created by the Franchisee in delivering the Franchise Services and taken up.
 - 1.4.3 By no later than 31 January in each year (and within one month of the end of the Franchise Period) the Franchisee shall deliver to the Authority a breakdown of the number of training places or opportunities and apprenticeships created by the Franchisee in providing the Franchise Services during the calendar year (or part thereof which ended on the immediately preceding 31 December or at the end of the Franchise Period (as applicable)).

2. Scottish Vocational Qualification ("SVQ")

The Franchisee will offer SVQs in hospitality, travel and tourism, and rail services. A rolling programme of SVQs will commence in the first year of the Franchise Term with the intention of achieving the registration levels set out in the table below for the first year of the Franchise Term and each subsequent year as required.

SVQ	Targeted employees	Number of employees in group	% / number of employees year one	% / number of employees each subsequent year
Hospitality (Level 4)	On-train catering, 'To-Go' Kiosks, Tickets Plus retail outlets	500	5% / 25	6.67% / 33
Travel and tourism (HNC level 4)	Scenic trains employees	160	5% / 8	6.67% / 11
Rail Services (driving)	Train drivers	1,145	4% / 46	4.8% / 55
Business, administration, IT and accounting	HQ and support employees	289	5% / 15	6.67% / 20
Literacy and numeracy units	Customer-facing employees	2,057	2.5% / 51	3.33% / 68
Improving wellbeing (Level 3)	All employees	4,675	1% / 47	1.33% / 62

3. Self Learning Centre

- 3.1 The Franchisee shall retain the Self Learning Centre and within one year of the Franchise Commencement Date review its operation and if appropriate following such review, relaunch or otherwise, update the operation of the Self Learning Centre. A catalogue of courses shall be provided ranging from English, IT skills and First Aid through to accounting, foreign languages and sign language.
- 3.2 The Franchisee shall notify its employees of the Self Learning Centre and of the opportunities to broaden the employees' skill base the Self Learning Centre represents. The Franchisee shall, throughout the Franchise Term, keep under review the list of courses offered and their content and shall, from time to time, (and no less than annually) issue updates to its employees on the new and ongoing courses offered.
- 3.3 In the event of there being unused capacity in the Self Learning Centre, the Franchisee shall advertise the facility and available courses in the local community and at local schools and permit participants from the local community and local schools to attend such courses.

4. Railway Industry Training

The Franchisee shall use all reasonable endeavours to identify and utilise suitable and cost effective training opportunities for staff engaged in the provision of Passenger Services.

5. Investors in People ("IIP")

The Franchisee shall achieve IIP accreditation for all of its activities by the third anniversary of the Franchise Commencement Date and thereafter maintain that accreditation and work towards the highest level of IIP accreditation throughout the Franchise Term.

6. Uniforms for employees

- 6.1 Within six months of the Franchise Commencement Date, new ScotRail Franchise uniforms shall be provided to all staff of the Franchisee who are expected to wear a uniform; and
- 6.2 The Franchisee shall enforce the wearing of a complete ScotRail Franchise branded uniform by all of the Franchisee's staff members who are expected to wear a uniform.

8. **Ticket Sales Training**

The Franchisee shall ensure that all of the Franchisee's staff with ticket sales duties shall undergo a formal company induction and a ticket sales training course covering customer service and sales skills, fares, timetables and product knowledge, relevant ticket issuing, reservations and information systems and relevant national and company standards, procedures, publications, conditions of carriage, routing guides and other relevant schemes. Training and progress of staff shall be monitored throughout the Franchise Term by nominated mentors within each Service Group.

9. **Staff Travel**

- 9.1 Notwithstanding any other terms of this Agreement, the Franchisee shall ensure that employees of the Franchisee who were employees of the Outgoing Franchisee and all other employees of the Outgoing Franchisee (including those employed as of the Franchise Commencement Date by the Caledonian Sleeper Franchisee) shall retain the same entitlement to purchase a Fare for use on any Passenger Service on the same terms, conditions and subject to same restrictions and rights of variation as such persons enjoyed whilst employed by the Outgoing Franchisee in relation to the Previous Franchise Agreement as at the day prior to the Franchise Commencement Date for the avoidance of doubt, insofar as these entitlements are derived from the participation by the Franchisee in, or observance or implementation of, the ATOC Staff Travel Scheme, this entitlement shall be to the benefit of that scheme and the terms and conditions of the same as the same shall be formulated and implemented by the Franchisee from time to time, including as to the benefits enjoyed by employees and others and restrictions imposed upon the same, (and that subject always to any agreements between employers and employee representatives with respect to the same).
- 9.2 Subject to the terms of paragraph 9.1, the Franchisee shall not be required to provide free travel to railway staff except for those staff whose concessionary travel provision is protected at such a level by the Act.

10. Where the Franchisee's plans in pursuit of efficient and sustainable Franchise Services are best achieved by utilising lower numbers of staff in particular areas or functions the Franchisee shall: -

- 10.1 seek to redeploy displaced staff to other areas of and functions delivering the Franchise Services;
- 10.2 assist affected staff by, including but not limited to, working with local colleges, Skills Development Scotland and other training providers to offer retraining to staff to improve such staff members redeployment opportunities;
- 10.3 communicate and work with Network Rail and other rail industry companies such as train manufacturers, maintainers and others providing supplies and services to identify and provide assistance and information to staff who are interested in employment opportunities within such entities;
- 10.4 operate a voluntary scheme providing enhanced severance payments to Franchise Employees who want to leave the employ of the Franchisee; and
- 10.5 not make any compulsory redundancies.

11. Living Wage

11.1 The Franchisee shall:

- (a) ensure that all employees of the Franchisee who as at the Franchise Commencement Date are paid at least the Living Wage continue to be paid at least the Living Wage;
- (b) without prejudice to paragraph 11.1(a) ensure that by no later than three months after the Franchise Commencement Date all employees of the Franchisee from time to time are paid at least the Living Wage;
- (c) by no later than the end of the first Franchisee Year, use reasonable endeavours to procure that all other Franchise Employees are paid at least the Living Wage;
- (c) by no later than the end of the first Franchisee Year, use reasonable endeavours to procure that all employees in the United Kingdom of subcontractors and suppliers to the Franchisee are paid at least the Living Wage; and
- (d) ensure that from the date of this Agreement the requirement to pay all employees in the United Kingdom at least the Living Wage is included in all procurements undertaken by or on behalf of the Franchisee and is included in all sub-contracts and supply contracts entered into by the Franchisee.

11.2 In paragraph 11.1, "**Living Wage**" means the amount of remuneration with that name calculated and set annually as relevant to Scotland by the Centre for Research in Social Policy at Loughborough University, or such alternative amount of remuneration as is required to cover the basic cost of living in Scotland as may be proposed by the Franchisee to the Authority for its approval.

12 New UK Headquarters and facilities for senior directors

12.1 The Franchisee shall establish its headquarters ("**Abellio HQ**") as the main headquarters for Abellio Transport Holdings Limited. The Abellio HQ will be established in Glasgow on or before the Franchise Commencement Date and retained throughout the Franchise Term. The Abellio HQ shall:

- (a) include permanent office space for (i) the Chief Executive Officer, the Group Strategy Director and the Group Finance Director (or any equivalent successor director level posts) of Abellio Transport Holding BV and (ii) the Managing Director of Abellio Transport Holdings Limited and all his or her direct reports at director level and the Finance Director of Abellio Transport Holdings Limited (together, the "**Abellio Group Directors**");
- (b) be attended by some or all of the Abellio Group Directors no less frequently than weekly throughout the Franchise Term;
- (c) host (or arrange at another venue in Scotland) in each Franchisee Year the Abellio Transport Holdings Limited annual leadership conference and achievement award ceremony, with around 150 attendees; and
- (d) as soon as practicable, but in any event no later than the end of the first Franchisee Year, host the senior posts in relation to the IT, HR and procurement functions of Abellio Transport Holdings Limited.

- 12.2 At Abellio HQ or another location in Glasgow agreed with Network Rail, the Franchisee will arrange for office space for a total of 12 to 14 executive team members comprising the Franchisee's ScotRail executive team and the Network Rail executive team with responsibility for the railways in Scotland.
- 12.3 The Franchisee shall procure that Abellio Transport Holding BV incorporates a new subsidiary company registered in Scotland (the "New Scottish Group Company"). The New Scottish Group Company will have its registered office at the Abellio HQ and have the name Abellio Transport Group Limited. The Franchisee shall procure that the New Scottish Group Company will become:
- (a) by the Franchise Commencement Date, the immediate holding company of the Franchisee;
 - (b) from the date of their establishment, the immediate holding company of any new subsidiaries established by Abellio Transport Holding BV for the purpose of running new transport operations in the United Kingdom; and
 - (c) by the Franchise Commencement Date subject to the consent of any third party whose consent is required (the Franchisee shall use reasonable endeavours to obtain the same), and there being no material charge to tax on the transaction, the immediate holding company of Abellio Transport Holdings Limited (or in the event that the consent of such a third party cannot be obtained or there being a material charge to tax on such transaction such of the subsidiaries of Abellio Transport Holdings Limited which can be transferred without such a consent and without such a material charge to tax).

SCHEDULE 13.5

THIS IS SCHEDULE 13.5 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Safety and Personal Security

1. Safety and Security Review and Plan

- 1.1 Within six months of the Franchise Commencement Date, the Franchisee shall carry out (to standards accepted by Rail Safety and Standards Board or its successor) an assessment of its prevailing safety culture. Within that time frame, the Franchisee shall also produce a specific safety and security plan for on-board security on Passenger Services and for at stations which will identify steps that need to be taken to enhance safety and security and perceptions of safety and security. That assessment and plan shall be promptly made available to the Authority.
- 1.2 The said safety and security plan shall deal with on train and station security, identify key partners with who the Franchisee shall work with, how they will train staff to deliver this and engagement with the British Transport Police and other appropriate organisations and authorities.

2. Rail Safety and Standards Board

- 2.1 The Franchisee shall become a member of the Rail Safety and Standards Board.
- 2.2 The Franchisee shall engage in the Rail Safety and Standards Board's activities including:
 - (a) The consultation process for new standards, including European technical standards for inter-operability (TSIs), railway group standards and any ATOC 'Codes of Practice';
 - (b) The process of generating the 'Railway Safety Group Safety Plan' (**RSGSP**); and
 - (c) The delivery of an appropriate contribution to that RSGSP.
- 2.3 The Franchisee shall make available to the Authority and ORR on request the annual safety plan as a member of the Rail Safety and Standards Board the Franchisee is required to produce.

3. Risk Management Strategy

The Franchisee shall manage all significant risks to safety and security throughout the Franchise Term using clearly defined processes for identifying and managing those risks as part of an overall risk management strategy. The Franchisee shall identify key performance indicators and monitor these on a quarterly basis, establishing detailed action plans where necessary, reporting such to the Authority.

4. Training

- 4.1 The Franchisee shall establish a comprehensive training programme to determine and develop the safety competence of staff across the organisation.

- 4.2 The Franchisee shall ensure that all on-board train crew employed by the Franchisee are trained in emergency procedures before the later of the Franchise Commencement Date and the member of staff's first on-board duty.

5. Customer and Staff Security

Throughout the Franchise Term, the Franchisee shall:

- (a) identify and monitor trends in customer security and verbal and physical abuse of staff;
- (b) establish and implement action plans to address such issues; and
- (c) adopt a policy of zero tolerance of offenders.

SCHEDULE 13.6

THIS IS SCHEDULE 13.6 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Integration

1. **PlusBus**

- 1.1 The Franchisee shall continue existing PlusBus arrangements relevant to the Franchise Services in Aberdeen, Ayr, Bathgate, Cowdenbeath, Dumfries, Dundee, Dunfermline, Edinburgh, Elgin, Falkirk (High and Grahamston), Fort William, Glasgow (Queen Street and Central), Inverness, Kilmarnock, Kirkcaldy, Larbert, Linlithgow, Livingston North, Perth and Stirling, as taken over at the Franchise Commencement Date.
- 1.2 The Franchisee shall seek to extend those arrangements in paragraph 1.2 from the first anniversary of the Franchise Commencement Date to other areas served by the Franchise Services where the relevant bus operator is an Affiliate of the Franchisee.
- 1.3 The Franchisee shall seek to extend the arrangements in paragraph 1.2 from the first anniversary of the Franchise Commencement Date to other areas served by the Franchise Services where the relevant bus operator is other than an Affiliate of the Franchisee.
- 1.4 The obligations of the Franchisee under paragraphs 1.2 and 1.3 are subject:
 - (a) to the relevant scheme being compliant with competition law and any undertakings or similar obligations in relation to competition law which may apply to the Parent or its Affiliates in relation to the conduct of their business in Scotland;
 - (b) to agreement being able to be reached or maintained with the relevant bus operator; and
 - (c) to the relevant scheme not requiring the Franchisee to fund or cross-subsidise the relevant bus operator.
- 1.5 The Franchisee's obligations under paragraph 1.1 to 1.4 are to co-operate with the relevant bus operator in the provision of the PlusBus service by that operator.

2. **Transport Integration Group etc**

- 2.1 As part of its commitment to work with the Authority and other Stakeholders, the Franchisee shall continue to lead the Transport Integration Group ("TIG") or such other group as the Authority shall require for the purposes of improving integration in transport within Scotland. The TIG shall be open to other transport operators. The Franchisee shall work diligently to have other transport operators join the TIG. The Franchisee's representative at the TIG shall be the Transport Integration Manager. The Transport Integration Manager shall report to the Commercial Director of the Franchisee and have access to specialists within the Franchisee's group including advisers on other modes of transport, marketing, and fares and ticketing experts.
- 2.2 The Authority shall prioritise the work of the TIG in consultation with the key Stakeholders.
- 2.3 Subject to the prioritisation referred to in paragraph 2.2 the TIG shall address the following:

- (a) co-operation with Local Authorities and bus companies to optimise the location of bus stops relative to station access and egress points;
 - (b) delivery of integrated ticketing;
 - (c) seeking through ticketing with bus operators that link rail services to airports (building upon then existing products such as Zonecard and One-Ticket wherever possible);
 - (d) promoting appropriate rail-airport interchange points with onward travel information by bus, taxi and any other appropriate modes;
 - (e) encouraging co-ordinated marketing of travel services across all operators and in conjunction with airport operators;
 - (f) encouraging co-ordinated and targeted marketing with individual airlines wherever appropriate;
 - (g) the inclusion of airport telephone numbers in all appropriate promotional information;
 - (h) integration with airports through co-ordinated marketing and retail campaigns, integrated links to airports, integrated ticketing, airport information at rail terminals;
 - (i) participation in Transport Direct and Traveline Scotland; and
 - (j) work on development of the Smartcard initiative.
- 2.4 The Franchisee shall, as directed, separately from and in addition to its involvement with TIG, co-operate with, join and/or liaise with and provide information and support to any group, body or organisation that the Authority may direct where the aims or objectives of that group, body or organisation are, or involve to a material extent, the integration of transport. For these purposes the commitment to cooperation, joining and liaison does not include participation in the sense of the provision of funding or finance for that body. A relevant body or organisation may be, or may include within its membership, Transport Scotland or other agency or representative of the Authority.
- 2.5 Separately from, and in addition to its involvement with the TIG, the Franchisee shall work diligently with tourism bodies such as Visit Scotland to develop and promote rail based and rail linked tourism with targeted marketing, development of tourism packages and partnership working with attractions and accommodation providers as well as other transport operators.
- 2.6 The Franchisee shall through TIG commission a national roadside cycle breakdown organisation to provide backup assistance for passengers with valid tickets where using cycles.
3. **St Andrews Virtual Rail Link**
- The Franchisee shall continue the existing “Virtual Branch Line” between Leuchars Station and St Andrews bus station including:
- 3.1 an offer to use existing and future bus services between St Andrews bus station and Leuchars Station as part of the passenger rail ticket price;
 - 3.2 passengers using the link will be offered a range of standard railway tickets, including a 10 journey Flexipass ticket to Edinburgh;

- 3.3 the times of the connecting buses will be included in Published timetables;
- 3.4 the STAR ticket machine (capable of selling a full range of rail tickets and reservations) within the ticket office at St Andrews bus station will be retained, maintained and when necessary replaced;
- 3.5 the Customer Information Screen at St Andrews bus station showing the current rail departure information for Leuchars station will be retained, maintained and when necessary replaced; and
- 3.6 the Franchisee shall use reasonable endeavours to provide appropriate signage in St Andrews to indicate the availability of access to the rail network.

SCHEDULE 13.7

THIS IS SCHEDULE 13.7 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Related Parties and Open Book Accounting

1. Arm's Length Terms

At any time after the date of signature of this Agreement, if and whenever the Franchisee shall enter into, or any Affiliate enters into any Related Party Contract the Franchisee shall ensure or procure (as the case may be) that any such contract is in writing and is on reasonable arm's length terms.

2. Affiliates

2.1. The Franchisee shall not enter into or amend a Related Party Contract unless the Authority has confirmed in writing (such confirmation not to be unreasonably withheld or delayed) that it is satisfied that the provisions of paragraph 1 have been complied with. By signing this Agreement the Authority has confirmed that it has satisfied itself that the Related Party Contracts listed in Part 1 of Appendix 1 to this Schedule 13.7 comply with paragraph 1.

2.2. The Franchisee shall maintain a detailed record of all Related Party Contracts including details of:

- (a) the consideration payable under the Related Party Contract;
- (b) the services to be provided; and
- (c) confirmation that the consideration has been priced at reasonable arm's length terms, or where not, an explanation as to why the consideration has not been priced on such terms.

2.3. The Franchisee shall ensure that if any of the Franchisee's staff are engaged in providing services to or in connection with services provided by an Affiliate that there is no costs incurred by the Franchisee in connection with this.

3. Due Diligence

The Franchisee shall:

- 3.1. allow the Authority a reasonable opportunity to conduct due diligence on the Related Party Contracts to assess their terms for compliance with paragraph 1.
- 3.2. if the Authority requires, procure that the Franchisee's auditors carry out a review of the record of Related Party Contracts and confirm in writing to the Authority that the Related Party Contracts comply with paragraph 1.

4. Profit Share/ Profit Adjustment

The Authority shall be permitted to exclude from the calculation of any Profit Share Adjustment or Profit Support Adjustment any payments made by the Franchisee in accordance with the terms of Related Party Contracts which do not comply with paragraph 1 and any amount that has not been permitted under paragraph 6.

5. Open Book Accounting

The Franchisee shall deal with the Authority on an open book basis and provide all explanations, information and analysis as the Authority may reasonably request.

6. Related Party Contract Cap

The Franchisee shall not exceed the Related Party Contract Level in any Franchisee Year without the prior written consent of the Authority.

APPENDIX TO SCHEDULE 13.7

Related Party Contracts

Part 1 – List of Related Party Contracts

	Contract title	Counterparty
1	Station property rental - Kiosks	NS Stations
2	Traincrew hire (Dumfries-Carlisle)	Northern Rail
3	Train hire (Dumfries-Carlisle)	Northern Rail
4	Train cleaning/stabling	Northern Rail
5	Fuelling	Northern Rail
6	Rail replacement buses	Abellio London
7	Glasgow Queen St – Glasgow Central shuttle bus	Abellio London
8	Catering consultancy	NS
9	TIG Integration Manager secondment	NS

Part 2 – Related Party Contracts Table

Franchisee Year	Level
Year 1	[---REDACTED---
Year 2	[---REDACTED---
Year 3	[---REDACTED---
Year 4	[---REDACTED---
Year 5	[---REDACTED---
Year 6	[---REDACTED---
Year 7	[---REDACTED---
Year 8 (Ext1)	[---REDACTED---
Year 8	[---REDACTED---
Year 9	[---REDACTED---
Year 10	[---REDACTED---
Year 11 (Ext2)	[---REDACTED---
Year 12 (Ext2)	[---REDACTED---

SCHEDULE 14

**THIS IS SCHEDULE 14 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT
BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED**

Preservation of Assets

Schedule 14.1: Maintenance of Franchise

Schedule 14.2: Maintenance of Operating Assets

Schedule 14.3: Key Contracts

Appendix: List of Key Contracts

Schedule 14.4: Designation of Franchise Assets

Appendix : List of Primary Franchise Assets

Schedule 14.5: Dealings with Franchise Assets

SCHEDULE 14.1

THIS IS SCHEDULE 14.1 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Maintenance of Franchise

1. The Franchisee shall maintain and manage the business of providing the Franchise Services so that, to the greatest extent possible and practicable:
 - 1.1 the Franchisee is able to perform its obligations under this Agreement; and
 - 1.2 a Successor Operator would be able to take over the whole or any part of the business of providing the Franchise Services immediately at any time.
2. The Franchise's obligation under paragraph 1 shall include an obligation to ensure that any computer and information technology systems of the Franchisee shared in whole or in part with Affiliates or third parties can be operated by a Successor Operator as a standalone system without continued reliance on such Affiliates or other third parties immediately from the date of termination of the Franchise Agreement without any reduction in functionality or any increase in maintenance or support costs to the Successor Operator (this obligation being without prejudice to any requirement for the Franchisee to obtain consent to such arrangements relating to sharing computer and information technology systems from the Authority).
3. The Franchisee shall use all reasonable endeavours to ensure that such Successor Operator would have immediate access to all Franchise Employees and Primary Franchise Assets for such purpose.
4. The Franchisee shall maintain and manage the business of providing the Franchise Services on the basis that such business will be transferred, in the manner contemplated under this Agreement, as a going concern at the end of the Franchise Period to, and continued immediately thereafter by, a Successor Operator.
5. The Franchisee shall use all reasonable endeavours to ensure that an appropriate number of employees (having sufficient skills, qualifications and experience) will transfer by operation of Law to any Successor Operator following the expiry of the Franchise Period.
6. The Franchisee shall comply with all reasonable requirements of the Authority to obtain or maintain the property and rights that a Successor Operator would require, or that it would be convenient for it to have, on the basis that the same will transfer by operation of Law to any Successor Operator following the expiry of the Franchise Period.
7. The Franchisee's obligations in this Schedule 14.1 shall apply regardless of whether the business of providing the Franchise Services is continuing in whole or in part, is being split or merged in whole or in part with another business or is being nationalised having regard to the Authority's policy statements from time to time.

SCHEDULE 14.2

THIS IS SCHEDULE 14.2 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Maintenance of Operating Assets

1. **Operating Assets**

- 1.1 The Franchisee shall maintain, protect and preserve the assets (including any intellectual property or intangible assets) employed in the performance of its obligations under this Agreement (the **Operating Assets**) in good standing or good working order, subject to fair wear and tear.
- 1.2 The Franchisee shall carry out its obligations under paragraph 1.1 so that the Operating Assets may be transferred at the end of the Franchise Period to a Successor Operator and used by such Successor Operator in the provision or operation of similar services to the Franchise Services.
- 1.3 Where any Operating Asset is lost, destroyed or otherwise beyond repair, the Franchisee shall replace the Operating Asset with property, rights or liabilities in modern equivalent form to the operating asset to be replaced. The Franchisee shall at all times maintain an appropriate volume of Spares and/or an appropriate level of access to Spares from a third party, to enable it to perform its obligations under this Agreement.
- 1.4 The Authority may at any time require the Franchisee to provide to the Authority a schedule specifying the condition of any asset or class of assets that it specifies for this purpose. Such schedule shall cover such aspects of asset condition as the Authority may reasonably require. If the Authority and the Franchisee are unable to agree the content of such schedule of condition, either of them may refer the dispute for resolution in accordance with the Dispute Resolution Rules. Until such dispute is resolved, the Franchisee shall comply with the Authority's requirements in respect of such schedule of condition.
- 1.5 The Franchisee shall keep vested in it at all times during the Franchise Period all Franchise Assets designated as such pursuant to Schedule 14.4 (*Designation of Franchise Assets*) as it may require in order to comply with:
 - (a) the Licences;
 - (b) any contracts of employment with Franchise Employees;
 - (c) any relevant Fares;
 - (d) any Key Contracts; and
 - (e) any applicable safety legislation, regulations or safety standards and the Safety Certificate,

in order to ensure that the Authority may designate such assets as Primary Franchise Assets.

2. **Brand Licences and Branding**

Brand Licences

2.1 The Franchisee shall comply with its obligations under each of the Brand Licences.

Branding

- 2.2 (a) Subject to paragraphs 2.2(c) and (g), the Franchisee shall:
- (i) in respect of unregistered Marks, provide or procure the provision of an irrevocable undertaking to any relevant Successor Operator to the effect that neither it nor the owner of the Marks will enforce such rights as it may have or may in the future have in respect of such unregistered Marks against such Successor Operator and its successors; and
 - (ii) in respect of registered Marks, grant or procure the grant of an irrevocable licence to use such Marks to such Successor Operator and its successors.
- (b) Any such licence or undertaking under paragraph 2.2(a) shall be in such form as the Authority shall reasonably require.
- (c) Subject to paragraph 2.2(g), to the extent that:
- (i) the Franchisee does not provide a relevant undertaking or licence in accordance with paragraph 2.2(a);
 - (ii) the Authority consider the relevant Marks to be so distinctive or otherwise such that a Successor Operator could not reasonably be asked to use the relevant assets to which the Marks are applied; or
 - (iii) the Franchisee has not otherwise removed or covered such Marks in such a way as may be reasonably acceptable to the Authority prior to the expiry of the Franchise Period,
- then the Franchisee shall pay to the relevant Successor Operator such amount as may be agreed between the Franchisee and such Successor Operator, as being the reasonable cost (including any Value Added Tax for which credit is not available under Sections 25 and 26 of the Value Added Tax Act 1994) of covering such Marks or otherwise removing all indications of or reference to the Marks in a manner reasonably acceptable to the Authority. Such amount shall not in any event exceed the cost to the Successor Operator of replacing such Marks with its own. If the Franchisee and the relevant Successor Operator fail to agree such cost within 28 days of the expiry of the Franchise Period, the Franchisee shall submit such dispute for resolution in accordance with such dispute resolution procedures as the Authority may require.
- (d) The amount to be paid to a Successor Operator under paragraph 2.2(c) may include the reasonable cost of:
- (i) removing or covering Marks from the exterior of any rolling stock vehicle;
 - (ii) removing or covering interior indications of the Marks including upholstery and carpets;
 - (iii) replacing or covering all station or other signs including bill boards; and
 - (iv) otherwise ensuring that such removal, covering or replacement is effected with all reasonable care and in such manner that the relevant

assets may reasonably continue to be used by a Successor Operator in the provision of the Franchise Services.

- (e) The Franchisee shall, in addition to making a payment under paragraph 2.2(c), grant or procure the grant of a licence or undertaking complying with paragraphs 2.2(a) and (b) except that such licence shall only be for such period as may be agreed between the Franchisee and the Successor Operator as being reasonably required by the Successor Operator to remove the Marks from all relevant assets without causing excessive disruption to the operation of services similar to the Franchise Services provided by such Successor Operator. If such period cannot be agreed, the Franchisee shall submit such dispute for resolution in accordance with such dispute resolution procedures as the Authority may require.
- (f) The Authority shall determine at or around the end of the Franchise Period and after consultation with the Franchisee the maximum liability of the Franchisee under paragraph 2.2(c) and the maximum length of licence or undertaking under paragraph 2.2(e).
- (g) The provisions of paragraphs 2.2(a) to (f) shall not apply to the extent that the relevant asset is not to be used by a Successor Operator in the provision of services similar to the Franchise Services. The Authority shall notify the Franchisee as soon as it becomes aware of whether or not any such asset is to be so used.

Non-designation of new brands

- 2.3 The Authority agrees not to designate as a Primary Franchise Asset any registered or unregistered trade mark which is developed by the Franchisee.

Branding of assets

- 2.4 Subject to paragraphs 2.5 to 2.12, the Franchisee shall apply the Authority's Branding to any assets owned or used by it (excluding Stations) in the operation and provision of the Services as the Authority may reasonably direct (including, subject to paragraph 2.6, any changes to the Authority's Branding).
- 2.5 Subject to paragraphs 2.6 to 2.12, the Franchisee shall use reasonable endeavours to apply the Authority's Branding to such structures or fixtures at Stations as the Authority may reasonably direct (including, subject to paragraph 2.6, any changes to the Authority's Branding).
- 2.6 The Authority shall pay the Franchisee the marginal additional costs of complying with any direction made in terms of paragraphs 2.4 and 2.5 relating to changes to the Authority's Branding from that applying at the Franchise Commencement Date. For the avoidance of doubt, the cost of application of the Authority's Branding shall otherwise be met by the Franchisee.
- 2.7 To the extent necessary to give effect to any direction of the Authority under paragraphs 2.4 and 2.5 (the "**Permitted Purpose**"), the Authority hereby grants to the Franchisee, a non-exclusive and royalty free licence to use the Authority's Branding in accordance with the terms of any relevant brand guidelines issued from time to time by the Authority to the Franchisee, and any other reasonable specifications, directions or instructions issued by or on behalf of the Authority from time to time (the "**Authority's Brand Guidelines**"). In the event that the Authority require the Franchisee to cease using the Authority's Branding, or this Agreement expires or is otherwise terminated, the licence granted to the Franchisee under this paragraph 2.7 shall automatically cease.

- 2.8 The Franchisee undertakes and agrees:
- (a) to use the Authority's Branding only for the Permitted Purpose;
 - (b) not to apply for, or obtain, registration of any trade or service mark in any country which comprises consists of, or is confusingly similar, to any of the Authority's Branding;
 - (c) if so required by the Authority, to agree to the registration of the Franchisee as a licensee of any registered trade mark forming part of the Authority's Branding, any such registration being made at the Authority's expense;
 - (d) not to do anything that is inconsistent with the Authority's ownership of the Authority's Branding, and that all use of the Authority's Branding by the Franchisee shall inure to the benefit of the Authority;
 - (e) that if the Franchisee becomes aware of, or suspects that the Authority's rights in the Authority's Branding are being infringed by the actions of a third party, the Franchisee shall immediately notify the Authority of that fact and give the Authority all reasonable assistance, at the Authority's expense, in any action arising as a result of such infringement; and
 - (f) that nothing in this Agreement shall give the Franchisee any right, title or interest in the Authority's Branding other than the right to use the Authority's Branding in accordance with this Agreement.
- 2.9 Subject to paragraph 2.10, the Authority shall indemnify the Franchisee against all claims, liabilities and expenses arising out of any claim by a third party that the Franchisee's use of Authority's Branding infringes the intellectual property rights of that third party.
- 2.10 The indemnity in paragraph 2.9 shall not apply to the extent that such claim arises out of the Franchisee's use of the Authority's Branding other than in accordance with the terms of this Agreement.
- 2.11 The Franchisee shall immediately notify the Authority in writing if it becomes aware of any allegation of infringement to which paragraph 2.9 applies, and will not make any admission without first obtaining the Authority's prior written consent. The Franchisee shall co-operate fully with the Authority in taking all steps required by the Authority, in its sole discretion, in connection with any such allegation.
- 2.12 If requested to do so by the Authority, the Franchisee shall allow the Authority to conduct and/or settle all negotiations and litigation resulting from any claim to which paragraph 2.9 applies. The Franchisee shall provide the Authority with all reasonable assistance in relation to any such litigation.
- 2.13 If at the end of the Franchise Term, the Franchisee is required by a third party in terms of a legal obligation to remove any of the Authority's Branding applied at the direction of the Authority to any assets owned or used by it in the operation and provision of the Services, then the Authority shall pay the Franchisee's marginal additional costs that arise from having to remove the Authority's Branding.
- 2.14 Where the Franchisee brings into use on the Passenger Services rolling stock the livery of which does not match the Authority's Branding a livery in compliance with the Authority's Branding Guideline shall be applied to such rolling stock within 12 months of its introduction onto the Passenger Services.

- 2.15 The Franchisee, on or before the Franchise Commencement Date, shall provide plans to the Authority for implementing a programme of works to ensure the fleet used in provision of the Passenger Services is liveried to match the Authority's Branding for the Authority's agreement.
- 2.16 The Franchisee, on or before the Franchise Commencement Date, shall provide to the Authority suggested branding and livery proposals for locomotives and locomotive hauled rolling stock that shall be similar to the branding for the Inter-city Rolling Stock in line with the principles in the Authority's Branding Guidelines, for the Authority's agreement.

General Advertising and Promotion

- 2.17 The Authority may at its own cost, advertise and promote the Franchise Services and/or the Passenger Services.

SCHEDULE 14.3

THIS IS SCHEDULE 14.3 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Key Contracts

1. Key Contracts

- 1.1 The provisions of this Schedule 14.3 apply to all Key Contracts from time to time.
- 1.2 The Key Contracts as at the date of this Agreement are set out in the Appendix (*List of Key Contracts*).

2. Designation of Key Contracts

- 2.1 Where the Authority considers that it is reasonably necessary for securing the continued provision of the Franchise Services or the provision of services similar to the Franchise Services by a Successor Operator in accordance with this Agreement, it may make a designation pursuant to paragraph 2.2.

- 2.2 The Authority may at any time, by serving notice on the Franchisee, designate as a Key Contract:

- (a) any actual or prospective agreement, contract, licence or other arrangement; and
- (b) any category of agreement, contract, licence or other arrangement, to which or under which the Franchisee is (or may become) a party or a beneficiary,

with effect from the date specified in such notice.

- 2.3 Key Contracts may include any agreement, contract, licence or other arrangement whether in written, oral or other form, whether formal or informal and whether with an Affiliate of the Franchisee or any other person and may include any arrangement for the storage of assets (including electronic systems or Computer Systems) or accommodation of employees.
- 2.4 The Franchisee shall train all staff dealing with contract administration and finance matters, their managers and all directors to know what constitutes a Key Contract and to understand the significance of such designation.

3. De-designation of Key Contracts

The Authority may at any time, by serving a notice on the Franchisee, de-designate any Key Contract from continuing to be a Key Contract with effect from the date specified in such notice.

4. Re-designation of Key Contracts

The Authority may at any time, by serving notice on the Franchisee, re-designate as a Key Contract anything which has ceased to be designated as a Key Contract in accordance with paragraph 3 with effect from the date specified in such notice.

5. Direct Agreements

5.1 Unless the Authority otherwise agrees, or unless lawfully directed to do so by the ORR, the Franchisee shall not enter into any prospective Key Contract unless the counterparty to that prospective Key Contract:

- (a) is a franchisee or franchise operator, either of which operate railway passenger services pursuant to a franchise agreement to which the Authority is a party or a Public Service Operator which is an Affiliate of the Authority; or
- (b) has entered into a Direct Agreement with the Authority in respect of that prospective Key Contract, providing on a basis acceptable to the Authority, amongst other things, for the continued provision of the Passenger Services and/or the continued operation of the Stations and Depots in the event of:
 - (i) breach, termination or expiry of such Key Contract;
 - (ii) termination or expiry of this Agreement; or
 - (iii) the making of a railway administration order in respect of the Franchisee.

5.2 Where the Authority designates or re-designates as a Key Contract:

- (a) any agreement, contract, licence or other arrangement to which the Franchisee is already a party; or
- (b) any category of agreement, contract, licence or other arrangement where the Franchisee is already a party to a contract, licence or other arrangement which, by virtue of the Authority's designation or re-designation, is classified in such category,

the Franchisee shall use all reasonable endeavours to assist the Authority in entering into a Direct Agreement as envisaged by paragraph 5.1(b).

5.3 The Franchisee shall pay to the Authority an amount equal to any losses, costs, liabilities, charges or expenses which may be suffered or incurred by the Authority under the provisions of any Direct Agreement which may be notified to the Franchisee as a result of, or in connection with:

- (a) any breach by the Franchisee of the terms of the Key Contract to which the relevant Direct Agreement relates; or
- (b) any unsuccessful claim being brought by the Franchisee against the counterparty of any such Key Contract in relation to the termination of such Key Contract.

6. **Emergencies**

Where any emergency may arise in connection with the provision and operation of the Franchise Services, the Franchisee:

- 6.1 may enter into on a short-term basis such contracts, licences or other arrangements as it considers necessary or appropriate to deal with the emergency;
- 6.2 need not procure that the Authority enters into a Direct Agreement in respect of such contracts;

- 6.3 shall promptly inform the Authority of any such emergency and contracts, licences or other arrangements which it proposes to enter into; and
- 6.4 shall take such action in relation to such emergency, contracts, licences or other arrangements as the Authority may request.

7. No Amendment or assignation or sub-contracting

The Franchisee shall not without the prior consent of the Authority (which shall not be unreasonably withheld or delayed) vary, or purport to vary, the terms or conditions of any Key Contract at any time, unless lawfully directed to do so by the ORR. The Franchisee shall not without the prior consent of the Authority (which shall not be unreasonably withheld or delayed) assign in whole or in part, or sub-contract in whole or in part the terms or conditions of any of the Key Contracts at any time, unless lawfully directed to do so by the ORR.

8. Replacement of Key Contracts

The Franchisee shall, prior to the scheduled expiry date of any Key Contract (or, if earlier, such other date on which it is reasonably likely that such Key Contract will terminate), take all reasonable steps to enter an appropriate replacement contract (whether with the counterparty to the existing Key Contract or not) and shall comply with the reasonable instructions of the Authority in relation to such replacement contract.

9. Termination of Key Contracts

Whether or not this Agreement is continued after the First Expiry Date or Final Expiry Date in accordance with Schedule 18 (*Franchise Continuation*), the Franchisee shall, to the extent so requested by the Authority, exercise all such rights as it may have to terminate any Key Contract on the Expiry Date.

APPENDIX TO SCHEDULE 14.3

List of Key Contracts

The following items have as at the date of this Agreement been agreed between the Authority and the Franchisee to be Key Contracts:

1. Any Access Agreement to which the Franchisee is a party other than in its capacity as a Facility Owner.
2. Any Property Lease including the Property Leases listed in paragraph 3 of Appendix 2 (*List of Conditions Precedent Documents*) to the Conditions Precedent Agreement.
3. Any contract or arrangement for the lending, seconding, hiring, contracting out, supervision, training, assessment, or accommodation by another Train Operator of any train drivers, conductors or other train crew used by the Franchisee in the provision of the Passenger Services.
4. Any contract or arrangement for the subcontracting or delegation to another Train Operator of the provision of any of the Passenger Services (whether or not the consent of the Authority is required to such subcontracting or delegation under paragraph 1 of Schedule 2.3 (*Third Party Delivery of Passenger Services and Other Franchisees*)).
5. Any contract or arrangement with a Train Operator (other than an Access Agreement) for the provision to the Franchisee of train dispatch, performance or supervision of platform duties, security activities, evacuation procedures, advice or assistance to customers, assistance to disabled customers, operation of customer information systems, cash management or ticket issuing systems administration.
6. Any contract or arrangement with a Train Operator for the provision of breakdown or recovery, and track call services to assist in the provision of the Passenger Services.
8. Any contract or arrangement for the design, construction, supply, refurbishment, upgrade or maintenance or technical support of rolling stock for use in the provision of Passenger Services.
9. Any contract or arrangement for the supply of spare parts or Spares.
10. Any contract or arrangement for the maintenance of track and other related infrastructure.
11. Any licences of Marks to the Franchisee.
12. Any contract or arrangement for the supply of rail replacement bus services.
13. Any contract or arrangement relating to the operation of smart ticketing.
14. Any contract or arrangement relating to IT or website provision.
15. Any contract or arrangement for the provision of office space and/or Customer Contact Centres.

SCHEDULE 14.4

THIS IS SCHEDULE 14.4 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Designation of Franchise Assets

1. Franchise Assets

- 1.1 Subject to paragraph 1.2, all property, rights and liabilities of the Franchisee from time to time during the Franchise Period shall be designated as Franchise Assets and shall constitute Franchise Assets for the purposes of Section 27(11) of the Act.
- 1.2 The rights and liabilities of the Franchisee in respect of the following items shall not be designated as Franchise Assets and shall not constitute franchise assets for the purposes of Section 27(11) of the Act:
- (a) any contracts of employment;
 - (b) this Agreement and any Transfer Scheme or Supplemental Agreement;
 - (c) the Ticketing and Settlement Agreement;
 - (d) any sums placed on deposit with a bank or other financial institution;
 - (e) the rights and liabilities of the Franchisee under any of the Rolling Stock Leases entered into by the Franchisee on or around the date hereof; and
 - (f) such other property, rights and liabilities as the Franchisee and Authority may agree from time to time or as the Authority may de-designate as Franchise Assets under paragraph 10.2.

2. Primary Franchise Assets

The following property, rights and liabilities shall (to the extent that they constitute Franchise Assets) be designated as Primary Franchise Assets with effect from the following dates:

- 2.1 the property, rights and liabilities listed in the Appendix (*List of Primary Franchise Assets*) (which constitutes a list of Primary Franchise Assets agreed between the Authority and the Franchisee as at the date of this Agreement), on the Franchise Commencement Date;
- 2.2 any additional property, rights and liabilities designated under paragraph 3 during the Franchise Period, on the date of such designation;
- 2.3 any property or right which is vested in the Franchisee and used for the purpose of maintaining, replacing, repairing or renewing any property designated as Primary Franchise Assets and which forms or replaces part or all of such designated property on completion of such maintenance, replacement, repair or renewal, on the date of its use for such purpose;
- 2.4 the rights and liabilities of the Franchisee under any Key Contract designated in accordance with Schedule 14.3 (*Key Contracts*), on the date of such designation; and

- 2.5 the rights and liabilities of the Franchisee in respect of the terms of any Fare or Discount Card designated under paragraph 6, on the date of such designation.

3. **Designation of Additional Primary Franchise Assets**

The Authority may at any time and from time to time during the Franchise Period, by serving notice on the Franchisee, designate any or all of the Franchise Assets as Primary Franchise Assets. Such designation shall take effect from the delivery of such notice and may refer to all or certain categories of property, rights or liabilities. Any such notice shall specify the reasons for such designation.

4. **Designation during last 12 Months of Franchise Period**

If the Authority designates a Franchise Asset as a Primary Franchise Asset under paragraph 3 at any time during the last 12 months of the Franchise Period then, within 28 days of such designation, the Authority may de-designate such Primary Franchise Asset by serving notice on the Franchisee. Such de-designation shall take effect upon delivery of such notice.

5. **Designation of Key Contracts as Primary Franchise Assets**

The Authority shall, subject to paragraphs 1.2(b) and 7, be entitled to designate any Key Contract as a Primary Franchise Asset at any time during the Franchise Period by serving notice on the Franchisee. Such designation shall take effect from delivery of such notice.

6. **Designation of Fares and Discount Cards**

The Authority may designate any Fare or Discount Card as a Primary Franchise Asset at any time during the Franchise Period by serving a notice on the Franchisee. Such designation shall take effect from delivery of such notice.

7. **Rights and Liabilities**

The Authority, in designating the rights and liabilities of the Franchisee (whether under a particular contract or other arrangement) as a Primary Franchise Asset may, in its discretion, elect to designate some but not all of the rights and liabilities under a particular contract or other arrangement, or to designate only those rights and liabilities arising after or otherwise relating to a period after a particular time (including the period after the expiry of the Franchise Period) or to those relating only to the Franchise Services or a particular part thereof.

8. **Disputes over Designation**

- 8.1 The Franchisee may object in writing to the Authority to any designation pursuant to paragraph 3 or 4.
- 8.2 Such objection may be made solely on the grounds that the designation of the relevant property, rights or liabilities specified in the objection is not, in the Franchisee's opinion, reasonably necessary to secure the continued provision of the Franchise Services by a Successor Operator on the expiry of the Franchise Period on a basis reasonably acceptable to the Authority or to facilitate the transfer to such Successor Operator of the provision of the Franchise Services at such time.
- 8.3 Any such objection may only be made within 28 days of a designation under paragraph 3 or 14 days of a designation under paragraph 4.

- 8.4 The Authority shall respond to any such objection as soon as reasonably practicable and shall take account of any representations made by the Franchisee regarding the use of the relevant Primary Franchise Asset otherwise than in the provision and operation of the Franchise Services.
- 8.5 If any dispute as to any designation pursuant to paragraph 3 or 4 remains outstanding on the expiry of the Franchise Period then such dispute shall be deemed to cease immediately before the expiry of the Franchise Period and the relevant Franchise Assets shall continue to be designated as Primary Franchise Assets on and after the expiry of the Franchise Period.

9. Provision of Information to Authority

- 9.1 The Franchisee shall provide such information as the Authority may reasonably require in order to satisfy the Authority that any Franchise Assets which are to be designated as Primary Franchise Assets after the Franchise Commencement Date under this Schedule 14.4 will at the time of such designation be vested in the Franchisee. Such information may include details of any Security Interests over such property, rights and liabilities.
- 9.2 The Franchisee shall further provide such information as to the property, rights and liabilities of the Franchisee as the Authority may reasonably require in connection with the designation of Primary Franchise Assets. Such information shall be supplied to the Authority within such timescale as the Authority may reasonably require.

10. De designation of Franchise Assets and Primary Franchise Assets

- 10.1 The Authority and the Franchisee may agree in writing at any time during the Franchise Period that a Franchise Asset shall cease to be so designated as a Franchise Asset or that a Primary Franchise Asset shall cease to be so designated as a Primary Franchise Asset, and the relevant Franchise Asset shall cease to be designated upon such agreement coming into effect.
- 10.2 The Authority may in addition at any time during the Franchise Period, by serving notice on the Franchisee, cause a Franchise Asset which is not a Primary Franchise Asset to cease to be so designated as a Franchise Asset. Such Franchise Asset shall cease to be so designated on the date specified in such notice.
- 10.3 The Authority may in addition, at any time during the Franchise Period, by serving notice on the Franchisee, cause a particular Primary Franchise Asset to cease to be designated as such. Such Primary Franchise Asset shall cease to be so designated on the date specified in such notice. Such right may be exercised, in respect of any rights and liabilities in respect of a Fare or Discount Card, at any time and, in respect of any other Primary Franchise Asset, no later than 1 year prior to the expiry of the Franchise Term. In respect of those other Primary Franchise Assets the Authority shall also not exercise such right after the time that it has determined to terminate this Agreement in consequence of a Termination Event.
- 10.4 The Authority may from time to time agree with the Franchisee that it will not de-designate particular Primary Franchise Assets.

11. Spares

The obligation of the Franchisee to maintain, preserve and protect Primary Franchise Assets under this Schedule 14.4 shall, in respect of Spares, include the obligation to replace any Spare which has been designated as a Primary Franchise Asset, which subsequent to its designation ceases to be part of the stock of Spares available to the

Franchisee for use in the provision of the Franchise Services, with an equivalent Spare of equal or better quality than the Spare so replaced.

APPENDIX TO SCHEDULE 14.4

List of Primary Franchise Assets

The following items have as at the date of this Agreement been agreed between the Authority and the Franchisee to be Primary Franchise Assets:

1. Medium Ticket Lease between Lombard Lessors Limited and ScotRail Railways Limited, dated 20 February 2004
2. Leasing of Station Gating Systems Agreement between Lombard Lessors Limited, ScotRail Railways Limited and Cubic Transportation Systems Limited, dated February 2004.
3. Contract for the supply and installation of automatic passenger gating systems at Glasgow Queen Street, Edinburgh Haymarket and Waverley Stations between ScotRail Railways Limited and Cubic Transportation Systems Limited, dated 20 February 2004.
4. Contract for the maintenance and support of Station Gating Systems at Glasgow Queen Street, Edinburgh Haymarket and Edinburgh Waverley Stations, between the Franchise Operator, and Cubic Transportation Systems Limited dated 29 April 2004.
5. Ticket vending machines, with the following serial numbers:

0130024130; 0130024053; 0130024127; 0130024054; 0130024129; 0130024123;
0130024125; 0130024128; 0130024124; 0130024122; 0130024116.

The ticket machines are located at, the date of this Agreement at the following stations: Glasgow Queen Street high level, Edinburgh Waverley; Haymarket; Falkirk High; Polmont and Linlithgow.

6. Ticket gates at Glasgow Central, Charing Cross and other stations insofar as the ticket gates at those stations are not covered by 2 – 4 above.
7. Hand held ticket machines.
8. Class 380 Rolling Stock Related Contracts.
9. Contracts for the ITSO equipment and supporting back office systems.

SCHEDULE 14.5

THIS IS SCHEDULE 14.5 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Dealing with Franchise Assets

1. **Assets Not Designated as Primary Franchise Assets**
 - 1.1 This paragraph 1 relates to any Franchise Assets that are property or rights and are not designated as Primary Franchise Assets.
 - 1.2 For the purposes of Section 27(3) of the Act, the Authority consents to the Franchisee:
 - (a) transferring or agreeing to transfer any such Franchise Assets or any interests in, or right over, any such Franchise Assets; and
 - (b) creating or extinguishing, or agreeing to create or extinguish, any interest in, or right over, any such Franchise Assets.
2. **Liabilities Not Designated as Primary Franchise Assets**
 - 2.1 This paragraph 2 relates to any liabilities which are not designated as Primary Franchise Assets.
 - 2.2 For the purposes of Section 27(3) of the Act, the Authority consents to the Franchisee entering into any agreement under which any such liability is released or discharged, or transferred to another person.
3. **Franchise Assets and Primary Franchise Assets**
 - 3.1 This paragraph 3 relates to Franchise Assets (whether or not designated as Primary Franchise Assets) which are property or rights.
 - 3.2 The Authority hereby consents to the installation of Spares which have been designated as Primary Franchise Assets on any rolling stock vehicles. Any Spare which is so installed shall cease to be so designated on such installation.
 - 3.3 For the purposes of Section 27(3) of the Act, the Authority hereby consents to the Franchisee creating or agreeing to create any Security Interest over any of these Franchise Assets to the extent that the terms of any such Security Interest provide that:
 - (a) if the relevant Franchise Asset becomes the subject of a transfer scheme made under Section 12 and Schedule 2 of the Railways Act 2005, it shall be fully and automatically released from the relevant Security Interest immediately before the coming into force of such transfer scheme;
 - (b) if the relevant Franchise Asset is assigned, novated or otherwise transferred to another person pursuant to and in accordance with this Agreement, it shall be fully and automatically released from the relevant Security Interest immediately before such assignment, novation or transfer; and
 - (c) such Security Interest shall not be enforced or enforceable until the date on which such Franchise Asset ceases to be designated as a Franchise Asset.

4. **Prohibition on Other Security Interests**

The Franchisee shall not create or agree to create a Security Interest over any Franchise Asset except on the terms permitted under paragraph 3.3(a).

5. **Miscellaneous**

The Franchisee shall promptly inform the Authority of any Security Interest arising at any time over any of its property or rights and shall provide the Authority with such information in relation thereto as it may reasonably require.

SCHEDULE 15

**THIS IS SCHEDULE 15 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT
BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED**

Obligations Associated with Termination

Schedule 15.1:	Reletting Provisions
Schedule 15.2:	Last 12 or 13 Months of Franchise Period
Schedule 15.3:	Handover Package
	Appendix: Form of Handover Package
Schedule 15.4:	Provisions Applying on and after Termination
	Appendix 1: Form of Transfer Scheme
	Appendix 2: Form of Supplemental Agreement

SCHEDULE 15.1

THIS IS SCHEDULE 15.1 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Reletting Provisions

1. Reletting of Franchise

- 1.1 The Franchisee acknowledges that the Authority may wish, at or before the expiry of the Franchise Period, either to invite persons (including the Franchisee) to tender for the right to provide all or some of the Passenger Services under a franchise agreement or alternatively to enter into a franchise agreement in respect of the Passenger Services without having gone through a tendering process.
- 1.2 The Franchisee further acknowledges that the Authority is under a duty under Section 30 of the Act to secure in certain circumstances the provision of the Passenger Services, including if no further franchise agreement is entered into on the termination of this Agreement in respect of such Passenger Services. The Franchisee accordingly accepts and agrees to the restrictions and obligations imposed on it under Schedule 1.7 (*Franchise Services*), Schedule 14 (*Preservation of Assets*) and this Schedule 15.
- 1.3 The Franchisee further acknowledges that the Authority may split, merge or nationalise the business of providing Franchise Services.

2. Preparation for Reletting

- 2.1 The Franchisee shall, if so requested by the Authority, provide the Authority and its representatives and advisers with access to the Franchise Employees and all books, records and other materials kept by or on behalf of the Franchisee in connection with the Franchise Services (including electronic or magnetic records) for the purpose of assisting such representatives and advisers:
 - (a) to prepare reports or other documents in connection with any invitation to potential Successor Operators to tender for the right and obligation to operate all or any of the Franchise Services;
 - (b) to prepare invitations to other potential franchisees to tender for the right and obligation to provide any other railway passenger services or operate any other additional railway asset; or
 - (c) to enter into any franchise agreement or other agreement relating to the Franchise Services, without undergoing a tendering process,

provided that the exercise of such access rights by the Authority and its representatives and advisers shall not unduly interfere with the continuing provision and operation of the Franchise Services by the Franchisee.

- 2.2(a) The Franchisee shall make available to the Authority and its representatives and advisers such Data Site Information (as defined at paragraph (e)) and such other information (including financial and operational information) as they shall reasonably require in connection with the matters referred to in paragraph 2.1. If requested by the Authority such information shall be made available to the Authority by the Franchisee promptly copying (at the Franchisee's expense) information requested by the Authority and delivering the copies to the Authority. If requested by the Authority, the Franchisee

shall also copy (at the Franchisee's cost) and deliver to the Authority a complete copy of its Handover Package in order to assist the Authority in preparing to re-let.

- (b) The Franchisee shall prepare and present such information in such manner (including in disaggregated form) as the Authority may require, and shall provide such assistance as the Authority may require in connection with the verification of such information.
- (c) The Franchisee shall, when requested to do so, provide such confirmation in relation to the accuracy of the contents of the documents referred to in paragraph 2.1 as the Authority shall require from time to time;
- (d) The Franchisee shall upload such Data Site Information as the Authority may require to such electronic data site as they may specify and shall make a sufficient number of appropriate staff available for that purpose. The Franchisee shall ensure that such staff are trained in the use of such data site (such training to be at the expense of the Authority). For the avoidance of doubt, the Data Site Information required by the Authority under this paragraph may cover the entire Franchise Period or any part of it;
- (e) **"Data Site Information"** means information relating to any of the following:
 - (i) the ScotRail Franchise or the Franchisee, any Affiliate of the Franchisee or their respective businesses (including their audited and management accounts, asset registers and contract lists);
 - (ii) past and present demand for the Franchise Services or any similar services (including passenger count data, yield management data and CRM Data);
 - (iii) information required to be provided by the Franchisee pursuant to Schedule 1.5 (Information about Passengers);
 - (iv) the total revenue (being all revenue whatsoever from any source obtained from any commercial or non-commercial activity or undertaking of the Franchisee) received or which the Franchisee expects to receive during the Franchise Period;
 - (v) the Franchisee's safety authorisation, safety certificate or safety management system (in each case as defined in the Safety Regulations);
 - (vi) any other safety matter;
 - (vii) the arrangements contained within the Railways Pension Scheme, the Pension Trust, the Franchise Sections, or any other pension arrangement in respect of employees of the Franchisee or employees of any person who was a franchisee or franchise operator in relation to a Previous Franchise Agreement;
 - (viii) the management structure of the Franchisee's business (including organograms and any planned changes);
 - (ix) employees and contractors (including details of responsibilities, job title, remuneration, grade, qualifications and any other personnel records);
 - (x) terms and conditions of employment and human resources policies;
 - (xi) public and working timetables;
 - (xii) driver, other train crew and rolling stock diagrams;

- (xiii) rolling stock (including train and vehicle miles, restrictions of use, fleet examinations and servicing, fleet performance, casualty data and any relevant reports);
- (xiv) any station or depot (including any leases, documents of title, maintenance arrangements, station facilities, depot facilities, plans and contingency or security plans relating to any station or depot);
- (xv) health and safety and environmental information;
- (xvi) copies of contracts (including Access Agreements, policies of insurance, property, rolling stock and other leases, catering contracts, contracts for outsourced services, and rolling stock maintenance and spares contracts);
- (xvii) Network Rail charges and requirements (including Engineering Access Statement/plan);
- (xviii) any information technology system (hardware or software) used or owned by the Franchisee or any Affiliate of the Franchisee (including any software licences);
- (xix) performance data;
- (xx) customer service (including staffing levels, call volumes and opening hours);
- (xxi) fares and fares baskets;
- (xxii) relationships and agreements with stakeholders (including minutes of meetings with unions, Local Authorities, Community Rail Partnerships, ATOC, Network Rail, ORR, the Passengers' Council, Rail Safety and Standards Board, British Transport Police or Visit Scotland); or
- (xxiii) any other matter which the Authority may specify from time to time,

and in this paragraph (e) the term "employee" includes any person engaged by the Franchisee pursuant to a contract of personal service; and

(f) The Franchisee shall:

- (i) comply with its obligations under paragraph 2.1 or this paragraph 2.2 promptly and in any case in accordance with any reasonable timetable with which the Authority requires the Franchisee by notice in writing to comply; and
- (ii) where the Authority raises with the Franchisee any query in relation to any Data Site Information, make a full and substantive response to such query within 10 working days. Such response shall include any further information requested by the Authority in relation to such query.

2.3 In connection with any proposal (whether or not yet finalised) to enter into separate franchise agreements and/or other agreements with more than one Successor Operator, each relating to some only of the Franchise Services (whether or not together with other railway passenger services) or to take forward delivery of the Franchise Services in whole or partially on a basis other than by a Franchise, including, for the avoidance of doubt, direct ownership or operation, at or following the end of the Franchise Period, the Franchisee agrees and acknowledges that the Authority may require:

- (a) that the Franchisee provides the Authority with additional information and reports and analysis in respect of such Service Groups or Sectors as the Authority may specify. This may include:
 - (i) information relating to the operational and financial performance of the Franchisee in relation to such Service Groups or Sectors; and
 - (ii) identification of those employees, assets and liabilities which relate to such Service Groups together with an indication of the extent to which the same are shared between the operation of different Service Groups or Sectors; and
 - (b) subject to paragraph 2.4, that the Franchisee reorganises the business of providing the Franchise Services in order to facilitate the transfer anticipated by this Schedule 15.1 on an ongoing basis of the business of providing the Franchise Services within each of such Service Groups or Sectors to separate Successor Operators. This may include, to the extent reasonably practicable:
 - (i) the re-organisation of personnel such that an appropriate number of employees (having sufficient skills, qualifications and experience) will transfer by operation of Law to each Successor Operator of each such Service Group or Sectors; and/or
 - (ii) entering into additional or clarificatory contractual or other arrangements so that the Successor Operator of each such Service Group or Sectors will have the necessary assets and rights to operate the Franchise Services within that Service Group or Sectors.
- 2.4 Subject to paragraph 2.5, the Authority shall reimburse any reasonable out-of-pocket expenses that the Franchisee may incur in complying with its obligations under this paragraph 2. The copying costs referred to in paragraph 2.2 are not to be re-imbursed.
- 2.5 If the Authority is of the reasonable opinion that the Franchisee does not have sufficient resources to enable its compliance with its obligations under this paragraph 2 it may:
- (a) require the Franchisee (at its own cost) to employ; or
 - (b) after notification to the Franchisee, employ, such suitable additional resource as may be required to ensure that the Franchisee can comply with its obligations under this paragraph 2. The Franchisee shall reimburse to the Authority, by way of adjustment to Franchise Payments, any proper costs (including staff costs) incurred by it in the employment of any such additional resource pursuant to this paragraph 2.5(b).
- 2.6 To the extent reasonably practicable, prior to taking any of the actions referred to in paragraph 2.5, the Authority shall allow the Franchisee a reasonable opportunity to make representations to it concerning the exercise by the Authority of his rights under paragraph 2.5 but the Authority shall not be obliged by those representations to refrain from exercising any of the actions specified under paragraph 2.5.
- 3. Non-frustration of Transfer to Successor Operator**
- 3.1 The Franchisee shall take no action or steps which is or are designed, directly or indirectly:
- (a) to prevent, prejudice or frustrate the transfer as a going concern or going concerns of the business of providing the Franchise Services at the end of the Franchise Period to a Successor Operator or Successor Operators; or

- (b) to avoid, frustrate or circumvent any provision of this Agreement (including in particular the provisions of Schedule 14 (*Preservation of Assets*) and this Schedule 15) which is included in whole or in part for the purpose of preventing any such preventive, prejudicial or frustrating action or steps.
- 3.2 Subject to the restrictions set out in paragraph 3.1 and the other provisions of this Agreement, the Franchisee may take such action as it may require for the purposes of bidding to become, or becoming, a Successor Operator.

SCHEDULE 15.2

THIS IS SCHEDULE 15.2 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Last 12 or 13 Months of Franchise Period

1. Last 12 or 13 Month Period

- 1.1 Where reference is made in this Agreement to the last 12 or 13 months of the Franchise Period, such period shall be deemed (except where the actual date of expiry of the Franchise Period is known) to commence on the earliest of the following dates:
- (a) the date which is 12 or 13 months, as the case may be, prior to the Expiry Date;
 - (b) the date on which the Authority notifies the Franchisee that such period of 12 or 13 months shall be deemed to commence on the grounds that the Authority reasonably considers that an Event of Default may occur within the following 12 months; or
 - (c) the date on which the Authority notifies the Franchisee that such period of 12 or 13 months shall be deemed to commence on the grounds that the Authority considers it reasonably likely that this Agreement will be terminated by agreement between the Authority and the Franchisee within such period.
- 1.2 Any such period (which may be longer or shorter than 12 or 13 months, as the case may be) shall expire on the Expiry Date or, if earlier, in the case of periods commencing under paragraph 1.1(b) or (c), the date falling 12 or 13 months after the date of any notice under paragraph 1.1(b) or (c) or, in each case, such earlier date as the Authority may determine.
- 1.3 If the last 12 or 13 months of the Franchise Period has commenced (or has been deemed to have commenced) and the notice referred to in paragraph 1.3 of Schedule 18 (*Franchise Continuation*) is given, then the last 12 or 13 months of the Franchise Period (as the case may be) shall not be interrupted, but shall continue to the Expiry Date.

2. Franchise Employees

Terms of Employment of Existing Employees

- 2.1 The Franchisee shall not, and shall secure that each other relevant employer shall not, without the prior consent of the Authority (which shall not be unreasonably withheld or delayed), vary or purport or promise to vary the terms or conditions of employment of any Franchise Employee (in particular, the Franchisee shall not promise to make any additional payment or provide any additional benefit or vary any term or condition relating to holiday, leave or hours to be worked) where such variation or addition:
- (a) takes effect in the last 12 months of the Franchise Period unless it is in the ordinary course of business and, when aggregated with any other variation or addition which takes effect during such period, represents an increase in the remuneration of a Franchise Employee of no more than the amount determined in accordance with the following formula:-

$$\frac{\text{MAWE} + \text{JAWWE} + \text{SAWE} + \text{DAWE}}{4}$$

where:

MAWE is the increase in the Average Weekly Earnings between March in the preceding 12 months and the corresponding March 1 year before, expressed as a percentage;

JAWWE is the increase in the Average Weekly Earnings between June in the preceding 12 months and the corresponding June 1 year before, expressed as a percentage;

SAWE is the increase in the Average Weekly Earnings between September in the preceding 12 months and the corresponding September 1 year before, expressed as a percentage; and

DAWE is the increase in the Average Weekly Earnings between December in the preceding 12 months and the corresponding December 1 year before, expressed as a percentage;

- (b) wholly or partly first takes effect after the end of the Franchise Period;
- (c) results in any such employment not being terminable by the Franchisee or other relevant employer within 6 months of the expiry of the Franchise Period;
- (d) relates to a payment or the provision of a benefit triggered by termination of employment;
- (e) relates to the provision of a benefit (excluding base salary) which any such employee will or may have a contractual right to receive after the expiry of the Franchise Period; or
- (f) prevents, restricts or hinders any such employee from working for a Successor Operator or from performing the duties which such employee performed for the Franchisee.

2.2 Without limiting the foregoing the Franchisee shall consult the Authority as soon as reasonably practicable in any circumstances in which the Authority's consent under paragraph 2.1 may be required. Further, it shall always be deemed to be reasonable for the Authority to withhold its consent to a variation or addition which is prohibited without such consent under paragraph 2.1(a) provided the Authority:

- (a) makes an overall increase in Franchise Payments equal to the amount of the direct net losses suffered by the Franchisee on the days (**Relevant Days**) when the Passenger Services are affected by Industrial Action taken by the Franchise Employees which is a consequence of a refusal by the Authority to agree to the variation or addition; and
- (b) agrees that during the Relevant Days there shall be no application of the regime by which the Franchisee is required to make payments to the Authority in respect of poor performance to the extent that such poor performance is a consequence of the industrial action referred to in paragraph 2.2(a). Further, to the extent that the Franchisee may be in contravention of this Agreement (excluding contraventions in relation to safety requirements) as a consequence of the industrial action referred to in this paragraph, such contravention shall be waived by the Authority.

- 2.3 The Franchisee shall consult with the Authority as soon as reasonably practicable in any circumstances in which the Authority's consent under paragraph 2.1 may be required. The expression "promise to vary" when used in paragraph 2.1 includes any offer or indication of willingness to vary (whether or not such offer or willingness is made conditional upon obtaining the Authority's consent).

Terms of Employment of New Employees

- 2.4 The Franchisee shall not, and shall secure that each other relevant employer shall not, without the prior consent of the Authority (which shall not be unreasonably withheld or delayed), create or grant, or promise to create or grant, terms or conditions of employment for any Franchise Employee where the employment of such Franchise Employee by the Franchisee or such other relevant employer may commence on or after the Franchise Commencement Date if and to the extent that:
- (a) such terms or conditions are materially different from the terms or conditions of employment of equivalent or nearest equivalent Franchise Employees at the date on which such employment is scheduled to commence; and
 - (b) if such terms or conditions were granted to such equivalent Franchise Employees already employed by the Franchisee by way of variation to their terms or conditions of employment, the Franchisee would be in contravention of paragraph 2.1.

Changes in Numbers and Total Cost of Employees

- 2.5 Subject to and excluding any increase in the remuneration of Franchise Employees permitted under paragraph 2.1, the Franchisee shall not, and shall secure that each other relevant employer shall not, without the prior written consent of the Authority (which shall not be unreasonably withheld or delayed) increase or decrease in the last 12 months of the Franchise Period the number of Franchise Employees such that:
- (a) the total number of Franchise Employees or the total cost per annum to the Franchisee and each other relevant employer of employing all Franchise Employees is increased; or
 - (b) the total number of Franchise Employees is decreased,

in each case, by more than 5 per cent. during such period of 12 months.

3. Fares

Reduction in Prices of Fares

- 3.1(a) Without in any way limiting the rights of the Authority in terms of Schedule 5 (*Fares*), during the last 13 months of the Franchise Period the Franchisee shall not, without the prior written consent of the Authority (not to be unreasonably withheld), set the Price or Child Price of or sell (except to the extent required to do so under the terms of the Ticketing and Settlement Agreement as a result of the Price or Child Price of a Fare being set by another person) any Fare which would entitle the purchaser of such Fare to travel on all or any of the Passenger Services after the Franchise Period for an amount which is less than the Price or the Child Price of that Fare immediately before the commencement of such 13 month period or, in the case of a new Fare, the Price of its nearest equivalent immediately before the commencement of such period.
- (b) Paragraph 3.1(a) shall not prevent the Franchisee from giving any discount or reduction to which the purchaser of a Fare may be entitled by virtue of:

- (i) presenting a Discount Card (or any equivalent replacement thereof) issued by the Franchisee before the commencement of such 13 month period and to which the purchaser would have been entitled before the commencement of such period;
 - (ii) presenting a Discount Card issued by another train operator;
 - (iii) the Passenger's Charter or the passenger's charter of any other train operator; or
 - (iv) any relevant conditions of carriage.
- (c) The Franchisee shall procure that persons acting as its agent (except persons acting in such capacity by virtue of having been appointed under Parts II to VI of Chapter 9 of the Ticketing and Settlement Agreement or by being party to the Ticketing and Settlement Agreement) shall comply with the provisions of paragraph 3.1(a) to the extent that such provisions apply to the selling of Fares by the Franchisee.

Percentage Allocations

- 3.2(a) Except to the extent that the Authority may consent from time to time (such consent not to be unreasonably withheld), the Franchisee shall not, in the last 13 Reporting Periods of the Franchise Period, take any action or step which may result in its Percentage Allocation (as defined in the Ticketing and Settlement Agreement) in respect of any Rail Product (as defined in the Ticketing and Settlement Agreement) being reduced.
- (b) The Franchisee shall notify the Authority before taking any such action or step in the last 13 Reporting Periods of the Franchise Period and upon becoming aware of any other person proposing to take any action or step which may have the same effect. The Franchisee shall take such action as the Authority may reasonably request in order to prevent any such reduction, including submitting any dispute to any relevant dispute resolution procedures.

4. Inter-Operator Schemes

Voting on Scheme Councils

- 4.1 Subject to paragraph 4.3, during the last 12 months of the Franchise Period the Franchisee shall give the Authority reasonable notice of:
- (a) any meeting of:
 - (i) a scheme council of an Inter-Operator Scheme on which the Franchisee is represented; or
 - (ii) a scheme management group of any Inter-Operator Scheme;
 - (A) in which the Franchisee has a permanent position; or
 - (B) where the Franchisee employs a member of such group;
 - (b) the resolutions to be voted upon at any such meeting; and
 - (c) the Franchisee's voting intentions.

- 4.2 Subject to paragraph 4.3, the Franchisee shall vote at any such meeting in the manner required by the Authority.

Successor Operator

- 4.3 Where the Franchisee has been notified by the Authority that a Successor Operator has been selected (whether a franchisee or otherwise and whether or not such selection is conditional), the Franchisee shall give such Successor Operator reasonable notice of:
- (a) any meeting referred to in paragraph 4.1(a);
 - (b) any resolutions to be voted upon at any such meeting where such resolutions might reasonably be considered to affect the interests of such Successor Operator; and
 - (c) the Franchisee's voting intentions.
- 4.4 The Franchisee shall discuss with the Successor Operator in good faith with a view to agreeing the way the Franchisee should vote on the resolutions referred to in paragraph 4.3(b). In the absence of any agreement, the Franchisee shall, as soon as reasonably practicable thereafter, having regard to the deadline for voting on such resolutions, refer the matter to the Authority for determination.
- 4.5 The Authority shall reasonably determine the way the Franchisee should vote on any resolutions referred to it in accordance with paragraph 4.4, having regard to the transfer of the Franchise Services as a going concern at the end of the Franchise Period.
- 4.6 The Franchisee shall vote at any meeting referred to in paragraph 4.1(a) in accordance with any agreement pursuant to paragraph 4.4 or determination pursuant paragraph 4.5.

Local Authority Schemes

5. The Franchisee shall not during the last 12 months of the Franchise Period, agree to commence or continue any project or investment wholly or partly funded by any Local Authority without the written consent of the Authority.

SCHEDULE 15.3

THIS IS SCHEDULE 15.3 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Handover Package

1. Handover Package Status

- 1.1 The Franchisee shall maintain the Handover Package and shall update it at least every 3 Reporting Periods.
- 1.2 The Franchisee shall ensure that any Successor Operator will have immediate access to the Handover Package on the expiry of the Franchise Period and shall accordingly agree with the Authority from time to time a location at which such Handover Package should be kept which, unless otherwise agreed, shall be the offices of a solicitor approved by the Authority.

2 Director's Certificate

Once in each Franchisee Year, the Franchisee shall provide to the Authority a certificate signed by a nominated and duly authorised director of the Franchisee, addressed to the Authority, which confirms that the Handover Package contains the information and objects specified in the Appendix (*Form of Handover Package*) and that such information is accurate at the date of the Certificate. The Franchisee shall make the Handover Package available for inspection or audit by the Authority or its representative whenever requested.

3. Handover Package Information

Without prejudice to the preceding provisions of this Schedule 15.3, the Franchisee shall provide to the Authority the following information and letters, and shall supply revised information and/or letters to the Authority as and when required in order to ensure that such information and letters remain accurate and up to date:

- 3.1 details of the location of the Handover Package, which details shall include one or more contact name, address and telephone number enabling contact during, and outside, normal office hours with persons authorised and able to release the Handover Package;
- 3.2 a letter in a form approved by the Authority:
 - (a) from the Franchisee to the Authority confirming that an irrevocable instruction has been given to the solicitor holding (or other persons authorised by the Authority for such purpose) the Handover Package that any of the Authority, a Successor Operator or its agent, is entitled at any time to require access to and delivery of the Handover Package on demand, and confirming the Authority's right to audit the Handover Package at any time; and
 - (b) from the solicitor holding the Handover Package (or other person authorised by the Authority for such purpose) to the Authority confirming that he or she will release the Handover Package to any of the Authority, a Successor Operator or its agent, on demand, and confirming that the Handover Package will be made available for the purposes of auditing its contents when so required by the Authority;
- 3.3 a list of all key contacts, as set out in the Appendix (*Form of Handover Package*); and

- 3.4 a letter in a form approved by and addressed to the Authority confirming the details of any insurer providing insurance to the Franchisee, and authorising the insurer (and any relevant broker) to release any insurance-related information to any of the Authority, a Successor Operator or its agent on demand.

4 Actions required immediately on handover

- 4.1 The Franchisee shall immediately on the expiry of the Franchise Period make available to the Authority:

- (a) information as to the status of each purchase order or contract, including its award date, anticipated delivery date, confirmation of receipt of goods or services and the payment records for each purchase order, together with any matters in dispute with the appointed subcontractor and, to the extent that the Franchisee is a subcontractor to another Train Operator, the equivalent information in respect of that Train Operator; and
- (b) information concerning any contract necessary for the continued operation of the franchise where a procurement or bidding process has been initiated.

- 4.2 The Franchisee agrees that the Authority or its agents may have access to and use free of charge any information contained in any computer system or in hard copy format as it sees fit (for the purposes of continuing the operation of the Franchise Services).

5. Maintenance Records

The Franchisee shall immediately on expiry of the Franchise Period provide to the Authority:

- 5.1 records of the status of the maintenance of the rolling stock vehicles used in the provision of the Passenger Services, including the extent of completion of examinations and the modification status of each such rolling stock vehicle;
- 5.2 records of the status of the maintenance of any lifting equipment;
- 5.3 a list of any deferred maintenance; and
- 5.4 records of the status of the maintenance of any depot or station or plant or equipment at the same which is a Franchise Asset.

6. Ticketing Arrangements

The Franchisee shall provide to the Authority immediately on expiry of the Franchise Period a statement certifying:

- 6.1 all ticketing transactions with the public or credit card agencies that are in process and not yet complete, together with any allocations on multi-modal travel with other agencies or local authorities;
- 6.2 any Stored Credit Balance, together with details of how such is held and how such will be transferred to a Successor Operator;
- 6.3 the extent of any outstanding claims with ticketing settlement agencies;
- 6.4 refund arrangements (whether under the Passenger's Charter or not) with members of the public or other Train Operators or ticketing settlement agencies that are in process and not yet complete; and

6.5 commissions owed and/or due.

APPENDIX TO SCHEDULE 15.3

Form of Handover Package

1. Key Contacts

A list of key contacts to include all directors (statutory or otherwise) and all managers with responsibility for a department/function within the Franchisee's business. This must include operations, commercial, personnel and public affairs departments (or in each case their nearest equivalents). This list must include the name, address, home, office and mobile telephone numbers, and a brief description of the person's role and responsibilities in the business.

2. Property

A list of all land and buildings owned, leased, operated or occupied by the Franchisee which shall include the address, telephone number and contact telephone number of each property. Where applicable, the list will also include the name, address and telephone number of the lessor and/or the party which has granted authority to use or occupy the property, and any relevant reference numbers applicable to that lease or occupation. Where applicable, the list will also include the name, address and telephone number of the tenant and/or party in occupation of the property.

3. Contracts

A printed or electronic list (in a format acceptable to the Authority) of all contracts (sales, purchases or otherwise including leases and licences) between the Franchisee and the counterparty or counterparties to each such contract, showing the name, address and telephone number of each counterparty and a contact name at each such counterparty; the contract reference number of the Franchisee and each counterparty (if any); and the contract price/value, term and expiry date. This requirement shall apply to all contracts unless otherwise agreed by the Authority.

4. Systems

A list of the electronic systems in use by the Franchisee, together with the name of the Franchisee's employee with responsibility for the management of information technology matters, office address and telephone number who is responsible for administration of each such system.

5. Daily Operations

A printed or electronic list (in a format acceptable to the Authority) of all assets owned or operated by the Franchisee together with their location.

6. Insurance

A list of the names, addresses and telephone numbers of all insurers and any relevant broker providing insurance to the Franchisee, together with the relevant policy numbers and other references and details of any outstanding claims or unresolved disputes.

SCHEDULE 15.4

THIS IS SCHEDULE 15.4 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Provisions applying on and after Termination

1. **Novation of Access Agreements on Termination of this Agreement**

- 1.1 The Franchisee shall, to the extent so requested by the Authority on termination of this Agreement, in relation to any Access Agreement to which it is a party, novate its interest under any relevant Access Agreement (and any related Collateral Agreement) to the Authority or as it may direct.
- 1.2 Such novation shall be subject to the agreement of any counter party to such Access Agreement or Collateral Agreement and, to the extent applicable, the ORR.
- 1.3 Such novation shall be on such terms as the Authority may reasonably require, including:
 - (a) that the Franchisee shall not be released from any accrued but unperformed obligation, the consequences of any breach of the relevant agreement which is the subject of arbitration or litigation between the Authority and the Franchisee or any liability in respect of any act or omission under or in relation to the relevant agreement prior to, or as at the date of, any such novation (except to the extent that the Authority or its nominee agrees to assume responsibility for such unperformed obligation, such liability or the consequences of such breach in connection with the relevant novation); and
 - (b) that neither the Authority nor its nominee shall be obliged, in connection with such novation, to agree to assume responsibility for any unperformed obligation, liability or consequences of a breach referred to in paragraph 1.3(a),

but shall not, unless the Franchisee otherwise agrees, be on terms which release any counterparty to the relevant agreement from any liability to the Franchisee arising prior to the date of such novation.

2. **Co-operation with Successor Operator**

- 2.1 In order to ensure the continuity of, and an orderly handover of control over, the Franchise Services, the Franchisee shall co-operate with:
 - (a) where a Successor Operator or Operators has been appointed, such Successor Operator(s); or
 - (b) where a Successor Operator or Operators has not been so appointed, or where such appointment or appointments does or do not encompass all aspects of the Franchise Services, the Authority together with such Operator or Operators where relevant,

and shall take such steps as may be reasonably requested by the Authority in connection therewith.

- 2.2 In satisfaction of its obligations under paragraph 2.1, the Franchisee shall bid for and secure the Timetable and the Train Plan for the Franchise Services to be operated by

the Successor Operator (whether or not a Successor Operator has been identified and whether or not there is in place an Access Agreement relating to the relevant period).

3. Transfer of Primary Franchise Assets

Option Arrangements

- 3.1(a) The Authority hereby grants to the Franchisee the right to require the Authority to make, and the Franchisee hereby grants to the Authority the right to make, a Transfer Scheme in accordance with Section 12 and Schedule 2 of the Railways Act 2005 for the transfer of any or all Primary Franchise Assets on the expiry of the Franchise Period.
- (b) On or within 14 days before the expiry of the Franchise Period, either party may serve notice on the other party specifying the Primary Franchise Assets to be transferred.
- (c) The Authority may (and shall if required by the Franchisee) make one or more such Transfer Schemes for the transfer of the Primary Franchise Assets specified in any such notice within 14 days after service of such notice.
- (d) Any Franchise Assets or Primary Franchise Assets which are not so transferred shall cease to be designated as such 14 days after service of such notice.

Supplemental Agreement

- 3.2 Without prejudice to the duties, powers, rights and obligations of the Authority under the Railways Act 2005 in respect of any Transfer Scheme, any Transfer Scheme shall impose on the Franchisee and the transferee an obligation to enter into an agreement substantially in the form of the Supplemental Agreement which shall provide for the determination of amounts to be paid in respect of the property, rights and liabilities which are transferred under such Transfer Scheme. The Franchisee shall enter into any such Supplemental Agreement and shall comply with its obligations thereunder.

Payment of Estimated Transfer Price

- 3.3(a) The Authority may require the Franchisee to pay to any transferee under a Transfer Scheme, or may require any such transferee to pay to the Franchisee, on the day on which the Transfer Scheme comes into force such sum as the Authority may determine should be so paid having regard to:
 - (i) its estimate of the sum likely to be paid under the relevant Supplemental Agreement in respect of the Primary Franchise Assets being transferred under the relevant Transfer Scheme;
 - (ii) its estimate of any other sums likely to be paid thereunder;
 - (iii) the financial condition of the Franchisee and the transferee and whether any estimate so paid would be likely to be repaid, if in excess of the sums eventually payable thereunder; and
 - (iv) such other matters as the Authority may consider appropriate.
- (b) The Franchisee shall pay to any such transferee the sum determined by the Authority in accordance with paragraph 3.3(a) on the day on which the relevant Transfer Scheme comes into force.

Possession of Franchise Assets

- 3.4 On the coming into force of a Transfer Scheme, the Franchisee shall deliver up to the Authority (or its nominee) possession of the Primary Franchise Assets transferred under such Transfer Scheme.

4. Associated Obligations on Termination

Assistance in Securing Continuity

- 4.1(a) In order to facilitate the continuity of the Franchise Services on expiry of the Franchise Period, the Franchisee shall take such steps, both before and after the expiry of the Franchise Period, as the Authority may reasonably require, to assist and advise any Successor Operator in providing and operating the Franchise Services.
- (b) In particular, the Franchisee shall provide any Successor Operator with such records and information relating to or connected with the Franchise Services as the Authority may reasonably require (other than Confidential Information of a financial nature but including all records relating to the Franchise Employees).

Access

- 4.2 On the expiry of the Franchise Period, the Franchisee shall grant the Authority and its representatives such access as the Authority may reasonably request to any property owned, leased or operated by the Franchisee at such time, for the purpose of facilitating the continued provision of the Franchise Services.

Key Contracts

- 4.3(a) The Franchisee shall provide such assistance to any Successor Operator as the Authority may reasonably require in ensuring that, pursuant to any Direct Agreements, such Successor Operator may enter into (or enjoy the benefit of) contracts equivalent to the relevant Key Contracts (or part thereof).
- (b) In satisfaction of its obligations under paragraph 4.3(a), the Franchisee shall terminate, surrender, cancel or undertake not to enforce its rights under any Key Contract (or part thereof) provided that nothing in this paragraph shall require the Franchisee to undertake not to enforce any rights under a Key Contract relating to the period prior to the expiry of the Franchise Period.

Change of Name

- 4.4 The Franchisee shall cease to use any trademarks which are licensed to the Franchisee under any of the Brand Licences forthwith upon expiry of the Franchise Period and shall take all necessary steps to change any company name which incorporates any such marks, the Marks, or the Authority's Branding as soon as practicable.

Licences

- 4.5 On the expiry of the Franchise Period, the Franchisee shall assign the Licences to the Authority's nominee, to the extent and in the manner requested by the Authority, and to the extent permitted by the ORR.

Property Leases

- 4.6(a) The Franchisee shall, on the expiry of the Franchise Period if requested by the Authority assign its interest under all or any Property Leases to the Authority or as it

may direct, subject where applicable to the agreement of any other party to such Property Lease or of the ORR.

- (b) Such assignment shall be on such terms as the Authority may reasonably require, including:
 - (i) that the Franchisee shall not be released from any accrued but unperformed obligation, the consequences of any antecedent breach of an undertaking or obligation in the Property Leases or any liability in respect of any act or omission under or in relation to the Property Lease prior to, or as at the date of, any such assignment (except to the extent that the Authority or its nominee agrees to assume responsibility for such unperformed obligation, such liability or the consequences of such breach in connection with the relevant assignment); and
 - (ii) that neither the Authority nor its nominee shall be obliged, in connection with such assignment, to agree to assume responsibility for any unperformed obligation, liability or consequences of a breach referred to in paragraph 4.6(b)(i), and the Franchisee shall indemnify the Authority or its nominee, as the case may be, on an after-tax basis against any costs, losses, liabilities or expenses suffered or incurred in relation thereto.
- (c) The Franchisee shall, on the occurrence of any of the circumstances specified in paragraph 4.6(a) in relation to any other Train Operator who is a party to a Property Lease to which the Franchisee is also party, agree to the assignment of such Train Operator's interest under the relevant Property Lease to the Authority or as it may direct, subject, where applicable, to the consent of Network Rail. The provisions of paragraph 4.6(b) shall apply to any such assignment.
- (d) The Franchisee shall notify the Authority on becoming aware of any circumstances which might lead to the Authority being able to require the Franchisee to assign its interest or agree to the assignment of another Train Operator's interest under this paragraph 4.
- (e) If the landlord under a Property Lease does not serve a notice to quit under the Property Lease on the Franchisee then the Franchisee shall notify the Authority in writing of the necessity to serve a notice to quit under the Property Lease at least one calendar month before the last date for service of a timeous notice to quit under the Property Lease and, if so requested by the Authority following receipt of such notification, the Franchisee shall timeously serve a notice to quit under the Property Lease.
- (f) The Franchisee shall promptly notify the Authority of any notice to quit received from the landlord under a Property Lease.

5. **Franchisee's Intellectual Property**

- 5.1(a) On the expiry of the Franchise Period, the Franchisee shall, subject to any limitations on the Franchisee's ability to grant such licences under any licence of intellectual property granted to the Franchisee, grant to any Successor Operator licences of any intellectual property which:
 - (i) is owned by or licensed to the Franchisee;
 - (ii) was not owned by or licensed to it immediately prior to the Franchise Commencement Date;

- (iii) has not been designated as a Primary Franchise Asset;
 - (iv) does not represent or constitute a Mark; and
 - (v) which may, in the reasonable opinion of the Authority, be necessary for any Successor Operator to operate the Franchise Services on an efficient and economic basis after the expiry of the Franchise Period.
- (b) When agreeing the terms on which intellectual property is to be licensed to it, the Franchisee shall use all reasonable endeavours to ensure that such terms include the right to sub-license such intellectual property in accordance with this paragraph 5.1. The Franchisee shall not enter into a licence that does not include such a provision without first obtaining the Authority's prior written consent (such consent not to be unreasonably withheld).
- 5.2 Any such licence shall be granted to the relevant Successor Operator for such period as the Authority may determine to be reasonably necessary for the purpose of securing continuity of the provision of the Franchise Services, and:-
- (a) shall be free of charge and royalty-free for a period of 1 month or less.
 - (b) if such licence is for a period in excess of 1 month, the grant of the licence shall be subject to payment of a reasonable royalty to the Franchisee (backdated to the expiry of the Franchise Period) on the basis of a willing licensor and licensee entering into a licence on comparable terms to similar licences of such intellectual property. If the Franchisee and the relevant Successor Operator are unable to agree such royalty, the Franchisee shall submit such dispute for resolution in accordance with such dispute resolution rules as the Authority may require.
- 5.3 Any such licence shall be in such form as the Authority shall reasonably determine but in any event shall:
- (a) be non-exclusive and limited to use solely for the purposes of the provision and operation of the Franchise Services and will not provide for any right to use such intellectual property for any other purpose (including its marketing or exploitation for any other purpose);
 - (b) prohibit assignment or the grant of any sub-licences pursuant to the licence other than to the Authority or a Successor Operator to the Successor Operator to whom the licence is granted;
 - (c) be terminable on material breach by the Successor Operator;
 - (d) contain an indemnity from the Franchisee to the effect that to the best of its knowledge and belief it owns the relevant intellectual property or has the right to license it and the licensing of it and the subsequent use of the intellectual property will not infringe any third part intellectual property rights; and
 - (e) require the Successor Operator, to the extent that it relates to any trademarks, to use such trade marks in such manner as may reasonably be required by the Authority provided that it shall not be reasonable for the Authority to require any such trade mark to be used in a manner materially different from its use during the Franchise Period.

- 5.4 (a) Without prejudice to the terms of paragraph 5.1, if the Franchisee develops any intellectual property rights in relation to smartcard ticketing for the Franchise Services during the Franchise Period, the Franchisee:
- (i) hereby assigns absolutely to the Authority free of encumbrances its whole right, title and interest in and to such intellectual property rights. Such assignation to the Authority shall include future assignation of copyright and all other proprietary rights in respect of all works or materials including any software which is originated, conceived or written by or on behalf of the Franchisee in connection with its development of smart ticketing during the Franchise Period;
 - (ii) promptly and at the Authority's request, do (and procure all third parties, employees, individuals and sub-contractors) all such further acts and things and sign and deliver all such documents as the Authority may from time to time require for the purposes of securing for the Authority the full benefit of all right, title and interest in and to such intellectual property rights; and
- (b) to the extent that any software is comprised in any materials developed by the Franchisee for the purposes of smart ticketing, the Franchisee shall deliver (and shall procure that any sub-contractor shall deliver) a copy of the source code for such software to the Authority and all documentation necessary to enable the operation, maintenance and development of the software within ten (10) days of termination.

APPENDIX 1 TO SCHEDULE 15.4

Form of Transfer Scheme

Dated _____ 20[•]

**TRANSFER SCHEME
OF
THE SCOTTISH MINISTERS
MADE PURSUANT TO SECTION 12 AND SCHEDULE 2 OF
THE RAILWAYS ACT 2005**

**IN FAVOUR OF
[SUCCESSOR OPERATOR]**

**IN RESPECT OF
CERTAIN PROPERTY, RIGHTS AND LIABILITIES
OF
[FRANCHISEE]**

[The Scottish Ministers]

TRANSFER SCHEME

Whereas:

- (A) [Franchisee] (the **Transferor**) has been providing certain services for the carriage of passengers by railway and operating certain stations and light maintenance depots pursuant to a franchise agreement with the Scottish Ministers Victoria Quay, Edinburgh, EH6 6QQ, acting through Transport Scotland, Buchanan House, 58 Port Dundas Road, Glasgow, G4 0HF or such other agency, department or other organisational unit of the Scottish Government as they may from time to time have nominated (who and whose successors are hereinreferred to as the **Authority**) dated [•] (the **Franchise Agreement**).
- (B) The Franchise Agreement terminated or is to terminate on [•] and [Successor Operator] (the **Transferee**) is to continue the provision of all or part of such services or the operation of all or some of such stations and light maintenance depots under a new franchise agreement or in connection with the performance or exercise of the duties and powers of the Authority to secure the provision of such services or the operation of such stations or light maintenance depots.
- (C) Certain property, rights and liabilities of the Transferor which were designated as franchise assets for the purpose of the Franchise Agreement are to be transferred to the Transferee under a transfer scheme made by the Authority under Section 12 and Schedule 2 of the Railways Act 2005.

The Authority, in exercise of the powers conferred on it by Section 12 and Schedule 2 of the Railways Act 2005, hereby makes the following scheme:

1. Definitions and Interpretation

In this Transfer Scheme **powers and duties** and **relevant enactment** have the meanings ascribed to them in paragraph 6 of Schedule 2 of the Railways Act 2005.

2. Transfer of Property Rights and Liabilities

The property, rights and liabilities of the Transferor specified or described in the Schedule shall be transferred to, and vest in, the Transferee.

3. Powers and Duties under Statutory Provisions

Subject to any amendment to the relevant enactment which comes into force on or after the date on which this Transfer Scheme is made, there shall be transferred to the Transferee all the powers and duties of the Transferor under any relevant enactment if and to the extent that any such relevant enactment:

- (a) relates to any property which is to be transferred by this Transfer Scheme; or
- (b) authorises the carrying out of works designed to be used in connection with any such property or the acquisition of land for the purpose of carrying out any such works.

4. Supplemental Agreement

Each of the Transferor and the Transferee shall enter into the Supplemental Agreement (as defined in the Franchise Agreement) on the coming into force of this Transfer Scheme.

This Transfer Scheme is made by the Authority on [●]

SIGNED for and on behalf of THE SCOTTISH MINISTERS

At

On the day of 20[xx]

By

.....Name (printed)

Before this witness:-

..... Witness

..... Full Name

..... Address

.....

SCHEDULE TO THE TRANSFER SCHEME

[List relevant [Primary] Franchise Assets to be transferred to Successor Operator]

APPENDIX 2 TO SCHEDULE 15.4

Form of Supplemental Agreement

Dated _____ 20[•]

SUPPLEMENTAL AGREEMENT

between

[*OUTGOING FRANCHISEE*]

and

[*SUCCESSOR OPERATOR*]

to the transfer scheme dated [•] made
by the Scottish Ministers in respect of
certain property rights and liabilities of
[*OUTGOING FRANCHISEE*]

[The Scottish Ministers]

SUPPLEMENTAL AGREEMENT

BETWEEN

- (1) [OUTGOING FRANCHISEE] whose registered office is at [registered office] (the **Transferor**); and
- (2) [SUCCESSOR OPERATOR] whose registered office is at [registered office] (the **Transferee**).

WHEREAS

- (A) The Transferor has been providing certain services and the carriage of passengers by railway and operating certain stations and light maintenance depots pursuant to a franchise agreement with the Scottish Ministers Victoria Quay, Edinburgh, EH6 6QQ, acting through Transport Scotland, Buchanan House, 58 Port Dundas Road, Glasgow, G4 0HF or such other agency, department or other organisational unit of the Scottish Government as they may from time to time have nominated (who and whose successors are hereinreferred to as the "**Authority**") dated [•] (the "**Franchise Agreement**").
- (B) The Franchise Agreement terminated or is to terminate on [•] and the Transferee has been selected by the Authority to continue the provision of all or part of such services pursuant either to a franchise agreement with the Authority or arrangements made with the Authority in connection with the Authority's duties and powers.
- (C) Certain property, rights and liabilities of the Transferor are to be transferred to the Transferee pursuant to a transfer scheme made by the Authority on [•] under Schedule 2 of the Railways Act 2005 (the **Transfer Scheme**).
- (D) This agreement is supplemental to the Transfer Scheme and sets out certain terms between the Transferor and the Transferee in relation to the transfer of such property, rights and liabilities under the Transfer Scheme and the transfer of certain other property, rights and liabilities at the same time.

IT IS AGREED THAT

1. Definitions and Interpretation

Definitions

1.1 The following words and expressions shall have the following meaning:

Business means such of the undertaking or part of the undertaking of the Transferor prior to the Transfer Date as may be continued by the Transferee after the Transfer Date;

Completion Payment has the meaning ascribed to that term in Clause 2.1;

Credit has the meaning assigned to that term under the Ticketing and Settlement Agreement;

Debit has the meaning assigned to that term under the Ticketing and Settlement Agreement;

Net Asset Statement means the statement to be drawn up pursuant to Clause 2.2;

Net Asset Value means the aggregate of the amounts of the Relevant Franchise Assets, the Relevant Contract Liabilities, the Relevant Debits and Credits and the Relevant Employee Liabilities as shown in the Net Asset Statement;

Purchase Price means an amount equal to the Net Asset Value;

Relevant Contract Liabilities means such rights and liabilities of the Transferor as may be transferred to the Transferee on the expiry of the Franchise Period in relation to any Licence, Access Agreement or Property Lease under paragraphs 1, 4.5 and 4.6 of Schedule 15.4 (*Provisions Applying on and after Termination*) of the Franchise Agreement;

Relevant Debits and Credits means such Debits and Credits of the Transferor which relate to Fares sold before the Transfer Date and which may be received by the Transferee as a result of Clause 11-32 of the Ticketing and Settlement Agreement;

Relevant Employee Liabilities means such rights and liabilities of the Transferor (or any other relevant employer or person) under any contracts of employment relating to the Relevant Employees which have been or are to be transferred to the Transferee by virtue of the operation of Law (including the Transfer Regulations);

Relevant Employees means all persons employed in the Business immediately before the Transfer Date (whether employed by the Transferor or otherwise) whose contract of employment has been or is to be transferred to the Transferee by virtue of the operation of Law (including the Transfer Regulations) or any other person employed in the Business in respect of whom liabilities arising from a contract of employment or employment relationship have or will be transferred by virtue of the operation of Law (including the Transfer Regulations);

Relevant Franchise Assets means the property, rights and liabilities of the Transferor which are or are to be transferred to the Transferee under the Transfer Scheme;

Reporting Accountants means such firm of accountants as may be selected by agreement between the parties within 4 weeks of the preparation of the Net Asset Statement or, in the absence of such agreement, selected by the Authority;

Season Ticket Fare means a fare which entitles the purchaser to make an unlimited number of journeys in any direction during the period for which, and between the stations and/or the zones for which, such fare is valid;

Taxation comprises all forms of taxation, duties, contributions and levies of the Authority or the United Kingdom whenever imposed and (except in so far as attributable to the unreasonable delay or default of the Transferee) all penalties and interest relating thereto;

TOGC has the meaning assigned to that term in clause 6.2;

Transfer Date means the date and, where relevant, the time on or at which the Transfer Scheme comes into force;

Transfer Regulations means the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended, replaced or substituted from time to time);

Transferring Assets and Liabilities has the meaning assigned to that term in clause 2.1; and

Undisclosed Employee has the meaning assigned to that term in clause 7.1(d).

Construction and Interpretation

- 1.2 In this Agreement terms and expressions defined in the Franchise Agreement shall have the same meaning and the terms “contract of employment”, “collective agreement”, “employee representatives” and “trade union” shall have the same meanings respectively as in the Transfer Regulations.

2. Transfer Price

Amount and Payment

- 2.1 The price for the transfer of:

- (a) the Relevant Franchise Assets,
- (b) the Relevant Contract Liabilities,
- (c) the Relevant Debits and Credits; and
- (d) the Relevant Employee Liabilities

(together the Transferring Assets and Liabilities) shall (subject to adjustment as expressly provided in this Agreement) be an amount equal to the Net Asset Value of which the sum of £[amount], as determined under paragraph 3.3 of Schedule 15.4 (*Provisions Applying on and after Termination*) of the Franchise Agreement (the **Completion Payment**) shall be paid in immediately available funds by the Transferor to the Transferee, or by the Transferee to the Transferor, as determined under paragraph 3.3 of Schedule 15.4 of the Franchise Agreement, on the Transfer Date and the balance (if any) shall be paid in accordance with clause 2.5.

Net Asset Statement

- 2.2 The Transferee shall procure that, as soon as practicable and in any event not later than 2 months following the Transfer Date, there shall be drawn up a statement showing a true and fair view of the aggregate of the amount of each separate asset and liability of the Transferring Assets and Liabilities as at the Transfer Date.

- 2.3 The Net Asset Statement shall be:

- (a) drawn up in the manner described in the Schedule;
- (b) prepared on such basis as would enable the Transferee’s auditors, if so requested, to give an unqualified audit report thereon to the effect that it had been drawn up in accordance with the Schedule; and
- (c) presented, initially as a draft, to the Transferor immediately following its preparation for review in conjunction with its auditors.

- 2.4 If the Transferor and the Transferee have failed to agree the Net Asset Statement within 4 weeks following such presentation, the matter shall be referred to the Reporting Accountants who shall settle and complete the Net Asset Statement as soon as practicable and shall determine the amount of the Net Asset Value as shown by the Net Asset Statement.

Adjustment of Price

- 2.5 If the Purchase Price exceeds or is less than the Completion Payment, the Transferee shall pay to the Transferor or, as the case may be, the Transferor shall pay to the Transferee, in either case within 14 days of the agreement or determination of the Net

Asset Value, an amount equal to such excess or deficiency together in either case with interest thereon calculated from the Transfer Date at the Interest Rate.

3. **References to the Reporting Accountants**

Whenever any matter is referred under this Agreement to the decision of the Reporting Accountants:

- (a) the Reporting Accountants shall be engaged jointly by the parties on the terms set out in this Agreement and otherwise on such terms as shall be agreed; provided that neither party shall unreasonably (having regard, amongst other things, to the provisions of this Agreement) refuse its agreement to terms proposed by the Reporting Accountants or by the other party. If the terms of engagement of the Reporting Accountants have not been settled within 14 days of their appointment having been determined (or such longer period as the parties may agree) then, unless one party is unreasonably refusing its agreement to those terms, such accountants shall be deemed never to have been appointed as Reporting Accountants, save that the accountants shall be entitled to their reasonable expenses under clause 3(d), and new Reporting Accountants shall be selected in accordance with the provisions of this Agreement;
- (b) if Reporting Accountants acting or appointed to act under this Agreement resign, withdraw, refuse to act, or are disqualified for any reason from performing their duties then, except as may be agreed between the parties, the parties shall appoint a replacement in accordance with the definition of **Reporting Accountants**;
- (c) the Reporting Accountants shall be deemed to act as experts and not as arbitrators;
- (d) the Reporting Accountants shall have power to allocate their fees and expenses for payment in whole or in part by any party at their discretion. If not otherwise allocated they shall be paid as to half by the Transferor and as to half by the Transferee;
- (e) each of the parties shall promptly on request supply to the Reporting Accountants all such documents and information as they may require for the purpose of the reference; and
- (f) the decision of the Reporting Accountants shall (in the absence of objection on the grounds of any error discovered within 14 days of the issue of their decision) be conclusive and binding and shall not be the subject of any appeal by way of legal proceeding or arbitration or otherwise.

4. **Warranty**

The Transferor warrants and represents to the Transferee that the Relevant Contract Liabilities and the Relevant Franchise Assets are, to the extent they are property or rights, transferring to the Transferee free and clear of all Security Interests.

5. **Interest**

If the Transferor or the Transferee defaults in the payment when due of any sum payable under this Agreement (whether determined by agreement or pursuant to an order of a court or otherwise) the liability of the Transferor or the Transferee (as the case may be) shall be increased to include interest on such sum from the date when such payment is due until the date of actual payment (after as well as before judgement) at a rate equal to the Interest Rate. Such interest shall accrue from day to day.

6. **Value Added Tax**

- 6.1 All amounts under this agreement are expressed as exclusive of Value Added Tax where Value Added Tax is applicable.
- 6.2 The Transferor and the Transferee shall use all reasonable endeavours to secure that the transfer of the Transferring Assets and Liabilities is treated for Value Added Tax purposes as the transfer of a business as a going concern (**TOGC**) and accordingly as neither a supply of goods nor a supply of services for the purposes of Value Added Tax.
- 6.3 If HM Revenue & Customs direct that the transfer of the Transferring Assets and Liabilities, cannot be treated as a TOGC, the Transferor shall provide the Transferee with a copy of such direction within 5 days of receipt thereof by the Transferor.
- 6.4 The Transferee shall thereafter pay upon the receipt of a valid tax invoice the amount of any Value Added Tax which as a result of that direction may be chargeable on the transfer of the Transferring Assets and Liabilities. If the aforementioned direction was issued as a result of any action or inaction of the Transferee then the Transferee shall in addition to the Value Added Tax indemnify the Transferor for any penalties and interest that may be incurred upon receipt of such evidence from HM Revenue & Customs.
- 6.5 If the Transferee considers the direction issued by HM Revenue & Customs referred to in clause 6.3 to be incorrect then, without prejudice to the Transferee's obligation under clause 6.4 to pay to the Transferor the amount of any Value Added Tax which as a result of such direction may be chargeable on the transfer of the Transferring Assets and Liabilities, the Transferee may, within 30 days of receipt of such direction by the Transferor, give notice to the Transferor that it requires the Transferor to appeal such direction. Upon requesting such an appeal the Transferee agrees to indemnify the Transferor for all reasonable costs that the Transferor may incur in taking such action upon receipt of evidence of those costs. If such an appeal is successful the Transferor agrees to reimburse the Transferee for such reasonable costs and penalties and interest to the extent that those costs have been reimbursed by HM Revenue & Customs.
- 6.6 If any amount paid by the Transferee to the Transferor in respect of Value Added Tax pursuant to this Agreement is subsequently found to have been paid in error the Transferor shall issue a valid tax credit note for the appropriate sum to the Transferee and promptly repay such amount to the Transferee.
- 6.7 If any amount is payable by the Transferor to the Transferee in respect of the transfer of the Relevant Franchise Assets, Relevant Contract Liabilities, Relevant Debits and Credits and Relevant Employee Liabilities pursuant to this Agreement, clauses 6.3 to 6.6 inclusive shall apply *mutatis mutandis* to such payment substituting **Transferor** for **Transferee** and vice versa.
- 6.8 The Transferor shall on the Transfer Date deliver to the Transferee such of those records referred to in Section 49 of the Value Added Tax Act 1994 as relate exclusively to the Business on condition that the Transferee undertakes to preserve those records in such manner and for such periods as may be required by law.
- 6.9 Subject to HM Revenue & Customs so permitting, all of the records referred to in Section 49 of the Value Added Tax Act 1994 relating to the Business (being the purchase records) shall be retained by the Transferor and the Transferor shall undertake to the Transferee to:
- (a) preserve those records in such manner and for such periods as may be required by law;
 - (b) give the Transferee as from the Transfer Date reasonable access during normal business hours to such records and to take copies of such records.

7. Employees

Transfer Regulations

- 7.1 The parties accept that, to the extent that the undertaking or part of the undertaking of the Transferor is continued by the Transferee after the Transfer Date, this Agreement and the transfer of the Business which is effected in connection with the Transfer Scheme are governed by the Transfer Regulations and the following provisions shall apply in connection therewith:
- (a) the contract of employment of each of the Relevant Employees (save insofar as such contract relates to any occupational pension scheme) shall be transferred to the Transferee with effect from the Transfer Date which shall be the “time of transfer” under the Transfer Regulations and the Transferee shall employ each such Relevant Employee on the terms of those contracts of employment (save insofar as such contract relates to any occupational pension scheme) with effect from the Transfer Date;
 - (b) the Transferor shall perform and discharge all its obligations in respect of all the Relevant Employees for its own account up to and including the Transfer Date including, without limitation, discharging all wages and salaries of the Relevant Employees, all employer’s contributions to any relevant occupational pension scheme and all other costs and expenses related to their employment (including, without limitation, any Taxation, accrued holiday pay, accrued bonus, commission or other sums payable in respect of service prior to the close of business on the Transfer Date) and shall indemnify the Transferee and keep the Transferee indemnified against each and every action, proceeding, liability (including, without limitation, any Taxation), cost, claim, expense (including, without limitation, reasonable legal fees) or demand arising from the Transferor’s failure so to discharge;
 - (c) the Transferor shall indemnify the Transferee and keep the Transferee indemnified against each and every action, proceeding, cost, claim, liability (including, without limitation, any Taxation), expense (including, without limitation, reasonable legal fees) or demand which relates to or arises out of any act or omission by the Transferor or any other event or occurrence prior to the Transfer Date and which the Transferee may incur in relation to any contract of employment or collective agreement concerning one or more of the Relevant Employees pursuant to the provisions of the Transfer Regulations or otherwise including, without limitation, any such matter relating to or arising out of:
 - (i) the Transferor’s rights, powers, duties and/or liabilities (including, without limitation, any Taxation) under or in connection with any such contract of employment or collective agreement, which rights, powers, duties and/or liabilities (as the case may be) are or will be transferred to the Transferee in accordance with the Transfer Regulations; or
 - (ii) anything done or omitted before the Transfer Date by or in relation to the Transferor in respect of any such contract of employment or collective agreement or any Relevant Employee, which is deemed by the Transfer Regulations to have been done or omitted by or in relation to the Transferee save where the thing done or omitted to be done before the Transfer Date relates to the Transferee’s failure to comply with its obligations referred to in clause 7.4;
 - (d) if any contract of employment or collective agreement which is neither disclosed in writing to the Transferee by the Transferor prior to the Transfer Date nor made available to the Authority under Schedule 15.3 (Handover Package) of the Franchise Agreement prior to the Transfer Date shall have effect as if originally made between the Transferee and any employee (“the **Undisclosed Employee**”) or a trade union or employee

representatives as a result of the provisions of the Transfer Regulations (without prejudice to any other right or remedy which may be available to the Transferee):

- (i) the Transferee may, upon becoming aware of the application of the Transfer Regulations to any such contract of employment or collective agreement terminate such contract or agreement forthwith;
- (ii) the Transferor shall indemnify the Transferee against each and every action, proceeding, cost, claim, liability (including, without limitation, any Taxation), expense (including, without limitation, reasonable legal fees) or demand relating to or arising out of such termination and reimburse the Transferee for all costs and expenses (including, without limitation, any Taxation) incurred in employing such employee in respect of his employment following the Transfer Date; and
- (iii) the Transferor shall indemnify the Transferee in respect of any Undisclosed Employee on the same terms *mutatis mutandis* as the Transferor has indemnified the Transferee in respect of a Relevant Employee pursuant to the terms of clauses 7.1(b) and 7.1(c); and
- (e) the Transferor shall indemnify the Transferee and keep the Transferee indemnified against each and every action, proceeding, cost, claim, liability (including without limitation, any Taxation) expense (including, without limitation, reasonable legal fees) or demand which relates to or arises out of any dismissal (including, without limitation, constructive dismissal) by the Transferor of any employee (not being a Relevant Employee) and which the Transferee may incur pursuant to the provisions of the Transfer Regulations.

Transferee's Indemnities

- 7.2 The Transferee shall indemnify the Transferor and keep the Transferor indemnified against each and every action, proceeding, liability (including, without limitation, any Taxation), cost, claim, loss, expense (including reasonable legal fees) and demand arising out of or in connection with:
- (a) any substantial change in the working conditions of the Relevant Employees to the detriment of any or all of them occurring on or after the Transfer Date;
 - (b) the change of employer occurring by virtue of the Transfer Regulations and/or this Agreement being significant and detrimental to any of the Relevant Employees;
 - (c) the employment by the Transferee on or after the Transfer Date of any of the Relevant Employees other than on terms (including terms relating to any occupational pension scheme) at least as good as those enjoyed prior to the Transfer Date or the termination of the employment of any of them on or after the Transfer Date; or
 - (d) any claim by any Relevant Employee (whether in contract or in tort or under statute (including the Treaty of the European Community or European Union and any Directives made under the authority of any such Treaty or any successor thereof)) for any remedy (including, without limitation, for unfair dismissal, redundancy, statutory redundancy, equal pay, sex or race discrimination) as a result of any act or omission by the Transferee after the Transfer Date.
- 7.3 The Transferee shall indemnify the Transferor and keep the Transferor indemnified against each and every action, proceeding, liability, cost, claim, loss, expense (including reasonable legal fees) and demand which arises as a result of it not providing or not having provided, in accordance with its obligations under the Transfer Regulations, the Transferor in writing with such information and at such time as will enable the

Transferor to carry out its duties under Regulation 10(2)(d) and 10(6) of the Transfer Regulations concerning measures envisaged by the Transferee in relation to the Relevant Employees.

Details of Relevant Employees

7.4 The Transferor warrants to the Transferee that it has (to the extent not made available to the Authority under Schedule 15.4 (*Provisions Applying on and after Termination*) of the Franchise Agreement prior to the Transfer Date) provided the Transferee prior to the Transfer Date with full particulars of:

- (a) each Relevant Employee, including name, sex, and the date on which continuity of employment began for each Relevant Employee for statutory purposes;
- (b) terms and conditions of employment of each such person;
- (c) all payments, benefits or changes to terms and conditions of employment promised to any such person;
- (d) dismissals of Relevant Employees or termination of employment effected within 12 months prior to the Transfer Date including the Transfer Date;
- (e) all agreements or arrangements entered into in relation to the Relevant Employees between the Transferor, any Affiliate of the Transferor or any other relevant employer and any trade union or association of trade unions or organisation or body of employees including employee representatives and elected representatives; and
- (f) all strikes or other industrial action taken by any Relevant Employee within 12 months prior to the Transfer Date including the Transfer Date.

7.5 The Transferor and Transferee shall deliver to each of the Relevant Employees letters in an agreed form from the Transferor and Transferee as soon as is practicable after the execution of this Agreement (to the extent not already delivered prior to the Transfer Date).

8. Miscellaneous Provisions

Variations in Writing

8.1 No variation of this Agreement shall be effective unless in writing and signed by duly authorised representatives of the parties.

Partial Invalidity

8.2 If any provision in this Agreement shall be held to be void, illegal, invalid or unenforceable, in whole or in part, under any enactment or rule of law, such provision or part shall to that extent be deemed not to form part of this Agreement but the legality, validity and enforceability of the remainder of this Agreement shall not be affected.

Further Assurance

8.3 Each of the parties agrees to execute and deliver all such further instruments and do and perform all such further acts and things as shall be necessary or expedient for the carrying out of the provisions of this Agreement.

Notices

8.4 Any notice or other communication requiring to be given or served under or in connection with this Agreement shall be in writing and shall be sufficiently given or served if delivered or sent to the registered office of the recipient or:

(a) in the case of the Transferor to [*name of Transferor*] at:

[*address*]

[*fax*]

Attention: [*name*]

(a) in the case of the Transferee to [*name of Transferee*] at:

[*address*]

[*fax*]

Attention: [*name*]

8.5 Any such notice or other communication shall be delivered by hand or sent by courier, fax or prepaid first class post. If sent by courier or fax such notice or communication shall conclusively be deemed to have been given or served at the time of despatch. If sent by post such notice or communication shall conclusively be deemed to have been received two business days from the time of posting.

Governing Law

8.8 This Agreement shall be governed by and construed in accordance with the laws of Scotland and the parties irrevocably agree that the courts of Scotland are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement.

IN WITNESS whereof the parties hereto have executed this Agreement consisting of this and the preceding [] pages and the schedule annexed and executed as relative hereto as follows: -

Signed for and on behalf of **TRANSFEROR**

At

On the day of 20[xx]

By

..... Director

..... Full Name (Printed)

Before this witness:-

..... Witness

..... Full Name

..... Address

.....

Signed for and on behalf of **TRANSFeree**

At

On the day of 20[xx]

By

..... Director

..... Full Name (Printed)

Before this witness:-

..... Witness

..... Full Name

..... Address

.....

SCHEDULE

**This is the Schedule referred to in the foregoing Supplemental Agreement between []
and []**

NET ASSET STATEMENT

The Net Asset Statement shall be drawn up (except to the extent otherwise agreed by the Transferor and the Transferee) in accordance with accounting principles generally accepted in the United Kingdom and such that the Transferring Assets and Liabilities are valued on the following basis:

1. Rights and liabilities relating to an obligation of carriage under the terms of any Fare shall be valued in accordance with the following formula:

$$(C - D) \times \frac{A}{B} + E$$

where:

C equals the Credit (exclusive of any Valued Added Tax) received by the Transferor in respect of the Fare provided that:

- (a) such Credit shall be deemed not to include any reduction in respect of a discount allowed to the purchaser of the Fare pursuant to the Passenger's Charter or any other passenger's charter of the Transferor;
- (b) if the Fare is a Season Ticket Fare, such Credit shall be the New Credit (as defined in the Ticketing and Settlement Agreement) relating to that Season Ticket Fare on the Transfer Date if different to the Credit that was in fact received by the Transferor in respect of such Season Ticket Fare;
- (c) such Credit shall be net of any Private Settlement Credit (as defined in the Ticketing and Settlement Agreement) arising in respect of that Fare; and
- (d) such Credit shall be deemed to exclude any Credit received by the Transferor in respect of any commission due to it in respect of the sale of such Fare (provided that for these purposes the amount of such commission shall not exceed the National Standard Rate of Commission (as defined in the Ticketing and Settlement Agreement) in respect of the Fare);

D equals the Debit (exclusive of any Value Added Tax) received by the Transferor in respect of the commission due in respect of the sale of the Fare (provided that for these purposes the amount of such commission shall not exceed the National Standard Rate of Commission (as defined in the Ticketing and Settlement Agreement) in respect of the Fare);

$\frac{A}{B}$

equals:

- (a) in the case of a Season Ticket Fare, the number of journeys which the purchaser of the Fare is estimated to make from (and including) the Transfer Date to (and including) the last day on which the Fare is valid (including any extensions to its original period of validity) divided by the total number of

journeys which the purchaser of the Fare is estimated to make with that Fare (as determined in each case in accordance with Schedule 28 of the Ticketing and Settlement Agreement);

- (b) in the case of any other Fare which entitles the holder thereof to make more than two journeys, the number of days for which the Fare continues to be valid after the Transfer Date (including any extensions to its original period of validity) divided by the total number of days for which such Fare is valid on issue (except to the extent that it can reasonably be estimated what proportion of the journeys which could be made on issue of the Fare have not been made prior to the Transfer Date); or
- (c) in the case of any other Fare, zero; and

E equals, if $\frac{A}{B}$ is greater than zero:

the amount of any discount to which it can be reasonably estimated that the purchaser of the Fare would be entitled pursuant to the Passenger's Charter or any other passenger's charter of the Transferor on purchasing an equivalent Fare on the expiry of the relevant Fare;

and for these purposes a Credit or Debit shall be deemed to be received when the relevant Fare is Accepted for Clearing (as defined in the Ticketing and Settlement Agreement).

2. Rights and liabilities relating to an Excess Fare, Reservation or Upgrade (as such terms are defined in the Ticketing and Settlement Agreement) shall be valued at zero unless such Excess Fare, Reservation or Upgrade involves more than two journeys, in which case they shall be valued in accordance with paragraph 1 and references to Fare in paragraph 1 shall be construed accordingly.
3. Rights and liabilities under a Discount Card shall be valued in accordance with the following formula:

$$(C - D) \times \frac{A}{B}$$

where:

- C equals the Credit (exclusive of any Value Added Tax) received by the Transferor in respect of the Discount Card;
- D equals the Debit (exclusive of any Value Added Tax) received by the Transferor in respect of the commission due in respect of the sale of the Discount Card (provided that for these purposes the amount of such commission shall not exceed the National Standard Rate of Commission (as defined in the Ticketing and Settlement Agreement) in respect of the Discount Card); and
- $\frac{A}{B}$ equals the number of days for which the Discount Card continues to be valid after the Transfer Date (including any extensions to its original period of validity) divided by the total number of days for which such Discount Card is valid on issue, or in the case of any Discount Card listed in Schedules 12 or 39 of the Ticketing and Settlement Agreement on the Franchise Commencement Date, zero;

and for these purposes a Credit or Debit shall be deemed to be received when the relevant Discount Card is Accepted for Clearing (as defined in the Ticketing and Settlement Agreement).

4. Relevant Debits and Credits shall be valued at the full amount of such Debits and Credits (inclusive of any Value Added Tax) but excluding any Debits and Credits arising in respect of Adjustment Amounts (as defined in the Ticketing and Settlement Agreement) which are received by the Transferee in respect of a change to the Credit which is used to value any relevant Season Ticket Fare under paragraph 1 of this Schedule to the extent such Adjustment Amounts relate to a period after the Transfer Date.
5. Rights and liabilities in respect of any contract, lease, licence or other equivalent arrangement (excluding rights and liabilities valued under paragraphs 1 to 4) shall be valued at nil except to the extent that the relevant rights and liabilities include matters specified in the left hand column of the following table, which shall be valued on the basis specified in the right hand column of the following table:

RIGHTS AND LIABILITIES	VALUE
Any accrued rights to receive payment	Monetary amounts so accrued, subject to any provision being made for payment not being received from any other person
Any right to receive payment in respect of goods and/or services provided by the Transferor prior to the Transfer Date where the due date for such payment is after the Transfer Date	Amount payable under such contract, lease, licence or other equivalent arrangement for the goods and/or services so provided by the Transferor, subject to any provision being made for payment not being received from any other person
Any accrued liabilities to make payment	Monetary amounts so accrued
Any liability to make payment in respect of goods and/or services provided to the Transferor prior to the Transfer Date where the due date for such payment is after the Transfer Date	Amount payable under such contract, lease, licence or other equivalent arrangement for the goods and/or services provided to the Transferor.
Any rights in respect of which payment has already been made by the Transferor	Monetary amounts so paid, subject to any provision being made for such rights not being exercisable against any other person
Any liabilities in respect of which payment has already been received by the Transferor	Monetary amounts so received
Any liability resulting from any breach of or failure by the Transferor to comply with the terms of any such contract, lease, licence or other equivalent arrangement	Amount of such liability or, to the extent that such amount is not ascertained, the parties reasonable estimate of the amount of such liability

6. The Stored Credit Balance held by the Franchisee at the Transfer Date shall be valued at the monetary amount so held.

7. Any other property, rights or liabilities shall be valued on the basis of a willing vendor and purchaser and ongoing usage within the railway industry.

.....

Transferor (Director)

.....

Transferee (Director)

SCHEDULE 16

THIS IS SCHEDULE 16 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Pensions

1. Franchise Sections

- 1.1 The Franchisee shall, in respect of the Franchise Services, participate in, and become the Designated Employer in relation to the ScotRail Section of the Railways Pension Scheme (the **Franchise Section**). Subject to paragraphs 3 and 4.1(b), each employee of a Franchisee will be offered membership of a Franchise Section.
- 1.2 The Franchisee as Designated Employer in relation to the Franchise Section shall take such action as is required or directed by the Authority to effect and/or reflect the transfer in or transfer out of members to/from the Franchise Section consequent to an aggregation or disaggregation by the Authority of services under the Previous Franchise Agreement.

2. Restrictions on Membership

The Franchisee will restrict membership of any Franchise Section which has adopted the Shared Cost Arrangement to its employees. If a Franchise Section has adopted the Defined Contribution Arrangement then, subject to paragraph 4 and to the consent of the Authority, membership of that Franchise Section may include employees of any subsidiary of the Franchisee which is engaged in the railway industry and which becomes a Participating Employer in that Franchise Section.

3. Closed Schemes

Subject to any requirements of Her Majesty's Revenue and Customs, the Franchisee shall take such steps as may be necessary (including entering into any relevant deed of participation) to allow Closed Scheme Employees to continue in membership of the Closed Schemes in accordance with their terms. For the purposes of this paragraph 3:

- (a) **Closed Scheme Employees** means such of the employees of the Franchisee who were, immediately prior to the commencement of their employment with the Franchisee, members of any of the Closed Schemes; and
- (b) **Closed Schemes** means the British Railways Superannuation Fund, the Great Western Railway Supplemental Pensions Reserve Fund, the BR (1974) Pension Fund and the NFC Retirement Plan.

4. Variations in benefits and contributions; Investment

- 4.1 The Franchisee shall promptly consult with the Authority in relation to any proposal it considers would fall within the scope of paragraphs 4.1(a) to (g) inclusive prior to putting such a proposal to the Pensions Committee of any Franchise Section, the Trustee of the Railways Pension Scheme, or to any trade union. The Franchisee shall not, without the prior written consent of the Authority (which may be given on such terms and subject to such conditions as the Authority thinks fit):
 - (a) restructure or change the composition of the earnings of employees of the Franchisee or its subsidiaries in such a way as to increase the part of those earnings which qualifies as pensionable earnings under the Rules applicable to any Franchise Section or take any action (or consent to the taking of any

action) which could detrimentally affect the funding of any Franchise Section, including varying or providing different or additional benefits under that Franchise Section or promising to do so, unless:

- (i) such change is required by Law; or
 - (ii) such change only affects benefits payable in respect of past service of members of that Franchise Section and on or prior to the effective date of the change the Franchisee pays an additional cash payment to the Trustee which, in the opinion of the Actuary, meets in full the additional funding cost imposed on that Franchise Section; or
 - (iii) would not lead to substantial changes in the funding of any Franchise Section and is the result of normal application of that Franchise Section's Rules in the ordinary day to day running of the business of the Franchise, for example, where individual employees are, from time to time, promoted or transferred to a higher paid or different employment which has a different composition of earnings.
- (b) make or consent to any proposal to change the provisions of the Pension Trust in respect of the Franchise Sections unless the change is required by Law;
 - (c) provide retirement, death, disability or life assurance benefits for or in respect of any of its employees other than under any Franchise Sections or as provided in paragraph 3;
 - (d) omit to provide the above-mentioned benefits for and in respect of its employees save that, without prejudice to any rights which any such employee may otherwise have, the Franchisee shall not be obliged for the purposes of this Agreement to offer such benefits to any employee employed on a fixed term contract of 12 months or less;
 - (e) take any action (or consent to the taking of any action) which could affect the contributions payable by Participating Employers under any Franchise Section, including (but not limited to) exercising any discretion allowed to the Franchisee as Designated Employer arising out of any actuarial valuation of a Franchise Section, and varying or providing different or additional benefits under the Franchise Sections in respect of future service, unless such action is required by Law; or
 - (f) close a Franchise Section to new members; or
 - (g) take (or omit to take) any action which could result in any Franchise Section being wound up, in whole or in part.
- 4.2 The Franchisee shall use all reasonable endeavours to procure that the provisions of Clause 5G (Consultation with Pensions Committees) of the Pension Trust are amended such that they do not apply in respect of any Franchise Section.
- 4.3 The Franchisee shall consult with the Authority on:
- (a) any proposal made by the Trustee or Pensions Committee to change the statement of investment principles applicable to any Franchise Section; and
 - (b) any proposal to alter the rate of contributions payable by the Franchisee or its employees under a new schedule of contributions for the Franchise Section.

- 4.4 The Franchisee shall also consult with the Trustee on the basis of any response it receives from the Authority in relation to any such proposal.

5. Initial Transfer Value

The Franchisee and the Authority acknowledge that, if for the purposes of this Agreement, under the terms of the Railways Pension Scheme, a transfer payment is made to a Franchise Section from another section of the Railways Pension Scheme in relation to Protected Persons, as defined under the Railway Pensions (Protection and Designation of Schemes) Order 1994, who had accrued benefits in such other section prior to the Franchise Commencement Date and who become members of that Franchise Section, article 7(4) of that Order shall apply.

6. Funding Liabilities

- 6.1 The Franchisee shall pay the employer contributions required under the schedule of contributions applicable to each Franchise Section (and any of the Closed Schemes in which it participates) in respect of the Franchise Term subject to the provisions of paragraph 6.2 below.

- 6.2 Where, during the Franchise Term, Franchise Services are aggregated or disaggregated by the Authority (for example, as a result of remapping) and, as a consequence, a Franchise Section of which the Franchisee is the Designated Employer is required to accept a transfer in or to make a transfer out of members, the Authority shall ensure that the Franchisee has no liability for any resulting deterioration immediately arising in the funding level of the Franchise Section measured in accordance with the Franchise Sections' technical provisions in Part 3 of the Pensions Act 2004 or for any amount arising under article 7(4) of the Railways Pensions (Protection and Designation of Schemes) Order 1994. Notwithstanding the above, the Authority shall have no liability for any future deterioration in the funding levels of the Franchise Section linked to such transfer in or out of members.

7. Discharge of obligations

- 7.1 The Authority may at any time during the Franchise Term seek information from the Trustee with a view to satisfying itself that the Franchisee and the other Participating Employers (if any) have fully discharged their respective obligations under the Railways Pension Scheme, including (but not limited to) their obligations in respect of the payment of contributions to any Franchise Section.

- 7.2 The Franchisee shall, at its expense, promptly provide such information in relation to any Franchise Section, including (but not limited to) actuarial advice and information, as the Authority may from time to time request and shall authorise and consent to the Trustee doing so.

- 7.3 The Franchisee shall use all reasonable endeavours to provide to the Authority:

- (a) within 1 month of the expiry of each Franchisee Year; and
- (b) at other times as soon as practicable following a request by the Authority,

a certificate signed by the Trustee stating either that the Franchisee and each of the other Participating Employers (if any) has fully complied with its obligations under the Railways Pension Schemes, including (but not limited to) its obligation to contribute to the Franchise Sections or, if it or any of them has not so complied, stating the extent to which it has not (or they have not) done so. Where the certificate is given pursuant to paragraph 7.3(a), it shall cover the relevant Franchisee Year; where the certificate has

been given pursuant to paragraph 7.3(b), it shall cover such period as the Authority shall specify.

- 7.4 If the Trustee does not certify that the Franchisee or any other Participating Employer has fully complied with its obligations under the Railways Pension Scheme or if the Authority otherwise reasonably considers that the Franchisee or any other Participating Employer has not complied with such obligations, the Authority shall be entitled to withhold from any Franchise Payments payable by it under Schedule 8 (*Payments*) an amount which is, in its opinion, no greater than the amount of any contribution that the Franchisee or such Participating Employer has thereby failed to make or avoided making.
- 7.5 The Authority may withhold such amount until such time as it reasonably determines that the relevant contributions have been made in full by the Franchisee or such Participating Employer. Following that determination, the amount withheld shall become payable (without interest) on the next day on which a Franchise Payment becomes payable under Schedule 8 (*Payments*), being a day which falls no less than 7 days after such determination or, if there is no such day, 14 days after the date of such determination. To the extent that the Authority has not so determined within 4 weeks after the expiry of the Franchise Period, the Franchisee's right to receive the amount so withheld under this Agreement shall lapse and the Authority shall not be obliged to pay such amount.
- 7.6 The Authority shall at the end of the Franchise Term ensure that the Franchisee has no liability for any deficit in the Franchisee Section (other than for contributions due and payable by the Franchisee to the Franchise Section for any period prior to the end of the Franchise Term) and the Franchisee shall have no right to or to benefit from any surplus which may exist in the Franchisee Section. For the avoidance of doubt this paragraph 7.6 shall apply where the Franchise Services are either aggregated or disaggregated (for example, as a result of remapping).

8. **Definitions**

Unless otherwise defined in this Agreement, terms defined in this Schedule 16 shall have the meanings ascribed to them in the Railways Pension Scheme.

SCHEDULE 17

THIS IS SCHEDULE 17 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Confidentiality, FOISA and Data Protection

1. Confidentiality

Subject to the provisions of the Act, the Transport Act, the Railways Act 2005 and paragraphs 2 to 9, each party shall hold in confidence all documents, materials and other information, whether technical or commercial, supplied by or on behalf of the other party (including all documents and information supplied in the course of proceedings under the Dispute Resolution Rules or the rules of any other dispute resolution procedures to which a dispute is referred in accordance with this Agreement) and shall not, except with the other party's written authority:

- 1.1 Publish or otherwise disclose the same otherwise than as expressly provided for in this Agreement;
- 1.2 use for any purpose other than as required pursuant to the terms of this Agreement unless or until the recipient party can demonstrate that any such document, material or information is in the public domain through no fault of its own and through no contravention of this Agreement, whereupon to the extent that it is in the public domain this obligation shall cease.

2. Disclosure of Confidential Information

Each party may disclose any data or information acquired by it under or pursuant to this Agreement or information relating to a dispute arising under this Agreement without the prior written consent of the other party if such disclosure is made in good faith:

- 2.1 to any Affiliate of such party, upon obtaining from such Affiliate an undertaking of confidentiality equivalent to that contained in paragraph 1;
- 2.2 to any Associate of such party, upon obtaining from such Associate an undertaking of confidentiality equivalent to that contained in paragraph 1;
- 2.3 to any third party consultants or advisers engaged by or on behalf of such party and acting in that capacity, upon obtaining from such consultants or advisers an undertaking of confidentiality equivalent to that contained in paragraph 1;
- 2.4 to any lenders, security trustee, bank or other financial institution (and its or their advisers) from which such party is seeking or obtaining finance, upon obtaining from any such person an undertaking of confidentiality equivalent to that contained in paragraph 1;
- 2.5 to the extent required by Law or pursuant to an order of any court of competent jurisdiction or under the Dispute Resolution Rules or the rules of any other dispute resolution procedures to which a dispute is referred in accordance with this Agreement or the rules of a recognised stock exchange or a formal or informal request of any taxation authority;
- 2.6 to any insurer, upon obtaining from such insurer an undertaking of confidentiality equivalent to that contained in paragraph 1;

- 2.7 to any director, employee or officer of such party, to the extent necessary to enable such party to perform its obligations under this Agreement or to protect or enforce its rights under this Agreement;
- 2.8 by the Franchisee to the ORR, the Passengers' Council or a Local Authority; or
- 2.9 by the Authority to any department or officer of the Scottish Government or to the ORR.

3. **Publication of Certain Information**

3.1 Notwithstanding the provisions of paragraph 1, the Authority may Publish whether to the press, the public or to one or more individuals, companies or other bodies, (including to any prospective Successor Operator) in such form and at such times as it sees fit, the following (irrespective of whether the same was provided to the Authority by the Franchisee or a third party):

- (a) the amount of any Franchise Payments payable under this Agreement and the aggregate amount of Franchise Payments paid in each year under this Agreement;
- (b) such information as the Authority may consider reasonably necessary to Publish in connection with the performance of its functions in relation to any Closure or proposed Closure;
- (c) any Passenger's Charter Statistics and the amount of any payments by the Franchisee under the Passenger's Charter;
- (d) such information as may reasonably be required in connection with the retendering or reletting of the franchise or any part thereof, provided that such information may only be published during the period of, or during the period leading up to, such retendering or reletting;
- (e) any reports and accounts delivered to the Authority under Schedule 13 (*Franchise Management and Information Obligations*);
- (f) the results of any monitoring or measurement of the performance of the Franchisee in the provision of the Franchise Services (including any information provided under Schedule 11 (*Agreement and Service Delivery Management Provisions*) and any information relating to the SQUIRE Regime);
- (g) the results, on a Service Group, Sector, Route, station or other comparable basis, of any calculation of passenger numbers under Schedule 1.5 (*Information about Passengers*);
- (h) the results of any survey under Schedule 1.5;
- (i) the results of any assessment or inspection under Schedule 11;
- (j) details of the Franchisee's plans and performance in respect of safety;
- (k) such information as may reasonably require to be Published in connection with Schedule 3 (*Priced Options*);
- (l) such information as the Authority may reasonably require to include in its annual report in respect of the Franchisee;

- (m) such information as the Authority may reasonably require to Publish at or around the expiry or possible termination of the Franchise Period in order to secure continuity of the provision and operation of the Franchise Services; and
 - (n) each summary, information, notification or similar received by the Authority in connection with Schedule 5.6 (*Fares Regulation Information and Monitoring*).
- 3.2 Notwithstanding any other provision of this Schedule 17, the Authority in respect of the Franchise Services may Publish any other information relating to the Franchisee if the Authority has previously notified the Franchisee and the Franchisee does not object to such publication and demonstrate to the reasonable satisfaction of the Authority within 14 days of such notification that the publication of such information would be materially detrimental to its business.
4. **Confidential Information and FOISA**
- 4.1 Without prejudice to paragraph 2 of this Schedule 17, the Franchisee acknowledges that the Authority is subject to the requirements of the FOISA and the EIRs and may require to disclose data or information in relation to this Agreement pursuant to the provision of the FOISA and the EIRs.
- 4.2 The Franchisee shall transfer any Request for Information to the Authority as soon as reasonably practicable after receipt and in any event within 7 days of receiving any Request for Information.
- 4.3 The parties acknowledge that the public interest test shall be applied to any request for disclosure of Commercially Sensitive Information under FOISA.
- 4.4 Where the Authority receive a written request for information which is covered by the FOISA or the EIRs and which relates to any Confidential Information or Commercially Sensitive Information (the "**Requested Information**") the parties shall comply with the procedure set out in paragraphs 4.4(a) to 4.4(f):
- (a) subject to paragraph 4.4(d), the Authority shall before making any disclosure of the Requested Information and as soon as reasonably practicable after receiving the Request for Information notify the Franchisee of the receipt of such Request for Information and of the nature and extent of the information covered by the Request for Information;
 - (b) following receipt of notification under paragraph 4.4(a) the Franchisee may make representations in writing to the Authority as to whether and on what basis the Requested Information is covered by any exemption in the FOISA or the EIRs and should not therefore be disclosed, including where relevant any representations as to the balance of the public interests in disclosure and nondisclosure. Such representations must be provided to the Authority no later than 5 business days following the receipt of notification under paragraph 4.4(a) and any representations received after this time shall not be taken into account by the Authority;
 - (c) the Authority shall reasonably consider any representations made by the Franchisee under paragraph 4.4(b) before reaching a decision on whether they must and shall disclose the Requested Information. However, the parties acknowledge that in all cases it is for the Authority (having full regard to any guidance or codes of practice issued by the Scottish Information Commissioner or the Scottish Government) to determine whether it is obliged to disclose the Requested Information under the FOISA or the EIRs including where the public interest lies in relation to disclosure;

- (d) notwithstanding paragraph 4.4(a) the Authority shall not notify the Franchisee under paragraph 4.4(a) where the Authority have already decided that they do not intend to disclose the Requested Information because the FOISA or the EIRs do not apply to the Request for Information or an exemption under the FOISA or the EIRs can be applied provided that should the Authority determine at a later date that the FOISA or the EIRs do apply to the Requested Information, the process set out in this paragraph 4.4(d) shall be applied;
 - (e) if the Authority take a decision to disclose the Requested Information, they shall notify the Franchisee of this decision not less than 3 days in advance of the disclosure being made; and
 - (f) for the avoidance of doubt, references to the Requested Information under this paragraph 4.4 shall include both queries as to whether the Franchisee's Confidential Information exists and requests for the disclosure of the Franchisee's Confidential Information.
- 4.5 Without prejudice to the specific provisions above, each party shall co-operate and aid each other so as to enable them to meet their obligations under the FOISA or the EIRs or any successor legislation. Where a party receives a Request for Information then such co-operation shall include without limitation the provision of the Requested Information to the Authority by the Franchisee within a reasonable timescale to enable the Authority to comply with the Request for Information within the timescales required by the FOISA or the EIRs provided that, and solely to the extent that, the Requested Information is not otherwise in the possession of the Authority.
- 4.6 The Authority agrees that if the FOISA is amended and the Franchisee becomes a public authority (or other equivalent regulated entity) for the purposes of FOISA, then provisions analogous to this paragraph 4 (as appropriately amended to reflect the status of the Franchisee) shall be incorporated within this Agreement. In particular, the provisions of paragraph 4.5 shall be incorporated mutatis mutandis.
5. **Service Development Information**
- Nothing in this Schedule 17 shall be deemed to prohibit, prevent or hinder, or render any party liable for, the disclosure by any party to Network Rail, the ORR, other Train Operators, any operators of services for the carriage of goods by rail, or any Stakeholder of any information relating to the development of the Service Level Commitments in accordance with Schedule 1.1 (*Service Development*).
6. **Publication by the Authority**
- Nothing in this Schedule 17 shall be deemed to prohibit, prevent or hinder, or render the Authority liable for, the disclosure of any information by the Authority to the ORR, the Parliamentary Commissioner for Administration, a Minister of the Crown, any department of the government of the United Kingdom, the Scottish Parliament, the Scottish Government, the National Assembly of Wales, Network Rail and Visit Scotland, the Mayor of London, Greater London Authority or any department or officer of any of them or of information which is otherwise disclosed for the purpose of facilitating the carrying out of its functions.
7. **Provision of Information to ORR**
- The Franchisee hereby authorises the Authority to provide to the ORR, to the extent so requested by the ORR, such information as may be provided to the Authority in relation to the Franchisee under this Agreement.
8. **Disclosure by Comptroller and Auditor General and Others**

The parties recognise:

- 8.1 that the Comptroller and Auditor General may in pursuance of his functions under the Exchequer and Audit Department Act 1921, the National Audit Act 1983 and the Government Resources and Accounts Act 2000, disclose information which he has obtained pursuant to those acts and which a party to this Agreement would not be able to disclose otherwise than under this Schedule 17;
- 8.2 the provisions of the Public Finance and Accountability (Scotland) Act 2000 and the Local Government in Scotland Act 2003 in respect of best value; and
- 8.3 that the Accounts Commission for Scotland, Audit Scotland and the Auditor General may in pursuance of their functions under the Public Finance and Accountability (Scotland) Act 2000, the Local Government in Scotland Act 2003 and the Local Government (Scotland) Act 1973 disclose information which they have obtained pursuant to those Acts and which a party to this Agreement would not be able to disclose otherwise than under this Schedule 17.

9. Data Protection

- 9.1 Both parties will duly observe all their obligations under the DPA, which arise in connection with the Franchise Services and this Agreement.
- 9.2 The Franchisee shall not perform its obligations under this Agreement in such a way as to cause the Authority to breach any of its applicable obligations under the DPA.
- 9.3 The Franchisee shall:-
 - (a) maintain a valid and up to date notification under the DPA;
 - (b) Process the Personal Data only to the extent, and in such manner, as is necessary in connection with the Franchise Services or this Agreement;
 - (c) take reasonable steps to ensure the reliability of any employees or sub-contractors who have access to the Personal Data;
 - (d) obtain prior written consent from the Authority in order to transfer the Personal Data to any sub-contractors in connection with this Agreement;
 - (e) ensure that all employees required to access the Personal Data are informed of the confidential nature of the Personal Data and comply with the obligations set out in this paragraph 9;
 - (f) ensure that none of its employees publish, disclose or divulge any of the Personal Data to any third party, other than as required for providing the Franchise Services or as otherwise required for the purposes of this Agreement, unless directed in writing to do so by the Authority;
 - (g) permit the Authority or the Authority's representative to inspect and audit, in accordance with paragraphs 9.4 and 8, the Franchisee's data processing activities (and/or those of its agents, subsidiaries and sub-contractors) and comply with all reasonable requests or directions by the Authority to enable the Authority to verify and/or procure that the Franchisee is in full compliance with its obligations under this Agreement;

- (h) not Process Personal Data outside the European Economic Area without the prior written consent of the Authority and, where the Authority consents to a transfer, comply with:-
 - (i) the obligations of a Data Controller under the Eighth Data Protection Principle set out in Schedule 1 of the Data Protection Act 1998 by providing an adequate level of protection to any Personal Data that is transferred; and
 - (ii) any reasonable instructions notified to it by the Authority.

9.4 Notwithstanding the general obligations in paragraph 9.3 above, where the Franchisee is Processing Personal Data as a Data Processor for the Authority, the Franchisee shall ensure that it has in place appropriate technical and contractual measures to ensure the security of the Personal Data (and to guard against unauthorised or unlawful Processing of the Personal Data and against accidental loss or destruction of, or damage to, the Personal Data), as required under the Seventh Data Protection Principle in Schedule 1 to the Data Protection Act 1998; and

- (a) provide the Authority with such information as the Authority may reasonably require to satisfy itself that the Franchisee is complying with its obligations under the DPA;
- (b) promptly notify the Authority of any breach of the security measures required to be put in place pursuant to this paragraph 9.4; and
- (c) ensure it does not knowingly or negligently do or omit to do anything which places the Authority in breach of the Authority's obligations under the DPA.

10. **Continuing Obligation**

This Schedule 17 (and any other provisions necessary to give effect hereto) shall survive the termination of this Agreement irrespective of the reason for termination.

SCHEDULE 18

THIS IS SCHEDULE 18 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Franchise Continuation

1. Continuation for Additional 7 Reporting Periods

In circumstances where paragraph (a) of the definition of Expiry Date applies, and if the Authority gives notice to the Franchisee not less than 3 months before the First Expiry Date, this Agreement shall continue after the Expiry Date on the terms set out in this Agreement for up to 7 Reporting Periods, as the Authority may stipulate.

2. Continuation for Additional 26 Reporting Periods

In circumstances where paragraph (b) of the definition of Expiry Date applies, and if the Authority gives notice to the Franchisee not less than 3 months before the Final Expiry Date, this Agreement shall continue after the Expiry Date on the terms set out in this Agreement for up to 26 Reporting Periods, as the Authority may stipulate.

3. Additional Two Hours

Notwithstanding any other provision of this Schedule 18, the Authority may by notice, given to the Franchisee not less than one month before the Expiry Date require that this Agreement shall continue after the Expiry Date until 2am on the day immediately after the Expiry Date. No payment shall be due by the Authority to the Franchisee for this additional two hours.

4. Stakeholder Consultation

The Franchisee acknowledges and accepts that prior to serving any notice in terms of this Schedule 18 the Authority may consult with Stakeholders on an “in principle” basis to obtain the Stakeholders’ views on whether the Authority’s service of a notice in terms of this Schedule 18 would be in the interests of the Authority’s stated policy objectives and to facilitate the Authority achieving the best timing for realisation at best value, emerging policy objectives through the re-letting of the Franchise.

5. Key Contracts

The Franchisee shall enter into any and all Key Contracts which are necessary for this Agreement to continue or be extended in accordance with this Schedule 18.

SCHEDULE 19

THIS IS SCHEDULE 19 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT BETWEEN THE AUTHORITY AND ABELLIO SCOTRAIL LIMITED

Other Provisions

1. Rights Cumulative

The rights of the Authority under this Agreement are cumulative, may be exercised as often as the Authority considers appropriate and are in addition to the rights of the Authority under the general Law. The exercise of such rights shall not limit the Authority's rights to make payment adjustments, or the Authority's rights to claim damages in respect of contraventions of this Agreement or pursue any available remedies under general Law.

2. Disputes

Disputes under this Agreement

- 2.1 Wherever this Agreement provides that the Authority may reasonably determine any matter, the Franchisee may, unless this Agreement expressly provides otherwise, dispute whether a determination made by the Authority is reasonable but the Authority's determination shall prevail unless and until it is agreed or found to have been unreasonable.
- 2.2 Where either party is entitled, pursuant to the terms of this Agreement, to refer a dispute arising out of or in connection with this Agreement for resolution or determination in accordance with the Dispute Resolution Rules, then such dispute shall, unless the parties otherwise agree and subject to any duty of the Authority under Section 55 of the Act, be resolved or determined by arbitration pursuant to the Dispute Resolution Rules.
- 2.3 The arbitrator in any dispute referred for resolution or determination under the Dispute Resolution Rules shall be a suitably qualified person chosen by agreement between the parties to such dispute or, in default of agreement, chosen by the Disputes Secretary from a panel of persons agreed from time to time for such purposes between the parties or, in default of agreement as to the arbitrator or as to such panel, selected on the application of any party by the President of the Law Society of Scotland or the President of the Institute of Chartered Accountants of Scotland from time to time (or such other person to whom they may delegate such selection).
- 2.4 For the avoidance of doubt:-
 - (a) Rules 41 and 69 to Schedule 1 of the Arbitration (Scotland) Act 2010 shall not apply to any arbitration pursuant to this Schedule 19 and are hereby expressly disappplied to any arbitration arising under the provisions of this Agreement; and
 - (b) The Dispute Resolution Rules shall apply only in so far as they are not contrary to the mandatory rules (Schedule of the Arbitration (Scotland) Act 2010).

Disputes under Other Agreements

- 2.4 The Franchisee shall notify the Authority of any disputes to which it is a party under any Inter-Operator Scheme, Access Agreement, Property Lease or Rolling Stock Related Contract, or under any other agreement in circumstances where the relevant dispute could have an adverse effect on the Franchisee's ability to comply with its obligations

under this Agreement or on the provision of the Franchise Services and which have been submitted for resolution either to the courts or to any other procedure for dispute resolution provided for under such agreements.

2.5 Such notification shall be made both:

- (a) at the time of such submission (and such submission shall include reasonable details of the nature of the dispute); and
- (b) at the time of the resolution of the dispute (whether or not subject to appeal) (and such submission shall include reasonable details of the result of the dispute, any associated award and whether it is subject to appeal).

2.6 The Franchisee shall provide such further details of any dispute referred to in paragraph 2.4 as the Authority may reasonably request from time to time and shall comply with the reasonable requests of the Authority in relation to the conduct of such disputes.

3. Notices

3.1 Any notice, notification or other communication under or in connection with:

- (a) the matters specified in Schedule 10.2 (*Termination and Expiry*), or any dispute under or in connection with this Agreement shall be in writing and shall be sufficiently served if delivered by hand or recorded delivery or sent by pre-paid first class post to the relevant party at the address for service set out below, or to such other address in the United Kingdom as each party may specify by notice in writing to the other party.

Name:	The Scottish Ministers
Address:	Transport Scotland, Buchanan House, 58 Port Dundas Road, Glasgow G4 0HF
Facsimile	n/a
E-mail:	Aidan.Grisewood@transportscotland.gsi.gov.uk
Attention:	The Director Rail

Name:	ABELLIO SCOTRAIL LIMITED
Address:	10 th Floor 133 Finnieston Street Glasgow G3 8HB

Facsimile	0207 430 2299
E-mail:	Scotrail@abellio.com
Attention:	Dominic Booth

- (b) any other matter under or in connection with this Agreement shall be in writing and shall be delivered:

- (i) in accordance with paragraph 3.1(a);

- (ii) by facsimile; or
- (iii) by electronic data transfer

except that it shall be marked for the attention of the Managing Director of the Franchisee or the Franchise Manager.

Deemed Receipt

3.2 Any such notice or other communication shall be deemed to have been received by the party to whom it is addressed as follows:

- (a) if sent by hand or recorded delivery, when delivered;
- (b) if sent by pre-paid first class post, from and to any place within the United Kingdom, 3 business days after posting unless otherwise proven;
- (c) if sent by facsimile, upon sending, subject to confirmation of completed transmission to the intended recipient; and
- (d) if sent by electronic data transfer, upon sending, subject to receipt by the sender of a "delivered" confirmation (provided that the sender shall not be required to produce a "read" confirmation).

4. Assignment

The Franchisee shall not without the prior written consent of the Authority assign, hold in trust for any other person, or grant a Security Interest in or over, this Agreement or any part hereof or any benefit or interest or right herein or hereunder (other than any right of the Franchisee to receive monies under a Supplemental Agreement).

5. Set Off

The Authority may set off against any amounts payable by it under this Agreement any outstanding amounts or liabilities whether actual, contingent or prospective of the Franchisee to the Authority on any account whatsoever (including any monetary penalty payable under the Act).

6. Miscellaneous Provisions

Waivers

- 6.1(a) Either party may at any time waive any obligation owed to it by the other party under this Agreement and the obligations of the parties hereunder shall be construed accordingly.
- (b) No waiver by either party of any default by the other party in the performance of such party's obligations under this Agreement shall operate or be construed as a waiver of any other or further such default, whether of a like or different character. A failure to exercise or delay in exercising a right or remedy under this Agreement shall not constitute a waiver of any right or remedy or a waiver of any other rights or remedies and no single or partial exercise of any right or remedy under this Agreement shall prevent any further exercise of such right or remedy or the exercise of any other right or remedy.

Time Limits

- 6.2 Where in this Agreement any obligation of a party is required to be performed within a specified time limit (including an obligation to use all reasonable endeavours or best endeavours to secure a particular result within such time limit) that obligation shall be deemed to continue after the expiry of such time limit if such party fails to comply with that obligation (or secure such result, as appropriate) within such time limit.

Partial Invalidity

- 6.3 If any provision in this Agreement is held to be void, illegal, invalid or unenforceable, in whole or in part, under any enactment or rule of Law, such provision or part shall to that extent be deemed not to form part of this Agreement but the legality, validity and enforceability of the remainder of this Agreement shall not be affected.

Further Assurance

- 6.4 Both parties agree to execute and deliver all such further instruments and do and perform all such further acts and things as shall be necessary or expedient for the carrying out of the provisions of this Agreement.

Rights of Third Parties

- 6.5(a) A person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement except to the extent set out in this paragraph 6.5. The parties agree that although this Agreement is made under Scots law, English law shall apply to the extent needed to give effect to this paragraph 6.5.
- (b) Any Successor Operator or potential Successor Operator nominated by the Authority and notified to the Franchisee for the purposes of this paragraph 6.5 may enforce and rely on the provisions of Schedule 15 (*Obligations Associated with Termination*) to the same extent as if it were a party but subject to paragraphs 6.5(c) and (d).
- (c) This Agreement may be terminated, and any term may be amended or waived, in each case in accordance with the terms of this Agreement, without the consent of any person nominated under paragraph 6.5(b).
- (d) The person nominated under paragraph 6.5(b) shall only be entitled to enforce and rely on Schedule 15 to the extent determined by the Authority (whether at the time of nomination or at any other time) and, to the extent that any such person is entitled to enforce and rely on Schedule 15, any legal proceedings in relation thereto must be commenced within 1 year of the expiry of the Franchise Period and any such person shall not be entitled to enforce or rely on Schedule 15 to the extent that it has consented to any particular act or omission of the Franchisee which may constitute a contravention of Schedule 15 or has been afforded a reasonable opportunity to indicate to the Franchisee that it is not so consenting and has not so indicated (the extent of such reasonable opportunity to be determined by the Authority unless otherwise agreed).

Authority's Consent or Approval

- 6.6 Where any provision of this Agreement provides for any matter to be subject to the consent or approval of the Authority then (subject only to the express terms of that provision as to the basis on which that consent or approval may be given or withheld) the Authority shall be entitled to give that consent or approval subject to any condition or conditions as it considers appropriate, which may include the adjustment of any of the terms of this Agreement.

7. Enforcement Costs

The Franchisee shall compensate the Authority for all reasonable costs incurred by the Authority as a result of the Franchisee failing to perform its obligations under this Agreement in accordance with their terms in the exercise of the Authority's rights under Schedule 10 (*Remedies, Termination and Expiry*).

8. Currency

If at any time the Bank of England or other competent monetary authority of the United Kingdom or competent organ of H.M. Government of the United Kingdom recognises the Euro as lawful currency and tender of the United Kingdom, the Authority may, by reasonable notice to the Franchisee and the Franchisee may by reasonable notice to the Authority, elect that all payment obligations arising under this Agreement shall be denominated and/or constituted in Euros on the basis that all outstanding amounts and obligations previously denominated and/or constituted in pounds sterling shall be translated into Euros at the exchange rate applied or recognised by the United Kingdom authority or organ which granted recognition of Euros for the purpose of such translation on the date on which it granted recognition of Euros.

9 Communications

9.1 The parties recognise the need to promote clear, consistent messages to Stakeholders, the media and the public on matters of common interest concerning the ScotRail Franchise and to foster and demonstrate a healthy working relationship among themselves and each of the parties shall use reasonable endeavours to do the foregoing.

9.2 The Franchisee shall:-

- (a) give advance notice to the Authority of the issue of all press releases relating to rail services or facilities in Scotland;
- (b) provide advance advice to the Authority on content of all press releases relating to rail services or facilities in Scotland;
- (c) consult with the Authority concerning the press releases referred to in (b);
- (d) make joint announcements with the Authority where the Authority deems the same to be appropriate (either by their type (e.g. as to their value, duration, impact or otherwise) or individually of which the Authority may notify the Franchisee from time to time)
- (e) not issue a press release should the Authority so require; and
- (f) prepare press releases for the Authority's approval, at the Authority's reasonable request.

9.3 The parties shall each encourage and develop dialogue between the respective press office staff of each organisation, so as, where reasonably possible, to co-ordinate media responses and to rebut and correct inaccuracies.

10 Transfer of Rights and Obligations

The transfer by Law of any of the rights and obligations of the Authority under this Franchise Agreement shall not be restricted by paragraphs 1.1 or 1.2 of Schedule 9.1 (*Variations and Financial Consequences of Change*) or any other provisions of this Agreement and such a transfer shall not constitute a Change.