

**RAIL PUBLIC REGISTER COPY  
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Dated

26 May 2023

- (1) The Secretary of State for Transport
- (2) DfT OLR Holdings Limited
- (3) TransPennine Trains Limited

# National Rail Contract

## TransPennine Express

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DEROGATIONS (WAIVERS) - POST CONTRACT SIGNATURE DATE ..... 368

**THIS CONTRACT** is dated

**26 May 2023**

**BETWEEN:**

- (1) **THE SECRETARY OF STATE FOR TRANSPORT**, whose principal address is at 33 Horseferry Road, London SW1P 4DR (the “**Secretary of State**”);
- (2) **DFT OLR HOLDINGS LIMITED**, Company Number: 07141122), whose registered office is at Waterloo General Offices, Waterloo Station, London, SE1 8SW (“**DOHL**”); and
- (3) **TRANSPENNINE TRAINS LIMITED** (Company Number: 12544930), whose registered office is at Great Minster House, 2nd Floor Franchise Resilience And Mobilisation Team, 33 Horseferry Road, London, England, SW1P 4DR (the “**Operator**”).

**BACKGROUND:**

- (A) First TransPennine Express Limited (Company Number: 09111801), whose registered office is at 8th Floor The Point, 37 North Wharf Road, London, United Kingdom, W2 1AF (the “**Previous Operator**”) has been providing certain services for the carriage of passengers by railway and operating certain stations and light maintenance depots pursuant to the Previous Agreement.
- (B) The Secretary of State has a duty under section 30 of the Act to secure the continuity of the provision of passenger rail services in circumstances where the Previous Agreement terminates and no further franchise agreement has been entered into in respect of the passenger services formerly provided under the Previous Agreement (the “**Section 30 Duty**”).
- (C) The Previous Agreement is to terminate at 01:59 on 28 May 2023 and no further franchise agreement has been entered into in respect of the passenger services formerly provided under the Previous Agreement. In consequence the Secretary of State’s Section 30 Duty has become effective.
- (D) DOHL is a wholly owned subsidiary of the Secretary of State which has been established for the purposes of undertaking, on behalf of the Secretary of State, the Section 30 Duty in respect of the Rail Services formerly provided by the Previous Operator under the Previous Agreement. The Operator is a wholly owned subsidiary of DOHL and will operate the Rail Services in respect of which the Section 30 Duty applies.
- (E) The Secretary of State, DOHL and the Operator have agreed that whilst this Contract does not constitute a franchise agreement (within the meaning of the Act) in order to ensure (so far as possible) that the Rail Services are operated and managed in a manner consistent with how railway passenger services are provided by franchisees under franchise agreements it is appropriate for DOHL and the Operator to provide the Rail Services in accordance with the terms of this Contract.
- (F) This Contract is designed to be flexible and responsive over the life of the contract, and is structured around an annual Business Plan process. The Secretary of State will set out detailed objectives and priorities each year in a Request for Business Plan. The Operator will then prepare the Business Plan on a basis that seeks to achieve these objectives and priorities, in collaboration with rail industry partners to deliver in the best interests of passengers and taxpayers. This Contract should therefore be read alongside the Business Plan which sets out the Business Plan Commitments, targets and performance measures that the Operator is contracted to deliver.
- (G) The Secretary of State has the following objectives for the delivery of rail services under this Contract:

National Rail Service Contract TransPennine Express	Page 12 of 368	Clause 1-6
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- (i) to improve the passenger experience on the railway, by providing a modern and reliable means of transport accessible to all;
- (ii) to meet the needs of the wider community through working collaboratively with stakeholders and all rail industry partners;
- (iii) to meet the challenge of improving the railway's contribution to the Government's wider sustainability aims; and
- (iv) the Secretary of State also wishes to ensure that the railway is operated efficiently and is affordable for the taxpayer.

Through these objectives, the Secretary of State aims to restore and improve the reputation of the railway, rebuilding trust in the way it operates for passengers, stakeholders and the wider community.

## 1. COMMENCEMENT

1.1 This Contract shall commence on the Start Date.

## 2. DURATION OF THIS CONTRACT

2.1 This Contract shall expire on the Expiry Date.

2.2 Not Used.

## 3. GENERAL OBLIGATIONS

3.1 DOHL undertakes to secure that the Operator provides the Rail Services subject to and in accordance with the terms and conditions of this Contract and otherwise complies with its obligations, duties and undertakings under this Contract.

3.2 The Operator shall perform its obligations under the Service Contract in accordance with its terms and with that degree of skill, diligence, prudence and foresight which would be exercised by a skilled and experienced Train Operator of the Rail Services.

3.3 DOHL and the Operator agree to co-operate with the Secretary of State in an open and transparent manner, which shall include an obligation on DOHL and the Operator to disclose to the Secretary of State anything which the Secretary of State would reasonably expect notice of in connection with the matters arising under the Service Contract.

3.4 The Operator shall act reasonably and in good faith in and about the performance of its obligations and the exercise of its rights pursuant to the Service Contract.

3.5 The Secretary of State shall act reasonably and in good faith in and about the performance of the Secretary of State's obligations and the exercise of the Secretary of State's rights pursuant to the Service Contract.

## 4. RAIL SERVICES

4.1 The Operator shall at all times during the Contract Term:

- (a) provide and operate the Passenger Services specified in this Contract;
- (b) carry out the Station Services and the Light Maintenance Services; and
- (c) subject to clauses 4.5 and 4.6 below, be permitted to carry out the Ancillary Services.

4.2 The Operator shall not directly or indirectly, without the prior written consent of the Secretary of State, carry on any business or activity other than the provision and operation of the Rail Services.

4.3 Not Used.

4.4 The Operator shall not engage any Business Employee in any activity or business which it may not conduct or engage in under this Contract.

- 4.5 Not Used.
- 4.6 The Parties may agree from time to time, or the Secretary of State may determine:
- (a) Not Used; and/or
  - (b) to amend the then current Business Plan (in accordance with a Business Plan Revision pursuant to paragraph 6 of Chapter 7.7 (*Business Plan*)) to include any additional service and/or activity (including any Ancillary Service) to be carried out by the Operator.

## 5. NOTICES

### 5.1 Notices

- (a) Any notice, notification or other communication under or in connection with the matters specified in Chapter 9.4 (*Remedies and Dispute Resolution*) or any dispute under or in connection with this Contract shall be in writing and shall be 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:

<b>Table 1</b>	
<b>Name:</b>	The Department for Transport
<b>Address:</b>	33 Horseferry Road, London SW1P 4DR
<b>Email:</b>	[REDACTED <sup>1</sup> ]
<b>Attention:</b>	The Market Lead - Midlands, North and Wales

<b>Table 2</b>	
<b>Name:</b>	TransPennine Trains Limited
<b>Address:</b>	Great Minster House, 2nd Floor Franchise Resilience And Mobilisation Team, 33 Horseferry Road, London, England, SW1P 4DR
<b>Email:</b>	[REDACTED <sup>2</sup> ]
<b>Attention:</b>	Company Secretary

- (b) Any other notice, notification or other communication including any variations, derogations or Request for Approval under or in connection with this Contract shall be in writing and shall be delivered:
  - (i) by email; or
  - (ii) through the Secretary of State's contract management system,

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<sup>1</sup> 20 March 2024 (Date of Redactions Approval) Where text has been omitted from the document - this is because the Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000 (R - TPT - Mar 24 - 001).

<sup>2</sup> 20 March 2024 (Date of Redactions Approval) Where text has been omitted from the document - this is because the Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000 (R - TPT - Mar 24 - 001).

except that it shall be marked for the attention of the Operator Relationship Manager or the Secretary of State Relationship Manager:

<b>Table 3</b>	
<b>Name:</b>	The Department for Transport
<b>Address:</b>	33 Horseferry Road, London SW1P 4DR
<b>Email:</b>	[REDACTED <sup>3</sup> ]
<b>Attention:</b>	The Operator Relationship Manager - TransPennine Express

<b>Table 4</b>	
<b>Name:</b>	TransPennine Trains Limited
<b>Address:</b>	Great Minster House, 2nd Floor Franchise Resilience And Mobilisation Team, 33 Horseferry Road, London, England, SW1P 4DR
<b>Email:</b>	[REDACTED <sup>4</sup> ]
<b>Attention:</b>	Company Secretary

## 5.2 **Deemed Receipt**

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; or
- (b) if sent by pre-paid first class post, from and to any place within the United Kingdom, three (3) Weekdays after posting unless otherwise proven; or
- (c) if sent by email, 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); or
- (d) if sent through the Secretary of State’s contract management system, an “**actual date**” confirmation in the audit log from the Secretary of State’s contract management system.

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<sup>3</sup> 20 March 2024 (Date of Redactions Approval) Where text has been omitted from the document - this is because the Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000 (R - TPT - Mar 24 - 001).

<sup>4</sup> 20 March 2024 (Date of Redactions Approval) Where text has been omitted from the document - this is because the Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000 (R - TPT - Mar 24 - 001).



**SIGNATURE PAGE**

This Contract has been executed and takes effect on the date stated at the beginning of it.

SIGNED FOR AND ON BEHALF OF )  
THE SECRETARY OF STATE FOR )  
TRANSPORT )  
)

Print name of authorised signatory: \_\_\_\_\_  
Position: \_\_\_\_\_

Executed by **DFT OLR HOLDINGS LIMITED**  
acting by \_\_\_\_\_, a director and  
\_\_\_\_\_, a director

**Director:** \_\_\_\_\_ )  
 )  
 )  
 )

**Director:** \_\_\_\_\_ )  
 )  
 )  
 )

Executed by **TRANSPENNINE TRAINS LIMITED**  
acting by \_\_\_\_\_, a director and  
\_\_\_\_\_, a director

**Director:** \_\_\_\_\_ )  
 )  
 )  
 )

**Director:** \_\_\_\_\_ )  
 )  
 )  
 )

## Chapter 1 – Leadership and Management



Chapter 1.1 - Organisation and Management



Chapter 1.2 - Strategies and Plans



Chapter 1.3 - Approval Process

**Chapter 1****LEADERSHIP AND MANAGEMENT**

Chapter 1.1	Organisation and Management
Chapter 1.2	Strategies and Plans
Chapter 1.3	Approval Process

## Chapter 1.1

### Organisation and Management

#### 1. Corporate Information

1.1 The Operator shall provide the following information to the Secretary of State no later than the Start Date and shall notify the Secretary of State of any change to such information within twenty one (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) Not Used.

1.2 The Operator shall inform the Secretary of State 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 and any litigation or other dispute which may have a material effect on its business).

1.3 The Operator shall provide the Secretary of State any information the Secretary of State may reasonably require for the purpose of complying with its obligations under Article 4.7, Chapter 4 of Title XI of Part Two of the Trade and Cooperation Agreement.

#### 1A Business Employees and Secondments Information

1A.1 The Operator shall provide the following information to the Secretary of State no later than the Start Date and shall notify the Secretary of State of any change to such information within twenty one (21) days of such change:

- (a) a full organisation chart for the Operator's business detailing the responsibilities and reporting lines (anonymised and with job titles for Business Employees specified only);
- (b) details of all secondment arrangements (including their duration) applicable to the Operator's business (anonymised and with job titles for secondees specified only);
- (c) list of pension schemes (including the Operator Pension Sections) applicable to the Operator's business (including details of contribution rates);
- (d) list of recognised Trade Unions, number of representatives per Trade Union and anonymised details of any management representatives for such Trade Unions;
- (e) details of employee benefits offered by grade to Business Employees (including whether such benefits are contractual or non-contractual, and any reciprocal travel agreements);
- (f) details of employee bonus schemes (including the applicable rules, criteria determining which Business Employees can join such bonus schemes and any applicable employee attendance bonus scheme);
- (g) details of any deductions that are allowed from the payroll of Business Employees (including details of deductions linked to purchasing leave and credit unions); and
- (h) details of any industrial relations risks (including a risk of Industrial Action) relating to the Operator's business.

#### 2. Not Used

#### 3. Maintenance of Records

- 3.1 The Operator shall at all times create and maintain true, up to date and complete records, books and other materials relating to the:
- (a) operation and maintenance of Assets;
  - (b) operation of the Rail Services; and
  - (c) financial performance of the Rail Services,
- in each case, in exercising that degree of care, skill, diligence, prudence, efficiency, foresight and timeliness which would reasonably be expected from a prudent and leading Train Operator and in order to fulfil the requirements of the Service Contract.
- 3.2 Unless otherwise agreed by the Secretary of State, all records, books and materials required to be maintained by the Operator in accordance with this Contract, shall be held in a form that is capable of audit for a period of not less than six (6) years following the Expiry Date or the date of any earlier termination of this Contract.

3.3-3.4 Not Used.

#### 4A. **OLR Workbooks Package**

4A.1 Without prejudice to paragraph 6 (*Contract Management System*) of this Chapter 1.1 (*Organisation and Management*), the Operator shall:

- (a) provide to the Secretary of State:
  - (i) by no later than three (3) months following the Start Date, the workbooks specified in paragraph 4A.3 (*Maintenance of Records*) of this Chapter 1.1 (*Organisation and Management*) and such other information as the Secretary of State may specify from time to time (the “**OLR Workbooks Package**”); and
  - (ii) at any time requested by the Secretary of State, a copy of the Operator's up to date OLR Workbooks Package (updated as required pursuant to paragraph 4A.1(b) (*Maintenance of Records*) of this Chapter 1.1 (*Organisation and Management*)) and such other information as the Secretary of State may specify from time to time;
- (b) maintain the OLR Workbooks Package and update it at least every three (3) Reporting Periods during the Contract Term and the obligation under paragraph 3.2 (*Maintenance of Records*) of this Chapter 1.1 (*Organisation and Management*) shall apply to the OLR Workbooks Package;
- (c) ensure that any Successor Operator will have immediate access to the OLR Workbooks Package on the expiry of the Contract Period; and
- (d) put in place such arrangements as are necessary (to the satisfaction of the Secretary of State) to ensure that the OLR Workbooks Package is (and continues to be maintained) in a format acceptable to the Secretary of State which is capable of being transferred to a Successor Operator so that the Successor Operator is able to access, use and amend the OLR Workbooks Package using the same format.

4A.2 If at any time the Secretary of State considers that any part of the OLR Workbooks Package fails to meet the Secretary of State's requirements, the Secretary of State may instruct the Operator to amend the relevant part of the OLR Workbooks Package to the satisfaction of the Secretary of State and the Operator shall promptly comply with such instruction.

4A.3 The information in the OLR Workbooks Package must:

- (a) be provided electronically in a form that is acceptable to the Secretary of State;
- (b) include the information as specified in the document in the agreed terms marked **PMW** (the “**Property Matrix Workbook**”), including a list of all property assets owned, leased, operated or occupied by the Operator (including leases of whatever type and licences) and station schemes, depot schemes, tenancies (together with details of associated dilapidations) entered into by the Operator on or after the Start Date;

- (c) include the information as specified in the document in the agreed terms marked **CIMW** (the “**Contracts and Insurance Matrix Workbook**”), including a list of all contracts (sales, purchases, rolling stock leases or otherwise), fixed assets, rolling stock and insurance arrangements (including a list of the names, office addresses and telephone numbers of all insurers and any relevant broker providing insurance to the Operator, together with the relevant policy numbers and other references and details of outstanding claims or unresolved disputes) entered between the Operator and the counterparty or counterparties to each such contract; and
- (d) include the information as specified in the document in the agreed terms marked **SAMW** (the “**Systems and Assets Matrix Workbook**”), including a list of all the electronic systems, networks (including any applicable certifications), computer and information technology, information technology assets, platforms and applications (including relevant passwords for the same) and systems and services processing Personal Data in use by the Operator on or after the Start Date, along with a risk summary.

#### 4B Key Personnel List

- 4B.1 The Operator shall on or before the Start Date, provide to the Secretary of State the Key Personnel List by following the guidance issued by the Secretary of State from time to time. The Key Personnel List shall be stored in an encrypted server with password protected access.
- 4B.2 The Operator shall ensure that the Key Personnel List is maintained in an accurate and up to date form. In the event of any change(s) to the Key Personnel List or the organisation chart detailing the responsibilities and reporting lines of each of the Key Personnel, the Operator shall supply the revised Key Personnel List and/or the organisation chart (as the case may be) to the Secretary of State pursuant to the guidance mentioned in paragraph 4B.1 above and as soon as practicable (and in any event within the timeframes set out in paragraph 4B.4) after the change(s) is/are made.
- 4B.3 The Operator shall make the relevant Business Employee listed in the Key Personnel List aware that their Personal Data shall be shared with:
- (a) the Secretary of State and retained by the Secretary of State during the Contract Term (until such time as the Personal Data is replaced in the Key Personnel List by way of the change(s) described in paragraph 4B.2) and for a period of twelve (12) months after the Expiry Date; and
  - (b) the Successor Operator during the mobilisation period,
- including by ensuring that the fairness principle of the Data Protection Legislation is satisfied in respect of the same by issuing all relevant privacy notices.
- 4B.4 The Operator shall be responsible for informing the Secretary of State if details in the Key Personnel List are incorrect or need to be deleted by the Secretary of State within five (5) Weekdays of notice from the relevant Business Employee. The Secretary of State shall delete or amend the details within five (5) Weekdays of notice from the Operator.
- 4B.5 The Operator shall also ensure that the Key Personnel List is provided to the Secretary of State within twenty four (24) hours following any request from the Secretary of State for the provision of such Key Personnel List.
- 4B.6 The Operator shall identify and provide to the Secretary of State a schedule of Key Personnel who shall be employed by the Operator in the performance of the Service Contract. This shall include but not be limited to the following persons:
- (a) a managing director whose role will include the overall management of the operation of the Rail Services;
  - (b) a train service delivery director, whose role will include responsibility for ensuring compliance by the Operator with Chapter 4.4 (*Operational Performance*);
  - (c) a safety director, whose role will include responsibility for ensuring that the Operator complies with its legal obligations in relation to the Rail Services including the Safety Certificate; and

- (d) a finance director, whose role will include responsibility in relation to the CP Budget, the Annual Audited Accounts, the Management Accounts, the Annual Management Accounts, the Accounts Reconciliation and the provision of other financial data to Secretary of State.
- 4B.7 The Operator shall nominate a board level director of the Operator (or at the Secretary of State's discretion, a board level director of DOHL or any appropriate Affiliate) within ten (10) Weekdays of the Start Date. Such board level director's responsibilities shall include overseeing, at a strategic level, the Operator's interface with the Secretary of State in relation to sections 119 to 121 (inclusive) of the Act and co-ordinating relevant activities and delivery of counter terrorist security on behalf of the Operator and in connection with the Operator's compliance with relevant instructions issued by the Secretary of State under section 119 of the Act from time to time. Such board level director shall be identified by job title in the organisation chart referred to in Paragraph 4B and shall be deemed part of the Key Personnel.
- 4. Right to Inspect**
- 4.1 The Operator shall, if requested by the Secretary of State, allow the Secretary of State and the Secretary of State's representatives and advisers:
- (a) to inspect and copy any records referred to in this Chapter 1 (*Leadership and Management*), Chapter 3 (*Collaboration*), Chapter 4 (*Rail Services*), Chapter 7 (*Financial Obligations*) or Chapter 9 (*Standard Provisions*), and the Secretary of State may verify any such records; and/or
- (b) to inspect and copy at any reasonable time any books, records and any other material kept by or on behalf of the Operator and/or its auditors and any assets (including the Assets) used by the Operator in connection with the Rail Services.
- 4.2 The Operator shall make available to the Secretary of State, the Secretary of State's representatives and advisers the information referred to in paragraph 4.1 and grant or procure the grant of such access (including to or from third parties) as the Secretary of State, the Secretary of State's representatives and advisers shall reasonably require in connection therewith. The obligation of the Operator under this paragraph 4.2 shall include an obligation on the Operator to grant or procure the grant of such access to premises (including third party premises) where the information referred to in paragraph 4.1 is kept by or on behalf of the Operator.
- 4.3 The Secretary of State, the Secretary of State's representatives and advisers shall be permitted to take photographs, film or make a video recording, or make any other kind of record of any such inspection.
- 4.4 Not Used.
- 5. Periodic Update Reports**
- 5.1 The Operator shall prepare and submit to the Secretary of State, a periodic report in each Reporting Period, not later than five (5) days prior to each Contract Performance Meeting held in accordance with paragraph 8 (*Contract Performance Meetings*), which shall:
- (a) contain updates on the Operator's progress in complying with its Business Plan Commitments, the Operator's performance against its Business Plan KPIs and the Operator's compliance with its other obligations under this Contract, together with any other information as the Secretary of State may specify from time to time;
- (b) relate to the previous Reporting Period, unless another period is reasonably required by the Secretary of State; and
- (c) be disaggregated to the extent required by the Secretary of State.
- 5.1A The Operator shall submit to the Secretary of State a copy of the OLR Workbooks Package each time it is updated in accordance with paragraph 4A.1(b)), not later than five (5) days prior to the next Contract Performance Meeting held immediately following such update having been made in accordance with paragraph 8 (*Contract Performance Meetings*).



- 5.2 Where, as part of the periodic report referred to in paragraph 5.1, the Secretary of State requires the Operator to provide information and/or details in addition to those required pursuant to paragraph 5.1, the Operator shall ensure that the periodic report includes such additional information and/or details subject to the Operator having received at least twenty eight (28) days' notice of the additional information and/or details required by the Secretary of State.
- 5.3 Not Used.
6. **Contract Management System**
- 6.1 The Operator shall, no later than the Start Date and thereafter throughout the Contract Term:
- (a) use the contract management system which the Secretary of State uses to manage the delivery of the obligations under the Service Contract; and
  - (b) use the contract management system to administer any variations and/or derogations to the Service Contract after the Start Date.
7. **Not Used**
8. **Contract Performance Meetings**
- 8.1 The Parties shall hold a Contract Performance Meeting at least once in every Reporting Period (or such other interval as the Secretary of State may notify to the Operator in writing) at a time and location notified to the Operator by the Secretary of State.
- 8.2 The Operator shall ensure that:
- (a) the representatives of the Operator at a Contract Performance Meeting shall include such directors and/or senior managers of the Operator as the Secretary of State may require; and
  - (b) representatives of DOHL (which shall include such directors and/or senior managers of DOHL as the Secretary of State may require) attend at least every third Contract Performance Meeting.
- 8.3 The Operator shall prepare and present the up to date OLR Workbooks Package and such reports to each Contract Performance Meeting as the Secretary of State may reasonably request. The Operator's obligations under this paragraph 8.3 in respect of the preparation of reports are subject to the Operator receiving at least twenty eight (28) days' notice of the requirement to prepare and present any such report.
- 8.4 No comment or failure to comment nor any agreement or approval, implicit or explicit by either Party at a Contract Performance Meeting will relieve a Party of its obligations, constitute a waiver of an obligation or otherwise vary the terms of the Service Contract.

**CHAPTER 1.2****Strategies and Plans****1. Small and Medium-sized Enterprises**

- 1.1 The Operator shall at all times keep accurate and complete records of its use of and interaction with SMEs and VCSEs in delivering the Rail Services.
- 1.2 By no later than 31 January in each year (and within one (1) month of the end of the Contract Period) the Operator shall deliver to the Secretary of State:
- (a) a breakdown of the number of SMEs and VCSEs used by the Operator in providing the Rail Services;
  - (b) the total value of expenditure on all subcontracts; and
  - (c) the value of expenditure on (i) SMEs and (ii) VCSEs (as proportions of the figure referred to in paragraph 1.2(b) above),
- during the calendar year (or part thereof) which ended on the immediately preceding 31 December or at the end of the Contract Period (as applicable).

**2. Business Continuity Plan**

- 2.1 Within one (1) month following the Start Date the Operator shall produce and provide to the Secretary of State a written Business Continuity Plan in respect of the Rail Services and the people, facilities and assets used to provide them which is consistent with the requirements of ISO 22301:2019.
- 2.2 Within one (1) month of the end of each Contract Year the Operator shall provide to the Secretary of State a certificate addressed to the Secretary of State and signed by a statutory director of the Operator confirming that the Business Continuity Plan is consistent with the requirements of the ISO 22301:2019.

**3. Suicide Prevention Plan**

- 3.1 The Operator shall review and update the Suicide Prevention Plan:
- (a) immediately following any amendment to, or replacement of, the Suicide Prevention Strategy and/or the Suicide Prevention Duty Holders' Group's 9 Point Plan; and
  - (b) as requested by the Secretary of State or the British Transport Police from time to time.

Any such review and any updating shall be by reference to changing circumstances, new relevant information and any amended or replaced Suicide Prevention Strategy and/or the Suicide Prevention Duty Holders' Group's 9 Point Plan with the intention that it is kept as up to date and effective as practicable. The Operator shall consult with the British Transport Police and wider cross-industry suicide prevention group (as appropriate) in relation to any such review and update of the Suicide Prevention Plan. The Operator shall deliver a copy of any revised and/or updated Suicide Prevention Plan to the Secretary of State as soon as is practicable together with written confirmation from the British Transport Police that the Plan complies with the requirements of the Suicide Prevention Strategy and the Suicide Prevention Duty Holders' Group's 9 Point Plan and accordingly remains approved by it.

- 3.2 The Operator shall implement the Suicide Prevention Plan as it may be revised and/or updated pursuant to paragraph 3.1 in accordance with its then prevailing provisions.

**4. Safeguarding Strategy**

- 4.1 The Operator shall review and, as necessary, update the Safeguarding Strategy:
- (a) within one (1) month following the publication of any amendment to, or replacement of the Safeguarding on Rail Scheme; and

- (b) as requested by the Secretary of State.
- 4.2 Any review and necessary updates to the Safeguarding Strategy in accordance with paragraph 4.1 shall take into account any changes to, or replacement of the Safeguarding on Rail Scheme and any other relevant circumstances that would reasonably be considered to impact the objectives contained in the Safeguarding on Rail Scheme and shall ensure that the Safeguarding Strategy remains up-to-date and appropriate for delivering the objectives contained in the Safeguarding on Rail Scheme.
- 4.3 The Operator shall undertake any review and necessary updates to the Safeguarding Strategy in accordance with paragraph 4.1 in consultation with the British Transport Police and such other relevant groups as the Operator and/or the British Transport Police consider appropriate. The Operator shall submit such updated Safeguarding Strategy to the British Transport Police within one (1) month of such review for its approval that the Safeguarding Strategy complies with the requirements of the Safeguarding on Rail Scheme and the Operator shall take into account any comments or amendments proposed by:
- (a) the British Transport Police; and
- (b) such other relevant groups as the Operator and/or the British Transport Police consider appropriate,
- as are required to ensure that the Safeguarding Strategy remains up-to-date and appropriate for delivering the objectives contained in the Safeguarding on Rail Scheme.
- 4.4 The Operator shall deliver a copy of any updated Safeguarding Strategy to the Secretary of State together with written confirmation of the approval issued by the British Transport Police as soon as practicable following such approval.
- 4.5 The Operator shall implement the approved Safeguarding Strategy as it may be revised and/or updated pursuant to this paragraph 4 from time to time.
- 4.6 The Operator shall, as soon as practicable, obtain and thereafter maintain for the duration of the Contract Period, the Safeguarding on Rail Scheme accreditation standard, provided that if at any time the Operator receives a "working towards accreditation" award, the Operator shall achieve the full accreditation standard as soon as practicable.
- 5. Incident Response Plan**
- 5.1 By no later than six (6) months following the Start Date the Operator shall prepare and provide to the Secretary of State for Approval the Incident Response Plan.
- 5.2 The Incident Response Plan shall:
- (a) detail how the Operator would respond to an incident or emergency (including cyber security incidents); and
- (b) reflect the RDG Guidance on Emergency Planning, Knowledge, Understanding and Responsibilities,
- and it shall be reasonable for the Secretary of State to not Approve a plan which does not include such information or meet such requirements.
- 5.3 Where the Secretary of State does not Approve the draft Incident Response Plan submitted to it, the Operator shall make:
- (a) such amendments to it as the Secretary of State shall direct; and
- (b) provide such additional information as the Secretary of State may require.
- 5.4 From the date of Approval, the Operator shall implement and comply with the Incident Response Plan.
- 5.5 The Incident Response Plan shall be updated by the Operator on an annual basis and submitted to the Secretary of State for Approval.

- 5.6 Each updated version of the Incident Response Plan shall incorporate a schedule of revisions to the Incident Response Plan compared to the previous version and a brief summary of the rationale supporting each such revision.
- 5.7 If:
- (a) the Secretary of State Approves an updated draft Incident Response Plan submitted to it pursuant to paragraph 5.5, such document shall become the then current Incident Response Plan; or
  - (b) the Secretary of State does not Approve an updated draft Incident Response Plan submitted to it pursuant to paragraph 5.5, the provisions of paragraph 5.3 shall apply.

## 6. **Cyber Security Information Sharing**

6.1 The Operator shall:

- (a) share, as soon as practicable, information regarding cyber security threats and incidents with the Department for Transport, British Transport Police, Police Scotland (where relevant), the National Cyber Security Centre and other industry partners; and
- (b) comply at all times with the latest Secretary of State's cyber incident reporting guidance including use of the NCSC Cyber-Security Information Sharing Partnership (CISP).

## 7. **Modern Slavery, Child Labour and Inhumane Treatment**

7.1 The Operator:

- (a) shall not use, or allow its subcontractors to use, forced, bonded or involuntary prison labour;
- (b) shall not require any Operator or subcontractor staff to lodge deposits or identity papers with the relevant employer or deny Operator staff freedom to leave their employer after reasonable notice;
- (c) warrants and represents that neither it nor DOHL has been convicted of any slavery or human trafficking offences anywhere around the world;
- (d) warrants that to the best of its knowledge neither it nor DOHL is currently under investigation, inquiry or enforcement proceedings in relation to any allegation of slavery or human trafficking offences anywhere around the world;
- (e) shall make reasonable enquiries to ascertain that its officers and subcontractors have not been convicted of slavery or human trafficking offences anywhere around the world;
- (f) shall have and maintain throughout the term of the Contract its own policies and procedures to ensure its compliance with the Modern Slavery Act 2015 and shall include in its contracts with its subcontractors anti-slavery and human trafficking provisions;
- (g) shall implement appropriate due diligence procedures to ascertain any non-compliance by its subcontractors with the anti-slavery and human trafficking procedures required by this paragraph;
- (h) if requested to do so by the Secretary of State, shall prepare and deliver to the Secretary of State a slavery and human trafficking report setting out the steps it has taken to ensure that slavery and human trafficking is not taking place in any of its supply chains or in any part of its business;

- (i) shall not use, or allow its employees or subcontractors to use, physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation of its employees or subcontractors;
- (j) shall not use, or allow its subcontractors to use, child or slave labour; and
- (k) shall report the discovery or suspicion of any slavery or trafficking by it or its subcontractors to the Secretary of State and Modern Slavery Helpline.

**CHAPTER 1.3****Approval Process****1. Approval**

- 1.1 Where any item or matter in this Contract is subject to the Approval of the Secretary of State the Operator shall give notice to the Secretary of State that it requests:
- (a) the Secretary of State's consent in respect of such item or matter, citing this paragraph 1.1(a); or
  - (b) the Secretary of State's Approval in respect of such item or matter, citing this paragraph 1.1(b) (a "**Request for Approval**").
- 1.2 Where the Operator gives notice under paragraph 1.1(a) above, the consent of the Secretary of State in respect of the relevant item or matter shall only be granted by the Secretary of State consenting in writing.
- 1.3 Where the Operator gives notice under paragraph 1.1(b) above, such Approval shall only be granted (or deemed to have been granted) in accordance with the process set out in paragraphs 2 to 5 of this Chapter 1.3, unless otherwise agreed with the Secretary of State .

**2. Approval Process**

- 2.1 Each Request for Approval shall be submitted by the Operator:
- (a) not less than twenty (20) Weekdays prior to the date on which the Operator requires such Approval; and
  - (b) otherwise in accordance with all relevant notice requirements pursuant to this Contract.
- 2.2 Together with each Request for Approval submitted pursuant to paragraph 2.1, the Operator shall provide the following information to the Secretary of State:
- (a) a statement that the Request for Approval is submitted pursuant to paragraph 1.1(b) of this Chapter 1.3 (*Approval Process*) of this Contract;
  - (b) a reference to the relevant provision(s) of this Contract and/or the Business Plan pursuant to which the requested Approval is required;
  - (c) all accompanying information and evidence as may be required pursuant to the relevant provision(s) referenced under paragraph 2.2(b) above;
  - (d) details of any budgetary implications associated with Approval of the item or matter in respect of which Approval is requested (including the associated impacts on the Operator's costs and revenues, and (where relevant) the Operator's assessment of any cost and revenue impacts for other Train Operators and/or Network Rail);
  - (e) details of the extent of, and justification for, any derogation or variation from any existing requirements of this Contract and/or any Business Plan Commitment which would or may be consequential on such Approval being granted;
  - (f) detail of any novel, contentious and/or precedent setting (within the rail industry or for public bodies more generally) aspects associated with the Approval sought; and
  - (g) references to any previous guidance or requirements issued by the Secretary of State which are applicable or related to the item or matter in respect of which Approval is sought.
- 2.3 At any time following receipt of a Request for Approval, the Secretary of State may notify the Operator that the Secretary of State:
- (a) grants the relevant Approval;
  - (b) refuses the relevant Approval;

- (c) requires further information or evidence (in addition to the information required pursuant to paragraph 2.2) in relation to such Request for Approval;
  - (d) otherwise requires more time to consider the Secretary of State's response to the Request for Approval (in which case the Secretary of State shall provide the Operator with an estimated timescale for the Secretary of State's determination); or
  - (e) does not consider that the information specified in paragraph 2.2 has been provided in respect of such Request for Approval.
- 2.4 If the Secretary of State notifies the Operator pursuant to paragraph 2.3(e) that any Request for Approval does not include all information specified in paragraph 2.2, the date of such Request for Approval (for the purposes of paragraphs 3 and 4) shall be the date on which all of such information is subsequently received by the Secretary of State.
- 2.5 If the Secretary of State notifies the Operator that it requires further information or evidence in relation to any Request for Approval pursuant to paragraph 2.3(c) (including following deemed Approval having been triggered pursuant to paragraph 3 below), the Operator shall provide such information or evidence as soon as practicable, and in any event within ten (10) Weekdays from receipt of such notification from the Secretary of State.
- 2.6 For the purposes of this Contract, the relevant item or matter which is the subject of a Request for Approval shall be Approved when:
- (a) the Secretary of State notifies the Operator that Approval is granted pursuant to paragraph 2.3(a) above; or
  - (b) Approval is deemed to have been granted in accordance with paragraph 3 below.
- 3. Deemed Approval**
- 3.1 Provided that a Request for Approval is submitted by the Operator in accordance with the requirements of paragraphs 2.1, if:
- (a) the Secretary of State does not provide the Operator with any response to a Request for Approval in accordance with paragraphs 2.3(a) to (e) above within fifteen (15) Weekdays of its receipt from the Operator; or
  - (b) the Operator has provided all additional information as may have been requested by the Secretary of State pursuant to paragraph 2.3(c), and the Secretary of State has not issued the Operator with a response pursuant to paragraph 2.3(a), (b), (d) or (e) by the later of:
    - (i) the date falling five (5) Weekdays after receipt of all of such additional information from the Operator; and
    - (ii) the date falling fifteen (15) Weekdays after receipt of the relevant Request for Approval;
- the Operator may serve a further notice on the Secretary of State stating that (pending any such response from the Secretary of State to the relevant Request for Approval), the relevant item or matter in respect of which Approval is sought would be deemed to be Approved pursuant to paragraph 3.2 on the expiry of five (5) Weekdays from receipt of such further notice by the Secretary of State.
- 3.2 Provided that the Operator has served a further notice on the Secretary of State in accordance with paragraph 3.1, if:
- (a) the Secretary of State has not provided any response to the relevant Request for Approval in accordance with paragraphs 2.3(a) to (e) by the later of:
    - (i) the date falling twenty (20) Weekdays after receipt of the Request for Approval from the Operator; and
    - (ii) the date falling five (5) Weekdays after receipt of the Operator's further notice pursuant to paragraph 3.1; or



- (b) the Operator has provided all additional information as may have been requested by the Secretary of State pursuant to paragraph 2.3(c), and the Secretary of State has not issued the Operator with a response pursuant to paragraph 2.3(a), (b), (d) or (e) by the latest of:
- (i) the date falling ten (10) Weekdays after receipt of all of such additional information from the Operator;
  - (ii) the date falling twenty (20) Weekdays after receipt of the relevant Request for Approval; and
  - (iii) the date falling five (5) Weekdays after receipt of the Operator's further notice pursuant to paragraph 3.1;

then the relevant item or matter shall be deemed to be Approved for the purposes of this Contract.

4. **Delay to Approval**

4.1 Provided that a Request for Approval is submitted by the Operator in accordance with the requirements of paragraphs 2.1 and 2.2, in the event that:

- (1) the Secretary of State notifies the Operator that the Secretary of State requires more than twenty (20) Weekdays to consider its response to the Request for Approval pursuant to paragraph 2.3(d); or
- (2) the Secretary of State requires the Operator to provide additional information in respect of such Request for Approval pursuant to paragraph 2.3(c),

the Secretary of State shall grant the Operator a derogation in respect of any non-compliance with the requirements of this Contract and/or the Business Plan caused by the delay to the grant of Approval of the relevant item or matter, but only in respect of the period from the expiry of twenty (20) Weekdays following receipt of the Request for Approval until the date on which the relevant item or matter is Approved (or if earlier, the date on which the Secretary of State notifies the Operator that Approval is refused pursuant to paragraph 2.3(b)).

5. **Withdrawal of Approval**

5.1 Where any item or matter has been deemed to have been Approved pursuant to paragraph 3, the Secretary of State may at any time subsequently notify the Operator that such deemed Approval is withdrawn with effect from the date of receipt of such notice by the Operator (or such later date as the Secretary of State may specify) (the “**Withdrawal of Approval Date**”).

## Chapter 2 – People



Chapter 2.1 - Diversity and Inclusion and Training and Development



Chapter 2.2 - Rail Workforce

**CHAPTER 2**

**PEOPLE**

Chapter 2.1:	Diversity and Inclusion and Training and Development
Chapter 2.2:	Rail Workforce

## Chapter 2.1

### Diversity and Inclusion and Training and Development

#### 1 Diversity and Inclusion

##### 1.1 Diversity and Inclusion Strategy

- (a) The Operator shall use all reasonable endeavours to implement and comply with its D&I Strategy.
- (b) In respect of any new contract or arrangements it enters into with third parties during the Contract Term, the Operator shall use all reasonable endeavours to ensure it obliges its counterparty to comply with and implement suitable diversity and inclusion policies.
- (c) To the extent the Operator is entering into any material amendments to any existing contracts or arrangements with third parties, it shall use all reasonable endeavours to ensure that the contract or arrangement (as amended) does not materially adversely affect the Operator's ability to comply with its D&I Strategy.

##### 1.2 Diversity Accreditation

The Operator shall use all reasonable endeavours to attain and/or maintain at least one diversity accreditation from a Recognised Accreditation Scheme within such timeframe as may be set out in its D&I Strategy which shall comply with the timescales set by the relevant Recognised Accreditation Scheme or as otherwise agreed between the Parties.

##### 1.3 Performance Reporting

The Operator shall submit a D&I Annual Report to the Secretary of State on the D&I Annual Reporting Date. The Parties acknowledge and agree that the Operator's D&I Annual Report shall be provided substantially in the same form as the Secretary of State may request and shall include:

- (a) evidence of the Operator's performance against, and impact of implementing, its D&I Strategy;
- (b) evidence of the Operator's performance against the Diversity KPIs;
- (c) evidence of the Operator working towards achieving and maintaining diversity accreditation in accordance with paragraph 1.2 (*Diversity Accreditation*);
- (d) evidence of the Operator establishing diversity in its procurement process and using a diverse supply chain;
- (e) evidence of the Operator's performance against its Recruitment Objectives;
- (f) a record of any other diversity data collected by the Operator in respect of its workforce; and
- (g) such other information and data as the Secretary of State may request at least three (3) months prior to the D&I Annual Reporting Date.

##### 1.4 Diversity and Inclusion Champion

- (a) As soon as practicable and by no later than the Start Date, the Operator shall (to the extent that the Operator has not already done so) nominate a board director of the Operator or a member of the senior executive team of the Operator to act as D&I Champion.
- (b) The Operator shall ensure that the D&I Champion role is filled as soon as practicable after such role becomes vacant throughout the term of this Contract.

##### 1.5 Recruitment Targets and Objectives

- (a) The Operator shall use all reasonable endeavours to:
  - (i) be objective, transparent and fair in its recruitment processes;
  - (ii) meet Recruitment Targets; and

- (iii) improve retention rates of underrepresented groups (together, the “**Recruitment Objectives**”).
- (b) The Operator shall report on its performance against its Recruitment Objectives as part of its D&I Annual Report, together with relevant supporting evidence. Such supporting evidence may include details of Operator policies and procedures such as: advertising across a variety of channels to reach a broad range of candidates; blind sifting applications; engaging in CV blind interviewing; engaging in outreach programmes; establishing a returners policy; and/or establishing mentoring schemes.
- (c) Nothing in this paragraph 1.5 or this Chapter 2.1 is intended to impose or require any quota.

#### 1.6 **Data – Collecting, Monitoring and Reporting**

- (a) During the Contract Term, the Operator shall monitor the diversity profile of its workforce and collect Workforce Diversity Data.
- (b) Within six (6) weeks of the Start Date, the Secretary of State may notify the Operator of any further data requirements it may have, including:
  - (i) any additions to the scope of the Workforce Diversity Data the Operator is required to monitor and collect;
  - (ii) the frequency in which it shall be measured or collected; and
  - (iii) the form in which the Operator is required to deliver this to the Secretary of State via such data hub as the Secretary of State may direct.
- (c) The Operator shall use all reasonable endeavours to collect and submit this data in accordance with the Secretary of State’s data requirements.
- (d) The Operator acknowledges and agrees that the Secretary of State may use any data provided to it by the Operator pursuant to this Chapter 2.1 for analytical and policy development purposes.
- (e) The Operator shall provide a detailed report to the Secretary of State of its Workforce Diversity Data by no later than 31 March 2024 and each anniversary thereof.
- (f) The Operator shall organise the detailed report in accordance with the characteristics listed in the definition of Workforce Diversity Data.

#### 1.7 **Improvement and Remedial Plans**

- (a) If and to the extent that the Secretary of State considers that the Operator has not adequately:
  - (i) delivered its D&I Strategy;
  - (ii) achieved accreditation in accordance with its D&I Strategy or has otherwise lost its accreditation;
  - (iii) used all reasonable endeavours to deliver against its Recruitment Objectives; or
  - (iv) collected, monitored and reported on data pursuant to paragraph 1.6 (*Data - Collecting, Monitoring and Reporting*),

it may notify the Operator that it requires it to deliver a plan for how it will improve its performance in the relevant area (a “**D&I Improvement Plan**”) for the Secretary of State’s review and consent. The D&I Improvement Plan shall include the Operator’s proposed timeline for implementing any changes or actions.

- (b) If the Parties cannot agree the D&I Improvement Plan within twenty (20) Weekdays from the Secretary of State’s notification pursuant to paragraph 1.7(a), the Secretary of State may impose such D&I Improvement Plan as it considers reasonable.
- (c) If the Operator fails to implement the D&I Improvement Plan, then the Secretary of State may serve a Contractual Breach Notice on the Operator in accordance with paragraph 2 (*Service of Contractual Breach Notice by the Secretary of State*) of

Chapter 9.4.3 (*Procedure for remedying a Contractual Breach of the Service Contract*).

2. **Apprenticeships**

- 2.1 The Operator shall at all times keep accurate and complete records of the Apprenticeships (and the training provided to apprentices) offered by the Operator and (if applicable) its immediate UK based supply chain in delivering the Rail Services on a basis which is at all times compliant with Data Protection Legislation. In particular, in relation to each Reporting Period the Operator shall record:
- (a) the number of new Apprenticeships created, continuing and concluding in that Reporting Period;
  - (b) the date of commencement and conclusion of each Apprenticeship; and
  - (c) in relation to each Business Employee that commences an Apprenticeship in such Reporting Period:
    - (i) the level of such Apprenticeship as described in the Regulated Qualifications Framework;
    - (ii) the skills category (as described in the Standard Occupational Classification Codes) within which Apprenticeship falls;
    - (iii) the month and year of birth of that Business Employee;
    - (iv) the current occupation of that Business Employee;
    - (v) the gender of that Business Employee (except in relation to those Business Employees who do not permit disclosure);
    - (vi) the Business Employee's ethnic background (except in relation to those Business Employees who do not permit disclosure); and
    - (vii) the first half of that Business Employee's residential postcode district.
- 2.2 Subject to paragraph 12.1 (*Data Protection – Apprenticeships*) of Chapter 9.6 (*Confidentiality and Data Protection*), the Operator shall provide an Apprenticeships Data Collection Form to the Rail Delivery Group containing the information set out in paragraph 2.1 for the purpose of enabling the Secretary of State to monitor the achievement of the apprenticeship targets set out in the Transport Infrastructure Skills Strategy and check for any duplication of records.
- 2.3 By no later than 31 January each year (and within one (1) month of the end of the Contract Period) the Operator shall deliver to the Rail Delivery Group the breakdown of the information recorded pursuant to paragraph 2.1, and (subject to the requirements of paragraph 2.2) it shall record this during the calendar year (or part thereof) which ended on the immediately preceding 31 December or at the end of the Contract Period (as applicable), and that information is to be transmitted via the completed Apprenticeships Data Collection Form and submitted to the Rail Delivery Group for onward transmission to the Secretary of State on an annual basis or at such other time as the Secretary of State may specify.
- 2.4 The Operator shall ensure that the number of Business Employees who begin an Apprenticeship in any Contract Year shall constitute no fewer than the proportion of Business Employees specified in the Business Plan in relation to that Contract Year, such proportion to be no less than 2.5% (the “**Apprenticeships Requirement**”) provided that:
- (a) the Apprenticeships Requirement shall be subject to a pro rata reduction in relation to the first Contract Year; and
  - (b) the Apprenticeships Requirement shall be subject to a pro rata reduction in respect of the Final Contract Year in the event that the Final Contract Year consists of less than thirteen (13) Reporting Periods,

and the Operator shall provide evidence of the satisfaction of the Apprenticeships Requirement to the Secretary of State within ten (10) days of the end of each Contract Year.

## Chapter 2.2

### Rail Workforce

#### 1. Notification of the Secretary of State

1.1 The Operator shall, and shall procure that each other Relevant Employer, shall:

- (a) as soon as practicable prior to engaging with any Trade Union or other employee representative body in relation to any In-Scope Matter; or
- (b) promptly and in any event three (3) Weekdays following any communication from any Trade Union or other employee representative body to the Operator (or the Relevant Employer, as applicable) in relation to any potential In-Scope Matter which is not covered by an existing Mandate,

and where practicable in each case in good time to allow for proper engagement with the Secretary of State, inform the Secretary of State of all relevant information relating to any such matters and any other information the Secretary of State may request from time to time in relation to such matters. Where there is any doubt as to whether a matter requires notification in accordance with this paragraph 1.1, the Operator shall, and shall procure that each other Relevant Employer shall, make a notification in any event. In determining whether to make a notification and/or what information must be provided to the Secretary of State by the Operator, the Operator shall have regard to its obligations under paragraph 7.1 (*Duties of the Operator*) of this Chapter 2.2.

1.2 Following notification to the Secretary of State pursuant to paragraph 1.1 above, the Operator shall, and shall procure that each Relevant Employer shall, prior to any further communication with any Trade Union or other employee representative body in relation to the applicable In-Scope Matter, consult with the Secretary of State with a view to reaching agreement with the Secretary of State on a Mandate.

1.3 Not Used.

1.4 Once a Mandate has been agreed, the Operator shall and shall procure that each Relevant Employer shall:

- (a) act in accordance with the Mandate; and
- (b) act in accordance with paragraph 2 (*Reward and People Principles*) below,

in relation to the In-Scope Matter to which that Mandate relates.

1.5 For the purposes of this paragraph 1, communications shall include any verbal discussions or written communications, in each case of a formal or informal nature.

1.6 Where any Business Employees are not subject to collective representation (whether by a Trade Union or any other employee representative body):

- (a) any issue which would require notification in paragraphs 1.1(a) and 1.1 (b) in relation to an In-Scope Matter shall require notification if the issue arises in respect of any group of more than one such unrepresented Business Employees (“**Unrepresented Employees**”); and
- (b) when paragraph 1.6(a) applies, once a Mandate is required, the provisions of this Chapter 2.2 shall apply in full in respect of the relevant Unrepresented Employees.

#### 2. Reward and People Principles

2.1 In relation to any In-Scope Matter (and whether or not a Mandate has been agreed in respect of that matter), the Parties acknowledge the applicable principles for reward and working arrangements are set out in Reward and People Principles established in accordance with the 2015 Franchise Agreement, subject to the remainder of this paragraph 2.1. Specifically:

- (a) the Operator agrees that the Reward and People Principles and any other policies, high level instructions or guidance that the Secretary of State may introduce or direct from time to time (including in accordance with the provisions of paragraph 6



(*Reform*) below) (together, the “**Employment Policy Framework**”), shall, in the case of any conflict or inconsistency, take precedence over any arrangements which form the substance of an In-Scope Matter between the Secretary of State and the Operator which are in place immediately prior to the Start Date, including:

- (i) any multi-year pay awards;
  - (ii) staffing budgets (whether pre-approved or otherwise, and including where any assumptions relating to pay growth may have been made); and
  - (iii) any other agreement or arrangement relating to any In-Scope Matters, in each case which may take effect following the Start Date; however
- (b) without prejudice to paragraph 2.2, the Employment Policy Framework shall not take precedence over any such In-Scope Matters which, prior to the Start Date, have become legally binding on the Operator or Relevant Employer (whether by reason of individual contract of employment, collective agreement or by custom and practice) and including agreements made which have not yet taken effect at the Start Date or any changes which the Operator or Relevant Employer is required to make by law.
- 2.2 Nothing in this Chapter 2.2 shall prevent the Operator or Relevant Employer from seeking to reach agreement with any Trade Union, other employee representative body or Business Employees or taking such other steps as are appropriate or necessary regarding new or revised terms and conditions of employment in order to implement the Employment Policy Framework or any Mandate.
- 2.3 The Operator shall, and shall procure that each Relevant Employer shall, unless otherwise directed by the Secretary of State, conduct any negotiations or consultation with any Trade Union, other employee representative body or group of employees (within paragraph 1.6(a) (*Notification of the Secretary of State*)) regarding the subject of a Mandate in accordance with the Employment Policy Framework.
- 2.4 Subject to paragraph 2.3, the Operator shall, or shall procure that the Relevant Employer shall, lead and have full day to day conduct of the relevant negotiations or consultation and implementation of any Mandate.
- 3. Terms of Employment**
- 3.1 In addition to the obligations set out in paragraph 1 (*Notification of the Secretary of State*) above but subject to the provisions of paragraph 3.2 below, the Operator shall not, and shall procure that each other Relevant Employer shall not, without the Secretary of State’s consent, effect, or purport or promise to effect, or otherwise implement any In-Scope Matter other than in accordance with the relevant Mandate.
- 3.2 Without limiting paragraph 3.1, subject to paragraph 3.4, the Operator shall not, and shall procure that each Relevant Employer shall not, without the prior consent of the Secretary of State, vary, or purport or promise to vary the terms or conditions of employment with any Business Employee (in particular, the Operator shall not, and shall procure that each Relevant Employer 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 the revised terms of employment of any existing Business Employee may take effect on or after the Start Date if and to the extent that such terms or conditions are more favourable than the standard terms or conditions of employment of the equivalent or nearest equivalent Business Employee role at the date on which such revised terms and conditions are scheduled to take effect.
- 3.3 Without limiting paragraph 3.1 above, subject to paragraph 3.4, the Operator shall not, and shall procure that each other Relevant Employer shall not, without the prior consent of the Secretary of State, create or grant, or promise to create or grant, terms or conditions of employment for any prospective Business Employee where the employment of such prospective Business Employee by the Operator or such other Relevant Employer may commence on or after the Start Date if and to the extent that:

- (a) such terms or conditions are more favourable than the standard terms or conditions of employment of the equivalent or nearest equivalent Business Employee role at the date on which such employment is scheduled to commence; and
  - (b) if such terms or conditions were granted to such equivalent Business Employee already employed by the Operator by way of variation to their terms or conditions of employment, the Operator would be in breach of paragraph 3.2.
- 3.4 For the purposes of matters falling within paragraphs 3.2 and 3.3, no consent will be required from the Secretary of State in respect of any changes or proposed changes made or proposed in the ordinary course of business in accordance with human resources policies (in relation to the day to day management of the Operator's or Relevant Employer's business) which exist prior to the Start Date which: (a) are not likely to give rise to material industrial relations risks (including a risk of Industrial Action); and/or (b) will not have a material negative impact on productivity; and/or (c) are not contrary to train passengers' interests.
- 3.5 The expression "**promise to vary**" or "**promise to effect**" when used in paragraphs 3.1 and 3.2 includes any offer or indication of willingness to vary (whether or not such offer or willingness is made conditional upon obtaining the Secretary of State's consent).
- 4. In-Scope Matters**
- 4.1 The Secretary of State may at any time, in the Secretary of State's discretion, determine that a matter is, or is not, an In-Scope Matter. Save where either paragraph 4.4 or 4.5 applies, a determination that a matter is an In-Scope Matter will be final and conclusive but will not prevent the Parties agreeing that a matter is no longer an In-Scope Matter.
- 4.2 Without prejudice to paragraphs 4.3 and 4.4, if a matter is not an In-Scope Matter, no Mandate is required. For these purposes, matters in respect of which a Mandate is not required will include changes to working practices made in the ordinary course of business in accordance with human resources policies (in relation to the day to day management of the Operator's or Relevant Employer's business) which exist prior to the Start Date which:
- (a) are not likely to give rise to material industrial relations risks (including a risk of Industrial Action); and/or
  - (b) will not have a material negative impact on productivity; and/or
  - (c) are not contrary to train passengers' interests.
- 4.3 Where the Operator (or a Relevant Employer) is in any doubt as to whether any matter is an In-Scope Matter requiring a Mandate, it must, or must procure that the Relevant Employer shall, inform the Secretary of State in good time prior to steps being taken to implement such matter or change and the Operator must, or must procure that the Relevant Employer shall, if requested by the Secretary of State, provide an explanation of why it believes the proposed matter or change is not an In-Scope Matter requiring a Mandate. Thereafter, the Secretary of State may make a determination in accordance with paragraph 4.1. Provided the Secretary of State is satisfied that the Operator complied with its obligations under this paragraph 4.3 and paragraph 7.1 (*Duties of the Operator*), the Secretary of State's determination shall, subject to paragraph 4.5, be final and conclusive. Where the Secretary of State has determined that a matter is an In-Scope Matter, nothing will prevent the Parties subsequently agreeing that the matter is no longer an In-Scope Matter.
- 4.4 Where a matter is not an In-Scope Matter, the Parties acknowledge and agree that further developments in relation to, and/or escalation of, that matter may be such that it could result in (a) material industrial relations risks (including a risk of Industrial Action); and/or (b) a material negative impact on productivity; and/or (c) be contrary to train passengers' interests. In any such event, the Operator will make a notification to the Secretary of State in accordance with paragraph 4.3 with a view to seeking a determination from the Secretary of State as to whether the matter has become an In-Scope Matter.
- 4.5 Any determination by the Secretary of State that any matter is an In-Scope Matter is conditional on the Secretary of State being and remaining satisfied that the Operator and, where relevant, the Relevant Employer have disclosed all relevant information relating to

such matter and complying and continuing to comply with the duty in paragraph 7.1 (*Duties of the Operator*).

## 5. Industrial Action

5.1 The Operator shall, and shall procure that each Relevant Employer shall, comply with the Dispute Handling Policy. Without prejudice to any obligations under the Dispute Handling Policy, to the extent the Operator believes that Industrial Action is likely to occur as a result of its (or any Relevant Employer's) compliance with any aspect of this Chapter 2.2 (including any Mandate agreed pursuant to it), or for any other reason, it shall promptly notify the Secretary of State of its reason for that belief and the effect, or the anticipated effect, of such event on the performance of the Rail Services and provide the Secretary of State with such further information as the Secretary of State may request.

5.2 As soon as practicable following a notification set out in paragraph 5.1 above, and in any event within three (3) Weekdays following such notification, the Operator shall propose a process it intends to adopt to deal with the relevant Industrial Action in accordance with and subject to the Dispute Handling Policy. The Operator and the Secretary of State shall use all reasonable endeavours to agree how the relevant Industrial Action shall be handled, bearing in mind the Dispute Handling Policy, provided however that the Operator's handling of such Industrial Action will be subject always to the Secretary of State's direction, such agreement and/or direction being the "**Dispute Handling Plan**". The Operator shall, and shall procure that each Relevant Employer shall, act in accordance with the Dispute Handling Plan.

5.3-5.4 Not Used.

## 6. Reform

6.1 The Operator shall, and shall procure that each Relevant Employer shall:

- (a) co-operate with the Secretary of State as may be required by the Secretary of State from time to time in respect of the planning, development and/or implementation (as applicable) of industry reform with respect to the Employment Policy Framework and the Dispute Handling Policy, including co-operating and collaborating with other Train Operators and other organisations in respect of planning, developing and implementing such reforms to the extent permitted by applicable laws; and
- (b) provide to the Secretary of State, such information and data in relation to the Employment Policy Framework and/or the Dispute Handling Policy (or any aspect of it/them) as the Secretary of State may require from time to time.

6.2 The Operator shall, and shall procure that each Relevant Employer shall, use all reasonable endeavours to introduce, implement and comply with such amendments to the Dispute Handling Policy, the Employment Policy Framework generally and any other applicable industry agreements (including any successor arrangements or any other agreement between the Operator and one or more third parties relating to the sustainability of the Operator's staffing model, people practices, engagement with related industry stakeholders or any related matter) as may be directed by the Secretary of State from time to time.

6.3 During the Contract Term, the Operator shall not, and shall procure that each Relevant Employer shall not, enter into any new Employment Agreements otherwise than in accordance with the terms of this Chapter 2.2 (including any applicable Mandate) and the Employment Policy Framework without the prior written consent of the Secretary of State.

## 7. Duties of the Operator

7.1 In relation to any matters dealt with in this Chapter 2.2, the Operator shall, and shall procure that each Relevant Employer shall, deal with the Secretary of State in an open and cooperative way, and must disclose to the Secretary of State on an ongoing basis anything relating to the Business Employees (and any Trade Union or other employee representative body representing any such employees) of which the Secretary of State would expect notice in respect of anything which might be relevant to an In-Scope Matter.

- 7.2 The Operator shall (and shall procure that each Relevant Employer shall) act within the spirit of this Chapter 2.2 in its communications and dealings with any Trade Union, employee representative body or any Business Employee, both locally and nationally.
- 7.3 The Operator's duty to act as a Good and Efficient Operator shall apply to the discharge of its obligations under this Chapter 2.2.
8. **Cooperation with Secretary of State and Relevant Employer**
- 8.1 Where the Operator or Relevant Employer reasonably considers that complying with any aspect of this Chapter 2.2, including any aspect of the Employment Policy Framework or any Mandate, will cause it to breach any legal obligation of the Operator or Relevant Employer in their capacity as employer (whether arising under legislation or at common law) including breaches of legislation relating to unlawful discrimination or equal pay, the Secretary of State and Operator shall work in cooperation (and/or, as appropriate, the Secretary of State shall, and the Operator shall use all reasonable endeavours to procure that the Relevant Employer shall, work in cooperation) with a view to agreeing an approach to, as the case may be, compliance with such obligations under this Chapter 2.2 or avoidance or mitigation of the risk of such breach by the Operator or Relevant Employer. Once such an approach is agreed, the Operator shall, and will procure that the Relevant Employer shall, implement it on its terms.
9. **Not Used**
10. **Workers**
- 10.1 To the extent that the Operator or any Relevant Employer engages individuals to work on the Rail Services as workers (howsoever "workers" is defined in relevant English employment legislation from time to time, but excluding "agency workers" as defined in the Agency Worker Regulations 2010, as amended from time to time) ("**Workers**") rather than employees, the provisions in this Chapter 2.2 shall be deemed to cover such Workers. In such circumstances, the engaging party shall be the Operator or the Relevant Employer, as applicable, and references to terms and conditions of employment shall be construed as references to terms and conditions of engagement and references to Business Employees shall include such workers.
11. **Changes in Numbers and Total Cost of Employees**
- 11.1 Subject to and excluding any increase in the remuneration of Business Employees permitted under this Chapter 2.2 (*Rail Workforce*) the Operator shall not, and shall secure that each other Relevant Employer shall not, without the prior Approval of the Secretary of State increase or decrease the number of Business Employees such that:
- (a) the total number of Business Employees or the total cost per annum to the Operator and each other Relevant Employer of employing all Business Employees is increased by more than five per cent (5%); or
  - (b) the total number of Business Employees is decreased by more than five per cent (5%),
- in each case (unless otherwise agreed or determined by the Secretary of State), during the Contract Period as compared to (i) the relevant total number of such Business Employees as at the Start Date, or (ii) the budgeted costs of employing such Business Employees as set out in the Operator's first CP Budget, as applicable.
- 11.2 Subject to paragraph 11.3 below, if at any time the Operator becomes aware that:
- (a) the total number of Business Employees in any particular role or the total cost per annum to the Operator and each other Relevant Employer of employing all Business Employees in any particular role is likely to increase, or has increased, by more than five per cent (5%); or
  - (b) the total number of Business Employees in any particular role or the total cost per annum to the Operator and each other Relevant Employer of employing all Business Employees in any particular role is likely to decrease, or has decreased, by more than five per cent (5%),

in each case (unless otherwise agreed or determined by the Secretary of State), during the Contract Period as compared to (i) the relevant total number of such Business Employees as at the Start Date, or (ii) the budgeted costs of employing such Business Employees as set out in the Operator's first CP Budget (as applicable) (each a **“Business Employee Change”**), then the Operator shall, as soon as practicable, notify the Secretary of State of any such Business Employee Change together with the reasons behind the relevant Business Employee Change.

- 11.3 Paragraph 11.2 above shall not apply in respect of any Business Employee Change which is:
- (a) caused by a change of fewer than three (3) full-time Business Employees or full-time equivalent Business Employees; or
  - (b) clearly articulated in the Business Plan.
- 11.4 Following receipt of any notice issued by the Operator pursuant to paragraph 11.2 above, the Secretary of State may direct the Operator to take all reasonable endeavours to reverse the Business Employee Change (either in whole or in part). The Operator shall use all reasonable endeavours to comply with any direction provided under this paragraph 11.4.
- 11.5 The Operator shall provide to the Secretary of State a report at the end of each Reporting Period which sets out:
- (a) the numbers of Business Employees that fall into the categories of (a) revenue protection, (b) ticket office staff; (c) the sale of tickets or (d) any other category notified by the Secretary of State to the Operator; and
  - (b) in outline, the Operator's plan for recruitment to fill any vacancies where the vacant role wholly or partially relates to the categories noted at (a), (b), (c) or (d) in paragraph 11.5(a) above.

## Chapter 3 – Collaboration



### Chapter 3 - Collaboration

**Chapter 3**  
**COLLABORATION**

1	Duty of Cooperation
2	NR Data Sharing Strategy
3	Sharing Further Data with Network Rail
4	Safety Information
5	British Transport Police
6	Co-operation with Welsh Ministers
7	Co-operation with Scottish Ministers



## Chapter 3

### COLLABORATION

#### 1. Duty of Cooperation

- 1.1 The Operator shall fully and effectively cooperate with each of the Specified Persons, to the extent applicable, in respect of each of the Specified Matters. This cooperation shall include such of the Specified Actions as are relevant or applicable to the particular Specified Matter. These Specified Actions shall be undertaken by the Operator in collaboration with such of the Specified Persons (if any) as may be appropriate in the particular circumstances.
- 1.2 At any time the Secretary of State may specify, by notice to the Operator, any additional Specified Persons, Specified Matter and/or Specified Action as the Secretary of State may determine. The Operator's obligations pursuant to paragraph 1.1 above in relation to any such additional Specified Persons, Specified Matter and/or Specified Action determined by the Secretary of State shall take effect from the date of the Operator's receipt of such notice.
- 1.3 If in the course of the cooperation required pursuant to paragraph 1.1 above, a Specified Person seeks to require the Operator to implement:
- (i) any Specified Action; or
  - (ii) any initiative or action that is not a Specified Action,
- and such implementation would necessitate additional staff headcount or other material out-of-pocket expenses that are not to be fully funded by a third party and that were not provided for within the CP Budget, the Operator shall discuss the matter with the Secretary of State and paragraph 1.1 above shall not require the Operator to implement that initiative or action unless the Parties agree or the Secretary of State instructs to the contrary.
- 1.4 Notwithstanding any other terms of this paragraph 1, the Operator shall not be required to do anything which would put it in breach of any obligation on the Operator arising under applicable Law (including competition law under the Competition Act 1998) or the terms of its Licences.
- 1.5 Without prejudice to the generality of paragraph 1 (*Duty of Cooperation*), if, pursuant to the Plan for Rail or otherwise in furtherance of rail reform in Great Britain, the Secretary of State requires the Operator to transfer, prior to the Expiry Date or date of earlier termination of this Contract, any Asset to the Secretary of State or to such other party as directed by the Secretary of State, the Operator shall fully and effectively cooperate with the Secretary of State to determine the terms of and the process for such transfer provided that:
- (a) the relevant Asset shall be valued in accordance with such principles as may be determined by the Secretary of State; and
  - (b) following the transfer, the Secretary of State shall permit, or procure that such other relevant party permits, the Operator continued use of the relevant Asset or procure provision of a replacement asset in order to allow the Operator to continue to comply with its obligations under this Contract.
- 1.6 The Parties acknowledge that the government has published the Plan for Rail. If, pursuant to the Plan for Rail or otherwise in furtherance of rail reform in Great Britain, the Secretary of State wishes to amend any of the provisions of this Contract (including by way of removal of certain obligations), the Parties acknowledge and agree that any such amendment may be undertaken by the Secretary of State proposing a variation pursuant to paragraph 6 of Chapter 9.7 (*Miscellaneous Legal Terms*).

#### 2. NR Data Sharing Strategy

- 2.1 The Operator shall continue to use all reasonable endeavours to implement the NR Data Sharing Strategy in accordance with its terms, and shall continue to consult, collaborate and co-operate with Network Rail to agree any reasonable amendments or updates to the NR Data Sharing Strategy from time to time.



- 2.2 The Operator shall propose and use all reasonable endeavours to agree with Network Rail suitable amendments to the NR Data Sharing Strategy to ensure compliance with any guidance or instructions issued or provided by the Secretary of State from time to time.
- 2.3 The Operator shall not unreasonably withhold or delay its consent to any amendments which Network Rail may reasonably propose to the NR Data Sharing Strategy, provided that the Operator shall not agree to any amendments which would not be in compliance with any guidance the Secretary of State may provide or issue from time to time.
- 2.4 Notwithstanding any other term of this paragraph 2, the Operator shall not be required to do anything which would put it in breach of any obligation on the Operator arising under applicable Law (including competition law under the Competition Act 1998) or the terms of its Licences.

### **3. Sharing further data with Network Rail**

- 3.1 The Operator shall, to the extent reasonably requested by Network Rail, share with Network Rail all relevant data including GPS data and data derived from geometry measurement systems, forward facing CCTV, driver advisory systems and train condition monitoring systems fitted to any rolling stock within the Train Fleet. Any such data provided to Network Rail shall be provided in an open standard format as Network Rail may reasonably request as soon as practicable and without charge.
- 3.2 The Operator shall, if so requested by Network Rail, provide advice to Network Rail on the feasibility, costs and associated practicalities of providing Network Rail with real-time access to live replay footage from on-train forward-facing CCTV systems.
- 3.3 The Operator shall, as soon as practicable following any request, provide Network Rail with such information as it may reasonably request, including:
- (a) information in relation to current and projected future numbers of train crew employed, in aggregate and in respect of each individual train crew depot or link, and distinguishing in each case between different types of train crew and between fully qualified individuals and trainees (the “**Train Crew Numbers Data**”); and
  - (b) a comparison of the Train Crew Numbers Data against the Operator’s most recent assessment of the current and expected future Required Establishment in each case.

### **4. Safety information**

- 4.1 The Operator shall co-operate with any request from any relevant competent authority 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 Operator shall notify the Secretary of State 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 Operator shall provide the Secretary of State with a copy of such notification or notice.
- 4.3 The Operator shall participate in industry groups and committees addressing the domestic and European safety agenda of the Railway Group.

### **5. British Transport Police**

- 5.1 The Operator shall give due consideration to any request by the British Transport Police to provide suitable accommodation (including additional or alternative accommodation) or facilities at Stations to enable the British Transport Police to effectively perform the services owed to the Operator under any contract or arrangement entered into between the British Transport Police and the Operator.
- 5.2 The Operator shall:
- (a) work with the British Transport Police to:
    - (i) reduce crime and anti-social behaviour on the railway;

- (ii) reduce minutes lost to police-related disruption;
      - (iii) increase passenger confidence with personal security on train and on station;
    - (b) work in partnership with the British Transport Police and conduct an annual assessment of the security and crime risk at all Stations and across the Rail Services area generally;
    - (c) co-operate with the British Transport Police to provide it with access to records and/or systems maintained by the Operator which relate to lost property to enable the British Transport Police to have access to such information when dealing with items reported to them as lost; and
    - (d) consult with the British Transport Police as to its requirements in relation to records and/or systems and shall ensure that, within fifteen (15) Weekdays of the Start Date, processes are in place expeditiously, and in any event within five (5) Weekdays, to provide the British Transport Police with access to such records and/or systems upon notification of a crime.
- 5.3 The Operator shall consult with the British Transport Police in relation to plans to develop any part of the land within a Property Lease which could affect staff or customers and give the British Transport Police an opportunity to advise on and/or provide comments on any opportunities for the enhancement of safety and reduction in crime.
- 6. Co-operation with Welsh Ministers**
- 6.1 The Operator shall at all times during the Contract Term fully and effectively co-operate with Welsh Ministers in relation to:
- (a) any scheme to reopen or divert any rail route; and
  - (b) any proposal which may be promoted by (or on behalf of) Welsh Ministers during the Contract Term for the provision of additional, varied or extended Passenger Services to and from destinations in Wales, such co-operation to:
- include the provision of information to Welsh Ministers in respect of the implications of such proposals on the operation of the existing Passenger Services in Wales, costs and revenues and any other impact on the Operator's obligations under this Contract.
- 7. Co-operation with Scottish Ministers**
- 7.1 The Operator shall at all times during the Contract Term fully and effectively co-operate with Scottish Ministers in relation to:
- (a) any scheme to reopen or divert any rail route; and
  - (b) any proposal which may be promoted by (or on behalf of) Scottish Ministers during the Contract Term for the provision of additional, varied or extended Passenger Services to and from destinations in Scotland, such co-operation to:
- include the provision of information to Scottish Ministers in respect of the implications of such proposals on the operation of the existing Passenger Services in Scotland, costs and revenues and any other impact on the Operator's obligations under this Contract.

## Chapter 4 – Rail Services



Chapter 4.1 - Service Development



Chapter 4.2 - Operating Obligations



Chapter 4.3 - The Rolling Stock



Chapter 4.4 - Operational Performance

**CHAPTER 4**  
**RAIL SERVICES**

Chapter 4.1:	Service Development
Chapter 4.2:	Operating Obligations
Chapter 4.3	The Rolling Stock
	Appendix 1: The Composition of the Train Fleet
Chapter 4.4:	Operational Performance

## Chapter 4.1

### Service Development

#### 1. Train Service Requirement

- 1.1 The Train Service Requirement is the specification of the Passenger Services to be provided by the Operator during the Contract Term.
- 1.2 The Train Service Requirement shall remain in force unless and until amended or replaced pursuant to this Chapter 4.1.

#### 2. Train Formation Capacity Plan

- 2.1 Subject to paragraph 2.2, for the purposes of this Contract, the “**Train Formation Capacity Plan**” shall be the plan (including sub-plans) prepared by the Operator for the operation of trains and train formations under the Timetable that best matches available capacity to Forecast Passenger Demand as amended from time to time during the Contract Period in accordance with this Contract.
- 2.2 For the purposes of Chapter 4.4 (*Operational Performance*) references to “**Train Formation Capacity Plan**” shall be construed as the latest version of the Train Formation Capacity Plan which includes any amendments thereto pursuant to paragraphs 3 (*Timetable changes proposed by Network Rail*), 4 (*Timetable changes proposed by the Operator*) and/or 5 (*Timetable changes and Train Formation Capacity Plan changes requested by the Secretary of State*) of Chapter 4.2 (*Operating Obligations*):
- (a) where such amendments are required as a consequence of Network Rail exercising its rights pursuant to the Track Access Agreement;
  - (b) where such amendments proposed by the Operator have prior Approval from the Secretary of State; or
  - (c) where such amendments are requested by the Secretary of State.
- 2.3 The Operator shall submit to the Secretary of State a Train Formation Capacity Plan in respect of each Timetable in accordance with this Contract.
- 2.4 In preparing any Train Formation Capacity Plan, the Operator shall do so by reference to the Timetable that it envisages operating in order to comply with the Train Service Requirement and paragraph 6 of this Chapter 4.1.
- 2.5 Each Train Formation Capacity Plan shall 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 number and class of rolling stock vehicles allocated to each such railway passenger service;
  - (d) the Passenger Carrying Capacity that each such railway passenger service, as formed, is to have; and
  - (e) its Forecast Passenger Demand and, where this has been requested by the Secretary of State and is capable of calculation, Actual Passenger Demand.
- 2.6 A Train Formation Capacity Plan shall be in any format that the Secretary of State may specify for this purpose.
- 2.7 From the Start Date until the next Passenger Change Date, the Operator shall adopt as the Train Formation Capacity Plan the document in the agreed terms marked **TFCP**. It is acknowledged that the Train Formation Capacity Plan in the agreed terms marked **TFCP** shall be replaced from time to time during the Contract Period in accordance with the provisions of paragraph 6.4.

### 3. **Consultation on Alterations to the Timetable**

- 3.1 If the Secretary of State is of the opinion that the proposed alterations to the Timetable represent a material alteration, the Secretary of State will require the Operator to undertake a consultation exercise, the scope of which must be agreed in advance with the Secretary of State.

### 4. **Timetable Development Rights**

- 4.1 The Operator shall 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 Train Service Requirement or such service amendments as may be agreed by the Secretary of State and Network Rail, pursuant to paragraph 8 and otherwise comply with its obligations under the Service Contract (including under paragraph 6 of this Chapter 4.1).
- 4.2 Subject to the remaining provisions of this paragraph 4, the Operator shall exercise its Timetable Development Rights so as to secure a Timetable that enables it to operate railway passenger services that comply with the Train Service Requirement and paragraph 6 of this Chapter 4.1 in accordance with its obligations under paragraph 9 of this Chapter 4.1.
- 4.3 The Operator shall work with Network Rail, for the purposes of securing a Timetable that complies with the Train Service Requirement. In so doing the Operator may, in such a manner as can be reasonably considered appropriate in the circumstances, exercise its rights under the Track Access Agreement (including the Network Code) 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 shall inform the Secretary of State of the circumstances providing any supporting evidence from Network Rail.
- 4.4 If the Secretary of State does not consider that the Operator has taken sufficient steps under paragraph 4.3, the Secretary of State may require the Operator to exercise its rights in such manner as the Secretary of State 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; and
  - (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.
- 4.5 Subject to the Operator complying with its obligations under paragraph 4.3 above, it shall not be liable for any failure to secure a Timetable that enables the Operator to operate railway passenger services that comply with the Train Service Requirement and paragraph 6 of this Chapter 4.1, to the extent that such failure is caused by:
- (a) the Operator's Timetable Development Rights being inadequate to enable it to secure the requisite Train Slots, provided that the Operator has exercised all reasonable endeavours to obtain the requisite Timetable Development Rights in accordance with paragraph 4.1 above;
  - (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 the ORR of its powers pursuant to section 22C of the Act.
- 4.6 **TDR Amendments**
- (a) If and to the extent that the Operator is not able to secure a Timetable that enables it to operate railway passenger services that comply with the Train Service Requirement as a result of it not being able to obtain the Timetable Development Rights that it requires for that purpose, the Secretary of State shall (subject to paragraphs 4.6(b)

and 4.6(c) below) issue to the Operator amendments to the Train Service Requirement (“**TDR Amendment**”). The amendments to the Train Service Requirement contained in the TDR Amendment shall be those that the Secretary of State considers necessary for the purposes of enabling the Operator to secure a Timetable that is compliant with the Train Service Requirement by exercise of the Timetable Development Rights that the Operator does have.

- (b) The Secretary of State shall have a discretion as to whether or not to issue a TDR Amendment in circumstances where the Operator:
- (i) has failed to exercise all reasonable endeavours to obtain the requisite Timetable Development Rights in accordance with paragraph 4.1; and
  - (ii) is not relieved by paragraph 4.5 above from liability for such failure to secure a Timetable that enables the Operator to operate railway passenger services that comply with the Train Service Requirement.
- (c) The Operator shall not be relieved from its obligations to obtain a Timetable that enables the Operator to operate the Train Service Requirement by the issue of any TDR Amendment where the Secretary of State considers that such failure to secure a Timetable that enables the Operator to operate the Train Service Requirement is partly due to the default of the Operator in not properly complying with its obligations under this Contract in relation to securing timetable development rights. Accordingly any TDR Amendment may be drafted so that it does not relieve the Operator of the obligation to comply with the Train Service Requirement to the extent that the Secretary of State determines that the failure is due to such default of the Operator and the Operator may therefore be in contractual breach of this Contract.
- 4.7 Following issue of any TDR Amendment pursuant to paragraph 4.6 the Operator shall, unless otherwise agreed by the Secretary of State, continue to 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 Train Service Requirement without such TDR Amendment.
- 4.8 Any TDR Amendment issued pursuant to paragraph 4.6 shall:
- (a) unless otherwise required by the Secretary of State, cease to have effect on the date (if any) on which the first Timetable comes into effect after the Operator has obtained the Timetable Development Rights to secure a Timetable that enables it to operate railway passenger services that comply with the Train Service Requirement without any such TDR Amendment; and
  - (b) Not Used.
- 4.9 With effect from the date on which any TDR Amendment ceases to have effect in accordance with paragraph 4.8:
- (a) the Train Service Requirement without such TDR Amendment shall thereafter apply; and
  - (b) Not Used.
5. **Certification and Notification by Operator of Exercising Timetable Development Rights**
- 5.1 Before exercising any Timetable Development Right to bid for Train Slots, the Operator shall provide a certificate addressed to the Secretary of State and signed by a statutory director of the Operator confirming that its proposed exercise of that Timetable Development Right will be compliant with its obligation specified in paragraph 4.2.
- 5.2 The Operator shall also provide a statement of the agreed approach with, and response from, the “*Industry Timetable Change Assurance Programme Management Office*” (or any similar independently minded timetable improvement and assurance cooperative function, as may be identified by the Secretary of State).



- 5.3 If requested by the Secretary of State, the Operator agrees to demonstrate to the satisfaction of the Secretary of State that the Operator's certificate referred to in paragraph 5.1 is a true and accurate confirmation of compliance with its obligation specified in paragraph 4.2.
- 5.4 The Operator shall:
- (a) keep the Secretary of State fully informed of any discussions with Network Rail in relation to the matters referred to in this Chapter 4.1 which may, in the reasonable opinion of the Operator, have a material impact on the ability of the Operator to deliver the Train Service Requirement or meet the requirements of paragraph 6 of this Chapter 4.1 through the Timetable and shall, if required to do so by the Secretary of State, supply copies of any related correspondence to the Secretary of State; and
  - (b) update any notification under this paragraph 5.4 and/or certification under paragraph 5.1 as soon as 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.

## 6. **Planning to meet Target Passenger Demand**

### 6.1 **Capacity and Timetable Planning**

- (a) The Operator shall use all reasonable endeavours to provide for Passenger Carrying Capacity on each Passenger Service that meets as a minimum the Target Passenger Demand for that Passenger Service.
- (b) The Operator shall use all reasonable endeavours to provide passengers with a reasonable expectation of a seat:
  - (i) on boarding any Off-Peak Passenger Service; and
  - (ii) twenty (20) minutes after boarding (or such other time period as the Secretary of State may stipulate) on any Peak Passenger Service.

### 6.2 **Allocation of rolling stock where Operator unable to meet the capacity requirements**

If at the time it prepares its Timetable and/or Train Formation Capacity Plan, having exercised all reasonable endeavours, the Operator is unable to prepare a Timetable and/or Train Formation Capacity Plan having the Passenger Carrying Capacity and/or meeting the reasonable expectations referred to in paragraphs 6.1(a) and 6.1(b), then the Timetable and/or the Train Formation Capacity Plan shall specify the best allocation of Passenger Services and rolling stock vehicles to Passenger Services that is 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 is possible, that such excess is not unduly concentrated on any particular Route or Passenger Service; and
- (c) minimising, so far as is possible, the extent to which passengers are required to stand:
  - (i) on boarding any Off-Peak Passenger Service; and
  - (ii) twenty (20) minutes after boarding (or such other time period as the Secretary of State may stipulate) on any Peak Passenger Service.

### 6.3 **Preparation of Timetable and Train Formation Capacity Plan**

- (a) Subject to paragraph 6.3(b), the Operator shall in preparing its Timetable and its Train Formation Capacity Plan take full and proper account of its calculation of Forecast Passenger Demand and use all reasonable endeavours to ensure that the Train Fleet is deployed in an optimal manner for the purposes of complying with its obligations under paragraphs 6.1 and 6.2 above.



- (b) The Operator shall in preparing its Timetable and Train Formation Capacity Plan deploy the entire Train Fleet (excluding reasonable planning requirements for the allocation of Hot Standbys or other rolling stock vehicles to be out of service due to maintenance requirements, Mandatory Modifications or any other reason agreed with the Secretary of State (such agreement not to be unreasonably withheld or delayed)) in delivering the Passenger Services at all such times where such deployment of the entire Train Fleet is reasonably required to meet the Operator's obligations pursuant to paragraphs 6.1 and 6.2 above.

#### 6.4 **Finalising the Train Formation Capacity Plan**

- (a) The Operator shall submit its proposed Train Formation Capacity Plan to the Secretary of State as soon as practicable after Network Rail has issued the Timetable on which the Train Formation Capacity Plan is to be based.
- (b) The Operator shall submit its final Train Formation Capacity Plan to the Secretary of State prior to the commencement of the Timetable to which it relates.
- (c) The Train Formation Capacity Plan shall be certified by a statutory director of the Operator as being true and accurate and including the minimum capacity specified in the Train Service Requirement.
- (d) The Operator shall provide to the Secretary of State in a timely manner such rolling stock diagrams as the Secretary of State may request from time to time.

#### 7. **Restrictions Relating to Rail Services**

- 7.1 In preparing its Timetable, the Operator shall not without the prior written consent of the Secretary of State plan to operate Passenger Services other than those required to deliver the Train Service Requirement (including as amended by any TDR Amendment).
- 7.2 The Secretary of State may impose such conditions to the Secretary of State's consent as the Secretary of State considers appropriate for the purpose of securing the continuity of the provision of the Rail Services at the end of the Contract Term.

#### 8. **Development of Proposals for Passenger Service Enhancements**

- 8.1 In delivering improvements to Passenger Services (which may include service decrements), the Operator shall co-operate with Network Rail, the Secretary of State and where appropriate, other operators to identify options (the "**Passenger Services Enhancement Options**").
- 8.2 The Passenger Services Enhancement Options shall:
- (a) respond to changes in travel patterns and increases and decreases in demand;
- (b) improve network performance;
- (c) propose/take advantage of changes to the existing infrastructure;
- (d) propose/take advantage of changes in rolling stock capability or reliability as a result of changes in the Train Fleet;
- (e) improve overall industry cost efficiency and/or reduce in costs in relation to any or all parts of the railway network;
- (f) promote decarbonisation and other environmental improvements (in addition to the Secretary of State's goals and ambitions on decarbonisation for rolling stock as set out in the rolling stock part of the Business Plan);
- (g) propose the reopening of disused, freight-only or new railway routes to passenger services; or
- (h) support any government policy objective,
- including for this purpose any such options which arise after the expiry of the Contract Term.

- 8.3 Processes contained in this paragraph 8 shall take place in accordance with procedural arrangements and timescales stipulated by the Secretary of State pursuant to paragraph 9.2 of this Chapter 4.1.
- 8.4 The Secretary of State may, in accordance with any stipulation made under paragraph 9.2, issue to the Operator any amended or new Train Service Requirement that the Secretary of State requires the Operator to operate and notice of the amendments (if any) to the Enforcement Benchmarks. Such amended or new Train Service Requirement will be issued prior to the commencement of the timetable development process of Network Rail for the Timetable in respect of which it is proposed to implement the change to Passenger Services arising from the amended or new Train Service Requirement.
- 8.5 Where the Operator is required by the Secretary of State to produce a report pursuant to paragraph 8.6, the Operator shall undertake a feasibility study for the purposes of identifying options for delivering enhanced Passenger Services on Routes where such improvements can be delivered, including by:
- (a) implementing changes to the existing infrastructure;
  - (b) improving rolling stock capability or reliability including through the modification of rolling stock or employing efficient maintenance arrangements; and/or
  - (c) implementing changes in service patterns.
- 8.6 At the request of the Secretary of State, the Operator shall submit to the Secretary of State within the timescales specified in any such request (or such other timescales as may be agreed by the Secretary of State and the Operator) a report which sets out the outcomes of the feasibility study undertaken pursuant to paragraph 8.5.
- 9. Procedural Arrangements and Timescales**
- 9.1 The Operator agrees that the effective operation of the provisions of this Chapter 4.1 (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 Secretary of State, the Operator, Network Rail and others.
- 9.2 The Operator agrees that the Secretary of State may stipulate any reasonable procedural arrangements and timescales that are to be followed by the Secretary of State and the Operator for these purposes (which shall be consistent with any relevant standard railway industry processes for the development of the Timetable and the resultant Train Formation Capacity Plan) and that the Secretary of State may amend any such stipulation from time to time.
- 9.3 The Secretary of State agrees to consult the Operator as far as practicable prior to stipulating or amending any such procedural arrangements and timescales in accordance with paragraph 9.2.
- 9.4 Any stipulation by the Secretary of State pursuant to paragraph 9.2:
- (a) shall be at the reasonable discretion of the Secretary of State;
  - (b) may contain procedural arrangements and timescales to be followed by the Operator in relation to other changes to the Rail Services in conjunction with the Train Service Requirement; and
  - (c) may provide for iterations of drafts of any amended or new Train Service Requirement, Train Formation Capacity Plan or Timetable.
- 9.5 Any procedural arrangements and timescales stipulated by the Secretary of State pursuant to paragraph 9.2 shall have contractual effect between the Operator and the Secretary of State in accordance with the terms of such stipulation.
- 10. Obligations in relation to other Train Operators**
- 10.1 Subject to the terms of the Licences and any applicable Law, the Operator shall co-operate with other Train Operators in respect of their timetable development rights where such other

Train Operators provide railway passenger services meeting common or displaced passenger demand, with a view to ensuring 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 Operator; and
- (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, first trains or last trains are involved, taking account of seasonal fluctuations in passenger demand and the time needed to make any such Connection).

## 11. Provisions relating to Access Agreements and Property Leases

11.1 Where the Secretary of State considers it requisite for the purposes of better securing the delivery of railway passenger services under this Contract, or any other franchise agreement, or for the better achievement by the Secretary of State of any of the Secretary of State's duties, functions and powers in relation to railways, the Secretary of State may require the Operator:

- (a) to exercise or refrain from exercising any or all of its rights under any Access Agreement or any Property Lease, or any related rights under such other agreements as the Secretary of State 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.

11.2 Except to the extent that the Secretary of State otherwise indicates from time to time, the Operator shall notify the Secretary of State 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 ten (10) Weekdays before the submission to the ORR; and
- (b) where no such approval is required, not less than ten (10) Weekdays prior to entering into such amendment or Access Agreement.

11.3 The Operator 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 Secretary of State 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 Secretary of State or which are otherwise expressly included in that Access Agreement or Property Lease for the benefit of the Secretary of State.

11.4 If and to the extent that:

- (a) the Secretary of State exercises the Secretary of State's rights pursuant to paragraph 11.1;
- (b) the Operator's compliance with the Secretary of State's requirements pursuant to paragraph 11.1 would lead to the unavoidable consequence of the Operator contractually breaching any other terms of the Service Contract; and
- (c) the Operator duly complies with such requirements,

no such contractual breach of the Service Contract shall have occurred.

## 12. The Timetable and Network Rail's Working Timetable

12.1 Any specification of Passenger Services in the Train Service Requirement shall (unless the Secretary of State states to the contrary) be regarded as relating to how those Passenger

Services are to be provided for in the National Rail Timetable that Network Rail publishes for passengers.

- 12.2 The Operator shall ensure, for each period between two (2) consecutive Passenger Change Dates during the Contract Term that the Timetable for such period is, in its reasonable opinion, not materially different from the relevant working timetable issued by Network Rail.

13. **Subcontracting any Passenger Services**

- 13.1 Subject to paragraph 13.2, the Operator may not subcontract or delegate the provision of the Passenger Services without the prior Approval of the Secretary of State.

- 13.2 The Operator may subcontract or delegate the provision of the Passenger Services, provided that:

- (a) the Secretary of State receives prior written notice of any such subcontracting or delegation;
- (b) the Operator 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 Operator continues to specify and control 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 Planned Train Mileage of the Passenger Services so delegated or subcontracted does not exceed five per cent (5%) of the Planned Train Mileage of the Operator in any Reporting Period; and
- (e) the Operator continues to perform its obligations under this Chapter 4.1 in respect of any subcontracted or delegated services.

- 13.3 Any such subcontracting or delegation shall not relieve the Operator from any of its obligations under the Service Contract, including its obligations under this paragraph 13 and any other obligations under the Service Contract.

14. **Boxing Day Services**

- 14.1 At least six (6) months prior to the Passenger Change Date occurring in December 2024 the Operator shall:

- (a) consult with passengers, user groups, Network Rail, other train operators licensed under the Act and who operate along the affected Routes and other relevant Stakeholders on the potential demand for passenger services on 26 December in each Contract Year ("**Boxing Day Services**"); and
- (b) prepare and submit a report to the Secretary of State which sets out its proposals for operating Boxing Day Services which are additional to those Passenger Services to be operated by the Operator on 26 December in each Contract Year pursuant to the relevant Train Service Requirement (the "**Additional Boxing Day Services**"). Such report shall include:
  - (i) the Operator's view on whether or not the operation of the Additional Boxing Day Services will be commercially viable;
  - (ii) the anticipated impact on Actual Costs and/or Actual Revenue (if any) if the Secretary of State (at the Secretary of State's discretion) elects to vary the Train Service Requirement in accordance with paragraph 8.4 of this Chapter 4.1 to require the provision of the Additional Boxing Day Services.

- 14.2 Following the submission of the report required pursuant to paragraph 14.1(b) the Operator shall:

- (a) promptly respond to the Secretary of State’s queries in relation to such report (including the provision of such assistance as the Secretary of State may require in connection with the verification of any information contained in such report); and
  - (b) upon reasonable notice, attend any such meeting as the Secretary of State may require for the purposes of discussing the contents of such report.
- 14.3 The Operator shall have due regard to the outcomes and findings of the consultation referred to in paragraph 14.1(b) in proposing on which Routes the Additional Boxing Day Services should operate if the Secretary of State (at the Secretary of State’s discretion) elects to vary the Train Service Requirement to require the provision of the Additional Boxing Day Services.
15. **Passenger Numbers Information**
- 15.1 The Operator shall provide information to the Secretary of State on the extent of the use by passengers of the Passenger Services twice yearly or as otherwise requested by the Secretary of State. In particular and when so requested, the Operator 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/or
    - (iii) at any station or between any stations;
  - (b) the times of the day, week or year at which passengers travel; and
  - (c) the Actual Consist Data and the Scheduled Consist Data,
- (the information referred to in the whole of paragraph 15.1 being referred to together as “**Actual Passenger Demand**”).
- 15.2 The Operator shall obtain and collate the information specified in paragraph 15.1 by using the technology specified in paragraph 17. The Operator 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 Contract Period. The Operator shall also ensure that, if such technology is not fitted to one hundred per cent (100%) of the Train Fleet, the individual rolling stock vehicles that have been fitted with such technology shall be rotated around the Routes as necessary to satisfy such request for data as is made by the Secretary of State pursuant to paragraph 15.1. The Secretary of State shall have the right to obtain such other information that the Operator has, ought properly to have or could reasonably obtain 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.
- 15.3 The Operator shall provide to the Secretary of State all of the information generated by the technology specified in paragraph 17 and/or by using manual counts pursuant to paragraph 16 including the information specified in paragraph 15.1:
- (a) promptly following its collation and in any case within the following timescales:
    - (i) in the case of data collected automatically by the Count Equipment and capable of being transmitted directly and automatically to the RPC Database, within forty-eight (48) hours of its collation;
    - (ii) in the case of data collected automatically by the Count Equipment but not capable of direct and automatic transmission to the RPC Database, within one (1) calendar month of its collation; and
    - (iii) in the case of data collected by manual count, within one (1) calendar month of its collation;
  - (b) using such systems, in such a format and to such level of disaggregation as the Secretary of State may require, and in a format which is capable of being read by the RPC Database (which shall include providing data which is not encrypted);

- (c) either by transmitting such data directly to the RPC Database or by ensuring that the database provider can pull and transmit such data to the RPC Database, as appropriate according to the nature of the Operator's Count Equipment from time to time or by providing such data to the Secretary of State by such other means as the Secretary of State notifies to the Operator from time to time; and
- (d) to the extent required by the Secretary of State, by providing the Secretary of State with direct remote access to the system used by the Operator to collect such information such that the Secretary of State is able to download such information, and such information may be used by the Secretary of State for such purposes as the Secretary of State may require including for the purposes of assisting the Secretary of State's decision making on train service requirements, infrastructure, station and rolling stock investment, the best use of the network and the alleviation of overcrowding.
- 15.4 The Operator shall use any flagging system contained within the RPC Database to highlight such events and occurrences as the Secretary of State may specify in writing from time to time.

## **16. Manual Passenger Counts**

- 16.1 The Secretary of State shall have the right to require the Operator to carry out manual counts in relation to some or 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 Secretary of State including if, exceptionally, the Operator is unable to comply with its obligations to provide data generated by the technology specified in paragraph 17.
- 16.2 The Secretary of State 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 Secretary of State or otherwise). In the event that such audit reveals, in the opinion of the Secretary of State, a material error, or a reasonable likelihood of material error, in such counts, the Secretary of State may require the counts to be repeated or the results adjusted as the Secretary of State considers appropriate.
- 17. Technology for Obtaining the Information referred to in paragraph 15.2**
- 17.1 The technology to be used for the purpose of paragraph 15.2 shall be:
- (a) infrared based passenger counting technology in relation to the Class 185 and Class 802 rolling stock vehicles; and
- (b) stereo-scopic passenger counting technology in relation to the Mark 5A coaching stock and Class 397 rolling stock vehicles.
- 17.2 The technology to be used for the purposes of paragraph 15.2 shall be fitted to:
- (a) in the case of any brand new rolling stock which is admitted to the Train Fleet, one hundred per cent (100%) of it from the date that such rolling stock is properly admitted; and
- (b) in the case of all other rolling stock, by the Start Date, to every vehicle comprised within no less than thirty-five per cent (35%) of such rolling stock units included in the Train Fleet from time to time in aggregate.
- 17.3 Without limiting the Secretary of State's rights under paragraph 15.1 of this Chapter 4.1, the technology specified in paragraph 17.1 above shall be used to provide counts in respect of, in any period of not less than twelve (12) weeks, at least two (2) of each of the Timetabled Services, and each count shall be carried out on each rolling stock unit comprising a particular train. The Operator may only use a method of extrapolation and use extrapolated data to provide a reliable estimate of a full train's count with the Secretary of State's prior Approval of the use of extrapolated data and the method of extrapolation. The Operator shall comply with its obligation under this paragraph 17 from the date(s) such rolling stock is incorporated into the Train Fleet.



- 17.4 The Parties acknowledge that the information supplied under paragraph 15.1 above, and any product of it created by the RPC Database, may constitute Confidential Information to which Chapter 9.6 (*Confidentiality and Data Protection*) applies.

## Chapter 4.2

### Operating Obligations

#### 1. Daily Operating Obligations

The Operator agrees to use all reasonable endeavours to operate on each day of the Contract Term each of its Passenger Services as are set out in the Plan of the Day for that day and with at least the Passenger Carrying Capacity specified in the Train Formation Capacity Plan for that Passenger Service. The Operator shall notify the Secretary of State as soon as practicable if it has on any day of the Contract Term failed to operate to a material extent each of its Passenger Services as are set out in the Plan of the Day for that day and with at least the Passenger Carrying Capacity specified in the Train Formation Capacity Plan for that Passenger Service.

#### 2. Timetabling and Train Planning Compliance Investigation and Contractual Breach

2.1 The Secretary of State shall have the right, by serving notice on the Operator, to instigate an investigation of the Operator's compliance with its obligations of Chapter 4.1 (*Service Development*) regarding creation of the Timetable and Train Formation Capacity Plan, and paragraph 1 of this Chapter 4.2 (*Timetabling and Train Planning Compliance Investigation*).

2.2 Following the service of such a notice the Operator shall fully co-operate to facilitate such audit and provide such information as the Secretary of State may require for the purposes of determining if the Operator has complied with its obligations including evidence of:

- (a) the steps taken by the Operator regarding Access Agreements, and exercise of its rights under the Track Access Agreement;
- (b) the extent to which the Operator has operated on each day of the relevant Reporting Period each of its Passenger Services as are set out in the Plan of the Day for that day and with at least the Passenger Carrying Capacity specified in the Train Formation Capacity Plan for that Passenger Service;
- (c) the means of Forecast Passenger Demand calculation and assessment;
- (d) any assumptions about the timetables likely to be operated by other Train Operators made by the Operator; and
- (e) the alternative solutions considered by the Operator before finalising the Timetable and Train Formation Capacity Plan and the reasons why any such alternative solutions were not adopted.

2.3 The Secretary of State shall, upon conclusion of the Timetabling and Train Planning Compliance Investigation, provide a copy of the finalised report to the Operator.

2.4 The Secretary of State shall notify the Operator if the Secretary of State concludes the Operator is in contractual breach of the Service Contract and the Secretary of State may at the Secretary of State's discretion, and entirely without prejudice to the Secretary of State's other rights consequent upon the relevant contractual breach, serve a Contractual Breach Notice pursuant to paragraph 2 (*Service of Contractual Breach Notice by the Secretary of State*) of Chapter 9.4.3 (*Procedure for remedying a Contractual Breach of the Service Contract*).

#### 3. Timetable changes proposed by Network Rail

3.1 The Operator agrees, after being notified by Network Rail that Network Rail has decided or proposes to exercise its rights under the Track Access Agreement (including the Network Code) to:

- (a) omit from the Plan of the Day Passenger Services that are included in the Timetable; or
- (b) reschedule in the Plan of the Day Passenger Services from their scheduling in the Timetable,



- to maintain appropriate record (having regard to both duration and scale) in respect of any actual or proposed omission or rescheduling of Passenger Services by Network Rail.
- 3.2 To the extent that any such decision or proposal may, in the reasonable opinion of the Operator, materially (having regard to both duration and scale) prejudice the Operator's ability to deliver the Timetable with the Passenger Carrying Capacity stipulated in the Train Formation Capacity Plan the Operator shall (unless the Secretary of State specifically agrees otherwise), and in such a manner as can be reasonably considered appropriate in the circumstances, exercise its rights under the Track Access Agreement (including the Network Code) on a basis that seeks to limit the impact on the Operator whilst accommodating as far as possible the requirements of Network Rail.
- 3.3 The Operator agrees to supply to the Secretary of State from time to time, in the format required by the Secretary of State, such details of any actual or proposed omission or rescheduling of Passenger Services by Network Rail as the Secretary of State may require, including details of the steps which the Operator reasonably considered appropriate in the circumstances, to exercise its rights under the Track Access Agreement (including the Network Code) to reach agreement of the changes on a basis that seeks to limit the impact on the Operator whilst accommodating as far as possible the requirements of Network Rail.
- 3.4 The Operator shall explain in such submission the way in which, in its reasonable opinion, such omission or rescheduling may materially (having regard to both duration and scale) prejudice the Operator's ability to deliver the Timetable with the Passenger Carrying Capacity stipulated in the Train Formation Capacity Plan.
- 3.5 The provisions of this paragraph 3 shall apply to any actual or proposed omission or rescheduling of Passenger Services that originates from any person other than Network Rail or the Secretary of State, as those provisions apply to Network Rail.
- 4. Timetable changes proposed by the Operator**
- 4.1 The Operator agrees, (with the exception of paragraph 4.3 of this Chapter 4.2), not to implement any:
- (a) addition to the Plan of the Day of any railway passenger services which are not included in the Timetable;
  - (b) omission from the Plan of the Day of any Passenger Services included in the Timetable; or
  - (c) rescheduling in the Plan of the Day of any Passenger Services from their scheduling in the Timetable,
- without the Secretary of State's prior consent, and wherever possible, the prior agreement of Network Rail.
- 4.2 The Operator shall (with the exception of paragraph 4.3 of this Chapter 4.2) submit to the Secretary of State an amended Train Formation Capacity Plan in respect of each Timetable change proposal.
- 4.3 Notwithstanding the provisions of paragraph 7 (*Restrictions Relating to Rail Services*) of Chapter 4.1 (*Service Development*), the Operator shall use all reasonable endeavours to operate adequate railway passenger services to or from any special events which are not already provided for in the Plan of the Day to meet the passenger demand that is reasonably likely to arise from such special events and to ensure that the railway passenger services provided have an appropriate amount of passenger carrying capacity. The Operator shall in meeting its obligations pursuant to this paragraph 4.3:
- (a) if so requested by the Secretary of State, each quarter, submit to the Secretary of State their list of identified special events to which the Operator shall consider application of this paragraph 4.3 (the list is not exhaustive and does not obligate the Operator to amend the Plan of the Day);
  - (b) consider amending the Plan of the Day through the omission, addition or rescheduling of Passenger Services;

- (c) consider submitting to the Secretary of State an amended Train Formation Capacity Plan in respect of each special event where to apply the current Train Formation Capacity Plan will have an avoidable detrimental effect to the Short Formations Figures; and
- (d) seek to optimise the effective delivery of the Passenger Services as a whole with the provision of appropriate capacity in the context of the additional demand consequent upon a relevant special event.

**5. Timetable changes and Train Formation Capacity Plan changes requested by the Secretary of State**

5.1 The Operator agrees, as and when requested by the Secretary of State, to use all reasonable endeavours to seek and to obtain:

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

5.2 The Secretary of State may request that the Operator shall submit to the Secretary of State an amendment to the Train Formation Capacity Plan at any time.

**6. Obligations of the Operator in the event of disruption to railway passenger services**

6.1 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 local to the Routes, the Operator shall:

- (a) without prejudice to any other provision of this Chapter 4.2, notify the Secretary of State promptly where such disruption would materially (having regard to both duration and scale) prejudice the Operator's ability to deliver the Timetable or deliver the Timetable in accordance with the Train Formation Capacity Plan;
- (b) 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 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; and
- (c) use all reasonable endeavours to provide or secure the provision of alternative transport arrangements in accordance with paragraph 6.2.

6.2 The Operator shall use all reasonable endeavours to provide or secure the provision of alternative transport arrangements to enable passengers affected by any disruption referred to in paragraph 6.1 to complete their intended journeys in accordance with this paragraph 6.2. In particular, the Operator shall use all reasonable endeavours to:

- (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 fit for the purpose of the journey to be undertaken;
- (b) transport passengers to, or as near as practicable to, the end of their intended journey on such Passenger Services, having particular regard to the needs of any Disabled

Persons and, where appropriate, making additional arrangements for such Disabled Persons to complete their intended journey;

- (c) provide adequate and prominent publicity of such alternative transport arrangements in advance, subject, in the case of unplanned disruption, to the Operator having sufficient notice of such disruption to enable it to provide such publicity;
- (d) provide sufficient alternative transport capacity for the reasonably foreseeable demand for the disrupted Passenger Services; and
- (e) 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.

## 7. **Obligation to use “all reasonable endeavours” under Chapter 4.2**

7.1 Any obligation in this Chapter 4.2 on the part of the Operator to use “**all reasonable endeavours**” shall (with the exception of paragraph 5 of this Chapter 4.2) 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 Plan of the Day in accordance with the Train Formation Capacity Plan in ordinary operating conditions;
- (b) take reasonable measures to avoid and/or reduce the impact of any disruption to the Rail Services having regard to all the circumstances, including the reasonably foreseeable risks arising from the matters referred to in paragraph 7.2; and
- (c) actively engage Network Rail in its contractual relationship with the Operator (and provide appropriate management resources for this purpose) so as to secure the best performance reasonably obtainable by these means, having regard to all the circumstances, including the steps referred to in paragraph 8.

7.2 The matters to which the Operator is to have regard pursuant to paragraph 7.1(b) shall include:

- (a) variations in 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 Operator;
- (c) shortages of appropriately skilled or qualified Business Employees;
- (d) disputes with Business Employees;
- (e) the availability of the Train Fleet, having regard to maintenance requirements and any Mandatory Modifications;
- (f) establishing reasonable Turnaround Time allowances for enabling or disabling (as appropriate) any part of a train, the rostering of any train crew and the servicing or cleaning of any rolling stock vehicles;
- (g) failures of rolling stock vehicles in service and contingency arrangements (including Hot Standbys and rescue traction); and
- (h) the impact, and emerging projections relating to the likely or potential impact, from time to time, of COVID-19 on the Operator’s ability to provide the Passenger Services and/or the level of passenger demand or reasonably expected passenger demand for the Passenger Services.

7.3 For the purpose of taking measures in respect of any disruption to the Rail Services in accordance with paragraph 7.1(b) and assessing the extent of any risk referred to in paragraph 7.1(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 Rail Services;

- (ii) similar services both by the Operator and/or its predecessors; and
    - (iii) other services of a type similar to the Rail Services; and
  - (b) to potential changes in circumstances which may affect those levels.
- 7.4 To the extent not already provided for in the Service Contract, the Operator 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 Secretary of State, enforcing its rights against Network Rail under any such agreement.
- 7.5 When and to the extent requested by the Secretary of State, the Operator shall provide to the Secretary of State evidence of the steps taken by the Operator in order to comply with its obligations under this paragraph 7.
- 8. Obligations relating to operating performance management**
- 8.1 The Operator shall actively manage operating performance, in doing so shall consult, co-ordinate and co-operate with Network Rail (or as may be required by the Secretary of State) from time to time in respect of devising a structured framework for continuous improvement in operating performance.
- 8.2 The steps to which paragraph 8.1 refers include:
- (a) co-operating with Network Rail in the development, agreement and implementation of:
    - (i) a five (5) year (rolling) Performance Strategy Plan;
    - (ii) effective recovery plans in response to failures to achieve the performance levels specified in any Performance Strategy Plan;
    - (iii) analysis of “Reactionary Delay” (as defined by the Delay Attribution Principles and Rules) and below/sub threshold delay, to develop and deliver performance improvement plans to address areas of underperformance, focusing on improving Timetable robustness and contingency planning; and
    - (iv) review and identification of opportunities to improve the delay attribution process set out in the Delay Attribution Principles and Rules;
  - (b) co-operating with Network Rail in adopting the principles set out in any industry good practice regarding:
    - (i) Service Recovery Plans agreed between Network Rail and the Operator from time to time, including appropriate diversionary route availability;
    - (ii) jointly developed train regulation policies; and
    - (iii) approaches to improving performance systems, including, if requested by the Secretary of State, the deployment of the RM3P and the Performance Improvement Management System;
  - (c) undertaking recording, monitoring and regular reviews of:
    - (i) the most common and most detrimental causes of delay to the Passenger Services; and
    - (ii) the causes of the ten (10) delays to the Passenger Services with the longest duration (to the extent not already reviewed in accordance with paragraph 8.2(c)(i)),  
 which have occurred during a defined review period (e.g. weekly/four (4) weekly/quarterly) and which have been caused by the Operator, any other Train Operator, any other train operator licensed under the Act or Network Rail;
  - (d) 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 8.2(c)(i) and 8.2(c)(ii) and seeking to identify and implement actions that reduce the delay effect of 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 Parties;
  - (f) regularly monitoring (at least every Reporting Period) the delivery of local output commitments made by Network Rail in the Performance Strategy Plan and derived delivery plans and using all reasonable endeavours to specify and develop such delivery plans;
  - (g) co-operating with Network Rail in other delay management initiatives and ongoing quarterly reviews of the Performance Strategy Plan;
  - (h) regularly reviewing (at least every Reporting Period) the imposition and clearance of temporary speed restrictions;
  - (i) regularly reviewing (at least every Reporting Period) the timely and efficient handover and hand-back of possessions; and
  - (j) where appropriate and where Network Rail fails to perform its obligations under the Track Access Agreement, enforcing the Operator's rights under the Track Access Agreement.
- 8.3 The Operator undertakes to reasonably co-operate with Network Rail with regard to Network Rail's management of the network, including in relation to:
- (a) Contingency Plans, as defined in Chapter 9.4.4;
  - (b) weather resilience and seasonal preparedness;
  - (c) prevention of trespass and vandalism;
  - (d) effects of climate change on the railway; and
  - (e) improvements in railway control structure and functions.
- 9. Improving accuracy of future Timetables and operational planning**
- 9.1 The Operator shall consult, co-ordinate and co-operate with Network Rail and any relevant Train Operators in respect of the planning, development and implementation of proposals to support the continuous improvement of train timetabling and train planning functions, including:
- (a) collaborative working between the Operator's and Network Rail or other Train Operators' train planning teams;
  - (b) establishment of up to date Timetable Planning Rules.
  - (c) robust and resilient traincrew flexibility, including for diversionary routes;
  - (d) disclosure to, and enabling assurance activity by the "*Industry Timetable Change Assurance Programme Management Office*", including participation in related steering groups, or any similar independently minded timetable improvement and assurance cooperative function, as may be identified by the Secretary of State.
- 9.2 The Operator shall, provide Network Rail with such information as it may reasonably request in respect of paragraph 9.1, including:
- (a) relevant data required to support timetable simulation and performance modelling; and
  - (b) the Operator's assessment of operational resource required to operate the Passenger Services and ancillary train movements, as calculated in accordance with industry standards in each case.
- 10. Royal Train**
- 10.1 The Operator shall, if and to the extent requested by any person (including DB Cargo UK Limited, its successors and assigns) and subject to the payment by such person of any reasonable costs of the Operator, co-operate in the provision by such person of railway

passenger services for His Majesty King Charles III or any successor head of state or members of the royal family or representatives of either of them.

- 10.2 The provision of railway services for His Majesty King Charles III or any successor head of state or members of the royal family or representatives of either of them may include:
- (a) running a “**sweeper**” train in front of the royal train;
  - (b) having spare locomotives or other rolling stock 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.

## 11. Ancillary Services

- 11.1 Subject to obtaining the Secretary of State’s prior Approval, the Operator, to the extent required in order to best serve the needs of passengers on railway passenger services within Great Britain from time to time, shall use all reasonable endeavours to carry out the following Ancillary Services:

- (a) in any Reporting Period, the subleasing, hiring or licensing of the rolling stock vehicles used in the provision of the Passenger Services;
- (b) the lending, seconding, hiring or contracting out during any Reporting Period to another person or persons (whether for a charge or not) of Business Employees;
- (c) any heavy maintenance of rolling stock vehicles which does not fall within the Light Maintenance Services, carried out on behalf of any other person at the following Depot(s):  
none.

- 11.2 The Operator:

- (a) may; and
- (b) to the extent required in order to best serve the needs of passengers on railway passenger services within Great Britain from time to time, shall use all reasonable endeavours to,

carry out the following Ancillary Services on an emergency basis; the subleasing, hiring, licensing, lending, selling of any rolling stock vehicles or other assets of the Operator or the lending, hiring or contracting out of any employees of the Operator or the provision of any other services to Network Rail or any other Train Operator.

- 11.3 The Operator shall not during the Contract Term, without the consent of the Secretary of State:

- (a) provide or operate any railway passenger services other than the Passenger Services or Charter Services;
- (b) operate any stations or light maintenance depots other than the Stations and 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;
  - (ii) HS2 Limited; or
  - (iii) owned directly or indirectly by another participant in the railway industry and the holding is incidental to the Operator’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.

## 12. Restrictions On Closures Of Railway Passenger Services Or Railway Facilities

- 12.1 Except to the extent that the Secretary of State agrees otherwise, the Operator shall not:
- (a) cease to operate;
  - (b) cease to secure the operation of; or
  - (c) propose to terminate the use of,
- any Station (or part of a Station) or any railway passenger service over a Route where such cessation or proposal might result in a Closure.
- 12.2 If any procedures are commenced under Part 4 of the Railways Act 2005 in relation to a Closure, the Operator shall, at the Secretary of State's cost and to the extent so requested by the Secretary of State, take such action as the Secretary of State may require in order to enable the Secretary of State to comply with any duty imposed on the Secretary of State under Part 4 of the Railways Act 2005 in relation to such Closure.



## Chapter 4.3

### The Rolling Stock

1. **The Composition/Deployment of the Train Fleet**
  - 1.1 The Train Fleet consists of:
    - (a) from the Start Date until the lease expiry dates referred to in Column 6 of Table 1 in Appendix 1 to this Chapter 4.3 the rolling stock vehicles set out in Table 1 in Appendix 1 to this Chapter 4.3 (“**Original Rolling Stock**”) with the Passenger Carrying Capacity per unit referred to in Column 3 and Column 4 of Table 1 in Appendix 1 to this Chapter 4.3; and
    - (b) from the dates set out in Column 6 of Table 2 in Appendix 1 to this Chapter 4.3, until the lease expiry dates referred to in Column 7 of Table 2 in Appendix 1 to this Chapter 4.3 the rolling stock vehicles including new build or cascaded rolling stock (“**Specified Additional Rolling Stock**”) set out in Table 2 in Appendix 1 to this Chapter 4.3, with the Passenger Carrying Capacity per unit referred to in Column 3 and Column 4 of Table 2 in Appendix 1 to this Chapter 4.3.
  - 1.2 The Passenger Carrying Capacity of any rolling stock vehicles shall be as set out in Tables 1 or 2 in Appendix 1 to this Chapter 4.3.
  - 1.3 The Operator shall procure that the rolling stock vehicles described in the Tables 1 or 2 in Appendix 1 to this Chapter 4.3, with the capacity and other characteristics referred to there, are available for deployment in the provision of the Passenger Services to the extent required by the Timetable and Train Formation Capacity Plan during the periods referred to therein.
2. **Changes to the Train Fleet**
  - 2.1 The Operator shall maintain the composition of the Train Fleet during the Contract Period, unless the Secretary of State otherwise agrees or otherwise directs the Operator pursuant to paragraph 2.4, such that there are no changes to the Train Fleet, including changes:
    - (a) to the classes or types;
    - (b) to the interior configurations; or
    - (c) which may reduce the journey time capabilities,
 of any rolling stock vehicles specified in the Train Fleet.
  - 2.2 During the Contract Period, the Operator shall advise the Secretary of State of any rolling stock vehicles damaged beyond economic repair or likely to be unavailable for service for a period of three (3) consecutive Reporting Periods or more.
  - 2.3 If any change is made to the Train Fleet in accordance with this Chapter 4.3, the Secretary of State may, after consulting the Operator, determine the Passenger Carrying Capacity of any rolling stock vehicles or class of rolling stock vehicles comprising the Train Fleet following such change. The Secretary of State shall notify the Operator of the Secretary of State’s determination of any such Passenger Carrying Capacity.
  - 2.4 The Secretary of State may (by variation or Business Plan Revision) require the Operator to:
    - (a) change the composition of the Train Fleet during the term of this Contract;
    - (b) sub-let some of its Train Fleet to another Train Operator or to sub-lease a Train Fleet from another Train Operator;
    - (c) procure modifications to the Train Fleet and to manage any modification programme subject to payment of the Operator’s reasonable costs by the Secretary of State or a relevant third party; and/or
    - (d) work in collaboration with the Secretary of State to identify and secure additional or replacement rolling stock vehicles during the term of this Contract in which case the Secretary of State may require the Operator to set the specification of such rolling stock, subject to the Secretary of State’s prior written consent.



**3. Train Maintenance**

- 3.1 The Operator shall procure that heavy maintenance of Train Fleet is undertaken in accordance with the standard expected of a competent, skilled and experienced train maintainer.
- 3.2 The Operator shall seek Approval from the Secretary of State for any changes to the heavy maintenance regime for the Train Fleet where such change will result in any increase or decrease in costs compared to the budgeted costs in the then current CP Budget including the reduction of any lease payments for the relevant rolling stock.

**Appendix 1 to Chapter 4.3**

**The Composition of the Train Fleet**

**1. Original Rolling Stock**

**Explanatory Note A:** Where in Column 6 both a scheduled lease expiry date and an early redelivery date are specified in relation to one or more specified units (each being a “Specified Unit”) the lease expiry date for the Specified Units shall be the early redelivery date provided that where any unit shown in Table 2 or Table 3 below as replacing any Specified Unit from the early delivery date is delivered after the early redelivery date such Specified Unit shall remain in the Train Fleet until the relevant scheduled lease expiry date or such earlier date as the Secretary of State may agree.

Table 1 (Original Rolling Stock)									
Column 1	Column 2	Column 3			Column 4		Column 5	Column 6	
Class of vehicle/unit	Number of vehicles in fleet and unit configuration	Standard Class Passenger Carrying Capacity per unit			First Class per unit		Owner/Lessor	Lease expiry date(s) <i>(See Explanatory Note A above)</i>	
		Seated	Wheelchair spaces	Standing	Seats	Wheelchair Spaces		Scheduled Lease Expiry Date	Early Redelivery Date (if any)
Class 185	108 (36 x 3-car)	164	2	104	15	0	Eversholt	28 May 2031	N/A
Class 185	45 (15 x 3-car)	164	2	104	15	0	Eversholt	28 May 2031	N/A
Class 68	Up to 18	0	0	0	0	0	Beacon Rail/DRS	28 May 2024	N/A
Class 397	60 (12 x 5-car)	274	0	130	24	2	Eversholt	28 May 2031	N/A
Class 802-2	95 (19 x 5-car)	320	0	146	24	2	Angel	28 May 2031	N/A
Mark 5a coaching stock	66 (13 x 5-coach) plus 1 coach	269	0	130	30	2	Beacon Rail	28 May 2024	N/A

**2. Specified Additional Rolling Stock**

None.

## Chapter 4.4

### Operational Performance

#### 1. Definitions, Track Access Agreement and Notice of Performance Results

- 1.1 The OP Targets in relation to TOC on Self Cancellations and Enforcement TOC on Self Cancellations Benchmarks are set out in the TOC on Self Cancellations Table and the Enforcement TOC on Self Cancellations Benchmark Table.
- 1.2 The OP Targets in relation to TOC Minute Delay and Enforcement TOC Minute Delay Benchmarks are set out in TOC Minute Delay Table and the Enforcement TOC Minute Delay Benchmark Table.
- 1.3 The OP Targets in relation to Short Formation and Enforcement Short Formation Benchmarks are set out in the Short Formations Table and Enforcement Short Formation Benchmark Table.
- 1.4 The T-3 Measure is set out in T-3 Table.
- 1.5 The T-15 Measure is set out in the T-15 Table.
- 1.6 The All Cancellations Measure is set out in the All Cancellations Table.

#### 1.7 Track Access Agreement

The Operator agrees with the Secretary of State to comply with the requirements of the Track Access Agreement in respect of cancellations attribution (Cancellations, Partial Cancellations, Network Rail Cancellations and Network Rail Partial Cancellations) and Minutes Delay attribution.

#### 1.8 Not Used

#### 1.9 Notice of Performance Results

As soon as practicable after the end of each Reporting Period and each Contract Year, the Secretary of State shall notify the Operator of the results of the calculations performed pursuant to this Chapter 4.4.

#### 2 Reporting Requirements

The Operator shall at the end of each Reporting Period and in accordance with the relevant requirements of paragraph 12 (*Operational Performance Information*) of this Chapter 4.4 (*Operational Performance*) report to the Secretary of State the operational information as specified in paragraph 12 (*Operational Performance Information*) of this Chapter 4.4 (*Operational Performance*) and required for the purposes of the Secretary of State undertaking any of the calculations required to be performed by the Secretary of State pursuant to this Chapter 4.4 .

#### 3. TOC on Self Cancellation Calculation

- 3.1 For each Reporting Period during the Contract Term the Secretary of State shall:
- (a) calculate the Operator's performance in relation to TOC on Self Cancellations in accordance with the formula set out in Table 1 below (each an "**Initial TOC on Self Cancellations Calculation**"); and
  - (b) (other than for the first (1<sup>st</sup>) and second (2<sup>nd</sup>) Reporting Periods following the Start Date) re-calculate the Operator's performance in relation to TOC on Self Cancellations for the two (2) Reporting Periods immediately preceding the relevant Reporting Period using the formula set out in Table 1 below (each a "**TOC on Self Cancellations Re-Calculation**"), except that
  - (c) if there are outstanding claims with regard to any Force Majeure Event relating to TOC on Self Cancellations for any Reporting Period then a further TOC on Self Cancellations Re-Calculation shall be undertaken for the relevant Reporting Period once the relevant claims have been resolved.

- 3.2 In the event that a TOC on Self Cancellations Re-Calculation demonstrates that the Initial TOC on Self Cancellations Calculation or an earlier TOC on Self Cancellations Re-Calculation was incorrect, the Initial TOC on Self Cancellations Calculation and/or the relevant earlier TOC on Self Cancellations Re-Calculation shall, for the relevant Reporting Period, be replaced with the latest TOC on Self Cancellations Re-Calculation.

<b>Table 1</b>		
A	=	$\frac{B}{C} \times 100$
<b>where:</b>		
	B	is the total number of Cancellations or Partial Cancellations of Passenger Services scheduled to be operated in the Enforcement Plan of the Day for 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 the occurrence or continuing effect of a Force Majeure Event, shall, if the Operator has complied with paragraph 7 ( <i>Service Recovery Plans and Force Majeure</i> ) of this Chapter 4.4, be disregarded in determining such total number of Cancellations and Partial Cancellations;
	C	is the total number of Passenger Services scheduled to be operated in the Enforcement Plan of the Day for that Reporting Period, disregarding, if the Operator has complied with paragraph 7 ( <i>Service Recovery Plans and Force Majeure</i> ) of this Chapter 4.4, any Cancellations or Partial Cancellations during that Reporting Period which were caused by the occurrence or continuing effect of a Force Majeure Event.

**4. TOC Minutes Delay Calculations**

- 4.1 For each Reporting Period during the Contract Term the Secretary of State shall:
- (a) calculate the Operator’s performance in relation to TOC Minutes Delay in accordance with the formula set out in Table 2 below (each an “**Initial TOC Minutes Delay Calculation**”); and
  - (b) (other than for the first (1<sup>st</sup>) and second (2<sup>nd</sup>) Reporting Periods following the Start Date) re-calculate the Operator’s performance in relation to TOC Minutes Delay for the two (2) Reporting Periods immediately preceding the relevant Reporting Period using the formula set out in Table 2 below (each a “**TOC Minutes Delay Re-Calculation**”), except that:
  - (c) if there are outstanding claims with regard to any Force Majeure Event relating to TOC Minutes Delay for any Reporting Period then a further TOC Minutes Delay Re-Calculation shall be undertaken for the relevant Reporting Period once relevant claims have been resolved.
- 4.2 In the event that a TOC Minutes Delay Re-Calculation demonstrates that the Initial TOC Minutes Delay Calculation or an earlier TOC Minutes Delay Re-Calculation was incorrect, the Initial TOC Minutes Delay Calculation and/or the relevant earlier TOC Minutes Delay Re-Calculation shall, for the relevant Reporting Period, be replaced with the latest TOC Minutes Delay Re-Calculation.

<b>Table 2</b>	
$\frac{MD_{SRP}}{H_{SRP}}$	
<b>where:</b>	
<b>MD<sub>SRP</sub></b>	is the sum of Minutes Delay that are attributable to the Operator in that Reporting Period.
<b>H<sub>SRP</sub></b>	is ascertained as follows:
	$\frac{V}{1000}$
	<b>where:</b>
<b>V</b>	is the sum of Actual Train Mileage in that Reporting Period.

5. **Short Formations**

5.1 **Short Formations Calculation**

For each Reporting Period during the term of the Contract Term the Secretary of State shall:

- (a) calculate the Operator’s performance in relation to Short Formations in accordance with the formula set out in Table 3 below (each an “**Initial Short Formations Calculation**”); and
- (b) (other than for the first (1st) and second (2nd) Reporting Periods following the Start Date), re-calculate the Operator’s performance in relation to Short Formations (and, if applicable, re-calculate the Operator’s performance in respect of Short Formations against the OP Target for Short Formations) for the two (2) Reporting Periods immediately preceding the relevant Reporting Period using the formula set out in Table 3 below (each a “**Short Formations Re-Calculation**”), except that
- (c) if there are outstanding claims with regard to any Force Majeure Event relating to Short Formations for any Reporting Period then a further Short Formations Re-Calculation shall be undertaken for the relevant Reporting Period once the relevant claims have been resolved.

5.2 In the event that a Short Formations Re-Calculation demonstrates that the Initial Short Formations Calculation or an earlier Short Formations Re-Calculation was incorrect, the Initial Short Formations Calculation and/or the relevant earlier Short Formations Re-Calculation shall, for the relevant Reporting Period, be replaced with the latest Short Formations Re-Calculation.

<b>Table 3</b>		
$A^{SF}$	=	$\frac{B_{SF}}{C_{SF}} \times 100$
<b>where:</b>		
$B_{SF}$	is the total number of Short Formation Passenger Services in that Reporting Period operated with less Passenger Carrying Capacity than that specified for such Short Formation Passenger Services in the Train Formation Capacity Plan disregarding, if the Operator has complied with paragraph 7 ( <i>Service Recovery Plans and Force Majeure</i> ) of this Chapter 4.4, any such Short Formation Passenger Services which were operated in that way as a result of the occurrence or continuing effect of a Force Majeure Event; and	
$C_{SF}$	is the total number of Short Formation Passenger Services scheduled to be operated in that Reporting Period disregarding, if the Operator has complied with paragraph 7 ( <i>Service Recovery Plans and Force Majeure</i> ) of this Chapter 4.4, any such Short Formation Passenger Service operated with less Passenger Carrying Capacity than that specified for such Short Formation Passenger Services in the Train Formation Capacity Plan as a result of the occurrence or continuing effect of a Force Majeure Event.	

- 5.3 For the purposes of the calculation to be undertaken by the Secretary of State pursuant to paragraph 5.1:
- (a) if and to the extent that any Short Formation Passenger Services are operated in excess of the Passenger Carrying Capacity specified for such Short Formation Passenger Service in the Train Formation Capacity Plan, the excess capacity shall be disregarded; and
  - (b) any Short Formation Passenger Service that are the subject of a Cancellation or a Partial Cancellation shall be disregarded.

**6. Calculations**

6.1 The Secretary of State shall perform the calculations referred to in paragraphs 3.1, 4.1 and 5.1 rounded to two (2) decimal places with the midpoint (that is, 11.115) rounded upwards (that is, 11.12).

**7. Service Recovery Plans and Force Majeure**

7.1 Subject to paragraphs 8.1 and 8.2(b)(i) (*Obligations relating to operating performance management*) of Chapter 4.2 (*Operating Obligations*), the Operator shall create and implement such Service Recovery Plan(s) as may be agreed by Network Rail from time to time (as more particularly described in the “Approved Code of Practice 2013” or any document of a similar equivalent nature) during a Reporting Period.

7.2 The Parties acknowledge that the relevant Enforcement Benchmarks and the relevant OP Targets shall be deemed to be inclusive of the implementation of any Service Recovery Plans as may be agreed from time to time in accordance with paragraph 7.1 above.

7.3 In performing the calculations pursuant to paragraphs 3.1 (*TOC on Self Cancellations Calculations*), 4.1 (*TOC Minutes Delay Calculations*) and 5.1 (*Short Formations*) the Secretary of State shall disregard any TOC on Self Cancellations, Minutes Delay, or Short Formations (as applicable) that have been agreed or finally determined to have been caused by the occurrence or continuing effect of a Force Majeure Event.

**8. Consequences for Poor Performance – Enforcement Benchmarks**

8.1 The Operator shall ensure that its performance in each Reporting Period as calculated by the Secretary of State in accordance with the requirements of this Chapter 4.4, **is not equal to or worse than** each Breach Performance Level in respect of the relevant Contract Year.

8.2 If in any Reporting Period the Operator’s performance, as calculated by the Secretary of State in accordance with the requirements of this Chapter 4.4, is **equal to or worse than** any Breach Performance Level relating to an Enforcement Benchmark in respect of the relevant Contract Year, then a contractual breach of the Service Contract shall occur and the Secretary of State may serve a Contractual Breach Notice in accordance with the provisions of paragraph 2 (*Service of Contractual Breach Notice by the Secretary of State*) of Chapter 9.4.3 (*Procedure for remedying a Contractual Breach of the Service Contract*).

8.3-8.4 Not Used.

## 9. **Consequences for Poor Performance.**

### 9.1 **Action Plans**

- (a) If in any three (3) consecutive Reporting Periods the:
- (i) Operator’s performance against the OP Target for Cancellations is worse than the Relevant OP Component Performance Level (where, for these purposes, reference to “Relevant OP Component Performance Level” shall mean the applicable “Minimum Performance Level” set out in the relevant Operational Performance Component Table); and/or
  - (ii) Operator’s performance against the OP Target for TOC Minutes Delay is worse than the Relevant OP Component Performance Level (where, for these purposes, reference to “Relevant OP Component Performance Level” shall mean the applicable “Minimum Performance Level” set out in the relevant Operational Performance Component Table); and/or
  - (iii) Operator’s performance against the OP Target for Short Formations is worse than the Relevant OP Component Performance Level (where, for these purposes, reference to “Relevant OP Component Performance Level” shall mean the applicable “Minimum Performance Level” set out in the relevant Operational Performance Component Table); and/or
  - (iv) Actual T-3 Performance Level is worse than the Relevant OP Component Performance Level (where, for these purposes, reference to “Relevant OP Component Performance Level” shall mean the applicable “Minimum Performance Level” set out in the relevant Operational Performance Component Table); and/or
  - (v) Actual T-15 Performance Level is worse than the Relevant OP Component Performance Level (where, for these purposes, reference to “Relevant OP Component Performance Level” shall mean the applicable “Minimum Performance Level” set out in the relevant Operational Performance Component Table); and/or
  - (vi) Actual All Cancellations Performance Level is worse than the Relevant OP Component Performance Level (where, for these purposes, reference to “Relevant OP Component Performance Level” shall mean the applicable “Minimum Performance Level” set out in the relevant Operational Performance Component Table); and/or
  - (vii) Secretary of State considers the Operator’s performance on a Route or group of Routes (as applicable) to be unacceptably poor notwithstanding the fact that the Operator’s overall performance in respect of any applicable target or level measured pursuant to this Chapter 4.4 meets the relevant target or threshold, then the Secretary of State shall be entitled to request from the Operator a plan in order to secure:
  - (viii) in respect of paragraphs 9.1(a)(i) to (vi) above, a Required Performance Improvement; and
  - (ix) in respect of paragraph 9.1 (a)(vii) above, an improvement of the Operator’s performance level on a Route or group of Routes (as applicable) to the



satisfaction of the Secretary of State (a “**Route-Specific Required Performance Improvement**”).

- (b) Within one (1) month of the Secretary of State’s request pursuant to paragraph 9.1(a) above, the Operator shall:
- (i) produce and deliver to the Secretary of State its draft plan for securing a Required Performance Improvement and/or Route-Specific Required Performance Improvement (as applicable) (the “**Draft Action Plan**”); and
  - (ii) subject to paragraph 9.1(d)(iv) below:
    - A. obtain the Secretary of State’s consent in relation to the Draft Action Plan in accordance with paragraph 9.1(d) below; and
    - B. commence the implementation of a resulting Action Plan.
- (c) The Draft Action Plan shall contain specific tangible action points and indicate in the case of each action point:
- (i) how that action will contribute to achieving the Required Performance Improvement and/or Route-Specific Required Performance Improvement (as applicable);
  - (ii) where the action is to be implemented;
  - (iii) when the action is to be commenced and by when it is to be implemented provided always that where any action is expressed to be ongoing the Draft Action Plan shall include specific review dates;
  - (iv) how performance of the action is to be measured; and
  - (v) set out the additional expenditure associated with each action.
- (d) The Secretary of State shall be entitled to:
- (i) request further information from the Operator with respect to its Draft Action Plan and the Operator shall submit such further information to the Secretary of State within the timescales as requested by the Secretary of State; and/or
  - (ii) propose amendments to the Draft Action Plan and the Parties shall agree and, in the absence of agreement, the Secretary of State shall determine the amendments to the Draft Action Plan, in which case paragraph 9.1(e) below shall apply; or
  - (iii) accept the Draft Action Plan, in which case paragraph 9.1(e) below shall apply; or
  - (iv) not accept the Draft Action Plan, in which case the Operator shall not be obliged to undertake any further action with respect to its Draft Action Plan.
- (e) The Draft Action Plan as agreed, determined or accepted by the Secretary of State (as the case may be) in accordance with paragraph 9.1(d) above, shall be referred to as the “**Action Plan**”. The Operator shall implement the Action Plan in accordance with its terms.
- (f) The Operator acknowledges and agrees that the consent or lack of consent of the Secretary of State in respect of each Draft Action Plan as contemplated in this paragraph 9.1 shall not relieve the Operator of its obligations under this Chapter 4.4 or any other provisions of the Service Contract.

9.2 Not Used.

#### 10. Allocation of Disputed Cancellations/Disputed Partial Cancellations

10.1 For the purpose of performing the calculations referred to in paragraph 3.1 of this Chapter 4.4 the Secretary of State shall, subject to paragraph 10.2, allocate any Disputed Cancellations and/or Disputed Partial Cancellations between the Operator and Network Rail at the end of a Reporting Period in the following ratio of:



<b>Table 4</b>	
<b>F: G</b>	
<b>where:</b>	
<b>F</b>	is the total number of Undisputed Cancellations and/or Undisputed Partial Cancellations from the twelve (12) preceding Reporting Periods including any Disputed Cancellations or Disputed Partial Cancellations which were resolved or determined (and attributed to the Operator) during such twelve (12) preceding Reporting Periods; and
<b>G</b>	is the total number of Undisputed Network Rail Cancellations and/or Undisputed Network Rail Partial Cancellations from the twelve (12) preceding Reporting Periods including any Disputed Cancellations or Disputed Partial Cancellations which were resolved or determined (and attributed to Network Rail) during such twelve (12) preceding Reporting Periods.

10.2 For so long as fewer than thirteen (13) Reporting Periods have elapsed following the Start Date, the Secretary of State shall, for the purposes of allocating Disputed Cancellations and/or Disputed Partial Cancellations between the Operator and Network Rail in accordance with Table 4, assume performance at the Previous Performance Level in respect of the relevant Reporting Periods (up to a maximum of twelve (12) Reporting Periods) that precede the Start Date.

**11. Allocation of Disputed Minutes Delay**

11.1 Where the attribution of any Minutes Delay is in dispute between Network Rail and the Operator at the end of a Reporting Period the Secretary of State shall, subject to paragraph 11.2, for the purpose of performing the calculations referred to in paragraph 4.1 of this Chapter 4.4, allocate any disputed Minutes Delay between the Operator and Network Rail in the ratio of:

<b>Table 5</b>	
<b>FF: GG</b>	
<b>where:</b>	
<b>FF</b>	is the total number of undisputed Minutes Delay, in each case, from the twelve (12) preceding Reporting Periods that are attributable to the Operator including any disputed attributions which were resolved or determined (and attributed to the Operator) during such twelve (12) preceding Reporting Periods; and
<b>GG</b>	is the total number of undisputed Minutes Delay, in each case from the twelve (12) preceding Reporting Periods that are attributable to Network Rail including any disputed attributions which were resolved or determined (and attributed to Network Rail) during such twelve (12) preceding Reporting Periods.

11.2 For so long as fewer than thirteen (13) Reporting Periods have elapsed following the Start Date, the Secretary of State shall, for the purposes of allocating disputed Minutes Delay between the Operator and Network Rail in accordance with Table 5, assume performance at the Previous Performance Level in respect of the relevant Reporting Periods (up to a maximum of twelve (12) Reporting Periods) that precede the Start Date.

**12. Operational Performance Information**

12.1 The Operator shall provide to the Secretary of State the information specified in paragraph 12 (*Operational Performance Information*) to this Chapter 4.4 at the times specified herein and

any additional information at such frequencies and in such form as the Secretary of State may require from time to time (including in relation to any new measures of operational performance) for the purposes of the development, implementation and/or operation of any potential new incentive regime.

**Information about the operational performance of the Operator**

- 12.2 The Operator shall at all times during the Contract Term maintain records in relation to its operational performance under the Service Contract, covering the areas and the information described in this paragraph 12. Such information shall include details as to whether or not any curtailment, diversion, delay or failure to attain any connection is attributable, in the Operator’s opinion, to either a Force Majeure Event or the implementation of a Service Recovery Plan.
- 12.3 The Operator shall, subject to paragraph 12.4, provide to the Secretary of State 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”**.
- 12.4 When so requested by the Secretary of State, the Operator shall, within such reasonable period as the Secretary of State may specify, make such information available for review by the Secretary of State by reference to:
  - (a) such level of disaggregation (including by Route or Service Group) as is specified by the Secretary of State; and
  - (b) any particular day, week or other longer period as is specified by the Secretary of State.
- 12.5 The following key shall apply to the table in this paragraph 12:

<b>A =</b>	Information to be provided on or before any Passenger Change Date;
<b>B =</b>	Information to be provided for every Reporting Period within ten (10) Weekdays of the last day of each Reporting Period; and
<b>C =</b>	Information to be provided annually within ten (10) Weekdays of the last day of each Contract Year.

- 12.6 For the purposes of this paragraph 12, the following words and expressions shall have the following meanings:

Direct Delay attributable to any other Train Operator	means the number of minutes of delay to the Passenger Services that are: <ul style="list-style-type: none"> <li>(a) attributed as a “Direct Delay” in accordance with the Delay Attribution Principles and Rules; and</li> <li>(b) attributable to any other Train Operator;</li> </ul>
Direct Delay attributable to Network Rail	means the number of minutes of delay to the Passenger Services that are: <ul style="list-style-type: none"> <li>(a) attributed as a “Direct Delay” in accordance with the Delay Attribution Principles and Rules; and</li> <li>(b) attributable to Network Rail;</li> </ul>
Direct Delay attributable to the Operator	means the number of minutes of delay to the Passenger Services that are: <ul style="list-style-type: none"> <li>(a) attributed as a “Direct Delay” in accordance with the Delay Attribution Principles and Rules; and</li> <li>(b) attributable to the Operator;</li> </ul>
Direct Delay on other operators	means the number of minutes of delay to passenger services operated by any other Train Operator or services operated by freight operators that are attributed:

attributable to the Operator	(a) as “Direct Delay” in accordance with the Delay Attribution Principles and Rules; and (b) to the Operator pursuant to the Track Access Agreement;
Reactionary Delay attributable to any other Train Operator	means the number of minutes of delay to the Passenger Services that are: (a) attributed as a “Reactionary Delay” in accordance with the Delay Attribution Principles and Rules; and (b) attributable to any other Train Operator;
Reactionary Delay attributable to Network Rail	means the number of minutes of delay to the Passenger Services that are: (a) attributed as a “Reactionary Delay” in accordance with the Delay Attribution Principles and Rules; and (b) attributable to Network Rail;
Reactionary Delay attributable to the Operator	means the number of minutes of delay to the Passenger Services that are: (a) attributed as a “Reactionary Delay” in accordance with the Delay Attribution Principles and Rules; and (b) attributable to the Operator; and
Reactionary Delay on other operators attributable to the Operator	means the number of minutes of delay to passenger services operated by any other Train Operator or services operated by freight operators that are attributed: (a) as “Reactionary Delay” in accordance with the Delay Attribution Principles and Rules; and (b) to the Operator pursuant to the Track Access Agreement.

12.7 This paragraph 12 shall be interpreted in accordance with any guidance issued by the Secretary of State from time to time for that purpose.

<b>Table 6 - Operational Performance Information</b>		
<b>Information to be provided</b>	<b>Information (format)</b>	<b>When information to be provided</b>
<b>Number of Passenger Services</b>		
Number of Passenger Services in the Timetable	[number]	B
Number of Passenger Services in the Enforcement Plan of the Day	[number]	B
<b>Number of Cancellations and Partial Cancellations</b>		
Number of Passenger Services in the Enforcement Plan of the Day which were the subject of a Cancellation	[number]	B
Number of Passenger Services in the Enforcement Plan of the Day which were the subject of a Partial Cancellation	[number]	B
Number of Passenger Services in the Enforcement Plan of the Day which were the subject of a Network Rail Cancellation	[number]	B
Number of Passenger Services in the Enforcement Plan of the Day which were the subject of a Network Rail Partial Cancellation	[number]	B
Number of Passenger Services in the Enforcement Plan of the Day which were the subject of a Disputed Cancellation	[number]	B
Number of Passenger Services in the Enforcement Plan of the Day which were the subject of a Disputed Partial Cancellation	[number]	B

<b>Table 6 - Operational Performance Information</b>		
<b>Information to be provided</b>	<b>Information (format)</b>	<b>When information to be provided</b>
Number of Disputed Cancellations and Disputed Partial Cancellations for the twelve (12) preceding Reporting Periods for which the attribution remains in dispute between Network Rail and the Operator	[number]	B
Number of Disputed Cancellations and Disputed Partial Cancellations from the twelve (12) preceding Reporting Periods for which disputed attribution has been resolved or determined since the Operator's previous report including whether each relevant Disputed Cancellation and/or Disputed Partial Cancellation was attributed to Network Rail or to the Operator	[number]	B
Where there is a difference between the Timetable and the Plan of the Day on any day the following: (a) the fact of such difference; and (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 Plan of the Day	[number]	B
Where there is a difference between the Plan of the Day and the Enforcement Plan of the Day on any day: (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 Plan of the Day had been the same as the Enforcement Plan of the Day	[number]	B
Number of Passenger Services in the Enforcement Plan of the Day 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 Enforcement Plan of the Day 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
<b>Number of Short Formations</b>		
<b>Simple Short Formations</b>		
Number of Short Formation Passenger Services that have <i>less than the required Passenger Carrying Capacity</i> specified in the Train Formation Capacity Plan	[number]	B
Number of Short Formation Passenger Services that have <i>less than the required Passenger Carrying Capacity</i> specified in the Train Formation Capacity Plan attributable to the occurrence of a Force Majeure Event	[number]	B
Number of Short Formation Passenger Services scheduled (excluding Cancellations or Partial Cancellations)	[number]	B
<b>Minutes Delay</b>		
Number of Minutes Delay attributable to the Operator	[number]	B
Number of Minutes Delay attributable to Network Rail	[number]	B

<b>Table 6 - Operational Performance Information</b>		
<b>Information to be provided</b>	<b>Information (format)</b>	<b>When information to be provided</b>
Number of Minutes Delay attributable to any other Train Operator	[number]	B
Number of Minutes Delay for such Reporting Period for which the attribution is in dispute between Network Rail and the Operator	[number]	B
Number of Minutes Delay for the twelve (12) preceding Reporting Periods for which the attribution remains in dispute between Network Rail and the Operator	[number]	B
Number of Minutes Delay from the twelve (12) preceding Reporting Periods for which disputed attribution has been resolved or determined since the Operator's previous report and the number of such Minutes Delay attributed to each of the Operator and Network Rail as a result of such resolution or determination	[number]	B
Number of Minutes Delay attributed to the occurrence of a Force Majeure Event	[number]	B
<b>T-3, T-15, All Cancellations and On Time</b>		
Time to 3 Minutes percentage published by Network Rail, rounded to two (2) decimal places	[number]	B
Time to 15 Minutes percentage published by Network Rail, rounded to two (2) decimal places	[number]	B
All Cancellations percentage published by Network Rail, rounded to two (2) decimal places	[number]	B
On Time percentage published by Network Rail, rounded to two (2) decimal places	[number]	B
<b>Train Mileage</b>		
Planned Train Mileage	[mileage]	A
Actual Train Mileage	[mileage]	B
<b>Direct Delay and Reactionary Delay</b>		
Direct Delay attributable to the Operator	[number]	B
Reactionary Delay attributable to the Operator	[number]	B
Direct Delay attributable to Network Rail	[number]	B
Reactionary Delay attributable to Network Rail	[number]	B
Direct Delay attributable to any other Train Operator	[number]	B
Reactionary Delay attributable to any other Train Operator	[number]	B
Direct Delay on other operators attributable to the Operator	[number]	B
Reactionary Delay on other operators attributable to the Operator	[number]	B

## Chapter 5 – The Customer



Chapter 5.1 - Customer Information



Chapter 5.2 - Customer Schemes



Chapter 5.3 - Accessibility and Inclusivity



Chapter 5.4 - Customer Benefits



Chapter 5.5 - Customer Experience Performance

**CHAPTER 5**  
**THE CUSTOMER**

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## Chapter 5.1

### Customer Information

#### 1. Customer Report

1.1 The Operator shall, in accordance with the requirements of paragraph 1.2 and paragraph 1.3 below, publish a Customer Report in such readily accessible formats as the Secretary of State may require (including in booklet or other similar hard copy formats, in electronic formats (such as on the Operator's website, through social media channels and by email)), in each case in accordance with the provisions of paragraph 3 (*Publication of Performance Data*) and paragraph 4 (*Publication of Complaints and Faults Handling Data*) of this Chapter 5.1 and paragraph 1 (*Environmental Information*) of Chapter 6 (*Environment and Sustainability*).

1.2 The Operator shall publish a Customer Report as follows:

(a) in respect of the first (1st) Contract Year:

(i) where such Contract Year is less than seven (7) Reporting Periods, the Operator shall only be required to publish a Customer Report for that Contract Year by no later than the Start Date (or if later, the date falling six (6) months after the Previous Operator last published an equivalent contract report under the Previous Agreement); or

(ii) where such Contract Year is equal to or less than thirteen (13) Reporting Periods but equal to or more than seven (7) Reporting Periods, the Operator shall be required to publish two (2) Customer Reports in that Contract Year, the first Customer Report to be published by no later than the Start Date (or if later, the date falling six (6) months after the Previous Operator last published an equivalent contract report under the Previous Agreement) and the second Customer Report to be published before the end of that first Contract Year; and

(b) in respect of each subsequent Contract Year, the Operator shall be required to publish a Customer Report at least twice in that Contract Year provided that where the final Contract Year is less than seven (7) Reporting Periods the Operator shall not be required to publish a Customer Report,

provided that in no circumstances shall the Operator be required to publish more than one Customer Report in any period of six (6) consecutive months.

1.3 Without prejudice to the obligations of the Operator as specified in each of paragraphs 2 (*Customer Service and Satisfaction Data*), paragraph 3 (*Publication of Performance Data*) and paragraph 4 (*Publication of Complaints and Faults Handling Data*) of this Chapter 5.1 and paragraph 1 (*Environmental Information*) of Chapter 6 (*Environment and Sustainability*), the Secretary of State and the Operator acknowledge and agree that in respect of each Contract Year to which the provisions of paragraph 1.2(b) apply, the first (1st) Customer Report to be published for that Contract Year shall be prepared in respect of the first six (6) Reporting Periods of that Contract Year and the second (2nd) Customer Report to be published for that Contract Year shall be prepared in respect of the last seven (7) Reporting Periods of that Contract Year.

1.4 The Operator shall ensure that a summary of the then current Customer Report is made available at all staffed Stations (in such format as the Secretary of State may require) and that such summary includes instructions to enable passengers to locate and obtain a full copy of the applicable Customer Report.

1.5 The Operator shall ensure that the Pass Rates published by it pursuant to paragraph 10.1 of Part 1 of Chapter 5.5 (*Customer Experience Performance*) are also recorded in the subsequent Customer Report which relates to the Reporting Periods during which the applicable Pass Rates were achieved, along with:

(a)

- (i) (in relation to the third (3rd) Customer Report) a comparison with the Pass Rates achieved in relation to the Reporting Periods that have elapsed since the last Reporting Period reported on in the relevant Previous Customer Report accompanied by a supporting narrative describing the outcomes and implications of the results of such comparison exercise onwards;
- (ii) (in the case of each subsequent Customer Report) a comparison with the Pass Rates achieved in relation to the Reporting Periods that have elapsed since the last Reporting Period reported on in the relevant Previous Customer Report for the same Reporting Periods in the previous Contract Year accompanied by a supporting narrative describing the outcomes and implications of the results of such comparison exercise onwards;
- (b) details of any remedial work either:
  - (i) planned by the Operator to occur in the period in relation to which the next Customer Report will report to improve the Operator's performance in relation to achieving and exceeding the SQR Benchmarks in respect of any Service Quality Area where performance is below the applicable SQR Benchmark; or
  - (ii) undertaken by the Operator during the Reporting Periods that have elapsed since the previous Customer Report or, in the case of the first Customer Report, since the Start Date, for the purposes of improving the Operator's performance in relation to achieving and exceeding the SQR Benchmarks for any Service Quality Area where performance was below the applicable SQR Benchmark; and
- (c) details of any other initiatives planned to be implemented by the Operator to improve the Operator's performance against the SQR Benchmarks.

## 2. Customer Service and Satisfaction Data

2.1 As part of each Customer Report to be provided by the Operator pursuant to paragraph 1.1 of this Chapter 5.1, the Operator shall publish (in such format as the Secretary of State may require) details of the Operator's:

- (a) level of adherence to scheduled ticket office opening hours at Stations (so that the Customer Report shows, as a percentage, the proportion of scheduled ticket office opening hours not delivered aggregated across all ticket offices at all Stations); and
- (b) performance by reference to such benchmarks as may be agreed between the Operator and the ORR as part of the Operator's Accessible Travel Policy in respect of the Passenger Assist service operated by the Operator,

In each case in relation to the Reporting Periods that have elapsed since the last Reporting Period reported on in the Previous Customer Report or, in the case of the first (1<sup>st</sup>) Customer Report, since the last Reporting Period reported on in the last Customer Report provided by the Previous Operator in accordance with the Previous Agreement (and as defined therein), along with a comparison with the relevant statistics or results (as applicable) provided for the same Reporting Periods in the previous Contract Year.

2.2 The Operator shall publish on its website (in such format as the Secretary of State may require):

- (a) within fourteen (14) days of the publication of each Rail Customer Insight Survey carried out by the Secretary of State or any RCIS Administrator during the Contract Term, or at such greater interval as the Secretary of State may specify by notice to the Operator from time to time, details of the scores of such Rail Customer Insight Survey (or the average scores of all such Rail Customer Insight Surveys achieved by the Operator during such interval, as applicable); and
- (b) within fourteen (14) days following the end of any Contract Year, details of the scores achieved by the Operator as against each RCIS Benchmark, as calculated in accordance with paragraph 20 (*Performance Review*) of Chapter 5.5 (*Customer Experience Performance*).

- 2.3 The Operator shall ensure that the scores achieved as against each RCIS Benchmark (if applicable), published by it pursuant to paragraph 2.2 (if applicable), are also recorded in the subsequent Customer Report which relates to the Reporting Periods during which the applicable scores were achieved, along with:
- (a) if available, a comparison with the scores that were achieved as against each RCIS Benchmark for the same Reporting Periods in the previous Contract Year, accompanied by a supporting narrative describing the outcomes and implications of the results of any such comparison exercise;
  - (b) details of any remedial work either:
    - (i) planned by the Operator to occur in the period in relation to which the next Customer Report will report to improve the Operator's performance in relation to achieving and exceeding the RCIS Benchmarks (for instance, the planned application of additional expenditure); or
    - (ii) undertaken by the Operator during the Reporting Periods that have elapsed since the last Reporting Period reported on in the Previous Customer Report or, in the case of the first (1st) Customer Report, since the last Reporting Period reported on in the last Customer Report provided by the Previous Operator in accordance with the Previous Agreement (and as defined therein), for the purposes of improving the Operator's performance in relation to achieving and exceeding the RCIS Benchmarks (for instance, the planned application of additional expenditure); and
  - (c) details of any other initiatives planned to be implemented by the Operator to improve passenger experience.

### 3. **Publication of Performance Data**

- 3.1 The Operator shall in accordance with paragraph 3.2 of this Chapter 5.1 (and in such format as the Secretary of State may require) publish on the Operator's website in relation to each Reporting Period during the Contract Term the performance of the Operator by reference to:
- (a) Cancellations Figures;
  - (b) Short Formations Figures;
  - (c) Time to 3 Minutes Figures;
  - (d) Time to 15 Minutes Figures;
  - (e) All Cancellations Figures; and
  - (f) On Time Figures.

Such data shall be published by the Operator within ten (10) Weekdays of it becoming available to the Operator.

- 3.2 The Operator shall ensure that the data published by it pursuant to paragraph 3.1 shall in each case be shown:
- (a) in relation to all Passenger Services;
  - (b) disaggregated by reference to Service Groups;
  - (c) on a periodic and/or on an average basis (as applicable); and
  - (d) include details of:
    - (i) the number of Passenger Services operated by the Operator during each relevant Reporting Period which are late in arriving at their final scheduled destination in the Plan of the Day:
      - (A) by between 30 minutes and 59 minutes;
      - (B) by between 60 minutes and 119 minutes; and
      - (C) by 120 minutes or more,

and the percentage that each such category of delayed Passenger Services represents of the total number of Passenger Services scheduled to be provided in the Plan of the Day during such Reporting Period; and

- (ii) the number of Passenger Services formed with less than the required Passenger Carrying Capacity specified in the Train Formation Capacity Plan during such Reporting Period and the percentage that this represents of all Passenger Services scheduled in the Train Formation Capacity Plan to be operated in that Reporting Period.

3.3 As part of each Customer Report to be provided by the Operator pursuant to paragraph 1 (*Customer Report*) of this Chapter 5.1, the Operator shall publish (in such format as the Secretary of State may require):

- (a) the mean average of each of the Cancellations Figures and the Short Formations Figures for the Reporting Periods that have elapsed since the last Reporting Period reported on in the previous Customer Report (or, in the case of the first (1st) Customer Report, since the last Reporting Period reported on in the last Customer Report provided by the Previous Operator in accordance with the Previous Agreement (and as defined therein));
- (b) the latest Time to 3 Minutes Figures, Time to 15 Minutes Figures, All Cancellation Figures and On Time Figures for the last Reporting Period before publication of the relevant Customer Report;
- (c) a summary comparison of the statistics produced pursuant to paragraphs 3.3(a) and 3.3(b) as against the equivalent statistics provided for the same Reporting Period(s) in the previous Contract Year (or, in the case of the first (1st) Customer Report, those provided by the Previous Operator in accordance with the Previous Agreement);
- (d) an update on the key activities undertaken by the Operator to improve its performance in relation to the measures referred to in paragraphs 3.3(a) and 3.3(b); and
- (e) a summary of the key activities planned to be undertaken by the Operator in the period in relation to which the next Customer Report will report to improve its performance in relation to the measures referred to in paragraphs 3.3(a) and 3.3(b).

#### 4. **Publication of Complaints and Faults Handling Data**

4.1 As part of each Customer Report to be provided by the Operator pursuant to paragraph 1 (*Customer Report*) of this Chapter 5.1, the Operator shall publish (in such format as the Secretary of State may require) in relation to the Reporting Periods that have elapsed since the last Reporting Period reported on in the previous Customer Report or, in the case of the second (2<sup>nd</sup>) Customer Report, since the last Reporting Period reported on in the last Customer Report provided by the Previous Operator in accordance with the Previous Agreement (and as defined therein):

- (a) a summary of the data published by the ORR from time to time in relation to the handling of passenger complaints regarding the Operator's operation of the Passenger Services;
- (b) details of the number of faults notified to the Operator by passengers or station users through specified channels including the website of the Operator (each a "**Notified Fault**") in each case identifying the total numbers of Notified Faults (by reference to whether such Notified Faults relate to rolling stock or stations), with such numbers further disaggregated by Service Group and broken down into relevant sub-categories of Notified Fault;
- (c) the mean average time taken by the Operator:
  - (i) to resolve Notified Faults; and
  - (ii) where Notified Faults are not resolved within twenty (20) Weekdays, to provide feedback to applicable passengers and/or station users on its progress in seeking resolution of such Notified Faults; and

- (d) a summary comparison of:
- (i) the mean average number of Notified Faults notified to the Operator;
  - (ii) the mean average time taken by the Operator to resolve Notified Faults; and
  - (iii) the mean average time taken by the Operator, where Notified Faults have not been resolved within twenty (20) Weekdays to provide feedback to applicable passengers and/or station users on its progress in seeking resolution of such Notified Faults,

in each case in comparison with the relevant equivalent mean average statistics provided for the same Reporting Periods in the previous Contract Year (or, in the case of the first (1st) Customer Report, those provided by the Previous Operator in accordance with the Previous Agreement).

## 5. **Passenger's Charter**

### 5.1 **Content**

The Operator shall:

- (a) publish its Passenger's Charter:
  - (i) in substantially the same form as the document in the agreed terms marked **PC**; and
  - (ii) in accordance with the requirements specified in paragraph 5.3;
- (b) review the need for changes to the Passenger's Charter at least every three (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 Secretary of State; and
- (c) state the date of publication clearly on the front cover of the Passenger's Charter.

5.2 The Operator may not change the Passenger's Charter without the Secretary of State's prior written consent.

### 5.3 **Publishing the Passenger's Charter**

The Operator shall publicise its Passenger's Charter by:

- (a) providing copies to the Secretary of State and the Passengers' Council at least seven (7) days before it comes into effect;
- (b) sending a printed copy, free of charge, to any person who requests it; and
- (c) displaying it on its website at all times and, in the case of any revision thereto, at least seven (7) days before such revision comes into effect,

save in respect of the Passenger's Charter which is effective on the Start Date, in which case the Operator shall publicise such Passenger's Charter in the manner contemplated by this paragraph 5.3 on and from the Start Date.

5.4 The Operator shall provide copies of its Passenger's Charter to the operators of Operator Access Stations to enable such operators to publish it.

### 5.5 **Passenger's Charter Payments and Other Obligations**

The Operator shall:

- (a) make all payments 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 Operator is legally obliged to do so);
- (b) use all reasonable endeavours to make passengers aware of their right to claim compensation pursuant to the Passenger's Charter including by:
  - (i) displaying the relevant information on trains and at Stations;

- (ii) making appropriate announcements to passengers on trains and at Stations when the circumstances giving rise to that right occur;
  - (iii) making compensation claim forms readily available to passengers at Stations and on the Operator's website; and
  - (iv) any other reasonable means to reflect future advancements in technology proposed in writing either by the Operator or the Secretary of State and agreed by both Parties; and
- (c) use all reasonable endeavours:
- (i) to comply with any other obligations, statements and representations; and
  - (ii) to meet any other standards or targets of performance,
- as are comprised in its Passenger's Charter from time to time.

## 6. **Compensation**

6.1 Save with the prior written consent of the Secretary of State, the Operator shall not:

- (a) enter into any new agreement, contract or other arrangement which relates to the receipt, review, response to, or processing of passengers' compensation claims;
- (b) materially amend, vary or waive the terms of any existing agreement, contract or other arrangement which relates to the receipt, review, response to, or processing of passengers' compensation claims; or
- (c) extend the term of any agreement, contract or other arrangement which relates to the receipt, review, response to, or processing of passengers' compensation claims.

## 7. **Publishing the Timetable**

7.1 The Operator shall, unless otherwise instructed by the Secretary of State, publish the Timetable, and revisions and alterations on the Timetable via the following media:

- (i) at each staffed Station, by making the relevant information available upon request and free of charge in one or more booklets or in other similar form;
- (ii) at each Station by displaying the relevant information via digital displays or on static information displays where digital displays are not available or functioning;
- (iii) at each Operator Access Station, by providing to the operator of each such station the departure and arrival times of the Passenger Services that call at each such station and the principal Connections to any other transport services relevant to each such station in the same forms as are specified in paragraphs (i) and (ii); and
- (iv) on the Operator's website, and

such publication shall be from the Start Date, and in the case of revisions and alterations at least four (4) weeks before the changes come into effect.

## 7.2 **Late and Emergency Timetable Changes**

The Operator shall inform passengers, so far as possible on not less than seven (7) days' prior notice or as soon as practicable in relation to emergency changes, if it will be unable to operate in accordance with the Timetable. Such information shall include any revised Timetable or travelling arrangements.

7.3 Such information shall be provided (in each case as soon as practicable) by:

- (a) at each Station, displaying the relevant information via digital displays or on static information displays where digital displays are not available or functioning;
- (b) notifying the operators of the Operator Access Stations, as appropriate; and
- (c) updating the Operator's website.



7.4 Where any amendments to the Timetable are made pursuant to paragraphs 3, 4, 5 or 6 of Chapter 4.2 (*Operating Obligations*) the Operator shall inform passengers as soon as practicable in accordance with paragraph 7.3 and;

- (a) via the Operator's social media accounts (through which the Operator shall in any event publish any such amendments to the Timetable no later than two (2) hours following agreement of such amendments); and
- (b) via any other direct means of communication with passengers available to the Operator, including email and/or text messaging services.

#### 7.5 **Other Train Operators' Timetables**

The Operator shall also comply with the requirements of paragraphs 7.1 to 7.4 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 or in respect of which Connections to such other Train Operators railway passenger services can be made from that Station:

- (a) within the time limits specified in paragraphs 7.1 to 7.4 where and to the extent that such other Train Operator delivers to the Operator the relevant information and materials in sufficient time for the Operator to so publish; and
- (b) as soon as practicable thereafter where and to the extent that such other Train Operator delivers the relevant information and materials late to the Operator.

#### 7.6 **National Rail Timetable and National Rail Enquiry Scheme**

The Operator 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 timetable), 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.

7.7 The Operator shall use all reasonable endeavours to procure that information in relation to:

- (a) the Timetable; and
- (b) any material alterations to the Timetable to take effect between any two (2) Passenger Change Dates,

is available to passengers through the National Rail Enquiry Scheme (or any replacement) not less than four (4) weeks prior to coming into effect.

### 8. **Route Maps**

8.1 The Operator shall produce a Route Map which shall include as a minimum;

- (a) all stations served by the Passenger Services; and
- (b) key stations located on any Other Passenger Route Within the Geographical Area (which shall either be selected by the Operator on a reasonable basis or, if so directed by the Secretary of State, specified by the Secretary of State in a notice to the Operator).

8.2 The Route Map shall include notes identifying:

- (a) in relation to any Other Passenger Route Within the Geographical Area with a principal destination point outside of the Geographical Area, such ultimate origin or ultimate destination point; and
- (b) those Routes over which services are also operated and such service is:
  - (i) operated by a passenger train operator other than the Operator; and
  - (ii) run on a more frequent basis (as stated in the National Rail Timetable) than the Passenger Services.



- 8.3 The Operator shall, as soon as practicable, update the Route Map in all places where it is displayed where there is any change:
- (a) to the Passenger Services, leading to a change in the routes falling within the definition of Route; or
  - (b) to the passenger services operated by another passenger train operator (as stated in the National Rail Timetable), leading to a change to the routes falling within the definition of Other Passenger Route Within the Geographical Area.
- 8.4 The Route Map shall at all times be displayed:
- (a) in every passenger carrying vehicle within the Train Fleet;
  - (b) at every Station; and
  - (c) on its website.
- 8.5 The Operator shall be regarded as having complied with the requirement of paragraph 8.1 if a map that meets the requirements of a Route Map is produced by a Local Authority or other relevant Stakeholder. The provisions of paragraphs 8.3 and 8.4 shall apply in relation to any such map.

## Chapter 5.2

### Customer Schemes

#### 1. Consultations

The Operator shall undertake consultations from time to time as required with:

- (a) passengers, potential passengers, Stakeholders and other users of the rail network;
- (b) Disabled Persons who are the subject of the Operator's Accessible Travel Policy; and
- (c) persons with other protected characteristics within the meaning of the EA 2010, for the purposes of the Customer Report.

#### 2. Community Rail Partnerships

2.1 The Operator shall become a member of and shall continue to participate in the Community Rail Partnerships relevant to the Passenger Services, including the Community Rail Partnerships listed in the table in Appendix 1 to this Chapter 5.2 (and any successor Community Rail Partnerships). As part of such participation the Operator shall identify a senior Business Employee whose duties shall include:

- (a) supporting the Community Rail Partnerships;
- (b) ensuring managerial focus within the Operator's organisation to enable the Operator to meet its Community Rail Partnership obligations; and
- (c) leading on the Operator's development of community rail projects.

2.2 The Operator shall, at the request of the Secretary of State:

- (a) co-operate with the Secretary of State, Network Rail, Community Rail Network, local transport authorities and/or any other person as the Secretary of State may nominate for the purposes of developing and furthering the success of the Community Rail Partnerships;
- (b) co-operate with, establish and/or participate in any Community Rail Partnership;
- (c) provide technical support in respect of timetable specification for the Community Rail Partnerships, including providing appropriate journey and revenue data; and
- (d) co-operate in the development of the Secretary of State's initiatives to examine:
  - (i) options for a more cost effective delivery of the railway passenger services operated on any Community Rail Route (such options to include changes in working practices of the relevant Business Employees, reducing rolling stock lease costs and maximising opportunities for obtaining local funding of development at relevant stations and developing new ways of maintaining and renewing relevant railway infrastructure); and
  - (ii) the actual costs incurred in operating, maintaining and renewing the infrastructure relevant for such Community Rail Route.

2.3 The Operator shall use all reasonable endeavours to develop and implement the Community Rail Partnership's initiatives in order to increase the use of the Passenger Services by non-users of the Passenger Services and tourists including, where appropriate, the development of and implementation of marketing strategies.

2.4 The Secretary of State may at any time, by proposing a variation pursuant to paragraph 6 of Chapter 9.7 (*Miscellaneous Legal Terms*) require the transfer of any Rail Services to another Train Operator in order to deliver either of the initiatives that were examined pursuant to paragraph 2.2(d).

2.5 The Operator shall become a member and shall continue to participate in the National Community Rail Steering Group.

- 2.6 Within one (1) month of the Start Date in respect of the first Contract Year and no later than three (3) months before the start of each subsequent Contract Year, the Operator shall provide to the Secretary of State a report (“**Community Rail Report**”) setting out the distribution of the CRP Amount in full amongst the Community Rail Partnerships identified in paragraphs 2.1 and 2.2.
- 2.7 The Community Rail Report shall contain the following information:
- (a) a statement confirming that the Operator’s distribution of funds to the Community Rail Partnerships takes account of the Secretary of State’s then current published Community Rail Strategy;
  - (b) a statement confirming that the Operator has discussed the funding of the Community Rail Partnerships with Community Rail Network and has taken sufficient account of Community Rail Network’s views;
  - (c) confirmation that the Operator has discussed with all Community Rail Partnerships the aims and needs of such partnerships and the funding required to achieve these;
  - (d) a table setting out:
    - (i) the relevant portions of the CRP Amount which are to be paid to each Community Rail Partnership (on a non-indexed basis) in each Contract Year during the Contract Term; and
    - (ii) a forecast of the relevant portions of the CRP Amount which would be forecast to be paid to each Community Rail Partnership (on a non-indexed basis) in each twelve (12) month period during any part of the applicable Business Plan Period which falls outside the Contract Term,
 

(it being acknowledged that these amounts are likely to be different for each Community Rail Partnership);
  - (e) the activities undertaken by the Operator pursuant to paragraph 2.3 of this Chapter 5.2;
  - (f) not used; and
  - (g) such further information as the Secretary of State may from time to time request.
- 2.8 The Operator shall within thirty (30) days of the commencement of each Contract Year, make the relevant payments totalling the CRP Amount to each of the Community Rail Partnerships identified in the Community Rail Report for that year.
- 2.9 The Operator shall hold an annual conference for the Community Rail Partnerships’ officers and station adopters in conjunction with the Community Rail Network to encourage the spread of best practice and to communicate plans for service development. The first such conference shall be held no later than one (1) year after the last such conference held pursuant to the Previous Agreement.
- 2.10 The Operator shall devise and implement, in collaboration with the relevant Community Rail Partnership, a “**station adopters scheme**” under which members of the local community can “**adopt**” a local Station and engage in activities such as:
- (a) promotion of the Passengers Services calling at the Station;
  - (b) monitoring and reporting faults, damage and anti-social and criminal behaviour;
  - (c) carrying out minor Station cleaning and maintenance tasks and the development and cultivation of station gardens.
- 2.11 The Operator shall use all reasonable endeavours to promote the station adopters scheme and provide safety and other training and support to participants.
- 2.12 In collaboration with the relevant Community Rail Partnership and other Stakeholders the Operator shall use all reasonable endeavours to identify sources of third party funding for the

Community Rail Partnerships and encourage such third parties to make funding commitments.

**Appendix 1 to Chapter 5.2**  
**Community Rail Partnerships**

	<b>Community Rail Partnership</b>	<b>Community Rail Route</b>
1.	Barton Cleethorpes	Barton - Cleethorpes
2.	Bentham Line	Leeds – Lancaster – Morecombe
3.	Bishop Line	Darlington – Bishop Auckland
4.	Borders Railway Community Partnership	Edinburgh - Tweedbank
5.	Clitheroe Line	Clitheroe – Manchester Victoria
6.	Crewe – Manchester	Crewe – Manchester
7.	Cumbrian Coast	Carlisle – Barrow
8.	East Lancashire	Colne – Preston
9.	East Lothian	Dunbar – Edinburgh Waverley
10.	Esk Valley Railway Development Company	Middlesbrough – Whitby
11.	Furness Line	Lancaster – Barrow-in-Furness
12.	Hope Valley & High Peak	Manchester – Sheffield / Buxton / Glossop
13.	Lakes Line	Oxenholme – Windermere
14.	Mid Cheshire	Manchester – Northwich – Chester
15.	North Notts and Lincs	Doncaster - Lincoln/Barnetby
16.	Penistone Line	Huddersfield – Sheffield
17.	Settle Carlisle Railway Development Company	Leeds – Carlisle
18.	6VT Youth	Edinburgh Waverley
19.	South East Lancashire	Bolton - Preston/Wigan/Bromley Cross/Manchester (Victoria/Piccadilly)
20.	South East Manchester	Manchester Piccadilly
21.	South Fylde	Preston – Blackpool South
22.	Tyne Valley	Newcastle – Carlisle
23.	West Lancashire	Preston – Ormskirk

	<b>Community Rail Partnership</b>	<b>Community Rail Route</b>
24.	Yorkshire Coast	Hull – Scarborough
(and any successor Community Rail Partnerships)		

## Chapter 5.3

### Accessibility and Inclusivity

#### 1. Relationship with other obligations relating to Disabled Persons

1.1 The Operator acknowledges that its obligations in this Chapter 5.3 are in addition to and do not limit its obligations to comply with:

- (a) the EA 2010 and any regulations imposed by it;
- (b) any applicable condition(s) in any of its Licences (including in respect of Disabled Persons); and
- (c) any other requirements of the Service Contract.

1.2 This Chapter 5.3 sets out requirements for changes, improvements to and maintenance of stations to facilitate and maximise accessibility and use by Disabled Persons and those requiring assistance.

1.3

- (a) Subject to paragraph 1.3(c) below, it is acknowledged that the Operator is subject to obligations regarding accessibility under the terms of its Licences (including under the form of its Accessible Travel Policy as approved from time to time by the ORR in connection with the requirements of its Licences) (the “**Licence Accessibility Obligations**”).
- (b) Where any matter included in this Chapter 5.3 is the subject of a Licence Accessibility Obligation, it is agreed that compliance with the Licence Accessibility Obligation shall take precedence over this Chapter 5.3 such that compliance with the Licence Accessibility Obligation shall be deemed to fulfil the obligation of the Operator in respect of that matter under this Chapter 5.3 and any failure by the Operator in respect of that matter shall be addressed under that Licence and not under the Service Contract.
- (c) Paragraph 1.3(a) shall have no application to paragraph 3 (*Dealing with Claims relating to Stations*).

#### 2. Physical Alterations and Accessibility of Stations

2.1 Standards set out in the ‘Design Standards for Accessible Railways: Code of Practice’ or any successor regulatory document must be met whenever station infrastructure is installed, replaced or renewed. In respect of physical alteration works at stations to facilitate accessibility and use by Disabled Persons, it is acknowledged by the Operator that:

- (a) there is limited funding available to the Secretary of State to assist Train Operators 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 as identified through an accessibility (audit) data collection with the Operator responsible for designing and delivering this; and
- (c) the Secretary of State’s Access for All programme of works of physical alterations at stations addresses these issues in a structured way.

2.2 The Operator shall:

- (a) co-operate with and assist the Secretary of State in the development and furtherance by the Secretary of State of the programme described in paragraph 2.1(c) by providing to the Secretary of State:
  - (i) information concerning the usage of Stations (including, where and to the extent practicable, usage of Stations by Disabled Persons); and



- (ii) following consultation with its Accessibility Panel, advice as to the most effective way in which accessibility for Disabled Persons could, in the Operator's reasonable opinion, be improved at Stations;
  - (b) co-operate reasonably with other Train Operators and/or Network Rail to seek to ensure that the needs of Disabled Persons are considered in any planned work on the Stations and, so far as 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 of the Operator) for improving accessibility for Disabled Persons at Stations (in addition to any funding secured through the Secretary of State pursuant to paragraph 2.5), including from Local Authorities, local development agencies and National Lottery funding. The Operator shall notify the Secretary of State 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 Operator shall 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 and shall not make physical access more difficult as a result of inappropriately designed and/or sited barriers or other physical changes required by the multi-modal scheme.
- 2.4 If, during the Contract Term:
- (a) the Operator has complied with its obligations in section 20(4) and section 20(9), as varied by paragraph 2(3) of Schedule 2 of the EA 2010 (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
  - (b) notwithstanding such compliance, the Operator 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 and which was not contemplated in the CP Budget,
- the Operator may propose a change to the CP Budget in respect of the same.
- 2.5 If the Operator proposes a change to the CP Budget under paragraph 2.4, and demonstrates to the Secretary of State's satisfaction that the criteria in paragraph 2.4 have been satisfied, then the change to the CP Budget shall occur at the next CP Quarter following the Operator's proposal under paragraph 2.4 and the Operator shall deliver the relevant improvements so as to comply with the EA Requirements referred to in paragraph 2.4(b).
- 2.6 If and to the extent the Operator 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 an Operator Access Station, provided that the Operator:
- (a) notifies the Secretary of State within seven (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 Secretary of State's directions regarding the exercise of any rights the Operator may have in respect thereof,
- the imposition of the increased access charges shall result in a change to the CP Budget.

### 3. **Dealing with Claims relating to Stations**

- 3.1 If the Operator receives notification of a claim under the EA 2010 in respect of any alleged non-compliance with the EA Requirements or otherwise in respect of any Station (an “**EA Claim**”) then the Operator shall:
- (a) notify the Secretary of State within seven (7) days of receiving notification of the EA Claim. The Operator shall at the same time notify the Secretary of State of any reasonable alternative methods of making services at the Station accessible to Disabled Persons that it has considered and/or put in place pursuant to section 20(4) and section 20(9), as varied by paragraph 2(3) of Schedule 2 of the EA 2010;
  - (b) if required by the Secretary of State, defend the EA Claim or any aspect of the EA Claim (which may include appealing the judgment). The Secretary of State shall, subject to paragraph 3.4, pay the Operator’s reasonable costs of:
    - (i) any defence or appeal required by the Secretary of State; and/or
    - (ii) compliance with the Secretary of State’s instructions in accordance with paragraph 3.1(c); and
  - (c) act in accordance with the instructions of the Secretary of State 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 Secretary of State) 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 Operator, it will be more cost effective to settle the EA Claim rather than act in accordance with the Secretary of State’s requirement under paragraph 3.1, it shall produce for the Secretary of State’s review and consent a settlement proposal, setting out the terms of the Operator’s proposals to make an offer to the Disabled Person making the EA Claim and its reasons for making such offer (the “**Settlement Proposal**”).
- 3.3 If the Secretary of State does not accept the Settlement Proposal and still requires the Operator to defend the EA Claim (or any aspect of it) then the Operator shall defend the EA Claim in accordance with paragraph 3.1.
- 3.4 If the Operator is required to defend an EA Claim where it has submitted a Settlement Proposal to the Secretary of State 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 the Secretary of State shall pay to the Operator:
- (a) the total amount of such award; and
  - (b) the further reasonable costs incurred or payable by the Operator in defending the EA Claim, to the extent that such costs have not already been paid by the Secretary of State under paragraph 3.1(b).
- 3.5 Not Used.

### 4. **Specific additional obligations relating to Disabled Persons**

- 4.1 To the extent the Previous Operator did so prior to the Start Date, the Operator shall continue to implement procedures necessary to:
- (a) record the making of reservations for seating accommodation and for spaces for wheelchairs and/or for the provision of assistance to, Disabled Persons which are made through the Passenger Assist (or whatever service may replace it from time to time for the purposes of ORR’s most recent guidance on the Accessible Travel Policies);
  - (b) record whether such seating accommodation and/or assistance is actually provided, whether there has been a delay in providing such assistance at either departing, arrival or any interchange stations, and whether the journeys planned using

Passenger Assist have been completed successfully (e.g. by surveying a representative sample of users); and

- (c) provide the results of such records to the Secretary of State, and publish a summary of the data in its Customer Report(s) and on the relevant section of the Operator’s website.
- 4.2 By no later than 30 June 2023, the Operator shall notify the Secretary of State of:
- (a) the extent to which the Previous Operator recorded the matters described in paragraphs 4.1(a) and 4.1(b) above (collectively referred to as the “**Seating and Assistance Provisions**”); and
  - (b) if and to the extent to which the Previous Operator did not previously record any aspect of the Seating and Assistance Provisions, the Operator’s assessment of the costs, practicalities and timescales involved in putting in place the necessary systems and processes to enable them to do so.
- 4.3 Following the notifications referred to in paragraph 4.2:
- (a) if the Previous Operator recorded the Seating and Assistance Provisions, the Operator shall continue to do so and shall provide the results of such records to the Secretary of State, and publish a summary of the data in its Customer Report(s) and on the relevant section of the Operator’s website; and
  - (b) if the Previous Operator did not record any aspect of the Seating and Assistance Provisions, then the Secretary of State may by a Business Plan Revision require the Operator to establish and implement the necessary systems and processes by such date as the Secretary of State may specify (having regard to any assessment provided by the Operator pursuant to paragraph 4.1 above), and with effect from such date, it shall record Seating and Assistance Provisions and shall provide the results of such records to the Secretary of State and publish a summary of the data in its Customer Report(s) and on the relevant section of the Operator’s website.
- 4.4 The Operator shall promptly send to the Secretary of State a copy of:
- (a) each set of results of the surveys of Passenger Assist users that the Operator undertakes pursuant to its Accessible Travel Policy; and
  - (b) any reports that the Operator submits to ORR in connection with the effectiveness of, and satisfaction with, the Passenger Assist service.
- 4.5 The Operator shall comply with the requirements set out in Appendix 1 (*Accessible Transport Arrangements*) to this Chapter 5.3 in respect of the provision of accessible transport arrangements for Disabled Persons.
5. **Annual Accessibility Update**
- 5.1 The Parties acknowledge that the Operator, pursuant to its Licence Accessibility Obligations, is required to submit reports from time to time to ORR in respect of accessibility matters, including, in relation to:
- (a) the activities undertaken by the Operator to improve accessibility to the Rail Services;
  - (b) the approach that the Operator has taken to assessing the accessibility requirements of passengers pursuant to the requirements of the EA 2010, for example when making decisions about operations, design and service improvements; and
  - (c) the action(s) taken by the Operator to remedy any failure (whether identified by the Operator or ORR) to comply with the Operator’s Accessible Travel Policy or any other accessibility related obligation arising pursuant to its Licence Accessibility Obligations.
- 5.2 The Operator shall provide a copy of any report submitted to ORR pursuant to paragraph 5.1 to the Secretary of State within seven (7) Weekdays of it being submitted to ORR.
6. **Accessibility Director and Accessibility Manager**

6.1 As soon as practicable and by no later than the Start Date, the Operator shall nominate (to the extent that the Operator has not already done so):

- (a) a director to the board of directors of the Operator; and
- (b) an operational manager,

each with specific responsibility of ensuring the Operator complies with its obligations in connection with accessibility, including pursuant to its Accessible Travel Policy requirements.

6.2 The Operator shall ensure that such roles referred to in paragraph 6.1 are filled as soon as practicable after such roles become vacant throughout the Contract Term.

## 7. **Accessibility Panel**

7.1 The Operator shall:

- (a) consult the Accessibility Panel on operational and policy decisions that may have an impact on the needs of passengers with accessibility requirements;
- (b) develop the design of the Enhanced Disability Awareness Training referred to in paragraph 8 below, and the co-design of physical assets, electronic services and applications, and other services and facilities relating to accessibility as appropriate, in each case, actively engaging with the Accessibility Panel as may be appropriate; and
- (c) provide the Accessibility Panel the opportunity to report to the board of directors of the Operator on a quarterly basis.

## 8. **Enhanced Disability Awareness Training**

8.1

(a) By no later than the date falling six (6) months after the Start Date (or such later date as may be agreed by the Secretary of State and the Operator), the Operator shall deliver Enhanced Disability Awareness Training to:

- (i) all Business Employees in customer facing roles (which shall include train drivers); and
- (ii) all staff with management responsibilities (which shall include executive board members of the Operator's board of directors),

who have not received such training under the 2015 Franchise Agreement or the Previous Agreement.

(b) The Operator shall also ensure it delivers the Enhanced Disability Awareness Training to any Business Employees in customer facing roles and any staff with management responsibilities appointed following the Start Date (excluding Business Employees in customer facing roles and any staff with management responsibilities appointed less than two (2) months prior to the Expiry Date if it is not practicable to deliver Enhanced Disability Awareness Training to such Business Employees or staff) as soon as practicable after their appointment.

(c) If at any time there is material change to the Enhanced Disability Awareness Training as compared to the relevant training provided previously to Business Employees in customer facing roles and staff with management responsibilities pursuant to this paragraph 8.1, the Operator shall use all reasonable endeavours to communicate the new and/or amended Enhanced Disability Awareness Training (including relevant materials) to the Business Employees in customer facing roles and staff with management responsibilities which had received the previous Enhanced Disability Awareness Training.

8.2 In developing the Enhanced Disability Awareness Training, the Operator shall:

- (a) take into account a wide range of disabilities (including non-visible disabilities); and
- (b) ensure the content complies with the requirements of the ORR's Accessible Travel Policy guidance.

- 8.3 The Operator shall involve Disabled Persons and/or groups representing Disabled Persons (which may include the Accessibility Panel) in the delivery of the Enhanced Disability Awareness Training.
9. **Accessible Formats of Passenger Facing Information**
- 9.1 By no later than the Start Date the Operator shall ensure (and continue to ensure throughout the Contract Term) that, if and to the extent practicable, passenger facing information (in whatever form or media) is presented or made available in a range of accessible formats, taking into account the requirements of Disabled Persons in relation to communication (such as passengers who use British Sign Language or “easy read”).
- 9.2 The Parties acknowledge that:
- (a) the ORR licensing regime requires the publication of certain documents (the “**Relevant Documents**”) in accessible formats; and
  - (b) insofar as the obligation in paragraph 9.1 above applies to the Relevant Documents, enforcement action is within the remit of the ORR and accordingly a failure to comply with paragraph 9.1 in respect of the Relevant Documents shall not be treated as a contractual breach of this Contract (but the Operator nevertheless acknowledges that it will remedy any such failure, as soon as practicable and in accordance with any directions as may be given by the ORR).
10. **Diversity Impact Assessments**
- 10.1 The Operator shall, from the Start Date and throughout the Contract Term, ensure that it conducts a diversity impact assessment on all projects and initiatives that will or may affect the interests of persons with protected characteristics (as defined under the EA 2010) carried out by the Operator (except where in the reasonable opinion of the Operator, the project or initiative is sufficiently completed such that a diversity impact assessment is not reasonably expected to materially influence the outcome of the project, in which case the requirement to conduct a diversity impact assessment in respect of that particular project shall not apply).
- 10.2 The Operator shall take such steps as it considers appropriate in light of the conclusions of the diversity impact assessment to ensure that issues affecting people with protected characteristics (as defined under the EA 2010) are properly addressed in compliance with applicable Laws.
11. **Station Accessibility Data Collection**
- 11.1 The Operator shall comply with any request by the Secretary of State in connection with the development and implementation of a station accessibility data collection plan which may include:
- (a) supporting the Secretary of State in developing and designing the methodology for data collection;
  - (b) completing questionnaires and/or using all reasonable endeavours to procure that the relevant station Facility Owner completes the relevant questionnaire;
  - (c) providing information in relation to Station accessibility and/or using all reasonable endeavours to procure that the relevant station Facility Owner provides such information; and
  - (d) providing access to Stations to facilitate accessibility data collection and/or using all reasonable endeavours to procure that the relevant station Facility Owner provides such access,
- in each case, in a timely manner.

## Appendix 1 to Chapter 5.3

### Accessible Transport Arrangements

1. References in this Appendix 1 to Chapter 5.3 (*Accessibility and Inclusivity*) to passengers are references to disabled passengers who are wheelchair users or otherwise severely mobility impaired.
2. Subject to paragraph 4, where:
  - 2.1 a passenger wants to travel on a Passenger Service; and
  - 2.2 the design of the station at which the passenger's journey on such Passenger Service is to start (the "**Departure Station**") or finish (the "**Destination Station**") prevents the passenger from using that station to access or disembark from that Passenger Service,

the Operator shall provide accessible transport arrangements for that passenger in accordance with paragraph 3.
3. The Operator shall provide accessible transport arrangements for the passenger referred to in paragraph 2:
  - 3.1 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;
  - 3.2 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 for the passenger to use to disembark from that Passenger Service; and/or
  - 3.3 to or from such other station as the Operator 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 Operator's obligations under this Appendix 1 to Chapter 5.3 (*Accessibility and Inclusivity*) are subject to:
  - 4.1 reasonable prior notice of the passenger's requirement for accessible transport arrangements; and
  - 4.2 the availability of suitable accessible transport arrangements (provided that the Operator has used all reasonable endeavours to ensure that it has arrangements in place to meet requirements for the provision of such accessible transport arrangements).



## Chapter 5.4

### Customer Benefits

#### 1. Smart Ticketing

##### 1.1 The Operator shall:

- (a) join and comply with any RDG approved Smart Ticketing Schemes relevant to some or all of the Passenger Services unless otherwise directed by the Secretary of State;
- (b) fully and effectively co-operate with Network Rail, other Train Operators, Transport for the North and relevant Local Authorities, including in relation to the provision of any required equipment, to implement and operate Smart Ticketing Schemes;
- (c) fully and effectively co-operate with other Train Operators, Transport for the North, Local Authorities and other organisations in relation to proposals to apply Smart Ticketing Schemes to new or existing multi-modal fares schemes, including in the implementation of any Smart Media technology pursuant to any multi-modal fares schemes that it may participate in pursuant to its obligations under paragraph 2.1 (*Multi Modal Fares Schemes*) of Chapter 8.2.8 (*Transport, Travel and Other Schemes*) or as directed by the Secretary of State within and beyond the Rail Services boundary on other modes; and
- (d) prepare and submit a report to the Secretary of State in advance of each Contract Performance Meeting (in such form as the Secretary of State may require) setting out:
  - (i) the baseline of uptake and journey usage of Smart Media from the Start Date and level of migration from magstripe tickets and increased take-up and journeys made using Smart Ticketing Schemes, as a minimum disaggregated between types of fares (Season Ticket Fares, Single Fares and Saver Return Fares) and type of Smart Media (using the LENNON database as the sole source of data unless otherwise agreed with the Secretary of State) by users of the Passenger Services, for each completed Reporting Period during the Contract Term;
  - (ii) the Operator's performance against the Smart Media Targets as specified in the Business Plan;
  - (iii) the steps that the Operator is taking, including other Train Operators, Network Rail, Transport for the North, Local Authorities or other organisations that it will be working with, to increase channel shift to Smart Ticketing Schemes operated by the Operator, or enabled by the Operator for other Smart Ticketing Schemes, and increase usage of Smart Ticketing Schemes by users of the Passenger Services; and
  - (iv) demonstrate how the information and data provided by Smart Ticketing Schemes has been used to better inform customers and provide customer support before, during and after their journey,

and the Operator shall present the report at the Contract Performance Meeting.

##### 1.2 The Operator shall ensure, with effect from the Start Date in relation to any ITSO Smart Media Ticketing Scheme which the Previous Operator operated prior to the Start Date and from the date of commissioning in relation to any ITSO Smart Media Ticketing Scheme introduced by it during the Contract Term, that from such relevant date until the end of the Contract Term:

- (a) it continues to provide, make available and promote (and where applicable effectively maintain) such ITSO Smart Media Ticketing Scheme (including any associated infrastructure);

- (b) all components of the ITSO Smart Media Ticketing Scheme (and any amendment, extension or replacement thereof) inherited, used or introduced by the Operator (whether on a permanent or a trial basis) are at all times compliant with:
    - (i) version 2.1.4 of the ITSO Specification;
    - (ii) the ITSO Operating Licence; and
    - (iii) RSPS3002,
 or such subsequent versions as the Operator and the Secretary of State may agree;
  - (c) any ITSO Certified Smart Media readers introduced by the Operator (whether on a permanent or temporary basis) shall conform to EMV level 1 certification (hardware) and be capable of being upgraded whilst in operation to EMV level 2 (application) and to EMV level 3 (end to end certification) where there is a contactless payment scheme in place or one is proposed;
  - (d) both the RDG operated central back office and the RSP owned product set that is compliant with the ITSO Specification are used;
  - (e) all available Fares on all Flows for which it is Lead Operator are capable of residing upon and being fulfilled as soon as practicable by the use of ITSO Certified Smart Media; and
  - (f) if so requested in writing by another Train Operator, the Operator shall as soon as practicable give all necessary permissions to that Train Operator so that all available Fares on all Flows for which that Train Operator is Lead Operator are capable of residing upon and being fulfilled by the use of ITSO Certified Smart Media.
- 1.3 Where the Previous Operator was a participant in any RDG approved Smart Ticketing Scheme pursuant to the Previous Agreement, the Operator shall take such action as may be required to ensure that it continues to participate in such Smart Ticketing Scheme from the Start Date without any disruption to the continuity of service received by passengers unless otherwise directed by the Secretary of State.
- 1.4 Without prejudice to its other obligations pursuant to paragraphs 1 and 2 of this Chapter 5.4, the Operator shall undertake such further actions as the Secretary of State may require in connection with the introduction of Smart Ticketing Schemes.
- 1.5 Either Party may propose, or the Secretary of State may determine, a change to the definition of “Smart Media” to include any new technology which enables the fulfilment of a Smart Ticketing Scheme.
- 1.6 The Operator shall ensure that all Weekly Season Tickets, Monthly Season Tickets and Annual Season Tickets which are ordered through the Operator’s online retail channels or at ticket offices are, as the default option, offered to the customer on Smart Media.

## 2. Retail

- 2.1 The Operator shall provide a high quality standard of ticket retailing to all customers including people with physical, developmental, cognitive and/or sensory impairments, people with mental health conditions, people with reduced mobility, and any other class of people that the Secretary of State may designate from time to time across the different communication channels and points of purchase. This will include:
- (a) providing clear information about fares, Passenger Services and ticketing options, including restrictions and fulfilment methods, ensuring:
    - (i) these are easy to access and consistent across the different communication channels, points of purchase and on tickets; and
    - (ii) customers can easily identify and choose the cheapest appropriate fare for their journey;
  - (b) ensuring online, digital and self-service channels are easy to access, clear and user-friendly and incorporate and promote Smart Media functionality;



- (c) any new or substantially upgraded ticketing retail machines and systems incorporate Smart Media functionality as directed by the Secretary of State;
  - (d) ticket vending machines adopting the RDG Design Guidelines;
  - (e) accepting multiple payment methods; and
  - (f) providing options for those without access to, or unable to use, technology.
- 2.2 The Operator shall promote Smart Media across all retail channels enabling customers to make journeys without a magstripe ticket and facilitating integration for all journeys made entirely on Passenger Services.
- 2.3 Without prejudice to its other obligations pursuant to paragraphs 1 and 2 of this Chapter 5.4, the Operator shall undertake such further actions as the Secretary of State may require in connection with the introduction of retailing proposals.
- 2.4 The Operator shall:
- (a) bring forward new proposals for implementing; and/or
  - (b) introduce and implement,
- such amendments to the Ticketing and Settlement Agreement, the Pay As You Go Agreement, the CPAY Agreement and any other applicable industry agreements (including any successor arrangements or any other agreement between the Operator and one or more other Train Operators, rail industry parties and other relevant organisations (including Transport for London) relating to ticketing, fares, fares settlement, the operation of discount schemes or any related matter) as may be directed by the Secretary of State from time to time.
- 2.5 During the term of this Contract, the Operator shall not enter into any new arrangements or material amendments to existing arrangements for the delivery of Fares, ticketing or the retailing of tickets without the prior written consent of the Secretary of State.
- 2.6 The Operator shall promptly (and in any event within any timeframes specified by the Secretary of State) provide to the Secretary of State such information and data in relation to Fares, ticketing and the retail of tickets as the Secretary of State may require from time to time.
3. **Cycles**
- The Operator shall permit the carriage of folding cycles on all Passenger Services and non-folding cycles wherever practicable.
4. **Baby Changing Facilities**
- The Operator shall throughout the Contract Term ensure that each train operated by the Operator in delivering the Passenger Services that is fitted with toilet facilities is also fitted with such number of baby change facilities as is necessary to be compliant with the requirements of the Relevant Technical Specification.
5. **Station Toilet Access**
- The Operator shall ensure that no charge is levied in respect of access to toilet facilities at any Station.
6. **Security at Stations**
- 6.1 The Operator shall maintain for the duration of the Contract Period the Secure Stations Accreditation for the Stations already achieved by the Train Operator as set out in Appendix 1 (*List of Stations and Car Parks with accreditation*) to this Chapter 5.4.
- 6.2 The Operator shall maintain for the duration of the Contract Period the Park Mark scheme for the Stations already achieved by the Train Operator as set out in Appendix 1 (*List of Stations and Car Parks with accreditation*) to this Chapter 5.4.
- 6.3 In the event that the TRH Score for a Station increases by five per cent (5%) or more from the previous year's TRH Score for such Station, the Operator shall:

- (a) in respect of a Station that does not have Secure Station Accreditation, notify the Secretary of State of such increase and, as soon as practicable, obtain Secure Station Accreditation for such Station and shall maintain the same throughout the Contract Period; or
  - (b) in respect of a Station that already has Secure Station Accreditation (either pursuant to paragraph 6.1 above, or because the Operator has been required to obtain Secure Station Accreditation pursuant to paragraph 6.3(a) above), notify the Secretary of State of such TRH Score increase and the provisions of paragraph 6.4 shall apply.
- 6.4 Upon the Secretary of State receiving notification pursuant to paragraph 6.3(b) above, the Secretary of State may, following consultation with the British Transport Police, revoke the Secure Station Accreditation for such Station.
- 6.5 Where a Station loses its Secure Station Accreditation (whether pursuant to paragraph 6.4 or otherwise) the Operator shall:
- (a) obtain Secure Station Accreditation for such Station as soon as practicable, in any event no later than twelve (12) months from and including the date of the loss of such Secure Station Accreditation; and
  - (b) maintain such Secure Station Accreditation once obtained for the duration of the Contract Period.
7. **CCTV**
- 7.1 The Operator shall ensure that any installation of, or upgrade to, CCTV in the areas accessible by passengers of any vehicle that is operated as part of the Train Fleet shall be undertaken in accordance with the CCTV Guidance.
- 7.2 The Operator shall ensure that any installation of, or upgrade to CCTV at any Station shall be undertaken in accordance with the CCTV Guidance.
- 7.3 The Operator shall ensure that any body worn video equipment used by any Business Employees, and any system associated with it, shall comply with the CCTV Guidance.

**Appendix 1 to Chapter 5.4****List of Stations and Car Parks with accreditation****1. Stations**

- (a) Barnetby;
- (b) Brough;
- (c) Cleethorpes;
- (d) Dewsbury;
- (e) Grimsby Town;
- (f) Huddersfield;
- (g) Hull;
- (h) Malton;
- (i) Manchester Airport;
- (j) Middlesbrough;
- (k) Northallerton;
- (l) Seamer;
- (m) Scarborough;
- (n) Scunthorpe;
- (o) Selby;
- (p) Stalybridge;
- (q) Thirsk;
- (r) Thornaby; and
- (s) Yarm.

**2. Car Parks**

- (a) Brough;
- (b) Cleethorpes;
- (c) Grimsby Town;
- (d) Huddersfield;
- (e) Hull;
- (f) Malton;
- (g) Middlesbrough;
- (h) Northallerton;
- (i) Scarborough;
- (j) Scunthorpe;
- (k) Selby;
- (l) Thirsk; and

(m) Thornaby.

## Chapter 5.5

### Customer Experience Performance

#### Part 1: Service Quality Regime

##### 1. Purpose

1.1 This Part 1 of Chapter 5.5 sets out the following:

- (a) Part A – Service Quality Management Process;
- (b) Part B – Inspections and Audits;
- (c) Part C – Calculation of Pass Rates and Calculations related to the Service Quality Regime;
- (d) Part D – Publication and Reporting Requirements; and
- (e) Part E – Remedies.

#### Part 1A - Service Quality Management Process

##### 2. Service Quality Management

###### 2.1 SQR Management System

- (a) The Operator shall put in place service quality management arrangements and processes (including the collection of relevant data) which shall (as a minimum):
  - (i) be capable of measuring and reporting the Operator’s performance against each Service Quality Indicator comprised in a Service Quality Area;
  - (ii) be capable of recording and retaining Service Quality Rectification Evidence; and
  - (iii) set out procedures for:
    - (A) ensuring compliance with the requirements of this Part 1 of Chapter 5.5 including the obligation to conduct Service Quality Inspections as required pursuant to this paragraph 2; and
    - (B) identifying and rectifying failures identified during each Service Quality Inspection (including processes which ensure that corrective actions identified during any Service Quality Inspection are undertaken in a diligent and prompt manner),

(the “**SQR Management System**”).
- (b) The SQR Management System shall be implemented and fully operational from the Start Date.

###### 2.2 SQR Register

- (a) The Operator shall prepare and complete the SQR Register so as to include the facilities and services which exist on every SQR Train and every SQR Station from the Start Date.
- (b) The form and content of the SQR Register shall include as a minimum the following content:
  - (i) description, purpose and quantity of each facility or service;
  - (ii) photographic evidence of each facility or service;
  - (iii) individual serial number and asset tracking number (where applicable) for each facility or service;
  - (iv) details of the applicable Service Quality Indicators against which the facility or service will be measured and reported against as set out in Appendix 1

(*Service Quality Areas/Service Quality Indicators/Weightings*) of this Part 1 of Chapter 5.5; and

- (v) map of each SQR Station, setting out the location of each facility or service located at such SQR Station.
- (c) The Operator shall maintain the SQR Register and update such SQR Register at such regular intervals as is reasonably necessary to ensure compliance with its obligations under this Part 1 of Chapter 5.5. The Operator shall not, without the prior Approval of the Secretary of State, remove any facility or service from the SQR Register unless such facility or service relates solely to a Ceased Service.
- (d) The Operator shall provide an up to date copy of the SQR Register to the Secretary of State (when requested to do so from time to time), a representative of Rail North Partnership or to any person carrying out an SoS Audit or SoS Service Quality Inspection on behalf of the Secretary of State.

### 2.3 Changes to Rail Services

- (a) If at any time during the Contract Term, the Operator:
  - (i) operates additional railway passenger services or operates additional stations (including any Managed Stations) which are not part of the SQR Trains or SQR Stations (as the case may be) at the Start Date (including where such are transferred from another train operator) (“**New Services**”); and/or
  - (ii) introduces new facilities or services on a SQR Train and/or on a SQR Station (including Managed Stations) which were not in existence at the Start Date (including where such are transferred from another train operator) (“**New Facilities**”),

then it shall update its SQR Management System and the SQR Register to include such New Services and New Facilities by no later than the first day of the first Reporting Period which commences after the date upon which the Operator begins to operate such New Services or such New Facilities are introduced (as the case may be).
- (b) The requirements of this Part 1 of Chapter 5.5 shall begin to apply in relation to such New Services and such New Facilities from the first day of the first Reporting Period which commences after the date on which the Operator commences the operation of such New Services or New Facilities are introduced (as the case may be).
- (c) If at any time during the Contract Term, the Secretary of State directs the Operator to:
  - (i) permanently stop operating certain railway passenger services or permanently stop operating stations which are part of the SQR Trains or SQR Stations, (as the case may be) at the Start Date; and/or
  - (ii) to remove any facilities or services which are part of the SQR Trains or SQR Stations (as the case may be),

(together, the “**Ceased Services**”),

then the Operator shall update the SQR Management System and the SQR Register to remove such Ceased Services by no later than the first day of the first Reporting Period which commences after the date upon which the Operator stopped operating such Ceased Services.
- (d) The requirements of this Part 1 of Chapter 5.5 shall cease to apply in relation to such Ceased Services from the first day of the first Reporting Period which commences after the date on which the Operator stops the operation of such Ceased Services are introduced.

### 2.4 Procuring SQR Services

Prior to any procurement by the Operator of any of the SQR Services, the Operator shall agree with the Secretary of State the scope and terms of the work and/or service to be procured.

### Part 1B – Inspections and Audits

3. **Operator Service Quality Inspections**
- 3.1 In each Reporting Period commencing from the Start Date, the Operator shall procure the undertaking of:
- (a) Station Service Quality Inspections, and Train Service Quality Inspections and Customer Service Quality Inspections (together to be known as the “**Service Quality Inspections**”) in accordance with the requirements of paragraph 3.3;
  - (b) Service Quality Re-inspections, in accordance with the requirements of paragraph 4.1(a); and
  - (c) audits to verify the matters referred to in paragraph 4.1(b).
- 3.2 For the purposes of this Part 1B of Chapter 5.5, where the definition of “**SQR Station**” refers to the Managed Stations, this shall exclude any areas that are exclusively utilised by operators other than the Operator.
- 3.3 The Operator shall (as a minimum):
- (a) ensure that each Service Quality Inspection is carried out so as to determine whether any Service Quality Indicator has been passed or failed in accordance with the failure criteria specified in the Service Quality Schedules;
  - (b) ensure that each Service Quality Inspection is carried out accurately and impartially by independent parties who are not Business Employees (excluding employees of the SQR Contractor from the scope of the term “Business Employees” for these purposes);
  - (c) ensure that any Business Employee who is a member of the customer relations team or who is involved in the operation of any SQR Station or SQR Train (including any person who is responsible for the management and operation of any such SQR Station or SQR Train) in respect of which a Service Quality Inspection is to be undertaken is not notified or otherwise made aware of the date or time of any proposed or actual Service Quality Inspection;
  - (d) ensure that:
    - (i) Not Used; and
    - (ii) a Station Service Quality Inspection is carried out in respect of each Reporting Period at each SQR Station (which is not a Managed Station) with such Station Service Quality Inspection being distributed across the day and between the days of the week in proportion to typical passenger use of the SQR Station across the day and the days of the week in each such Reporting Period. Such Station Service Quality Inspections shall be reasonably apportioned so that subsequent Service Quality Inspections in respect of each SQR Station are not unduly concentrated on a particular time of the day or day of the week; and
    - (iii) each SQR Station (which is a Managed Station) is the subject of a Station Service Quality Inspection twice in each Contract Year with such Station Service Quality Inspection being distributed across the day and between the days of the week in proportion to typical passenger use of the SQR Station across the day and the days of the week; and
  - (e) ensure that:
    - (i) in respect of each Reporting Period, 120 Train Service Quality Inspections are carried out in respect of different vehicles comprised within different SQR Trains with such Train Service Quality Inspection being apportioned across the day and between the days of the week in proportion to the typical distribution of passenger journeys across the day and between the days of the week; and

- (ii) Train Service Quality Inspections are carried out in respect of vehicles operating on each Route once every Reporting Period. Such Train Service Quality Inspections shall not be unduly concentrated on vehicles that operate on a particular Route; and
  - (iii) 90% of the Train Service Quality Inspections are carried out on standard class vehicles and 10% of the Train Service Quality Inspections are carried out on first class vehicles in each Reporting Period; and
- (f) ensure that, in each Reporting Period:
- (i) at least 24 Customer Service Quality Inspections are conducted of the “Helpfulness of Staff at Stations” Service Quality Indicator;
  - (ii) at least 36 Customer Service Quality Inspections are conducted of the “Helpfulness of Staff on Trains” Service Quality Indicator;
  - (iii) at least 28 Customer Service Quality Inspections are conducted of the “Social Media Mystery Shopper Question” Service Quality Indicator; and
  - (iv) at least 12 Customer Service Quality Inspections are conducted of the “Planned and Unplanned Disruption” Service Quality Indicator,
- in each case, in accordance with the provisions of the Service Quality Schedules; and
- (g) ensure that:
- (i) 25% of Customer Service Quality Inspections of the “Helpfulness of Staff at Stations” and 25% of Customer Service Quality Inspections of the “Helpfulness of Staff on Trains” Service Quality Indicators are completed by mystery shoppers who require additional assistance (including disabled persons with mobility or other impairments) in each Reporting Period;
  - (ii) 25% of all Customer Service Quality Inspections of the “Social Media Mystery Shopper Question” Service Quality Indicator are related to questions about accessibility in each Reporting Period;
  - (iii) Customer Service Quality Inspections relating to SQR Stations are apportioned across the day and between the days of the week in proportion to typical passenger use of the SQR Station across the day and the days of the week in each such Reporting Period; and
  - (iv) Customer Service Quality Inspections relating to SQR Trains are carried out on each Route once every Reporting Period. Such Customer Service Quality Inspections shall be reasonably apportioned so that they are undertaken on SQR Trains across the different Routes.
- 3.4 For any Reporting Period which is longer than thirty-two (32) days or shorter than twenty-five (25) days the minimum number of:
- (a) Station Service Quality Inspections as specified in paragraph 3.3(d);
  - (b) Train Service Quality Inspections as specified in paragraph 3.3(e); and
  - (c) Customer Service Quality Inspections as specified in paragraph 3.3(f) and 3.3(g),
- shall be increased or reduced pro rata based on a normal Reporting Period of twenty-eight (28) days.
- 3.5 For any Contract Year which has less than thirteen (13) Reporting Periods:
- (a) Station Service Quality Inspections as specified in paragraph 3.3(d);
  - (b) Train Service Quality Inspections as specified in paragraph 3.3(e); and
  - (c) Customer Service Quality Inspections as specified in paragraph 3.3(f) and 3.3(g),
- shall be reduced pro rata based on a normal Contract Year of thirteen (13) Reporting Periods.



4. **Service Quality Re-inspection and Service Quality Rectification Evidence**
- 4.1 If in any Reporting Period a “fail” is recorded against any Service Quality Indicator set out in any Service Quality Schedule (“**Service Quality Failure**”) then:
- (a) in relation to SQR Stations, the Operator shall rectify such specific Service Quality Failure and undertake an inspection of the relevant facility or service which resulted in the occurrence of such Service Quality Failure within the relevant time period set out within the Service Quality Schedule (“**Service Quality Re-inspection**”) and the requirements of paragraphs 3.3(b) and 3.3(c) shall apply to any such Service Quality Re-inspection. Where such Service Quality Re-inspection identifies that the Service Quality Failure has not been rectified, then a further Service Quality Failure shall occur (“**Re-inspection Failure**”); and
  - (b) in relation to SQR Trains and the applicable Service Quality Indicators for SQR Stations as set out in the Service Quality Schedules, the Operator shall within the relevant time period specified in the Service Quality Schedule (the “**Relevant Rectification Period**”), ensure that relevant Service Quality Rectification Evidence is recorded and retained in the SQR Management System. If no Service Quality Rectification Evidence is recorded in the SQR Management System within the Relevant Rectification Period, then a further Service Quality Failure shall occur (“**Rectification Evidence Failure**”).
- 4.2 Where a Service Quality Re-inspection or Rectification Evidence Failure results in a Service Quality Failure being recorded against a facility or service, such Service Quality Failure(s) shall be included in the calculation of the Pass Rates for the Reporting Period in which the Service Quality Re-inspection is conducted or the Rectification Evidence Failure occurs, in accordance with the provisions of paragraph 8 (*Calculation of Pass Rates*) and paragraph 17 (*Consequences of Performance falling below the SQR Benchmark*) of this Chapter 5.5 and Part 4 of the Service Quality Schedules.
- 4.3 The provisions of this paragraph 4 shall continue to apply until such a time as:
- (a) in the case of the circumstances described in paragraph 4.1(a), the relevant facility or service which has resulted in the occurrence of a Service Quality Failure is rectified and a Service Quality Re-inspection in respect of that facility or service has not resulted in a Service Quality Failure; or
  - (b) in the case of the circumstances described in paragraph 4.1(b), the Operator has recorded relevant Service Quality Rectification Evidence within the Relevant Rectification Period and accordingly a Service Quality Failure has not occurred.
- 4.4 If following two (2):
- (a) Re-inspection Failures, the original Service Quality Failure has not been rectified; or
  - (b) Rectification Evidence Failures, no Service Quality Rectification Evidence has been recorded in the SQR Management System in respect of the facility or service which resulted in the occurrence of the original Service Quality Failure;
- then the Operator shall within fourteen (14) days of the occurrence of such Re-inspection Failure or Rectification Evidence Failure notify the Secretary of State of such failure.
- 4.5 The Operator shall prepare and submit to the Secretary of State, together with such notice, a plan which sets out the steps the Operator proposes to implement to ensure that the Re-inspection Failure or Rectification Evidence Failure is rectified before the next Service Quality Inspection and the Re-inspection Failure or Rectification Evidence Failure does not reoccur. The Operator shall use all reasonable endeavours to implement such plan in accordance with its terms.
- 4.6 The provisions of this paragraph 4 shall not apply to Managed Stations, Customer Service Quality Inspections, or the Service Quality Indicators relating to “*Information During Disruption*”.

## 5. **Independent Service Quality Audit**

- 5.1 In respect of each Contract Year (and in accordance with paragraph 5.3), the Operator shall procure the carrying out of an independent audit (“**Independent Service Quality Audit**”).
- 5.2 Prior to any procurement by the Operator of any Independent Service Quality Audit, the Operator shall agree with the Secretary of State the scope and terms of the work and/or service to be procured.
- 5.3 An Independent Service Quality Audit shall be undertaken once per Contract Year, or once in relation to any agreed longer or shorter period as agreed with or directed by the Secretary of State in which case such Independent Service Quality Audit may be in respect of multiple Contract Years. The purpose of each Independent Service Quality Audit shall be to verify and confirm that, in respect of the relevant Contract Year to which it relates, the:
- (a) SQR Management System complies with the requirements of paragraph 2.1 (*SQR Management System*) and has been implemented as required pursuant to this Part 1 of Chapter 5.5 (including that Service Quality Rectification Evidence has been recorded and retained in accordance with (and is otherwise in compliance with) the requirements of this Part 1 of Chapter 5.5);
  - (b) Service Quality Inspections undertaken in that Contract Year comply with the requirements of paragraph 3.3 (*Operator Service Quality Inspections*);
  - (c) SQR Register has been maintained and updated as required pursuant to paragraph 2.2 (*SQR Register*);
  - (d) Pass Rates reported by the Operator for Reporting Periods within that Contract Year have been calculated in accordance with the requirements of paragraph 8.1 (*Calculation of Pass Rates*);
  - (e) Pass Rates reported by the Operator for that Contract Year have been calculated in accordance with paragraph 8.2 (*Calculation of Pass Rates*).
- 5.4 Any Independent Service Quality Audit shall, in respect of the relevant Contract Year to which it relates either:
- (a) confirm that, after having regard to the findings of such inspections, its assessment of the matters referred to in paragraphs 5.3(a) to 5.3(e) and any other relevant information at the disposal of any person conducting such Independent Service Quality Audit, it can reasonably be concluded that the Pass Rates reported by the Operator for Reporting Periods within that Contract Year and/or for that Contract Year are a fair, accurate and impartial reflection of the Operator’s performance against each Service Quality Indicator or Service Quality Area; or
  - (b) state that such confirmation cannot be provided and proceed to comply with paragraph 5.9 below.
- 5.5 Any Independent Service Quality Audit carried out on behalf of the Operator as required under this paragraph 5 shall be for the benefit of the Secretary of State.
- 5.6 The Secretary of State (and any of the Secretary of State’s employees, agents, representatives and/or advisers, including for these purposes the Rail North Partnership and any of its advisers, representatives and employees (each such person to be referred to as a “**SoS Nominee**”)) shall have the right to witness any inspection carried out as part of an Independent Service Quality Audit.
- 5.7 The Operator shall co-operate in good faith with the Secretary of State in permitting the Secretary of State (including a SoS Nominee) to exercise the Secretary of State’s rights under paragraph 5.6 and this paragraph 5.7 including by promptly providing to the Secretary of State the details of how and when any Independent Service Quality Audit will be conducted a reasonable time (and in any event not less than two (2) weeks) prior to the commencement of any such Independent Service Quality Audit.
- 5.8 The Operator shall provide the report together with all data produced as a consequence of any Independent Service Quality Audit to the Secretary of State as soon as practicable after the

completion of the Independent Service Quality Audit to which it relates and in any event by no later than the date that is twenty eight (28) days following the last day of the last Contract Year to which the Independent Service Quality Audit relates.

- 5.9 To the extent that the confirmation specified in paragraph 5.4(b) cannot be provided in respect of any Independent Service Quality Audit, the Operator shall procure that any such audit report specifies in detail the reasons why such confirmation cannot be provided (including details of any Material Discrepancies between any Pass Rate reported by the Operator in accordance with paragraph 11 (*Reporting Requirements*) and a comparable Pass Rate derived from the inspections carried out as part of the Independent Service Quality Audit (and in particular where any such Material Discrepancies are in favour of the Operator)).

## 6. **Secretary of State's Right of Audit**

- 6.1 Without prejudice to any other audit rights the Secretary of State may have under the Service Contract, the Secretary of State (and a SoS Nominee on the Secretary of State's behalf), shall have the right to carry out audits (the "**SoS Audits**") for the purposes of verifying, as a minimum, the matters referred to in paragraph 3.1 (*Operator Service Quality Inspections*).
- 6.2 The Secretary of State shall use the Secretary of State's all reasonable endeavours to procure that any inspections carried out as part of any SoS Audits undertaken pursuant to this paragraph 6 are conducted on a basis that is, as far as reasonably practicable, consistent with the Service Quality Inspections undertaken in respect of the Contract Year to which the SoS Audit relates.

## 7. **Access Rights**

- 7.1 The Operator shall grant such access to information, individuals and facilities including:

- (a) access to the SQR Stations and the SQR Trains;
- (b) access to schedules of the locations and times of any actual or planned Independent Service Quality Audits or Service Quality Inspections (as the case may be);
- (c) access to the relevant Business Employees, records and information (including access to relevant third parties and information, records and other materials kept by such third parties on behalf of the Operator); and
- (d) access to any and all Service Quality Rectification Evidence,

as is reasonably necessary to enable the Secretary of State and/or the SoS Nominees to carry out SoS Audits or SoS Service Quality Inspections (as the case may be) or to witness any Service Quality Inspections, or Independent Service Quality Audits.

- 7.2 The Operator shall ensure that it has necessary arrangements in place with any relevant third parties for the purposes of ensuring that it can comply with its obligations under this paragraph 7.
- 7.3 The Secretary of State shall use all reasonable endeavours to ensure that the persons employed in undertaking any SoS Service Quality Inspections or SoS Audits carry out such audits diligently and objectively.
- 7.4 The Secretary of State shall use all reasonable endeavours to notify the Operator of the result of any SoS Service Quality Inspection or SoS Audit that is undertaken.
- 7.5 In carrying out any SoS Service Quality Inspection or SoS Audit (as the case may be) or witnessing any Service Quality Inspections, or Independent Service Quality Audits, the Secretary of State shall, subject to paragraph 7.6, be responsible for ensuring that the SoS Nominees:
- (a) are appropriately trained and briefed with respect to such reasonable location-specific safety rules and regulations; and
  - (b) obey such reasonable location-specific rules and regulations in respect of security and access,

in each case, as have been notified to the Secretary of State under paragraph 7.6.

7.6 The Operator shall provide reasonable prior notice from time to time of current location-specific access, security and safety rules and regulations to the Secretary of State for the purpose of ensuring that the Secretary of State (and the SoS Nominees) can carry out their respective inspection and auditing rights in an efficient, secure and safe manner.

**Part 1C – Calculations of Pass Rates and Calculations related to the Service Quality Regime**

**8. Calculation of Pass Rates**

8.1 From the Start Date, the Operator shall calculate the Pass Rates for the Train Service Quality Inspections, Station Service Quality Inspections and the Customer Service Quality Inspections for each Reporting Period as follows:

Table 1		
$SQA_{rp} = \sum IPR_{rp}$		
<b>where:</b>		
$SQA_{rp}$	is the Pass Rate for each Service Quality Area comprised in such Service Quality Schedule for that Reporting Period;	
$IPR_{rp}$	is ascertained as follows:	
	$p \times w$	
	where:	
	p is ascertained as follows:	
	$P = \left( \frac{SQ_i - SQ_f}{SQ_i} \right) \times 100$	
	where:	
	$SQ_i$	is, in respect of each Service Quality Indicator relevant to a Service Quality Area, the total number of: (a) Service Quality Inspections carried out; (b) Service Quality Re-inspections in which a Re-inspection Failure was recorded; and (c) occasions on which a Rectification Evidence Failure occurred, in respect of that Service Quality Indicator for that Reporting Period;
$SQ_f$	is, in respect of each Service Quality Indicator relevant to a Service Quality Area, the total number of: (a) Service Quality Inspections where a “fail” was recorded; (b) Service Quality Re-inspections in which a Re-inspection Failure was recorded; and (c) occasions on which a Rectification Evidence Failure occurred, in respect of that Service Quality Indicator for that Reporting Period; and	
w	is the weighting as specified in either Column 3 ( <i>Weighting</i> ) or Column 4 ( <i>Alternative Weighting</i> ) (as applicable) of the table(s) in Appendix 1 ( <i>Service Quality Areas/Service Quality Indicators/Weightings</i> ) of this Part 1 of Chapter 5.5 in respect of the relevant Service Quality Indicator comprised in that Service Quality Area.	

8.2 Within fourteen (14) days after the end of each Contract Year, the Operator shall provide to the Secretary of State its calculation of the Pass Rate for the relevant Contract Year in respect of each Service Quality Area comprised in each Service Quality Schedule, such Pass Rate to be separately calculated for the Train Service Quality Inspections, Station Service Quality Inspections and the Customer Service Quality Inspections carried out in that Contract Year as follows:

<b>Table 2</b>		
<b><math>SQA_{yr} = \sum IPR_{yr}</math></b>		
<b>where:</b>		
<b><math>SQA_{yr}</math></b>	is the Pass Rate for each Service Quality Area comprised in such Service Quality Schedule for that Contract Year;	
<b><math>IPR_{yr}</math></b>	is ascertained as follows:	
	$p \times w$	
	where:	
	p is ascertained as follows:	
	$P = \left( \frac{SQ_i - SQ_f}{SQ_i} \right) \times 100$	
	where:	
	$SQ_i$	is, in respect of each Service Quality Indicator relevant to a Service Quality Area, the total number of: (a) Service Quality Inspections carried out; (b) Service Quality Re-inspections in which a Re-inspection Failure was recorded; and (c) occasions on which a Rectification Evidence Failure occurred, in respect of that Service Quality Indicator for that Contract Year;
	$SQ_f$	is, in respect of each Service Quality Indicator relevant to a Service Quality Area, the total number of: (a) Service Quality Inspections where a “fail” was recorded; (b) Service Quality Re-inspections in which a Re-inspection Failure was recorded; and (c) occasions on which a Rectification Evidence Failure occurred, in respect of that Service Quality Indicator for that Contract Year; and
w	is the weighting as specified in either Column 3 ( <i>Weighting</i> ) or Column 4 ( <i>Alternative Weighting</i> ) (as applicable) of the table(s) in Appendix 1 ( <i>Service Quality Areas/Service Quality Indicators/Weightings</i> ) of this Part 1 of Chapter 5.5 in respect of the relevant Service Quality Indicator comprised in that Service Quality Area.	

8.3 The Operator shall perform the calculations referred to in paragraphs 8.1 and 8.2 rounded to two (2) decimal places with the midpoint (that is, 0.115) rounded upwards (that is, 0.12).

9. **Calculations related to the Service Quality Regime**

- 9.1 On the later of receipt of the notification(s) referred to in paragraph 8.2 in respect of a Contract Year or any audit report relating to any Independent Service Quality Audit or SoS Audit (as the case may be) undertaken in respect of that Contract Year, the Secretary of State shall:
- (i) confirm the calculation of **SQA<sub>yr</sub>**; or
  - (ii) notify the Operator that the provisions of paragraph 15 (*Material Discrepancies*) shall apply where any Independent Service Quality Audit or SoS Audit (as the case may be) reveals that there were Material Discrepancies in the calculation of the Pass Rate in favour of the Operator for that Contract Year (including where any such Independent Service Quality Audit or SoS Audit (as the case may be) fails to confirm or verify any of the matters specified in paragraph 5.1 (*Independent Service Quality Audits*)).

**Part 1D – Publication and Reporting Requirements**

10. **Publication of Pass Rates**

- 10.1 The Operator shall publish (as a minimum) on its web site (in such format as the Secretary of State may require) details of:
- (a) within fourteen (14) days of the end of each Reporting Period, the Pass Rate for each Service Quality Area relating to SQR Stations, SQR Trains and SQR Customer Service for that Reporting Period, alongside the SQR Benchmark for such Service Quality Area; and
  - (b) within two (2) weeks of receipt of the confirmation from the Secretary of State provided in accordance with paragraph 9.1 (*Calculations related to the Service Quality Regime*), the Pass Rate for each Service Quality Area for each Contract Year alongside the applicable SQR Benchmark for such Service Quality Area.

11. **Reporting Requirements**

- 11.1 Within fourteen (14) days after the end of each Reporting Period, the Operator shall provide to the Secretary of State:
- (a) a statement (disaggregated to separately show the total number of Train Service Quality Inspections, Stations Service Quality Inspections and Customer Service Quality Inspections carried out in that Reporting Period) setting out the following:
    - (i) the raw data produced by any Service Quality Inspection (and where applicable Service Quality Re-inspections) and/or the recording of Service Quality Rectification Evidence in the SQR Management System within the Relevant Rectification Period pursuant to paragraph 4.1(b) (where applicable);
    - (ii) the number of:
      - (A) Service Quality Inspections (and where applicable Service Quality Re-inspections) carried out in respect of each Service Quality Schedule in that Reporting Period; and
      - (B) occasions on which the Operator was required to record Service Quality Rectification Evidence in the SQR Management System within the Relevant Rectification Period pursuant to paragraph 4.1(b) in that Reporting Period;
    - (iii) the number of:
      - (A) Service Quality Inspections (and where applicable Service Quality Re-inspections) where a “fail” was recorded in respect of a Service Quality Indicator in that Reporting Period; and



- (B) Service Quality Failures occurring in the circumstances described in paragraph 4.1(b) in that Reporting Period;
  - (iv) the number of:
    - (A) Service Quality Inspections (and where applicable Service Quality Re-inspections) where a “pass” was recorded in respect of a Service Quality Indicator in that Reporting Period for each Service Quality Schedule; and
    - (B) occasions on which the Operator was required to record Service Quality Rectification Evidence in the SQR Management System within the Relevant Rectification Period pursuant to paragraph 4.1(b) in that Reporting Period and a Service Quality Failure did not occur in respect of the same pursuant to paragraph 4.1(b);
  - (v) for each Service Quality Schedule and in respect of a Service Quality Area, the total number of “passes” and “fails” recorded in respect of each Service Quality Indicator comprised in such Service Quality Area; and
  - (b) in respect of that Reporting Period, the Operator’s calculation of the Pass Rate for each Service Quality Area comprised in the relevant Service Quality Schedule.
- 11.2 The Pass Rate shall be separately calculated for the Train Service Quality Inspections, the Station Service Quality Inspections and the Customer Service Quality Inspections in that Reporting Period determined as set out in paragraph 8 (*Calculation of Pass Rates*).
- 11.3 Nothing in this Chapter 5.5 shall require the Operator to provide to the Secretary of State any data which is Personal Data.
12. **Additional Information Requirements for Service Quality Re-inspections and Service Quality Rectification Evidence**
- 12.1 In addition to the information to be provided by the Operator pursuant to paragraph 11 (*Reporting Requirements*), the Operator shall at the end of each Reporting Period during which Service Quality Inspections have been carried out provide to the Secretary of State a list of each facility or service or train comprised in a SQR Train and SQR Station (on a Station by Station basis) against which a “fail” was recorded:
- (a) during any Service Quality Inspections or Service Quality Re-inspection (as the case may be); or
  - (b) in the circumstances described in paragraph 4.1(b).
13. **Maintenance of Records**
- 13.1 Without limiting the obligations of the Operator pursuant to paragraph 3 (*Maintenance of Records*) of Chapter 1.1 (*Organisation and Management*), the Operator shall maintain true, up to date and complete records of the results of each Service Quality Inspection, its calculations of the Pass Rates in relation to such Service Quality Inspections and the results of each Independent Service Quality Audit.
- 13.2 The Operator shall, immediately at the request of the Secretary of State (or the Rail North Partnership on the Secretary of State’s behalf) make any records required under this Part 1 of Chapter 5.5 available to the Secretary of State or the Rail North Partnership on the Secretary of State’s behalf) (as the case may be).

### Part 1E – Remedies

14. **Consequences of a Failed Audit**
- 14.1 If:
- (a) following an Independent Service Quality Audit or SoS Audit (as the case may be) any such audit cannot verify or confirm any of the matters referred to in paragraph 5 (*Independent Service Quality Audits*) or any confirmation required by paragraph 5.4(a) (*Independent Service Quality Audits*) cannot be provided; or

- (b) the Operator fails to:
- (i) carry out a Service Quality Inspection as required by paragraph 3.1 (*Operator Service Quality Inspection*); or
  - (ii) calculate the Pass Rates and/or report to the Secretary of State the Pass Rates as required pursuant to paragraphs 8.1 and 8.2 (*Calculation of the Pass Rates*); or
  - (iii) procure that an Independent Service Quality Audit is carried out or fails to provide an audit report as required pursuant to paragraph 5.9 (*Independent Service Quality Audits*),

then the provisions of this paragraph 14 shall apply.

14.2 If any of the circumstances specified in paragraph 14.1 occur then:

- (a) Not Used; and
- (b) the Secretary of State may in all cases:
  - (i) require the Operator to carry out additional Service Quality Inspections (that is, in excess of those required pursuant to paragraph 3.1 (*Operator Service Quality Inspections*));
  - (ii) require the Operator to procure a further Independent Service Quality Audit (or the Secretary of State may carry out a further SoS Audit) for the purposes of verifying whether any deficiencies in the SQR Management System have led or contributed to the failure of any Independent Service Quality Audit or SoS Audit or to confirm or verify whether any of the matters referred to in paragraph 5 (*Independent Service Quality Audits*) have been subsequently rectified by the Operator; or
  - (iii) elect to step in and carry out SoS Service Quality Inspections in place of the Service Quality Inspections for the remainder of the Contract Term or such period as the Secretary of State may specify (the “**SoS Service Quality Inspection Period**”) and in these circumstances:
    - (A) the results of each SoS Service Quality Inspection shall be used for the purposes of calculating the Pass Rates in accordance with paragraph 8 (*Calculation of Pass Rates*);
    - (B) the Operator’s obligations to undertake Service Quality Inspections and procure an Independent Service Quality Audit shall cease to apply for the duration of the SoS Service Quality Inspection Period; and
    - (C) Not Used.

15. **Material Discrepancies**

15.1 For the purposes of this Part 1 of Chapter 5.5, “**Material Discrepancies**” means:

- (a) discrepancies in the Operator’s calculation of the Pass Rate which in the opinion of the Secretary of State are considered to be material; or
- (b) where an Independent Service Quality Audit or SoS Audit fails to confirm or verify any of the matters specified in paragraph 5.3 (*Independent Service Quality Audits*) in circumstances where the Pass Rate has been calculated wrongly; or
- (c) where an Independent Service Quality Audit or SoS Audit confirms that there would have been a different Pass Rate if the Operator had complied with the requirements of paragraph 5.3 (*Independent Service Quality Audits*).

15.2 If, in any Contract Year or such other period as agreed with or directed by the Secretary of State under paragraph 5.3 (*Independent Service Quality Audits*), an Independent Service Quality Audit or SoS Audit (as the case may be) reveals any Material Discrepancies the Pass Rate(s) for the affected Service Quality Indicator(s) and/or Service Quality Area(s) shall be immediately recalculated such that they accurately reflect the Operator’s performance in



respect of those affected Service Quality Indicator(s) and/or Service Quality Area(s). The revised Pass Rate(s) shall be the Pass Rate(s) used for the purposes of paragraphs 8.1, 8.2 (*Calculation of Pass Rates*) and 17 (*Consequences of Performance falling below the SQR Benchmark*) of this Chapter 5.5 (*Customer Experience Performance*), and the Operator shall, within seven (7) days of confirmation of the revised Pass Rates(s), publish them on its website.

16. **Contractual Breach of the Service Contract in respect of Material Discrepancies**

16.1 On the second occasion that any Independent Service Quality Audit or SoS Audit (as the case may be) identifies any Material Discrepancies (irrespective of the nature or type of such Material Discrepancy) then this shall constitute a contractual breach of the Service Contract.

17. **Consequences of Performance falling below the SQR Benchmark**

17.1 If:

- (a) Not Used; or
- (b) subject to paragraph 17.1(c) below, the Pass Rate as calculated in accordance with paragraph 8 (*Calculation of the Pass Rates*) in respect of any Service Quality Area is below any SQR Benchmark for that Service Quality Area (“**Affected Service Quality Area**”) for:
  - (i) any three (3) consecutive Reporting Periods; or
  - (ii) any four (4) Reporting Periods within any period of thirteen (13) consecutive Reporting Periods; or
  - (iii) any Contract Year,

then the Operator shall immediately notify the Secretary of State of such fact and, if requested to do so by the Secretary of State, within twenty-eight (28) days (or such longer period as the Secretary of State may specify) of such request prepare and submit to the Secretary of State (for the Secretary of State’s review and consent) the Operator’s proposals for achieving, as soon as practicable, a Service Quality Improvement (a “**Service Quality Improvement Proposal**”); and

- (c) with respect to:
  - (i) paragraph 17.1(b)(i), for so long as fewer than 3 Reporting Periods have elapsed following the Start Date, the Operator’s performance as against the relevant Previous SQR Benchmark in respect of the relevant Reporting Periods (up to a maximum of 2 consecutive Reporting Periods) that immediately precede the Start Date shall be taken into account for the purposes of determining the matters referred to in that paragraph (and “Reporting Period” shall have the meaning given to such term in the Previous Agreement with respect to those Reporting Periods falling before the Start Date); and
  - (ii) paragraph 17.1(b)(ii), for so long as fewer than 13 Reporting Periods have elapsed following the Start Date, the Operator’s performance as against the relevant Previous SQR Benchmark in respect of the relevant Reporting Periods (up to a maximum of 12 consecutive Reporting Periods) that immediately precede the Start Date shall be taken into account for the purposes of determining the matters referred to in that paragraph (and “Reporting Period” shall have the meaning given to such term in the Previous Agreement with respect to those Reporting Periods falling before the Start Date), to the extent that a Service Quality Improvement Proposal has not already been submitted, accepted and/or implemented in respect of the relevant event triggering the application of paragraph 17.1(b)(ii) under the Previous Agreement in accordance with requirements equivalent to those set out in paragraphs 17.2 to 17.5 of this Part 1 of Chapter 5.5.

17.2 The Service Quality Improvement Proposal shall:

- (a) contain specific tangible action points and indicate in the case of each action point:
    - (i) how that action will contribute to meeting the relevant SQR Benchmark;
    - (ii) where the action is to be implemented;
    - (iii) the proposed timescales for implementing such action and, where any action is expressed to be ongoing, proposed review dates;
    - (iv) the date by which the Service Quality Improvement will be achieved; and
  - (b) the additional expenditure associated with each action.
- 17.3 The Secretary of State shall be entitled to:
- (a) request further information from the Operator with respect to its Service Quality Improvement Proposal and the Operator shall submit such further information to the Secretary of State within the timescales as requested by the Secretary of State; and/or
  - (b) propose amendments to the Service Quality Improvement Proposal and the Parties shall agree and, in the absence of agreement, the Secretary of State shall determine the amendments to the Service Quality Improvement Proposal, in which case paragraph 17.4 shall apply; or
  - (c) accept the Service Quality Improvement Proposal, in which case paragraph 17.4 shall apply; or
  - (d) not accept the Service Quality Improvement Proposal, in which case the Operator shall not be obliged to undertake any further action with respect to its Service Quality Improvement Proposal.
- 17.4 The Operator shall implement the Service Quality Improvement Proposal as amended, determined or accepted by the Secretary of State (as the case may be) in accordance with paragraph 17.3. Any additional expenditure stated in the Service Quality Improvement Proposal shall result in a change to the CP Budget at the next CP Quarter following the date upon which the Operator becomes obliged to implement the Service Quality Improvement Proposal.
- 17.5 If:
- (a) the Operator fails to implement any Service Quality Improvement Proposal (as consented to by the Secretary of State) as required pursuant to paragraph 17.4 of this Part 1 of Chapter 5.5 within the required timescales; or
  - (b) the Operator's performance in relation to the Affected Service Quality Area is not at a level that is equal to or above the SQR Benchmark within the period specified in the Service Quality Improvement Proposal,
- then this shall constitute a contractual breach of the Service Contract.
18. **Variations to the Service Quality Regime**
- 18.1 The Secretary of State and the Operator may from time to time agree to vary the contents of the Service Quality Schedules, the weightings associated with any Service Quality Indicators and/or any SQR Benchmark (including by reducing the SQR Benchmark in respect of certain Service Quality Areas and at the same time increasing others, or by adjusting the treatment of Service Quality Re-inspections and/or Service Quality Rectification Evidence). Any variation agreed by the Secretary of State and the Operator pursuant to this paragraph 18.1 shall be effective from the date agreed by the Parties for this purpose.

**Appendix 1 to Part 1 of Chapter 5.5  
Service Quality Areas/Service Quality Indicators/Weightings**

**PART 1 – SQR STATIONS**

Where no Service Quality Inspections are conducted of the “Information During Disruption” Indicator during a Reporting Period, the weightings in column 4 shall apply in place of the weightings in column 3 for those Indicators relating to the Service Quality Area “Information”, when conducting the calculations referred to in paragraph 8 of this Part 1 of Chapter 5.5.

Column 1	Column 2	Column 3	Column 4
Service Quality Area	Service Quality Indicators	Weighting	Alternative Weighting
Ambience and Assets	Lighting	20%	N/A
	Seating	20%	
	Shelters and Waiting Rooms	20%	
	Lifts, Escalators and Ramps	10%	
	Toilet Operation	15%	
	Car Parking/Cycle Parking	10%	
	Vegetation	5%	
Cleanliness and Graffiti	General Cleanliness	30%	N/A
	Toilets	25%	
	Litter	30%	
	Graffiti and Etching	15%	
Information	CIS	20%	20%
	PA	20%	20%
	Help Points	20%	20%
	Posters and Frames	10%	13%
	Signage and Information	20%	27%
	Information During Disruption	10%	N/A
Ticketing and Staffing	TVMs	25%	N/A
	Ticket Offices	25%	
	Staff Presence	30%	
	Ticket Gates	20%	

**PART 2 – SQR TRAINS**

Where no Service Quality Inspections are conducted of the “Information During Disruption” Indicator during a Reporting Period, the weightings in column 4 shall apply in place of the weightings in column 3 for those Indicators relating to the Service Quality Area “Information”, when conducting the calculations referred to in paragraph 8 of this Part 1 of Chapter 5.5.

Column 1	Column 2	Column 3	Column 4
Service Quality Area	Service Quality Indicators	Weighting	Alternative Weighting
Ambience and Assets	Heating and Lighting	20%	N/A
	Seating	20%	
	Vehicle Interior Condition	20%	
	Accessibility Features	20%	
	Toilet Operation	20%	
Cleanliness and Graffiti	Interior	30%	N/A
	Exterior	10%	
	Litter	20%	
	Toilets	25%	
	Graffiti and Etching	15%	
Information	PIS	20%	24%
	PA	20%	23%
	Wi-fi	25%	23%
	Catering	10%	15%
	Posters, Frames and Signs	10%	15%
	Information During Disruption	10%	N/A

**PART 3 – SQR CUSTOMER SERVICE**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Service Quality Area</b>	<b>Service Quality Indicators</b>	<b>Weighting</b>
Staff Helpfulness	Helpfulness of Staff at Stations	40%
	Helpfulness of Staff on Trains	60%
Online Information	Social Media Question	40%
	Planned and Unplanned Disruption	60%

**Part 2: Rail Customer Insight Surveys (RCIS)****19. Conduct of Rail Customer Insight Surveys**

19.1 The Operator agrees with the Secretary of State that:

- (a) the Secretary of State or any independent entity nominated by the Secretary of State to act on its behalf for such purpose (an “**RCIS Administrator**”) may measure the level of passenger satisfaction with the Rail Services through Rail Customer Insight Surveys;
- (b) the Secretary of State or any RCIS Administrator may, from time to time, publish the results of Rail Customer Insight Surveys on an individual and/or period basis.

19.2 The Secretary of State shall ensure or shall procure that the findings of any Rail Customer Insight Survey are made available to the Operator within a reasonable period of time after the completion of each survey.

19.3 The Operator shall, as soon as practicable (and in any event within 14 days) after such information is made available to the Operator, or at such greater interval as the Secretary of State may specify by notice to the Operator from time to time, in accordance with paragraph 19.2, publicise its performance against the RCIS Benchmarks by including such information in its Customer Report and displaying such information at all of the Stations and on its website.

19.4 It is agreed by the Operator that the performance of the Operator against the RCIS Benchmarks as measured by the Secretary of State or any RCIS Administrator in conducting any such Rail Customer Insight Survey shall be calculated in accordance with the process as described in the document in the agreed terms marked **RCIS PCM** (the “**RCIS Performance Calculation Methodology**”), as may be agreed and updated from time to time between the Secretary of State and the Operator.

19.5 If:

- (a) at any time during the Contract Term the methodology adopted in conducting any Rail Customer Insight Survey is, in the opinion of the Secretary of State, materially inconsistent with the RCIS Performance Calculation Methodology; and
- (b) the Secretary of State determines that in consequence a revision to the RCIS Benchmarks is required in order to hold constant the risk of the Operator failing to satisfy the RCIS Benchmark,

then the Secretary of State shall make such revisions to such RCIS Benchmarks as the Secretary of State considers appropriate to hold constant such risk (and the Secretary of State's determination of any such revisions shall be subject to the Determination Escalation Process).

19.6 If:

- (a) Rail Customer Insight Surveys are replaced by an alternative survey; or
- (b) the Secretary of State after consultation with the Operator, determines that an alternative passenger survey would be more appropriate,

then in each case the provisions of this Chapter 5.5 and/or the relevant provisions of Chapter 7.2 (*Performance Assessment*) relating to the results of Rail Customer Insight Surveys shall apply in respect of any alternative survey (the “**Alternative Survey**”).

**20. Performance Review**

20.1 It is agreed by the Secretary of State and the Operator that, subject to paragraph 19.6, the results of the Rail Customer Insight Survey(s) published by the Secretary of State or RCIS Administrator in any Contract Year should be used to determine the Operator's performance against the RCIS Benchmarks for that Contract Year (calculated in accordance with the RCIS Performance Calculation Methodology). In any Contract Year:

- (a) the performance of the Operator against the RCIS Benchmarks shall be measured on the basis of the average of the results of all of the Rail Customer Insight Surveys published by the Secretary of State or the RCIS Administrator in that Contract Year; or
  - (b) Not Used; and
  - (c) for the purposes of undertaking the comparison pursuant to this paragraph 20.1, the results referred to in paragraph 20.1(a) shall be rounded up to one (1) decimal place with the midpoint (that is, 4.45) rounded upwards (that is, 4.5).
- 20.2 In the event that the Secretary of State determines that the total number of respondents relating to any RCIS Measure is too low to enable a meaningful statistical analysis the Secretary of State after consultation with the Operator, shall determine any amended or alternative RCIS Measures, and any consequential revisions to the RCIS Benchmarks.
- 20.3 The Secretary of the State and the Operator shall discuss at Contract Performance Meetings the Operator's customer satisfaction performance, including where applicable against the RCIS Benchmarks, and any initiatives the Operator has implemented or intends to implement to address any shortfalls contributing to not meeting such RCIS Benchmarks in the relevant Contract Year using the results of the Rail Customer Insight Surveys published by the Secretary of State or RCIS Administrator pursuant to paragraph 19.1(b).
- 21. RCIS Improvement Proposals**
- 21.1 In the event that the Operator fails to achieve an RCIS Benchmark, or the Secretary of State believes that the Operator will fail to achieve an RCIS Benchmark, the Secretary of State may require that the Operator submit a proposal for the Secretary of State's consideration which shall:
- (a) contain specific tangible action points and indicate in the case of each action point:
    - (i) how that action will contribute to meeting the relevant RCIS Benchmark;
    - (ii) where the action is to be implemented;
    - (iii) the proposed timescales for implementing such action and, where any action is expressed to be ongoing, proposed review dates; and
    - (iv) how the Operator proposes to measure the performance of the action; and
  - (b) the additional expenditure associated with each action,
- being the **"RCIS Improvement Proposal"**.
- 21.2 The Secretary of State shall be entitled to:
- (a) request further information from the Operator with respect to its RCIS Improvement Proposal, and the Operator shall submit such further information to the Secretary of State within the timescales as requested by the Secretary of State; and/or
  - (b) propose amendments to the RCIS Improvement Proposal and the Parties shall agree and, in the absence of agreement, the Secretary of State shall determine the amendments to the RCIS Improvement Proposal, in which case paragraph 21.3 shall apply; or
  - (c) accept the RCIS Improvement Proposal, in which case paragraph 21.3 shall apply; or
  - (d) not accept the RCIS Improvement Proposal, in which case the Operator shall not be obliged to undertake any further action with respect to its RCIS Improvement Proposal.
- 21.3 The RCIS Improvement Proposal as agreed, determined or accepted by the Secretary of State (as the case may be) in accordance with paragraph 21.2 shall be referred to as the **"RCIS Improvement Plan"**. The Operator shall implement the RCIS Improvement Plan in accordance with its terms and the provisions of Chapter 7.1 (*Contract Payments*) shall apply.



**22. Rail Customer Insight Programme and Other Initiatives**

- 22.1 Unless otherwise directed by the Secretary of State, the Operator shall fully and effectively engage with the Rail Customer Insight Programme.
- 22.2 The Operator shall engage with rail industry partners (including the Secretary of State, Network Rail, RDG and the ORR) in the development and implementation of the industry-wide Maturity Model for Customer Experience.

## Chapter 6 – Environment and Sustainability



### Environment and Sustainability

**CHAPTER 6****ENVIRONMENT AND SUSTAINABILITY**

1	Environmental Information
2	Air Quality Monitoring and Improvement
3	Sustainability
4	Measurement of Traction Energy Usage
	Appendix 1 to Chapter 6 – Environmental Information

## Chapter 6

### Environment and Sustainability

#### 1. Environmental Information

##### 1.1 Data Sharing

- (a) Within three (3) months following the end of each Contract Year, the Operator shall report to the Secretary of State and the RSSB the Initial Dataset corresponding to the previous Contract Year by completing the RSSB's online "Environmental Reporting Tool".
- (b) The Operator shall share all available environmental data with the Secretary of State and/or RSSB as requested from time to time by the Secretary of State and/or RSSB, acting reasonably, including in relation to:
  - (i) air pollution emissions referenced in the Clean Air Strategy 2019 (including nitrogen oxides and particulate matter);
  - (ii) emissions of Greenhouse Gases (as defined in the Kyoto Protocol to the United Nations Framework Convention on Climate Change); and
  - (iii) energy usage.
- (c) The Secretary of State and/or (with the prior approval of the Secretary of State) RSSB, acting reasonably, may instruct the Operator to collect and share with the Secretary of State and/or RSSB (as applicable) such additional environmental data as the Secretary of State and/or RSSB (as applicable) may require from time to time.

##### 1.2 Environmental Information Data Collection Plan

- (a) If the Operator is unable to provide the Initial Dataset in respect of any Contract Year they will promptly inform the Secretary of State and RSSB with a written explanation of why they are unable to provide such data.
- (b) The Operator shall cooperate with the Secretary of State and/or RSSB to seek to identify improvements in type of data to be collected, the method of collection and the efficiency and cost effectiveness of collection.
- (c) The Operator shall ensure that the form of measurement of the Initial Dataset for each Contract Year enables it to report a consolidated periodic or annual usage figure to the Secretary of State and RSSB as specified for each measure in Table 1 in paragraph 1 (*Environmental Impact Monitoring Dataset*) of Appendix 1 (*Environmental Information*) to this Chapter 6.
- (d) In addition to paragraph 1.2(c) above and in complying with its obligations in paragraph 1.1(a) above, the Operator shall deliver the information for each measure in Table 1 in paragraph 1 (*Environmental Impact Monitoring Dataset*) of Appendix 1 (*Environmental Information*) to this Chapter 6, in the units, with the granularity and in respect of the regularity required for each measure as indicated in that Table 1.

##### 1.3 Environmental Impact Monitoring Audit

The Operator shall procure a suitably qualified independent body (such independent body to be appointed only with the prior Approval of the Secretary of State) to undertake an independent audit of the data provided to RSSB and/or the Secretary of State and the collection methodology of the Initial Dataset in respect of the first Contract Year then as requested by the Secretary of State (the "**Environmental Impact Monitoring Audit**"). The scope of the Environmental Impact Monitoring Audit shall be agreed in advance with the Secretary of State.

##### 1.4 Remedial Actions

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- (a) In the event that an Environmental Impact Target is not met in any Contract Year, the Operator shall as soon as practicable produce and provide to the Secretary of State a revised Environmental Impact Targets Plan which, in the opinion of the Secretary of State, is capable of achieving the Environmental Impact Targets.
- (b) The Operator shall use all reasonable endeavours to implement the revised Environmental Impact Targets Plan, which shall be the Environmental Impact Targets Plan for the purposes of this Contract.

## 1.5 **Publication**

The Operator shall publish (in such format as the Secretary of State may require) details of its performance against the Environmental Impact Targets in widely accessible forms including, as a minimum, publishing them on its website and in each Customer Report (excluding the first (1st) Customer Report).

## 2. **Air Quality Monitoring and Improvement**

- 2.1 The Operator shall for the purposes of air quality monitoring at Stations or depots under its control:
- (a) provide to the Secretary of State all existing data in relation to air quality and measures that the Operator is implementing to improve air quality at Stations or depots under its control;
  - (b) provide to the Secretary of State, RSSB, or any person whom the Secretary of State might specify, access to any sites, power supplies and telemetry under its control as requested by the Secretary of State or RSSB from time to time, including for the purpose of installing air quality monitors; and
  - (c) assist the Secretary of State, RSSB or any person whom the Secretary of State might specify in the placement, replacement and dispatch of diffusion tubes.
- 2.2 The Operator shall for the purposes of air quality monitoring on rolling stock vehicles:
- (a) provide to the Secretary of State, RSSB or any person whom the Secretary of State might specify during the Contract Term, free-of-charge access to rolling stock vehicles and on board power supplies whilst in or out of service;
  - (b) consent for equipment to be installed on rolling stock vehicles for the purposes of air quality monitoring;
  - (c) provide available on-train air quality data, train management system data and/or On Train Monitoring Recorder data as the Secretary of State may require from time to time.
- 2.3 The Operator shall for the purposes of monitoring and reducing air pollutant emissions from traction:
- (a) through an industry-led industry working group, support the development and delivery of a policy in relation to the maximum time for which a train's engine may be kept idling while stationary;
  - (b) use all reasonable endeavours to work with the fleet owner to develop an air pollution emissions reduction pathway for all diesel rolling stock vehicles; and
  - (c) provide to the Secretary of State such information and/or data in relation to exhaust emissions from rolling stock vehicles comprised within the Train Fleet as the Secretary of State may require from time to time for the purposes of data collection and analysing the consequent impact of such emissions on air quality in Depots and Stations and along the Routes on which such rolling stock vehicles are deployed.
- 2.4 The Operator shall for the purposes of supporting wider industry approaches to air pollution emissions reduction:
- (a) consider the impact of any rolling stock vehicle, operational or infrastructure changes on emissions; and

- (b) provide to the Secretary of State and RSSB, and update as necessary, a named contact as a point of enquiry in relation to air quality.

### 3. Sustainability

#### 3.1 Environmental Management and Sustainability Accreditation

- (a) The Operator shall at all times maintain certification pursuant to ISO14001:2015 and ISO50001:2011 or equivalent standards.
- (b) The Operator shall provide the Secretary of State with copies of the certification audit reports and a copy of their ISO50001 Energy Review within four (4) weeks of each subsequent recertification during the Contract Period.

#### 3.2 Sustainable Construction

For construction projects (including building refurbishment or fit out):

- (a) which are either being funded by the Operator or in respect of which the Operator has design responsibility; and
- (b) in respect of which the total capital cost exceeds [REDACTED<sup>5</sup>]

the Operator shall use all reasonable endeavours to achieve at least an “**excellent**” rating from an accredited assessor using BREEAM (or a rating equivalent to “**excellent**” in an equivalent recognised standard such as the SKA Rating Standard as appropriate) at both the design stage and the post-construction stage unless the Secretary of State agrees that the relevant project is not of a suitable scale or type to be so assessed and the Operator shall provide to the Secretary of State such information in relation to any construction project as the Secretary of State may request.

### 4. Measurement of Traction Energy Usage

- 4.1 The Operator shall ensure that all rolling stock units that form part of the Train Fleet are able to measure and monitor fuel use as soon as practicable, and in the case of electric traction, enable the Operator to be a “**Metered Train Operator**” as defined by the Traction Electricity Rules.
- 4.2 Not Used.

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<sup>5</sup> 20 March 2024 (Date of Redactions Approval) Where text has been omitted from the document - this is because the Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000 (R - TPT - Mar 24 - 001).

**Appendix 1 to Chapter 6**  
**Environmental Information**

**1. Environmental Impact Monitoring Dataset**

<b>Table 1</b>			
<b>Subject</b>	<b>Unit</b>	<b>Granularity</b>	<b>Regularity</b>
<b>TRACTION</b>	EC4T (kWh)	Breakdown per distinct fleet - metered	Four (4) week period
	EC4T (kWh)	Breakdown per distinct fleet - unmetered	Four (4) week period
	Gas-oil (litres)	Breakdown per distinct fleet	Four (4) week period
<b>NONTRACTION</b>	Electricity (kWh)	Total	Four (4) week period or monthly
	Gas (kWh)	Total	Four (4) week period or monthly
	Gas-oil (litres)	Total	Four (4) week period or monthly
<b>CARBON</b>	Scope 1 emissions (tonnes)	Total	Annual
	Scope 2 emissions (tonnes)	Total	Annual
	Embodied carbon in new infrastructure projects over the amount set out in paragraph 3.2(b) (Sustainable Construction) of Chapter 6 (Environment and Sustainability)	Total	Per project
<b>WATER</b>	Mains Water consumption (m <sup>3</sup> )	Total	Annual
	Water recycling initiatives	Narrative	Annual
<b>WASTE</b>	Waste generated (tonnes)	Total	Annual
	Waste recycled (tonnes)	Total	Annual
	Waste subject to other recovery (tonnes)	Total	Annual
	Waste to landfill (tonnes)	Total	Annual
	Hazardous waste	Total	Annual
<b>ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)</b>	Enforcement/information Notices	Total	Annual
	Environmental fines or prosecutions	Total	Annual
	Environmental incidents reported through the EMS	Total	Annual
	Environmental training records % personnel briefed/trained	Total	Annual



## Chapter 7 – Financial Obligations, Incentives and Scorecards



Chapter 7.1 - Contract Payments



Chapter 7.2 - Performance Assessment



Chapter 7.3 - Management Information



Chapter 7.4 - Financial Covenants



Chapter 7.5 - Not Used



Chapter 7.6 - Railways Pension Scheme



Chapter 7.7 - Business Plan

**CHAPTER 7**  
**FINANCIAL OBLIGATIONS**

Chapter 7.1	Contract Payments
	Appendices 1 and 2: Not Used
Chapter 7.2	Performance Assessment
	Appendix 1: Assessment Checklist
	Appendix 2: Scorecard Criteria
Chapter 7.3	Management Information
Chapter 7.4	Financial Covenants
Chapter 7.5	Not Used
	Appendix 1: Not Used
Chapter 7.6	Railway Pensions Scheme
	Appendix 1: List of Shared Costs Sections
Chapter 7.7	Business Plan
Chapter 7.8	Transpennine Route Upgrade

## Chapter 7.1

### Contract Payments

#### 1. Contract Payments

- 1.1 The Contract Payment (£CP) for each Reporting Period falling within the first CP Quarter shall be an amount equal to that specified in the second column of the Table below for that Reporting Period.

Column 1	Column 2
CP Quarter 1	Contract Payment (£)
Reporting Period 1 (28 May 2023 – 24 June 2023))	[REDACTED <sup>6</sup> ]

- 1.2 The Contract Payment payable by the Operator to the Secretary of State or the Secretary of State to the Operator (as the case may be) for any Reporting Period following the first CP Quarter shall be determined as specified in paragraph 5.1.
- 1.3 The Parties agree that:
- (a) where the Contract Payment (value of £CP<sub>CPQ</sub>) as determined pursuant to paragraph 5.1 is a **positive number**, the Secretary of State shall pay that amount to the Operator on the Payment Date for that Reporting Period;
  - (b) where the Contract Payment (value of £CP<sub>CPQ</sub>) as determined pursuant to paragraph 5.1 is a **negative number**, the Operator shall pay the corresponding positive amount to the Secretary of State on the Payment Date for that Reporting Period.

#### 2. Payment of Contract Payments

- 2.1 The Secretary of State shall notify the Operator, no less than five (5) Weekdays prior to the start of each Reporting Period, of the amount of the Contract Payment payable in respect of that Reporting Period.
- 2.2 Each such notification shall set out in reasonable detail how the Contract Payment has been calculated.
- 2.3 The Payment Date for a Reporting Period shall be the first Weekday of that Reporting Period.
- 2.4 Each Contract Payment shall be payable by the Operator or, as the case may be, the Secretary of State in the amount notified by the Secretary of State in accordance with paragraph 2.1 of this Chapter 7.1 (*Contract Payments*) on the Payment Date of the Reporting Period to which it relates.
- 2.5 Each Contract 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.

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<sup>6</sup> 20 March 2024 (Date of Redactions Approval) Where text has been omitted from the document - this is because the Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000 (R - TPT - Mar 24 - 001).

2.6 References in this Chapter 7.1 (*Contract Payments*) to Reporting Period or Contract Year shall be deemed amended to the extent necessary to allow Contract Payments to be calculated and paid after the date of expiry of this Contract in accordance with the provisions of this Chapter 7.1 (*Contract Payments*).

**3. No Double Recovery**

3.1 Neither Party shall be entitled to recover (by way of an adjustment to Contract Payment, CP Budget or otherwise) more than once in respect of the same amount.

3.2 The Operator shall use all reasonable endeavours to avail itself of, including applying for, any governmental support or support from any local authority or other such body that:

- (a) is offered to it;
- (b) the details of which are notified to it by the Secretary of State; or
- (c) which a Good and Efficient Operator should have been aware of,

in relation to the impact of and/or recovery from the impacts of COVID-19 from time to time.

3.3 If and to the extent that the Operator is successful in receiving any such support described in paragraph 3.2, this shall be taken into account in relation to the relevant payment and adjustments in this Chapter 7.1 (*Contract Payments*) such that the Operator does not benefit from double recovery or double counting.

**4. Force Majeure and Payments**

4.1 Following the occurrence of a Force Majeure Event, the payment of Contract Payments shall continue to be calculated in accordance with this Chapter 7.1 (*Contract Payments*) and the payment of such Contract Payments shall continue unaffected.

**5. Contract Payments after the first CP Quarter and Revisions to the CP Budget**

5.1 Immediately following (as applicable) the date of: (i) (in the case of the first CP Budget following the Start Date) agreement or determination of the CP Budget for the CP Quarter commencing on 25 June 2023 pursuant to paragraph 5.2(a); or (ii) (in the case of the second CP Budget onwards) completion of the revisions to the then current CP Budget for each CP Quarter pursuant to paragraph 5.2(b), the Secretary of State and the Operator shall, using the Costs Budget and Forecast Revenues as specified in the agreed or determined CP Budget or revised CP Budget (as the case may be) calculate the Contract Payments that will be payable by the Operator to the Secretary of State or Secretary of State to the Operator (as the case may be) for each Reporting Period falling within the next CP Quarter as follows:

<b>£CP<sub>CPQ</sub> =</b>	<b>(CBRP - FRRP) + PADJ + AADJ</b>
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Where:

<b>CBRP</b>	has (for the purposes of this paragraph 5.1 only) the meaning given in paragraph (c) of the definition of “CBRP” in paragraph 7.1. CBRP may only be a positive number;
<b>FRRP</b>	has (for the purposes of this paragraph 5.1 only) the meaning given in paragraph (c) of the definition of “FRRP” in paragraph 7.1. FRRP may only be a positive number;
<b>PADJ</b>	means any Periodic Adjustment, determined in accordance with paragraph 7 ( <i>Periodic Adjustment</i> ), to be made on that Reporting Period’s Payment Date. PADJ may be a positive or negative number; and

<b>AADJ</b>	means any Annual Adjustment, determined in accordance with paragraph 8 ( <i>Annual Adjustment</i> ), to be made on that Reporting Period's Payment Date. AADJ may be a positive or negative number.
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- 5.2 Within (as the case may be):
- (a) ten (10) Weekdays after the Start Date, the Operator shall deliver to the Secretary of State the proposed CP Budget for the second CP Quarter; and
  - (b) ten (10) Weekdays after the start of the sixth (6th) and ninth (9th) Reporting Periods in each other Contract Year, the Operator shall deliver to the Secretary of State:
    - (i) its proposed revisions (if any) to the then current CP Budget for the remaining Reporting Periods of the Contract Year; and
    - (ii) a full and detailed explanation for the proposed revisions,
 and the Parties may agree (or in the absence of agreement the Secretary of State shall reasonably determine) as the case may be:
    - (A) the form of CP Budget proposed by the Operator pursuant to paragraph 5.2(a); or
    - (B) (where paragraph 5.2(b) applies) whether revisions are to be made to the then current CP Budget, and (if so) the revisions to be made, and the date from which the revised CP Budget shall take effect.
- 5.2A The Parties acknowledge that the CP Budget which applies from the first Reporting Period in each Contract Year (other than the first Contract Year) shall be agreed or determined in accordance with the annual business planning process set out in paragraph 3 of Chapter 7.7 (*Business Plan*).

#### **Provisions applying to all revisions**

- 5.3 Each revision to the CP Budget shall (unless the Parties otherwise agree):
- (a) adopt the same format and structure as the original version in agreed terms (or where the preceding version has included any changes from that format and structure expressly agreed by the Parties for this purpose) from the preceding version;
  - (b) make no assumptions or include any costs, revenue or other adjustments which are not consistent with the definition of Costs Budget and Forecast Revenue (except as may be otherwise expressly agreed by the Parties for that purpose);
  - (c) adopt the same accounting principles and standards as the original version (as these may be expressly varied by agreement between the Parties for this purpose or, in the case of accounting standards, as these may be reasonably revised by the Secretary of State to take account of changes to GAAP in the United Kingdom); and
  - (d) otherwise facilitate easy comparison with the definitions of Costs Budget and Forecast Revenue and with the information reported in the Management Accounts, Annual Management Accounts and the Annual Audited Accounts.
- 5.4 Each time it is agreed or determined that the CP Budget is to be revised, the Secretary of State shall be entitled to:-
- (a) make the agreed or determined revisions to the CP Budget (or procure this is done on behalf of the Secretary of State) and provide copies of those revised documents to the Operator; or
  - (b) require the Operator to provide the agreed or determined revisions to the CP Budget for approval by the Secretary of State, which the Operator shall do and provide

revised versions to the Secretary of State within such time as the Secretary of State shall specify for this purpose.

5.5 The Operator shall provide the Secretary of State with all further information as the Secretary of State may request from time to time for the purposes of the operation of this paragraph 5, within such time as the Secretary of State may reasonably specify for that purpose.

5.6 The Parties shall at all times act in good faith, reasonably and in a timely manner in the interpretation and application of the provisions for agreeing revisions to the CP Budget.

**6 Not Used**

**7 Periodic Adjustment**

7.1 The value of PADJ in respect of a Reporting Period(n) shall be equal to the following:

<b>PADJ for Reporting Period(n) =</b>	((ACRP-CBRP) – (ARRP-FRRP))
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**Where:**

<b>CBRP</b>	<p>means (as the case may be):</p> <p>(a) where Reporting Period(n) is the first Reporting Period during the Contract Term, [REDACTED<sup>7</sup>]; or</p> <p>(b) where Reporting Period(n) is any other Reporting Period during the Contract Term, the total Cost Budget in respect of that Reporting Period as specified in the then-current CP Budget.</p> <p>CBRP may only be a positive number;</p>
<b>ACRP</b>	<p>means the total Actual Costs in Reporting Period(n) as set out in the Management Accounts for that Reporting Period(n). ACRP may only be a positive number;</p>
<b>FRRP</b>	<p>means (as the case may be):</p> <p>(a) where Reporting Period(n) is the first Reporting Period during the Contract Term, [REDACTED<sup>8</sup>]; or</p> <p>(b) where Reporting Period(n) is any other Reporting Period during the Contract Term, the total Forecast Revenue in respect of that Reporting Period as specified in the then-current CP Budget.</p>

<sup>7</sup> 20 March 2024 (Date of Redactions Approval) Where text has been omitted from the document - this is because the Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000 (R - TPT - Mar 24 - 001).

<sup>8</sup> 20 March 2024 (Date of Redactions Approval) Where text has been omitted from the document - this is because the Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000 (R - TPT - Mar 24 - 001).

	FRRP may only be a positive number; and
<b>ARRP</b>	means the total Actual Revenue in Reporting Period(n) as set out in the Management Accounts for that Reporting Period(n). ARRP may only be a positive number.

7.2 The value of PADJ shall be made as an adjustment to the next Contract Payment payable after that calculation of PADJ is determined (“**Periodic Adjustment**”).

7.3 The Secretary of State agrees that, provided the Management Accounts (in a form consistent with the obligations of the Operator under Chapter 7.3 (*Management Information*)) are received from the Operator within the timescale specified in paragraph 1.3(a) of Chapter 7.3 (*Management Information*), the Secretary of State will provide the Operator with the value of PADJ in sufficient time for the Periodic Adjustment to be included in the Contract Payment for the Reporting Period which falls two (2) Reporting Periods after Reporting Period(n) (as defined in paragraph 7.1).

7.4 If the Operator fails to provide the Management Accounts in accordance with its obligations under Chapter 7.3 (*Management Information*), the Secretary of State shall (without prejudice to his other rights) be entitled (but not obliged) to determine the amount of any Periodic Adjustment in accordance with this paragraph 7 but by reference to the relevant information available to the Secretary of State at the time of such determination.

**8. Annual Adjustment**

8.1 The value of AADJ in respect of a Contract Year(n) shall be equal to the following:

<b>AADJ for Contract Year(n) =</b>	$(ACCY-CBCY) - (ARCY-FRCY) - TotalPADJ + PM$
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**Where:**

<b>CBCY</b>	<p>means (as the case may be):</p> <p>(a) where Contract Year(n) is the first Contract Year, the aggregate of:</p> <ul style="list-style-type: none"> <li>(i) the amount specified in paragraph (a) of the definition of “CBRP” in paragraph 7.1;</li> <li>(ii) the amount specified in paragraph (b) of the definition of “CBRP” in paragraph 7.1; and</li> <li>(iii) the aggregate of the total Cost Budgets for each other Reporting Period during that Contract Year(n) (provided that in each case the Cost Budget for a relevant Reporting Period shall be the Cost Budget which applied at the time the Contract Payment for that Reporting Period was paid); and</li> </ul> <p>(b) where Contract Year(n) is any other Contract Year, the aggregate of the Cost Budgets for each Reporting Period during that Contract Year(n) (provided that in each case the Cost Budget for a relevant Reporting</p>
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	<p>Period shall be the Cost Budget which applied at the time the Contract Payment for that Reporting Period was paid).</p> <p>CBCY may only be a positive number;</p>
<b>ACCY</b>	<p>means the total Actual Costs in Contract Year(n) as set out in the Annual Audited Accounts for that Contract Year(n). ACCY may only be a positive number;</p>
<b>FRCY</b>	<p>means (as the case may be):</p> <p>(a) where Contract Year(n) is the first Contract Year, the aggregate of:</p> <p>(i) the amount specified in paragraph (a) of the definition of “FRRP” in paragraph 7.1;</p> <p>(ii) the amount specified in paragraph (b) of the definition of “FRRP” in paragraph 7.1; and</p> <p>(iii) the aggregate of the total Forecast Revenue for each other Reporting Period during that Contract Year(n) (provided that in each case the Forecast Revenue for a relevant Reporting Period shall be the Forecast Revenue which applied at the time the Contract Payment for that Reporting Period was paid); and</p> <p>(b) where Contract Year(n) is any other Contract Year, the aggregate of the Forecast Revenue for each Reporting Period during that Contract Year(n) (provided that in each case the Forecast Revenue for a relevant Reporting Period shall be the Forecast Revenue which applied at the time the Contract Payment for that Reporting Period was paid).</p> <p>FRCY may only be a positive number;</p>
<b>ARCY</b>	<p>means the total Actual Revenue in Contract Year(n) as set out in the Annual Audited Accounts for that Contract Year(n). ARCY may only be a positive number;</p>
<b>TotalPADJ</b>	<p>means the total net value of PADJ paid in respect of each Reporting Period during Contract Year(n). TotalPADJ may be a positive number or a negative number; and</p>
<b>PM</b>	<p>means an amount equal to:</p> $\text{ACCY} \div (100 - X)$ <p>Where <math>X = 1</math></p>

8.2 The value of AADJ shall be made as an adjustment to the next Contract Payment payable after that calculation of AADJ is determined (“**Annual Adjustment**”).

8.3 If the Operator fails to provide the information required by paragraph 1.5(b) of Chapter 7.3 (*Management Information*) by the date specified in that paragraph the Secretary of State shall (without prejudice to his other rights) be entitled (but not obliged) to determine the amount of any Annual Adjustment in accordance with this paragraph 8 but by reference to the relevant information available to the Secretary of State 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.

## 9 Funding Deed

9.1 It is acknowledged by the Secretary of State, DOHL and the Operator that:

- (a) the Funding Deed has been entered into between DOHL and the Operator; and
- (b) the Operator shall be entitled to make a demand under the Funding Deed if in any Reporting Period:
  - (i) the available Cash Balance at the end of the preceding Reporting Period was below [REDACTED<sup>9</sup>]; or
  - (ii) the Operator reasonably believes that its available Cash Balance will fall below [REDACTED<sup>10</sup>] at any time within the Reporting Period immediately following that Reporting Period.

9.2 Any amounts that the Operator draws down under the Funding Deed shall be repaid as specified therein.

## 10. Indexation

For the purposes of calculating the Contract Payment or any other payment under this Chapter 7.1 (*Contract Payments*) only, it is agreed that the Contract Payment and its components, any sum shown in any CP Budget for any given Contract Year (or other period) shall not, as part of such calculation, be subject to indexation or adjustment to take into account the effect of inflation.

## 11. Further Obligations of the Operator

11.1 Except to the extent otherwise agreed by the Secretary of State, the Operator will act as a Good and Efficient Operator in all respects in connection with the operation of this Chapter 7.1 (*Contract Payments*).

11.2-11.3 Not Used.

11.4 The Operator shall, in the performance of its obligations under, and when incurring any expenditure in connection with, the Service Contract comply with the requirements of the Procurement Policy.

11.5 The Secretary of State shall be entitled to notify the Operator of any future initiatives or proposals that the Secretary of State considers may have the potential to reduce certain Actual Costs below the costs in the then-current CP Budget and the Operator shall discuss with the Secretary of State all such matters as are relevant to the possible implementation of such initiatives.

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<sup>9</sup> 20 March 2024 (Date of Redactions Approval) Where text has been omitted from the document - this is because the Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000 (R - TPT - Mar 24 - 001).

<sup>10</sup> 20 March 2024 (Date of Redactions Approval) Where text has been omitted from the document - this is because the Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000 (R - TPT - Mar 24 - 001).

- 11.6 The Operator shall, consistent with its obligation to act as a Good and Efficient Operator, generally use all reasonable endeavours to:
- (a) maximise revenue and minimise or mitigate the impacts of any factors leading to revenue being reduced or increasing less quickly than the Operator had forecast; and
  - (b) reduce costs and minimise or mitigate the impacts of any factors leading to costs being increased or decreasing less quickly than the Operator had forecast,
- unless otherwise directed in writing by the Secretary of State, provided that where compliance with paragraph (a) in relation to revenue will have consequential impacts on costs and/or compliance with (b) in relation to costs will have consequential impacts on revenue, the Operator's obligation will be to use all reasonable endeavours to optimise in combination the revenue and cost position.
- 11.7 The Operator shall proactively consider and implement actions to meet its obligations pursuant to paragraph 11.6 above, provided that where the consent of the Secretary of State is required to any action pursuant to the terms of the Service Contract, the Operator shall seek the Secretary of State's consent as soon as practicable and shall only pursue such action once consent has been provided.
- 11.8 The Secretary of State shall have the right to propose to the Operator measures that the Operator could take to maximise revenue and minimise or mitigate the impacts of any factors leading to revenue being reduced or increasing less quickly than the Operator had forecast, such measures being consistent with a train operator bearing revenue risk in relation to its rail services and acting in an economical and efficient manner. The Operator shall give reasonable consideration to any such measures proposed by the Secretary of State and shall either implement such actions or shall explain why in its reasonable opinion such measures would not be appropriate.
- 11.9 **Periodic Finance Review Meetings**
- (a) The Parties shall hold a finance review meeting at least once in every Reporting Period (other than the First Reporting Period) (or at such other interval as the Secretary of State may notify to the Operator in writing) to review and discuss the matters set out in paragraph 11.9(c) below and such other financial matters as may specified from time to time by the Secretary of State (each a "**Periodic Finance Review Meeting**").
  - (b) The Operator shall ensure that the representatives of the Operator at any Periodic Finance Review Meeting shall include the finance director of the Operator or a suitable representative of the finance director as may be Approved for this purpose by the Secretary of State.
  - (c) At each Periodic Finance Review Meeting the Parties shall review and discuss the following matters with respect to TRU:
    - (i) any known or reasonably anticipated changes to risks associated with TRU which has or is likely to increase or decrease Operator TRU Costs as specified in the CP Budget; and/or
    - (ii) where any Actual Costs in respect of any Operator TRU Costs items (incurred in the previous Reporting Period) are less than the cost for those items specified in the CP Budget in the relevant Reporting Period, an explanation of the circumstances giving rise to that underspend including where the underspend may have arisen from changes to the programme phasing and is therefore related to costs yet to be incurred in any future Reporting Period.
12. **Operator TRU Costs**
- 12.1 The Operator acknowledges that, subject to paragraph 12.1A, the payment of the Operator TRU Costs will be funded by the Secretary of State from a funding stream that is separate and distinct from the funding used by the Secretary of State to meet the Operator's other costs pursuant to this Contract. Consequently, the Operator understands the importance of monitoring and reporting its Actual Costs as against the CP Budget on a basis that is

consistent with the allocation of Actual Costs between the Operator TRU Costs and the Operator's other costs.

- 12.1A The Parties further acknowledge and agree that (subject to paragraph 12.8 (and provided that an SoS Funding Period has not occurred pursuant to paragraph 12.8(g) and/or that an SoS PTA Payment has not become due under paragraph 12.8(h)), but notwithstanding any other provision of this Contract) in respect of each Contract Year during the Contract Term:
- (a) reimbursement of the Operator TRU Costs will be made by Network Rail separately from the funding used by the Secretary of State to meet the Operator's other costs pursuant to this Contract. Consequently, the Operator understands the continuing importance of monitoring and reporting its Actual Costs as against the CP Budget on a basis that is consistent with the allocation of Actual Costs between the Operator TRU Costs and the Operator's other costs;
  - (b) the Secretary of State has no obligation under this Contract to pay Actual Costs as they relate to Operator TRU Costs (and accordingly Operator TRU Costs shall not be taken account of in relation to the calculation of any Contract Payment pursuant to this Chapter 7.1 (*Contract Payments*)); and
  - (c) the Operator has no rights to claim payment in respect of any Operator TRU Costs from the Secretary of State pursuant to this Contract or otherwise.
- 12.2 Notwithstanding any other provision of this Contract, the Operator shall ensure that in monitoring and presenting any reports, analysis, information, accounts or data concerning Actual Costs as they relate this Contract, the Operator shall with respect to each category of cost contained in the CP Budget on which it is required to provide that report, analysis, information, accounts or data, identify those Actual Costs relative to Operator TRU Costs and those Actual Costs that are relative to the Operator's other costs. Where applicable the Operator shall employ those assumptions and allocation principles referred to in paragraph 1.3(b1) of Chapter 7.3 (*Management Information*) in preparing such reports, analysis, information, accounts or data. It is acknowledged that if either Party considers that those assumptions and allocation principles are not resulting in an appropriate allocation of Actual Costs to Operator's TRU Costs or Operator's other costs, then it may propose an alternative method of allocation to be established in accordance with that paragraph 1.3(b1) of Chapter 7.3 (*Management Information*) provided that no such amendment shall have retrospective effect without the consent of both Parties and acknowledging that where any adjustment is made to those assumptions and principles it may be appropriate in the circumstances to consider a consequential adjustment to the CP Budget in accordance with the provisions of paragraph 5.2 of Chapter 7.1 (*Contract Payments*).
- 12.3 Subject to paragraphs 12.4 and 12.5, the Operator agrees that in monitoring its Actual Costs so as to distinguish between Operator TRU Costs and the Operator's other costs and notwithstanding any other provision of this Contract, it will not with respect to each category of cost contained in the CP Budget incur:
- (a) Actual Costs that relate to the Operator TRU Costs in excess of the amount specified for such costs in the then current CP Budget; and
  - (b) Actual Costs that relate to the Operator's other costs in excess of the amount specified for such costs in the then current CP Budget,
- provided that nothing in this paragraph 12.3 shall prevent the Operator from proposing a revision to the CP Budget pursuant to paragraph 5.2 to Chapter 7.1 (*Contract Payments*) in the relevant circumstances in relation to either or both of Operator TRU Costs and the Operator's other costs and it is acknowledged that, without the express consent of the Secretary of State, the Operator is not permitted to incur Operator TRU Costs against amounts budgeted for in the CP Budget in respect of the Operator's other (non-TRU related) costs to absorb the Operator's TRU Costs or vice versa.
- 12.4 For the purposes of paragraph 12.3, the amount specified for the Operator's other costs in relation to a category of cost in the then current CP Budget shall be equal to the difference between the Operator's other costs in that category of cost (as ascertained from the 'base' version of the then current CP Budget (i.e. with the TRU elements switched off)) and the total

amount of the costs in that category of cost (as ascertained by running the then current CP Budget in its 'consolidated' version (i.e. with the TRU elements switched on).

- 12.5 It is agreed that with respect to Operator TRU Costs only and notwithstanding any other provision of this Contract, the Operator shall be entitled to incur Actual Costs (that relate to Operator TRU Costs) in excess of the amount specified for such costs in the then current CP Budget in relation to a particular category of cost contained in the CP Budget relative to Operator TRU Costs provided always that the aggregate of all Actual Costs that relate to the Operator TRU Costs in all categories of costs do not exceed the aggregate value of such costs as set out in the then current CP Budget.
- 12.6 Not Used.
- 12.7 It is acknowledged that the procedures and processes set out in this paragraph 12 are intended to provide clarity for the Secretary of State in the management of costs associated with the Operator TRU Costs and the Operator's other costs. The Parties agree that they shall, from time to time, review the application of these provisions against the general principles set out in paragraph 12.1A taking into account considerations related to the good and efficient operation of the Services and as a consequence of that review may agree to vary the terms of paragraphs 12.2 to 12.5 (and paragraph 12.8) so as to ensure that the operation of these paragraphs remain consistent with the requirements of paragraph 12.1A while advancing the good and efficient operation of the Services.
- 12.8 **Payment of Operator TRU Costs in each Contract Year**
- (a) It is acknowledged that:
- (i) the Operator and Network Rail intend to enter into a TRU 'pass through funding agreement' in respect of the first Contract Year (the "**Pass Through Agreement**") in a form substantially consistent with the 'pass through funding agreement' which was entered into between the Previous Operator and Network Rail in relation to the period up to 31 March 2023;
  - (ii) it is intended that, following entry into the Pass Through Agreement, the Operator TRU Costs incurred by the Operator thereafter shall be paid by Network Rail in accordance with the Pass Through Agreement;
  - (iii) the following provisions of this paragraph 12.8 are accordingly intended to establish the procedure to be followed by the Parties to enable payment of Operator TRU Costs to be made by Network Rail under the Pass Through Agreement; and
  - (iv) references to "Pass Through Agreement" shall extend to any agreement which is approved in writing by the Secretary of State to the Operator and entered into between Network Rail and the Operator in succession to the form of Pass Through Agreement referred to in paragraph 12.8(a)(i).
- (b) The Operator shall at all times comply with and/or do such things as may be reasonably required to give full effect to and implement the Pass Through Agreement including the provision, by the Operator to the Secretary of State, of a summary of the forecast Operator TRU Costs which may be disclosed to Network Rail on a confidential basis, with any Payment Certificate issued by the Secretary of State pursuant to paragraph 12.8(c), and such forecast may only be used by Network Rail for any proper purpose to allow for payments to the Operator to be made under the Pass Through Agreement.
- (c) Subject always to the Operator's compliance with paragraph 12.8(b), the Secretary of State will within ten (10) Weekdays issue a Payment Certificate to Network Rail (copied to the Operator) where:
- (i) the Secretary of State is presented with evidence of any Sum Due under the Pass Through Agreement; and
  - (ii) the Secretary of State determines that such evidence demonstrates that the applicable Sum Due constitutes Operator TRU Costs which:

- (A) have been incurred by the Operator in accordance with the terms of this Contract; and
  - (B) are within the budgetary envelope for such Operator TRU Costs as specified within the then-current CP Budget in accordance with the other provisions of this paragraph 12.
- (d) Where the Secretary of State issues a Payment Certificate to Network Rail (copied to the Operator) pursuant to paragraph 12.8(c):
- (i) any amounts received by the Operator from Network Rail pursuant to the Pass Through Agreement in relation to that Payment Certificate shall be applied in satisfaction of the Operator TRU Costs comprised in the applicable Sum Due to which the Payment Certificate relates (a “**Payment Certificate Amount**”); and
  - (ii) if Network Rail fails to make payment of a Payment Certificate Amount by the Final Date For Payment the provisions of paragraph 1.7 of Appendix 3 to the Pass Through Agreement and paragraph 12.8(h) below shall apply.
- (e) If the Secretary of State determines that the evidence of any Sum Due submitted by the Operator pursuant to the Pass Through Agreement does not satisfy the requirements of paragraph 12.8(c)(ii), then:
- (i) the Secretary of State shall notify the Operator and the Parties shall meet (at the next Periodic Finance Review Meeting in the case of Contract Payments relating to the Contract Period) to discuss and seek to agree an appropriate adjustment to the relevant Sum Due to ensure that such adjusted Sum Due is in compliance with the requirements of paragraph 12.8(c)(ii); and
  - (ii) if the Parties:
    - (A) agree an adjustment to the relevant Sum Due (or the Secretary of State determines that, on further review, no adjustment is required) in accordance with paragraph 12.8(e)(i) at the applicable Periodic Finance Review Meeting (or other meeting, as applicable), then the Secretary of State shall issue a Payment Certificate to Network Rail (copied to the Operator) within thirty (30) days in the agreed amount;
    - (B) do not agree any adjustment to be made to the relevant Sum Due in accordance with paragraph 12.8(e)(i) at the applicable Periodic Finance Review Meeting (or other meeting, as applicable), then the Secretary of State shall determine it on the basis of the information then available to the Secretary of State and shall issue a Payment Certificate to Network Rail (copied to the Operator) within thirty (30) days in the amount so determined. If the Operator disputes that any adjustment was reasonably determined by the Secretary of State under this paragraph 12.8(e)(ii)(B) the dispute shall, unless the Operator and the Secretary of State agree otherwise, be resolved in accordance with the provisions of paragraph 8 (*Governing Law and Jurisdiction*) of Chapter 9.7 (*Miscellaneous Legal Terms*) of this Contract. Any such dispute shall not affect the Secretary of State’s right to issue a Payment Certificate pursuant to this paragraph 12.8(e)(ii)(B).
- (f)
- (i) Under no circumstances shall the Operator be entitled to recover more than once in respect of any Operator TRU Costs incurred by it, whether pursuant to the process established by this paragraph 12.8 or otherwise (“**TRU Operator Cost Double Recovery**”).
  - (ii) The Operator shall notify the Secretary of State without delay if it identifies that any TRU Operator Cost Double Recovery has occurred.
  - (iii) Where any TRU Operator Cost Double Recovery is identified (whether by the Operator pursuant to paragraph 12.8(f)(ii), by the Secretary of State or



otherwise), then (without prejudice to any other rights of the Secretary of State) the Operator shall pay to the Secretary of State such amount as is required to ensure that the Operator does not benefit from any TRU Operator Cost Double Recovery (a “**TRU Operator Cost Double Recovery Repayment Amount**”).

- (g) The Parties acknowledge and agree that:
- (i) in relation to the period from the Start Date until entry into the Pass Through Agreement referred to in paragraph 12.8(a)(i); and
  - (ii) in respect of any other Contract Year where a TRU pass through funding agreement for that Contract Year is not agreed between Network Rail and the Operator (and approved in writing by the Secretary of State) in succession to either the Pass Through Agreement referred to in paragraph 12.8(a)(i) (or any Pass Through Agreement which succeeds it as referred to in paragraph 12.8(a)(iv)) by the commencement of the Contract Year in question,
- the provisions of paragraph 12.1 shall apply in respect of such Reporting Periods as occur until a replacement TRU pass through funding agreement is agreed between Network Rail and the Operator (and approved in writing by the Secretary of State) in respect of the Contract Year in question (an “**SoS Funding Period**”). The Parties further acknowledge and agree that for the duration of any SoS Funding Period which occurs at any time on or following the Start Date pursuant to this paragraph 12.8(g):
- (A) the provisions of paragraph 12.1A and the other provisions of this paragraph 12.8 will be disregarded and the Secretary of State shall be liable to pay Actual Costs as they relate to Operator TRU Costs in accordance with paragraph 12.1; and
  - (B) the provisions of paragraph 12.1A and the other provisions of this paragraph 12.8 will recommence in force and effect upon the cessation of any such SoS Funding Period and will apply in respect of the Reporting Periods during the relevant Contract Year which occur after the end of the relevant SoS Funding Period.
- (h) If in any Contract Year where a Pass Through Agreement is in place Network Rail fails to make payment of a Payment Certificate Amount by the Final Date For Payment then:
- (i) the Operator shall serve a notice on Network Rail (copied to the Secretary of State) confirming the occurrence of the relevant Final Date For Payment and the applicable Payment Certificate Amount which remains unpaid;
  - (ii) subject to the Operator’s compliance with paragraph 12.8(h)(i), if the relevant Payment Certificate Amount remains unpaid fourteen (14) days after service of the notice referred to in paragraph 12.8(h)(i) (an “**Overdue Payment Certificate Amount**”) then the Secretary of State will make a payment to the Operator equal to the Overdue Payment Certificate Amount plus interest accrued under paragraph 1.7 of Appendix 3 to the Pass Through Agreement (an “**SoS PTA Payment**”); and
  - (iii) notwithstanding any payment by the Secretary of State of any SoS PTA Payment, the Operator shall, unless otherwise directed by the Secretary of State, continue to use reasonable endeavours to enforce all of its rights against Network Rail under the Pass Through Agreement in order to secure payment of the relevant Overdue Payment Certificate Amount (plus interest accrued thereon) from Network Rail. The Operator shall be obliged to reimburse the relevant Overdue Payment Certificate Amount (plus interest accrued thereon) to the Secretary of State subject to Network Rail subsequently making payment to the Operator of such amounts which shall constitute a TRU Operator Cost Double Recovery and the provisions of paragraph 12.8(f) shall apply.



**12.9 Definitions**

- (a) In this paragraph 12, the following capitalised terms shall have the following meanings:
- (i) **“Final Date For Payment”** shall have the meaning given to it in the Pass Through Agreement;
  - (ii) **“Overdue Payment Certificate Amount”** shall have the meaning given to it in paragraph 12.8(h)(ii)
  - (iii) **“Pass Through Agreement”** has the meaning given to it in paragraph 12.8(a)(i);
  - (iv) **“Payment Certificate”** shall have the meaning given to it in the Pass Through Agreement;
  - (v) **“Payment Certificate Amount”** has the meaning given to it in paragraph 12.8(d)(i);
  - (vi) **“SoS Funding Period”** has the meaning given to it in paragraph 12.8(g);
  - (vii) **“SoS PTA Payment”** has the meaning given to it in paragraph 12.8(h)(ii);
  - (viii) **“Sum Due”** shall have the meaning given to it in the Pass Through Agreement;
  - (ix) **“TRU Operator Cost Double Recovery”** has the meaning given to it in paragraph 12.8(f)(i); and
  - (x) **“TRU Operator Cost Double Recovery Repayment Amount”** has the meaning given to it in paragraph 12.8(f)(iii).

**APPENDICES 1 and 2 TO CHAPTER 7.1**

**Not Used**

## Chapter 7.2

### Performance Assessment

#### 1.1 The Parties acknowledge and agree that:

- (a) (without prejudice to any other provision of this Contract) the Secretary of State expects the Operator to deliver performance which, as a minimum, would be consistent with it meeting the “acceptable” level of performance against each Scorecard Criterion as specified in Appendix 2 (*Scorecard Criteria*) to this Chapter 7.2 (it being acknowledged that “Customer Satisfaction Scorecard A” will apply from the Start Date for the purposes of reviews of Operator performance which are undertaken by the Secretary of State pursuant to this Chapter 7.2 unless the Secretary of State otherwise specifies from time to time);
- (b) subject to paragraphs 1.1(c) and 1.1(d) below, the Parties will (unless the Secretary of State otherwise requires) review and discuss the Operator’s performance against the Scorecard Criteria at each Contract Performance Meeting (and the Operator shall provide the Secretary of State with such information and/or evidence as the Secretary of State may require in connection with the same);
- (c) at the date of this Contract the Secretary of State is continuing to consider:
  - (i) the most efficient and cost effective process for monitoring, evaluating and recording the Operator’s performance against the Scorecard Criteria under this Contract;
  - (ii) the basis on which a quantified target methodology approach to performance assessment will be incorporated into (and implemented pursuant to) this Contract alongside the Scorecard Criteria,
 being for these purposes the “**SoS Performance Assessment Design Review**”;
- (d) the Secretary of State may following the date of this Contract require the conclusions and/or outputs of the SoS Performance Assessment Design Review to be reflected in this Contract by virtue of a variation pursuant to paragraph 6.1(a) of Chapter 9.7 (*Miscellaneous Legal Terms*) (which it is acknowledged may also give rise to adjustments to the ‘Assessment Checklist’ set out in Appendix 1 to Chapter 7.2 and/or the Scorecard Criteria); and
- (e) nothing in this paragraph 1.1 shall prejudice the Secretary of State’s rights under:
  - (i) paragraph 2.1 of Chapter 9.4.3 (*Procedure for remedying a Contractual Breach of the Service Contract*) to serve a Contractual Breach Notice; and/or
  - (ii) paragraph 6.1(a) of Chapter 9.7 (*Miscellaneous Legal Terms*) to vary the terms of this Contract, any aspect of the Rail Services, any applicable document in the agreed terms or any applicable Business Plan.

#### 1.2 Assessment Checklist

Notwithstanding paragraph 8 (*Contract Performance Meetings*) of Chapter 1.1 (*Organisation and Management*) and paragraph 1.1(b) above, as soon as practicable after the end of the third and tenth Reporting Periods in each Contract Year (or, with respect to any Contract Year which is not thirteen Reporting Periods in duration, as soon as practicable after the end of such Reporting Periods as the Secretary of State may direct), and in any event no later than ten (10) Weekdays after the relevant Reporting Period the Operator shall, to the extent reasonably practicable having regard to the information available at the relevant time and in

accordance with any direction of the Secretary of State, submit to the Secretary of State drafts of the materials set out in Appendix 1 (*Assessment Checklist*) to this Chapter 7.2.

## Appendix 1 to Chapter 7.2 Assessment Checklist

### 1. Operational Performance

- 1.1 A report on the Operator's delivery of the operational performance elements of the Train Service Operations Plan Business Plan Component, including evidence of:
- (a) the delivery of the relevant Business Plan Commitments, including delivery to time and delivery of expected outputs and outcomes or the Operator's plans for delivery of such Business Plan Commitments;
  - (b) performance against each of the relevant Business Plan KPIs in the Business Plan or the Operator's plans for delivery of such Business Plan KPIs;
  - (c) an explanation of the level of performance achieved and the underlying drivers of that performance, including:
    - (i) Plan of the Day operation and capacity provisions;
    - (ii) incident management recovery; and
    - (iii) incident learning review processes,
 together with evidence of the impacts of any significant actions the Operator has undertaken to improve performance or to reduce the impacts of incidents;
  - (d) in respect of significant or repeated failures to deliver the Enforcement Plan of the Day, an explanation of the underlying root causes of those failures, including setting out (if relevant) any act, omission or failure of a third party which has impacted performance and the extent of that impact;
  - (e) a summary of the Operator's approach to service recovery, Depot and Train Fleet management, including any significant action taken by the Operator to improve those approaches, supported by evidence of their effectiveness;
  - (f) a summary of the Operator's plans for train crew management, including any significant actions taken to improve those approaches, supported by evidence of their effectiveness (such as through minimising instances of insufficient train crew availability to resource the applicable Enforcement Plan of the Day); and
  - (g) where applicable and relevant to the assessment of a particular Scorecard Criterion, evidence of:
    - (i) any Relevant OP Limiting Factors (as defined in paragraph 1.4 (*Operational Performance*) of Appendix 2 (*Scorecard Criteria*) to this Chapter 7.2) and how they affected the Operator's ability to meet the particular Scorecard Criterion; and
    - (ii) the actions taken by the Operator to minimise and mitigate their impact.
- 1.2 Where relevant, a report including:
- (a) evidence of delivery of operational performance-related Business Plan Commitments, including demonstrating better outcomes;
  - (b) evidence of delivery of operational performance-related Business Plan KPIs, including evidence of exceeding relevant targets;
  - (c) an outline of the Operator's approach to service recovery and associated ratio of Reactionary Delay to Direct Delay in respect of the Passenger Services with comparisons to historical average standards as measured over the previous 5 years (taking account of all Direct Delay, whether attributed to the Operator or not);
  - (d) evidence of detailed and comprehensive reviews referred to in paragraph 1.2(c)(iii) of Appendix 2 (*Scorecard Criteria*) to this Chapter 7.2, and evidence these reviews have resulted in actions which have or will minimise the likelihood and impacts on passengers; and

- (e) evidence the Operator's Depot, Train Fleet and train crew management approach and plans, including evidencing rolling stock and crew availability being available to deliver the Enforcement Plan of the Day and where possible compared to relevant historic standards as measured over the previous 5 years.
- 1.3 Unless otherwise agreed by the Secretary of State, the evidence the Operator provides pursuant to this paragraph 1 shall be no more than 20 A4 pages in total (using 11 point Arial font and including annexes) and the Operator may, if required, refer to relevant data provided to the Secretary of State in accordance with this Contract.

## 2. Customer Satisfaction

### 2.1 Checklist for Customer Satisfaction Scorecard A

Unless and until the Secretary of State confirms to the Operator that Customer Satisfaction Scorecard B will apply in accordance with paragraph 1.1(a) of Chapter 7.2:

- (a) a report including:
- (i) provision of:
- (A) a summary of customer feedback obtained, including a summary of insights gathered through customer insight channels, the Rail Customer Insight Programme, Customer Insight Survey data (if available), other surveys or external sources and social media; and
- (B) for each customer feedback data source, details of:
- (1) the number of customers who have provided feedback; and
- (2) the Operator's conclusions following analysis of such data, including all areas of customer experience which are working well and all areas of customer experience which require improvement;
- (ii) to the extent available, evidence of the actions taken by the Operator to embed best practice and/or address customer satisfaction issues, including:
- (A) the specific actions and activities employed by the Operator to target customer experience improvements for customer segments and/or markets served in relation to the Customer Priority Areas;
- (B) evidence of how the actions and activities referred to in paragraph (ii)(A) above have improved outcomes for customers, including:
- (1) a statement of the total number of customer complaints per 100,000 journeys (as relevant in relation to such period as the Secretary of State may specify) with commentary on whether this represents an upward or downward trend;
- (2) actions taken by the Operator to address the five most frequent customer complaints;
- (3) detail of positive feedback from customers;
- (4) results and any improvements in Delay Repay Compensation processing response times and performance;
- (5) actions taken by the Operator which are focused on improving the Passenger Assist service, including improving numbers of bookings and successful journeys using the Passenger Assist service, and an assessment of customer satisfaction and/or customer feedback regarding the same;
- (6) a summary of how the Operator has improved outcomes for customers in relation to one or more of the Customer Priority Areas; and

- (7) a summary of action taken by the Operator to improve passenger support during disruption to Passenger Services, together with outcomes achieved, lessons learnt, feedback from affected customers and details of specific events, and, in respect of each of (1) to (7) above, details of any relevant Business Plan KPI progress or delivery; and
- (C) where applicable and relevant to the assessment of a particular Scorecard Criterion, evidence of:
- (1) any Relevant CSA Limiting Factors (as defined in paragraph 2.4 (*Customer Satisfaction - Scorecard A*) of Appendix 2 (*Scorecard Criteria*) to this Chapter 7.2) and how they affected the Operator's ability to meet the particular Scorecard Criterion; and
- (2) the actions taken by the Operator to minimise and mitigate their impact; and
- (iii) a summary of customer-focused improvements implemented by the Operator across the Customer Priority Areas as a result of collaborating or partnering with third parties (including disability groups, Network Rail, the British Transport Police and Local Authorities) including, where relevant, results of Business Plan KPIs relating to the Collaboration Plan within the Business Plan;
- (b) where relevant, a report including:
- (i) a summary of:
- (A) key actions taken by the Operator to address customer needs, which include customer-focused initiatives and show continuous improvement in approach and, where appropriate, are innovative and/or best in class; and
- (B) evidence of material improvements that the Operator has delivered across all or the majority of the Customer Priority Areas, including the actions taken and, where appropriate, reference to relevant Business Plan KPIs; and
- (ii) a summary of customer-focused improvements implemented by the Operator across all or the majority of the Customer Priority Areas and any areas outside of Operator's direct control, each as a result of collaborating or partnering with third parties (such as disability groups, Network Rail, British Transport Police, Local Authorities) including the relevant results of any Business Plan KPIs relating to the Collaboration Plan within the Business Plan; and
- (c) Unless otherwise agreed by the Secretary of State, the evidence the Operator provides pursuant to this paragraph 2.1 shall be no more than 20 A4 pages in total (using 11 point Arial font and including annexes) and the Operator may, if required, refer to relevant data provided to the Secretary of State in accordance with this Contract.

## 2.2 Checklist for Customer Satisfaction Scorecard B

Where the Secretary of State confirms in accordance with paragraph 1.1 of this Chapter 7.2 that Customer Satisfaction Scorecard B applies, a report on how the Operator has used insights to improve customer satisfaction, including:

- (a) if available, the Operator's calculation of the applicable Overall RCIS Score;
- (b) a summary of customer feedback obtained, including insights gathered through the Rail Customer Insight Programme, complaints, feedback from passengers using the Passenger Assist service, other surveys where relevant, social media and any other relevant sources;



- (c) a summary of how the Operator has used these customer insights and Customer Insight Survey results to identify, address and deliver improved outcomes for customers in relation to one or more of the Customer Priority Areas;
- (d) a summary of how the Operator has collaborated with persons with disabilities and their representative bodies in particular, and how this has directly improved outcomes for such passengers;
- (e) the results of any research or assessments undertaken by the Passengers' Council, the ORR or any other independent bodies which demonstrate the Operator's compliance with any of the Scorecard Criteria; and
- (f) where applicable and relevant to the assessment of a particular Scorecard Criterion, evidence of:
  - (i) any Relevant CSB Limiting Factors (as defined in paragraph 3.2A (*Customer Satisfaction – Scorecard B*) of Appendix 2 (*Scorecard Criteria*) to this Chapter 7.2) and how they affected the Operator's ability to meet the particular Scorecard Criterion; and
  - (ii) the actions taken by the Operator to minimise and mitigate their impact.

### 3. **Service Quality Standards**

A report on the service quality standards delivered by the Operator, including:

- (a) all available Service Quality Regime outputs;
- (b) for areas or time periods where Service Quality Regime outputs are not available or are incomplete, tables, charts and other data (as appropriate) showing:
  - (i) delivery of Station and train cleans against the planned programme;
  - (ii) level of adherence to staffing rosters;
  - (iii) a summary of the availability of key assets such as Station and train toilets and ticket vending machines, and the length of time taken to remedy any faults; and
  - (iv) a summary of how the Operator has provided consistently accurate, timely and relevant information to customers at stations, on rolling stock used to deliver the Passenger Services and online (including via relevant social media, mobile apps and websites, as appropriate);
- (c) a summary of passenger complaints about service quality and how these were addressed;
- (d) an explanation of the level of performance achieved in respect of each of the above and the underlying drivers of that performance, including evidence of the impacts of any significant actions the Operator has undertaken to improve performance;
- (e) the results of any research or assessments undertaken by the Passengers' Council, the ORR or any other independent bodies which demonstrate the Operator's compliance with any of the Scorecard Criteria; and
- (f) where applicable and relevant to the assessment of a particular Scorecard Criterion, evidence of:
  - (i) any Relevant SQ Limiting Factors (as defined in paragraph 4.4 (*Service Quality Standards*) of Appendix 2 (*Scorecard Criteria*) to this Chapter 7.2) and how they affected the Operator's ability to meet the particular Scorecard Criterion; and
  - (ii) the actions taken by the Operator to minimise and mitigate their impact.

### 4. **Financial Performance – Total Turnover**

#### 4.1

- (a) A report including:

- (i) detail of the extent to which the Operator has acted as a Good and Efficient Operator, including evidence of how the Operator has optimised the financial prospects of its business over the short, medium and long term by driving the recovery and future growth of passenger demand and revenue;
  - (ii) evidence to demonstrate how the Operator has ensured that forecasts of future costs and revenues provided to the Secretary of State are realistic; and
  - (iii) evidence to demonstrate of the Operator has delivered any value for money initiatives, as included within the agreed Business Plan, to drive and accommodate recovery and growth in patronage;
- (b) Unless otherwise agreed by the Secretary of State, the evidence the Operator provides pursuant to this paragraph 4.1 shall be no more than 20 A4 pages in total (using 11 point Arial font and including annexes) and the Operator may, if required, refer to relevant data provided to the Secretary of State in accordance with this Contract.

## Appendix 2 to Chapter 7.2 Scorecard Criteria

### Operational Performance

#### 1.1 **One (1): Below acceptable standard**

The Operator has failed in any material respect to demonstrate that it has met the standard required to score a “two (2)”.

#### 1.2 **Two (2): Acceptable**

So far as reasonably practicable taking account of any Relevant OP Limiting Factors, the Operator has:

- (a) delivered the majority of the operational performance-related Business Plan Commitments on time and with the outputs and outcomes specified in the Business Plan or effectively planned for delivery of such Business Plan Commitments;
- (b) met the majority of the operational performance-related Business Plan KPIs in the Business Plan or effectively planned for delivery of such Business Plan Commitments;
- (c) generally delivered the Passenger Services in accordance with the applicable Enforcement Plan of the Day, such that where there have been significant or repeated failures to deliver the applicable Enforcement Plan of the Day:
  - (i) these have typically been due to external factors and/or incidents beyond the reasonable control of the Operator (and for the purposes of this subparagraph (i) any Relevant OP Limiting Factors are to be treated as being beyond the reasonable control of the Operator);
  - (ii) the Operator has used all reasonable endeavours to recover the Passenger Services as quickly as possible so as to minimise passenger inconvenience and delay, regardless of whether or not the root cause was within the Operator’s reasonable control; and
  - (iii) the Operator has undertaken reviews of the root cause(s) of such failure(s) to deliver the applicable Enforcement Plan of the Day and the effectiveness of the Operator’s actions to deal with the incident and recover the Passenger Services;
- (d) set in place and implemented appropriate Depot and Train Fleet management plans that have been generally effective in minimising the number of instances of insufficient rolling stock vehicles being available to resource the applicable Enforcement Plan of the Day; and
- (e) set in place and implemented appropriate plans for train crew management, recruitment, training, succession and contingency management that have generally been effective in minimising the number of instances of insufficient train crew being available to resource the applicable Enforcement Plan of the Day.

#### 1.3 **Three (3): Good**

- (a) The Operator has fully met the criteria for a “two (2)” and in addition, so far as reasonably practicable taking account of any Relevant OP Limiting Factors, the Operator has achieved at least four of the following criteria:
  - (i) the Operator has delivered better outcomes from at least one of the operational performance-related Business Plan Commitments than specified in the Business Plan;
  - (ii) the Operator has exceeded at least one of the operational performance-related Business Plan KPIs in the Business Plan;
  - (iii) there have been very few, if any, significant or repeated failures to deliver the applicable Enforcement Plan of the Day that have been due to factors and/or incidents within the reasonable control of the Operator;

- (iv) the Operator’s approach to service recovery has been particularly robust and, as a result, the ratio of Reactionary Delay to Direct Delay in respect of the Passenger Services has been lower than average historical standards as measured over the previous 5 years (taking account of all Direct Delay, whether attributed to the Operator or not);
- (v) the reviews referred to in paragraph 1.2(c)(iii) of this Appendix 2 to Chapter 7.2 have been particularly thorough and, as a result of those reviews, the Operator has identified and implemented significant actions that have minimised (or will minimise) the likelihood and the impacts on passengers of similar incidents occurring in future; and
- (vi) the Operator’s Depot, Train Fleet and train crew management has been particularly robust and, as a result, the number of instances of insufficient rolling stock or train crew being available to deliver the Enforcement Plan of the Day have been lower than historical standards as measured over the previous 5 years.

1.4 In this paragraph 1, “**Relevant OP Limiting Factors**” means:

- (a) the level of costs budgeted to be incurred by the Operator through the CP Budget as agreed or determined by the Secretary of State; and/or
- (b) any unavoidable, temporary adverse impacts resulting from:
  - (i) Industrial Action (other than Industrial Action arising as a result of the Operator failing to comply with its obligations under this Contract, including Chapter 2.2 (*Rail Workforce*));
  - (ii) compliance by the Operator with any guidance or direction given to the Operator by the Secretary of State; or
  - (iii) any other event or circumstance outside of the Operator’s reasonable control which would have had a material adverse impact on the ability of the Operator (acting as a Good and Efficient Operator) to achieve the Scorecard Criterion,

provided in each case that the Operator has taken reasonable steps (acting as a Good and Efficient Operator) to minimise and mitigate those adverse impacts.

## 2. **Customer Satisfaction – Scorecard A**

### 2.1 **One (1): Below acceptable standard**

The Operator has failed in any material respect to demonstrate that it has met the standard required to score a “two (2)”.

### 2.2 **Two (2): Acceptable**

The Operator has:

- (a) used, where reasonably practicable, the following:
  - (i) Operator-generated survey results, data and research; and
  - (ii) wider industry survey results and data sources (including Rail Customer Insight Programme and Rail Customer Insight Survey data, ORR survey data and Passengers' Council data, in each case, where available),
 in order to:
  - (i) review customer needs and the extent to which they are being met; and
  - (ii) identify areas where improvement in customer satisfaction is required; and
- (b) so far as reasonably practicable taking account of any Relevant CSA Limiting Factors:
  - (i) for each of the customer segments and/or markets served by the Rail Services, implemented actions to improve customer satisfaction, including in:

- (A) each of the areas identified by the Operator as referenced in paragraph (a) above;
  - (B) passenger safety and security;
  - (C) accessibility;
  - (D) support during disruption to Passenger Services (such as provision of information or additional staff assistance); and
  - (E) any other areas identified by the Secretary of State from time to time, together, the “**Customer Priority Areas**”,
- (ii) made demonstrable progress in delivering improvements in outcomes for customers (or, in the opinion of the Secretary of State, will achieve improvements, either during the Business Plan Period or in the longer term) (for example, through reduced negative feedback and/or increased positive feedback) as a result of the actions referred to in (b)(i) above; and
  - (iii) worked in partnership with industry stakeholders to achieve improvements in outcomes for customers with regard to applicable Customer Priority Areas.

### 2.3 **Three (3): Good**

The Operator has fully met the criteria for a “two (2)” and in addition so far as reasonably practicable taking account of any Relevant CSA Limiting Factors:

- (a) taken effective action to address the Customer Priority Areas, including by proactively implementing customer-focused initiatives which are designed to respond to changes in customer expectations and ensure continuous improvement and, where appropriate, are innovative and/or best in class; and
- (b) achieved a positive trend in material improvements in outcomes for customers (or, in the opinion of the Secretary of State, will achieve such improvements, either during the Business Plan Period or in the longer term) (for example, through a trend of reduced negative feedback and/or increased positive feedback) as a result of such actions referred to in (a) above; and
- (c) worked in partnership with industry stakeholders and applied lessons learnt, to achieve improvements in customer outcomes across all or the majority of the Customer Priority Areas, including the delivery of cross-industry collaborative customer experience initiatives to support areas outside of the Operator’s direct control.

2.4 In this paragraph 2, “**Relevant CSA Limiting Factors**” means:

- (a) the level of costs budgeted to be incurred by the Operator through the CP Budget as agreed or determined by the Secretary of State; and/or
- (b) any unavoidable, temporary adverse impacts resulting from:
  - (i) Industrial Action (other than Industrial Action arising as are result of the Operator failing to comply with its obligations under this Contract, including Chapter 2.2 (*Rail Workforce*));
  - (ii) compliance by the Operator with any guidance or direction given to the Operator by the Secretary of State; or
  - (iii) any other event or circumstance outside of the Operator’s reasonable control which would have had a material adverse impact on the ability of the Operator (acting as a Good and Efficient Operator) to achieve the Scorecard Criterion,

provided in each case that the Operator has taken reasonable steps (acting as a Good and Efficient Operator) to minimise and mitigate those adverse impacts.

### 3. **Customer Satisfaction – Scorecard B**

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- 3.1 The Operator will achieve an Acceptable Insight Rating where:
- (a) the Operator has used some survey results and other relevant data and information (including Rail Customer Insight Programme and Rail Customer Insight Survey data, where available) to review customer needs and the extent to which they are being met; and
  - (b) in circumstances where needs are not being met, the Operator has (so far as reasonably practicable taking account of any Relevant CSB Limiting Factors, and where consistent with the requirement to act as a Good and Efficient Operator, or where the Secretary of State has otherwise consented) taken action to address them. These actions have demonstrably resulted in meaningful improvements in outcomes for customers including in relation to some of the Customer Priority Areas and in relation to disabled passengers and other passengers with accessibility needs (or, in the opinion of the Secretary of State, will result in such improvements, either during the Business Plan Period or in the longer term).
- 3.2 The Operator will achieve a Good Insight Rating where:
- (a) the Operator has regularly used a range of different survey results and other relevant data and information (including Rail Customer Insight Programme and Rail Customer Insight Survey data, where available) to review customer needs and the extent to which they are being met;
  - (b) the Operator's plans and processes for managing customer experience have been particularly thorough and, as a result, any potential issues have consistently been identified and resolved as swiftly and effectively as reasonably practicable taking account of any Relevant CSB Limiting Factors. Any actual issues have also been few in number and low in impact, and (so far as reasonably practicable taking account of any Relevant CSB Limiting Factors) the Operator has taken prompt and effective remedial action when they have occurred; and
  - (c) so far as reasonably practicable taking account of any Relevant CSB Limiting Factors, the Operator has taken prompt action to address identified customer needs. These actions have demonstrably resulted in meaningful improvements in outcomes for customers, including in relation to most or all of the Customer Priority Areas and in relation to disabled passengers and other passengers with accessibility needs.
- 3.2A In paragraphs 3.1 and 3.2 above, "**Relevant CSB Limiting Factors**" means:
- (a) the level of costs budgeted to be incurred by the Operator through the CP Budget as agreed or determined by the Secretary of State; and/or
  - (b) any unavoidable, temporary adverse impacts resulting from:
    - (i) Industrial Action (other than Industrial Action arising as a result of the Operator failing to comply with its obligations under this Contract, including Chapter 2.2 (*Rail Workforce*));
    - (ii) compliance by the Operator with any guidance or direction given to the Operator by the Secretary of State; or
    - (iii) any other event or circumstance outside of the Operator's reasonable control which would have had a material adverse impact on the ability of the Operator (acting as a Good and Efficient Operator) to achieve the Scorecard Criterion,

provided in each case that the Operator has taken reasonable steps (acting as a Good and Efficient Operator) to minimise and mitigate those adverse impacts.
- 3.3 **One (1): Below acceptable standard**
- The Operator has:
- (a) not achieved an Acceptable Insight Rating or a Good Insight Rating; and/or
  - (b) has achieved an Overall RCIS Score lower than the RCIS Expected Range.

**3.4 Two (2): Acceptable**

The Operator has achieved:

- (a) an Acceptable Insight Rating; and
- (b) an Overall RCIS Score within the RCIS Expected Range.

**3.5 Three (3): Improving**

(a) Either the Operator has achieved:

- (i) an Acceptable Insight Rating; and
- (ii) an Overall RCIS Score higher than the RCIS Expected Range; or

(b) the Operator has achieved:

- (i) a Good Insight Rating; and
- (ii) an Overall RCIS Score within the RCIS Expected Range.

**3.6 Four (4): Good**

The Operator has achieved:

- (a) a Good Insight Rating; and
- (b) an Overall RCIS Score higher than the RCIS Expected Range.

**4. Service Quality Standards****4.1 One (1): Below acceptable standard**

The Operator has failed in any material respect to demonstrate that it has met the standard required to score a “two (2)”.

**4.2 Two (2): Acceptable**

The Operator has:

- (a) so far as reasonably practicable taking account of any Relevant SQ Limiting Factors, taken a proactive approach to managing service quality for all customers, with appropriate plans and processes in place that have been generally effective in:
  - (i) providing information on rolling stock used to deliver the Passenger Services (where appropriate), online and at stations at which the Passenger Services call that is accurate, timely and easy for customers to understand, taking account of the needs of different customers and which covers (but is not limited to):
    - (A) the timetable being operated;
    - (B) planned and unplanned disruption;
    - (C) fares, ticketing and retail;
    - (D) passenger rights (including compensation and redress);
    - (E) the availability of station and train facilities;
    - (F) the accessibility of stations, trains, and other customer-facing services; and
    - (G) (when appropriate) COVID-19 Guidance and Regulation;
  - (ii) ensuring that all customer contact surfaces are cleaned regularly and keeping Stations and rolling stock used to deliver the Passenger Services free from litter, dirt and other unhygienic substances;
  - (iii) ensuring that all Stations, rolling stock used to deliver the Passenger Services and online services have been staffed as required to provide a visible, helpful, accessible and proactive customer-facing service; and



- (iv) maintaining all Station and train facilities so that they are fully functional, available for use and presented in good condition, with any non-availability of facilities for repair or maintenance being kept to the minimum necessary;
- (b) regularly and at an appropriate frequency monitored compliance with those plans and processes and (so far as reasonably practicable taking account of any Relevant SQ Limiting Factors) taken prompt remedial action when they have been found not to be working; and
- (c) Not Used.

#### 4.3 **Three (3): Good**

The Operator has fully met the criteria for a “two (2)” and in addition:

- (a) the Operator’s plans and processes described in paragraph 4.2(a) of this Appendix 2 to Chapter 7.2 have been particularly robust, such that there have been very few, if any, repeated or systemic failures to:
  - (i) provide timely, accurate and relevant information in the manner described in paragraph 4.2(a)(i) of this Appendix 2 to Chapter 7.2;
  - (ii) undertake cleaning activities and maintain high levels of cleanliness at Stations and on rolling stock used to deliver the Passenger Services;
  - (iii) staff Stations, rolling stock used to deliver the Passenger Services and online services to provide a proactive and accessible customer-facing service; and
  - (iv) maintain Station and train facilities so that they are fully functional and well-presented,

that have been due to factors and/or incidents within the reasonable control of the Operator (taking account of any Relevant SQ Limiting Factors); and
- (b) the Operator’s plans and processes for managing service quality standards have been particularly thorough and, as a result, any *potential* issues have consistently been identified and resolved as swiftly and effectively as reasonably practicable taking account of any Relevant SQ Limiting Factors. Any *actual* issues within the Operator's reasonable control have also been few in number and low in impact, and (so far as reasonably practicable taking account of any Relevant SQ Limiting Factors) the Operator has taken prompt and effective remedial action when they have occurred.

#### 4.4 In this paragraph 4, “**Relevant SQ Limiting Factors**” means:

- (a) the level of costs budgeted to be incurred by the Operator through the CP Budget as agreed or determined by the Secretary of State; and/or
- (b) any unavoidable, temporary adverse impacts resulting from:
  - (i) Industrial Action (other than Industrial Action arising as a result of the Operator failing to comply with its obligations under this Contract, including Chapter 2.2 (*Rail Workforce*));
  - (ii) compliance by the Operator with any guidance or direction given to the Operator by the Secretary of State; or
  - (iii) any other event or circumstance outside of the Operator’s reasonable control which would have had a material adverse impact on the ability of the Operator (acting as a Good and Efficient Operator) to achieve the Scorecard Criterion,

provided in each case that the Operator has taken reasonable steps (acting as a Good and Efficient Operator) to minimise and mitigate those adverse impacts.

## 5. **Financial Performance – Total Turnover**

### 5.1 **One (1): Below acceptable standard**

The Operator has failed in any material respect to demonstrate that it has met the standard required to score a "two (2)".

5.2 **Two (2): Acceptable**

- (a) The Operator has consistently acted as a Good and Efficient Operator and has been effective in optimising the financial prospects of its business over the short, medium and long term by driving the recovery and future growth of passenger demand and revenue.
- (b) In doing so the Operator has:
  - (i) ensured that forecasts of future costs and revenues provided to the Secretary of State are realistic, central-case forecasts (unless the Secretary of State has requested otherwise);
  - (ii) delivered any value for money initiatives, as included within the agreed Business Plan, to drive and accommodate recovery and growth in patronage, and to the extent that there are any specific instances where the Operator has not fully complied with requirement (ii) above, such instances have been few in number and limited in impact, and the Operator has taken prompt and effective remedial action following any such instances.

5.3 **Three (3): Good**

The Operator has fully met the criteria for a "two (2)" and in addition has:

- (a)
  - (i) identified market changes, trends and potential opportunities for maximising revenue across all relevant markets; and
  - (ii) planned a comprehensive range of value for money initiatives to maximise revenue accordingly; and
- (b) identified emerging market trends during the year and optimised delivery to maximise passenger revenue opportunities.

6. **Not Used**

## Chapter 7.3

### Management Information

#### 1. Financial Information

##### 1.1 Accounting Records

The Operator shall prepare and at all times during the Contract 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 of the Contract Year.

##### 1.2 Not Used

##### 1.3 Reporting Period Financial Information

- (a) The Operator shall deliver to the Secretary of State, within ten (10) Weekdays of the end of each Reporting Period:
- (i) Management Accounts for such Reporting Period, setting out a cash flow statement, profit and loss account and balance sheet for each of:
    - (aa) that Reporting Period; and
    - (bb) cumulatively for the Contract Year to date; and

in respect of the Management Accounts produced in relation to the first Contract Year only,

    - (cc) Not Used; and
    - (dd) cumulatively for the period from the Start Date to date,

ensuring that:

    - (A) costs within the profit and loss account shall adopt, be allocated to and be presented in the same format and structure as those shown in the most disaggregated line items included within the CP Budget, or other such level of aggregation as agreed by the Secretary of State from time to time, sufficient to allow for an accurate and consistent comparison between costs shown in the CP Budget and Actual Costs;
    - (B) revenues within the profit and loss account shall be reported in sufficient detail to allow for an understanding of revenue from Fare revenue (including from different ticket types, flow groups and sources to be obtained) and other revenue;
    - (C) there shall be no netting off between costs and revenues reported, or between individual costs included in the CP Budget, with all transactions shown on a gross basis; and
    - (D) the Management Accounts clearly and separately identify each of:
      - (1) Actual Costs and Actual Revenues;
      - (2)-(3) Not Used; and
    - (E) Not Used;
  - (ii) written confirmation that the Management Accounts, to the best of the knowledge, information and belief of the board of directors of the Operator, contain a true and accurate reflection of the Actual Revenue, Actual Costs and other relevant profit and loss transactions), assets and liabilities of the Operator and, to the extent that they do not, identify in a written report relevant issues in

- reasonable detail and provide such further information that the Secretary of State shall require;
- (iii) Not Used;
  - (iv) any further information the Secretary of State requests for the purpose of calculating the Contract Payment; and
  - (v) Not Used.
- (b) The Management Accounts shall also set out:
- (i)-(ii) Not Used;
  - (iii)
    - (A) a comparison of Actual Revenue in relation to this Contract compared to the Forecast Revenue:
      - (1) for that Reporting Period;
      - (2) cumulatively for the Reporting Periods in the Contract Year to date;
    - (B) a comparison of Actual Costs incurred in relation to this Contract compared to the Cost Budget:
      - (1) for that Reporting Period; and
      - (2) cumulatively for the Reporting Periods in the Contract Year to date;
    - (C) Not Used;
    - (D) a comparison between the actual payments to and from Affiliates of the Operator and the forecast of such payments included in the Cost Budget and the Forecast Revenue:
      - (1) for that Reporting Period; and
      - (2) cumulatively for the Reporting Periods in the Contract Year to date;
  - (iv) a detailed and comprehensive written explanation regarding any material variances within the comparative information provided in paragraph 1.3(b)(iii) to this Chapter 7.3 (*Management Information*);
  - (v)-(vi) Not Used.
- (b1) The Management Accounts shall be prepared so as to allocate Actual Costs between Operator TRU Costs and the Operator's other costs identified in the Management Accounts, on a consistent basis with the preparation of the CP Budget and otherwise on a basis which fairly and reasonably allocates Actual Costs between Operator TRU Costs and the Operator's other costs identified in the Management Accounts taking into account what is reasonably practicable and the use of appropriate assumptions and apportionment principles (for example where there are combinations of circumstances applying or the level of analysis otherwise required would be disproportionate) as agreed or determined by the Secretary of State. Where the Operator first proposes to adopt a basis of allocation which is not reflected in the CP Budget, it shall provide reasonable details of that basis of allocation to the Secretary of State and, if required by the Secretary of State within ten (10) Weekdays, shall liaise with the Secretary of State with regard to that basis of allocation and in the absence of agreement shall make such adjustments to that basis of allocation as the Secretary of State may direct. The Management Accounts shall be supplemented with the following additional information, allocated in accordance with the assumptions and principles established from time to time under this paragraph:
- (i) the cost of rest day working / overtime;
  - (ii) the cost of incremental mileage;

- (iii) the cost of consultant fees; and
  - (iv) staff costs associated with new roles created during the relevant Reporting Period, in each case disaggregated between the Operator TRU Costs and the Operator's other costs.
- (c) Within fifteen (15) Weekdays after receipt of the Management Accounts for each Reporting Period in accordance with paragraphs (a), (b) and (b1) above, the Secretary of State shall notify the Operator of any further information, explanation or analysis which the Secretary of State requires in relation to the Management Accounts (including information in relation to the calculation of the Contract Payment under the provisions of Chapter 7.1 (*Contract Payments*)) and the Operator shall promptly provide such further information or analysis.
- (d) Not Used.

#### 1.4 Quarterly Financial Information

- (a) No later than 10 (ten) Weekdays (or such other date as specified by the Secretary of State) after the start of each Quarter (save for the first Quarter in each Contract Year), the Operator shall deliver to the Secretary of State the following information (a "**Quarterly Forecast**") which, for the avoidance of any doubt, shall in no way be taken to amend the CP Budget:
- (i) a comprehensive updated profit and loss forecast, cash flow forecast and forecast balance sheet (including a comprehensive forecast of Actual Costs and Actual Revenue) for each Reporting Period within the then current Contract Year and for the following four (4) years, together with:
    - (A) a detailed and comprehensive written explanation as to any changes in such forecast from any previous forecast provided pursuant to the provisions of this Chapter 7.3 (*Management Information*), for the same period, which the Secretary of State may (at the discretion of the Secretary of State) take account of to determine any revision to Forecast Revenue which for the avoidance of doubt shall be presented in a format (as approved by the Secretary of State) which separately identifies Operator TRU Costs from the Operator's other costs reported in its profit and loss forecasts; and
    - (B) any other forecasted information which the Secretary of State may request from time to time;
  - (ii)-(iii) Not Used;
  - (iv) a statement from a statutory director of the Operator confirming that the profit and loss forecast delivered pursuant to paragraph 1.4(a)(i) has been prepared in accordance with the requirements of this Contract.

#### 1.5 Annual Financial Information

##### Annual Management Accounts

- (a) By no later than 30 April in each year which follows:
- (1) the end of each Contract Year; and
  - (2) Not Used,
- the Operator shall deliver to the Secretary of State:
- (i) its Annual Management Accounts for the preceding twelve month period beginning on 1 April and ending on 31 March with line items disaggregated between sections in relation to Actual Costs and Actual Revenues in accordance with the requirements set out in paragraph 1.3(a)(i) (*mutatis mutandis*); and
  - (ii) a supplementary explanation setting out details of any other costs which are not Actual Costs.

**Annual Audited Accounts and Accounts Reconciliation**

- (b) By no later than 31 July in each year, the Operator shall deliver to the Secretary of State (as relevant):
- (i) certified true copies of its annual report and Annual Audited Accounts for:
    - (A) the period from the Start Date to the end of the first Contract Year;
    - (B) the preceding Contract Year; or
    - (C) following the end of the Contract Period, the preceding twelve month period beginning on 1 April and ending on 31 March,
 together with copies of all related directors' and auditors' reports. Additionally, the auditors shall certify that the accounting for and reporting of any annual related bonuses paid to the directors and managers is reasonably consistent with GAAP;
  - (ii) a detailed and comprehensive reconciliation between:
    - (A) in respect of the 12 month period ending on the last day of the first Contract Year:
      - (1) the Annual Audited Accounts for the period from 1 April 2023 to the end of the first Contract Year; and;
      - (2) the relevant cumulative figures contained in the Management Accounts for the final Reporting Period of such Contract Year (including the first Contract Year);
    - (B) in respect of each Contract Year in the Contract Period, but excluding the first Contract Year and any final Contract Year which is less than 12 months in duration:
      - (1) the Annual Audited Accounts for such Contract Year; and
      - (2) the relevant cumulative figures contained in the Management Accounts for the final Reporting Period of such Contract Year;
    - (C) where the final Contract Year is less than 12 months in duration, in respect of the 12 month period beginning on the first day of the final Contract Year:
      - (1) the Annual Audited Accounts for the period from the first day of the final Contract Year to the following 31 March;
      - (2) the relevant cumulative figures contained in the Management Accounts for the final Reporting Period of the final Contract Year; and
      - (3) the Annual Management Accounts for the period from the first day of the final Contract Year to the following 31 March; or
    - (D) in respect of each twelve month period beginning on 1 April and ending on 31 March following the end of the Contract Period:
      - (1) the Annual Audited Accounts for such period; and
      - (2) the Annual Management Accounts for such period,
 (the "**Accounts Reconciliation**"). This reconciliation shall:
    - (1) disaggregate the Actual Costs and Actual Revenues in the Annual Audited Accounts so as to report against (and show in a format consistent with that used in) the CP Budget;
    - (2) facilitate the identification of Actual Costs and Actual Revenues as reported in the Annual Audited Accounts; and

- (3) be disaggregated and reconcile the information specified in paragraph 1.3(a)(i) (*mutatis mutandis*);
  - (iii) Not Used;
  - (iv) a certificate addressed to the Secretary of State and signed by a statutory director of the Operator confirming that the Accounts Reconciliation contains a true and accurate reflection of the transactions and balances of the Operator pursuant to the requirements of paragraph (ii) above and have been prepared accurately and in line with the principles set out in this Contract;
  - (v) a statement from the Operator's auditors confirming that GAAP has been applied in a fair and consistent manner within the Accounts Reconciliation;
  - (vi) Not Used; and
  - (vii) any further information the Secretary of State requests for the purpose of calculating the Contract Payment.
- (c)-(d) Not Used.

## 1.6 Accounting Standards and Practices

- (a) Each set of Management Accounts and Annual Management Accounts shall:
  - (i) be in the format as the Secretary of State specifies from time to time;
  - (ii) be prepared:
    - (A) in accordance with the Operator's obligations in clause 3 (*General Obligations*) and paragraph 1 (*All Reasonable Endeavours*) of Chapter 9.7 (*Miscellaneous Legal Terms*); and
    - (B) consistently in accordance with the Operator's normal accounting policies, details of which shall be supplied on request to the Secretary of State; and
  - (iii) not include any changes in such accounting policies from those policies that were applied in preparing each of the profit and loss account, the cash flow projection and the balance sheet contained in the CP Budget.
- (b) The Annual Audited Accounts shall:
  - (i) be prepared and audited in accordance with GAAP, consistently applied and in accordance with the Companies Act 2006; and
  - (ii) give a true and fair view of:
    - (A) the state of affairs, profits and financial condition of the Operator for the period covered by such accounts; and
    - (B) the amount of its total revenue (being all revenue whatsoever from any source obtained from any commercial or non-commercial activity or undertaking of the Operator, such revenue to be disaggregated by reference to revenue derived by the Operator from:
      - (1) the sale of tickets;
      - (2) income received from Network Rail pursuant to Schedule 4 and Schedule 8 to the Track Access Agreement; and
      - (3) other items of revenue.

## 1.7 Changes to Accounting Policies

The Operator shall not, without the express written consent of the Secretary of State, make any alteration to its accounting policies or basis of preparation in relation to its Management Accounts, Annual Management Accounts, Annual Audited Accounts or Accounts Reconciliation.



**1.8 Not Used****1.9 Secretary of State Audit of Calculations and Data provided pursuant to paragraphs 1.3, 1.4 and 1.5**

- (a) Without prejudice to Chapter 7.4 (*Financial Covenants and Bonds*) or to any other rights of the Secretary of State under this Contract, the Secretary of State and the Secretary of State's representatives shall be permitted to inspect at any time the books, records and any other material kept by or on behalf of the Operator in order to check or audit any item contained in or relating to the Management Accounts, the Annual Management Accounts, the Annual Audited Accounts, the Accounts Reconciliation, and any information held or provided in connection with the Operator's obligations under Chapter 7.1 (*Contract Payments*) and Chapter 7.4 (*Financial Covenants*).
- (b) The Operator shall make available to the Secretary of State and the Secretary of State's representatives such information and grant such access or procure the grant of such access (including to or from third parties) as they shall require in connection with any audit to be carried out pursuant to paragraph 1.9(a). If any audit carried out pursuant to paragraph 1.9(a) reveals, in the opinion of the Secretary of State, any material inaccuracy in the Management Accounts, Annual Management Accounts or Accounts Reconciliation, then:
- (i) the Secretary of State may:
- (A) determine any item contained in or relating to the Management Accounts, Annual Management Accounts or Accounts Reconciliation; or
- (B) require any item contained in or relating to the Management Accounts, Annual Management Accounts or Accounts Reconciliation to be adjusted in a manner which is fair and reasonable and, so far as determinable, on the basis on which such particular item should have been accounted for by the Operator as determined by the Secretary of State,
- in either case to the extent that the Secretary of State considers appropriate in the circumstances for the purpose of making any such reasonable determination; and
- (ii) Not Used.
- (c) Not Used.

**1.10 Adjustment and Restatement of the Annual Audited Accounts**

The Operator shall promptly notify the Secretary of State as soon as it becomes aware of any requirement to adjust or restate the Annual Audited Accounts and shall deliver to the Secretary of State any such adjusted or restated Annual Audited Accounts along with an updated Accounts Reconciliation, as soon as such accounts are available.

**1.11 Access to financial information**

The Secretary of State, the Secretary of State's representatives and/or advisors shall be permitted to inspect at any time the books, records and other material kept by or on behalf of the Operator in order to check or audit any item contained in or relating to the financial information provided pursuant to the provisions of the Service Contract, and to request further information or review of this information, including:

- (a) the use of an external auditor;
- (b) provision of full access to this information by the Secretary of State's officials, representatives and/or advisors on an "open book" basis; and
- (c) provision of full access to this information by the National Audit Office or other equivalent body on an "open book" basis.

**Chapter 7.4****Financial Covenants****1. Obligations**

- 1.1. Except to the extent that the Secretary of State may otherwise agree from time to time, the Operator shall not:
- (a) incur any liability or financial indebtedness except in the ordinary course of providing and operating the Rail Services;
  - (b) borrow any sum, or enter into any loan or lending agreement for the purpose of borrowing from any person;
  - (c) 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 1.1(e) or to an employee in the ordinary course of its business);
  - (d) 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 Rail Services; or
  - (e) create or acquire any subsidiary or make or have any investment in any other entity, except for the deposit of cash with a Bank.

**Chapter 7.5**  
**Not Used**

## Chapter 7.6

### Railways Pension Scheme

#### 1. Definitions

Unless otherwise defined in this Contract, terms used in this Chapter 7.6 shall have the meanings given to them in the Railways Pension Scheme.

#### 2. Operator Pensions Sections

The Operator shall participate in and become the Designated Employer in relation to the Shared Cost Sections of the Railways Pension Scheme as specified in Appendix 1 to this Chapter 7.6 (together the “**Operator Pension Sections**”) in respect of the Rail Services. Subject to paragraphs 3 and 4.2(d) membership of an Operator Pension Section will be offered to each employee of the Operator only.

#### 3. Closed Schemes

3.1 Subject to any requirements of HM Revenue & Customs, the Operator shall take any necessary steps (including entering into any relevant deed of participation) to allow Closed Scheme Employees to continue in membership of the British Railways Superannuation Fund or the BR (1974) Pension Fund in accordance with their terms during the Contract Period.

3.2 For the purposes of this paragraph 3, “**Closed Scheme Employees**” means such of the employees of the Operator who were, immediately prior to the commencement of their employment with the Operator, members of either of the British Railways Superannuation Fund or the BR (1974) Pension Fund.

#### 4. Variations in benefits, contributions and investment

4.1 If the Operator is considering making a proposal that falls within the scope of paragraphs 4.2(a) to 4.2(g) inclusive, it shall promptly consult with the Secretary of State in relation to that proposal prior to putting such a proposal to the Pensions Committee of any Operator Pension Section, the Trustee of the Railways Pension Scheme (the “**Trustee**”), or to any trade union. The Operator must otherwise consult in good time with the Secretary of State in relation to any proposal falling within the scope of paragraphs 4.2(a) to 4.2(g) inclusive.

4.2 Separately and in addition to complying with its obligations under paragraph 4.1, the Operator shall not, without the prior written consent of the Secretary of State (which may be given on such terms and subject to such conditions as the Secretary of State thinks fit):

(a) restructure or change the composition of the earnings of employees of the Operator in such a way as to increase the part of those earnings which qualifies as pensionable earnings under the rules of the Railways Pension Scheme applicable to any Operator Pension Section (the “**Operator Pension Section Rules**”) or take any action (or consent to the taking of any action) which could detrimentally affect the funding of any Operator Pension Section, including varying or providing different or additional benefits under that Operator Pension Section or promising to do so, unless this change:

- (i) is required by Law; or
- (ii) only affects benefits payable in respect of past service of members of that Operator Pension Section and on or prior to the effective date of the change the Operator 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 Operator Pension Section; or
- (iii) would not lead to substantial changes in the funding of any Operator Pension Section and is the result of the normal application of the Operator Pension Section Rules in the ordinary day to day running of the business of the Rail Services, for example, where individual employees are, from time to time promoted or transferred to higher paid or different employment which has a different composition of earnings;

- (b) make or consent to any proposal to change any of the provisions of the Pension Trust in respect of the Operator Pension Sections unless the change is required by Law;
  - (c) provide retirement, death or life assurance benefits in respect of any of its employees other than under any Operator Pension Section or as provided in paragraph 3;
  - (d) omit to provide the above-mentioned benefits in respect of its employees save that, without prejudice to any rights which any such employee may otherwise have, the Operator shall not under this Chapter 7.6 be obliged for the purposes of this Contract to offer such benefits to any employee employed on a fixed term contract of twelve (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 Operator Pension Section, including exercising any discretion allowed to the Operator as Designated Employer arising out of any actuarial valuation of an Operator Pension Section, and varying or providing different or additional benefits under the Operator Pension Sections in respect of future service, unless such action is required by Law;
  - (f) close an Operator Pension Section to new members; or
  - (g) take (or omit to take) any action which could result in any Operator Pension Section being wound up, in whole or in part.
- 4.3 The Operator shall consult with the Secretary of State on:
- (a) any proposal made by the Trustee to change the statement of investment principles applicable to any Operator Pension Section; and
  - (b) any proposal to alter the rate of contributions payable by the Operator or its employees under a new schedule of contributions for the Operator Pension Section.
- 4.4 With respect to any proposal falling within the scope of paragraph 4.3(a) or 4.3(b), the Operator shall also consult with the Trustee on the basis of any response it receives from the Secretary of State in relation to any such proposal.
- 5. Funding Liabilities**
- 5.1 The Operator shall pay the employer contributions required under the schedule of contributions applicable to each Operator Pension Section (or either of the British Railways Superannuation Fund or the BR (1974) Pension Fund in which it participates) in respect of the Contract Term subject to the provisions of paragraph 5.2 below.
- 5.2 Where, during the Contract Term, Rail Services are aggregated or disaggregated by the Secretary of State (for example, as a result of remapping) and, as a consequence, an Operator Pension Section of which the Operator is the Designated Employer is required to accept a transfer in or to make a transfer out of members, the Secretary of State shall ensure that the Operator has no liability for any resulting deterioration immediately arising in the funding level of the Operator Pension Section measured in accordance with the Operator Pension Sections' technical provisions in Part 3 of the Pensions Act 2004, or for any amount arising under Article 7(4) of the Railway Pensions (Protection and Designation of Schemes) Order 1994. Notwithstanding the above the Secretary of State shall have no liability for any future deterioration in the funding levels of the Operator Pension Section linked to such transfer in or out of members.
- 6. Discharge of Obligations**
- 6.1 The Secretary of State may at any time during the Contract Term seek information from the Trustee with a view to satisfying himself that the Operator and the other Participating Employers (if any) have fully discharged their respective obligations under the Railways Pension Scheme, including their obligations in respect of the payment of contributions to any Operator Pension Section.

6.2 The Operator shall promptly provide such information in relation to any Operator Pension Section, including actuarial advice and information, as the Secretary of State may from time to time request and shall authorise and consent to the Trustee doing so.

6.3 The Operator shall, in respect of the Contract Term, use all reasonable endeavours to provide to the Secretary of State:

(a) within one (1) month of the expiry of each Contract Year; and

(b) at other times as soon as practicable following a request by the Secretary of State,

a certificate signed by the Trustee in relation to the Operator Pension Sections stating either that the Operator has fully complied with its obligations under the Railways Pension Scheme, including its obligation to contribute to the Operator Pension Sections or, if it has not so complied, stating the extent to which it has not done so. Where the certificate is given pursuant to paragraph 6.3(a), it shall cover the relevant Contract Year. Where the certificate has been given pursuant to paragraph 6.3(b), it shall cover such period as the Secretary of State shall specify.

## 7. **Termination of this Contract**

The Secretary of State shall at the end of the Contract Period ensure that the Operator has no liability for any deficit in the Operator Pension Sections (other than for contributions due and payable by the Operator to the Operator Pension Sections for any period prior to the end of the Contract Term) and shall have no right to benefit from any surplus which may exist in the Operator Pension Sections. For the avoidance of doubt, this paragraph 7 shall apply where the Rail Services are either aggregated or disaggregated (for example, as a result of remapping).

## 8. **Operator Obligations to Participate in any Investigation and Reform**

8.1 The Operator shall:

(a) act in good faith and in a Reasonable Commercial Manner at all times; and

(b) engage appropriately with the RDG, the Pensions Regulator and the relevant trade unions,

in discharging its obligations under paragraph 8.2 of this Chapter 7.6.

8.2 The Operator shall use all reasonable endeavours to participate in:

(a) the development and implementation of the RDG's response to the current and any future Investigation and the associated concerns raised by the Pensions Regulator regarding those sections of the Railways Pension Scheme for which a Train Operator is the designated employer;

(b) any Investigation concerning one or more of the Operator Pension Sections, in which case the Operator shall use all reasonable endeavours to achieve an outcome from that Investigation with which a reasonable Train Operator, who was in the position of the Operator and acting in a Reasonable Commercial Manner, would be satisfied; and

(c) any industry wide efforts to reform the pension arrangements or benefits payable under the Railways Pension Scheme or offered to employees of Train Operators, recognising the need for the British passenger rail industry to be affordable and offer value for money in the interests of relevant stakeholders including taxpayers.

## 9. **Information Powers**

Where required by the Secretary of State, the Operator agrees to allow the Secretary of State or the Secretary of State's representatives to attend any meeting between the Operator and the Trustee and/or the Pensions Regulator where the meeting in whole or part relates to matters to which paragraph 8 or 10 of this Chapter 7.6 applies.

## 10. **Pension Directions by the Secretary of State**

10.1 The Secretary of State may, at any time, by written notice to the Operator, direct that the Operator take such action in relation to pensions for employees and workers of the Operator

as the Secretary of State may (at the discretion of the Secretary of State) determine. The Secretary of State may consult with the Operator before issuing any such direction under this paragraph 10. The Secretary of State may issue more than one direction to the Operator under this paragraph 10.

- 10.2 Without limiting the generality of paragraph 10.1, such directions may include:
- (a) directing the Operator to propose a schedule of contributions or recovery plan to the Trustee of the Railways Pension Scheme incorporating such employer and employee contributions and over such period as the Secretary of State may determine;
  - (b) directing the Operator to offer such alternative pension arrangements to employees or workers of the Operator as the Secretary of State may determine; and
  - (c) directing the Operator to make proposals to the Trustee of the Railways Pension Scheme in relation to benefits, contributions or investments.
- 10.3 Where the Operator receives a direction under paragraph 10.1, the Operator will use all reasonable endeavours to implement the direction and to work in good faith and act in a Reasonable Commercial Manner with other parties to give effect to the direction.
- 10.4 To the extent that the terms of any direction given under paragraph 10.1 conflict with any of the other terms of this Chapter 7.6, the terms of the direction shall prevail to the extent of that inconsistency.
- 10.5 The Operator will provide the Secretary of State with any documents or information which it may request in connection with any matter which is relevant to the subject of any direction given under paragraph 10.1 or its implementation.
- 10.6 Nothing in this paragraph 10 shall require the Operator to breach any legal obligation to which it is subject. Where the Operator reasonably considers that the implementation of any aspect of the direction will cause it to breach any legal obligation of the Operator the Secretary of State shall work in cooperation with the Operator with a view to agreeing an approach to discuss changes to avoid or otherwise mitigate the risk of such breach.



**APPENDIX 1 TO CHAPTER 7.6**

**List of Shared Costs Sections**

<b>Shared Costs Sections</b>	
<b>section</b>	<b>employer</b>
TransPennine Express (former ATN) Section	Operator
TransPennine Express (former NWT) Section	Operator

## Chapter 7.7

### Business Plan

#### 1. Contents of the Business Plan

1.1 Unless the Secretary of State specifies otherwise in any Request for Business Plan, each Business Plan shall include:

- (a) the following components (the “**Business Plan Components**”):
  - (i) Leadership, Management and Resourcing Plan;
  - (ii) People Plan;
  - (iii) Collaboration Plan;
  - (iv) Train Service Operations Plan;
  - (v) Customer & Communities Plan;
  - (vi) Revenue Plan;
  - (vii) Environment and Sustainability Plan;
  - (viii) Accessibility Plan; and
  - (ix) any additional component as specified by the Secretary of State in any Request for Business Plan;
- (b) the Financial Plan;
- (c) the Annual Performance Specifications; and
- (d) the Annual TRU Business Plan Specification.

and shall otherwise be in such form as may be specified by the Secretary of State.

1.2 Unless the Secretary of State specifies otherwise in any Request for Business Plan, each Business Plan Component shall include:

- (a) an Outline Business Plan with respect to such Business Plan Component in relation to the relevant Business Plan Period; and
- (b) clearly identified:
  - (i) Business Plan Commitments;
  - (ii) Business Plan KPIs,

together with the Business Plan Approach, in each case with respect to such Business Plan Component.

1.3 Unless the Secretary of State specifies otherwise in any Request for Business Plan, the Financial Plan shall include:

- (a) evidence and explanation of the analysis carried out by the Operator (including appropriate benchmarking evidence and identification of efficiencies) to support the content of the CP Budget with respect to the relevant Business Plan Year to which the Business Plan relates;
- (b) a statement from a statutory director of the Operator confirming that the CP Budget has been prepared in accordance with the requirements of the Contract;
- (c) a statement from each of a statutory director of the Operator and a statutory director of DOHL confirming that the CP Budget has been provided to, considered and endorsed by the board of directors of DOHL and that the board of directors of DOHL is not aware of any other plan which may alter, vary or impact on the Business Plan and shall at any time during the following twelve (12) months notify the Secretary of State should any of them become aware of any such plan;

- (d)-(f) Not Used;
- (g) details of any new technologies, processes, developments and/or proposals which could improve the provision of the Rail Services, reduce the cost of providing the Rail Services or enable the Rail Services to be provided more efficiently together with confirmation that the implementation of any such new technologies, processes, developments and proposals would comply with all the requirements of this Contract;
- (h) an analysis of the impact of any technologies, processes, developments and/or proposals that are proposed in relation to the Rail Services, including analyses of the costs of and timescale for effecting such changes and the impact on the provision of the Rail Services;
- (i) details of those technologies, processes, developments and/or proposals which the Operator proposes to implement during that Business Plan Year together with confirmation that such technologies, processes, developments and/or proposals will comply with all the requirements of this Contract;
- (j) an analysis of the technologies, processes, developments and/or proposals which the Operator implemented in the previous Business Plan Year, including details of any cost reductions and/or efficiency gains arising from the same and a reconciliation to the annual improvement plan for the previous Business Plan Year;
- (k) A **“Cost Efficiency Analysis”**, including:
- (i) A year-to-year bridge bar chart analysis showing the trend in costs identifying the differences between:
    - (A) the previous Business Plan Year’s Actual Costs; and
    - (B) the Quarterly Forecast as at the end of the 9th Reporting Period for current Business Plan Year forecast costs; and
    - (C) the proposed CP Budget for the Business Plan Year for which the Financial Plan applies; and
    - (D) Not Used;
  - (ii) an analysis of each proposed CP Budget for the Business Plan Year for which the Financial Plan applies, explaining the trends in each area by attributing them to:
    - (A) changes in required or business plan outputs;
    - (B) changes in the efficiency of resource volumes; or
    - (C) changes in market prices for materials, services and human resources;
  - (iii) benchmarking research and analysis of all key resource volumes of each cost specified in the CP Budget against other relevant businesses in the UK and overseas, key operational/output metrics. This should not be limited to the other operations of the Operator or its Affiliates, and the Operator should use all reasonable endeavours to gain intelligence on other rail, bus and transit operations to the extent relevant;
  - (iv) market testing and research on the prevailing market prices for all key categories of materials, services and human resources to be employed in delivering the Business Plan;
  - (v) conclusions on current and potential future cost efficiency, envisaging opportunities arising from emerging innovations, technological advancement and changes to industry practices, as well as seeking to re-optimize cost efficiency where the level of outputs is changed;
  - (vi) a strategic plan for maintaining / improving cost efficiency over the long term. This should set out target efficiency trends for the Business Plan Year for which the Financial Plan applies and the following four (4) years and approaches to meeting those targets with evidence that these are realistic and deliverable. It should include a demonstration that the proposed CP Budget is consistent with this plan

in terms of progress for the Business Plan Year for which the Financial Plan applies;

(vii) an explanation of costs included in the CP Budget for planned revenue growth initiatives, as well as benchmarking and other analysis of how these initiatives represent value for money by delivering a positive revenue return, which is reflected in the Forecast Revenue; and

(viii) Not Used; and

(l) Not Used.

1.4-1.5 Not Used.

## **2. Initial Business Plan**

2.1 By no later than 1 September 2023 or such other date as may be specified by the Secretary of State the Operator shall deliver to the Secretary of State the Operator's 'top to bottom' review of all aspects of the Initial Business Plan identifying those aspects of the Initial Business Plan which must be updated in order to ensure that the Operator can deliver real and tangible improvements across the Rail Services and in a manner which enhances the customers' experience.

2.2 The Secretary of State shall be entitled to:

(a) request further information from the Operator with respect to any aspect of the Initial Business Plan Review and the Operator shall submit such further information to the Secretary of State within the timescales as reasonably requested by the Secretary of State; and/or

(b) require the Operator to attend meetings with the Secretary of State to discuss any aspect of the Initial Business Plan Review at such time and place as the Secretary of State may reasonably require.

2.3 Following receipt of comments from the Secretary of State on the Initial Business Plan Review the Operator and the Secretary of State shall agree (or on failure to agree the Secretary of State shall direct) such changes and updates to be made to the Initial Business Plan. The Initial Business Plan as updated or changed pursuant to this paragraph 2.3 shall replace and supersede the Initial Business Plan applicable as at the Start Date.

2.4 Not Used

## **3. Annual Business Plan Process**

3.1 By no later than the 30 September falling prior to the commencement of each Subsequent Business Plan Year, the Secretary of State shall provide the Operator with a Request for Business Plan with respect to such Subsequent Business Plan Year. The Parties acknowledge that the Secretary of State may (but shall not be obliged to) provide proposed draft Annual Performance Specifications in respect of the applicable Subsequent Business Plan Year together with any Request for Business Plan issued pursuant to this paragraph 3.1.

3.2 Not Used.

3.3 Following the Secretary of State's provision of any Request for Business Plan in accordance with paragraph 3.1 above, such Request for Business Plan (including any proposed draft Annual Performance Specifications in respect of the Subsequent Business Plan Year provided with the Request for Business Plan) may be updated or revised from time to time by agreement between the Parties (each acting in a timely manner) or as directed by the Secretary of State.

3.4 Following receipt of the Request for Business Plan with respect to any Subsequent Business Plan Year, the Operator shall deliver to the Secretary of State a draft Business Plan and draft versions of the CP Budget in respect of such Subsequent Business Plan Year on or before the 15 December falling prior to the commencement of such Subsequent Business Plan Year, which:

- (a) comply with the requirements of such Request for Business Plan;
  - (b) ensure that, by the end of such Subsequent Business Plan Year, the Operator would be in a position to be able to meet the requirements of the Outline Business Plan (as set out in such draft Business Plan); and
  - (c) Not Used.
- 3.5 The Parties, each acting through sufficiently senior representatives, shall each use all reasonable endeavours to agree the Business Plan and the CP Budget with respect to each Subsequent Business Plan Year in a timely manner and, in any event, on or before the 28 February falling prior to the commencement of such Subsequent Business Plan Year. During such period, the Operator shall comply, in a timely manner, with any written requests made by the Secretary of State that the Operator:
- (i) provide further detail or evidence in relation to the draft Business Plan and/or draft CP Budget delivered in accordance with paragraph 3.4; and/or
  - (ii) amend the draft Business Plan and/or draft CP Budget in accordance with the Secretary of State's requirements and provide the amended draft(s) to the Secretary of State.
- 3.6 Not Used.
- 3.7 To the extent that the Parties do not agree the Business Plan and/or draft CP Budget with respect to any Subsequent Business Plan Year on or before the 28 February falling prior to the commencement of such Subsequent Business Plan Year, the Secretary of State may reasonably determine the content of such Business Plan and/or CP Budget, and provide the Operator with written notice of the determined Business Plan and/or CP Budget. Any Secretary of State determination pursuant to this paragraph 3.7 shall be subject to the Determination Escalation Process.
- 3.8 In considering or determining the draft Business Plan or CP Budget, the Secretary of State shall (inter alia) take account of:
- (a) the Operator's obligations to perform the Rail Services in accordance with the provisions of the Contract; and
  - (b) the ability of a Good and Efficient Operator to deliver the Business Plan Commitments, having regard to the associated CP Budget with respect to the relevant Business Plan Year.
- 3.8A
- (a) If the Secretary of State provides proposed draft Annual Performance Specifications in respect of the applicable Subsequent Business Plan Year together with any Request for Business Plan issued pursuant to paragraph 3.1, then (without prejudice to paragraph 3.8A(c) and the Secretary of State's other rights in relation to the agreement or determination of the Business Plan) the Secretary of State shall consult with the Operator in respect of such proposed draft Annual Performance Specifications.
  - (b) If (as the case may be):
    - (i) the Operator does not agree the draft Annual Performance Specifications proposed by the Secretary of State in the circumstances described in paragraph 3.8A(a); or
    - (ii) the Secretary of State does not provide proposed draft Annual Performance Specifications in respect of the applicable Subsequent Business Plan Year together with any Request for Business Plan issued pursuant to paragraph 3.1,
 then (without prejudice to paragraph 3.8A(c) and the Secretary of State's other rights in relation to the agreement or determination of the Business Plan) the Parties, each acting through sufficiently senior representatives, shall each use all reasonable endeavours to agree the Annual Performance Specifications in respect of the applicable

Subsequent Business Plan Year in a timely manner, and, in any event, on or before the date falling ten (10) Weekdays before the commencement of the relevant Subsequent Business Plan Year.

- (c) If the Annual Performance Specifications in respect of the applicable Subsequent Business Plan Year have not been agreed between the Secretary of State and the Operator on or before the date falling ten (10) Weekdays before the commencement of the relevant Subsequent Business Plan Year, the Secretary of State may determine the Annual Performance Specifications to apply to such Subsequent Business Plan Year.
- 3.9 Once agreed or determined in accordance with this paragraph 3 (*Annual Business Plan Process*) of Chapter 7.7 (*Business Plan*), such Business Plan, CP Budget and Annual Performance Specifications shall apply in respect of the relevant Subsequent Business Plan Year to which they relate.

#### **4. Business Plan Commitments**

- 4.1 In each Business Plan Year, the Operator shall deliver the Business Plan Commitments in accordance with the Business Plan with respect to such Business Plan Year.
- 4.2 If the Secretary of State considers that the Operator is likely to fail to deliver any Business Plan Commitment, the Secretary of State may give notice to the Operator requiring the Operator to perform or deliver such relevant requirements of the Business Plan Approach as the Secretary of State may determine (to the extent that the Business Plan Approach relates to the performance of the relevant Business Plan Commitment).
- 4.3 If the Operator fails to perform or deliver any relevant requirement of the Business Plan Approach as the Secretary of State may specify in a notice to the Operator in accordance with paragraph 4.2, this shall constitute a contractual breach of the Contract.
- 4.4 Except otherwise agreed by the Parties, any requirement for the Operator to perform or deliver relevant requirements of the Business Plan Approach pursuant to paragraph 4.2 shall not entitle the Operator to any adjustment to the CP Budget.

#### **4.5 Continuation of Availability**

- (a) Where the Operator is obliged pursuant to any Business Plan Commitment for any Business Plan Year to provide, implement or install something (whether a service, facility or otherwise) the Operator shall ensure that once the same is provided, implemented or installed that it continues to be provided and made available (and where relevant, effectively maintained) for the remainder of the Contract Term unless the contrary is instructed by the Secretary of State or expressly stated.
- (b) Where the Business Plan Commitments include a commitment:
- (i) regarding the maintenance of certain facilities or activities or other similar analogous matters which are the subject of the Business Plan Commitments, the Operator shall not be regarded as having contravened the relevant obligation due to any temporary non-availability of the facility or activity (as the case may be) due to accidental damage or vandalism or maintenance, repair or replacement activities; or
- (ii) regarding staffing requirements or particular appointments the Operator is required to make and maintain, the obligation of the Operator shall not be regarded as being contravened by:
- (A) temporary absences (for example for sickness or holiday); or
- (B) temporary non-fulfilment of a relevant post whilst the Operator is recruiting for that post,

providing always that the Operator is using all reasonable endeavours to keep the duration of any (1) non-availability of a facility or activity or (2) vacant or unfulfilled post or appointment (as the case may be) as short as practicable.

#### **4.6 Expenditure Commitment**

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## (a) Annual Expenditure

Where a Business Plan Commitment provides for the expenditure of an annual amount (or an amount over some other period) by the Operator, that amount:

- (i) is assessed net of Value Added Tax; and
- (ii) is the amount required to be expended by the Operator itself or procured by the Operator to be expended.

## (b) Expenditure Commitments in nominal amounts

All Business Plan Commitments related to expenditure shall be expressed in nominal terms with respect to the relevant Business Plan Year in which such Business Plan Commitments are to be delivered.

**4.7 Nature of Business Plan Commitment**

- (a) Any Business Plan Commitment shall be in addition to any obligation of the Operator elsewhere in the Service Contract and nothing in this Chapter 7.7 (*Business Plan*) or in any Business Plan Commitment shall limit or restrict an obligation imposed on the Operator elsewhere in the Service Contract.
- (b) Save as expressly provided in the relevant Business Plan, each Business Plan Commitment is a separate obligation from any other Business Plan Commitment and satisfaction of or steps taken towards the satisfaction of one Business Plan Commitment will not amount to or contribute towards satisfaction of any other Business Plan Commitment.
- (c) Where in the relevant Business Plan, references are made to particular:
  - (i) manufacturers or suppliers of equipment or services, the Operator may fulfil its relevant commitment by using reasonable equivalents; or
  - (ii) stakeholders, the Operator may fulfil its relevant commitment with reference to successor bodies to the relevant stakeholder.

**4.8 Consequences of Late Completion or Non-Delivery of Business Plan Commitments**

If the Operator fails to deliver in full a Business Plan Commitment in accordance with, and by the timeframe specified for its delivery in, the relevant Business Plan, such late, partial or non-delivery shall constitute a contractual breach of the Contract.

**4.9 Obligations on Delivery of a Business Plan Commitment**

By no later than thirty (30) days after the date of delivery of a Business Plan Commitment the Operator shall provide to the Secretary of State a certificate (in such form as may be specified by the Secretary of State from time to time) signed by a statutory director of the Operator confirming that such Business Plan Commitment has been delivered in full and in accordance with its terms. Any supporting information as may be requested by the Secretary of State from time to time shall be provided by the Operator as soon as practicable, and in any event within such period as the Secretary of State may specify.

**5. Business Plan KPIs**

- 5.1 In each Business Plan Year, the Operator shall use all reasonable endeavours to achieve the Business Plan KPIs set out in the Business Plan with respect to such Business Plan Year.

**5.2 Business Plan KPI Performance Review**

- (a) The Operator shall report on its performance against the Business Plan KPIs to the Secretary of State in accordance with paragraph 5 (*Periodic Update Reports*) of Chapter 1.1 (*Organisation and Management*).
- (b) At each Contract Performance Meeting during each Business Plan Year, the Secretary of State and the Operator shall discuss the Operator's performance against the Business Plan KPIs set out in the Business Plan with respect to such Business Plan Year.



- (c) If the Operator has failed (or the Secretary of State considers that the Operator is likely to fail) to meet any relevant target for any Business Plan KPI then the Secretary of State shall notify the Operator of such failure and shall be entitled to:
- (i) request from the Operator a Business Plan KPI Improvement Plan in order to enable the Operator to meet such Business Plan KPIs; and/or
  - (ii) require that the Operator performs or delivers any relevant requirements of the Business Plan Approach as the Secretary of State may determine (to the extent that the Business Plan Approach relates to the performance of the relevant Business Plan KPI), during such time as the plan referred to under paragraph 5.2(c)(i) is developed and implemented, and/or for the remainder of the Business Plan Year. Except as otherwise agreed by the Parties, any such requirement for the Operator to perform or deliver relevant requirements of the Business Plan Approach shall not entitle the Operator to any adjustment to the CP Budget.

### 5.3 Business Plan KPI Improvement Plan

As soon as practicable following receipt of the Secretary of State's request pursuant to paragraph 5.2(c)(i) (or within such longer period as may be agreed by the Secretary of State), the Operator shall prepare and deliver to the Secretary of State its draft improvement plan for meeting the Business Plan KPIs which shall:

- (a) contain specific tangible action points and indicate in the case of each action point:
    - (i) how that action will contribute to meeting the relevant Business Plan KPI;
    - (ii) where the action is to be implemented;
    - (iii) the proposed timescales for implementing such action and, where any action is expressed to be ongoing, proposed review dates; and
    - (iv) how the Operator proposes to measure the performance of the action; and
  - (b) the additional expenditure associated with each action.
- 5.4 The Parties shall seek to agree the draft improvement plan for meeting the Business Plan KPIs as soon as practicable. In the event that the Parties are unable to agree such draft improvement plan by such time as the Secretary of State may require, the Secretary of State shall be entitled to determine the content of the draft improvement plan.
- 5.5 The draft improvement plan as agreed or determined by the Secretary of State (as the case may be) in accordance with paragraph 5.4 shall be referred to as the "**Business Plan KPI Improvement Plan**". The Operator shall implement the Business Plan KPI Improvement Plan in accordance with its terms and the agreement or determination of the Business Plan KPI Improvement Plan shall result in a change to the CP Budget provided that any other action point that would require the Operator to perform or deliver relevant requirements of the Business Plan Approach shall not, unless otherwise agreed by the Parties, entitle the Operator to any adjustment to the CP Budget.

## 6. Business Plan Revisions

6.1 It is agreed that:

- (a) at the first Periodic Finance Review Meeting in each Quarter, the Parties shall seek to agree (each acting in a timely manner) any revisions to the then current Business Plan as may be necessary in order to properly reflect the impact of any changes to the CP Budget;
- (b)-(c) Not Used; and
- (d) either Party may from time to time propose, by notice to the other Party, that revisions may be made to the then current Business Plan,

and in each case (without prejudice to the Secretary of State's rights under paragraph 6 of Chapter 9.7 (*Miscellaneous Legal Terms*)), revisions to the then current Business Plan may be agreed between the Parties or determined at the Secretary of State's discretion (and any such determination shall be subject to the Determination Escalation Process), provided that (to the

extent practicable) the Secretary of State shall act reasonably and shall not make such a determination without first consulting with, and taking due regard of any views of, the Operator, any such revision being a “**Business Plan Revision**” for the purposes of this Contract.

- 6.2 The Operator’s performance and progress against the Business Plan will be reviewed in particular at each Contract Performance Meeting and in each Quarter. No later than ten (10) Weekdays after the start of each Quarter (save for the first Quarter in each Contract Year), the Operator shall:
- (a) provide an updated version of the Quarterly Forecast for the then current Business Plan Year and for the following four (4) years which would not automatically override any CP Budget;
  - (b) set out the progress it has made against its obligations under this Contract, Business Plan Commitments and Business Plan KPIs; and
  - (c) outline any material deviations from the Business Plan Approach.

7. **NOT USED**

8. **Conflicts between the Service Contract and the Business Plan**

- 8.1 In the event of any conflict between the Service Contract and any Business Plan Commitment or other element of the Operator's then current Business Plan:
- (a) each Party shall notify the other promptly on becoming aware of any such conflict; and
  - (b) subject to paragraph 8.2 below, the provisions of the Service Contract shall prevail.

8.2 If at any time there is a conflict between the Service Contract and any Business Plan Commitment or other element of the Operator's then current Business Plan, the Parties may agree or the Secretary of State may give notice to vary this Contract in accordance with the provisions of paragraph 6 (*Variations*) of Chapter 9.7 (*Miscellaneous Legal Terms*).

9. **Business Plan Intellectual Property Rights**

***Ownership of Business Plan IP***

- 9.1 Nothing in this Contract shall transfer or assign any title, interest of either the Operator or the Secretary of State in any Background IP comprised, described or subsisting in, or incorporated into, any draft Business Plan or preparatory materials relating to any Business Plan, any Business Plan or any Business Plan Component (“**BP Background**”).
- 9.2A As between the Parties, the Operator shall own any Foreground IP created or developed by or on behalf of the Operator comprised, described or subsisting in, or incorporated into, any draft Business Plan or preparatory materials relating to any Business Plan, any Business Plan or any Business Plan Component (“**BP Foreground**”), and such BP Foreground will immediately vest in the Operator.
- 9.2B Neither BP Background nor BP Foreground shall encompass Intellectual Property Rights in individual physical items or specific items of software that may be mentioned or referred to in any draft Business Plan or preparatory materials relating to any Business Plan, any Business Plan or any Business Plan Component.

***Cross-licensing of Business Plan IP***

- 9.3 Subject to paragraph 9.5 below, the Secretary of State hereby grants (or shall procure the grant of) to the Operator:
- (a) a non-exclusive, sub-licensable, royalty-free, paid-up, licence to use, copy, maintain and modify the Secretary of State's BP Background during the Contract Period to the extent necessary and for the purposes of: (i) the performance of the Rail Services

under this Contract; and/or (ii) implementing, amending or modifying any Business Plan; and

- (b) a non-exclusive, perpetual, sub-licensable, royalty-free, paid-up, licence to use and copy the Secretary of State's BP Background for any purpose, but only to the extent that such BP Background is incorporated into or necessary for the use of BP Foreground.

9.4 Subject to paragraph 9.5 below, the Operator hereby grants to the Secretary of State a non-exclusive, perpetual, irrevocable, royalty-free, paid-up licence to use, copy, maintain and modify the Operator's BP Background and the BP Foreground for any purpose related to the provision of rail services on the United Kingdom heavy rail network.

9.5 Prior to any disclosure of any confidential BP Background belonging to the other Party or any confidential BP Foreground to a third party pursuant to any sub-licence permitted under paragraph 9.3 or 9.4 above, the disclosing Party shall ensure that such third party is bound by obligations of confidentiality no less onerous than those contained in this Contract, including relevant obligations set out in Chapter 9.6 (*Confidentiality and Data Protection*). Notwithstanding the foregoing provisions of this paragraph 9.5, the Operator shall not disclose any commercially sensitive information to any third party without the prior written consent of the Secretary of State.

**10. NOT USED**

**11. Access to IP Materials and Resources**

11.1 The Operator shall upon the request of the Secretary of State provide access to or copies of all such materials and resources as the Secretary of State requires:

- (a) Not Used; and/or
- (b) in connection with any heavy rail services in the United Kingdom, including provision of copies of software source code and electronic and hard copies of documentation. Upon expiry of the Contract Period, the Operator shall make available any such materials in static form that is not dependent upon access to any systems provided to or via the Operator.

**12. Extended Term Contracts and Extended Term Designatable Contracts**

12.1 The provisions of this paragraph 12 shall:

- (a) Not Used; and
- (b) not apply in respect of:
- (i) Rolling Stock Related Contracts, Access Agreements, Property Leases; and
- (ii) any other contracts, licences and arrangements in relation to which the Secretary of State has expressly agreed that this paragraph 12 will not apply.

12.2 The Parties agree and acknowledge that where a Business Plan includes:

- (a) details of the proposed Business Plan Approach for Subsequent Business Plan Years, any actual implementation and delivery of that approach will be dependent upon the Secretary of State (in the Secretary of State's discretion) deciding to agree such implementation and delivery and related funding as part of the Business Plan for each of the relevant Subsequent Business Plan Years so referred to in the Business Plan Approach; and
- (b) Business Plan Commitments that are to continue for Subsequent Business Plan Years, any actual implementation and delivery of that Business Plan Commitment will be dependent upon the Secretary of State (in the Secretary of State's discretion) deciding to agree such implementation and delivery and related funding as part of the

Business Plan for each of the relevant Subsequent Business Plan Years to which the continuation of that Business Plan Commitment relates.

- 12.3 At the end of each Quarter, the Operator shall provide to the Secretary of State a report listing:
- (a) each contract entered into by the Operator during the relevant Quarter which:
    - (i) the Operator requires to deliver any Business Plan Commitment; and
    - (ii) has a term extending beyond the then current Business Plan Year, (each an “**Extended Term Contract**”);
  - (b) the purpose and scheduled expiry date of each relevant Extended Term Contract; and
  - (c) the potential breakage and termination costs which would be incurred in respect of each relevant Extended Term Contract if the relevant Extended Term Contract were terminated by the Operator prior to the end of its term.
- 12.4 The Operator shall not, without the prior consent (or Approval, if so required in accordance with the terms of this Contract in relation to the subject matter and/or effect of the relevant contract) of the Secretary of State, enter into any contract which:
- (a) the Operator requires for the performance of or compliance with its obligations under this Contract, including to deliver any Business Plan Commitment;
  - (b) has a term extending beyond the Expiry Date (or such later date as notified by the Secretary of State); and
  - (c) does not provide a right for the Operator to terminate the relevant contract on three (3) months' notice (or less) on or after the Expiry Date (or such later date as notified by the Secretary of State) without the Operator incurring breakage or termination costs, (an “**Extended Term Designatable Contract**”).
- 12.5 The Operator shall provide to the Secretary of State:
- (a) by no later than the Start Date, a report listing all of the Extended Term Designatable Contracts to which the Operator is a party and which the Secretary of State has Approved or consented to (as applicable); and
  - (b) on or before each anniversary of the Start Date, an updated version of the report provided pursuant to paragraph 12.5(a), unless otherwise directed by the Secretary of State.
- 12.6 When seeking the Secretary of State's Approval or consent (as applicable) in respect of any Extended Term Designatable Contract, the Operator shall specify (i) the preferred term of each relevant contract; (ii) why it believes that such term is optimal by reference to all relevant factors including contract terms, costs and value for money considerations; and (iii) potential breakage and termination costs if any such contract was to be terminated by the Operator prior to the end of the proposed term. If relevant, the Operator shall also provide by way of comparator details of the contracts that it could obtain for the same outputs terminating as the case may be at the Expiry Date (or such later date as notified by the Secretary of State) or on no more than three (3) months' notice thereafter.
- 12.7 In developing the scope and content of any: (i) proposed Business Plan Commitments set out in a draft Business Plan (pursuant to paragraph 3 (Annual Business Plan Process) of Chapter 7.7 (Business Plan)), or (ii) any proposed revisions to Business Plan Commitments resulting from proposed Business Plan Revisions (in either case a “**Proposed Business Plan Commitment**”), the Operator shall also provide details to the Secretary of State of any Extended Term Designatable Contract that the Operator considers it will reasonably need to enter into in order to deliver a Proposed Business Plan Commitment, unless otherwise directed by the Secretary of State.

- 12.8 Notwithstanding Chapter 1.3 (*Approval Process*), following receipt of the information provided by the Operator pursuant to paragraph 12.6 above and paragraph 12.7 above (if applicable), the Secretary of State shall be entitled to:
- (a) Approve or consent to (as applicable) the contracting approach proposed by the Operator with respect to such Extended Term Designatable Contract and confirm that the Secretary of State Approves or consents to (as applicable) the Operator entering into the relevant Extended Term Designatable Contract subject to the Secretary of State's Approval of or consent to the final terms of that contract; and
  - (b) reject the requirement for an Extended Term Designatable Contract and instead specify those terms that the Secretary of State requires to be included in the relevant contract, including provisions allowing for that contract to expire or terminate, without any termination liabilities or breakage costs accruing. Prior to the Operator entering into any such contract on those terms as specified by the Secretary of State, the Secretary of State shall be entitled to review and propose amendments to or Approve or consent to (as applicable) the relevant contract.
- 12.9 The Operator shall, in negotiating the terms of any Extended Term Contract, Extended Term Designatable Contract or contract referred to in paragraph 12.8(b), acting as a Good and Efficient Operator achieve the most commercially advantageous terms to the Operator (in the context of the position of the Secretary of State under this Contract) and if requested by the Secretary of State, use all reasonable endeavours to obtain terms to a specification requested by the Secretary of State.
- 12.10 In relation to any Extended Term Contract where a Business Plan Commitment extends into Subsequent Business Plan Years and that Business Plan Commitment is not included in any relevant Subsequent Business Plan Year, then the CP Budget for that Subsequent Business Plan Year will include any such breakage costs and redundancy costs as contained in the relevant Extended Term Contract provided that:
- (a) the Operator has used all reasonable endeavours to minimise and mitigate such costs to the maximum extent reasonably practicable; and
  - (b) if the relevant Extended Term Contract is also an Extended Term Designatable Contract, the Secretary of State has Approved or consented to (as applicable) the relevant Extended Term Designatable Contract applicable to that Business Plan Commitment in accordance with paragraph 12.8(a).
- 12.11 If the Operator is, at the date of this Contract, a party to a contract which meets the conditions set out in paragraph 12.4(a) to (c) above, the Parties agree that such contracts shall:
- (a) constitute an Extended Term Designatable Contract for the purpose of this Contract; and
  - (b) be deemed to be Approved pursuant to paragraph 3 (*Deemed Approval*) of Chapter 1.3 (*Approval Process*) on the date of this Contract,
- provided that the Operator shall, within such timescales as may be specified by Secretary of State, use all reasonable endeavours to vary or replace the relevant contract so as to incorporate a right for the Operator to terminate the relevant contract on three (3) months' notice (or less) on or after the Expiry Date (or such later date as notified by the Secretary of State) without the Operator incurring breakage or termination costs.

## Chapter 7.8

### Transpennine Route Upgrade

#### 1 Interpretation

1.1 In this Chapter 7.8, unless the context otherwise requires:

- (a) **“TRU Activities”** means any:
  - (i) TRU-related activities which are to be carried out by the Operator;
  - (ii) TRU-related outputs which are to be delivered by the Operator, pursuant to the Business Plan, including pursuant to any Business Plan Commitment(s);
- (b) **“TRU Arrangement”** has the meaning given to it in paragraph 5.2;
- (c) **“TRU Scorecard”** means:
  - (i) in relation to the first Contract Year, the TRU scorecard to be provided by the Secretary of State to the Operator pursuant to paragraph 3.2(a); and
  - (ii) in relation to each subsequent Contract Year, the TRU scorecard set out in the Annual TRU Business Plan Specification; and
- (d) **“TRU Scorecard Criterion”** means each criterion set out in the TRU Scorecard (and **“TRU Scorecard Criteria”** means the plural of TRU Scorecard Criterion).

#### 2 TRU Enterprise Delivery Partner

2.1 The Parties acknowledge and agree that the Operator has been appointed as “TRU Enterprise Delivery Partner” and in fulfilling such role the Operator shall, acting with the degree of skill, diligence, prudence and foresight which can be expected from a skilled and experienced train operator:

- (a) actively participate in the planning and delivery process of the TRU programme to ensure that:
  - (i) the TRU programme is delivered in an efficient and effective manner balancing the need to:
    - (A) minimise the timescales within which the TRU programme will be delivered with the need to minimise the cost of the TRU programme; and
    - (B) avoid undue disruption to passenger services as a consequence of the implementation of the TRU programme while facilitating appropriate possessions required to efficiently deliver the TRU programme; and
  - (ii) TRU programme outputs are designed in a way that optimises the ability of train operators and freight operators to utilise those outputs;
- (b) provide operational and commercial advice through its proactive participation in the TRU governance processes (which are applicable from time to time), such advice to be provided on a ‘best for TRU programme’ basis which takes into account:
  - (i) the long-term interests of the rail industry as a whole;



- (ii) whole life value for money and affordability criteria; and
  - (iii) the successful delivery of the long-term strategic aims of the TRU programme.
- (c) in accordance with the principles set out in the TRU programme’s ‘Behavioural Charter’, engage positively with all TRU stakeholders, including Transport Focus, the Devolved Body and Network Rail, in order to build long-term collaborative and co-operative relationships that support the successful and efficient implementation and delivery of the TRU programme;
- (d) continually engage with those train operators and freight operators that are directly or indirectly impacted by the TRU programme but who are not represented through the TRU programme governance arrangements, in order to ensure that those operators’ interests are reflected in the Operator’s engagement with the TRU programme and its governance processes; and
- (e) perform the TRU Activities at all times in accordance with requirements of the Business Plan and this Contract.

### **3 TRU Scorecard Performance Assessment**

- 3.1 The Parties acknowledge and agree that, subject to paragraph 3.2 but without prejudice to any other provision of this Contract, the Secretary of State expects the Operator to deliver performance in respect of its conduct of the TRU Activities which, as a minimum, would be consistent with it meeting the “acceptable” level of performance against each TRU Scorecard Criterion.
- 3.2 In relation to the first Contract Year:
- (a) the Secretary of State will, as soon as reasonably practicable following the Start Date, provide to the Operator the TRU Scorecard applicable to the first Contract Year; and
  - (b) accordingly the provisions of paragraph 3.1 will not apply until such time as the Secretary of State has provided the TRU Scorecard to the Operator in accordance with paragraph 3.2(a) above.

### **4 TRU Reporting**

- 4.1 The Operator shall provide to the Secretary of State, within its periodic report to be provided to the Secretary of State in accordance with paragraph 5 (*Periodic Update Reports*) of Chapter 1.1 (*Organisation and Management*), a report (in such form as the Secretary of State may require from time to time) on the then current progress of the TRU from the Operator’s perspective including:
- (a) a general update in relation to the TRU;
  - (b) details of progress towards delivery/completion of TRU Activities; and
  - (c) an update in relation to the Operator’s view of its performance against the TRU Scorecard Criteria pursuant to paragraph 3.1 above, together with supporting evidence in respect of that view,
- and the Operator shall present the report at the next Contract Performance Meeting following delivery of the report.
- 4.2 The Operator shall respond in a timely fashion to any reasonable request of the Secretary of State for information in relation to:
- (a) the progress of TRU generally;
  - (b) the Operator’s progress towards its delivery/completion of TRU Activities; and



(c) those matters to which the TRU Scorecard Criteria relate,

which is held by the Operator and/or which the Operator can, using all reasonable endeavours, obtain from third parties.

4.3 The Secretary of State shall provide the Operator with feedback in relation to the reports and other information provided under paragraph 4.1 and/or paragraph 4.2 of this Chapter 7.8.

## **5 Contracts associated with TRU Arrangements**

5.1 The Operator acknowledges the importance of ensuring that all TRU Arrangements shall be capable of being taken over by any Successor Operator effectively and without any interruption to the delivery of relevant services or additional consequential cost on expiry of this Contract and accordingly it shall take all steps reasonably required by the Secretary of State to facilitate this including by ensuring that each TRU Arrangement is provided pursuant to a contract that contains reasonable and appropriate terms.

5.2 For the purposes of this paragraph 5, "**TRU Arrangement**" shall mean the supply, delivery, provision or rendering of any goods, services (including the provision of secondees, consultants or contracted staffing resource) or other supplies of whatever nature to the Operator by any counterparty for the purposes of or in connection with the fulfilment by the Operator of its role, responsibilities and obligations related to its TRU activities under this Contract.

## Chapter 8 – Fares and Revenue



### Chapter 8.1 - Marketing and Revenue Growth



### Chapter 8.2 - Fares

**CHAPTER 8**  
**FARES AND REVENUE**

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	Appendix 1: List Of Transport, Travel And Other Schemes

## Chapter 8.1

### Marketing and Revenue Growth

#### Part A – Marketing And Revenue Growth

##### 1. Ticketless Travel Surveys

- 1.1 The Operator on behalf of the Secretary of State shall carry out Ticketless Travel Surveys in each Ticketless Travel Survey Period in accordance with the Ticketless Travel Survey Methodology.
- 1.2 It is acknowledged and agreed by the Operator that:
- (a) a Ticketless Travel Survey can only be carried out during a Ticketless Travel Survey Period; and
  - (b) nothing in this paragraph 1 shall prevent the Secretary of State from carrying out any other ticketless travel surveys as the Secretary of State may wish to undertake from time to time (such surveys not to be subject to the provisions of this paragraph 1).
- 1.3 Within thirty (30) days of the completion of each Ticketless Travel Survey the Operator shall produce and provide to the Secretary of State a report setting out the results of such Ticketless Travel Survey and detailing how such Ticketless Travel Survey was carried out in accordance with the Ticketless Travel Survey Methodology.

##### 2. Ticketless Travel Performance

###### 2.1 Ticketless Travel Survey Periods Calculations

###### (a) Calculation of “TT Deemed”

At the end of the second and each subsequent Ticketless Travel Survey Period the Secretary of State shall use the Ticketless Travel Rate for such Ticketless Travel Survey Period to calculate the Operator’s performance against the Ticketless Travel Minimum Performance Level and/or the Breach Ticketless Travel Benchmark (as applicable) in accordance with the following formula:

$$[TT\ Deemed\ =] \frac{A + B}{2}$$

where:

**TT Deemed** is the Operator’s deemed performance against the Ticketless Travel Minimum Performance Level and/or the Breach Ticketless Travel Benchmark (as applicable);

**A** is the Ticketless Travel Rate for that Ticketless Travel Survey Period; and

**B** is the Ticketless Travel Rate for the preceding Ticketless Travel Survey Period.

###### 2.2 Consequences of Poor Performance

- (a) If for any Ticketless Travel Survey Period the TT Deemed as calculated pursuant to paragraph 2.1 above is:
- (i) more than (that is, is **equal to or worse than**) the Ticketless Travel Minimum Performance Level the Operator shall produce a plan intended to ensure that the Ticketless Travel Rates will be below (that is, **better than**) the Ticketless Travel Minimum Performance Level (“**TT Action Plan**”);

- (ii) more than (that is, is **equal or worse than**) the relevant Breach Ticketless Travel Benchmark then a contractual breach shall occur and the Secretary of State may serve a Contractual Breach Notice in accordance with the provisions of paragraph 2 (*Service of Contractual Breach Notice by the Secretary of State*) of Chapter 9.4.3 (*Procedure for remedying a Contractual Breach of the Service Contract*).
- (b) The Operator shall (i) produce, (ii) obtain the Secretary of State's consent in relation to, and (iii) commence the implementation of the TT Action Plan within three (3) months after the TT Deemed is calculated as being more than (that is, is **equal to or worse than**) the Ticketless Travel Minimum Performance Level.
- (c) The TT Action Plan shall contain specific tangible action points and indicate in the case of each action point:
  - (i) how that action will contribute to ensuring that the Ticketless Travel Rates will be below (that is, **better than**) the Ticketless Travel Minimum Performance Level;
  - (ii) where the action is to be implemented;
  - (iii) when the action is to be commenced and by when it is to be implemented provided always that where any action is expressed to be ongoing the TT Action Plan shall include specific review dates; and
  - (iv) how performance of the action is to be measured.
- (d) The Operator shall, except to the extent otherwise agreed by the Secretary of State in advance, implement each TT Action Plan in accordance with its terms.
- (e) It is acknowledged by the Operator that the consent or lack of consent of the Secretary of State in respect of each TT Action Plan as contemplated in this paragraph shall not relieve the Operator of its obligations in relation to this paragraph 2 or any other provisions of the Service Contract.

### 3. **Percentage Allocations**

- 3.1 The Operator shall monitor on an on-going basis the Percentage Allocations in relation to Rail Products.
- 3.2 The Operator shall ensure that it manages and requests changes (including by disputing Percentage Allocations under the Ticketing and Settlement Agreement) to the Percentage Allocations in relation to Rail Products in such manner as would reasonably be expected from a skilled and experienced Train Operator bearing farebox revenue risk in relation to its franchise and seeking to maximise its profit consistent with its other obligations under this Contract.
- 3.3 Except to the extent that the Secretary of State may Approve from time to time the Operator shall not take any action or step which may result in its Percentage Allocation in respect of any Rail Product being reduced.
- 3.4 The Operator shall notify the Secretary of State before taking any such action or step and upon becoming aware of any other person proposing to take any action or step which may have the same effect. The Operator shall take such action as the Secretary of State may request in order to prevent any such reduction, including submitting any dispute to any relevant dispute resolution procedures. If the Secretary of State does not respond to the Operator's notification within one (1) month of the date of receipt of such notification, the Operator shall be entitled to take the action or step so notified.

### 4. **Yield Management Data**

- 4.1 The Operator shall ensure that any Yield Management Data and Yield Management System are the property of the Operator or are licensed to the Operator on terms which have been consented to by the Secretary of State.
- 4.2 The Operator shall notify the Secretary of State in writing of the full names and registered office addresses of the entities which from time to time are hosting or storing any of the Yield

Management Data, or which are otherwise holding within their possession or control any of the Yield Management Data, together with the location(s) in which the Yield Management Data is hosted, stored or otherwise held. In cases where the hosting, storage or holding of the Yield Management Data occurs in location(s) which are outside of the United Kingdom the notification shall include details of the relevant country(ies) or territory(ies).

- 4.3 The Operator hereby acknowledges that the Secretary of State legitimately wishes to have knowledge of the locations in which the Yield Management Data is hosted, stored or otherwise held from time to time (whether inside or outside of the United Kingdom) given that all such information would be relevant in the event of any transfer of the Rail Services to a Successor Operator.

## Chapter 8.2.1

### Fares

#### Purpose, Structure and Construction

#### 1. Purpose of provisions relating to Creating Fares

1.1 The purpose of Chapter 8.2.2 (*Operator's Obligation to Create Fares*) is to ensure that Protected Fares are Created in accordance with the Ticketing and Settlement Agreement and to place appropriate restrictions on the Operator's ability to Create Fares.

#### 1.2 Purpose of Fares Regulation

- (a) The purpose of Chapter 8.2.3 (*Allocation of Fares to Fares Baskets*) to Chapter 8.2.6 (*Fares Regulation Information and Monitoring*) (inclusive) is to provide for the regulation of Fares by the Secretary of State pursuant to section 28 of the Act.
- (b) For the purpose of regulating Fares, each Fare that is to be regulated shall be allocated in accordance with this Chapter 8.2 to one of the following Fares Baskets:
- (i) Not Used; or
  - (ii) the Protected Fares Basket.
- (c) The Secretary of State's regulation of Fares places a limit on:
- (i) the Price of each Fare that is allocated by the Secretary of State to a Fares Basket. The limit on the Price of each Fare is set by reference to:
    - (A) the overall increase of the Prices of all Fares in a Fares Basket;
    - (B) the individual increase in the Price of each Fare in a Fares Basket; and
  - (ii) the Child Price of each Fare as specified in paragraph 1.3 of Part B of Chapter 8.2.4 (*Regulation of Individual Fares*).
- (d) Subject to the more detailed provisions of Chapter 8.2.4 (*Regulation of Fares Basket Values and Individual Fares*):
- (i) the overall increase of the Prices of all Fares in a Fares Basket may not exceed the Retail Prices Index + k per cent per annum in respect of each Fare Year; and
  - (ii) the increase in the Price of any individual Fare in a Fares Basket may not exceed the Retail Prices Index + k per cent + f per cent per annum in respect of each Fare Year.

For the purposes of paragraph 1.2(d)(i), "k" shall have the meaning given to it in paragraph 4.2 of Part A of Chapter 8.2.4 (*Regulation of Fares Basket Values*) and for the purposes of paragraph 1.2(d)(ii) "k" and "f" shall each have the meaning given to each such term in paragraph 2.2 of Part B of Chapter 8.2.4 (*Regulation of Individual Fares*).

- (e) The Secretary of State may alter these limits, and other aspects of the regulation of Fares, in accordance with the more detailed provisions of Part B of Chapter 8.2.5 (*Changes to Fares and Fares Regulation*).

#### 2. Structure of Chapter 8

- 2.1 Chapter 8.2.2 (*Operator's Obligation to Create Fares*) sets out or refers to the Operator's obligations to Create Fares.
- 2.2 Chapter 8.2.3 (*Allocation of Fares to Fares Baskets*) sets out the allocation of Fares to Fares Baskets.
- 2.3 Part A of Chapter 8.2.4 (*Regulation of Fares Basket Values*) sets out the limits applicable to the overall increase in Prices of all Fares in a Fares Basket.



- 2.4 Part B of Chapter 8.2.4 (*Regulation of Individual Fares*) sets out the limits applicable to the increase in the Price of any individual Fare in a Fares Basket and the Child Price of each Fare.
- 2.5 Part A of Chapter 8.2.5 (*Exceeding the Regulated Value, Regulated Price or Regulated Child Price*) sets out the consequences of the Operator exceeding:
- (a) the Regulated Value of any Fares Basket; or
  - (b) the Regulated Price and/or Regulated Child Price of any Fare.
- 2.6 Part B of Chapter 8.2.5 (*Changes to Fares and Fares Regulation*) sets out the Secretary of State's ability to vary the foregoing provisions.
- 2.7 Chapter 8.2.6 (*Fares Regulation Information and Monitoring*) sets out Fares regulation information and monitoring provisions.
- 2.8 Paragraphs 1 and 2 of Chapter 5.4 (*Customer Benefits*) sets out provisions relating to the introduction of smart ticketing, participation in Smart Ticketing Schemes and reporting requirements and ticket retailing standards.
- 2.9 Paragraphs 2.4 to 2.6 of Chapter 5.4 (*Customer Benefits*) sets out provisions relating to the reforms for Fares, ticketing and the retailing of tickets, including the planning and/or development of industry reforms and provision of data relating to Fares, ticketing and the retail of ticket.
3. **References to "Fare"**
- 3.1 For the purposes of:
- (a) Chapter 8.2.2 (*Operator's Obligation to Create Fares*), Fare shall have the wide meaning given to it in paragraph (a) of that definition; and
  - (b) Chapter 8.2.3 (*Allocation of Fares to Fares Baskets*) to Chapter 8.2.6 (*Fares Regulation Information and Monitoring*) (inclusive), Fare shall have the narrow meaning given to it in paragraph (b) of that definition.
- 3.2 References in this Chapter 8 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 Operator has Created or can Create in respect of that Flow as the Secretary of State may specify.
4. **Fares Documents**
- 4.1 In the event that, in the Secretary of State's opinion, there is an immaterial inconsistency between the Fares or the maximum Price (as the case may be) for any Fare recorded by RSP in 2010 or the 2010 Nominal Ticket Sales:
- (a) described in or determined in accordance with this Chapter 8; and
  - (b) described in the relevant Fares Document,
- the relevant Fares Document shall prevail.
- 4.2 In the event that, in the Secretary of State's opinion, there is a material inconsistency between the Fares or the maximum Price (as the case may be) for any Fare recorded by RSP in 2010 or the 2010 Nominal Ticket Sales:
- (a) described in or determined in accordance with this Chapter 8; and
  - (b) described in the relevant Fares Document,
- this Chapter 8 shall prevail.
5. **Setting of Child Prices**
- 5.1 Any requirement under this Chapter 8 to set a Child Price in respect of a Fare shall be satisfied by the Operator 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) by persons under the age of 16 at a discounted price relative to the price set pursuant to paragraph 5.1(b)(i).

6. **New Stations**

6.1 Subject to paragraph 3.2, the Secretary of State may include within the definitions of:

- (a) Fares Basket;
- (b) Not Used; and
- (c) Protected Fare,

Fares to or from any New Station, on such basis as the Secretary of State may, after consultation with the Operator, determine and references in this Chapter 8 to Fares Basket, Protected Fare and Fares and other relevant definitions shall be construed accordingly.

## Chapter 8.2.2

### Operator's Obligation to Create Fares

#### 1. Creation of Protected Fares

The Operator shall ensure that each Protected Fare has been Created, in accordance with the Fares Plan (as the same may be amended from time to time in accordance with a Business Plan Revision pursuant to paragraph 6 of Chapter 7.7 (*Business Plan*)) and 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 Operator shall set the Child Price for any Fare that it Creates so that that Fare may be purchased by or for a person under the age of 16 for an amount which is no greater than fifty per cent (50%) of the Price of the relevant Fare.
- 2.2 The Operator shall not Create or agree to Create any Fare or Discount Card with a validity of thirteen (13) or more months without the consent of the Secretary of State.

#### 3. Flexible Ticket Product

- 3.1 The Parties acknowledge that, pursuant to the Previous Agreement the Previous Operator was, from the Flexible Ticket Commencement Date, required to make available a flexible ticket product on the terms set out under the Previous Agreement (the “**Flexible Ticket**”).
- 3.2 From the Start Date, the Operator shall continue to make available to passengers the Flexible Ticket, which shall:
- (a) be valid for use for a period of four weeks from a start date nominated by the holder at the time of purchase of the Flexible Ticket (the “**Flexible Ticket Validity Period**”) and sold in multiples of eight (8);
  - (b) be capable of use:
    - (i) on any Flow in respect of which the Operator is entitled to Create a Fare under the terms of the Ticketing and Settlement Agreement and a Weekly Season Ticket has been purchased at any time in the twenty-four months immediately prior to 17 May 2021, save where:
      - (A) such Flow is wholly within Zones 1-6;
      - (B) such Flow is a cross London flow (being a Flow on which the holder of a Cross London Ticket (as defined in the Through Ticketing (Non Travelcard) Agreement) is permitted to travel);
      - (C) such Flow is a Flow on which the holder of an Inter-Available Fare is permitted to travel on the passenger services operated by any of the Train Operators from time to time of the Wales and Borders, Merseyrail or Scotrail franchises (or any successor Train Operator of such passenger services) provided that, to the extent there is in effect an agreement between the Operator and such Train Operator for the use of Flexible Tickets on the passenger services operated by such Train Operator, the foregoing provisions of this paragraph 3.2(b)(i)(C) shall not apply, and the Operator shall use all reasonable endeavours to enter into such an agreement with each such Train Operator; or
      - (D) the Secretary of State agrees in writing that the Flexible Ticket does not need to be capable of use on a particular Flow,
 (each such flow being a “**Relevant Flow**”); and
    - (ii) only:
      - (A) by persons having attained the age of sixteen years; and
      - (B) in respect of travel in Standard Class Accommodation;

- (c) entitle the holder to make an unlimited number of journeys in either direction on the Passenger Services and the passenger services of other Train Operators on a Relevant Flow on any one (1) day during the Flexible Ticket Validity Period, and where a Flexible Ticket is used on any such day it shall entitle the holder to travel on such Relevant Flow until 04.29 hours on the immediately following day;
- (d) unless otherwise agreed by the Secretary of State, be available to purchase through online channels only and be priced midway between the Price of an anytime day return and twenty per cent (20%) of the Price of a Weekly Season Ticket (in each case in respect of the relevant Flow) in accordance with the following formula:

$$\text{FST} = (\text{ADR} + (7\text{DS}/5))/2$$

where:

FST = the Price of a Fare comprised in a Flexible Ticket available in respect of a particular Flow;

ADR = the Price of an anytime day return in respect of such Flow, provided that:

- (i) where the Price of an anytime day return in respect of such Flow is different depending on the direction of travel of the outward leg, the Price of the more expensive Fare shall be used for these purposes; and
- (ii) where no anytime day return is available in respect of such Flow, the Price of a Fare for an equivalent return journey on such Flow shall be used for these purposes, being the Price of an anytime open return or (if no such Fare is available) the Price of an open standard return;

7DS = the Price of a Weekly Season Ticket in respect of such Flow,

(references to Prices of tickets above being to the Price of such ticket on the date of commencement of the Flexible Ticket Validity Period) provided always that:

- (i) FST, and the product of any calculation of twenty per cent (20%) of 7DS or eighty-seven point five per cent (87.5%) of ADR in accordance with paragraphs (ii) and (iii) below respectively, shall:
- (A) (if ending in £0.05 or more) be rounded up to the nearest £0.10; and
- (B) (if ending in less than £0.05) be rounded down to the nearest £0.10;
- (ii) FST shall (save to the extent such outcome arises solely as a result of any rounding in accordance with the provisions of paragraph (i) above) never be less than twenty per cent (20%) of 7DS (and any calculation made in accordance with the preceding formula which would otherwise result in FST being less than twenty per cent (20%) of 7DS shall be deemed to result in FST being an amount equal to twenty per cent (20%) of 7DS, rounded in accordance with the provisions of paragraph (i) above);
- (iii) FST shall (save to the extent such outcome arises solely as a result of any rounding in accordance with the provisions of paragraph (i) above) never be less than eighty seven point five per cent (87.5%) of ADR (and any calculation made in accordance with the preceding formula which would otherwise result in FST being less than eighty seven point five per cent (87.5%) of ADR shall be deemed to result in FST being an amount equal to eighty seven point five per cent (87.5%) of ADR, rounded in accordance with the provisions of paragraph (i) above); and
- (iv) FST shall not be discounted to the purchaser pursuant to any Local Authority Concessionary Travel Scheme, Multi-Modal Scheme, Discount Fare Scheme or Inter-Operator Scheme (each as set out in Appendix 1 to Chapter 8.2.8 (*Transport, Travel and Other Schemes*)) or otherwise provided that FST shall be discounted pursuant to either the 16-17 Saver railcard scheme or the Job Centre Plus Travel Discount card scheme;
- (e) be enabled by the Operator within the retail control service operated by Rail Settlement Plan Limited (the “RCS”) for fulfilment on ITSO Certified Smart Media and barcode enabled media by any person entitled to retail the same in accordance with the Ticketing

and Settlement Agreement, save that the Operator shall be obliged to enable Flexible Tickets for fulfilment on ITSO Certified Smart Media only (and not on barcode enabled media) where:

- (i) either or both of the origin and destination stations on the Relevant Flow on which the Flexible Ticket entitles the holder to travel are operated by or on behalf of any of TfL (including any franchisee or concessionaire thereof) or the Train Operators of any of the c2c, South Eastern or Merseyrail franchises; and
  - (ii) barcode enabled media is not accepted by the operator at such station;
- (f) (subject to prior consent in writing from the Secretary of State to incur any associated costs to enable the same) be retailed by the Operator on ITSO Certified Smart Media or (save where sub-paragraphs 3.2(e)(i) and (ii) above apply) barcode enabled media, or both, and the Operator shall retail all similar and equivalent products created and enabled for fulfilment within RCS by other Train Operators on ITSO Certified Smart Media or (to the extent enabled for fulfilment within RCS on such media) barcode enabled media, or both;
- (g) not include a Travelcard when offered for sale;
- (h) offer additional benefits of convenience, including greater flexibility of use, than a Weekly Season Ticket; and
- (i) include such other characteristics as the Secretary of State may notify the Operator in writing from time to time.
- 3.3 In addition to the obligations set out at paragraph 3.2, the Operator shall take such other action in connection with the Flexible Ticket as the Secretary of State may notify the Operator in writing from time to time, including such actions as the Secretary of State may require in order for the Operator to:
- (a) promote and market the Flexible Ticket to potential users; and
  - (b) make the Flexible Ticket available to users without independent access to smart media or barcode enabled devices in such manner as the Secretary of State may from time to time approve or instruct.
- 3.4 The Secretary of State and the Operator shall undertake a review of the Flexible Ticket during the period falling six (6) to nine (9) months from Flexible Ticket Commencement Date (or such later period as the Secretary of State may notify the Operator in writing), following which the Secretary of State may instruct the Operator to make such alterations to the product as the Secretary of State considers necessary. The Operator may also propose to the Secretary of State such alterations to the Flexible Ticket as the Operator considers necessary, specifying its reasons for the same and the Secretary of State may, in the Secretary of State's discretion, permit the Operator to make such alterations to the Flexible Ticket, subject to any adjustments required by the Secretary of State. The Operator shall from time to time provide the Secretary of State with such information as the Secretary of State may request in writing.
- 3.5 The Secretary of State may vary the terms on which the Operator shall make the Flexible Ticket available to passengers pursuant to this paragraph 3 upon reasonable notice of such variation to the Operator.

### Chapter 8.2.3

#### Allocation of Fares to Fares Baskets

1. **Allocation of Fares to Fares Baskets**
  - 1.1 On or prior to the Start Date the Secretary of State shall allocate each Protected Fare to the relevant Fares Basket in accordance with this Chapter 8.2.3.
  - 1.2 Subject to paragraph 2, every Protected Fare shall be allocated by the Secretary of State to the Protected Fares Basket.
2. **Designation of Non Fares Basket Fares**
  - 2.1 On or prior to the Start Date, the Secretary of State shall:
    - (a) separately (or in aggregate with other Fares of the same type in the opposite direction or for similar journeys that have the same Price) rank, in descending order according to their Gross Revenue for the period of twelve (12) months which ended 31 March 2010:
      - (i) Not Used; and
      - (ii) all Protected Fares;
    - (b) aggregate, following such ranking:
      - (i) Not Used;
      - (ii) those Protected Fares with the lowest Gross Revenue, until the total of the aggregated Gross Revenue of such fares accounts for up to five per cent (5%) of the aggregate Reference Revenue of all Protected Fares; and
    - (c) designate, following such aggregation:
      - (i) Not Used; and
      - (ii) those Protected Fares referred to in paragraph 2.1(b)(ii) as Non Fares Basket Fares.
  - 2.2 Without prejudice to the Secretary of State's right to require the content of a Fares Basket to change at any time prior to the Start Date, or, thereafter, prior to the commencement of any Fares Setting Round, pursuant to paragraph 1 of Part B of Chapter 8.2.5 (*Changes to Fares and Fares Regulation*), any Protected Fare that is also designated as a Non Fares Basket Fare shall not be allocated to the relevant Fares Basket.
  - 2.3 The Secretary of State may de-designate any Non Fares Basket Fare pursuant to paragraph 1.1(d)(iii) of Part B of Chapter 8.2.5 (*Changes to Fares and Fares Regulation*).

**Chapter 8.2.4**

**Regulation of Fares Basket Values and Individual Fares**

**Part A – Regulation of Fares Basket Values**

**1. Value of Fares Basket not to exceed Regulated Value**

Subject to paragraph 1.3 of Part A of Chapter 8.2.5 (*Exceeding the Regulated Value, Regulated Price or Regulated Child Price*) the Operator shall procure that the Value of a Fares Basket at any time in any Fare Year does not exceed its Regulated Value for that Fare Year.

**2. Value**

The Value of a Fares Basket at any time shall be the aggregate of the Projected Revenue of each Fare in that Fares Basket at that time.

**3. Projected Revenue**

The Projected Revenue of any Fare at any time shall be an amount equal to:

<b>P x 2010 Nominal Ticket Sales</b>	
<b>where:</b>	
<b>P</b>	is the Price of that Fare at that time; and
<b>2010 Nominal Ticket Sales</b>	is the number of nominal ticket sales of that Fare for 2010, ascertained as follows:
	$\frac{A}{B}$
	<b>where:</b>
<b>A</b>	is the aggregate Gross Revenue recorded by RSP as attributable to sales of that Fare and any other Fare with which it was aggregated under paragraph 2.1(a) of Chapter 8.2.3 ( <i>Allocation of Fares to Fares Baskets</i> ) for the period of twelve (12) months which ended 31 March 2010; and
<b>B</b>	is the Price for that Fare recorded by RSP in 2010

**4. Regulated Value**

4.1 The Regulated Value of a Fares Basket for any Fare Year shall be an amount equal to:

<b>2010 Ticket Revenue x PPAI</b>	
<b>where:</b>	
<b>2010 Ticket Revenue</b>	is the aggregate Gross Revenue recorded by RSP as attributable to sales of all Fares in that Fares Basket for the period of twelve (12) months which ended 31 March 2010;
<b>PPAI</b>	is:
	<b>where:</b>
(a)	in respect of the Fare Year commencing 1 January 2011, the Permitted Aggregate Increase for that Fare Year; and
(b)	in respect of each Fare Year commencing on or after 1 January 2012, the product of the Permitted Aggregate Increase for each Fare Year between that Fare Year and the Fare Year which begins on 1 January 2011 (inclusively).



4.2 The Permitted Aggregate Increase in any Fare Year shall be an amount equal to:

<b>PAI =</b>	$PAI = \frac{(100 \times RPI) + k}{100}$	
<b>where:</b>		
<b>PAI</b>	is the Permitted Aggregate Increase in that Fare Year;	
<b>RPI</b>	is an amount equal to:	
	$\frac{RPI - 1}{RPI - 2}$	
	where:	
	<b>RPI-1</b>	is the Retail Prices Index for a month as specified in writing by the Secretary of State from time to time of the calendar year preceding that Fare Year; and
	<b>RPI-2</b>	is the Retail Prices Index for the month as specified in writing by the Secretary of State from time to time of the calendar year preceding the calendar year referred in the definition of <b>RPI-1</b> ; and
<b>k</b>	shall be as specified in writing by the Secretary of State from time to time.	

**Part B – Regulation of Individual Fares****1. Price not to exceed Regulated Price or Regulated Child Price**

1.1 The Operator shall procure that the Price of:

- (a) Not Used;
- (b) each Protected Fare included in the Protected Fares Basket, in any Fare Year does not exceed the Regulated Price for such Fare in that Fare Year.

1.2 The Operator shall procure that the Price of any Season Ticket Fare shall be the same in both directions.

1.3 The Operator shall procure that the Child Price of each Fare in any Fare Year does not exceed fifty per cent (50%) of the Price for such Fare in that Fare Year.

**2. Regulated Price**

2.1 The Regulated Price for any Fare in any Fare Year shall be an amount equal to the greater of:

(a)	Preceding Year Ticket Price + £0.10p; and
(b)	ROUND Preceding Year Ticket Price x PII
<b>where:</b>	
<b>Preceding Year Ticket Price</b>	for the Fare Year commencing 1 January 2011, is the maximum Price for that Fare recorded by RSP in 2010 and, for any subsequent Fare Year, is the maximum Price recorded by RSP in the Fare Year preceding that Fare Year, provided that such maximum Price complied with the requirements of this Chapter 8 as it is applied at the relevant time such maximum Price was recorded by RSP. If such maximum Price did not so comply, then such maximum Price shall be the last Price recorded by RSP which did so comply; and
<b>PII</b>	is the Permitted Individual Increase in any Fare Year, as determined in accordance with paragraph 2.2;
<b>ROUND</b>	(a) if (Preceding Year Ticket Price x PII), when rounded to two (2) decimal places, results in a value ending in five pence (£0.05) to nine pence (£0.09), then (Preceding Year Ticket Price x PII) shall be rounded up to the nearest whole multiple of £0.10; or (b) if (Preceding Year Ticket Price x PII), when rounded to two (2) decimal places, results in a value ending in one pence (£0.01) to four pence (£0.04) (inclusive), then (Preceding Year Ticket Price X PII) shall be rounded down to the nearest whole multiple of £0.10.

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

<b>PII =</b>	$\frac{(100 \times RPI) + k + f}{100}$
<b>where:</b>	
<b>PII</b>	is the Permitted Individual Increase in that Fare Year;
<b>RPI</b>	is an amount equal to:
	$\frac{RPI - 1}{RPI - 2}$
	where:
<b>RPI-1</b>	is the Retail Prices Index for a month as specified in writing by the Secretary of State from time to time of the calendar year preceding that Fare Year; and

	<b>RPI-2</b>	is the Retail Prices Index for the month as specified in writing by the Secretary of State from time to time of the calendar year preceding the calendar year referred in the definition of <b>RPI-1</b> ;
<b>k</b>		shall be as specified in writing by the Secretary of State from time to time.
<b>f</b>		shall be as specified in writing by the Secretary of State from time to time.

2.3 Where:

- (a) the Operator sets the Price of any Protected Fare in any Fare Year; and
- (b) the Secretary of State determines that the Price 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 prior to such setting that complied with the requirements of this Chapter 8, as recorded by RSP in the relevant preceding Fare Year.

3. **Not Used**

**Chapter 8.2.5****Exceeding the Regulated Value, Regulated Price or Regulated Child Price, and Changes to Fares and Fares Regulation****Part A – Exceeding the Regulated Value, Regulated Price or Regulated Child Price****1. Exceeding the Regulated Value**

1.1 If the Operator is in contractual breach of paragraph 1 of Part A of Chapter 8.2.4 (*Regulation of Fares Basket Values*) in respect of the Protected Fares Basket it shall reduce the Price of Fares in the relevant Fares Basket 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 Part A of Chapter 8.2.4 (*Regulation of Fares Basket Values*) from such date.

1.2-1.4 Not Used.

**2. Exceeding the Regulated Price or Regulated Child Price**

2.1 If the Operator is in contractual breach of any of the provisions of paragraph 1 of Part B of Chapter 8.2.4 (*Regulation of Individual Fares*) it shall reduce the Price and/or Child Price (as the case may be) 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 Part B of Chapter 8.2.4 (*Regulation of Individual Fares*) from such date.

## Part B – Changes to Fares and Fares Regulation

### 1. Changes to Fares Baskets

- 1.1 The Secretary of State may require the content of the Protected Fares Basket to change in accordance with the following:
- (a) where the Secretary of State is not satisfied that the Price of any Non Fares Basket Fare is reasonably constrained by the Price of other Fares which:
    - (i) have been set in respect of the same, or part of the same, Flow as such Non Fares Basket Fare, or a Flow which is reasonably proximate to the Flow on which such Non Fares Basket Fare has been set; and
    - (ii) have been included in the relevant Fares Basket,
 the Secretary of State may de-designate any Non Fares Basket Fare and include such Non Fares Basket Fare in the relevant Fares Basket;
  - (b) Not Used;
  - (c) where any Protected Fare for a Flow has been included in the Protected Fares Basket, the Secretary of State may require the inclusion in the Protected Fares Basket of any Protected Return Fare or Protected Weekly Season Ticket that existed on that Flow in February 2003; and/or
  - (d) where the Secretary of State changes the Reference Revenue and/or the Gross Revenue of any Fare pursuant to paragraphs 3.1(a) and/or 3.1(b) then, in relation to the Fares Basket in which such Fare is or would be included, and without limiting paragraphs 1.1(a) to (c) inclusive, the Secretary of State may also:
    - (i) make any of the changes to such Fares Basket contemplated by this paragraph 1.1;
    - (ii) designate any Fare as a Non Fares Basket Fare in accordance with the provisions (other than the requirement that such designation occurs on or prior to the Start Date) of paragraph 2 of Chapter 8.2.3 (*Allocation of Fares to Fares Baskets*); and/or
    - (iii) de-designate any Non Fares Basket Fare and include such Non Fares Basket Fare in the relevant Fares Basket.
- 1.2 The Secretary of State shall serve notice in writing on the Operator:
- (a) at any time prior to the Start Date; and
  - (b) thereafter, no later than the commencement of any Fares Setting Round,
- to require any Fare to be included in a Fares Basket or to designate any Fare as a Non Fares Basket Fare pursuant to paragraph 1.1.

### 2. Changes to the 2010 Nominal Ticket Sales

- 2.1 The Operator may, in the event of any significant change to the pattern of travel on the Passenger Services during the Contract Term, apply to the Secretary of State for the **value of factors A and/or B** in the formula for determining 2010 Nominal Ticket Sales in paragraph 3 of Part A of Chapter 8.2.4 (*Regulation of Fares Basket Values*) to be adjusted to take account of such changes, such that:
- (a) the **value of factor A** is re calculated by using the Gross Revenue in respect of the sales of the relevant Fares for the most recently completed period of twelve (12) months ending 31 March; and/or
  - (b) the **value of factor B** is recalculated by using the Price of the relevant Fares recorded by RSP in the month of February during such period.
- 2.2 The Secretary of State shall not under any circumstances be obliged to accept any such application in whole or in part. The Secretary of State shall be entitled to impose conditions upon any such acceptance, including conditions requiring that the **value of both factors A**

**and B** are adjusted and/or are adjusted in respect of any or all Fares in the relevant Fares Basket.

### 3. **Changes to the Reference Revenue, Gross Revenue, 2010 Nominal Ticket Sales and/or 2010 Ticket Revenue**

- 3.1 The Secretary of State may, by notice in writing served on the Operator no later than the date of commencement of any Fares Setting Round, require:
- (a) the Reference Revenue of any Fares Basket to be calculated by reference to a different reference period for the purpose of paragraph 2 of Chapter 8.2.3 (*Allocation of Fares to Fares Baskets*) than the period of twelve (12) months ended 31 March 2010; and/or
  - (b) the Gross Revenue of all Protected Fares to be recalculated for the purpose of paragraph 2 of Chapter 8.2.3 (*Allocation of Fares to Fares Baskets*) by reference to a different reference period than the period of twelve (12) months ended 31 March 2010; and/or
  - (c) **the value of factor A** in the formula for determining the 2010 Nominal Ticket Sales in paragraph 3 of Part A of Chapter 8.2.4 (*Regulation of Fares Basket Values*) to be recalculated in respect of any Fare by reference to a different reference period than the period of twelve (12) months ended 31 March 2010; and/or
  - (d) **the value of factor B** in the formula for determining the 2010 Nominal Ticket Sales in paragraph 3 of Part A of Chapter 8.2.4 (*Regulation of Fares Basket Values*) to be recalculated in respect of any Fare by reference to a different reference date other than February 2010; and/or
  - (e) the 2010 Ticket Revenue in respect of any Fares Basket to be re calculated for the purpose of paragraph 4 of Part A of Chapter 8.2.4 (*Regulation of Fares Basket Values*) by reference to a different reference period than the period of twelve (12) months ended 31 March 2010.
- 3.2 Where, in accordance with paragraph 3.1(e), the 2010 Ticket Revenue in respect of any Fares Basket is re calculated by reference to a different reference period, the value of “**PPAI**” in paragraph 4 of Part A of Chapter 8.2.4 (*Regulation of Fares Basket Values*) shall be determined solely by reference to the product of the Permitted Aggregate Increase for each Fare Year beginning after the end of such reference period.
- 3.3 Any revision pursuant to paragraph 3.1 or 3.2 shall take effect upon commencement of the next Fare Year to commence after the Fares Setting Round referred to in paragraph 3.1.
- ### 4. **Changes to Prices**
- 4.1 The Operator may from time to time submit proposals to the Secretary of State to increase any Prices beyond the levels permitted under Chapter 8.2.4 (*Regulation of Fares Basket Values and Individual Fares*) in connection with any proposed or actual improvement in any aspect of the Passenger Services relating to such Fares.
- 4.2 The Secretary of State shall consider any such proposal and may (at the Secretary of State’s discretion) require the Operator to implement any such proposal in whole or in part.
- ### 5. **Changes to Fares Regulation**
- 5.1 The Parties agree that the Secretary of State shall have the power at any time and on more than one occasion during the Contract Term to alter the obligations of, and restrictions on, the Operator under Chapter 8.2.1 (*Purpose, Structure and Construction*) to Chapter 8.2.6 (*Fares Regulation Information and Monitoring*) inclusive for any Fare Year, or part thereof (including alteration of the **value of “k”** under paragraph 4.2 of Part A of Chapter 8.2.4 (*Regulation of Fares Basket Values*) and/or paragraph 2.2 of Part B of Chapter 8.2.4 (*Regulation of Individual Fares*) and/or alteration of the **value of “f”** under paragraph 2.2 of Part B of Chapter 8.2.4 (*Regulation of Individual Fares*)).
- 5.2 Not Used.

## 6. **Changes to Compulsory Inter-available Flows**

### 6.1 Where:

- (a) pursuant to Clauses 4 to 7 of the Ticketing and Settlement Agreement, the consent of the Secretary of State is requested for the abolition of a Compulsory Inter-available Flow (the “**Reference Flow**”) in respect of which any Fare Created would be a Protected Fare (the “**Reference Fare**”); and
- (b) a Flow exists, which, in the Secretary of State’s opinion, is substantially similar to the Reference Flow (the “**Equivalent Flow**”),

the Secretary of State may, as a condition of granting the Secretary of State’s consent to the abolition of the Reference Flow, by written notice to the Operator, require any Fare Created in respect of the Equivalent Flow which has substantially the same characteristics as the Reference Fare to be included in a Fares Basket (“**Equivalent Fare**”).

6.2 The Secretary of State shall not issue any such notice in respect of an Equivalent Fare unless the provisions of such notice have first been approved by the Ticketing and Settlement Scheme Council (as defined in the Ticketing and Settlement Agreement) or a delegate of such council.

6.3 The Price of any Equivalent Fare in the first Fare Year in which it is to be introduced shall be no greater than the maximum permitted Price in that Fare Year of the relevant Reference Fare, as if such Reference Fare had not been abolished.

## 7. **Change of Lead Operator/Major Flow Operator**

7.1 The Operator shall not without the Secretary of State’s prior consent, agree to any request under the Ticketing and Settlement Agreement that it cease to be Lead Operator in respect of any Flow.

7.2 The Operator shall inform the Secretary of State if it becomes the Lead Operator in respect of any Flow. Upon the Operator becoming the Lead Operator in respect of any Flow, the Secretary of State may without limiting paragraph 3 above, exercise the Secretary of State’s rights pursuant to paragraph 3 in relation to the relevant Fares Basket.

7.3 The Operator shall inform the Secretary of State if it ceases to be a Major Flow Operator in respect of any Flow.

## 8. **Changes to Fares Documents**

### 8.1 Following:

- (a) any allocation of Fares to any Fares Basket pursuant to Part B of Chapter 8.2.3 (*Allocation of Fares to Fares Baskets*); or
- (b) any subsequent adjustment thereof pursuant to this Part B of Chapter 8.2.5,

the Secretary of State shall set out in the Protected Fares Document all Fares then included in the relevant Fares Basket and, as soon as practicable thereafter, the Secretary of State shall issue or reissue (as the case may be) such Fares Document(s) to the Operator.

## 9. **Changes to applicable Fares Plans**

9.1 Where the Secretary of State exercises any of the Secretary of State’s rights specified in any of paragraphs 1 to 8 of this Part B of Chapter 8.2.5, it is acknowledged that Business Plan Revisions may be required pursuant to paragraph 6 of Chapter 7.7 (*Business Plan*).

## 10. **Overlapping Fares**

10.1 Subject to paragraph 10.2, the Operator shall, with respect to the Operator Dedicated Fares offered on each Overlapping Flow, ensure that during the Dual Operating Period such Operator Dedicated Fares:

- (a) remain available at the same Price and/or Child Price (as the case may be) as was offered by the Previous Operator immediately prior to the Start Date and shall not be



increased in each Fare Year by more than  $RPI + k$  (and for these purposes “RPI” and “k” shall have the meaning given in paragraph 4.2 of Chapter 8.2.4); and

- (a) continue to be offered for the same number of seats on each Passenger Service as were offered by the Previous Operator on each equivalent Passenger Service on each Overlapping Flow immediately prior to Start Date.
- 10.2 The restrictions in paragraph 10.1 shall not apply to any change (whether of the nature contemplated in paragraph 10.1 or otherwise) to an Operator Dedicated Fare which was initiated or introduced by the Previous Operator but which was only effective from a date on or following the Start Date.
- 10.3 For the purposes of this paragraph 10:
- (a) “**Dual Operating Period**” means the period commencing at 02:00 on 28 May 2023 and expiring on the earlier to occur of: (a) either of the Operator, NTL or LNER or both Operator, NTL and LNER ceasing to be a wholly owned subsidiary of the Secretary of State; or (b) either of NTL, LNER or the Operator or both the Operator, NTL and/or LNER ceasing to operate passenger Services on an Overlapping Flow;
- (b) “**LNER**” means London North Eastern Railway Limited (company number 04659712);
- (c) “**NTL**” means Northern Trains Limited (Company Number: 03076444);
- (d) “**Operator Dedicated Fare**” means a Fare offered on an Overlapping Flow which entitles the purchaser to travel only on the passenger services operated by the Operator; and
- (e) “**Overlapping Flow**” means any point to point Flow with respect to which passenger services are operated by both the Operator and LNER and/or both the Operator and NTL (as the case maybe).

## Chapter 8.2.6

### Fares Regulation Information and Monitoring

#### 1. Information

- 1.1 The Operator shall provide to the Secretary of State by no later than week twelve (12) of each Fares Setting Round, a summary (to such level of detail or generality as the Secretary of State may require) of the Prices of the Protected Fares it is intending to set.
- 1.2 The Operator shall notify, or procure the notification to, the Secretary of State of any proposed increase to the Price of any Protected Fare 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 Secretary of State may request from time to time.
- 1.3 The Operator shall make available, or procure that RSP makes available, to the Secretary of State, for any Fares Setting Round during the Contract Term, such details (including the proposed Prices) of the Initial Permanent Fare of any Protected Fare for each such Fares Setting Round as the Secretary of State may request from time to time.

#### 2. Monitoring

- 2.1 The Operator shall provide to the Secretary of State:
- (a) such access as the Secretary of State may require to information pertaining to the Prices of Protected Fares from time to time; and
  - (b) such further information as the Secretary of State may require for the purpose of determining the Gross Revenue of the Operator in relation to any particular Fare or Fares or any particular period.
- 2.2 By no later than week seventeen (17) of each Fares Setting Round, the Operator shall provide to the Secretary of State written confirmation from a statutory director of the Operator of whether the Operator has complied with its obligations under this Chapter 8 (*Fares and Revenue*) during each such Fares Setting Round.
- 2.3 The Operator shall take such action as the Secretary of State may require following receipt of any details from the Operator pursuant to paragraph 1 in order to ensure that the Operator shall comply with the provisions of Chapter 8.2.2 (*Operator's Obligation to Create Fares*) to this Chapter 8.2.6 (*inclusive*).

**Chapter 8.2.7****Fares Selling Restrictions****1. Fares Selling Restrictions****1.1 Restrictions on Sales**

The Operator 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 of such Protected Fare and, in relation to the issue of a Season Ticket Fare, the completion of an identity card as the Operator may 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 on a Passenger Service.

**1.2 Not Used.****1.3 Where the Operator 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 the tables set out in Appendix 1 to Chapter 4.3 (*The Rolling Stock*).

**1.4 The Operator shall not sell or offer to sell:**

- (a) any Fare in respect of which the:
  - (i) Prices are regulated under Chapter 8.2.4 (*Regulation of Fares Basket Values and Individual Fares*), at prices that are greater than the Prices set for such Fares from time to time in accordance with Chapter 8.2.4; and
  - (ii) Child Prices are regulated under paragraph 1.3 of Part B (*Regulation of Individual Fares*) of Chapter 8.2.4 (*Regulation of Fares Basket Values and Individual Fares*) at prices that are no greater than fifty per cent (50%) of the Price of the relevant Fare;
- (b) any Fare or Discount Card which has a validity of thirteen (13) or more months, except to the extent required to do so under the terms of the Ticketing and Settlement Agreement.

**1.5 Agents of the Operator**

The Operator 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 in respect of which the Prices are regulated under Chapter 8.2.4 (*Regulation of Fares Basket Values and Individual Fares*), sell or offer to sell at prices no greater than the Prices set for such Fares from time to time in accordance with Chapter 8.2.4; and
- (b) for Fares in respect of which the Child Price has been set pursuant to paragraph 2.1 of Chapter 8.2.2 (*Operator'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 fifty per cent (50%) of the Price of the relevant Fare; and

- (c) for all Fares:
  - (i) do not sell or offer to sell any Fare or Discount Card with a validity of thirteen (13) or more months without the consent of the Secretary of State; and
  - (ii) comply with the provisions of paragraphs 2 and 3 of Chapter 8.2.7 (*Fares Selling Restrictions*) to the extent they apply to the selling of Fares by the Operator.

#### 1.6 **Additional Ancillary Services**

The Operator shall, subject to this paragraph 1, 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 was purchased (including, charges in respect of car parking or catering services); and
- (b) which such purchaser is not obliged to purchase.

#### 1.7 **Sale of Fares for travel on Bank Holidays**

The Operator shall ensure that, for any Fare in respect of travel on a Bank Holiday, it only offers for sale (and shall procure that any person authorised to sell Fares on its behalf only offers for sale) such Fare that has the same rights and restrictions as a Fare which is valid for travel on a Saturday or Sunday.

### 2. **Reduction in Prices of Fares during the Last Thirteen (13) Month Period**

2.1 During the last thirteen (13) months of the Contract Period the Operator shall not, without the prior written consent of the Secretary of State, 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 Contract Period for an amount which is less than the Price or the Child Price of that Fare immediately before the commencement of such thirteen (13) month period or, in the case of a new Fare, the Price of its nearest equivalent immediately before the commencement of such period.

2.2 Paragraph 2.1 shall not prevent the Operator from giving any discount or reduction to which the purchaser of a Fare may be entitled by virtue of:

- (a) presenting a Discount Card (or any equivalent replacement thereof) issued by the Operator before the commencement of such thirteen (13) month period and to which the purchaser would have been entitled before the commencement of such period;
- (b) presenting a Discount Card issued by another train operator;
- (c) the Passenger's Charter or the passenger's charter of any other train operator; or
- (d) any relevant conditions of carriage.

2.3 The Operator 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 2.1 to the extent that such provisions apply to the selling of Fares by the Operator.

### 3. **Restrictions in respect of Sale of Advance Purchase Train-specific Fares**

3.1 It is acknowledged that the Operator shall make available for sale prior to the end of the Contract Period Advance Purchase Train-specific Fares which are valid for travel after the end of the Contract Period.

3.2 In making such Advance Purchase Train-specific Fares available for purchase the Operator shall not change its commercial practice in terms of the number of such Advance Purchase Train-specific Fares made available or the Passenger Services on which they are valid for use when compared with its previous commercial practice in respect of Advance Purchase Train-specific Fares valid for travel prior to the end of the Contract Period.

- 3.3 The Operator shall be permitted to take into account reasonable seasonal factors in determining its previous commercial practice. In assessing reasonableness, account will be taken of the Operator's practice in addressing such seasonal factors in the corresponding period in the previous year.

## Chapter 8.2.8

### Transport, Travel and Other Schemes

#### 1. Local Authority Concessionary Travel Schemes

1.1 The Operator shall participate in and comply with its obligations under:

- (a) the concessionary travel schemes in place at the Start Date, listed in paragraph 1 of Appendix 1 (*List of Transport, Travel and Other Schemes*) to this Chapter 8.2.8; and
- (b) any other concessionary travel scheme or amendment to the concession travel schemes referred to in (a) above in either case which the Operator is directed to comply with by the Secretary of State

1.2 The Secretary of State shall consult the Operator before making any request of the Operator to participate in any amended or new concessionary travel scheme pursuant to paragraph 1.1(b) and shall allow the Operator a reasonable opportunity to make representations to the Secretary of State with respect to any such participation.

#### 2. Multi-modal Fares Schemes

2.1 The Operator shall participate in and comply with its obligations under:

- (a) the multi-modal fares schemes in place at the Start Date set out in paragraph 2 of Appendix 1 (*List of Transport, Travel and Other Schemes*) to this Chapter 8.2.8; and
- (b) any other multi-modal fares scheme or amendment to the multi-modal fare schemes referred to in (a) above in either case which the Operator is directed to comply with by the Secretary of State,

including by co-operating in the implementation of any Smart Media technology pursuant to any such multi-modal fares schemes.

2.2 The Secretary of State shall consult the Operator before making any request of the Operator to participate in any amended or new multi-modal fares scheme pursuant to paragraph 2.1(b) and shall allow the Operator a reasonable opportunity to make representations to it with respect to any such participation.

#### 3. Discount Fare Schemes

3.1 The Secretary of State shall be entitled to:

- (a) effect an amendment to a Discount Fare Scheme;
- (b) introduce a new Discount Fare Scheme; or
- (c) cease to approve a Discount Fare Scheme,

for the purposes of section 28 of the Act.

3.2 The Secretary of State shall provide a reasonable opportunity to the Operator to make representations to the Secretary of State before amending, introducing or ceasing to approve a Discount Fare Scheme pursuant to paragraph 3.1.

3.3 The Operator shall supply to the Secretary of State, in respect of any Discount Fare Scheme referred to in paragraph 3.1, such information within such period as the Secretary of State may require for the purposes of determining the financial effect of any such amendment, intended amendment, introduction or cessation of approval.

#### 4. Inter-Operator Schemes

4.1 The Operator shall participate in and comply with its obligations under the terms of each of the Inter-Operator Schemes.

4.2 Without limiting paragraphs 4.1 and 4.3, the Operator agrees 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 Secretary of State.

- 4.3 The Operator shall not amend, or agree or propose to amend, any Inter-Operator Scheme other than in accordance with its terms.
- 4.4 The Operator shall:
- (a) provide reasonable notice to the Secretary of State of any proposal to amend any Inter-Operator Scheme which it intends to make or of which it receives notification and which, in its opinion, is reasonably likely to materially affect the provision of the Rail Services; and
  - (b) have regard to the Secretary of State's views in respect of any such proposal.
- 4.5 Not Used.
5. **Voting on Scheme Councils**
- 5.1 The Operator shall give the Secretary of State reasonable notice of:
- (a) any meeting of:
    - (i) a scheme council of an Inter-Operator Scheme on which the Operator is represented; or
    - (ii) a scheme management group of any Inter-Operator Scheme:
      - (A) in which the Operator has a permanent position; or
      - (B) where the Operator employs a member of such group; and
  - (b) the resolutions to be voted upon at any such meeting,
- and the Operator shall, if so directed by the Secretary of State, present any documents authored by the Secretary of State and/or the Operator at any such meeting.
- 5.2 The Operator shall vote at any such meeting in the manner required by the Secretary of State.



**APPENDIX 1 TO CHAPTER 8.2.8****List of Transport, Travel and Other Schemes****1. Local Authority Concessionary Travel Schemes****1.1** Each of the following schemes as at the Start Date:

- (a) Transport for Greater Manchester: Concessionary Fares Scheme (free, discounted price or flat fares for elderly, disabled and young persons).
- (b) Merseytravel: Concessionary Fares Scheme (free or discounted price travel for elderly, disabled and young persons);
- (c) West Yorkshire Combined Authority: Concessionary Fares Scheme (free or discounted price travel for senior citizens, blind, disabled and young persons);
- (d) South Yorkshire Passenger Transport Executive: Concessionary Fares Scheme;
- (e) Education season ticket schemes also operate with the following: (i) Derbyshire County Council, (ii) Lancashire County Council and (iii) Cheshire County Council;
- (f) Concessionary schemes with the following bodies: (i) Durham County Council, (ii) North Lincolnshire County Council, (iii) North East Lincolnshire County Council, (iv) Derbyshire County Council and (v) Hull City Council; and
- (g) Scholar Season Ticket schemes with the following authorities: (i) West Yorkshire Combined Authority, (ii) North Lincolnshire County Council, (iii) North East Lincolnshire County Council, (iv) Lincolnshire County Council and (v) Hull City Council.

**1.2** Any other concessionary travel scheme which the Operator is required to participate in during the Contract Term pursuant to paragraph 1.1(b) of Chapter 8.2.8.**2. Multi-modal Fares Schemes****2.1** Each of the following schemes as at the Start Date:

- (a) Transport for Greater Manchester:
  - (i) County Cards (Greater Manchester Travelcards Limited season tickets);
  - (ii) Metrolink tickets (Metro and train);
  - (iii) Wayfarer tickets (bus, Metro and train);
  - (iv) Day Saver (Off peak Rover ticket with bus, train and tram combinations); and
  - (v) Rail Ranger.
- (b) Merseytravel: TRIO, Rail Pass and Saveaway - Multi-modal season tickets and off peak Rovers.
- (c) West Yorkshire Combined Authority:
  - (i) Metrocards/M-Cards (provided by West Yorkshire Ticketing Company Limited);
  - (ii) Metro Dayrover tickets (daily off-peak) (provided by West Yorkshire Ticketing Company Limited);
  - (iii) Not used; and
  - (iv) Metrorover tickets (half-price travel for the unemployed).

(d) South Yorkshire Passenger Transport Executive:

- (i) Travelmaster; and
- (ii) Railmaster.

(e) Derbyshire County Council: Derbyshire Wayfarer - off peak Rover

2.2 Any other multi-modal fares travel scheme which the Operator is required to participate in during the Contract Term pursuant to paragraph 2.1(b) of Chapter 8.2.8.

### 3. **Discount Fare Schemes**

3.1 Each of the following schemes as at the Start Date:

- (a) Disabled Persons Railcard Scheme dated 23 July 1995 between the participants therein;
- (b) Young Persons Railcard Scheme dated 23 July 1995 between the participants therein; and
- (c) Senior Railcard Scheme dated 23 July 1995 between the participants therein; or
- (d) any other discount fare scheme approved from time to time by the Secretary of State for the purposes of section 28 of the Act,

in each case until such time as it may cease to be approved by the Secretary of State for the purposes of section 28 of the Act.

### 4. **Inter-Operator Schemes**

4.1 Each of the following schemes as at the Start Date which relate to arrangements between the Operator and other participants in the railway industry:

- (a) Staff Travel Scheme dated 23 July 1995 between the participants named therein;
- (b) Ticketing and Settlement Agreement;
- (c) LRT Scheme dated 23 July 1995 between the participants named therein;
- (d) Travelcard Agreement dated 15 October 1995 between London Regional Transport and the parties named therein;
- (e) Through Ticketing (Non-Travelcard) Agreement dated 15 October 1995 (as amended and restated) between London Regional Transport and the parties named therein;
- (f) National Rail Enquiry Scheme dated 11 June 1996 between the participants named therein;
- (g) Not Used;
- (h) Not Used;
- (i) any Discount Fare Scheme;
- (j) the 16-17 Saver railcard scheme introduced for use with effect from 2 September 2019 between the participants named therein;
- (k) the Veterans Railcard scheme between the participants named therein to provide discounted rail travel to military veterans and their named companions and accompanying children; and
- (l) any other scheme, agreement and/or contract of a similar or equivalent nature as may from time to time during the Contract Period amend, replace or substitute, in whole or in part, any of such schemes, agreements and/or contracts.

## Chapter 9 – Standard Provisions



Chapter 9.1 - Fixed Assets



Chapter 9.2 - Key Contracts and Key Assets



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**CHAPTER 9**  
**STANDARD PROVISIONS**

Chapter 9.1	Fixed Assets
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**CHAPTER 9.1****Fixed Assets****1. Station Asset Management**

- 1.1 The Operator shall implement and comply with the Station Asset Management Plan from the Start Date.
- 1.2 Not Used.
- 1.3 The Operator shall ensure that the Station Asset Management Plan in relation to each Station shall include the following:
- (a) the details of all maintenance, repair and renewal activity undertaken by the Operator since the Start Date;
  - (b) the details of any maintenance, repair and renewal activity which the Operator has not completed or not completed within the specified time frame set out in any Station Asset Management Plan together with reasons;
  - (c) the details of the maintenance, repair and renewal activity undertaken since the Start Date or planned by Network Rail, any Local Authority, any Community Rail Partnership and any other relevant stakeholder, which the Operator is aware of;
  - (d) the assumptions that the Operator has made about the current state and future degradation of assets at the Station at the Start Date or, if an asset becomes an asset at the Station on a later date, the assumptions of the Operator about the current state and future degradation of each relevant asset on the date that it becomes such an asset at the Station;
  - (e) the details of asset provision at the Station in the context of future passenger projections;
  - (f) the plans to ensure that delivery of Station Services is resilient to periods of extreme weather and minimises disruption to passengers;
  - (g) the plans to ensure that maintenance, repair, renewal, enhancement and other building works to be carried out at such Station is consistent with the Principles of Inclusive Design and the Security in the Design of Stations Guidance; and
  - (h) the plans to ensure that activity at such Station is consistent with the Network Rail Asset Management Policy.
- 1.4 In addition, the Operator shall ensure that the Station Asset Management Plan:
- (a) shall cover a period of no less than forty (40) years from the date that it is created or revised and updated in accordance with this Chapter 9.1, as if the Operator was to operate each of the Stations for such forty (40) year period;
  - (b) is developed in accordance, and complies, with guidance published by the Institute of Asset Management (or such appropriate replacement guidance).
- 1.5 Any amendments to the Station Asset Management Plan must be Approved by the Secretary of State.
- 1.6 The Operator shall ensure that all renewal, enhancement and other building works at Stations are implemented in accordance with the Principles of Inclusive Design.
- 1.7 **Updating the Station Asset Management Plan**
- (a) Together with the Business Plan submitted in respect of each Subsequent Business Plan Year, the Operator shall have reviewed the Station Asset Management Plan and shall submit to the Secretary of State for Approval a draft updated version of the Station Asset Management Plan (in substantially the same form as the preceding Station Asset Management Plan).
  - (b) The updated draft Station Asset Management Plan shall include:

- (i) a schedule of any revisions to the current Station Asset Management Plan and a brief summary of the rationale supporting any change;
  - (ii) any changed and developing circumstances and the requirements of the Station Asset Management Plan Accreditation; and
  - (iii) where relevant, the outcomes of, and the Operator's responses to the stakeholder consultation.
- (c) If:
- (i) the Secretary of State Approves an updated draft Station Asset Management Plan submitted to it pursuant to paragraph 1.7 (a), such document shall become the then current Station Asset Management Plan; or
  - (ii) the Secretary of State does not Approve an updated draft Station Asset Management Plan submitted to it pursuant to paragraph 1.7(a), then the Operator shall make:
    - (A) such amendments to it as the Secretary of State shall direct; and
    - (B) provide such additional information as the Secretary of State may require.

## 1.8 Consultations relating to the Station Asset Management Plan

On or before the annual submission of the Station Asset Management Plan pursuant to the provisions of this Chapter 9.1, the Operator shall conduct consultations with relevant Stakeholders (including the Community Rail Network, passengers, users of Stations, members of relevant local communities, Network Rail and the British Transport Police) in relation to the potential risks, opportunities and priorities for investment and operational efficiencies in relation to Stations. The Operator shall determine the scope of the specification of such consultations including the Stations to be considered.

## 1.9 ISO Certification

The Operator shall at all times maintain certification pursuant to ISO55001:2014.

## 2. Information about Station Improvement Measures

- 2.1 The Operator shall, subject to paragraph 2.5, at all times during the Contract Period maintain records in relation to the measures taken by it to improve the Station environment at each of the Stations, covering the areas and the information set out in Appendix 1 to this Chapter 9.1.
- 2.2 The Operator shall, subject to paragraphs 2.3 and 2.5, provide to the Secretary of State the information set out in Appendix 1 (*Information about Station Improvement Measures*) to this Chapter 9.1 no later than the end of the first Reporting Period in each Contract Year other than the first Contract Year.
- 2.3 When so requested by the Secretary of State, the Operator shall, within such reasonable period as the Secretary of State may specify, make such information available for review by the Secretary of State by reference to:
- (a) such level of disaggregation as is specified by the Secretary of State; and
  - (b) any particular Station as is specified by the Secretary of State.
- 2.4 The information to be provided by the Operator to the Secretary of State within the timescales stipulated are set out in Appendix 1 (*Information about Station Improvement Measures*) to this Chapter 9.1.
- 2.5 The Secretary of State may in consultation with the Operator review the scope of the areas and information (including the format of that information and timescales within which that information is to be provided) to be set out in Appendix 1 (*Information about Station*

*Improvement Measures*) to this Chapter 9.1 and shall within three (3) Reporting Periods of the Start Date notify the Operator of any additions, updates or revisions to Appendix 1 to this Chapter 9.1 that the Secretary of State requires and thereafter Appendix 1 to this Chapter 9.1 shall be deemed to be amended in accordance with the Secretary of State's notice.

### **3. Vesting of Property Leases at the Start Date**

- 3.1 The Operator shall not without the prior written consent of the Secretary of State, whether generally or on a case-by-case basis:
- (a) enter into any new Property Lease; or
  - (b) effect any amendment to any Property Lease, except to the extent that the Operator is required to do so by virtue of any station or depot access conditions to which it is a party.
- 3.2 In respect of any new Property Leases with Network Rail, the Operator shall enter into such Property Leases:
- (a) with the intent that section 31 of the Act shall apply to such leases; and
  - (b) in the agreed terms marked SL and DL (as appropriate).
- 3.3 In respect of any assignment or amendment of any Property Lease to which section 31 of the Act applied on its grant, each of the Secretary of State and the Operator acknowledge that it is their intention that section 31 of the Act shall continue to apply to such assigned or amended lease.
- 3.4 The Operator shall use all reasonable endeavours to ensure that any Station Lease that it enters into accurately records all fixtures and fittings in relation to such Station Lease.

### **4. Novation of Access Agreements during the Contract Term**

- 4.1 The Operator shall, to the extent so requested by the Secretary of State (other than on termination of this Contract, for which the provisions of paragraph 1 (*Novation of Access Agreements on Termination of the Service Contract*) of Chapter 9.5.3 (*Provisions applying on and after Termination*) apply):
- (a) following receipt of a notice purporting to terminate 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 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 such Station Lease or Depot Lease,
- novate its interest under any such relevant Access Agreement (and any related Network Rail Collateral Agreement) to the Secretary of State or as the Secretary of State may direct.
- 4.2 Such obligation to novate shall be subject to the agreement of any counterparty to such Access Agreement or Network Rail Collateral Agreement and, to the extent applicable, the ORR.
- 4.3 Such novation shall be on such terms as the Secretary of State may require, including:
- (a) that the Operator 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 Secretary of State or the Secretary of State's 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 Secretary of State nor the Secretary of State's 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 4.3(a),



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

4.4 The Operator shall, on the occurrence of any of the circumstances specified in paragraph 4.1 in relation to any other Train Operator who is a party to an Access Agreement to which the Operator is also party, agree to the novation of the relevant Train Operator's interest under the relevant Access Agreement to the Secretary of State or as the Secretary of State may direct, subject, to the extent applicable, to the consent of the ORR. The provisions of paragraph 4.3 shall apply to any such novation.

4.5 The Operator shall notify the Secretary of State on becoming aware of any circumstances which might lead to the Secretary of State being able to require the Operator to novate its interest or agree to the novation of another Train Operator's interest under this paragraph 4.

## 5. **Assignment of Property Leases during the Contract Term**

5.1 The Operator shall (other than on termination of this Contract, for which the provisions of paragraph 4.5 (*Property Leases*) of Chapter 9.5.3 (*Provisions applying on and after Termination*) shall apply) following receipt of a notice purporting to terminate 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 Secretary of State, assign its interest under all or any Property Leases to the Secretary of State or as the Secretary of State may direct, subject, where applicable, to the agreement of any other party to such Property Lease or the ORR.

5.2 Such assignment shall be on such terms as the Secretary of State may require, including:

(a) that the Operator shall not be released from any accrued but unperformed obligation, the consequences of any antecedent breach of a covenant 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 Secretary of State or the Secretary of State's nominee agrees to assume responsibility for such unperformed obligation, such liability or the consequences of such antecedent breach in connection with the relevant assignment); and

(b) that neither the Secretary of State nor the Secretary of State's 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 5.2(a), and the Operator shall indemnify the Secretary of State or the Secretary of State's nominee, as the case may be, on an after-tax basis against any costs, losses, liabilities or expenses suffered or incurred in relation thereto except to the extent that any such costs, losses liabilities or expenses incurred by the Secretary of State or the Secretary of State's nominee arise in respect of circumstances where the Operator was acting as a Good and Efficient Operator.

5.3 The Operator shall, on the occurrence of any of the circumstances specified in paragraph 5.1 in relation to any other Train Operator who is a party to a Property Lease to which the Operator is also party, agree to the assignment of such Train Operator's interest under the relevant Property Lease to the Secretary of State or as the Secretary of State may direct, subject, where applicable, to the consent of Network Rail. The provisions of paragraph 5.2 shall apply to any such assignment.

5.4 The Operator shall notify the Secretary of State on becoming aware of any circumstances which might lead to the Secretary of State being able to require the Operator to assign its interest or agree to the assignment of another Train Operator's interest under this paragraph 5.

## 6. **Sub-Leasing Arrangements**

6.1 Where the Secretary of State requires the Operator to sub-let some of its fleet to another Train Operator under the terms of paragraph 2.4 (*Changes to the Train Fleet*) of Chapter 4.3 (*The Rolling Stock*), then the Operator shall:

(a) provide the sub-lessee with access to maintenance and mileage records;

- (b) give the sub-lessee reasonable access to the relevant rolling stock prior to the handover of such rolling stock to assist with relevant handover in relation to both operation and maintenance;
- (c) use all reasonable endeavours to offer the sub-lessee “knowledge transfer” sessions (including, technical and operation support) to enable recipient engineers and operational personnel to learn from informed peers;
- (d) provide the sub-lessee all relevant information in relation to property arrangements at any Depot relevant to the sub-leased rolling stock (a “**Relevant Depot**”) including any stabling arrangements, and

procure such access to each Relevant Depot as the sub-lessee may reasonably require.

## 7. **Station and Depot Leases**

7.1 The Operator shall at all times enforce its rights under each Station Lease and Depot Lease.

7.2 The Operator shall not:

- (a) terminate or agree to terminate in whole or in part, or take or omit to take any other action which might result in the termination of any Station Lease or Depot Lease;
- (b) assign all or part of its interest under any Station Lease or Depot Lease; or
- (c) sublet the whole or substantially the whole of the property comprised in any Station Lease or Depot Lease,

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

## 8. **Station Subleases**

8.1 Unless the Secretary of State agrees otherwise, the Operator shall not sublet to any of its Affiliates 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 of the Operator which is a Train Operator) is terminable without compensation immediately upon the termination of this Contract; 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.

8.2 If so requested by the Secretary of State, the Operator shall:

- (a) extend each Station Sublease on the same terms for such period as the Secretary of State 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 8.2(b) shall include the termination of a station sublease in respect of which the Operator was the lessor), grant a new Station Sublease on the same terms to such Train Operator and for such period as the Secretary of State 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.

8.3 The Operator shall notify the Secretary of State immediately on it becoming aware of any event which might give the Operator a right to forfeit or terminate any Station Sublease. The Operator shall notify the Secretary of State if it wishes to forfeit or terminate any such Station Sublease but shall not (without the Secretary of State’s prior written consent) effect such

forfeiture or termination until the date which occurs three (3) months after the date of such notice

## 9. **Rolling Stock Related Contracts and Insurance Arrangements**

9.1 The Operator 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 or to the Operator or the relevant counterparty or which may result in it being reasonably likely to be unable to comply with the terms of the Service Contract; or
- (c) amend or waive the terms of any Rolling Stock Related Contract,

without, in each case, the prior written consent of the Secretary of State.

9.2 The Operator shall supply to the Secretary of State a copy of all draft Rolling Stock Related Contracts and, immediately following execution, all executed Rolling Stock Related Contracts (including any agreement amending any Rolling Stock Related Contract) together with:

- (a) such other information or documentation relating to such Rolling Stock Related Contract and/or the relevant rolling stock as the Secretary of State may request (which may include offer letters (original and final));
- (b) the terms proposed by any person providing finance in relation to the relevant rolling stock (including cash flows);
- (c) any agreement (in whatever form) to which the Operator is a party and which relates to the relevant rolling stock;
- (d) information relating to capital allowances, details of any changes in the terms (including rentals) on which the relevant rolling stock is proposed to be leased compared to the terms on which such rolling stock was previously leased; and
- (e) a detailed justification of the Operator's proposed maintenance strategy for the relevant rolling stock and/or the Operator's analysis of the whole life costs of the relevant rolling stock.

9.3 Where the information or documentation so requested by the Secretary of State is not held by the Operator, the Operator shall use all reasonable endeavours to obtain the relevant information or documentation from a third party (including any person from whom the Operator leases rolling stock).

9.4 The Operator shall not, without the prior written consent of the Secretary of State:

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

9.5 The Operator 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 Operator, whether on a reciprocal basis or otherwise.

## 10. **Cascaded Rolling Stock and Delayed Cascade Mitigation Plan**

10.1 Without limiting paragraph 9.1 (*Rolling Stock Related Contracts and Insurance Arrangements*):

- (a) each Rolling Stock Lease that relates to Cascaded Rolling Stock must be capable of allowing the Secretary of State to make a direction under paragraph 10.1(b) below

including allowing Cascaded Rolling Stock to be sub-leased to the Prior Train Operator; and

- (b) if a Relevant Delay occurs, the Secretary of State may in the Secretary of State's discretion direct the Operator to make the Cascaded Rolling Stock available for use by the Prior Train Operator during such period as the Secretary of State may require, and the Operator shall comply with such direction. Any such direction may include the Secretary of State requiring the Operator to sublease the Cascaded Rolling Stock back to the Prior Train Operator and/or to delay the date on which the Cascaded Rolling Stock is required to be delivered to the Operator under such Rolling Stock Lease.

10.2-10.4 Not Used.

- 10.5 Where the Secretary of State exercises the Secretary of State's right pursuant to paragraph 10.1(b) to require the Operator to make the Cascaded Rolling Stock available for use by the Prior Train Operator during a specified period, the Operator shall not be liable for any failure to comply with its obligations under this Contract to the extent that:
- (a) such failure to comply arises directly as a result of the Operator being unable to use the Cascaded Rolling Stock; and
- (b) the Operator uses all reasonable endeavours to comply with the relevant obligations notwithstanding the unavailability of the Cascaded Rolling Stock.
- 10.6 The Operator shall notify the Secretary of State as soon as practicable if it becomes aware of any material risk that a Relevant Delay will occur. If a Relevant Delay does occur the Operator shall use all reasonable endeavours to mitigate the impact on the delivery of the Rail Services of the unavailability of the Cascaded Rolling Stock at the expected time including by identifying and proposing value for money alternative sources of replacement rolling stock.
- 10.7 If a Relevant Delay has occurred or the Secretary of State believes that there is a material risk that a Relevant Delay will occur, the Secretary of State may serve a notice on the Operator requiring it to produce a plan to a reasonable specification provided with the notice to remedy or mitigate the impact of the delayed availability of the Cascaded Rolling Stock ("**Delayed Cascade Mitigation Plan**"). Such specification may include measures to be implemented by the Operator to mitigate the direct or indirect impact of the Relevant Delay on the Prior Train Operator or any other affected Train Operator. The Delayed Cascade Mitigation Plan shall provide a comprehensive analysis backed by relevant data and assumptions of:
- (a) all cost and revenue and other financial implications of options contained within it including the potential implications for Contract Payments;
- (b) the implications (if any) for the Operator's performance in relation to TOC on Self Cancellations, TOC Minutes Delay and/or Short Formations; and
- (c) the likely impact of options within it for existing and future passenger journeys and journey opportunities.
- 10.8 The Operator shall meet with the Secretary of State to discuss the Delayed Cascade Mitigation Plan and provide such further information or analysis and further iterations of the Delayed Cascade Mitigation Plan as the Secretary of State shall require.
- 10.9 Where any rolling stock vehicles cease to be part of the Train Fleet but are acquired by another Train Operator for use in delivering passenger services the Operator shall:
- (a) ensure that:
- (i) such rolling stock is in an acceptable redelivery condition consistent with the hand back terms agreed with the lessor;
- (ii) a complete set of maintenance and mileage records are handed over in a suitable format; and
- (iii) the Train Operator is given reasonable access to the relevant rolling stock prior to handover to assist with an effective hand over in relation to both operation and maintenance; and

- (b) use all reasonable endeavours to ensure that:
- (i) the Train Operator is offered 'knowledge transfer' sessions to enable recipient engineers and operational personnel to learn from informed peers;
  - (ii) the Train Operator is offered on-train development programmes to train their maintenance staff to an appropriate level of competence; and
  - (iii) it offers medium-term support and advice in relation to such rolling stock including technical and operational support.

**APPENDIX 1 TO CHAPTER 9.1**

**Information about Station Improvement Measures**

<b>Table A</b>		
<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Information to be provided</b>	<b>Information (format)</b>	<b>When information to be provided</b>
A summary of capital expenditure by Station	Spreadsheet	As per paragraph 2.2 but subject to paragraph 2.3 ( <i>Information about Station Improvement Measures</i> ).

**CHAPTER 9.2**

**Key Contracts and Key Assets**

Chapter 9.2.1	Key Contracts
	Appendix 1: List of Key Contracts
	Appendix 2: Categories of Key Contracts
Chapter 9.2.2	Key Assets



**CHAPTER 9.2.1****Key Contracts****1. Key Contracts**

1.1 This Chapter shall apply to any agreement, contract, licence or other arrangement designated as a Key Contract from time to time and sets out:

- (a) the Secretary of State's rights to designate certain contracts as Key Contracts where the Secretary of State considers that such contracts are necessary for the purposes of securing continuity of the Rail Services by a Successor Operator on expiry of the Contract Period; and
- (b) the Secretary of State's rights to require the Operator, in accordance with paragraph 5 (*Direct Agreements*), to procure that a counterparty to a Key Contract enters into a Direct Agreement with the Secretary of State.

1.2 Where at any time on or after the date of this Contract the Operator proposes to enter into any agreement, contract, licence or other arrangement which falls within one of the categories listed in Appendix 2 (*Categories of Key Contracts*) to this Chapter 9.2.1 the Operator shall:

- (a) as soon as practicable, inform the Secretary of State of any such agreement, contract, licence or other arrangement which it may be intending to enter into; and
- (b) where the Secretary of State serves a notice on the Operator pursuant to paragraph 2.2 (*Designation of Key Contracts*) that the Secretary of State intends to designate such contract as a Key Contract, comply with the provisions of paragraph 5.1 (*Direct Agreements*), in respect of any such agreement, contract, licence or other arrangement.

1.3 Without prejudice to the provisions of paragraphs 2 (*Designation of Key Contracts*), 3 (*De-designation of Key Contracts*) and 4 (*Re-designation of Key Contracts*) of this Chapter 9.2.1, following any:

- (a) designation by the Secretary of State of any actual or prospective agreement, contract, licence or other arrangement to which or under which the Operator is (or may become) a party or a beneficiary pursuant to paragraph 2 (*Designation of Key Contracts*) of this Chapter 9.2.1; or
- (b) de-designation by the Secretary of State of any Key Contract pursuant to paragraph 3 (*De-designation of Key Contracts*) of this Chapter 9.2.1; or
- (c) re-designation by the Secretary of State pursuant to paragraph 4 (*Re-designation of Key Contracts*) of this Chapter 9.2.1,

the Secretary of State may, following the provision of written notice to the Operator, amend Appendix 1 (*List of Key Contracts*) to this Chapter 9.2.1 to take account of any such designation, de-designation or re-designation.

**2. Designation of Key Contracts**

2.1 Where the Secretary of State considers that it is reasonably necessary for securing the continued provision of the Rail Services or the provision of services similar to the Rail Services by a Successor Operator in accordance with the Service Contract, the Secretary of State may make a designation pursuant to paragraph 2.2.

2.2 The Secretary of State may at any time, by serving notice on the Operator, designate as a Key Contract any actual or prospective agreement, contract, licence or other arrangement 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 Operator or any other person and may include any arrangement for the storage of assets (including electronic systems or Computer Systems) or accommodation of employees.

### 3. **De-designation of Key Contracts**

The Secretary of State may at any time, by serving a notice on the Operator, 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 Secretary of State may at any time, by serving notice on the Operator, 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 Secretary of State otherwise agrees, or unless directed to do so by the ORR, the Operator shall not enter into any prospective Key Contract unless the counterparty to that prospective Key Contract:

- (a) is a Train Operator; or
- (b) has entered (or, at the same time that the Operator enters into the prospective Key Contract, enters) into a Direct Agreement with the Secretary of State in respect of that prospective Key Contract, providing on a basis acceptable to the Secretary of State, 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 Contract; or
  - (iii) the making of a railway administration order in respect of the Operator.

5.2 Where the Secretary of State designates or re-designates as a Key Contract any agreement, contract, licence or other arrangement to which the Operator is already a party, the Operator shall use all reasonable endeavours to assist the Secretary of State in entering into a Direct Agreement as envisaged by paragraph 5.1(b).

5.3 The Operator shall pay to the Secretary of State an amount equal to any losses, costs, liabilities, charges or expenses which may be suffered or incurred by the Secretary of State under the provisions of any Direct Agreement and which may be notified to the Operator as a result of, or in connection with:

- (a) any breach by the Operator of the terms of the Key Contract to which the relevant Direct Agreement relates; or
- (b) any unsuccessful claim being brought by the Operator against the counterparty of any such Key Contract in relation to the termination of such Key Contract.

### 6. **Emergencies**

6.1 Where any emergency may arise in connection with the provision and operation of the Rail Services, the Operator:

- (a) 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;
- (b) need not procure that the relevant counterparty enters into a Direct Agreement in respect of such contracts or use all reasonable endeavours to assist the Secretary of State in entering into the same;
- (c) shall promptly inform the Secretary of State of any such emergency and contracts, licences or other arrangements which it proposes to enter into; and
- (d) shall take such action in relation to such emergency, contracts, licences or other arrangements as the Secretary of State may request.

### 7. **No Amendment**

7.1 The Operator shall not at any time without the prior Approval of the Secretary of State vary, or purport to vary, the terms or conditions of any Key Contract referred to in Appendix 1 (*List of*

*Key Contracts*) (or as otherwise notified by the Secretary of State) as requiring Approval, unless directed to do so by the ORR.

- 7.2 The Operator shall not at any time without the prior consent of the Secretary of State vary, or purport to vary, the terms or conditions of any Key Contract referred to in Appendix 1 (*List of Key Contracts*) (or as otherwise notified by the Secretary of State) as requiring consent, unless directed to do so by the ORR.

**8. Replacement of Key Contracts**

The Operator 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), use all reasonable endeavours to enter into an appropriate replacement contract (whether with the counterparty to the existing Key Contract or not) and shall comply with the instructions of the Secretary of State and the provisions of this Chapter 9.2.1 in relation to such replacement contract.

**9. Termination of Key Contracts**

The Operator shall, to the extent so requested by the Secretary of State, exercise its right to terminate any Key Contract on the Expiry Date.

**APPENDIX 1 TO CHAPTER 9.2.1****List of Key Contracts**

<b>Key Contract</b>	<b>Date from which designation takes effect</b>	<b>consent or Approval?</b>
Dispatch services contract between the Operator and Carlisle Customer Service & Dispatch dated 1 April 2022	Start Date	Approval
Station security contract between the Operator and Carlisle Customer Service & Dispatch dated 1 April 2022	Start Date	Approval
Train servicing and cleaning contract between the Operator and EnPro Group Limited dated 5 August 2022	Start Date	Approval
Train crew hire contract between the Operator and Freightliner Heavy Haul dated 1 April 2016	Start Date	Approval
Ticket office machines contract between the Operator and Fujitsu dated 1 April 2017	Start Date	consent
Cleaning services contract between the Operator and Bidvest Noonan dated 5 February 2023	Start Date	Approval
Facilities management services contract between the Operator and Mitie Technical Facilities Management Limited dated 3 April 2017	Start Date	Approval
Network rail commuter services contract between the Operator and Network Rail Infrastructure Limited	Start Date	Approval
Catering logistics and on-board catering contract between the Operator and Rail Gourmet UK Ltd dated 1 April 2021	Start Date	Approval
Revenue protection contract between the Operator and Raspberry Software Systems dated 1 January 2020	Start Date	Approval
Contract for transportation and processing of cash between the Operator and Security Plus	Start Date	Approval
Licence agreement for train planning software between the Operator and Tracsis dated 31 March 2021	Start Date	consent

MSA for the provision of Datasys modules between the Operator and Tracsis dated 31 March 2021	Start Date	consent
Contract for TVM support and maintenance between the Operator and Worldline IT Services UK Limited dated 1 April 2016	Start Date	consent
Delay repay services contract between the Operator and First Customer Contact Limited dated 1 July 2019	Start Date	consent
Contract for the hire of route conductors between the Operator and GB Railfreight dated 29 January 2023	Start Date	Approval

**APPENDIX 2 TO CHAPTER 9.2.1****Categories of Key Contracts**

The table below:

- (a) lists the categories of prospective Key Contracts to which paragraph 1.2 of Chapter 9.2.1 (*Key Contracts*) shall apply; and
- (b) identifies, for the purposes of paragraph 7 of Chapter 9.2.1, whether a prospective Key Contract in that category requires the prior Approval of the Secretary of State or the prior consent of the Secretary of State to vary its terms or conditions.

No.	Key Contract Category	consent or Approval?
1	Any Access Agreement to which the Operator is a party other than in its capacity as a Facility Owner.	consent
2	Any Property Lease and all side agreements relating to such relevant Property Lease.	consent
3	Any Rolling Stock Related Contract including the Rolling Stock Leases listed in Table 1 (Original Rolling Stock), and Table 2 (Specified Additional Rolling Stock) of Appendix 1 (The Composition of the Train Fleet) to Chapter 4.3 (The Rolling Stock).	consent
4	Not Used.	Not Used
5	Any contract or arrangement for the lending, seconding, hiring, contracting out, supervision, training, assessment, or accommodation by another Train Operator or other third party of any train drivers, conductors or other train crew used by the Operator in the provision of the Passenger Services.	Approval
6	Any contract or arrangement for the subcontracting or delegation to another Train Operator or other third party of the provision of any of the Passenger Services (whether or not the Approval of the Secretary of State is required to such subcontracting or delegation under paragraph 13 (Subcontracting any Passenger Services) of Chapter 4.1 (Service Development)).	Approval
7	Any contract or arrangement with a Train Operator or other third party (other than an Access Agreement) for the provision to the Operator 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.	Approval
8	Any contract or arrangement with a Train Operator or other third party for the provision of breakdown or recovery, and track call services to assist in the provision of the Passenger Services.	Approval
9	Any contract or arrangement for the supply of spare parts or Spares.	Approval
10	Any contract or arrangement for the maintenance of track and other related infrastructure.	Approval
11	Any licences of Marks to the Operator.	consent
12	Any contract or arrangement relating to the operation of smart ticketing and ticketing retail.	consent
13	Any licence of any CRM System or Yield Management System.	consent
14	Any contract or arrangement for the provision or lending of Computer Systems (other than the CRM System and Yield Management System) that	Approval

<b>No.</b>	<b>Key Contract Category</b>	<b>consent or Approval?</b>
	the Secretary of State considers is essential for the delivery of the Rail Services.	
15	Any SQR Contract.	Approval
16	Any Universal Licence Agreement.	consent
17	Any other category of agreement, contract, licence or other arrangement notified to the Operator by the Secretary of State.	As notified by the Secretary of State
18	Any contract or arrangement for the procurement, implementation, processing and/or operation of the smart ticketing solutions (including hardware and/or software) (including Intellectual Property Rights (or licence to use the same) relating to the smart ticketing solutions (including hardware and/or software)).	consent
19	Any contract or arrangement for the procurement, implementation, processing and/or operation of Delay Repay Compensation (including Intellectual Property Rights (or licence to use the same) relating to Delay Repay Compensation).	consent



**CHAPTER 9.2.2****Key Assets****1. Operating Assets**

- 1.1 The Operator shall maintain, protect and preserve the Operating Assets in good standing or good working order, subject to fair wear and tear.
- 1.2 The Operator shall carry out its obligations under paragraph 1.1 so that the Operating Assets may be transferred at the end of the Contract Period to a Successor Operator and used by such Successor Operator in the provision or operation of similar services to the Rail Services.
- 1.3 Where any Operating Asset is lost, destroyed or otherwise beyond repair, the Operator shall replace the Operating Asset with property, rights or liabilities in modern equivalent form to the Operating Asset to be replaced. The Operator 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 the Service Contract.
- 1.4 The Secretary of State may at any time require the Operator to provide to the Secretary of State a schedule specifying the condition of any asset or class of assets that the Secretary of State specifies for this purpose. Such schedule shall cover such aspects of asset condition as the Secretary of State may require. If the Parties are unable to agree the content of such schedule of condition, either Party may refer the dispute for resolution in accordance with the Dispute Resolution Rules. Until such dispute is resolved, the Operator shall comply with the Secretary of State's requirements in respect of such schedule of condition.

**2 Assets**

- 2.1 Subject to paragraph 2.2, all property, rights and liabilities of the Operator from time to time during the Contract Period shall be Assets for the purposes of the Service Contract and the provisions of paragraph 16 and paragraph 17 shall apply to all Assets.
- 2.2 The rights and liabilities of the Operator in respect of the following items shall not be Assets:
- (a) any contracts of employment;
  - (b) the Service Contract 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) such other property, rights and liabilities as the Operator and the Secretary of State may agree from time to time; and
  - (f) any Rolling Stock Leases.

**3. Spares**

The obligation of the Operator to maintain, preserve and protect the Operating Assets under this Chapter 9.2.2 shall, in respect of Spares, include the obligation to replace any Spare.

**4.-15. Not Used****16 Assets**

- 16.1 This paragraph 16 relates to Assets which are property or rights.
- 16.2 The Secretary of State hereby consents to the installation of Spares which are Assets on any rolling stock vehicles. Any Spare which is so installed shall cease to be an Asset on such installation.
- 16.3 The Secretary of State hereby consents to the Operator creating or agreeing to create any Security Interest over any of the Assets to the extent that the terms of any such Security Interest provided that:
- (a) Not Used;

- (b) if the relevant Asset is assigned, novated or otherwise transferred to another person pursuant to and in accordance with the Service Contract, 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 Asset ceases to be designated as an Asset.

**17. Other Security Interests**

- 17.1 The Operator shall not create or agree to create a Security Interest over any Asset except as otherwise permitted by the Secretary of State.
- 17.2 The Operator shall promptly inform the Secretary of State of any Security Interest arising at any time over any of its property or rights and shall provide the Secretary of State with such information in relation thereto as the Secretary of State may require.

**18. Information about Assets used in respect of Rail Services**

- 18.1 The Operator shall at all times during the Contract Term maintain (and shall provide copies to the Secretary of State when requested to do so from time to time) records covering the following information for: (i) each asset which is the subject of, or operated under, a Key Contract; (ii) any other Asset, in either case which has a value in excess of [REDACTED<sup>11</sup>]:
  - (a) the progress and completion of all work described in the maintenance schedules and manuals; and
  - (b) all operating manuals (including any safety related regulations); and
  - (c) all permits, licences, certificates or other documents required to operate such asset; and
  - (d) a printed or electronic list of all assets owned by the Operator from time to time (excluding, unless otherwise requested by the Secretary of State, any office furniture and consumable items).

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<sup>11</sup> 20 March 2024 (Date of Redactions Approval) Where text has been omitted from the document - this is because the Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000 (R - TPT - Mar 24 - 001).

**APPENDIX 1 TO CHAPTER 9.2.2**

**Not Used**

**CHAPTER 9.3**

**Branding and Intellectual Property**

**1. Branding and Brand Licence**

1.1 The Operator shall comply with the Brand Licence.

1.2 Subject to any applicable obligations or restrictions on the Operator (including the terms of the Rolling Stock Leases), the Operator shall:

- (a) apply the Primary Brand to:
  - (i) the Train Fleet;
  - (ii) the Stations;
  - (iii) staff uniforms;
  - (iv) marketing materials;
  - (v) publications; and
  - (vi) ticket sales channels;
- (b) apply the Primary Brand to any assets which:
  - (i) are owned or used by the Operator in the operation and provision of the Rail Services;
  - (ii) passengers interface with or are otherwise exposed to (including passenger information displays); and
  - (iii) the Operator, acting as a Good and Efficient Operator, considers it is appropriate to brand in such manner taking into account the general approach across the industry and the aspiration for a consistent approach to brand application.

1.3 Subject to any applicable obligations or restrictions on the Operator (including the terms of the Rolling Stock Leases), the Operator shall apply:

- (a) each Secondary Brand identified in the first column of the following table in the circumstances, to the assets and/or in the locations described in the second column in the following table:

<b>Secondary Brand</b>	<b>Circumstances/Assets/Locations</b>
Double Arrows Symbol	All Stations

- (b) in the case of the Double Arrows Symbol, to any further assets as the Secretary of State may reasonably direct; and
- (c) in the case of any Secondary Brand other than the Double Arrows Symbol, in any further circumstances, to any further assets and/or in any further locations which the Operator, acting as a Good and Efficient Operator, considers it is appropriate to brand in such manner taking into account the general approach across the industry and the aspiration for a consistent approach to brand application.

1.4 Subject to any applicable obligations or restrictions on the Operator (including the terms of the Rolling Stock Leases), the Operator shall apply the Trade Marks to those assets which:

- (i) are owned or used by the Operator in the operation and provision of the Rail Services;
- (ii) passengers interface with or are otherwise exposed to; and
- (iii) the Operator, acting as a Good and Efficient Operator, considers it is appropriate to brand in such manner taking into account the general

approach across the industry and the aspiration for a consistent approach to brand application.

- 1.5 Assets which the Operator will consider in discharge of its obligations under paragraph 1.4 above shall include:
- (a) the Train Fleet;
  - (b) the Stations;
  - (c) staff uniforms;
  - (d) marketing materials;
  - (e) publications;
  - (f) ticket sales channels; and
  - (g) passenger information display screens.
- 1.6 The Operator shall not apply any trade marks, other than the Primary Brand, the Secondary Brands, the Trade Marks or the Third Party Trade Marks, without the express prior written consent of the Secretary of State.
- 1.7 The Operator shall not apply any trade marks which are neither Enduring Branding nor a Third Party Trade Mark without the express prior written consent of the Secretary of State.
- 1.8 The Operator shall maintain the Enduring Branding, including the Primary Brand and the Secondary Brands throughout the Contract Term.
- 2 Removal of Branding**
- 2.1 The Operator shall ensure that all branding that is neither Enduring Branding nor a Third Party Trade Mark, (“**Transitory Branding**”) shall, unless otherwise expressly agreed with the Secretary of State, be removed by the end of the Contract Period, which shall include the following:
- (a) removing or covering Transitory Branding from the exterior of any rolling stock vehicle;
  - (b) removing or covering interior indications of Transitory Branding including upholstery and carpets;
  - (c) replacing or covering all station or other signs including billboards;
  - (d) replacing or covering all staff uniforms; and
  - (e) 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 Rail Services.
- 2.2 If the Operator has not complied with the obligations under paragraph 2.1 above by the end of the Contract Term, the Operator shall pay to the relevant Successor Operator such amount as may be agreed between the Operator 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 Transitory Branding or otherwise removing all indications or reference to the Transitory Branding in a manner acceptable to the Secretary of State. Such amount shall not in any event exceed the cost to the Successor Operator of replacing such Transitory Branding with its own. If the Operator and the relevant Successor Operator fail to agree such cost within twenty eight (28) days of the expiry of the Contract Period, the Operator shall submit such dispute for resolution in accordance with such dispute resolution procedures as the Secretary of State may require.
- 2.3 Not Used.

3. **Not Used**4. **Licence to Operator's Intellectual Property**

4.1 On the expiry of the Contract Period, insofar as the Operator is able to do so having complied with the terms of paragraph 4.2 below, the Operator shall grant a non-exclusive licence to any Successor Operator including the Secretary of State, of any Intellectual Property Rights which:

- (a) are owned by or licensed to the Operator;
- (b) Not Used;
- (c) do not represent or constitute a Mark; and
- (d) may, in the opinion of the Secretary of State, be necessary for any Successor Operator to operate the Rail Services on an efficient and economic basis after the expiry of the Contract Period.

4.2 Without prejudice to paragraph 7.10 (*Intellectual Property Rights and General Provisions*) of this Chapter 9.3, when agreeing the terms on which Intellectual Property Rights are to be licensed to it from third parties, the Operator shall use commercially reasonable efforts, acting as a Good and Efficient Operator, to procure that the terms of the applicable licence(s) include the right for the Operator to sub-license such Intellectual Property Rights in accordance with this paragraph 4. The Operator shall not enter into a licence that does not include such a provision unless the Secretary of State Approves. The terms of this paragraph 4.2 shall not apply to any licences to third party Intellectual Property Rights entered into by the Operator prior to the date of this Contract.

4.3 Any licence of any Intellectual Property Rights granted to the relevant Successor Operator under this paragraph 4 shall be for such period as the Secretary of State may determine to be reasonably necessary for the purpose of securing continuity of the provision of the Rail Services. Such licence shall be free of charge and royalty-free for a minimum of six (6) months. The Secretary of State may (at the discretion of the Secretary of State) extend the royalty-free period of any licence.

4.4 If the licence of any Intellectual Property Rights is for a period in excess of the royalty-free period determined under paragraph 4.3 above, the grant of the licence shall be subject to payment of a reasonable royalty on the basis of a willing licensor and licensee entering into a licence on comparable terms to similar licences of such Intellectual Property Rights. If the Operator and the relevant Successor Operator are unable to agree such royalty, the Operator shall submit such dispute for resolution in accordance with such dispute resolution rules as the Secretary of State may require.

4.5 Any licence granted under this paragraph 4 shall be in such form as the Secretary of State shall determine and shall:

- (a) be non-exclusive and limited to use solely for the purposes of the provision and operation of the Rail Services and will not provide for any right to use such Intellectual Property Rights for any other purpose (including its marketing or exploitation for any other purpose);
- (b) be terminable on material breach by the Successor Operator or the Secretary of State;
- (c) contain an indemnity from the Operator to the effect that to the best of its knowledge and belief it owns the relevant Intellectual Property Rights or has the right to license them and the licensing of such Intellectual Property Rights and the subsequent use of the Intellectual Property Rights will not infringe any third party Intellectual Property Rights; and
- (d) require the Successor Operator, to the extent that it relates to any trade marks, to use such trade marks in such manner as may reasonably be required by the Operator provided that it shall not be reasonable for the Operator to require any such trade mark to be used in a manner materially different from its use during the Contract Period.

- 4.6 The terms of this paragraph 4 are without prejudice to the Secretary of State's right to sublicense any Operational Foreground and/or Background IP to a Successor Operator (or any other person), as permitted in accordance with paragraph 7.10.

## 5. Customer Relationship Management (CRM) Data

- 5.1 The Operator shall ensure that any CRM System is the property of the Operator or is licensed to the Operator on terms which have been consented to by the Secretary of State and that any CRM Data (and any Intellectual Property Rights subsisting in the CRM Data or the database in which it is organised, collated or stored) obtained by or on behalf of the Operator shall be:

- (a) obtained on terms such that the Operator shall be the Controller of such data; and
- (b) the property of the Operator.

- 5.2 In relation to any CRM Data obtained by or on behalf of the Operator, the Operator shall:

- (a) ensure that the CRM Data is collected and processed by or on behalf of the Operator in accordance with the Data Protection Legislation;
- (b) without prejudice to paragraph 5.2(a) ensure that the fairness principle of the Data Protection Legislation is satisfied including by issuing all relevant privacy notices in relation to its collection and processing of the CRM Data;
- (c) without prejudice to paragraph 5.2(a) ensure that there is a lawful basis for its collection and processing of the CRM Data;
- (d) without prejudice to paragraph 5.2(a) ensure that the principles of fairness and lawfulness are satisfied in particular in respect of the disclosure of the CRM Data to any Successor Operator and/or the Secretary of State such that the CRM Data may be processed by any Successor Operator for the same purposes as are relevant to the processing of the CRM Data by the Operator; and
- (e) without prejudice to paragraph 5.2(a) ensure that where consents are required under the Data Protection Legislation for the processing of the CRM Data by the Operator and any Successor Operator (including in relation to marketing, sign up for notifications or general alerts, sign up for newsletters, and (as relevant) processing of Special Categories of Personal Data) all such consents are sought in such a way as to enable any Successor Operator to process the CRM Data for the same purposes as are relevant to the processing of it by the Operator.

- 5.3 The consents referred to in paragraph 5.2(e) shall be sought in such manner as shall from time to time be Approved by the Secretary of State and shall be on terms such as shall permit, in each case in compliance with Data Protection Legislation:

- (a) the Operator to disclose such CRM Data to any Successor Operator and/or the Secretary of State; and
- (b) any such Successor Operator to process such CRM Data in the manner contemplated by paragraph 5.2.

- 5.4 The Operator shall:

- (a) disclose, publish, share, provide and otherwise make available the CRM Data to any person (including a Successor Operator or any participant involved with the re-letting of the Rail Services); and
- (b) provide access to any CRM System,

in each case pursuant to the terms of the Service Contract (together, the “**CRM Data Obligations**”) to the extent that compliance with the CRM Data Obligations is in accordance with the Data Protection Legislation.

## 6. Rail Passenger Counts Database

- 6.1 Subject to compliance by the Operator with its obligations set out in Chapter 4.1 (*Service Development*), the Secretary of State shall:



- (a) use all reasonable endeavours to populate the RPC Database with such Actual Passenger Demand information as the Operator shall provide pursuant to the Operator's obligations contained elsewhere in this Contract and any other information that the Secretary of State shall desire; and
  - (b) use all reasonable endeavours to provide the Operator with log-in details to the RPC Database in order to allow the Operator to access Actual Passenger Demand information that has been provided by the Operator, any Network Rail Data, any Third Party Data and to generate reports from the RPC Database. The Operator will not be provided with access to Actual Passenger Demand provided by another Train Operator.
- 6.2 The RPC Database is not intended to be used as the sole basis for any business decision. The Secretary of State makes no representation as to the accuracy and/or completeness of and accepts no liability for:
- (a) any data or information contained in the RPC Database;
  - (b) the raw Actual Passenger Demand information provided by the Operator or any Network Rail Data or any Third Party Data (as inputted to the RPC Database by whatever means); or
  - (c) any product of that Actual Passenger Demand information, Network Rail Data and/or Third Party Data and/or the loss, corruption, degradation or destruction of such data.
- 6.3 Without prejudice to Chapter 9.5.3 (*Provisions applying on and after Termination*) or any other rights of the Secretary of State, the Operator agrees that, following the expiry or termination by whatever means of this Contract the Secretary of State shall be entitled to allow access to the Operator's Actual Passenger Demand information by way of granting access to that area of the RPC Database or otherwise to any future operator of the Passenger Services (whether or not in direct succession to the Operator) or to such part of the Actual Passenger Demand information as relates to the part of the Rail Services which is being taken over by such future operator.

## 7. **Intellectual Property Rights and General Provisions**

### ***RPC Database***

- 7.1 All Intellectual Property Rights in the RPC Database and Derivative Output shall at all times remain owned by the Secretary of State and to the extent that any rights in the RPC Database vest in the Operator by operation of law, the Operator hereby assigns such rights to the Secretary of State.

### ***Actual Passenger Demand***

- 7.2 Subject to Chapter 9.2.2 (*Key Assets*) and Chapter 9.5.3 (*Provisions applying on and after Termination*), all Intellectual Property Rights in the Actual Passenger Demand information will at all times remain owned by the Operator and (subject as previously stated) to the extent that any rights in the Actual Passenger Demand information vest in the Secretary of State by operation of law, the Secretary of State hereby assigns such rights to the Operator.

### ***Network Rail Data***

- 7.3 All Intellectual Property Rights in the Network Rail Data will at all times remain owned by the relevant NR entity and to the extent that any rights in the Network Rail Data vest in the Secretary of State or the Operator by operation of law, the Secretary of State and/or the Operator (as applicable) will enter into a separate agreement with the relevant Network Rail entity to assign such rights to it.

### ***Third Party Data***

- 7.4 All Intellectual Property Rights in the Third Party Data will at all times remain owned by the third party from whom they have been obtained and to the extent that any rights in the Third Party Data vest in the Secretary of State or the Operator by operation of law, the Secretary of State and/or the Operator (as applicable) will enter into a separate agreement with the relevant third party to assign such rights to it.

**Miscellaneous IP**

- 7.5 Subject to Chapter 9.5.3 (*Provisions applying on and after Termination*), each Party:
- (a) acknowledges and agrees that it shall not acquire or claim any title to any of the other Party's Background IP (or that of the other Party's licensors) by virtue of the rights granted to it under this Contract or through its use of such Background IP; and
  - (b) agrees that it will not, at any time, do, or omit to do, anything which is likely to prejudice the other Party's ownership (or the other Party's licensors' ownership) of such Background IP.
- 7.6 Except for BP Foreground, RPC Data, Actual Passenger Demand Data, CRM Data, Network Rail Data and Third Party Data (the ownership of which is otherwise addressed elsewhere in the Service Contract), as between the Parties any Foreground IP created or devised for the purposes of, or in the course of undertaking or performing the Rail Services or any other obligations under this Contract shall belong to the Operator ("**Operational Foreground**"), and such Operational Foreground will immediately vest in the Operator.
- 7.7 Any domain names brought into use on or after the Start Date for the purposes of providing or receiving Rail Services shall be registered in the name of the Secretary of State.
- 7.8 The Secretary of State hereby grants, for the duration of the Contract Period, the Operator a non-exclusive, non-transferable licence to use:
- (a) the RPC Database;
  - (b) any Derivative Output; and
  - (c) all Intellectual Property Rights in the same,
- in the United Kingdom for the purposes of accessing the Actual Passenger Demand information by using the functionality of the RPC Database.
- 7.9 Without limiting any other rights the Secretary of State may have, the Operator hereby grants the Secretary of State a perpetual, non-terminable, non-exclusive licence (which is transferable and/or capable of being sub-licensed in the circumstances set out in this paragraph 7.9) to use the Actual Passenger Demand information and all Intellectual Property Rights in the same:
- (a) by including them in the RPC Database; and/or
  - (b) by including them in the Preliminary Database; and/or
  - (c) whether included in the RPC Database, the Preliminary Database or in any other format for such purposes as the Secretary of State may require including for the purposes of assisting the Secretary of State's decision making on train service requirements, infrastructure, station and rolling stock investment, the best use of the network and the alleviation of overcrowding; and/or
  - (d) to the extent permitted by the other provisions of the Service Contract to share, disclose, or publish the same and transfer and/or sub-licence and permit the use and sharing, disclosing or publishing for the purposes it is shared or disclosed; and/or
  - (e) to allow a future operator of the Passenger Services (whether or not in direct succession to the Operator to view and access such Actual Passenger Demand information (whether via the RPC Database or otherwise) as directly relates to the services that it will be running,
- and such rights to use the Actual Passenger Demand information and all Intellectual Property Rights pursuant to this paragraph 7.9 shall continue following expiry or termination of this Contract.
- 7.10 Subject to paragraph 7.11 below, the Operator:
- (a) hereby grants (or shall procure the grant of) to the Secretary of State a non-exclusive, perpetual, royalty-free, paid-up licence to use and copy the Background IP owned by the Operator and the Operational Foreground for any purpose related to the provision

of rail services on the United Kingdom heavy rail network. Such licence may be sub-licensed; and

- (b) shall, in the case of any third party Background IP that is embedded in, or is an integral part and/or required for the use of any Operational Foreground IP (“**Embedded Operational Background**”), use all reasonable efforts to procure for the Secretary of State a non-exclusive, perpetual, royalty-free, paid-up licence to use and copy such Embedded Operational Background for any purpose related to the provision of rail services on the United Kingdom heavy rail network, with the right to grant sub-licences to any Successor Operator. Where, having used all reasonable efforts to procure the foregoing licence, the Operator has been unable to do so, and where the Operator intends to proceed with the use of the applicable Embedded Operational Background in relation to the provision of rail services, it shall notify the Secretary of State in writing, providing brief details of: (i) the applicable Embedded Operational Background and the Operational Foreground to which it relates; (ii) the third party owner or licensor of such Embedded Operational Background; and (iii) the terms on which the Operator proposes to licence the Embedded Operational Background from the applicable owner or third party licensor. The Operator may not proceed with the use of such third party Embedded Operational Background unless the Secretary of State Approves.

The foregoing provisions of this paragraph 7.10 shall not apply to any Intellectual Property Rights owned by third parties which had been licensed to the Operator or the Secretary of State prior to the date of this Contract upon binding terms that do not permit the grant of the licences contained in this paragraph 7.10.

- 7.11 Prior to any disclosure of any confidential Background IP of the other Party or any confidential Operational Foreground to a third party pursuant to any sub-licence permitted under paragraphs 7.8 above, the disclosing Party shall ensure that such third party recipient is bound by obligations of confidentiality no less onerous than those contained in this Contract, including relevant obligations set out in Chapter 9.6 (*Confidentiality and Data Protection*). Notwithstanding the foregoing provisions of this paragraph 7.11, the disclosing Party shall not disclose any commercially sensitive information to any third party without the prior written consent of the other Party.
- 7.12 Paragraphs 6.2 (*Rail Passenger Counts Database*), 7.1, 7.2 and 7.9 of this Chapter 9.3 shall continue in force after expiry or termination of this Contract or any Continuation Document, together with any other provisions which expressly or impliedly continue in force after the expiry or termination of this Contract or any Continuation Document.
- 7.13 The Parties intend that the provisions of The Contract (Rights of Third Parties) Act 1999 will apply to allow the relevant NR entity to rely on and enforce against a third party the provisions of paragraph 7.3 of this Chapter 9.3.
- 7.14 The Operator shall register the unregistered trade marks specific in Appendix 1 (List of Operator Trade Marks) by no later than 28 November 2023 and shall, save to the extent otherwise agreed by the Secretary of State, promptly register any other trade marks capable of registration created during the Contract Period in relation to the Rail Services.

**APPENDIX 1 TO CHAPTER 9.3****List of Operator Trade Marks****1. Registered trade marks**

<b>Owner</b>	<b>Operator Trade Mark</b>	<b>Registration No</b>	<b>Classes</b>	<b>Date of Filing</b>	<b>Registration Date</b>	<b>Status</b>
Operator	TRANSPENNINE EXPRESS with five pointed star	UK00003160905	39	22/04/2016	22/07/2016	Registered
Operator	Five pointed star	UK00003160798	39	22/04/2016	22/07/2016	Registered

**2. Unregistered trade marks**

<b>Owner</b>	<b>Operator Trade Mark</b>	<b>Status</b>
Operator	TPEexpress	Unregistered
Operator	TPE	Unregistered

**CHAPTER 9.4****Remedies and Dispute Resolution**

Chapter 9.4.1:	Not Used
Chapter 9.4.2:	Dispute Resolution Procedures
Chapter 9.4.3:	Procedure for remedying a Contractual Breach of the Service Contract
Chapter 9.4.4:	Force Majeure

**CHAPTER 9.4.1**

**Not Used**

**CHAPTER 9.4.2****Dispute Resolution Procedures****1. Disputes under the Service Contract**

- 1.1 Wherever the Service Contract provides that the Secretary of State may determine any matter, the Operator may, unless the Service Contract expressly provides otherwise, dispute whether a determination made by the Secretary of State is reasonable, but the Secretary of State's determination shall prevail unless and until it is agreed or found to have been unreasonable.

**Determination Escalation Process**

- 1.2 Wherever the Service Contract provides that a determination made by the Secretary of State shall be subject to the Determination Escalation Process, paragraphs 1.3 to 1.7 below shall apply.
- 1.3 Wherever the Determination Escalation Process applies, prior to the Secretary of State exercising the right to determine the relevant matter the Secretary of State shall give notice in writing to the Operator of the Secretary of State's intended determination, together with the reasons for the intended determination.
- 1.4 Within ten (10) Weekdays of receipt of any notice issued pursuant to paragraph 1.3, the Operator may:
- (a) make further representations to the Secretary of State in respect of the relevant matter; and/or
  - (b) elect to refer the relevant matter to the Managing Director of Passenger Services (or any replacement role of equivalent seniority),

and, in absence of any such representations or referral by the Operator pursuant to this paragraph 1.4, the Secretary of State's intended determination shall become effective as the Secretary of State's determination at the end of the tenth Weekday following the Operator's receipt of the relevant notice.

- 1.5 If the Operator elects to make a referral pursuant to paragraph 1.4(b) above, the Managing Director of Passenger Services (or equivalent) shall consult with a senior representative of the Operator and may, as the Secretary of State considers appropriate, seek additional advice from any external advisor and/or Network Rail.
- 1.6 Following the receipt of any further representations from the Operator pursuant to paragraph 1.4(a) and/or the conclusion of any referral to the Managing Director of Passenger Services (or equivalent) pursuant to paragraph 1.5, the Secretary of State shall determine the relevant matter and the Operator shall perform its obligations in accordance with the Secretary of State's determination.
- 1.7 If the Secretary of State considers appropriate, taking into account the urgency of the prevailing circumstances, the Secretary of State may, at any time during the process set out in paragraphs 1.3 to 1.6 above, determine any matter to which the Determination Escalation Process applies by notice to the Operator (an "**Interim Determination**"). Any Interim Determination issued pursuant to this paragraph 1.7 shall prevail unless and until:
- (a) following any representations by the Operator pursuant to paragraph 1.4(a) and/or the conclusion of any referral to the Managing Director of Passenger Services (or equivalent) pursuant to paragraph 1.5 above:
    - (i) the Secretary of State provides a determination pursuant to paragraph 1.6 above; or
    - (ii) the Secretary of State withdraws its Interim Determination; or
  - (b) it is agreed or found to have been unreasonable.
- 1.8 If an Interim Determination is revised or withdrawn in accordance with paragraph 1.7(a) above:



- (a) the Operator shall perform its obligations in accordance with the revised determination; and
- (b) the Secretary of State shall reimburse the Operator any appropriate financial adjustment associated with costs or liabilities incurred by the Operator in performing its obligations in accordance with the Interim Determination prior to its revision or withdrawal which would not have been incurred if the revised determination had applied from the outset or if the Interim Determination had not been made (as applicable).

### **Dispute Resolution Rules**

- 1.9 Where either Party is entitled, pursuant to the terms of the Service Contract, to refer a dispute arising out of or in connection with the Service Contract for resolution or determination in accordance with the Dispute Resolution Rules, then such dispute shall, unless the Parties otherwise agree be resolved or determined by arbitration pursuant to the Dispute Resolution Rules.
- 1.10 Where, in the absence of an express provision in the Service Contract entitling it to do so, either Party wishes to refer a dispute arising out of or in connection with the Service Contract to arbitration pursuant to the Dispute Resolution Rules, the following process shall apply:
- (a) the Party seeking to refer to arbitration shall serve a written notice upon the other Party stating (i) the nature and circumstances of the dispute, (ii) the relief sought including, to the extent possible, an indication of any amount(s) claimed, and (iii) why it is considered that the dispute should be resolved by way of arbitration rather than litigation;
  - (b) the other Party shall respond within twenty (20) Weekdays of service of the notice confirming whether or not referral of the dispute to arbitration is agreed. In the absence of any response, the referral to arbitration shall be deemed not to have been agreed;
  - (c) in the event that the Parties agree to refer the dispute to arbitration then it shall be resolved or determined in accordance with the Dispute Resolution Rules;
  - (d) in the event that the Parties do not agree to refer the dispute to arbitration then it shall be resolved or determined in accordance with paragraph 8 (*Governing Law and Jurisdiction*) of Chapter 9.7 (*Miscellaneous Legal Terms*);
  - (e) nothing in this paragraph 1 (*Disputes under the Service Contract*), paragraph 2 (*Disputes under other agreements*) or paragraph 3 (*Disputes under Chapter 7 (Financial Obligations) of this Contract*) of Chapter 9.4.2 (*Dispute Resolution Procedures*) shall preclude either Party from commencing, continuing or otherwise taking any step by way of litigation in pursuit of the resolution or determination of the dispute unless an agreement is reached to refer the dispute to arbitration.
- 1.11 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 or, in default of agreement, chosen by the Secretary of the Access Disputes Committee from a panel of persons agreed from time to time for such purposes between the Secretary of State and the Operator 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 or the President of the Institute of Chartered Accountants in England and Wales from time to time (or such other person to whom they may delegate such selection).
- 2. Disputes under other agreements**
- 2.1 The Operator shall notify the Secretary of State 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 Operator's ability to comply with its obligations under the Service Contract or on the provision of the Rail 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.

- 2.2 Such notification shall be made both:
- (i) at the time of such submission (and such notification shall include reasonable details of the nature of the dispute); and
  - (ii) at the time of the resolution of the dispute (whether or not subject to appeal) (and such notification shall include reasonable details of the result of the dispute, any associated award and whether it is subject to appeal).
- 2.3 The Operator shall provide such further details of any dispute referred to in paragraph 1.11 (*Disputes under the Service Contract*) as the Secretary of State may request from time to time.
3. **Not Used**
4. **Cumulative Rights and Remedies**
- 4.1 The rights and remedies of the Secretary of State under the Service Contract are cumulative, may be exercised as often as the Secretary of State considers appropriate and are in addition to the Secretary of State's rights and remedies under the general Law. The exercise of such rights and remedies shall not limit the Secretary of State's right to make payment adjustments, claim damages in respect of contractual breaches of the Service Contract or pursue any available remedies under general Law.

**CHAPTER 9.4.3****Procedure for remedying a Contractual Breach of the Service Contract****1. Notification of Contractual Breaches**

- 1.1 The Operator shall notify the Secretary of State, so far as possible before it may occur and in any event as soon as practicable thereafter, of any contractual breach by the Operator of any provision of the Service Contract. This includes where the Operator is under an obligation to use all reasonable endeavours to achieve a particular result by a particular time, where such result is not achieved by such time. The provisions of section 55 of the Act do not apply to public sector operators of franchised passenger services, including the Operator.
- 1.2 The Operator shall deliver to the Secretary of State, or procure the delivery to the Secretary of State of, such information, records or documents as the Secretary of State may request within such period as the Secretary of State may require for the purpose of determining the existence, likelihood, nature or scope of any contractual breach of the Service Contract.

**2. Service of Contractual Breach Notice by the Secretary of State**

- 2.1 If the Secretary of State is satisfied that the Operator is breaching or is likely to breach any provision of the Service Contract (whether or not it has received a notice from the Operator pursuant to paragraph 1.1) the Secretary of State may serve written notice ("**Contractual Breach Notice**") upon the Operator setting out:
- (a) the provision of this Contract which the Secretary of State is satisfied that the Operator is breaching or is likely to breach;
  - (b) the act or omissions which, in the Secretary of State's opinion, constitute or would constitute breaches of such provision;
  - (c) the date and time of any meeting that the Secretary of State may require the Operator to attend (which shall be at least five (5) Weekdays from the date the Contractual Breach Notice is served) to discuss the causes of the contractual breach and the measures to be implemented to: (i) remedy the contractual breach and/or (ii) prevent the occurrence of such contractual breach; and
  - (d) whether the Secretary of State requires the Operator to prepare and submit to the Secretary of State a proposal of measures for the Operator to implement to: (i) remedy the contractual breach and/or (ii) prevent the occurrence of the contractual breach, and the date by which such proposal must be submitted to the Secretary of State,

and the Secretary of State shall be entitled to request such information from the Operator as the Secretary of State reasonably requires for the purposes of the operation of this paragraph 2. The Operator shall provide the information within such time as the Secretary of State may reasonably specify for the purpose.

- 2.2 If the Secretary of State is satisfied that the Operator is breaching or is likely to breach any provision of the Service Contract (whether or not it has received a notice from the Operator pursuant to paragraph 1.1) the Secretary of State may serve written notice upon DOHL requiring representatives of DOHL attend any meeting convened by the Secretary of State pursuant to paragraph 2.1(c) at the time and place stated in such written notice (and/or at such other time and place as the Secretary of State and DOHL may specify).

**3. Operator's Obligations relating to the Contractual Breach Notice**

- 3.1 The Operator:
- (a) shall ensure that representatives of the Operator and representatives of DOHL (as may be specified by the Secretary of State) attend any meeting convened by the Secretary of State pursuant to paragraph 2.1(c) at the time and place stated in the Contractual

Breach Notice (or at such other time and place as the Secretary of State and the Operator may agree);

- (b) shall at any such meeting present such reports, plans and/or other information as the Secretary of State may specify pursuant to paragraph 2.1;
- (c) acknowledges and agrees that the Secretary of State may prepare minutes of any meeting convened by the Secretary of State pursuant to paragraph 2.1(c) and share such minutes with the Enforcement Advisory Panel; and
- (d) shall provide such information to the Secretary of State as may be required in accordance with paragraph 2.1(d) and within the timescales specified therein.

#### 4. **Contractual Breach Remedial Notice**

4.1 Following the issue of any Contractual Breach Notice or, if applicable following any meeting referred to in paragraph 2.1(c), the Secretary of State may:

- (a) issue a further notice (a “**Contractual Breach Remedial Notice**”) setting out the steps which the Secretary of State reasonably requires the Operator to take or continue taking (which may at the discretion of the Secretary of State take account of the proposal of measures submitted by the Operator in accordance with paragraph 3.1(d)) in order to remedy or prevent the occurrence of any such contractual breach and the period within which the Secretary of State requires such steps to be taken; and
- (b) where the Secretary of State determines in its discretion (whether through the Enforcement Advisory Panel or otherwise) that a material breach of any provision of the Service Contract has occurred, publish such Contractual Breach Remedial Notice on the website of the Department for Transport, on the register required to be maintained by the Secretary of State pursuant to section 73 of the Act or on both such website and such register.

4.2 The Operator shall comply with the terms of any Contractual Breach Remedial Notice except in circumstances where to do so would result in the Operator being in breach of any legal or statutory duty. In those circumstances, the Operator shall as soon as reasonably possible, give notice to the Secretary of State and DOHL with details of the breach which would arise and comply with any reasonable instructions issued by the Secretary of State in those circumstances.

4.3 The Secretary of State agrees that it is not Secretary of State’s intention that DOHL or the Operator will in any circumstances be liable to the Secretary of State for any loss or damage caused by any breach of the Service Contract or tortious act or omission or breach of statutory duty by DOHL or the Operator in respect of the Rail Services to the extent permitted by Law. All and any such liability as would, but for this paragraph 4.3, arise is expressly excluded provided that nothing in this paragraph 4.3 shall restrict the ability of the Secretary of State to seek an order for specific performance of the Service Contract.

**CHAPTER 9.4.4****Force Majeure****1. Definition of 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 Operator 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 1.1:
  - (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 Operator is prevented or restricted from operating a train on such section or part of track;
  - (iii) references in paragraphs 1.1(a)(i) and 1.1(a)(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 Secretary of State may agree from time to time;
- (b) the Operator 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 Operator) 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 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 Rolling Stock Units on the grounds of safety,

and, in each case, the greater of two (2) Rolling Stock Units and ten per cent (10%) of all rolling stock vehicles used by the Operator in the provision of the Passenger Services in relation to any Service Group are unavailable for use in the provision of the Passenger Services as a result of the occurrence of such event.

For the purposes of this paragraph 1.1(c), “**Rolling Stock Units**” means the smallest number of rolling stock vehicles which are normally comprised in a train used by the Operator in the provision of the Passenger Services;

- (d) the Operator prevents or restricts the operation of any train on safety grounds provided that:
- (i) the Operator has, either before or as soon as practicable after initiating such prevention or restriction, sought the confirmation of the ORR in exercise of its safety functions, or any relevant 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 with statutory responsibility for safety in the circumstances, in exercise of its safety functions indicates that such prevention or restriction is not necessary, then no Force Majeure Event under this paragraph 1.1(d) shall continue in respect of that restriction or prevention after the receipt of such indication from the ORR or other relevant body;
- (e) act of God, war damage, enemy action, terrorism or suspected terrorism, riot, civil commotion or rebellion (together “**Emergency Events**”) or the act of any government instrumentality (including the ORR but excluding the Secretary of State) in so far as the act of government instrumentality directly relates to any of the Emergency Events, provided that there shall be no Force Majeure Event under this paragraph 1.1(e) by reason of:
- (i) the suicide or attempted suicide of any person that does not constitute an act of 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 Operator or its agents or subcontractors being prevented or restricted by Network Rail from gaining access to any relevant section or part of track; or
  - (iv) the occurrence and impact, whether direct or indirect, of COVID-19; and
- (f) any strike or other Industrial Action by any or all of the employees of the Operator 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 Operator 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 Operator in the provision of the Rail Services,
- or of the agents or sub-contractors of any such person listed in paragraphs 1.1(f)(i) to 1.1(f)(iii).

1.2 The definition of “**Force Majeure Event**” shall exclude the occurrence and impact, whether direct or indirect, of COVID-19.

## 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 twelve (12) consecutive hours;
- (b) the Operator notifies the Secretary of State within two (2) Weekdays of it becoming aware or, if circumstances dictate, as soon as practicable thereafter, of:
  - (i) the occurrence or likely occurrence of the relevant event; and



- (ii) the effect or the anticipated effect of such event on the Operator's performance of the Passenger Services;
- (c) at the same time as the Operator serves notification on the Secretary of State under paragraph 2.1(b), it informs the Secretary of State of the steps taken and/or proposed to be taken by the Operator 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 Operator or its agents or subcontractors, save that in respect of the occurrence of Industrial Action in accordance with paragraph 1.1(f), the provisions of paragraph 2.2 apply; or
  - (ii) the Operator's own contractual breach of, or default under, the Service Contract, any Access Agreement, Rolling Stock Related Contract, Property Lease or any other agreement;
- (e) the Operator 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 practicable after the onset of the occurrence of such event; and
- (f) the Operator shall, to the extent so requested by the Secretary of State, 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.

## 2.2 Where:

- (a) Industrial Action in accordance with paragraph 1.1(f) occurs as a result of an act or omission to act by the Operator or its agents or subcontractors;
  - (b) the Secretary of State believes that it was reasonable for the Operator, its agents or subcontractors (as the case may be) so to act or omit to 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**

3.1 The Operator shall not be responsible for any failure to perform any of its obligations under the Service Contract, nor shall there be any contractual breach of the Service Contract if and to the extent that such failure is caused by any Force Majeure Event.

3.2 Not Used.

3.3 Notwithstanding any other provision of this Contract, and without prejudice to the Parties' positions as to whether the Force Majeure Event provisions would otherwise be engaged, the Operator agrees that it shall not be entitled to further relief from obligations pursuant to the Force Majeure Event provisions under this Chapter 9.4.4 as a direct or indirect impact of COVID-19.

## 4. **Effect of Force Majeure Event on a Contractual Breach Remedial Notice**

4.1 The following provisions shall apply in relation to Force Majeure Events affecting the Operator's performance of their obligations pursuant to a Contractual Breach Remedial Notice:

- (a) the Operator shall give written notice to the Secretary of State promptly after the Operator becomes aware (and in any event within twenty-four (24) hours after becoming aware) of the occurrence or likely occurrence of a Force Majeure Event which will or is likely to affect the Operator's ability to comply with a Contractual Breach Remedial Notice within the period specified therein;



- (b) each notice submitted in accordance with paragraph 4.1(a) 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 Operator considers it likely to occur;
- (c) the Operator 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 Contractual Breach Remedial Notice; and
- (d) subject to the Operator having complied with its obligations under paragraphs 4.1(a) to 4.1(c) (inclusive) the Operator shall be entitled to a reasonable extension of the remedial period applicable to a Contractual Breach Remedial Notice in order to take account of the effect of a Force Majeure Event which has occurred on the Operator's ability to comply with that Contractual Breach Remedial Notice.

**5. No Relief under Force Majeure**

- (a) Nothing in paragraph 3 (*Consequences of Force Majeure Events*) will relieve the Operator from its obligations under this Contract to create, implement and operate the Business Continuity Plan.
- (b) If a Force Majeure Event affecting the Operator occurs which is an event or circumstance that is within the scope of the Business Continuity Plan, then paragraph 3.1 will only apply to that Force Majeure Event to the extent that the impacts of that Force Majeure Event would have arisen even if:
  - (i) the Operator had complied with paragraph 2 (*Business Continuity Plan*) of Chapter 1.2 (*Strategies and Plans*); and
  - (ii) the Business Continuity Plan had been fully and properly implemented and operated in accordance with paragraph 2 (*Business Continuity Plan*) of Chapter 1.2 (*Strategies and Plans*) and the terms of the Business Continuity Plan in respect of that Force Majeure Event.

**6. Force Majeure and Payments**

Following the occurrence of a Force Majeure Event, the payment of Contract Payments shall continue to be calculated in accordance with Chapter 7.1 (*Contract Payments*) and the payment of such Contract Payments shall continue unaffected.

**CHAPTER 9.5****Exit Management**

Chapter 9.5.1	Not Used
	Appendix 1: Not Used
Chapter 9.5.2	Reletting Provisions and Maintenance as a Going Concern
Chapter 9.5.3	Provisions applying on and after Termination

**CHAPTER 9.5.1**

**Not Used**

**CHAPTER 9.5.2****Reletting Provisions and Maintenance as a Going Concern****1. Reletting of Rail Services**

1.1 The Operator acknowledges that the Secretary of State may wish, at or before the expiry of the Contract Period, either to invite persons to tender for the right to provide all or some of the Passenger Services under this Contract or other agreement (as determined by the Secretary of State from time to time) or alternatively to enter into another agreement (as determined by the Secretary of State from time to time) in respect of all or some of the Passenger Services without having gone through a tendering process.

1.2 Not Used.

**2. Preparation for Reletting**

2.1 The Operator shall, if so requested by the Secretary of State provide the Secretary of State and the Secretary of State's representatives and advisers with access to officers, the Business Employees and all books, records and other materials kept by or on behalf of the Operator in connection with the Rail Services (including electronic or magnetic records, any CRM System and any Yield Management System) 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 Rail Services;
- (b) to prepare invitations to other potential operators 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 other agreement relating to the services equivalent to the Rail Services (or any part thereof), without undergoing a tendering process,

provided that the exercise of such access rights by the Secretary of State and the Secretary of State's representatives and advisers shall not unduly interfere with the continuing provision and operation of the Rail Services by the Operator.

**3. Data Site Information**

3.1 The Operator shall, at the request of the Secretary of State, make available to the Secretary of State and the Secretary of State's representatives and advisers such other information as they shall reasonably require in connection with the matters referred to in paragraph 2.1, by no later than three (3) months after the date of any such request. For the purposes of this paragraph 3 such information shall be the "**Data Site Information**".

3.1A The Secretary of State may from time to time specify or the Operator shall, at the request of the Secretary of State, provide to the Secretary of State, an index of the information which should be contained in any Data Site Information (the "**Data Site Monitor and Index**").

3.2 The Data Site Monitor and Index may be amended and updated by the Secretary of State from time to time. Such amended and updated Data Site Monitor and Index shall, from the date that the Operator receives notification from the Secretary of State of any such amendment or update, be the applicable Data Site Monitor and Index for the purposes of this paragraph 3.

3.3 The Operator shall prepare and present the Data Site Information in such manner and in such format (including in disaggregated form) as set out in the Data Site Monitor and Index or as the Secretary of State may specify or otherwise require, and shall provide such assistance as the Secretary of State may require in connection with the verification and the updating of such Data Site Information.

3.4 The Operator shall provide such confirmation in relation to the accuracy of:

- (a) the contents of the documents referred to in paragraph 2.1; and

- (b) any Data Site Information uploaded to such electronic data site as the Secretary of State may require pursuant to paragraph 3.5,

in each case, as the Secretary of State shall require from time to time.

- 3.5 The Operator shall upload the Data Site Information to such electronic data site as the Secretary of State may specify and shall make a sufficient number of appropriate staff available for that purpose. The Operator shall ensure that such staff are trained in the use of such data site.
- 3.6 The Operator shall:
- (a) comply with its obligations under paragraph 2.1 (*Preparation for Reletting*) and this paragraph 3 promptly and in any case in accordance with any reasonable timetable with which the Secretary of State requires the Operator by notice in writing to comply;
  - (b) where the Secretary of State raises with the Operator any query in relation to any Data Site Information, make a full and substantive response to such query within five (5) Weekdays. Such response shall include any further information requested by the Secretary of State in relation to such query; and
  - (c) nominate a person to whom:
    - (i) all queries or requests for information pursuant to paragraph 3.6(b);
    - (ii) requests for access to premises pursuant to paragraph 5 (*Inspection Rights during the Tendering/Reletting Process*); and
    - (iii) requests for access to employees,
 shall be addressed and who shall be responsible for complying with any such queries or requests for information and such requests for access to employees and premises. The Operator shall notify the Secretary of State (the Secretary of State's representatives and advisers) of the name and contact details of such person.
- 3.7 In connection with any proposal (whether or not yet finalised) to enter into separate agreements with more than one Successor Operator, each relating to only some of the services equivalent to the Rail Services (whether or not together with other railway passenger services) at or following the end of the Contract Period, the Operator agrees and acknowledges that the Secretary of State may require:
- (a) that the Operator provides the Secretary of State with additional information and reports and analysis in respect of such Service Groups as the Secretary of State may specify. This may include:
    - (i) information relating to the operational and financial performance of the Operator in relation to such Service Groups; 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; and
  - (b) subject to an appropriate Business Plan Revision, that the Operator reorganises the business of providing services equivalent to the Rail Services in order to facilitate the transfer anticipated by this Chapter 9.5.2 on an ongoing basis of the business of providing the Rail Services within each of such Service Groups to separate Successor Operators. This may include, to the extent 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; and/or
    - (ii) entering into additional or clarificatory contractual or other arrangements so that the Successor Operator of each such Service Group will have the necessary assets and rights to operate the Rail Services within that Service Group; and

- (c) that the Operator uploads Data Site Information to more than one data site.
- 3.8 The Operator shall make available to any Successor Operator, in an orderly fashion, suitable data to evidence its performance against the Diversity KPIs.
4. **Non-Frustration of Transfer to Successor Operator**
- 4.1 The Operator 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 of the business of providing the Rail Services at the end of the Contract Period to a Successor Operator; or
- (b) to avoid, frustrate or circumvent any provision of the Service Contract (including in particular the provisions of this Chapter 9 (*Standard Provisions*)) which is included in whole or in part for the purpose of preventing any such preventive, prejudicial or frustrating action or steps.
- 4.2 Not Used.
5. **Inspection Rights during the Tendering/Reletting Process**
- 5.1 Without limiting any other rights of the Secretary of State under this Contract and subject to paragraph 5.3, the Operator shall permit the undertaking of inspections (including the taking of inventories) or surveys of:
- (a) trains;
- (b) Stations;
- (c) Depots;
- (d) sidings; and/or
- (e) other premises owned or occupied by the Operator or any Affiliates of the Operator or used in connection with the provision of the Rail Services by the Operator or any Affiliates of the Operator,
- (“**Inspections**”) by the Secretary of State (or the Secretary of State’s nominee, which for these purposes shall include potential Successor Operators including potential bidders who have expressed an interest in tendering for the right and obligation to operate any or all of the Rail Services, and who carry suitable identification and evidence of authorisation (“**Nominee**”) as the Secretary of State may require in connection with any Tendering/Reletting Process.
- 5.2 The Operator shall provide a travel permit(s) which will allow the Secretary of State or a Nominee to travel free of charge on the Routes in order to carry out the Inspections.
- 5.3 The Secretary of State shall use all reasonable endeavours to ensure that any Inspections shall be undertaken so as not to unduly interfere with the continuing provision and operation of the Rail Services by the Operator.
6. **Maintenance as a going concern**
- 6.1 The Operator shall maintain and manage the business of providing the Rail Services so that, to the greatest extent possible and practicable:
- (a) the Operator is able to perform its obligations under this Contract; and
- (b) a Successor Operator would be able to take over the business of providing the Rail Services immediately at any time.
- 6.2 The Operator’s obligation under paragraph 6.1 shall include an obligation to ensure that any computer and information technology systems of the Operator shared in whole or in part with Affiliates of the Operator or third parties (including systems relating to human resources, finance and payroll and call centres) and all data contained within such systems can be operated as a standalone system and/or retrieved (as applicable) by a Successor Operator without continued reliance on such Affiliates of the Operator or other third parties immediately from the date of termination of this Contract 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 Operator to obtain consent to such arrangements relating to sharing computer and information technology systems and related data from the Secretary of State).

- 6.3 The Operator shall use all reasonable endeavours to ensure that such Successor Operator would have immediate access to all Business Employees and Assets for such purpose.
- 6.4 The Operator shall maintain and manage the business of providing the Rail Services on the basis that such business will be transferred, in the manner contemplated under this Contract, as a going concern at the end of the Contract Period to, and continued immediately thereafter by, a Successor Operator.
- 6.5 The Operator 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 Contract Period and in so doing shall plan for the recruitment and training of Business Employees to continue up until the end of the Contract Term.
- 6.6 The Operator shall comply with all reasonable requirements of the Secretary of State 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 Contract Term.
- 6.7 No later than six (6) months before the Expiry Date (or such other earlier date as the Secretary of State may specify), the Operator shall deliver to the Secretary of State a copy of its Demobilisation Plan. If at any time the Secretary of State considers that any part of the Demobilisation Plan fails to meet the Secretary of State's requirements, the Secretary of State may instruct the Operator to amend the relevant part of the Demobilisation Plan to the satisfaction of the Secretary of State and the Operator shall promptly comply with such instruction.



**CHAPTER 9.5.3****Provisions applying on and after Termination****1. Novation of Access Agreements on Termination or Expiry of the Service Contract**

1.1 The Operator shall, to the extent so requested by the Secretary of State on termination or expiry of this Contract, in relation to any Access Agreement to which it is a party, novate its interest under any relevant Access Agreement (and any related Network Rail Collateral Agreement) to the Secretary of State or as the Secretary of State may direct.

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

1.3 Such novation shall be on such terms as the Secretary of State may require, including:

(a) that the Operator 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 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 Secretary of State or the Secretary of State's 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 Secretary of State nor the Secretary of State's nominee shall be obliged, in connection with such novation, to agree to assume responsibility for any unperformed obligation, liability or consequences of a breach of the relevant agreement referred to in paragraph 1.3(a),

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

1.4 The Operator shall, on the occurrence 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 Operator is also party, agree to the novation of the relevant Train Operator's interest under the relevant Access Agreement to the Secretary of State or as the Secretary of State 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 Operator shall notify the Secretary of State on becoming aware of any circumstances which might lead to the Secretary of State being able to require the Operator to novate its interest or agree to the novation of another Train Operator's interest under this paragraph 1.

**2. Co-operation with Successor Operator**

2.1 In order to ensure the continuity of, and an orderly handover of control over, the Rail Services, the Operator shall co-operate with:

(a) where a Successor Operator has been appointed, such Successor Operator; or

(b) the Secretary of State; or

(c) any relevant Train Operator,

and shall take such steps as may be requested by the Secretary of State in connection therewith.

2.2 In satisfaction of its obligations under paragraph 2.1, the Operator shall make appropriately skilled and qualified Business Employees available to attend such meetings with the Secretary of State, any Successor Operator, Network Rail, ORR, HS2 Limited, any relevant Train Operator, any rolling stock lessor or sub-lessee and/or any other relevant third party as are reasonably required in order to determine:

(a) those actions that are required in order to facilitate such continuity and orderly handover, in particular those actions arising under the following agreements:

- (i) Access Agreements;
  - (ii) Property Leases;
  - (iii) agreements in relation to Shared Facilities;
  - (iv) Rolling Stock Leases;
  - (v) Rolling Stock Related Contracts;
  - (vi) any other Key Contract; and
- (b) without prejudice to the Secretary of State's rights under this Chapter 9.5.3, those rights and liabilities as may be specified in any Transfer Agreement.
- 3. Transfer of Key Assets on Expiry of the Service Contract**
- 3.1 The Operator agrees that on the termination of this Contract it will, at the request of the Secretary of State, enter into the Transfer Agreement for the purposes of:
- (a) transferring to a Successor Operator all the property, rights and liabilities of the Operator; and
  - (b) determining the amounts to be paid in respect of such property, rights and liabilities so transferred to a Successor Operator under the Transfer Agreement.
- 3.2 The Operator shall comply with its obligations under the Transfer Agreement.
- 3.3 The Secretary of State agrees, that if the Secretary of State requires the Operator to enter into the Transfer Agreement, the Secretary of State shall impose an obligation on the Successor Operator to enter into the Transfer Agreement and comply with its obligations thereunder.
- 4. Associated Obligations on Termination**
- 4.1 Assistance in Securing Continuity**
- (a) In order to facilitate the continuity of the Rail Services on expiry of the Contract Period, the Operator shall take such steps, both before and after the expiry of the Contract Period, as the Secretary of State may require, to assist and advise any Successor Operator in providing and operating the Rail Services.
  - (b) In particular, the Operator shall provide any Successor Operator with such records and information relating to or connected with the Rail Services as the Secretary of State may require (other than confidential financial information but including any Business Plan, CP Budget and all records relating to the Business Employees).
- 4.2 Access**
- On the expiry of the Contract Period, the Operator shall grant, (or, in relation to the rolling stock vehicles, procure that any sub-lessee shall provide), the Secretary of State and the Secretary of State's representatives such access as the Secretary of State may request to any property owned, leased or operated by the Operator at such time, for the purpose of facilitating the continued provision of the Rail Services.
- 4.3 Key Contracts**
- (a) The Operator shall provide such assistance to any Successor Operator as the Secretary of State may 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 Operator 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 Operator to undertake not to enforce any rights under a Key Contract relating to the period prior to the expiry of the Contract Period.

#### 4.4 **Change of Name**

The Operator shall cease to use any trademarks which are licensed to the Operator under any of the Brand Licences forthwith upon expiry of the Contract Period and shall take all necessary steps to change any company name which incorporates any such marks as soon as practicable.

#### 4.5 **Property Leases**

- (a) The Operator shall, on the expiry of the Contract Period, if requested by the Secretary of State, assign its interest under all or any Property Leases to the Secretary of State or as the Secretary of State may direct, subject where applicable to the agreement of any other party to such Property Lease or the ORR.
- (b) Such assignment shall be on such terms as the Secretary of State may require, including:
  - (i) that the Operator shall not be released from any accrued but unperformed obligation, the consequences of any antecedent breach of a covenant 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 Secretary of State or the Secretary of State's 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 Secretary of State nor the Secretary of State's 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 4.5(b)(i), and the Operator shall indemnify the Secretary of State or the Secretary of State's nominee, as the case may be, on demand, on an after-tax basis against any costs, losses, liabilities or expenses suffered or incurred in relation thereto except to the extent that any such costs, losses liabilities or expenses incurred by the Secretary of State or the Secretary of State's nominee arise in respect of circumstances where the Operator was acting as a Good and Efficient Operator.
- (c) The Operator shall, on the occurrence of any of the circumstances specified in paragraph 4.5(a) in relation to any other Train Operator who is a party to a Property Lease to which the Operator is also party, agree to the assignment of such Train Operator's interest under the relevant Property Lease to the Secretary of State or as the Secretary of State may direct, subject, where applicable, to the consent of Network Rail. The provisions of paragraph 4.5(b) shall apply to any such assignment.
- (d) The Operator shall notify the Secretary of State on becoming aware of any circumstances which might lead to the Secretary of State being able to require the Operator to assign its interest or agree to the assignment of another Train Operator's interest under this paragraph 4.

#### 5. **Actions required immediately on Handover**

5.1 The Operator shall immediately on the expiry of the Contract Period make available to the Secretary of State:

- (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 Operator is a subcontractor to another Train Operator, equivalent information in respect of that Train Operator; and
- (b) information concerning any contract necessary for the continued operation of the Rail Services where a procurement or bidding process has been initiated.

5.2 The Operator agrees that the Secretary of State or the Secretary of State's agents may have access to and use free of charge any information contained in any Computer System or in hard

copy format as the Secretary of State sees fit (for the purposes of continuing the operation of the Rail Services).

## 6. Maintenance Records in relation to Rolling Stock

6.1 The Operator shall immediately on expiry of the Contract Period provide to the Secretary of State or (in relation to rolling stock vehicles) procure that any sub-lessee shall provide:

- (a) records of the status of the maintenance of the rolling stock vehicles used in the provision of the Passenger Services;
- (b) records of the status of the maintenance of any lifting equipment;
- (c) a list of any deferred maintenance; and
- (d) records of the status of the maintenance of any depot or station which is an Asset, including the extent of completion of examinations and the modification status of each such rolling stock vehicle.

## 7. Ticketing Arrangements

7.1 The Operator shall provide immediately on expiry of the Contract Period a statement certifying:

- (a) 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;
- (b) the extent of any outstanding claims with ticketing settlement agencies;
- (c) 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
- (d) commissions owed and/or due.

## 8. Information about Passengers

8.1 The Operator shall immediately on the expiry of the Contract Period make available to the Secretary of State and/or the Secretary of State's nominee:

- (a) passenger numbers information specified in paragraph 15 (*Passenger Numbers Information*) of Chapter 4.1 (*Service Development*) in such format and to such level of disaggregation (as the Secretary of State and/or the Secretary of State's nominee may reasonably require);
- (b) the CRM Data; and
- (c) the Yield Management Data.

## 9. Successor Operator Timetables

9.1 Both prior to and following the selection of a Successor Operator (whether a Train Operator or otherwise and whether or not subject to the satisfaction of any conditions), the Operator shall:

- (a) co-operate with, where a Successor Operator has been appointed, that Successor Operator, or where not, the Secretary of State; and
- (b) take such steps as may be requested by the Secretary of State, so as to ensure the continuity of, and orderly handover of control over of the Rail Services.

9.2 The steps that the Secretary of State may request the Operator to take pursuant to paragraph 9.1 include:

- (a) participating in any timetable development process that takes place during the Contract Period, but which relates to any timetable period applying wholly or partly after the expiry of the Contract Term ("**Successor Operator Timetable**"), including bidding for and securing any Successor Operator Timetable, whether or not:

- (i) the Successor Operator has been identified; or
    - (ii) there is in place an Access Agreement relating to the period over which that Successor Operator Timetable is intended to be operated;
  - (b) using all reasonable endeavours to seek amendments to and/or extensions of Access Agreements which can be transferred to the Successor Operator on expiry of the Contract Period;
  - (c) assisting the Secretary of State or the Successor Operator (as the case may be) in the preparation and negotiation of any new Access Agreement relating to any Successor Operator Timetable; and/or
  - (d) entering into that Access Agreement in order to secure the relevant priority bidding rights required by the Successor Operator to operate that Successor Operator Timetable, provided that the Operator shall not be required to enter into any such Access Agreement unless the Secretary of State has first provided to it confirmation in writing that the Secretary of State shall include that Access Agreement in any Transfer Scheme pursuant to paragraph 3.1 (*Transfer of Key Assets on Expiry of the Service Contract*) of Chapter 9.5.3 (*Provisions applying on and after Termination*).
- 9.3 In addition to its obligation in paragraph 9.2(c), the Operator shall undertake such planning, preparation and organisation as would be undertaken by a Good and Efficient Operator to ensure the successful operation of the Successor Operator Timetable from the Expiry Date or any earlier date of termination as if the Operator were to be operating the same from that date.
- 10. Other Train Operating Companies**
- 10.1 If the franchise agreement or equivalent agreement of another Train Operator terminates or a railway administration order is made in respect of another Train Operator, the Operator shall co-operate with any request of the Secretary of State to ensure:
- (a) that the services provided or operated by such other Train Operator 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 Operator and such other Train Operator which were designated as a key contract under such franchise agreement or equivalent 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.
- 10.2 The benefit of any arrangements of the type referred to in paragraph 10.1(b) shall be provided on substantially the same terms as previously obtained by the relevant Train Operator, subject to paragraph 5.8 (*Arm's Length Dealings*) of Chapter 9.7 (*Miscellaneous Legal Terms*) and paragraph 10.3 of this Chapter 9.5.3, provided that the Secretary of State may exclude or modify any terms agreed or amended by such Train Operator in the twelve (12) months preceding the date on which such Train Operator's franchise agreement was terminated or the date on which the relevant railway administration order was made which were, in the Secretary of State's opinion, to the material detriment of such Train Operator's business. The benefit of such arrangements shall be provided for such period as the Secretary of State may require to allow the relevant Train Operator or railway administrator to renegotiate such arrangements or make alternative arrangements.
- 10.3 The Operator shall notify the Secretary of State 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 or equivalent 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.
- 10.4 If the franchise agreement or equivalent agreement of another Train Operator terminates in contemplation of the entry into or entry into effect of a new franchise agreement or equivalent agreement with the same Train Operator in respect of all or a material part of the relevant railway passenger services, the Operator shall waive any event of default or other right it may

have to terminate any agreement with such Train Operator arising out of such termination, provided that the entry into or entry into effect of such new franchise agreement or equivalent agreement takes place.



## CHAPTER 9.6

### Confidentiality and Data Protection

#### 1. Confidentiality

Subject to the provisions of the Act, the Environmental Information Regulations, the Freedom of Information Act (and any code of practice or other guidance related to the same) and paragraphs 2 (*Disclosure of Confidential Information*) to 8 (*Continuing Obligation*) and 10 (*Redactions*) inclusive of this Chapter 9.6, each Party shall hold in confidence the Contract Documents and 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 the Service Contract) (all together the “**Confidential Information**”) and shall not, except with the other Party’s prior written authority, publish or otherwise disclose any Confidential Information otherwise than as expressly provided for in the Service Contract 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 contractual breach of the Service Contract, whereupon to the extent that it is in the public domain this obligation shall cease.

#### 2. Disclosure of Confidential Information

- 2.1 Each Party may disclose any data or information acquired by it under or pursuant to the Service Contract or information relating to a dispute arising under the Service Contract without the prior written consent of the other Party if such disclosure is made in good faith:
- (a) to any Affiliate of such Party or outside consultants or advisers of such Affiliate, upon obtaining from such Affiliate and/or such outside consultants or advisers of such Affiliate an undertaking of confidentiality equivalent to that contained in paragraph 1 (*Confidentiality*) above;
  - (b) to any outside 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 (*Confidentiality*) above;
  - (c) 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 (*Confidentiality*) above;
  - (d) 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 the Service Contract or the rules of a recognised stock exchange or a formal or informal request of any taxation authority;
  - (e) to any insurer, upon obtaining from such insurer an undertaking of confidentiality equivalent to that contained in paragraph 1 above;
  - (f) to any director, employee or officer of such Party, to the extent necessary to enable such Party to perform its obligations under the Service Contract or to protect or enforce its rights under the Service Contract;
  - (g) by the Operator, to the ORR, the Passengers’ Council or a Local Authority; or
  - (h) by the Secretary of State (with the consent of the Operator (such consent not to be unreasonably withheld or delayed)) to Transport for the North, Rail North Partnership, HS2 Limited and Network Rail or its consultants and advisers, upon obtaining from Transport for the North, Rail North Partnership, HS2 Limited and Network Rail or its relevant consultant or advisor (as the case may be) an undertaking of confidentiality equivalent to that contained in paragraph 1 above.



- 2.2 The Secretary of State may disclose the Confidential Information of the Operator:
- (a) on a confidential basis to any Central Government Body for any proper purpose of the Secretary of State or of the relevant Central Government Body;
  - (b) to Parliament and Parliamentary Committees or if required by any Parliamentary reporting requirement;
  - (c) to the extent that the Secretary of State deems disclosure necessary or appropriate in the course of carrying out its public functions;
  - (d) on a confidential basis to a professional adviser, consultant, supplier or other person engaged by any of the entities described in paragraph 2.2(a) of this Chapter 9.6 (including any benchmarking organisation) for any purpose relating to or connected with the Rail Services;
  - (e) on a confidential basis for the purpose of the exercise of its rights under the Service Contract, including its right of audit, assessment or inspection pursuant to paragraph 4 (*Right to Inspect*) of Chapter 1.1 (*Organisation and Management*) and its rights pursuant to Chapter 9.5.2 (*Reletting Provisions and Maintenance as a Going Concern*);
  - (f) on a confidential basis to a Local Authority or other relevant Stakeholder to the extent that the Secretary of State deems such disclosure necessary or appropriate for the purposes of the development and/or implementation of any proposal promoted by (or on behalf of) such Local Authority or other relevant Stakeholder in relation to the provision of additional, varied and/or extended Passenger Services, introduction of new stations or enhancements to Stations or other infrastructure schemes which impact on the Rail Services;
  - (g) on a confidential basis to a proposed successor, transferee or assignee of the Secretary of State in connection with any assignment, novation or disposal of any of its rights, obligations or liabilities under the Service Contract;
  - (h) on a confidential basis to any Devolved Transport Body for any proper purpose of the Secretary of State or of the relevant Devolved Transport Body;
  - (i) to the extent required to enable the Secretary of State to enjoy and exercise the full extent of the benefits and rights conferred by each licence granted pursuant to paragraph 9.4 (*Cross-licensing of Business Plan IP*) and paragraph 7.10 (*Miscellaneous IP*) of Chapter 9.3 (*Branding and Intellectual Property*);
  - (j) on a confidential basis, to the extent necessary to provide Business Plans, Costs Budgets and any related information to a prospective Successor Operator or any persons invited to tender for the right to provide all or some of the Passenger Services; and
  - (k) to the European Union, to the extent required under Article 4.7, Chapter 4 of Title XI of Part Two of the Trade and Cooperation Agreement,

and for the purposes of the foregoing, references to disclosure on a confidential basis shall mean disclosure subject to a confidentiality agreement or arrangement containing terms no less stringent than those placed on the Secretary of State under this paragraph 2.2 of this Chapter 9.6.

### 3. **Publication of Certain Information**

- 3.1 Notwithstanding the provisions of paragraph 1 of this Chapter 9.6 (*Confidentiality and Data Protection*), paragraph 9.5 (*Cross-licensing of Business Plan IP*) and paragraph 7.11 (*Miscellaneous IP*) of Chapter 9.3 (*Branding and Intellectual Property*), the Secretary of State may publish (for purposes including section 73 of the Act) and 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 the Secretary of State sees fit, the following (irrespective of whether the same was provided to the Secretary of State by the Operator or a third party):

- (a) any or all of the Contract Documents provided that the Secretary of State shall, prior to publishing the same, redact from any Contract Documents any Redactions pursuant to paragraph 10 (*Redactions*) of this Chapter 9.6;
- (b) the amount of any Contract Payments payable under this Contract and the aggregate amount of Contract Payments paid in each year under this Contract;
- (c) such information as the Secretary of State may consider necessary to publish in connection with the performance of the Secretary of State's functions in relation to any Closure or proposed Closure;
- (d) the amount of any payments by the Operator under the Passenger's Charter;
- (e) such information (including CRM Data and Yield Management Data) as may be required for the retendering or reletting of any other railway passenger services, provided that such information may only be published during the period of, or during the period leading up to, such retendering or reletting;
- (f) any reports and accounts delivered to the Secretary of State under the Service Contract including any analyses, statistics and other information derived from such reports and accounts;
- (g) the results of any monitoring or measurement of the performance of the Operator in the provision of the Rail Services (including any information provided under Chapter 4 (*Rail Services*));
- (h) the results, on a Service Group, Route, station or other comparable basis, of any calculation of passenger numbers under Chapter 4.1 (*Service Development*);
- (i) the results of any survey under Part 2 (*RCIS*) of Chapter 5.5 (*Customer Experience Performance*);
- (j) the results of any assessment or inspection under Chapter 7.3 (*Management Information*) or Chapter 1.1 (*Organisation and Management*);
- (k) details of the Operator's plans and performance in respect of safety;
- (l) such information as the Secretary of State may require to include in the Secretary of State's annual report in respect of the Operator provided that, in preparing that report, the Secretary of State shall have regard to the need for excluding, so far as is practicable, the matters specified in paragraphs (a) and (b) of section 71(2) of the Act for this purpose, taking references in those paragraphs to the ORR as references to the Secretary of State;
- (m) such information as the Secretary of State may require to publish at or around the expiry or possible termination of the Contract Period in order to secure continuity of the provision and operation of the Rail Services; and
- (n) any information provided to the Secretary of State pursuant to any provision of the Service Contract including pursuant to a Request for Data where in the opinion of the Secretary of State publication is appropriate for the purposes of properly carrying out its duties.

3.2 Without prejudice to any other provision of this Chapter 9.6, the Secretary of State may publish any other information relating to the Operator if the Secretary of State has previously notified the Operator and the Operator does not demonstrate to the satisfaction of the Secretary of State within fourteen (14) days of such notification that the publication of such information would, in the reasonable opinion of the Operator, have a material adverse effect on its business. If the Operator attempts so to demonstrate to the Secretary of State but the Secretary of State is not so satisfied, the Secretary of State shall allow seven (7) more days before publishing the relevant information.

#### 4. **Service Development Information**

Nothing in this Chapter 9.6 shall be deemed to prohibit, prevent or hinder, or render either Party liable for, the disclosure by either Party to Network Rail, the ORR, any Devolved Transport Body, HS2 Limited, Rail North Partnership, other Train Operators, any operators

of services for the carriage of goods by rail, the Passengers' Council and/or any Local Authority of any information relating to the development of the Train Service Requirement in accordance with Chapter 4.1 (*Service Development*).

**5. Publication by Secretary of State**

Nothing in this Chapter 9.6 shall be deemed to prohibit, prevent or hinder, or render the Secretary of State liable for, the disclosure of any information by the Secretary of State 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 National Assembly of Wales, the Mayor of London, the 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 the Secretary of State's functions.

**6. Provision of Information to the ORR**

The Operator hereby authorises the Secretary of State to provide to the ORR, to the extent so requested by the ORR, such information as may be provided to the Secretary of State in relation to the Operator under the Service Contract.

**7. Disclosure by Comptroller and Auditor General**

The Parties recognise that the Comptroller and Auditor General may, in pursuance of the functions of the Comptroller and Auditor General under the Exchequer and Audit Department Act 1921, the National Audit Act 1983 and the Government Resources and Accounts Act 2000, disclose information which the Comptroller and Auditor General has obtained pursuant to those Acts and which a Party to this Contract would not be able to disclose otherwise than under this Chapter 9.6.

**8. Continuing Obligation**

This Chapter 9.6 (and any other provisions necessary to give effect hereto) shall survive the termination of this Contract, irrespective of the reason for termination.

**9. Freedom of Information - General Provisions**

9.1 Both Parties acknowledge that each of them is subject to the requirements of the Freedom of Information Act and the Environmental Information Regulations and accordingly agrees to assist and co-operate with each other to enable each Party to comply with their obligations under the Freedom of Information Act and/or the Environmental Information Regulations. The forgoing shall not preclude either party from objecting to a disclosure of information.

9.2 Without prejudice to the generality of this paragraph 9, the Operator shall and shall procure that its employees, advisers, representatives or agents shall, in relation to information held by the Operator on behalf of the Secretary of State and the disclosure of which is validly requested in a Request for Information, provide the Secretary of State with details about and/or copy of all such information that the Secretary of State reasonably requests. Such information shall be provided within 5 (five) Weekdays of receipt of a copy of the Request for Information from the Secretary of State (or such other period as the Secretary of State may reasonable specify) and in such form as the Secretary of State may reasonable specify.

9.3 Where one Party receives a Request for Information relating to the Service Contract that Party shall as soon as practicable, and in any event within five (5) Weekdays of receipt of such Request for Information, send a copy of the Request for Information to the other party and both parties shall consult with each other on who should handle and respond to such Request for Information. If it is agreed that the Secretary of State will respond to the Request for Information, the Secretary of State shall consult the Operator on how disclosure Freedom of Information Act and/or the Environmental Information Regulations would affect the commercial interests of the Operator.

9.4 The Party in receipt of the Request for Information shall determine whether information is exempt information under the Freedom of Information Act and/or the Environmental Information Regulations and what information will be disclosed in response to a Request for Information in accordance with Freedom of Information Act and/or the Environmental

Information Regulations, giving due regard to the representations made by the other Party pursuant to paragraph 9.3. Neither Party shall disclose any information set out in the Service Contract or otherwise supplied to them by the other Party in response to a Request for Information unless legally obliged to do so and shall, in any event, not disclose any such information if it determines that any relevant exemption of the Freedom of Information Act and/or the Environmental Information Regulations is applicable.

## 10. Redactions

10.1 Subject to paragraph 9 (*Freedom of Information - General Provisions*), by no later than the date which is:

- (a) twenty (20) Weekdays after the date of the Service Contract (in respect of the Contract Documents referred to in paragraphs (a) and (f) of the definition thereof);
- (b) twenty (20) Weekdays after the date of their respective execution (in respect of the Contract Documents referred to in paragraphs (b), (c) and (g) of the definition thereof);
- (c) twenty (20) Weekdays after the dates that such Contract Documents are agreed or determined (in respect of the Contract Documents referred to in paragraphs (d) and (f) of the definition thereof);
- (d) twenty (20) Weekdays after the date of notification by the Secretary of State to the Operator of another agreement that is required for publication (in respect of the Contract Documents referred to in paragraph (e) and (h) of the definition thereof); and
- (e) twenty (20) Weekdays after the date of any document varying the terms of any Contract Documents,

the Operator shall provide to the Secretary of State details of any provisions of the Contract Documents or any such variation which the Operator believes are exempt from disclosure in accordance with the provisions of the Freedom of Information Act, the Environmental Information Regulations and/or section 73(3) of the Act (the “**Redactions**”).

10.2 For each such Redaction the Operator should specify:

- (a) the exact text of the Contract Documents or variation that the Operator proposes is redacted using the template table(s) provided by the Secretary of State from time to time;
- (b) whether the Operator proposes that the Redaction applies in relation to the publication of the relevant Contract Documents or variation on the website of the Department for Transport, on the register required to be maintained by the Secretary of State pursuant to section 73 of the Act or on both such website and such register; and
- (c) the reasons why the Operator believes that the proposed Redaction is justified in accordance with the Freedom of Information Act, the Environmental Information Regulations and/or section 73(3) of the Act. Such reasons shall be stated in the template table(s) provided by the Secretary of State from time to time.

10.3 The Secretary of State shall consult with the Operator in relation to the Operator’s proposed Redactions (provided that the same are provided to the Secretary of State in accordance with paragraph 10.1).

10.4 If the Secretary of State and the Operator are unable to agree upon any proposed Redaction, the Secretary of State shall be entitled to determine, in the Secretary of State’s discretion, whether or not to make such proposed Redaction.

10.5 If the Operator does not provide its proposed Redactions to the Secretary of State in accordance with paragraph 10.1, the Operator shall be deemed to have consented to publication of the relevant document without any Redactions.

**11. Data Protection**

- 11.1 In respect of any Personal Data processed by the Operator, including CRM Data and Personal Data relating to Business Employees, the Operator agrees that it shall:
- (a) comply with the Data Protection Legislation; and
  - (b) procure that its agents and sub-contractors, including the Operations Data Processors, shall comply with the Data Protection Legislation.
- 11.2 The Operator shall promptly:
- (a) notify the Secretary of State of any Operations Data Breach, upon the Operator's awareness of the same, including all relevant details, whether the Operations Data Breach is by itself or by an Operations Data Processor;
  - (b) provide the Secretary of State on request with all reasonable information, assistance and co-operation in relation to its processing of the CRM Data and the Personal Data relating to Business Employees, and procure that any Operations Data Processor which it appoints shall provide the Operator with all reasonable information, assistance and co-operation in relation to the processing of the CRM Data and the Personal Data relating to Business Employees by the Operations Data Processor, in each case in order to permit the Secretary of State to make an accurate and complete assessment of compliance by the Operator with this paragraph 11; and
  - (c) provide the Secretary of State on request with all reasonable information, assistance and co-operation in relation to any audit of the Operator in relation to its processing of the CRM Data and the Personal Data relating to Business Employees, and procure that any Operations Data Processor which it appoints shall submit itself to audits by the Operator or the Operations Data Processor (whether those audits are by the Operator or by any person appointed on its behalf), in each case in order to permit the Secretary of State to make an accurate and complete assessment of compliance by the Operator with this paragraph 11.
- 11.3 The Operator shall and shall procure that any Operations Data Processor which it appoints shall:
- (a) notify (in the case of Operator) the Secretary of State and (in the case of any Operations Data Processor) the Operator in writing of the full names and registered office addresses of the entities which are from time to time carrying out any storage, hosting and/or other processing of the CRM Data and/or the Personal Data relating to Business Employees, together with the storage, hosting and/or other processing location(s);
  - (b) ensure that in cases where the storage, hosting and/or other processing location(s) are outside of the United Kingdom the notification shall include details of the relevant country(ies) or territory(ies); and
  - (c) ensure that in cases where the storage, hosting and/or other processing locations(s) are in a third country (which has the meaning given in the Data Protection Legislation) the notification shall include a description of the appropriate safeguards which are in place under the Data Protection Legislation in respect of the same including that there is in force a United Kingdom decision that the country or territory to which the transfer is made ensures an adequate level of protection for processing of Personal Data and that there are in place the standard contractual clauses approved by the Information Commissioner's Office for the transfer of personal data to processors established in third countries accompanied by a valid transfer impact assessment, in each case in relation to the transfer.
- 11.4 With reference to paragraphs 11.1 to 11.3 inclusive, the Operator hereby acknowledges that whilst the Secretary of State is not the Controller in respect of the CRM Data or Personal Data relating to Business Employees (save that it is acknowledged that the Secretary of State is Controller in relation to any identifiable data within the Apprenticeship Data Collection Form processed in accordance with paragraph 12 below), the Secretary of State's legitimate interests given its duties under the Act, and its reputation, may be adversely affected in the event of any



unlawful processing of CRM Data and/or Personal Data relating to Business Employees, or in the event of any Operations Data Breach. In addition, the Operator hereby acknowledges that the Secretary of State legitimately wishes to have knowledge of the locations in which the CRM Data and the Personal Data relating to Business Employees is stored, hosted or otherwise processed from time to time (whether inside or outside of the United Kingdom) given that all such information would be relevant in the event of any transfer of the Rail Services to a Successor Operator.

## 12. **Data Protection – Apprenticeships**

12.1 In respect of information relating to each Business Employee who commences an Apprenticeship and which is included in the Apprenticeships Data Collection Form, the Operator shall:

- (a) provide no more information than that which is requested on the Apprenticeship Data Collection Form; and
- (b) ensure that:
  - (i) the Business Employee who commences an Apprenticeship is made aware that their Personal Data may be shared with the Rail Delivery Group (and onward to the Secretary of State) for the purpose described in paragraph 2.2 (*Apprenticeships*) of Chapter 2.1 (*Diversity and Inclusion and Training and Development*);
  - (ii) the Personal Data is collected and processed by or on behalf of the Operator in accordance with the Data Protection Legislation;
  - (iii) the fairness principle of the Data Protection Legislation is satisfied including by issuing all relevant privacy notices in relation to the collecting and processing of the Personal Data by the Operator, and for the disclosure to and subsequent processing by the Rail Delivery Group (and the Secretary of State) for the purpose described in paragraph 2.2 (*Apprenticeships*) of Chapter 2.1 (*Diversity and Inclusion and Training and Development*);
  - (iv) there is a lawful basis for the collection and processing of the Personal Data by the Operator, and for the disclosure to and subsequent processing by the Rail Delivery Group (and the Secretary of State) for the purpose described in paragraph 2.2 (*Apprenticeships*) of Chapter 2.1 (*Diversity and Inclusion and Training and Development*); and
  - (v) the Business Employee is made aware that their Personal Data shall be retained by the Secretary of State for a period of seven (7) years following its receipt of the same from the Rail Delivery Group.

12.2 Nothing in paragraph 12.1(b) is intended by the Parties to absolve the Operator from its obligations under paragraph 12.1(a).

## 13. **Further Information**

13.1 The Operator shall:

- (a) deliver to the Secretary of State, or procure the delivery to the Secretary of State of, such data, information, records or documents as the Secretary of State may request within such period as the Secretary of State may require and which relate to or are connected with the Operator's performance of the Service Contract; and
- (b) procure that each Affiliate of the Operator complies with paragraph 13.1(a) in respect of any data, information, records or documents that relate to its dealings with the Operator in connection with the Operator's performance of its obligations under the Service Contract.

13.2 The information referred to in paragraph 13.1 shall include:

- (a) any agreement, contract or arrangement to which the Operator is a party in connection with any rolling stock vehicles used in the operation of the Passenger Services;

- (b) in so far as the Operator has or is able to obtain the same, any other agreement contract or arrangement which may be associated with the procurement, leasing, financing or maintenance of any such rolling stock vehicles;
- (c) any agreement for the manufacture or supply of any rolling stock vehicles; and
- (d) any arrangements for the securitisation of any lease granted in respect of such rolling stock vehicles.

13.3 The Secretary of State may require the Operator to provide:

- (a) the information required to be provided under the Service Contract more frequently than set out in this Contract;
- (b) the information required to be provided under the Service Contract, or, in the Secretary of State's discretion, more detailed financial information, at any time in connection with the re-letting of the Rail Services;
- (c) such unaudited accounts under such accounting policies as may be prescribed by the Secretary of State from time to time;
- (d) research or survey datasets which relate to or are connected with the Operator's performance of the Service Contract;
- (e) any data or information which supports operational and business functions; and
- (f) information about any agreement, contract or arrangement to which the Operator is a party and which relate to or are connected with the Operator's performance of the Service Contract.

#### 14. **Request for Data**

14.1

- (a) If the Secretary of State requires any further information, data, records or documents during the Contract Term which the Operator is not otherwise required to provide pursuant to this Contract (the "**Relevant Data**"), the Secretary of State may issue a request to the Operator specifying:
  - (i) the Relevant Data the Operator is to provide to the Secretary of State;
  - (ii) any requirement in relation to timeliness, format and method of delivery of such Relevant Data; and
  - (iii) where such Relevant Data is required to be provided on an ongoing basis, may include the frequency with which such Relevant Data shall be required to be delivered,
 (each a "**Request for Data**").
- (b) The Operator acknowledges and agrees that any Relevant Data provided by the Operator pursuant to a Request for Data may be shared with other persons who are acting on the Secretary of State's behalf or such other persons as the Secretary of State may notify, in each case, in accordance with this Chapter 9.6.
- (c) Within fourteen (14) days of the date of issuance of a Request for Data by the Secretary of State or such other timeframe as may be specified in the relevant Request for Data, the Operator shall:
  - (i) provide to the Secretary of State all Relevant Data specified in the Request for Data as it is reasonably able to provide or procure within such period; and
  - (ii) if the Operator has not provided all the Relevant Data specified in the Request for Data, it shall provide the Secretary of State with:
    - (A) details of any further action that would be required to enable it to provide such Relevant Data, including the rationale for requiring such further action together with relevant supporting evidence;



- (B) the Operator's proposed timescales for taking such action in timely manner and the rationale for arriving at such timeframe; and
    - (C) where applicable, an estimate (including a breakdown of the individual cost components) of any additional costs the Operator expects to incur in order to provide such Relevant Data together with relevant supporting evidence.
  - (d) The Secretary of State may, following review of the Operator's response pursuant to paragraph 14.1(c)(ii), require the Operator to take such further action as the Secretary of State may specify, including providing part or all of the Relevant Data which remains outstanding or taking any steps to mitigate the amount of any costs that the Operator may incur in order to comply with the Request for Data.
- 14.2 The Operator shall provide an audit of data sources and information that are used by the Operator's business, as requested by the Secretary of State from time to time. The Secretary of State may also request information and guidance from the Operator about its data sources, including the purpose for collecting such data, any risks associated with handling or sharing such data, and any third party contracts or agreements used to collect and process the data.
- 14.3 Nothing in paragraph 13, this paragraph 14 or paragraph 15 (*Information from Third Parties*) of this Chapter 9.6 shall require the Operator to provide any Relevant Data or any other data, information, records or documents which would, or is reasonably likely to:
- (a) require it to incur additional costs, over and above those provided for within the CP Budget, unless the Secretary of State otherwise directs; or
  - (b) put it in breach of any applicable law or regulation.
- 14.4 Not Used.
15. **Information from Third Parties**
- 15.1 The Operator shall, if the Secretary of State so requests, through a Request for Data or otherwise, use all reasonable endeavours to ensure that the Secretary of State has direct access to any information, data or records relating to the Operator which is or are maintained by third parties and to which the Secretary of State is entitled to have access, or of which the Secretary of State is entitled to receive a copy under the Service Contract.
- 15.2 The Operator shall, if the Secretary of State so requests, procure the provision by RSP to the Secretary of State of such information, data and records as the Operator is entitled to receive under the Ticketing and Settlement Agreement, in such form as the Secretary of State may specify from time to time.
- 15.3 The obligations of the Operator to provide information to the Secretary of State shall not apply if the Secretary of State notifies the Operator that the Secretary of State has received the relevant information directly from any other person (including Network Rail or RSP). The Operator shall, if the Secretary of State so requests, confirm or validate any such information which is received from any such other person.
- 15.4 The Operator shall promptly advise the Secretary of State of any changes that are to be made to the databases, systems or processes which are owned, operated or otherwise used by the Operator which may have an impact on the Operator's ability to meet its data sharing obligations pursuant to the Service Contract or any Request for Data issued by the Secretary of State or will, in the reasonable opinion of the Operator, materially affect the continuity of any supply of information or data that the Operator is required to provide to the Secretary of State. Any such advice shall include an assessment of the materiality of the relevant change.
- 15.5 To the extent that collection or supply of any data, information, records or documents is managed by a third party on the Operator's behalf:
- (a) the Operator shall use all reasonable endeavours to ensure that all relevant third party service providers permit the sharing with the Secretary of State of all data, information, records or documents which such third party service provider shall be required to provide or may provide on request to the Operator; or

- (b) where the Operator is unable to procure access pursuant to paragraph 15.5(a), it shall use all reasonable endeavours to agree a variation or amendment to any contract or other arrangement in place between the Operator and the relevant third party as may be required to comply with paragraph 15.5(a).

15.6 During the Contract Term, the Operator shall:

- (a) not enter into any new contracts or other arrangements which may materially adversely affect the Operator's ability to comply with paragraph 13 (*Further Information*), paragraph 14 (*Request for Data*) and this paragraph 15 of this Chapter 9.6, without the Approval of the Secretary of State; and
- (b) to the extent it is entering into any material amendments to any existing contracts or arrangements with third parties, use all reasonable endeavours to ensure that the contract or arrangement (as amended) does not materially adversely affect the Operator's ability to comply with its requirements pursuant to paragraph 13 (*Further Information*), paragraph 14 (*Request for Data*) and this paragraph 15 of this Chapter 9.6.

## **16. Compatibility of information**

- 16.1 All financial, operational or other information, and any data and records required to be provided to the Secretary of State under the Service Contract shall be provided, if so requested by the Secretary of State, in a form compatible with the Secretary of State's electronic data and records systems on the Start Date, as modified from time to time.
- 16.2 The Operator shall ensure that the interconnection of such systems or the provision of such information, data and records to the Secretary of State under the Service Contract 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.

## CHAPTER 9.7

**Miscellaneous Legal Terms****1. All Reasonable Endeavours**

- 1.1 Any obligation on the part of the Operator 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.

**2. Assignment**

- 2.1 The Operator shall not without the prior written consent of the Secretary of State assign, hold in trust for any other person, or grant a Security Interest in or over, the Service Contract or any part hereof or any benefit or interest or right herein or hereunder (other than any right of the Operator to receive monies under a Transfer Agreement).

**3. Compliance with Laws****3.1 General**

The Operator shall at all times perform the Rail Services and all its other obligations under the Service Contract in accordance with all applicable Laws.

- 3.2 Not Used.

**4. Set Off**

- 4.1 Save as otherwise expressly provided under the Service Contract or required by law, all sums payable under the Service Contract shall be paid in full and without any set-off or any deduction or withholding including on account of any counter-claim.

- 4.2-4.3 Not Used.

**5. Miscellaneous Provisions****5.1 Waivers**

- (a) Any Party may at any time waive any obligation of any other Party owed to it under this Contract and the obligations of the Parties hereunder shall be construed accordingly.
- (b) No waiver by any Party of any default by any other Party in the performance of such Party’s obligations under this Contract 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 Contract 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 Contract shall prevent any further exercise of such right or remedy or the exercise of any other right or remedy.
- (c) A waiver of any right or remedy under this Contract or by law is only effective if given in writing by the Secretary of State.
- (d) The terms of this Contract shall only be capable of waiver or variation in writing in accordance with this paragraph 5.1 (*Waivers*) and paragraph 6 (*Variations*) of this Chapter 9.7.

**5.2 Time Limits**

Where in the Service Contract any obligation of a Party is required to be performed within a specified time limit (including an obligation to use all reasonable endeavours or reasonable endeavours to secure a particular result within such time limit): (i) 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; (ii) the Parties shall consult on the relevant Party’s failure to perform the obligation within the specified time limit; and (iii) the relevant Party shall, as applicable, continue to use all reasonable

endeavours or reasonable endeavours to do or procure that the relevant thing is done as soon as practicable thereafter.

5.3 ***Partial Invalidity***

If any provision in the Service Contract 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 the Service Contract but the legality, validity and enforceability of the remainder of the Service Contract shall not be affected.

5.4 ***Further Assurance***

Each Party 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 Contract.

5.5 ***Rights of Third Parties***

- (a) A person who is not a Party to the Service Contract shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Service Contract except to the extent set out in this paragraph 5.5.
- (b) Any Successor Operator or potential Successor Operator nominated by the Secretary of State and notified to the Operator and the Operator for the purposes of this paragraph 5.5 may enforce and rely on the provisions of Chapter 9.5 (*Exit Management*) to the same extent as if it were a Party but subject to paragraphs 5.5(c) and 5.5(d).
- (c) The Service Contract may be terminated, and any term may be amended or waived, in each case in accordance with the terms of the Service Contract, without the consent of any person nominated under paragraph 5.5(b).
- (d) The person nominated under paragraph 5.5(b) shall only be entitled to enforce and rely on Chapter 9.5 (*Exit Management*) to the extent determined by the Secretary of State (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 Chapter 9.5 (*Exit Management*), any legal proceedings in relation thereto must be commenced within one (1) year of the expiry of the Contract Period and any such person shall not be entitled to enforce or rely on Chapter 9.5 (*Exit Management*) to the extent that it has consented to any particular act or omission of the Operator which may constitute a contractual breach of Chapter 9.5 (*Exit Management*) or has been afforded a reasonable opportunity to indicate to the Operator that it is not so consenting and has not so indicated (the extent of such reasonable opportunity to be determined by the Secretary of State unless otherwise agreed).

5.6 ***Secretary of State's Consent or Approval***

Where any provision of the Service Contract provides for any matter to be subject to the Approval, consent or approval of the Secretary of State, then the Secretary of State shall be entitled to give that Approval, consent or approval subject to any condition or conditions as the Secretary of State considers appropriate, which may include the adjustment of any of the terms of the Service Contract.

5.7 ***Not Used***

5.8 ***Arm's Length Dealings***

The Operator shall ensure that every contract or other arrangement or transaction to which it may become a party in connection with the Service Contract with any person is on bona fide arm's length terms.

5.9 ***Non-Discrimination***

The Operator shall not discriminate in:

- (a) seeking offers in relation to, or in awarding, a contract for the purchase or hire of goods, or the purchase of services; or

- (b) making offers in relation, or in awarding, a contract for the sale of goods or the sale of services,

in either case, on the grounds

- (a) of nationality, against a person who is a national of and established in a relevant state; or
- (b) that the goods to be supplied under the contract originate in a relevant state.

For the purposes of this paragraph, “relevant state” means:

- (i) any state which is a party to the EEA agreement entered into on 2 May 1992 (as updated from time to time) where such discrimination is prohibited under the Trade and Cooperation Agreement or under any free trade agreement (whenever entered into) between the United Kingdom and the EEA; and/or
- (ii) any other state which is a party to a Free Trade Agreement where that Free Trade Agreement prohibits such discrimination.

5.10 ***Statutory Director’s Written Confirmation, Statement and/or Certificate***

It shall be a contractual breach of the Service Contract if any written confirmation, statement and/or certification from a statutory director of the Operator, in the opinion of the Secretary of State, in any material respect, is untrue, inaccurate and/or misleading.

5.11 ***No Partnership or Agency***

Nothing in this Contract is intended to, or shall be deemed to, establish any partnership or joint venture between any of the Parties, constitute any Party the agent of another Party, or authorise any Party to make or enter into any commitments for or on behalf of any other Party.

5.12 ***Survival***

The following provisions and any other provisions of this Contract (as amended by the terms of this Contract as applicable) reasonably required for the purpose of giving full effect to such provisions or for any other purpose shall survive the termination or expiry of this Contract for any reason and shall continue in full force and effect in accordance with their terms unless and until the Secretary of State instructs otherwise:

- (a) Clause 3 (*General Obligations*);
- (b) Clause 5 (*Notices*);
- (c) Clause 6 (*Entire Agreement*);
- (d) paragraph 3.2 (*Maintenance of Records*) of Chapter 1.1 (*Organisation and Management*);
- (e) paragraph 1.2 (*Small and Medium-sized Enterprises*) and 2.2 (*Business Continuity Plan*) of Chapter 1.2 (*Strategies and Plans*);
- (f) Chapter 7.1 (*Contract Payments*);
- (g) Not Used;
- (h) Chapter 7.3 (*Management Information*);
- (i) Chapter 7.4 (*Financial Covenants*);
- (j) Not Used;
- (k) paragraph 7 (*Termination of Service Contract*) of Chapter 7.6 (*Railways Pension Scheme*);
- (l) paragraph 8 (*Conflicts between the Service Contract and the Business Plan*) of Chapter 7.7 (*Business Plan*);
- (m) paragraph 9 (*Termination of Key Contracts*) of Chapter 9.2.1 (*Key Contracts*);
- (n) Not Used;

- (o) paragraph 2 (*Removal of Branding*), paragraph 4 (*Licence to Operator's Intellectual Property*), paragraph 6 (*Rail Passenger Counts Database*) and paragraph 7 (*Intellectual Property Rights and General Provisions*) of Chapter 9.3 (*Branding and Intellectual Property*);
- (p) Chapter 9.4 (*Remedies and Dispute Resolution*) except for the provisions of Chapter 9.4.3 (*Procedure for remedying a Contractual Breach of the Service Contract*);
- (q)-(r) Not Used;
- (s) Chapter 9.5.3 (*Provisions applying on and after Termination*);
- (t) Chapter 9.6 (*Confidentiality and Data Protection*);
- (u) Chapter 9.7 (*Miscellaneous Legal Terms*); and
- (v) Chapter 10 (*Definitions and Interpretation*).

### 5.13 **Counterparts**

This Contract may be executed in any number of counterparts all of which when taken together shall constitute one and the same instrument.

## 6. **Variation**

- 6.1 Notwithstanding any other provision of this Contract, the terms of this Contract, any applicable document in the agreed terms or any applicable Business Plan may be varied:
- (a) by the Secretary of State in relation to any aspects of the Rail Services, any applicable document in the agreed terms, any provision of this Contract or any applicable Business Plan by notice in writing referring to this paragraph 6.1 and setting out the variation to the terms of this Contract, any applicable document in the agreed terms and/or the applicable Business Plan;
  - (a)(A) without prejudice to paragraph 6.1(a), by the Secretary of State in consequence of any change of law which has an impact on the structure of the rail industry by notice in writing referring to this paragraph 6.1 and setting out the variation to the terms of this Contract, any applicable document in the agreed terms and/or the applicable Business Plan; and
  - (b) otherwise by agreement in writing between the Parties and signed by duly authorised representatives of the Parties.
- 6.2 The consent or approval of DOHL shall not be required for any variation, amendment or derogation of the rights or obligations of the Secretary of State and the Operator under this Contract.
- 6A **Increased Level of Services**
- (a) The Operator acknowledges that the Secretary of State may, as a variation, require special measures, in the form of increased co-operation or additional services, to be implemented during the Contract Term and the Operator shall use its best endeavours to accommodate such requests and act in the national interests.
  - (b) The Operator, if requested by the Secretary of State as a variation, shall use its best endeavours to provide additional services, such as enhanced cleaning regimes to a standard proposed by the Secretary of State.

## 7. **Subsidy Control, State Aid and Procurement Regulations**

- 7.1 The Operator shall maintain and comply with a procurement policy that is consistent with all requirements (including all publication or notification requirements that apply from time to time) of the Utilities Contracts Regulations 2016 and/or the Public Contracts Regulations 2015 (as is applicable to the Operator) ("**Procurement Policy**"). In addition, the Procurement Policy shall require the Operator to act in accordance with Commercial Considerations when conducting procurements which are not subject to the Utilities Contracts Regulations 2016. The Operator shall make its Procurement Policy publicly available at all times and shall publish and maintain an up-to-date copy on its website. The



Operator shall act in accordance with such Procurement Policy in relation to all processes to procure goods and services that are commenced during the Contract Term.

- 7.2 The Operator acknowledges and agrees that the Service Contract must not result in any financial advantage being granted to the Operator that is incompatible with any of the following (together, the “**Subsidies Rules**”): Chapter 3: Subsidy control of Title XI of Part Two of the Trade and Cooperation Agreement; EU rules on State aid and, in particular, Articles 107 and 108 of the Treaty on the Functioning of the European Union insofar as those rules are applicable pursuant to the Northern Ireland Protocol; any other rules on subsidy control contained in any legislation enacted in the United Kingdom, or contained in any Free Trade Agreement, that apply to the Service Contract from time to time. In that regard, it is noted in particular that Chapter 7 (*Financial Obligations*) defines the parameters on the basis of which the compensation payment for discharging the public service obligations is to be calculated. In accordance with Articles 4(1) and 6(1) of Regulation 1370, these parameters have been determined in such a way that no compensation payment may exceed the amount required to cover the net financial effect on costs incurred and revenues generated in discharging the public service obligations, taking account of revenue relating thereto kept by the Operator and a reasonable profit. At the end of the term of the Service Contract, the Secretary of State will carry out an ex-post check to ensure that there has been no overcompensation for the discharge of the public service obligations over the duration of the Service Contract in violation of Regulation 1370, or any other financial advantage that is identified as having been granted as a result of the Service Contract in violation of the Subsidies Rules. The Secretary of State will recover, in accordance (where applicable) with any mechanism that exists from time to time to enforce the Subsidies Rules and/or Regulation 1370, any overcompensation of the Operator over the duration of the Service Contract in violation of Regulation 1370 or any other financial advantage that is identified as having been granted as a result of the Service Contract in violation of the Subsidies Rules, and the Operator agrees to repay such monies promptly.
- 7.3 Subject to paragraph 7.4, the Operator shall act in accordance with Commercial Considerations when selling goods or services.
- 7.4 Where the Operator is selling tickets for, or any other right to, travel on Passenger Services, the provisions of paragraph 7.3 do not apply.

## 8. **Governing Law and Jurisdiction**

This Contract (and any non-contractual obligations arising out of or in connection with it) shall be governed by and construed in accordance with the laws of England and Wales and the Parties irrevocably agree that the courts of England and Wales are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Contract, except as expressly set out in this Contract.



## Chapter 10 – Definitions and Interpretations

# Chapter 10 - Definitions and Interpretations

**CHAPTER 10**

**DEFINITIONS AND INTERPRETATION**

1.	Interpretation
2.	Agreed Documents
3.	Definitions

## Chapter 10

### Definitions and Interpretation

#### 1. Interpretation

- 1.1 For the purposes of this agreement, “**Service Contract**” means this Contract. The Service Contract is an agreement entered into between the Secretary of State, DOHL and the Operator (being a Public Sector Operator) pursuant to the Secretary of State’s Section 30 Duty and accordingly is not a “*franchise agreement*” for the purposes of the Act.
- 1.2 In the Service Contract, except to the extent the context otherwise requires:
- (a) words and expressions defined in Part I of the Act have the same meanings when used therein provided that, except to the extent expressly stated, “railway” shall not have the wider meaning attributed to it by section 81(2) of the Act;
  - (b) words and expressions defined in the Interpretation Act 1978 have the same meanings when used in the Service Contract;
  - (c) references to “Parties” shall mean the Secretary of State and the Operator (and references to a “Party” shall mean the Secretary of State or the Operator as the context requires);
  - (d) the words “include”, “including” and “in particular” are to be construed without limitation;
  - (e) references to any “person” include its successors, transferees or assignees;
  - (f) the words “subsidiary”, “subsidiary undertaking” and “parent undertaking” each have the same meaning in the Service Contract as in section 1162 of the Companies Act 2006;
  - (g) references in any of the agreements comprising the Service Contract to Recitals, clauses, Chapters, Parts of Chapters, paragraphs of Chapters and Appendices to Chapters are to Recitals, clauses, Chapters, Parts of Chapters, paragraphs of Chapters and Appendices to Chapters of that agreement, unless expressly specified to the contrary, and the Chapters and Appendices form part of the agreement in which they appear;
  - (h) references in any Chapter in any of the agreements comprising the Service Contract to a Part, paragraph or Appendix are references to a Part, paragraph or Appendix of that Chapter (or the relevant Part of a Chapter), unless expressly specified to the contrary;
  - (i) headings and references to headings shall be disregarded in construing the Service Contract;
  - (j) references to any enactment include any subordinate legislation made from time to time under such enactment and are to be construed as references to that enactment as for the time being amended or modified or to any enactment for the time being replacing or amending it and references to any subordinate legislation are to be construed as references to that legislation as for the time being amended or modified or to any legislation for the time being replacing or amending it;
  - (k) references to an agreement or any other document shall be construed as referring to that agreement or document as from time to time supplemented, varied, replaced, amended, assigned or novated;
  - (l) references to any particular provisions of any agreement or any other document shall be construed to include any other provisions of, or incorporated in, that agreement or other document which the Secretary of State considers have an equivalent effect or are intended to fulfil the same function;

- (m) amendments to or variations of contracts or arrangements include assignments, novations or other transfers of rights and/or obligations (in whole or in part) under such contracts or arrangements;
  - (n) words importing the masculine gender include the feminine and vice versa, and words in the singular include the plural and vice versa;
  - (o) wherever provision is made for the giving or issuing of any notice, endorsement, consent, approval, waiver, certificate or determination by any person, unless otherwise specified, such notice, endorsement, consent, approval, waiver, certificate or determination shall be in writing and the words “notify”, “endorse”, “consent”, “approve”, “waive”, “certify” or “determine” and other cognate expressions shall be construed accordingly;
  - (p) references to materials, information, data and other records shall be to materials, information, data and other records whether stored in electronic, written or other form;
  - (q) references to the Operator bidding for Train Slots or a Timetable shall mean the final action incumbent on the Operator under the Network Code to confirm to Network Rail its interests in the Train Slots to which that confirmation relates, and “bid” shall be construed accordingly;
  - (r) references to the period of validity of any Fare are references to its period of validity excluding any rights of any purchaser thereof to extend such period under the Passenger’s Charter, any equivalent document, or the terms and conditions attaching to such Fare (including any applicable conditions of carriage) in the event of the cancellation or delay of any of the railway passenger services for which such Fare is valid;
  - (s) references to “railway passenger services” are to be construed subject to section 40 of the Railways Act 2005;
  - (t) references to the “provision of railway passenger services” include the organisation of the relevant train movements and making the necessary arrangements with Network Rail or any other relevant Facility Owner;
  - (u) references in lower case letters to terms defined in paragraph 3 (*Definitions*) shall be construed, where relevant, as being references to the terms defined as such in a franchise agreement or relevant agreement made under section 30 of the Act or section 6 of the Railways Act 2005 with any other Train Operator;
  - (v) references to sums of money being expended by the Operator shall be to such sums exclusive of Value Added Tax;
  - (w) the words “shall not be liable” are to be construed as meaning that no contractual breach of the Service Contract shall arise as a result of the occurrence of the matter to which such words relate;
  - (x) Not Used;
  - (y) wherever provision is made for the Operator to “procure” or “ensure” the delivery of an obligation under the Service Contract, unless otherwise specified, that provision shall be construed as a primary obligation on the Operator to deliver that obligation;
  - (z) references to “profit” shall be construed as meaning profit before corporation tax, determined in accordance with GAAP; and
  - (aa) references to “process” or “processing” or “processed” are to be construed in accordance with the Data Protection Legislation for the purposes of paragraph 5 of Chapter 9.3 (*Branding and Intellectual Property*), paragraph 12.1 of Chapter 9.6 (*Confidentiality and Data Protection*), and paragraph 11 (*Data Protection*) of Chapter 9.6 (*Confidentiality and Data Protection*).
- 1.3 Where there is a requirement on the Operator to **“fully and effectively co-operate”** with one (1) or more other third parties with regard to an objective, that requirement relates to the

quality of co-operation to be provided by the Operator taking into account and subject to the response of the other third parties concerned. Subject to the detailed provisions of Chapter 3 (*Collaboration*), it does not indicate an obligation on the Operator beyond co-operation, relating to the funding of detailed design and development of an infrastructure project, actual delivery or subsequent operation (including in each case performance, cost and revenue effects). It does indicate that the Operator shall participate actively in relation to the relevant objective including through the application of management time and internal resources, correspondence and attendance at meetings, in each case as the Operator reasonably considers in all of the circumstances to be an appropriate use of its resources and effective to achieve the relevant objective.

- 1.4 The Service Contract Expiry Provisions shall apply from:
- (a) subject to 1.4(b) below, the date which is twelve (12) or thirteen (13) months, as the case may be, prior to the Expiry Date;
  - (b) Not Used;
  - (c) such earlier date as the Secretary of State may determine and of which the Secretary of State shall notify the Operator.
- 1.5 In the Service Contract, the Secretary of State is acting as part of the Crown.
- 2. Agreed Documents**
- 2.1 References to documents “**in the agreed terms**” are references to documents initialled by or on behalf of the Secretary of State and the Operator.
- 2.2 As at the date of this Contract, the documents “**in the agreed terms**” are as follows:

<b>CIMW</b>	Contracts and Insurance Matrix Workbook;
<b>DL</b>	Depot Lease;
<b>IBP</b>	Initial Business Plan;
<b>NRCA</b>	Network Rail Collateral Agreement;
<b>PC</b>	Passenger’s Charter;
<b>PFD</b>	Protected Fares Document;
<b>PMW</b>	Property Matrix Workbook;
<b>RCIS PCM</b>	RCIS Performance Calculation Methodology;
<b>SAMP</b>	Station Asset Management Plan;
<b>SAMW</b>	Systems and Assets Matrix Workbook;
<b>SL</b>	Station Lease;
<b>SQS</b>	Service Quality Schedules;
<b>TA</b>	Transfer Agreement;
<b>TFCP</b>	Train Formation Capacity Plan;
<b>TSR</b>	Train Service Requirement; and
<b>TTSM</b>	Ticketless Travel Survey Methodology.

- 2.3 References in any document in the agreed terms to the “Service Agreement” (or cognate phrases) shall be construed as references to this Service Contract.
- 3. Definitions**
- 3.1 In this Contract, except to the extent the context otherwise requires, the following words and expressions have the following meanings:
- “**2015 Franchise Agreement**” means the franchise agreement dated 22 December 2015 entered into between the Secretary of State and the Previous Operator;

<b>“Acceptable Insight Rating”</b>	has the meaning given in paragraph 3 of Appendix 1 ( <i>Scorecard Criteria</i> ) to Chapter 7.2 ( <i>Performance Assessment</i> );
<b>“Access Agreement”</b>	has the meaning given to the term <b>“access agreement”</b> in section 83(1) of the Act;
<b>“Accessibility Panel”</b>	means the regular forum of disabled passengers, including users of assisted travel, which the Operator must operate and consult on accessibility issues by virtue of section B5 of the Accessible Travel Policy Guidance and which the Operator shall establish from the Start Date;
<b>“Accessible Travel Policy”</b>	means the Operator’s policy for accessible travel which the Operator is required to establish and review from time to time in accordance with the conditions of its Licences in respect of the operation of railway passenger services and/or stations;
<b>“Accessible Travel Policy Guidance”</b>	means the “Accessible Travel Policy: Guidance for Train and Station Operators”, published by the ORR in July 2019 as amended and/or replaced from time to time;
<b>“Accounts Reconciliation”</b>	has the meaning given in paragraph 1.5(b)(ii) of Chapter 7.3 ( <i>Management Information</i> );
<b>“Act”</b>	means the Railways Act 1993 (as modified, amended or replaced by the Transport Act 2000, the Railways Act 2005 and the Deregulation Act 2015) and any regulations or orders made thereunder;
<b>“Action Plan”</b>	has the meaning given to it in paragraph 9.1(e) of Chapter 4.4 ( <i>Operational Performance</i> );
<b>“Actual All Cancellations Performance Level”</b>	means, in respect of a Reporting Period, the All Cancellations Figures most recently published by Network Rail for that Reporting Period in relation to the Operator;
<b>“Actual Consist Data”</b>	means information as to the type of individual vehicles of rolling stock in the Train Fleet which are actually used to form a train on any particular Passenger Service and the manner in which they are configured, which may or may not be the same as the Scheduled Consist Data for the same service;
<b>“Actual Costs”</b>	means costs, expenses (including payments) and liabilities reasonably and properly incurred by the Operator arising out of or in connection with the operation of the Rail Services in accordance with this Contract and: <ul style="list-style-type: none"> <li>(a) on the accruals accounting basis;</li> <li>(b) net of any future likely discounts, rebates or price reductions; and</li> <li>(c) calculated on a gross, actual basis (whether or not the Operator accounts on the agency basis),</li> </ul> but <u>excluding</u> : <ul style="list-style-type: none"> <li>(i) Contract Payments;</li> </ul>

- (ii) not used;
- (iii) corporation tax, deferred tax and any other accounting adjustments relating to Taxation;
- (iv) to (ix) not used;

**“Actual Passenger Demand”**

has the meaning given to it in paragraph 15.1 of Chapter 4.1 (*Service Development*);

**“Actual Revenue”**

means the total revenue of the Operator received or receivable on the accruals accounting basis in relation to the Service Contract, being:

- (a) all revenue whatsoever from any source; and
- (b) calculated on a gross, actual basis (whether or not the Operator accounts on the agency basis),

and (for the avoidance of doubt) including:

- (i) any revenue received or receivable by the Operator under any Track Access Agreement (including under Schedules 4 or 8 to such Track Access Agreement) (and any amounts paid or payable under Schedules 4 or 8 to such Track Access Agreement, shall be treated as a negative revenue and shall not be Actual Costs);
- (ii) Not used;
- (iii) cash or other consideration received or receivable on disposal of any assets (including any cash or other consideration received or receivable from a Successor Operator) provided that the purchase of those assets was an Actual Cost;
- (iv) compensation (or equivalent) paid or payable by the Operator (whether pursuant to the Passenger’s Charter (or otherwise)), and for the avoidance of doubt, such compensation shall not be Actual Costs; and
- (v) retail or other commission, allowances or similar payments, paid or payable by the Operator (and for the avoidance of doubt, such commission, allowances or similar payments paid or payable by the Operator shall not be Actual Costs);

but excluding:

- (A) Contract Payments;



(B) – (F) not used;

<b>“Actual T-3 Performance Level”</b>	means, in respect of a Reporting Period, the T-3 figures most recently published by Network Rail for that Reporting Period in relation to the Operator;
<b>“Actual T-15 Performance Level”</b>	means, in respect of a Reporting Period, the T-15 figures most recently published by Network Rail for that Reporting Period in relation to the Operator;
<b>“Actual Train Mileage”</b>	means the actual train mileage operated during each Reporting Period by each train used in the provision of the Passenger Services (excluding any actual train mileage operated as a result of positioning or other movements of rolling stock vehicles outside the Timetable) and <b>“Actual Train Miles”</b> shall be construed accordingly;
<b>“Actuary”</b>	has the meaning given to it in the Pension Trust;
<b>“Additional Boxing Day Services”</b>	has the meaning given to it in paragraph 14.1 (b) of Part 2 of Chapter 4.1 ( <i>Service Development</i> );
<b>“Advance Purchase Train-specific Fares”</b>	has the meaning given to it under the Ticketing and Settlement Agreement;
<b>“Affected Service Quality Area”</b>	has the meaning given to such term in paragraph 17.1(b) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“Affiliate”</b>	means, <ul style="list-style-type: none"> <li>(a) in respect of any person (“A”): <ul style="list-style-type: none"> <li>(i) any person which A Controls or which Controls A; or</li> <li>(ii) any person which is Controlled by any other Affiliate of A; and</li> </ul> </li> <li>(b) any person which directly or indirectly (including as a shareholder in any immediate parent undertaking): <ul style="list-style-type: none"> <li>(i) holds any share capital in the Operator;</li> <li>(ii) in the event of the winding-up or other analogous event in respect of the Operator would be entitled to any share or receive any assets of the Operator which are available for distribution; or</li> <li>(iii) has any voting power in the Operator,</li> </ul> </li> </ul> <p>and for the purpose of this definition none of Network Rail or NR or HS2 Limited shall be construed as being an affiliate of the Secretary of State;</p>
<b>“All Cancellations”</b>	means the sum of Cancellations, Partial Cancellations, Network Rail Cancellations and Network Rail Partial Cancellations relating to the Rail Services as produced and/or published by Network Rail;
<b>“All Cancellation Figures”</b>	means the moving annual average percentage published by Network Rail in respect of All Cancellation, rounded to two (2) decimal places;
<b>“All Cancellations Measure”</b>	means, for each Reporting Period, each of the benchmarks specified in the All Cancellations Table for that Reporting Period;

**“All Cancellations Table”**

means the table entitled “OP Targets – All Cancellations” as set out in the relevant Annual Performance Specifications;

**“Alternative Survey”**

has the meaning given to it in paragraph 19.6 of Part 2 (*RCIS*) of Chapter 5.5 (*Customer Experience Performance*)

**“Ancillary Service”**

means:

- (a) 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 for consumption or use on the relevant train, including the sale of any Fares, meals, light refreshments, newspapers, magazines, books, entertainment materials information or materials targeted at tourists and other leisure passengers (such as maps) or phone cards;
- (b) 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 (a) or which, if provided at a Station, would fall within the meaning of the term Station Services 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;
- (c) 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 Operator on or before the date of this Contract 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;
- (d) the selling, in conjunction with any Fare, of any other rights which entitle the purchaser thereof to:
  - (i) travel on any other train or light rail service;
  - (ii) travel on any aircraft;
  - (iii) travel on any shipping or ferry service;
  - (iv) travel on any bus; or
  - (v) attend any event or attraction or enter any location;
- (e) the lending, seconding, hiring or contracting out of Business Employees to other Train Operators in order to enable such Train Operators to provide services at the Stations to passengers travelling on any such operator’s trains;
- (f) the provision of information relating to railway passenger services within Great Britain to passengers through telephone, internet, mobile data services or other appropriate means;
- (g) 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 and could not reasonably be carried out by or through an Affiliate of the Operator;

- (h) the licensing or permitting of any other person (including an Affiliate of the Operator) to carry out any activity or business, in connection with the provision of the Rail Services, or otherwise, on any rolling stock vehicle operated by the Operator, at any station served by the Passenger Services, 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);
- (i) such other activity or business as may be reasonably necessary for the purpose of providing any other Rail Services or complying with the Service Contract, provided that it could not reasonably be carried out by or through an Affiliate of the Operator;
- (j) the subleasing to any other person of the following property which is not comprised in a Station or Depot: none;
- (k) the provision or operation of Charter Services, subject to the Planned Train Mileage of such Charter Services not exceeding in any Reporting Period two per cent (2%) of the Planned Train Mileage of Passenger Services provided by the Operator in such Reporting Period;
- (l) the provision of consultancy services reasonably ancillary to the provision of the other Rail Services; and
- (m) any services or activity not falling within the meaning of the term Light Maintenance Services, or (a) to (l) above, subject to the gross value of any such services or activity (excluding any attribution of costs) not exceeding [REDACTED<sup>12</sup>] per annum in each Contract Year, per item and in aggregate, [REDACTED<sup>13</sup>] per annum in each Contract Year provided that in the second and each subsequent Contract Year, these amounts will be increased by multiplying by CPI (where CPI is the quotient of the Consumer Prices Index for the January which immediately precedes the commencement of the

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<sup>12</sup> 20 March 2024 (Date of Redactions Approval) Where text has been omitted from the document - this is because the Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000 (R - TPT - Mar 24 - 001).

<sup>13</sup> 20 March 2024 (Date of Redactions Approval) Where text has been omitted from the document - this is because the Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000 (R - TPT - Mar 24 - 001).

relevant Contract Year divided by the Consumer Prices Index for January 2023);

**“Annual Audited Accounts”**

means the accounts of the Operator which:

- (a) comply with of the requirements of Chapter 7.3 (*Management Information*); and
- (b) are delivered to the Secretary of State by the Operator in accordance with paragraph 1.5(b) of Chapter 7.3 (*Management Information*) and certified by the Operator’s auditors as true and fair;

**“Annual Management Accounts”**

means the management accounts of the Operator which:

- (a) comply with the requirements of Chapter 7.3 (*Management Information*); and
- (b) are delivered to the Secretary of State by the Operator in accordance with paragraph 1.5(a) of Chapter 7.3 (*Management Information*);

**“Annual Performance Specifications”**

means, in respect of each Business Plan Period, a document setting out (as applicable):

- (a) the Operational Performance Component Tables;
- (b) the Enforcement TOC on Self Cancellations Benchmarks Table;
- (c) the Enforcement TOC Minutes Delay Benchmarks Table;
- (d) the Enforcement Short Formations Benchmarks Table;
- (e) the RCIS Benchmark Tables;
- (f) Not Used;
- (g) the SQR Benchmarks;
- (h) the Breach Ticketless Travel Benchmarks;
- (i) the Ticketless Travel Minimum Performance Level; and
- (j) other relevant targets and/or benchmarks,

as such document may be agreed or determined pursuant to paragraph 3 (*Annual Business Plan Process*) of Chapter 7.7 (*Business Plan*) and which (once agreed or determined) shall comprise part of the Business Plan applicable to the relevant Business Plan Period (it being acknowledged that the Annual Performance Specifications applicable to the first Contract Year comprise part of the Initial Business Plan);

**“Annual Season Ticket”**

means a Season Ticket Fare which is valid in Standard Class Accommodation from (and including) the day on which it first comes into effect until (but excluding) the day which falls twelve (12) months after such day;

**“Annual TRU Business Plan Specification”**

means the section of the relevant Business Plan which:

- (a) relates to the conduct by the Operator of the TRU Activities in the relevant Business Plan Year; and
- (b) (in respect of the Business Plan for the second Business Plan Year and each subsequent Business Plan Year

onwards) incorporates the TRU Scorecard Criteria applicable to the relevant Business Plan Year;

**“Apprenticeship”**

means (as the context requires) an individual apprenticeship pursuant to:

- (a) an apprenticeship programme operated by the Operator:
  - (i) in connection with an apprenticeships framework listed on the Federation for Industry Sector Skills & Standards’ “Frameworks Library” (as located at the date of this Contract at: <http://www.afo.sscalliance.org/frameworkslibrary/>); and
  - (ii) in compliance with the “Specification of Apprenticeship Standards for England” pursuant to the Apprenticeships, Skills, Children and Learning Act 2009; and/or
- (b) an apprenticeship programme operated by the Operator pursuant to (and in accordance with applicable requirements of) such statutory apprenticeships system as may be introduced in replacement of, or in variation or addition to, the apprenticeships frameworks system described in paragraphs (a)(i) and (ii) above,

and references to **“Apprenticeships”** shall be construed accordingly;

**“Apprenticeships Data Collection Form”**

means the excel table provided by the Secretary of State and populated by the Operator specifying in relation to each Contract Year the number of Apprenticeships to be commenced in such Contract Year, the number of such Apprenticeships at each of level 1 – 8, the role and skills category within which each such Apprenticeship falls and other information as the table may be amended or replaced by the Secretary of State;

**“Apprenticeships Requirement”**

has the meaning given to it in paragraph 2.4 of Chapter 2.1 (*Diversity and Inclusion and Training and Development*);

**“Approval”**

means

- (a) where the Operator gives notice under paragraph 1.1(b) of Chapter 1.3 (*Approval Process*), the approval of the Secretary of State pursuant to paragraph 2.3(a) of Chapter 1.3 (*Approval Process*) or deemed approval of the Secretary of State pursuant to paragraph 3 of Chapter 1.3 (*Approval Process*) (in either case as granted in accordance with paragraph 1.3 of Chapter 1.3 (*Approval Process*)); and
- (b) otherwise, the Secretary of State's consent as granted in accordance with paragraph 1.2 of Chapter 1.3 (as applicable),

and **“Approve”** and **“Approved”** shall be construed accordingly;

<b>“Assets”</b>	means the property, rights and liabilities of the Operator used in the provision of the Rail Services except as referred to in paragraph 2.2 of Chapter 9.2.2 (Key Assets);
<b>“Background IP”</b>	means all Intellectual Property Rights owned by or licensed to a Party that exist at the start of the Contract Period and/or which are created or developed during the Contract Period independently by a Party or its third party licensor separately from the performance or receipt of Rail Services or any obligations under this Contract;
<b>“Bank”</b>	means a person which has a permission under Part 4A of the Financial Services and Markets Act 2000 to carry on the regulated activity of accepting deposits thereunder and which is acceptable to the Secretary of State;
<b>“Bank Holiday”</b>	means any day other than a Saturday or Sunday on which banks in the City of London are not open for business;
<b>“Boxing Day Services”</b>	has the meaning given to it in paragraph 14.1(a) of Chapter 4.1 (Service Development);
<b>“BP Background”</b>	has the meaning given to it in paragraph 9.1 ( <i>Ownership of Business Plan IP</i> ) of Chapter 7.7 ( <i>Business Plan</i> );
<b>“BP Foreground”</b>	has the meaning given to it in paragraph 9.2 ( <i>Ownership of Business Plan IP</i> ) of Chapter 7.7 ( <i>Business Plan</i> );
<b>“Brand Licence”</b>	means any licence between the Secretary of State (or any company wholly owned by the Secretary of State) and the Operator in respect of any registered or unregistered trademarks which are listed in Schedule 1 ( <i>Licensed IP</i> ) of the relevant licence;
<b>“Breach Performance Level”</b>	means, in relation the relevant Enforcement Benchmark for any Reporting Period, the number set out in the relevant column of the Enforcement TOC on Self Cancellations Benchmarks Table, the Enforcement Short Formations Benchmarks Table, the Enforcement TOC Minutes Delay Benchmarks Table and (as the case may be) in the row of the applicable table for that Contract Year;
<b>“Breach Ticketless Travel Benchmark”</b>	means the applicable value specified in the relevant Annual Performance Specifications as being the “Breach Ticketless Travel Benchmark” for the purposes of paragraph 2 ( <i>Ticketless Travel Performance</i> ) of Part A of Chapter 8.1 ( <i>Marketing and Revenue Growth</i> );
<b>“British Transport Police”</b>	means the British Transport Police Authority and the British Transport Police Force created pursuant to section 18 and section 20 of the Railways and Transport Safety Act 2003 (or any successor or successors to its statutory policing functions);
<b>“BTP Methodology”</b>	means the document in which the British Transport Police sets out the ‘Threat, Risk, Harm (TRH)’ performance monitoring approach and worked examples, a copy of which is available from the Secretary of State;
<b>“Buildings Research Establishment Environmental Assessment Method” or “BREEAM”</b>	means the internationally recognised environmental assessment method and rating system for buildings developed by Building Research Establishment Limited or any other standard which is generally recognised as having replaced it;

**“Business Continuity Plan” or “BCP”**

means a business continuity and disaster recovery plan (including a Force Majeure Events recovery plan) required to be produced, maintained and implemented by the Operator in accordance with the requirements of paragraph 2 of Chapter 1.2 (*Strategies and Plans*);

**“Business Employee”**

means:

- (a) any employee of the Operator from time to time; and
- (b) any other person who is an employee of any Affiliate of the Operator or is an employee of any party to whom the Rail Services or services which are in support of or ancillary to the Rail Services have been subcontracted (at any tier) or delegated by the Operator; and
- (c) in the case of (a) or (b) whose contract of employment would (subject to the exercise of such person’s right to object to the transfer) be transferred to a Successor Operator following the expiry of the Contract Period by virtue of the operation of Law (including the Transfer of Undertakings (Protection of Employment) Regulations 2006) or in respect of whom liabilities arising from a contract of employment or employment relationship may be so transferred;

**“Business Employee Change”**

has the meaning given in paragraph 11.2 (*Changes in Numbers and Total Cost of Employees*) of Chapter 2.2 (*Rail Workforce*);

**“Business Plan”**

means:

- (a) in respect of the Initial Business Plan Year, the Initial Business Plan in the agreed terms marked **IBP** as the same may be replaced in accordance with paragraph 2.3 (*Initial Business Plan*) of Chapter 7.7 (*Business Plan*); or
- (b) as the same may be replaced from time to time in respect of each Subsequent Business Plan Year pursuant to paragraph 3 (*Annual Business Plan Process*) of Chapter 7.7 (*Business Plan*), (in each case) in the agreed terms marked **BP** and as may be revised in accordance with paragraph 6 (*Business Plan Revisions*) of Chapter 7.7 (*Business Plan*);

**“Business Plan Approach”**

means any strategies, actions, and processes that the Operator intends to take or follow (as applicable), as described in any Business Plan, for the purposes of delivering:

- (a) the Operator’s obligations under the Service Contract;
- (b) the Business Plan Commitments set out in such Business Plan; and
- (c) the Business Plan KPIs set out in such Business Plan,

in each case with respect to the relevant Business Plan Year;



<b>“Business Plan Commitments”</b>	means the contractual obligations which the Operator is required to deliver in relation to any Business Plan Year, which (in respect of each Business Plan Component in the Business Plan) are identified as ‘Business Plan Commitments’ in the Business Plan, and which shall include the achievement of milestones and other indicators of progress towards associated longer-term requirements as described in the Outline Business Plan;
<b>“Business Plan Components”</b>	has the meaning given in paragraph 1.1(a) of Chapter 7.7 ( <i>Business Plan</i> );
<b>“Business Plan KPIs”</b>	means, in relation to a Business Plan, the key performance indicators, which shall be measurable expressions of specific outputs and/or outcomes, used to measure the Operator’s performance against the Business Plan in relation to a Business Plan Year;
<b>“Business Plan KPI Improvement Plan”</b>	has the meaning given in paragraph 5.5 of Chapter 7.7 ( <i>Business Plan</i> );
<b>“Business Plan Period”</b>	means, in respect of any Business Plan, the Business Plan Year to which such Business Plan relates, together with a period of four (4) years following the end of such Business Plan Year (regardless of whether such period extends beyond the Contract Term), or such other period as the Secretary of State may specify;
<b>“Business Plan Revision”</b>	has the meaning given in paragraph 6.2 ( <i>Business Plan Revisions</i> ) of Chapter 7.7 ( <i>Business Plan</i> );
<b>“Business Plan Year”</b>	means the Initial Business Plan Year and each Subsequent Business Plan Year;
<b>“Cancellation”</b>	means a Passenger Service: <ul style="list-style-type: none"> <li>(a) which is included in the Enforcement Plan of the Day and which is cancelled for reasons attributed to the Operator pursuant to its Track Access Agreement; or</li> <li>(b) which is included in the Enforcement Plan of the Day and which operates less than fifty per cent (50%) of its scheduled mileage (as prescribed in the Enforcement Plan of the Day) for reasons attributed to the Operator pursuant to its Track Access Agreement;</li> </ul>
<b>“Cancellations Figures”</b>	means the number of: <ul style="list-style-type: none"> <li>(a) Cancellations and Partial Cancellations; and</li> <li>(b) Network Rail Cancellations and Network Rail Partial Cancellations,</li> </ul> in each case, relating to the Passenger Services operated in each Reporting Period;
<b>“Cascaded Rolling Stock”</b>	means rolling stock proposed to be used by the Operator in the provision of the Passenger Services the availability of which is, in the opinion of the Secretary of State, directly or indirectly dependent upon the successful introduction into service of any Relevant Rolling Stock by any other Train Operator;

<b>“Cash Balance”</b>	<p>means the Operator’s cash balance excluding the amount equivalent to:</p> <p>(a) any cash that is held pursuant to any restrictive terms under any agreement and that, consequently, cannot be used for general operating purposes;</p> <p>(b) any cash capable of being drawn down but not actually received,</p> <p>including, in both cases, under any loan available to the Operator under the Funding Deed;</p>
<b>“CCTV Guidance”</b>	<p>means the Rail Delivery Group’s “<i>National Rail &amp; Underground Closed Circuit Television (CCTV)</i>” guidance, the British Transport Police’s “<i>Output Requirements from Video Systems</i>” guidance, Home Office’s “<i>Surveillance Camera Code of Practice June 2013</i>”, each as updated from time to time and any other guidance required by the Secretary of State;</p>
<b>“Ceased Services”</b>	<p>has the meaning given to it in paragraph 2.3(c) of Part 1 (<i>Service Quality Regime</i>) of Chapter 5.5 (<i>Customer Experience Performance</i>);</p>
<b>“Central Government Body”</b>	<p>means a body listed in one of the following sub-categories of the Central Government classification of the Public Sector Classification Guide, as published and amended from time to time by the Office for National Statistics:</p> <p>(a) Government Department;</p> <p>(b) Non-Departmental Public Body or Assembly Sponsored Public Body (advisory, executive, or tribunal);</p> <p>(c) Non-Ministerial Department;</p> <p>(d) Executive Agency; or</p> <p>(e) any other body that is a limited company and is controlled directly or indirectly by a Government Department;</p>
<b>“Charter Service”</b>	<p>means a railway passenger service, whether operated on the same routes as the Passenger Services or not:</p> <p>(a) which is not reflected in the Timetable;</p> <p>(b) which does not conform to the pattern of railway passenger services normally provided by the Operator;</p> <p>(c) for which the advance booking or booking arrangements for seats on the relevant service are, in the opinion of the Secretary of State, materially different from those generally applicable to the Passenger Services;</p> <p>(d) for which tickets are available on a restricted basis or on terms and conditions which, in the opinion of the Secretary of State, are materially different from those generally applicable to the Passenger Services; and/or</p>

	(e) for which the departure time, journey time and calling pattern are, in the opinion of the Secretary of State, materially different from those of the Passenger Services,
	and which, in the opinion of the Secretary of State, is not a railway passenger service provided by the Operator as part of the Passenger Services;
<b>“Child Price”</b>	means, in relation to any Fare, the amount charged or chargeable to a person under the age of 16 in respect of such Fare;
<b>“Closed Scheme Employees”</b>	has the meaning given to it in paragraph 3.2 of Chapter 7.6 ( <i>Railways Pension Scheme</i> );
<b>“Closure”</b>	means a discontinuance or closure under Part 4 of the Railways Act 2005 of any of the Passenger Services or of any network on which the Passenger Services may be operated or of any of the Stations or of any part of such network or Station;
<b>“Code of Practice”</b>	means the code of practice for protecting the interests of users of railway passenger services or station services who have disabilities, as prepared, revised from time to time (with the approval of the Disabled Persons Transport Advisory Committee) and published by the Secretary of State pursuant to section 71B of the Act and which is available at <a href="https://www.gov.uk/government/publications/accessible-railway-stations-design-standards">https://www.gov.uk/government/publications/accessible-railway-stations-design-standards</a> (or such other applicable web address that is adopted by the Secretary of State from time to time);
<b>“Collective Agreement”</b>	has the meaning given to it in the Trade Union and Labour Relations (Consolidation) Act 1992;
<b>“Commercial Considerations”</b>	means considerations of price, quality, availability, marketability, transportation and other terms and conditions of purchase or sale, or other factors that would normally be taken into account in the commercial decisions of a publicly owned enterprise operating according to market economy principles in the relevant business or industry;
<b>“Community Rail Network”</b>	means the grassroots community network whose purpose is to support Community Rail Partnerships (previously known as the Association of Community Rail Partnerships) or any successor body;
<b>“Community Rail Partnership”</b>	means any not for profit organisation of the same name that has an interest in the development of responsive and good quality railway passenger services;
<b>“Community Rail Report”</b>	has the meaning given to it in paragraph 2.6 of Chapter 5.2 ( <i>Customer Schemes</i> );
<b>“Community Rail Route”</b>	means any Route in respect of which the Secretary of State determines that any relevant Community Rail Partnership has an interest;
<b>“Community Rail Strategy”</b>	means the Community Rail Development Strategy (as may be updated from time to time) published in November 2018 and which provides a broad framework within local lines can support their communities;

<b>“Compulsory Inter-available Flow”</b>	has the meaning given to it in the Ticketing and Settlement Agreement;
<b>“Computer System”</b>	means computer hardware and computer software, including licensed third party software and data protocols;
<b>“Confidential Information”</b>	has the meaning given to it in paragraph 1 of Chapter 9.6 ( <i>Confidentiality and Data Protection</i> );
<b>“Connection”</b>	means a connection (however described) between any of the Passenger Services provided by the Operator and any other railway passenger service provided by the Operator or any other Train Operator or any bus, ferry or shipping service and cognate phrases shall be construed accordingly;
<b>“Contingency Plan”</b>	has the meaning given in paragraph 1.1(a)(iv) ( <i>Definition of Force Majeure Events</i> ) of Chapter 9.4.4 ( <i>Force Majeure</i> );
<b>“Contract”</b>	means clauses 1 to 11 and Chapters 1 to 10 including any Appendices and Annexes of this service contract (as amended from time to time in accordance with this Contract or by agreement between the Operator and the Secretary of State);
<b>“Contract Documents”</b>	means: <ul style="list-style-type: none"> <li>(a) this Contract;</li> <li>(b) Not Used;</li> <li>(c) the Funding Deed;</li> <li>(d) the Train Service Requirement;</li> <li>(e) Not Used;</li> <li>(f) any Business Plan agreed or determined in accordance with Chapter 7.7 (<i>Business Plan</i>) (including the Business Plan Commitments);</li> <li>(g) Not Used; and</li> <li>(h) any other agreement signed by the Operator at the time of the award of the Rail Services which is in the possession of the Secretary of State and which is notified by the Secretary of State to the Operator as being required for publication;</li> </ul>
<b>“Contract Payment”</b>	means, in relation to any Reporting Period, the amount determined in accordance with paragraph 1 or paragraph 5 (as the case may be) of Chapter 7.1 ( <i>Contract Payments</i> );
<b>“Contract Performance Meeting”</b>	means a meeting between the Secretary of State and the Operator to be held in accordance with paragraph 8 of Chapter 1.1 ( <i>Organisation and Management</i> );
<b>“Contract Period”</b>	means the period commencing on the Start Date and ending on the Expiry Date;
<b>“Contract Term”</b>	means the period commencing on the Start Date and expiring on the Expiry Date;
<b>“Contract Year”</b>	means any period of twelve (12) months during the Contract Period, beginning on 1 April and ending on 31 March, except that the first Contract Year and the Final Contract Year may be for a period of less than twelve (12) months and the first

	Contract Year shall begin on the Start Date and the Final Contract Year shall end on the last day of the Contract Period;
<b>“Contracts and Insurance Matrix Workbook” or “CIMW”</b>	means the document in the agreed terms marked CIMW and has the meaning given to it in paragraph 4A.3(c) ( <i>Maintenance of Records</i> ) of Chapter 1.1 ( <i>Organisation and Management</i> );
<b>“Contractual Breach Notice”</b>	has the meaning given to it in paragraph 2.1 of Chapter 9.4.3 ( <i>Procedure for Remedying a Contractual Breach of the Service Contract</i> );
<b>“Contractual Breach Remedial Notice”</b>	has the meaning given to it in paragraph 4.1(a) of Chapter 9.4.3 ( <i>Procedure for Remedying a Contractual Breach of the Service Contract</i> );
<b>“Control”</b>	means, in respect of a person (“A”), that another person (whether alone or with others and whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise): <ul style="list-style-type: none"> <li>(a) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of: <ul style="list-style-type: none"> <li>(i) A;</li> <li>(ii) any person who has equivalent rights over A; or</li> <li>(iii) any person who A has equivalent rights over;</li> </ul> </li> <li>(b) has the power to direct the affairs and policies of: <ul style="list-style-type: none"> <li>(i) A;</li> <li>(ii) any person who has equivalent rights over A; or</li> <li>(iii) any person who A has equivalent rights over;</li> </ul> </li> <li>(c) is the parent undertaking of A or of any other person which is the parent undertaking of such person by virtue of section 1162(5) of the Companies Act 2006; or</li> <li>(d) possesses or is, or will be at a future date, entitled to acquire: <ul style="list-style-type: none"> <li>(i) twenty-five per cent (25%) or more of the share capital or issued share capital of, or of the voting power in; <ul style="list-style-type: none"> <li>(A) A;</li> <li>(B) any person who has equivalent rights over A; or</li> <li>(C) any person who A has equivalent rights over;</li> </ul> </li> <li>(ii) such part of the issued share capital of: <ul style="list-style-type: none"> <li>(A) A;</li> <li>(B) any person who has equivalent rights over A; or</li> <li>(C) any person who A has equivalent rights over,</li> </ul> </li> </ul> </li> </ul>

as a result of which he would, if the whole of the income of such persons were distributed, be entitled to receive twenty-five per cent (25%) or more of the amount so distributed; or

(iii) such rights as would, in the event of the winding-up or other analogous event in respect of:

- (A) A;
- (B) any person who has equivalent rights over A; or
- (C) any person who A has equivalent rights over,

entitle him to receive twenty-five per cent (25%) or more of the assets of such person which would then be available for distribution,

and **“Controlled”** shall be construed accordingly;

**“Controlled Emission Toilet” or “CET”**

means a toilet fitted on a Rolling Stock Unit and which retains effluent in retention tanks such that effluent is not discharged on the rail tracks;

**“Controller”**

has the meaning given to it in the Data Protection Legislation;

**“Cost Budget”**

means the costs budgeted to be incurred by the Operator in each Reporting Period falling within a CP Quarter and specified in the then current CP Budget;

**“Cost Efficiency Analysis”**

has the meaning given to it in paragraph 1.3(k) (*Contents of the Business Plan*) of Chapter 7.7 (*Business Plan*);

**“Count Equipment”**

means any load-weigh, infrared, CCTV or other type of equipment as may from time to time be installed on any train in the Train Fleet for the purposes of (amongst other things) passenger counting, including that specified in paragraph 17 of Chapter 4.1 (*Service Development*);

**“COVID-19”**

means the coronavirus disease 2019;

**“COVID-19 Guidance and Regulation”**

means guidance and/or regulation relating to COVID-19 as from time to time issued by the ORR, Public Health England or any other relevant government department, agencies or public bodies;

**“CP Budget”**

means the budget to be agreed by the Secretary of State and the Operator in respect of the operation of the Rail Services (as such budget may be further amended pursuant to paragraph 5.2 of Schedule 7.1 (*Contract Payment*)) and which once agreed will be in the agreed terms marked CPB;

**“CP Quarter”**

means, in respect of each Contract Year, each of the following three (or four, as the case may be) Reporting Periods:

- (a) the first to third Reporting Periods;
- (b) the fourth to sixth Reporting Periods; and

- (c) the seventh to ninth Reporting Periods; and
- (d) the tenth to thirteenth Reporting Periods,

provided that:

- (i) the first CP Quarter shall commence on the Start Date and shall expire on 24 June 2023;
- (ii) each CP Quarter shall start on the day following the last day of the preceding CP Quarter; and
- (iii) the last CP Quarter shall end at the end of the Contract Period;

**“CPAY”**

means an arrangement operated by TfL under which contactless payment cards can be used by passengers to obtain access to the public transport services in London without the requirement for purchase of a separate ticket or permission to travel;

**“CPAY Agreement”**

means an agreement dated 30 July 2014 between Transport Trading Limited and train operators operating in London relating to the acceptance of certain contactless payment cards for “pay as you go” journeys in London;

**“Creating”**

has the meaning given to it in the Ticketing and Settlement Agreement, cognate expressions and references to **“Create”** shall be construed accordingly;

**“CRM Data”**

means Personal Data (including any or all of name, address, e-mail address and ticket purchasing history, credit and debit card details) collected by or on behalf of the Operator relating to persons travelling on or purchasing tickets for travel on the Passenger Services or other services for the carriage of passengers by railway;

**“CRM Data Obligations”**

has the meaning given to it in paragraph 5.4 of Chapter 9.3 (*Branding and Intellectual Property*);

**“CRM System”**

means any system (whether a Computer System or otherwise) for the collection of CRM Data and/or onto which CRM Data is input, processed and/or held as such system may be amended or altered from time to time;

**“CRP Amount”**

means the sum of [REDACTED<sup>14</sup>] per Contract Year (reduced pro-rata in respect of any Contract Year of less than three hundred and sixty five (365) days);

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<sup>14</sup> 20 March 2024 (Date of Redactions Approval) Where text has been omitted from the document - this is because the Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000 (R - TPT - Mar 24 - 001).



<b>“Current Reporting Period”</b>	has the meaning given to it in paragraph 1.3 of Appendix 1 ( <i>Calculation of Periodic Contract Payments (PCP)</i> ) to Chapter 7.1 ( <i>Contract Payments</i> );
<b>“Customer Report”</b>	means a report published in accordance with paragraph 1 ( <i>Customer Report</i> ) of Chapter 5.1 ( <i>Customer Information</i> );
<b>“Customer Service Quality Inspection”</b>	means an inspection (and provision of reports as specified) of the Operator’s customer facing systems and procedures against the Service Quality Indicators in the manner specified in Part 3 of the Service Quality Schedules, and in accordance with the requirements of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“Dataset”</b>	means the data specified in Appendix 1 ( <i>Environmental Information</i> ) to Chapter 6 ( <i>Environment and Sustainability</i> ) as the same may be amended from time to time by the Secretary of State;
<b>“Data Protection Act”</b>	means the Data Protection Act 2018;
<b>“Data Protection Legislation”</b>	means all Laws relating to data protection, the Processing of Personal Data and privacy in force from time to time including the UK GDPR, Data Protection Act 2018, and, to extent that they are applicable, the Privacy and Electronic Communications (EC Directive) Regulations 2003 (as may be amended by the proposed Regulation on Privacy and Electronic Communications);
<b>“Data Site Information”</b>	has the meaning given to it in paragraph 3.1 of Chapter 9.5.2 ( <i>Reletting Provisions and Maintenance as a Going Concern</i> );
<b>“Data Site Monitor and Index”</b>	has the meaning given to it in paragraph 3.1A of Chapter 9.5.2 ( <i>Reletting Provisions and Maintenance as a Going Concern</i> );
<b>“Data Subject”</b>	has the meaning given to it in the Data Protection Legislation;
<b>“Delay Attribution Principles and Rules”</b>	means the version of the document known as the Delay Attribution Principles and Rules referenced in the Network Code;
<b>“Delay Repay Compensation”</b>	means compensation payable to a holder of a valid ticket when such ticket holder’s journey is delayed as more particularly described in the Passenger’s Charter;
<b>“Delayed Cascade Mitigation Plan”</b>	has the meaning given to it in paragraph 10.7 of Chapter 9.1 ( <i>Fixed Assets</i> );
<b>“Demobilisation Plan”</b>	means the Operator's plan for the demobilisation of Rail Services which shall: <ul style="list-style-type: none"> <li>(a) demonstrate the Operator's compliance with its obligation to ensure that the business of providing Rail Services can be transferred to a Successor Operator as a going concern at any time (in accordance with paragraph 6 (<i>Maintenance as a going concern</i>) of Chapter 9.5.2 (<i>Reletting Provisions and Maintenance as a going concern</i>));</li> <li>(b) be tailored specifically to the Rail Services; and</li> <li>(c) include critical path milestones for demobilisation and transfer at the date of expiry of this Contract;</li> </ul>

<b>“Departure Station”</b>	has the meaning given to it in paragraph 2 of Appendix 1 ( <i>Accessible Transport Arrangements</i> ) to Chapter 5.3 ( <i>Accessibility and Inclusivity</i> );
<b>“Depot”</b>	means a depot in respect of which the Operator has entered into a Depot Lease;
<b>“Depot Lease” or “DL”</b>	means: <ul style="list-style-type: none"> <li>(a) any lease of a depot to which the Operator is a party as at the Start Date; or</li> <li>(b) any other lease of a depot in relation to which the Operator becomes the Facility Owner at any time during the Contract Period;</li> </ul>
<b>“Derivative Output”</b>	means Intellectual Property Rights that are derived from or generated by the RPC Database or the Preliminary Database when querying such database (which includes the format of all reports and analysis);
<b>“Designated Employer”</b>	has the meaning given to it in the Pension Trust;
<b>“Destination Station”</b>	has the meaning given to it in paragraph 2 of Appendix 1 ( <i>Accessible Transport Arrangements</i> ) to Chapter 5.3 ( <i>Accessibility and Inclusivity</i> );
<b>“Determination Escalation Process”</b>	means the process set out in paragraphs 1.3 to 1.8 of Chapter 9.4.2 ( <i>Dispute Resolution Procedures</i> );
<b>“Devolved Transport Body”</b>	means, any public sector body which has been given responsibility for public passenger transport in the United Kingdom including Transport for London, Transport for Wales, Transport Scotland, Transport for the North, any Passenger Transport Executive or Combined Authority and any other public body with relevant public passenger transport responsibilities;
<b>“Digital Rights”</b>	means rights held at all times by Operator namely each of: <ul style="list-style-type: none"> <li>(a) the Intellectual Property Rights relating to domain names together with any linked email addresses;</li> <li>(b) the Intellectual Property Rights relating to social media handles together with any linked messaging functionality; and</li> <li>(c) any other domain names, email addresses, social media handles, URLs or other digital Intellectual Property Rights acquired for the Rail Services after the date of this Contract;</li> </ul>
<b>“Direct Agreement”</b>	means any agreement made, or to be made, from time to time between the Secretary of State and the counterparty of a Key Contract in relation to such Key Contract, including any agreement entered into by the Secretary of State under Chapter 9.2.1 ( <i>Key Contracts</i> );
<b>“Direct Delay”</b>	means a delay that is attributed as “Direct Delay” in accordance with the Delay Attribution Principles and Rules;
<b>“Disabled Person”</b>	is a reference to a person who has a disability as defined in the EA 2010;
<b>“Disabled Persons Transport Advisory Committee” or “DPTAC”</b>	means the committee with that name established under section 125 of the Transport Act 1985 and its statutory successors;

<b>“Discount Card”</b>	has the meaning given to it in the Ticketing and Settlement Agreement;
<b>“Discount Fare Scheme”</b>	Means each of the following schemes as at the Start Date: <ul style="list-style-type: none"> <li>(a) Disabled Persons Railcard Scheme dated 23 July 1995 between the participants therein;</li> <li>(b) Young Persons Railcard Scheme dated 23 July 1995 between the participants therein; and</li> <li>(c) Senior Railcard Scheme dated 23 July 1995 between the participants therein; or</li> <li>(d) any other discount fare scheme approved from time to time by the Secretary of State for the purposes of section 28 of the Act,</li> </ul> <p>in each case until such time as it may cease to be approved by the Secretary of State for the purposes of section 28 of the Act.</p>
<b>“Dispute Handling Plan”</b>	has the meaning given to it in paragraph 5.2 ( <i>Industrial Action</i> ) of Chapter 2.2. ( <i>Rail Workforce</i> );
<b>“Dispute Handling Policy”</b>	means the policy issued by the Secretary of State with the same name on, on or about the Start Date, as may be amended, supplemented or replaced from time to time;
<b>“Dispute Resolution Rules”</b>	means the procedures for the resolution of disputes known as <b>“The Railway Industry Dispute Resolution Rules”</b> , as amended from time to time in accordance with the terms thereof. The rules are available at <a href="http://accessdisputesrail.org/RIDR/RIDR_Rules.pdf">http://accessdisputesrail.org/RIDR/RIDR_Rules.pdf</a> (or such other applicable web address that is adopted from time to time);
<b>“Disputed Cancellation”</b>	means a Passenger Service: <ul style="list-style-type: none"> <li>(a) which is included in the Enforcement Plan of the Day and which is cancelled; or</li> <li>(b) which is included in the Enforcement Plan of the Day and which operates less than fifty per cent (50%) of its scheduled mileage (as prescribed in the Enforcement Plan of the Day),</li> </ul> <p>in either case, in circumstances where attribution of responsibility for the same is, at the relevant time, in dispute between Network Rail and the Operator pursuant to the Track Access Agreement;</p>
<b>“Disputed Partial Cancellation”</b>	means a Passenger Service which is included in the Enforcement Plan of the Day and which: <ul style="list-style-type: none"> <li>(a) misses a stop; or</li> <li>(b) completes fifty per cent (50%) or more, but less than one hundred per cent (100%) of its scheduled mileage as prescribed in the Enforcement Plan of the Day,</li> </ul> <p>in either case, in circumstances where attribution of responsibility for the same is, at the relevant time, in dispute between Network Rail and the Operator pursuant to the Track Access Agreement;</p>

<b>“Diversity KPIs”</b>	means D&I Initiatives KPIs and D&I Characteristics KPIs;
<b>“Double Arrows Symbol”</b>	means the double arrows symbol trade mark detailed in Part 1 ( <i>Registered Trade Marks</i> ) of Schedule 1 ( <i>Licensed IP</i> ) of the Brand Licence;
<b>“Draft Action Plan”</b>	has the meaning given to it in paragraph 9.1(b)(i), of Chapter 4.4 ( <i>Operational Performance</i> );
<b>“D&amp;I Annual Report”</b>	means a report produced by the Operator developed in accordance with paragraph 1.3 of Chapter 2.1 ( <i>Diversity and Inclusion and Training and Development</i> ) in respect of the previous twelve (12) months or, if shorter, the period since the Start Date;
<b>“D&amp;I Annual Reporting Date”</b>	means the date on which the Operator must provide the D&I Annual Report to the Secretary of State as stated in the D&I Strategy, provided that if this date, in any Contract Year, occurs after the expiry of the term of this Contract then the D&I Annual Reporting Date shall be one (1) month before the expiry of the term of this Contract;
<b>“D&amp;I Champion”</b>	means the director or senior executive that is accountable and responsible for implementing the D&I Strategy and ensuring that the Operator complies with its obligations relating to diversity and inclusion (excluding the obligations in paragraph 1.4 of Chapter 2.1 ( <i>Diversity and Inclusion and Training and Development</i> ));
<b>“D&amp;I Characteristics KPIs”</b>	means the KPIs set out in the Operator’s D&I Strategy used to assess the impact of the Operator’s initiatives on diversity at different levels of the workforce and in connection with different characteristics (including gender, age, ethnicity and disability) compared to the region and/or nationally;
<b>“D&amp;I Improvement Plan”</b>	has the meaning given to it in paragraph 1.7 of Chapter 2.1 ( <i>Diversity and Inclusion and Training and Development</i> );
<b>“D&amp;I Initiatives KPIs”</b>	means the KPIs set out in the Operator’s D&I Strategy used to measure its performance against diversity initiatives and policies, which may include KPIs along the following lines: <ul style="list-style-type: none"> <li>(a) the number of positive action initiatives implemented and maintained by the Operator;</li> <li>(b) the number of adverts in targeted publications;</li> <li>(c) membership of diversity and inclusion networks and forums;</li> <li>(d) the percentage of staff trained annually in diversity and inclusion;</li> <li>(e) the number of line managers completing diversity and inclusion training;</li> <li>(f) the number of members of the board of directors completing diversity and inclusion training; and</li> <li>(g) the number of diversity and inclusion training sessions;</li> </ul>
<b>“D&amp;I Strategy”</b>	means the diversity and inclusion strategy developed by the Previous Operator and approved pursuant to the 2015 Franchise Agreement as set out in the relevant annex to the Operator’s Business Plan and as may be updated from time

	to time in accordance with Chapter 7.7 ( <i>Business Plan</i> ), including by way of a Business Plan Revision;
“EA 2010”	means the Equality Act 2010;
“EA Claim”	has the meaning given to it in paragraph 3.1 of Chapter 5.3 (Accessibility and Inclusivity);
“EA Requirements”	means the duties of a provider of services under sections 20(3), 20(5) and sections 20(9)(a) and 20(9)(b) in relation to section 20(4), of the EA 2010;
“Embedded Operational Background”	has the meaning given in paragraph 7.10(b) ( <i>Miscellaneous IP</i> ) of Chapter 9.3 ( <i>Branding and Intellectual Property</i> );
“Emergency Events”	has the meaning given to it in paragraph 1.1(e) of Chapter 9.4.4 ( <i>Force Majeure</i> );
“Employment Agreement”	means the terms and conditions of employment of any Business Employee whether contained in or otherwise incorporated or implied, including by way of custom or practice, into any Collective Agreement, individual contract of employment, employee handbook or otherwise, in each case whether or not in writing;
“Employment Policy Framework”	has the meaning given to it in paragraph 2.1(a) of Chapter 2.2 ( <i>Rail Workforce</i> );
“EMV”	means contactless payment cards and any other devices that conform to the international standards issued by EMVCo (owned by American Express, Discover, JCB, MasterCard, UnionPay and Visa);
“Enduring Branding”	means: <ul style="list-style-type: none"> <li>(a) branding which shall not: <ul style="list-style-type: none"> <li>(i) bear any brand image or symbol;</li> <li>(ii) display any distinctive trademarks;</li> <li>(iii) (subject to paragraph 1.7 of Chapter 9.3 (<i>Branding and Intellectual Property</i>)) make any reference to the name of the company or entity which owns the branding, the Operator or an Affiliate of the Operator; or</li> <li>(iv) use any colour combinations, livery or other elements;</li> </ul> </li> </ul> <p>that are specific to the Operator or any other company and shall incorporate no other visual link to the Operator or any other company unless otherwise agreed by the Secretary of State; and</p> <ul style="list-style-type: none"> <li>(b) such trade marks as: <ul style="list-style-type: none"> <li>(i) the Operator applies to any Asset or other asset used by it under a Key Contract that encapsulate the heritage, regional and passenger perception of railway routes served by its train services; and</li> <li>(ii) are under the proprietorship of the Secretary of State and licensed to the Operator in accordance with the Brand Licence under paragraph 1.1 of Chapter 9.3 (<i>Branding and Intellectual Property</i>) that encapsulate the heritage,</li> </ul> </li> </ul>

regional and passenger perception of railway routes served by its train services;

and includes the Primary Brand and the Secondary Brands;

<b>“Enforcement Advisory Panel”</b>	means the Secretary of State’s enforcement advisory panel (or any successor to such panel from time to time);
<b>“Enforcement Benchmarks”</b>	means any of the Enforcement TOC on Self Cancellations Benchmarks, the Enforcement TOC Minutes Delay Benchmarks or the Enforcement Short Formations Benchmarks (as the context may require);
<b>“Enforcement Plan of the Day”</b>	means the Plan of the Day except for any: <ul style="list-style-type: none"> <li>(a) additions to such Plan of the Day of any railway passenger services which are not included in the Timetable;</li> <li>(b) omissions from such Plan of the Day of any Passenger Services included in the Timetable; and/or</li> <li>(c) rescheduling in such Plan of the Day of any Passenger Services from their scheduling in the Timetable,</li> </ul> <p>in each case:</p> <ul style="list-style-type: none"> <li>(i) as proposed by the Operator in contractual breach of its obligations in paragraph 4 of Chapter 4.2 (<i>Operating Obligations</i>); or</li> <li>(ii) as agreed by the Operator in contractual breach of its obligations in paragraph 3 of Chapter 4.2 (<i>Operating Obligations</i>);</li> </ul>
<b>“Enforcement Short Formations Benchmarks”</b>	means for each Reporting Period within each Contract Year, the Breach Performance Level as specified in the Enforcement Short Formations Benchmarks Table for that Contract Year;
<b>“Enforcement Short Formations Benchmarks Table”</b>	means the table entitled “Enforcement Short Formations Benchmarks” as set out in the relevant Annual Performance Specifications;
<b>“Enforcement TOC Minutes Delay Benchmarks”</b>	means for each Reporting Period within each Contract Year, the Breach Performance Level as specified in the Enforcement TOC Minutes Delay Benchmarks Table for that Contract Year;
<b>“Enforcement TOC Minutes Delay Benchmarks Table”</b>	means the table entitled “Enforcement TOC Minute Delay Benchmarks” as set out in the relevant Annual Performance Specifications;
<b>“Enforcement TOC on Self Cancellations Benchmarks”</b>	means for each Reporting Period within each Contract Year, the Breach Performance Level as specified in the Enforcement TOC on Self Cancellations Benchmarks Table for that Contract Year;
<b>“Enforcement TOC on Self Cancellations Benchmarks Table”</b>	means the table entitled “Enforcement TOC on Self Cancellations Benchmarks” as set out in the relevant Annual Performance Specifications;



<b>“Enhanced Disability Awareness Training”</b>	means training which is compliant with the requirements set out in section 4, paragraph B6 of the Accessible Travel Policy Guidance;
<b>“Environmental Impact Monitoring Audit”</b>	has the meaning given to it in paragraph 1.3 of Chapter 6 ( <i>Environment and Sustainability</i> );
<b>“Environmental Impact Targets”</b>	means the targets in relation to the Operator’s environmental impact which are set out in the Operator’s Business Plan;
<b>“Environmental Impact Targets Plan”</b>	means the Operator’s plan in relation to the Environmental Impact Targets as set out in the Operator’s Business Plan, as may be updated from time to time in accordance with Chapter 7.7 ( <i>Business Plan</i> ), including by way of a Business Plan Revision;
<b>“Environmental Information Regulations”</b>	means the Environmental Information Regulations 2004 together with any guidance and/or codes of practice issued by the Information Commissioner or any relevant Central Government Body in relation to such Regulations;
<b>“Equivalent Fare”</b>	has the meaning given to it in paragraph 6.1 of Part B ( <i>Changes to Fares and Fares Regulation</i> ) of Chapter 8.2.5 ( <i>Exceeding the Regulated Value, Regulated Price or Regulated Child Price, and Changes to Fares and Fares Regulation</i> );
<b>“Equivalent Flow”</b>	has the meaning given to it in paragraph 6.1(b) of Part B ( <i>Changes to Fares and Fares Regulation</i> ) of Chapter 8.2.5 ( <i>Exceeding the Regulated Value, Regulated Price or Regulated Child Price, and Changes to Fares and Fares Regulation</i> );
<b>“Evening Peak”</b>	means, in relation to any Passenger Service, the period between 16.00 and 18.59 (inclusive) during a Weekday or such other continuous three hour period between 12.00 and 23.59 (inclusive) as the Secretary of State may specify from time to time;
<b>“Evening Peak Service”</b>	means a Passenger Service which departs from Manchester Stations (as defined in the General Provisions to the TSR), Manchester Oxford Road or Leeds in the Evening Peak;
<b>“Event Steering Groups”</b>	has the meaning given to it in the Network Code;
<b>“Expiry Date”</b>	means: <ul style="list-style-type: none"> <li>(a) the later of: <ul style="list-style-type: none"> <li>(i) 01.59 on 25 May 2025; or</li> <li>(ii) such other date as the Secretary of State may notify to DOHL and the Operator, provided that such notified date may be no later than 01:59 on 30 May 2027; or</li> </ul> </li> <li>(b) subject to compliance with Article 5(6) of Regulation 1370/2007, such other later date as the Secretary of State may notify to DOHL and the Operator;</li> </ul>
<b>“Extended Term Contract”</b>	has the meaning given in paragraph 12.3(a) ( <i>Extended Term Contracts and Extended Term Designatable Contracts</i> ) of Chapter 7.7 ( <i>Business Plan</i> );



<b>“Extended Term Designatable Contract”</b>	has the meaning given in paragraph 12.4 ( <i>Extended Term Contracts and Extended Term Designatable Contracts</i> ) of Chapter 7.7 ( <i>Business Plan</i> );
<b>“Facility Owner”</b>	has the meaning given to the term facility owner in section 17(6) of the Act;
<b>“Fare”</b>	<p>means:</p> <p>(a) the right, exercisable against one or more Train Operators, subject to any applicable rights or restrictions and the payment of the relevant price, to make one or more journeys on the network or to carry on such a journey an item of luggage or an animal (where this right does not arise under the relevant conditions of carriage except on the payment of a fee) and, where applicable, to obtain goods or services from a person; and</p> <p>(b) for the purposes only of Chapter 8.2.3 (<i>Allocation of Fares to Fares Baskets</i>) to Chapter 8.2.6 (<i>Fares Regulation Information and Monitoring</i>) (inclusive) and the definitions of Protected Fare, Return Fare, Single Fare, Protected Weekly Season Ticket, Protected Return Fare and paragraph (b) of the definition of Season Ticket Fare, a Fare as defined under paragraph (a) that is:</p> <p>(i) valid for a journey or journeys on the Passenger Services included in the Timetable or other railway passenger services which are required to be included in another relevant Train Operator’s passenger timetable by the Secretary of State;</p> <p>(ii) sold under the Travelcard Agreement; or</p> <p>(iii) a Cross London Ticket (as defined in the Through Ticketing (Non Travelcard) Agreement);</p>
<b>“Fare Year”</b>	means the period from 1 January in any year to 31 December in the same year or any alternative period that the Secretary of State may specify in writing to the Operator from time to time;
<b>“Fares Basket”</b>	means the Protected Fares Basket;
<b>“Fares Document”</b>	means any of the Protected Fares Document;
<b>“Fares Plan”</b>	means the Operator’s plan in relation to Fares as set out in the Operator’s Business Plan, as may be updated from time to time in accordance with Chapter 7.7 ( <i>Business Plan</i> ), including by way of a Business Plan Revision;
<b>“Fares Setting Round”</b>	has the meaning given to it in the Ticketing and Settlement Agreement;
<b>“Final Contract Year”</b>	means the Contract Year ending on the last day of the Contract Period;
<b>“Financial Conduct Authority”</b>	means the UK Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS and with company registered number 01920623 or such other

	regulatory body which may succeed or replace it from time to time;
<b>“Financial Plan”</b>	means the financial plan forming part of each Business Plan as described in paragraph 1.3 of Chapter 7.7 ( <i>Business Plan</i> );
<b>“First Reporting Period”</b>	means the first Reporting Period to occur during the Contract Term;
<b>“Flexible Ticket”</b>	has the meaning given in paragraph 3.1 ( <i>Flexible Ticket Product</i> ) of Chapter 8.2.2 ( <i>Operator’s Obligation to Create Fares</i> ), subject to any variations that may be required by the Secretary of State pursuant to paragraph 3 ( <i>Flexible Ticket Product</i> ) of Chapter 8.2.2 ( <i>Operator’s Obligation to Create Fares</i> );
<b>“Flexible Ticket Commencement Date”</b>	means the date on which the Previous Operator was required to make available to passengers a flexible ticket product pursuant to the Previous Agreement, being 21 June 2021;
<b>“Flexible Ticket Validity Period”</b>	has the meaning given in paragraph 3.2(a) ( <i>Flexible Ticket Product</i> ) of Chapter 8.2.2 ( <i>Operator’s Obligation to Create Fares</i> );
<b>“Flow”</b>	has the meaning given to it in the Ticketing and Settlement Agreement;
<b>“Force Majeure Event”</b>	means any of the events described as such in paragraph 1 of Chapter 9.4.4 ( <i>Force Majeure</i> ) where the conditions specified in paragraph 2 of Chapter 9.4.4 ( <i>Force Majeure</i> ) are satisfied;
<b>“Forecast Passenger Demand”</b>	means the forecast prepared by the Operator pursuant to paragraph 2.5 of Chapter 4.1 ( <i>Service Development</i> ) in respect of: <ul style="list-style-type: none"> <li>(a) the number of passengers travelling in each class of accommodation: <ul style="list-style-type: none"> <li>(i) on each Passenger Service;</li> <li>(ii) on each Route; and/or</li> <li>(iii) at any station or between any stations; and</li> </ul> </li> <li>(b) the times of day, week or year at which passengers travel,</li> </ul> for the period in respect of which the next Timetable is to apply;
<b>“Forecast Revenue”</b>	means the revenue forecasted to be generated by the Operator in each Reporting Period and specified in the then current CP Budget;
<b>“Foreground IP”</b>	means Intellectual Property Rights created, devised by or on behalf of one of the Parties during the Contract Period: (i) in the performance of Rail Services; (ii) in carrying out any activities in relation to the network which are connected with, ancillary to, or intended to benefit from the Rail Services; and/or (iii) in the course of performing any obligations under this Contract;

<b>“Freedom of Information Act” or “FOIA”</b>	means the Freedom of Information Act 2000 together with any guidance and/or codes of practice issued by the Information Commissioner or any relevant Central Government Body in relation to the Freedom of Information Act 2000;
<b>“Free Trade Agreement”</b>	means an international free trade agreement (whether bilateral, plurilateral or multilateral) to which the United Kingdom is party, whether entered into before, on or after the date of this Contract;
<b>“Funding Deed”</b>	means the deed made between DOHL and the Operator dated on or about the date of the Service Contract specifying arrangements relating to the funding for the Operator by DOHL;
<b>“GAAP”</b>	means generally accepted accounting principles in the United Kingdom, as derived from and including the accounting requirements of the Companies Act 2006, <i>‘Financial Reporting Standards 100, 101 and 102’</i> , abstracts issued by the Urgent Issues Task Force of the Accounting Standards Board and, where appropriate, International Financial Reporting Standards and the listing rules of the Financial Conduct Authority, in each case, as amended from time to time;
<b>“Geographical Area”</b>	<p>means that area of Great Britain bounded by a reasonably drawn line running through the railway stations at the following places:</p> <ul style="list-style-type: none"> <li>(a) Milngavie;</li> <li>(b) North Berwick;</li> <li>(c) Berwick-upon-Tweed;</li> <li>(d) Scarborough;</li> <li>(e) Cleethorpes;</li> <li>(f) Retford;</li> <li>(g) Buxton;</li> <li>(h) West Kirkby;</li> <li>(i) Blackpool North;</li> <li>(j) Whitehaven;</li> <li>(k) Dumfries;</li> <li>(l) Kilmarnock; and</li> <li>(m) Milngavie</li> </ul> <p>as redefined from time to time by agreement with the Secretary of State, or in the absence of such as agreement, as determined by the Secretary of State;</p>
<b>“Good and Efficient Operator”</b>	<p>means in the context of all other relevant provisions of the Service Contract, a notional train operator:</p> <ul style="list-style-type: none"> <li>(a) having the same commercial, regulatory and operational arrangements as the Operator and being subject to the same operational circumstances;</li> <li>(b) which is a party to an agreement in equivalent terms to the Service Contract and which complies with its</li> </ul>

obligations under such agreement and the Licences in a timely, efficient and economical manner;

- (c) with the degree of skill, diligence, prudence and foresight which can be expected from a skilled and experienced train operator so that in this context costs and revenues are optimised in combination to the greatest extent practicable, adopting a reasonable balance in respect of short, medium and longer term consequences for the relevant rail services;

**“Good Insight Rating”**

has the meaning given in paragraph 3 of Appendix 1 (*Scorecard Criteria*) to Chapter 7.2 (*Performance Assessment*);

**“Gross Revenue”**

means, in relation to any period and any Fare, the gross revenue to the Operator (or any relevant predecessor of the Operator) attributable to such Fare over the relevant period, excluding any applicable Value Added Tax, costs, commissions or other expenses which may be paid or incurred in connection with such Fare;

**“High Speed Services”**

means the Passenger Services which will use the HS2 Network for some part of their route and are operated by the high speed rolling stock;

**“Hot Standby”**

means any rolling stock vehicle specified in the Train Formation Capacity Plan which:

- (a) is operationally ready to provide the Passenger Services in the Timetable;
- (b) is not already assigned to the delivery of any Passenger Service in the Timetable; and
- (c) will only be used to deliver such Passenger Services if:
- (i) a rolling stock vehicle scheduled to deliver such Passenger Services is unable to so deliver; and
- (ii) Actual Passenger Demand could only be met by the deployment in service of such rolling stock vehicle;

**“HS2 Limited”**

means High Speed Two (HS2) Limited, a company registered in England with registered number 06791686 whose registered office is at 2 Snowhill, Queensway, Birmingham, B4 6GA or such other entity as may be appointed infrastructure manager in relation to the HS2 Network from time to time;

**“HS2 Network”**

means the network in respect of which HS2 Limited is the Facility Owner;

**"HS2 Project"**

means the construction and development of a high speed railway which will provide high-speed inter-city services linking the biggest cities in Scotland with Manchester, Birmingham and London and all related infrastructure;

**"HS2 Shadow Operator"**

means the entity appointed by the Secretary of State to act as shadow operator for the development and delivery of High Speed Services, and the recast of conventional services associated with the introduction of the High Speed Services, being the West Coast Partnership franchise operator or any

	successor shadow operator appointed by the Secretary of State from time to time;
<b>“IFRS16 Cost”</b>	has the meaning given in the definition of Actual Costs;
<b>“Improvement Initiatives”</b>	means initiatives which are intended to: <ul style="list-style-type: none"> <li>(a) improve outcomes for passengers on any or all parts of the railway network;</li> <li>(b) improve cost-efficiency and/or reduce costs in relation to any or all parts of the railway network;</li> <li>(c) generate additional revenue for all or part of the railway network;</li> <li>(d) improve environmental outcomes for all or part of the railway network; or</li> <li>(e) deliver any other benefits or support any government policy objective,</li> </ul> and may include: <ul style="list-style-type: none"> <li>(i) initiatives proposed by the Secretary of State or identified proactively by the Operator;</li> <li>(ii) initiatives arising in connection with the conclusions of the Plan for Rail; and/or</li> <li>(iii) initiatives which are capable of delivery by the Operator acting alone, and/or initiatives which would require collaboration between the Operator and other parties to deliver;</li> </ul>
<b>“Incident Response Plan”</b>	means the plan created by the Operator pursuant to paragraph 5 of Chapter 1.2 which contains (as a minimum) the information set out in paragraph 5.2 of Chapter 1.2 ( <i>Strategies and Plans</i> );
<b>“Independent Service Quality Audits”</b>	has the meaning given to it in paragraph 5.1 of Part 1 ( <i>Service Quality Regime</i> ) of Chapter 5.5 ( <i>Service Quality Regime</i> );
<b>“Independent Station”</b>	means, at any time, any station of which Network Rail (or any other person other than a Train Operator) is the Facility Owner at that time;
<b>“Independent Station Access Conditions”</b>	has the meaning given to it in the Access Agreement to which it relates;
<b>“Industrial Action”</b>	means any concerted action taken in connection with the employment of any employees of the Operator or of any of the employees of persons listed in paragraphs 1.1(f)(i) to 1.1(f)(iii) of Chapter 9.4.4 ( <i>Force Majeure</i> ) (whether or not that action involves any breach of such employees’ conditions of employment, and including any action taken in furtherance of a dispute, or with a view to improving the terms of employment of the relevant employees or by way of support for any other person) subject always, in the case of any unofficial industrial action, to the Operator being able to demonstrate the occurrence of such unofficial industrial action to the satisfaction of the Secretary of State;
<b>“Industry Schemes”</b>	means multi-modal fares schemes and/or Traveline;
<b>“Information Commissioner”</b>	has the same meaning as “Commissioner” in section 3 of the Data Protection Act;

<b>“Initial Business Plan”</b>	means the Business Plan submitted by the Operator as at the Start Date being the document in the agreed terms marked “IBP” as such document is updated in accordance with the provisions of paragraph 2 of Chapter 7.7 ( <i>Business Plan</i> );
<b>“Initial Business Plan Review”</b>	means the review of the Initial Business Plan to be undertaken by the Operator as specified in paragraph 2 of Schedule 7.7 ( <i>Business Plan</i> );
<b>“Initial Business Plan Year”</b>	means the period beginning on the Start Date and ending on the following 31 March;
<b>“Initial Dataset”</b>	means the Dataset provided in accordance with paragraph 1.1 ( <i>Data Sharing</i> ) of Chapter 6 ( <i>Environment and Sustainability</i> ) (or the equivalent data provided under the Previous Agreement), excluding any measures which the Secretary of State agrees that the Operator is, despite using all reasonable endeavours, unable to provide;
<b>“Initial Permanent Fare”</b>	has the meaning given to it in the Ticketing and Settlement Agreement;
<b>“Initial Short Formations Calculation”</b>	has the meaning given in paragraph 5.1(a) of Chapter 4.4 ( <i>Operational Performance</i> );
<b>“Initial TOC Minutes Delay Calculation”</b>	has the meaning given to it in paragraph 4.1(a) of Chapter 4.4 ( <i>Operational Performance</i> );
<b>“Initial TOC on Self Cancellations Calculation”</b>	has the meaning given to it in paragraph 3.1(a) of Chapter 4.4 ( <i>Operational Performance</i> );
<b>“Inspections”</b>	has the meaning given to it in paragraph 5.1 of Chapter 9.5.2 ( <i>Reletting Provisions and Maintenance as a Going Concern</i> );
<b>“Institute of Asset Management”</b>	means The Institute of Asset Management, a company limited by guarantee, registered with company number 05056259 with registered office 4th Floor, St Catherine's Court, Berkeley Place, Bristol BS8 1BQ or its successors;
<b>“Intellectual Property Rights”</b>	means all intellectual and industrial property rights of any kind including patents, supplementary protection certificates, rights in Know-How, registered trademarks, registered designs, unregistered design rights, unregistered trademarks, rights to prevent passing off or unfair competition and copyright (whether in drawings, plans, specifications, designs and computer software or otherwise), database rights, topography rights, any rights in any invention, discovery or process, and applications for and rights to apply for any of the foregoing, in each case in the United Kingdom and all other countries in the world and together with all renewals, extensions, continuations, divisions, reissues, re-examinations and substitutions;
<b>“Interim Determination”</b>	has the meaning given in paragraph 1.7 ( <i>Determination Escalation Process</i> ) of Chapter 9.4.2 ( <i>Dispute Resolution Procedures</i> );
<b>“Inter-Operator Schemes”</b>	means the list of schemes in paragraph 4 of Appendix 1 ( <i>List of Transport, Travel and Other Schemes</i> ) to Chapter 8.2.8 ( <i>Transport, Travel and Other Schemes</i> );

**“International Organisation for Standardisation”**

means the international standard setting body known as “ISO” or any such successor body;

**“Investigation”**

means any investigation, threatened use, or use of any statutory powers by the Pensions Regulator in relation to a section of the Railways Pension Scheme which has or had as its designated employer the Operator or another Train Operator (including a Successor Operator). For the avoidance of doubt, this includes any powers under section 231 of the Pensions Act 2004 or any other power which could affect the contributions payable by the employer or the liabilities of any other person in respect of that section;

**“In-Scope Matters”**

means any of the following matters in relation to any Business Employees:

- (a) pay negotiation strategies;
- (b) changes to any remuneration strategy, pension arrangements or staff benefits;
- (c) any proposed restructuring or redundancy plans;
- (d) any proposed changes affecting Business Employees (including proposed changes to the terms of any Employment Agreement, any proposed changes to working practices or procedures, howsoever these are recorded or have become established, and whether these apply nationally or locally) which either Party reasonably believes (a) is likely to give rise to material industrial relations risks (including a risk of Industrial Action); and/or (b) could have a material negative impact on productivity; and/or (c) would not be in train passengers’ interests;
- (e) any proposed variations to the terms or conditions of employment of any Business Employee (in particular, any proposal 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:
  - (i) wholly or partly first takes effect after the end of the Contract Period;
  - (ii) results in any such employment not being terminable by the Operator or other Relevant Employer within six (6) months of the expiry of the Contract Period;
  - (iii) relates to a payment or the provision of a benefit triggered by termination of employment;
  - (iv) 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 Contract Period; or
  - (v) prevents, restricts or hinders any such employee from working for a Successor Operator or from performing the duties



which such employee performed for the Operator;

- (f) any creation or grant of terms or conditions of employment for any Business Employee where the employment of such Business Employee by the Operator or such other Relevant Employer may commence on or after the Start Date if and to the extent that such terms or conditions are, in the reasonable opinion of the Operator, materially different from the terms or conditions of employment of equivalent or nearest equivalent Business Employees at the date on which such employment is scheduled to commence;
- (g) any other matter notified to the Operator by the Secretary of State from time to time; and/or
- (h) any negotiation or consultation strategies regarding any of the matters at (a) to (g) above;

**“ISO50001:2011”**

means the standard that is set by the International Organisation for Standardisation which specifies requirements for establishing, implementing, maintaining and improving an energy management system, whose purpose is to enable an organisation to follow a systematic approach in achieving continual improvement of energy performance, including energy efficiency, energy use and consumption or any equivalent standard which is generally recognised as having replaced it;

**“ISO 22301:2019”**

means the standard that is set by the International Organisation for Standardisation which specifies requirements for the development, implementation, operation, monitoring, review and maintenance of a business continuity planning process, or any equivalent standard which is generally recognised as having replaced it;

**“ISO55001:2014”**

means the standard that is produced by the International Organisation for Standardisation which specifies requirements for an asset management system within the context of the organisation or any equivalent Standard which is generally recognised as having replaced it;

**“ISO14001:2015”**

means the standard that is set by the International Organisation for Standardisation which specifies requirements for an environmental management system to enable an organisation to develop and implement a policy and objectives which takes into account legal requirements and other requirements to which the organisation subscribes, and information about significant environmental aspects or any equivalent standard which is generally recognised as having replaced it;

**“ISO50001 Energy Review”**

means the Energy Review as defined in paragraph 4.4.3 of ISO50001:2011, or any same or similar review from an equivalent standard which is generally recognised as having replaced it;

**“TTSO Certified Smart Media”**

means the contactless smartcards, devices or other media designed to hold fare and travel information with the monetary or other value encoded which have been certified by TTSO Ltd;

<b>“ITSO Ltd”</b>	means the non-profit distributing organisation run by its members for the benefit of members and users of Smart Media;
<b>“ITSO Operating Licence”</b>	means the licence granted to Train Operators by ITSO Ltd which, among other things, permits the Train Operators to issue ITSO Specification compliant cards and issue, sell and accept ITSO Specification compliant products;
<b>“ITSO Smart Media Ticketing Scheme”</b>	means a Smart Ticketing Scheme that utilises ITSO Certified Smart Media;
<b>“ITSO Specification”</b>	means the common specification issued by ITSO Ltd and which enables the use of interoperable Smart Media in transport and other areas;
<b>“Key Contract”</b>	<p>means:</p> <p>(a) each agreement and contract listed in Appendix 1 (<i>List of Key Contracts</i>) to Chapter 9.2.1 (<i>Key Contracts</i>); and</p> <p>(b) any other agreement, contract, licence or other arrangement to which the Operator is a party or under which the Operator is the beneficiary from time to time which is designated as such pursuant to Chapter 9.2.1 (<i>Key Contracts</i>),</p> <p>but excluding any such agreement, contract, licence or other arrangement which ceases, in accordance with the terms of the Service Contract, to be designated as a Key Contract;</p>
<b>“Key Personnel”</b>	means those persons identified by the Operator in accordance with paragraph 4B of Chapter 1.1 ( <i>Organisation and Management</i> );
<b>“Key Personnel List”</b>	<p>means a list of the following Business Employees:</p> <p>(a) all directors (statutory or otherwise);</p> <p>(b) all managers with responsibility for a department/function within the Operator’s business;</p> <p>(c) all managers in the operations, commercial, personnel and public affairs departments or in each case their nearest equivalents; and</p> <p>(d) all Key Personnel,</p> <p>which contains the name, employing entity, office address, office telephone number, business mobile telephone number and a brief description of the person’s role and responsibilities in the business;</p>
<b>“Know-How”</b>	means formulae, methods, plans, inventions, discoveries, improvements, processes, performance methodologies, techniques, specifications, technical information, tests, results, reports, component lists, manuals and instructions;
<b>“Law”</b>	includes any enactment, subordinate legislation, rule, regulation, order, directive or other provision, including those of the European Community, and any judicial or administrative interpretation or application thereof, which has, in each case, the force of law in the United Kingdom or

	any part of it (including the Act, the Transport Act, the Transport Safety Act 2003 and the Railways Act 2005);
<b>“Lead Operator”</b>	has the meaning given to it in the Ticketing and Settlement Agreement;
<b>“Legislation”</b>	means any enactment or subordinate legislation, rule, regulation, order, directive or other provision including those of the European Community, which has, in each case, the force of Law in the United Kingdom or any part of it, but excluding any order under section 1 of the Transport and Works Act 1992;
<b>“Licences”</b>	means such licences and/or statements of national regulatory provisions granted or to be granted under applicable law as the Operator may be required from time to time to hold under the Act or under the Railway (Licensing of Railway Undertakings) Regulations 2005 (as amended) in order to provide or operate the Rail Services;
<b>“Licence Accessibility Obligations”</b>	has the meaning given to it in paragraph 1.3(a) of Chapter 5.3 ( <i>Accessibility and Inclusivity</i> )
<b>“Light Maintenance Service”</b>	means: <ul style="list-style-type: none"> <li>(a) the provision of access to any other person under an Access Agreement;</li> <li>(b) the carrying out of inspections of rolling stock vehicles;</li> <li>(c) the carrying out of maintenance work on rolling stock vehicles of a kind which is normally carried out at regular intervals of twelve (12) months or less;</li> <li>(d) the replacement of failed components and consumables on rolling stock vehicles;</li> <li>(e) the preparation of rolling stock vehicles for service;</li> <li>(f) the stabling or other temporary holding of rolling stock vehicles;</li> <li>(g) the refuelling of rolling stock vehicles;</li> <li>(h) the emptying of retention tanks fitted to rolling stock vehicles equipped with Controlled Emission Toilets;</li> <li>(i) the replenishment of water tanks; and</li> <li>(j) the cleaning of the exterior or the interior of rolling stock vehicles, in each case for itself and/or other Train Operators, at any Station or Depot; and</li> <li>(k) the provision of any service which the Operator may provide, or may be required to provide, under any Access Agreement;</li> </ul>
<b>“Local Authority”</b>	means: <ul style="list-style-type: none"> <li>(a) in England, a county council, a district council, a unitary authority, a passenger transport executive, a London borough council, the common council of the City of London, or a council which is established under the Local Government Act 1992 and which is either an authority responsible for expenditure on</li> </ul>

public passenger transport services within the meaning of section 88 of the Transport Act 1985 or a local authority for the purposes of section 93 of the Transport Act 1985;

- (b) in Wales, a county council, a district council or a council which is established under the Local Government Act 1972 or the Local Government (Wales) Act 1994;
- (c) in Scotland, the Strathclyde Passenger Transport Executive, or a district council or a unitary authority which is established under the Local Government (Scotland) Act 1973 or the Local Government, etc. (Scotland) Act 1994;
- (d) in London, the Mayor of London and Transport for London established under the Greater London Authority Act 1999;
- (e) a combined authority created pursuant to the Local Democracy, Economic Development and Construction Act 2009;
- (f) any local enterprise partnership;
- (g) any other body or council replacing any of the above from time to time; and
- (h) any other body or instrument of local or regional government specified by the Secretary of State from time to time;

**“London Station”**

means any station served by the Railway Passenger Services in the Zones and any Zone to or from which a passenger may travel from or to such station;

**“London Transport Users’ Committee”**

means the London Transport Users’ Committee established under the London Transport Users’ Committee (Transitional Provisions) Order 2000, generally known as “London TravelWatch”;

**“Maintenance Contract”**

means any contract or arrangement to which the Operator is a party, which includes the carrying out for the Operator of any maintenance work (including Light Maintenance Services) or service provision in respect of rolling stock vehicles used by the Operator in the provision of the Passenger Services or for the enforcement of warranties or other rights against a manufacturer in respect of any such rolling stock vehicles;

**“Major Flow Operator”**

has the meaning given to it in the Ticketing and Settlement Agreement;

**“Managed Station”**

means any station used in connection with the provision of the Rail Services where Network Rail is the Facility Owner or becomes the Facility Owner during the Contract Period;

**“Managed Station Area”**

means the premises comprising part or parts of a Managed Station to be occupied by the Operator on or after the Start Date and to be used for or in connection with the provision of the Rail Services;

**“Management Accounts”**

means, in relation to any Reporting Period, the Operator’s management accounts which:

- (a) comply with the requirements of Chapter 7.3 (*Management Information*); and
- (b) are required to be delivered to the Secretary of State by the Operator in accordance with paragraphs 1.3(a) and 1.3(b) of Chapter 7.3 (*Management Information*);

**“Mandate”**

means in relation to any In-Scope Matter any mandate formally agreed from time to time in writing (other than through email or other informal correspondence unless the email in question includes express confirmation from the Secretary of State that its content (or stipulated part of it) is to form a Mandate) between the Operator and the Secretary of State regarding: (i) the objective or objectives of negotiations or consultation; (ii) any parameters or constraints on such objective(s), or the substance of such negotiations or consultation; and/or (iii) how such negotiations or consultation are to be approached, structured or handled;

**“Mandatory Modification”**

means a modification or addition to any rolling stock vehicle which is required to be made under any applicable Law or any directive of the Rail Safety and Standards Board or any government authority;

**“Marks”**

means such trade marks as the Operator may apply to any Asset or other asset used by it under a Key Contract, which are applied on the expiry of the Contract Period and are not the subject of a Brand Licence;

**“Material Discrepancies”**

has the meaning given to it in paragraph 15.1 of Part 1 (*Service Quality Regime*) of Chapter 5.5 (*Customer Experience Performance*);

**“Maturity Model for Customer Experience”**

means a framework assessing business capability against defined levels of maturity in order to drive continuous improvement in rail services for customers;

**“Minister of the Crown”**

has the meaning given to it in section 8(1) of the Minister of the Crown Act 1975;

**“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;

**“Minutes Delay”**

means the minutes of delay to the Passenger Services that are attributed to the Operator or Network Rail (as the case may be) pursuant to the Track Access Agreement and disregarding any minutes of delay that are imputed to Passenger Services that were cancelled;

**“Modern Slavery Helpline”**

means the point of contact for reporting suspicion, seeking help or advice and information on the subject of modern slavery, which as of the date of this Contract is available online at <https://www.modernslaveryhelpline.org/report> or by telephone on 08000 121 700;

**“Monthly Season Ticket”**

means a Season Ticket Fare which is valid in Standard Class Accommodation from (and including) the day it first comes into effect until (but excluding) the day which falls one (1) month after such day;

<b>“Morning Peak”</b>	means, in relation to any Passenger Service, the period between 07.00 and 09.59 (inclusive) during a Weekday or such other continuous three hour period between 06.00 and 11.59 (inclusive) as the Secretary of State may specify from time to time;
<b>“Morning Peak Service”</b>	means a Passenger Service which arrives at Manchester Stations (as defined in the General Provisions to the TSR), Manchester Oxford Road or at Leeds in the Morning Peak;
<b>“National Community Rail Steering Group”</b>	means the National Community Rail Steering Group administered by the Department for Transport, or such successor organisation;
<b>“National Cyber Security Centre”</b>	means the National Cyber Security Centre, which is a part of Government Communications Headquarters established to protect UK critical services from cyber attacks, manage major incidents, and improve the underlying security of the UK Internet through technological improvement and advice to citizens and organisations;
<b>“National Lottery”</b>	means the state-franchised national lottery in the United Kingdom;
<b>“National Rail Enquiry Scheme”</b>	means the telephone information scheme run by RDG, providing information to customers regarding rail journeys throughout the country;
<b>“National Rail Timetable”</b>	means the passenger timetable published by Network Rail (currently twice per annum) specifying the timings and stopping patterns of all passenger railway services in Great Britain;
<b>“NCSC Cyber-Security Information Sharing Partnership” or “CSIP”</b>	means the government and industry partnership operated by the National Cyber Security Centre to facilitate the sharing of information and intelligence in relation to cyber security threats;
<b>“Network Change”</b>	has the meaning given to it in the Network Code;
<b>“Network Code”</b>	means the document known as the Network Code and formerly known as the Railtrack Track Access Conditions 1995 (as subsequently replaced or amended from time to time) or any equivalent code or agreement applying to Network Rail or NR;
<b>“Network Rail”</b>	means in respect of: <ul style="list-style-type: none"> <li>(a) the network or any relevant facility (other than the HS2 Network): <ul style="list-style-type: none"> <li>(i) Network Rail Infrastructure Limited, a company registered in England with registered number 02904587 whose registered office is 1 Eversholt Street, London NW1 2DN; and</li> <li>(ii) any successor in title to the network or any relevant railway facility; or</li> </ul> </li> <li>(b) any new or other sections of network or any relevant new or other railway facilities, (other than the HS2 Network or any railway facilities constructed solely in relation to the HS2 Network) the owner (if different);</li> </ul>



<b>“Network Rail Asset Management Policy”</b>	means the policy set by Network Rail for a holistic asset management approach that includes asset capability, asset performance and reporting, sustainability, asset whole-life cost modelling, forecasting and reporting, cost efficient asset management, and asset management to meet customer service requirements;
<b>“Network Rail Cancellation”</b>	means a Passenger Service: <ul style="list-style-type: none"> <li>(a) which is included in the Enforcement Plan of the Day and which is cancelled; or</li> <li>(b) which is included in the Enforcement Plan of the Day and which operates less than fifty per cent (50%) of its scheduled mileage (as prescribed in the Enforcement Plan of the Day),</li> </ul> in either case in circumstances where responsibility for the same is attributed to Network Rail pursuant to the Track Access Agreement;
<b>“Network Rail Collateral Agreement”</b>	means an agreement in the agreed terms marked <b>NRCA</b> which is required to be entered into by the Operator with Network Rail or any other franchisee as a condition to any Access Agreement of which the Operator is the beneficiary;
<b>“Network Rail Data”</b>	means any information, data and materials that may be provided to the Secretary of State by NR that relates to the Operator and which the Secretary of State decides (in the Secretary of State’s discretion) to add to the RPC Database;
<b>“Network Rail Partial Cancellation”</b>	means a Passenger Service which is included in the Enforcement Plan of the Day and which: <ul style="list-style-type: none"> <li>(a) misses a stop;</li> <li>(b) completes fifty per cent (50%) or more, but less than one hundred per cent (100%) of its scheduled mileage as prescribed in the Enforcement Plan of the Day,</li> </ul> in circumstances where responsibility for the same is attributed to Network Rail pursuant to the Track Access Agreement;
<b>“New Facilities”</b>	has the meaning given to it in paragraph 2.3(a)(ii) of Part 1 ( <i>Service Quality Regime</i> ) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“New Insurance Arrangements”</b>	has the meaning given to it in paragraph 9.4(b) of Chapter 9.1 ( <i>Fixed Assets</i> );
<b>“New Services”</b>	has the meaning given to it in paragraph 2.3(a)(i) of Part 1 ( <i>Service Quality Regime</i> ) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“New Station”</b>	means: <ul style="list-style-type: none"> <li>(a) a station not served by railway passenger services as at February 2003, but which has since that time been, or is subsequently, served by railway passenger services which have been, or are subsequently to be, included in the Timetable or in another relevant Train Operator’s timetable; and/or</li> <li>(b) if the Secretary of State requires, a station, other than a Station, at which, with the consent of the</li> </ul>



	Secretary of State (whether by amendment to this Contract or otherwise) railway passenger services operated by the Operator call;
<b>“2010 Nominal Ticket Sales”</b>	has the meaning given to it in paragraph 3 of Chapter 8.2.4 ( <i>Regulation of Fares Basket Values and Individual Fares</i> );
<b>“Nominee”</b>	has the meaning given to it in paragraph 5.1 of Chapter 9.5.2 ( <i>Reletting Provisions and Maintenance as a Going Concern</i> );
<b>“Non Fares Basket Fare”</b>	means a Fare that is designated as such by the Secretary of State pursuant to paragraph 2.1 of Chapter 8.2.3 ( <i>Allocation of Fares to Fares Baskets</i> ) and which has not been designated as such pursuant to paragraph 1.1 of Part B ( <i>Changes to Fares and Fares Regulation</i> ) of Chapter 8.2.5 ( <i>Exceeding the Regulated Value, Regulated Price or Regulated Child Price, and Changes to Fares and Fares Regulation</i> )
<b>“Northern Ireland Protocol”</b>	means the Protocol on Ireland/Northern Ireland forming part of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community;
<b>“Notified Fault”</b>	has the meaning given to it in paragraph 4.1(b) of Chapter 5.1 ( <i>Customer Information</i> );
<b>“NR”</b>	means Network Rail Limited (company number 04402220), Network Rail Infrastructure Limited (company number 2904587) whose registered offices are both at Waterloo General Office, London, United Kingdom, SE1 8SW or any Affiliate thereof from time to time;
<b>“NR Data Sharing Strategy”</b>	means the Network Rail data sharing strategy agreed pursuant to the 2015 Franchise Agreement, as may be amended from time to time pursuant to paragraph 2 ( <i>NR Data Sharing Strategy</i> ) of Chapter 3 ( <i>Collaboration</i> );
<b>“NTSN”</b>	means any National Technical Specification Notice (as may be supplemented by any National Technical Rules) published by the Secretary of State with which the Operator is required to comply;
<b>“Off-Peak Passenger Service”</b>	means a Passenger Service that is not a Morning Peak Service or an Evening Peak Service;
<b>“OLR Workbooks Package”</b>	has the meaning given to it in paragraph 4A.1(a)(i) ( <i>Maintenance of Records</i> ) of Chapter 1.1 ( <i>Organisation and Management</i> );
<b>“On Time”</b>	means the percentage of recorded station stops called at within 59 seconds of the planned time relating to the Rail Services as produced and/or published by Network Rail;
<b>“On Time Figures”</b>	means the moving annual average percentage published by Network Rail in respect of On Time, rounded to two (2) decimal places;
<b>“Operating Assets”</b>	means all assets (including any Intellectual Property Rights or intangible assets) employed by the Operator in the performance of the Operator’s obligations under the Service Contract;

- “Operational Foreground”** has the meaning given to it in paragraph 7.6 (*Miscellaneous IP*) of Chapter 9.3 (*Branding and Intellectual Property*);
- “Operational Performance Component”** means each of:
- (a) TOC on Self Cancellations;
  - (b) TOC Minutes Delay;
  - (c) Short Formations;
  - (d) T-3;
  - (e) T-15; and
  - (f) All Cancellations;
- “Operational Performance Component Table”** means, with respect to each Operational Performance Component (as applicable) the:
- (a) TOC on Self Cancellations Table;
  - (b) TOC Minute Delay Table;
  - (c) Short Formations Table;
  - (d) T-3 Table;
  - (e) T-15 Table; and
  - (f) All Cancellations Table;
- “Operational Planning Matters”** means matters relating to the continuous improvement of train timetabling and train planning functions, including improvements to:
- (a) the quality of the Operator’s and Network Rail’s timetable planning activities, through, amongst other things:
    - (i) adequate resourcing of train planning and diagramming activities for both rolling stock and traincrew;
    - (ii) collaborative working between the Operator’s and Network Rail or other Train Operators’ planning teams;
    - (iv) the timely sharing of plans for rolling stock and traincrew, including ancillary moves;
    - (iv) timely sharing of rolling stock characteristics required to support timetable simulation and performance modelling; and
    - (v) an increased focus on the advance development of major timetable changes, including through Event Steering Groups;
  - (b) the robustness and resilience of the Operator’s and Network Rail’s train plans through collaborative working, to ensure jointly developed train regulation policies, contingency and service recovery plans including data in relation to, and plans for:
    - (i) diversionary route availability (including traincrew knowledge and rolling stock clearance); and

- (ii) traincrew flexibility (including route and traction knowledge, and spare cover);

<b>“Operations Data Breach”</b>	means any Personal Data Breach or any infringement of the rights afforded to a Data Subject under the Data Protection Legislation relating in whole or in part to CRM Data and/or Business Employees which is notified to or otherwise comes to the attention of the Information Commissioner (defined below) whether by way of the Operator in its capacity as Data Controller, by any affected Data Subject, by any other person whatsoever, or in any other way, and which results in the Information Commissioner having any material engagement with the Operator in respect of the same (which shall mean any correspondence, request, direction or other form of engagement with the Operator in connection with a Personal Data Breach or the infringement of rights other than: <ul style="list-style-type: none"> <li>(a) the Information Commissioner’s acknowledgement of receipt of the notification or of it otherwise having awareness of the Personal Data Breach or the infringement of rights;</li> <li>(b) the Information Commissioner’s first request for information following receipt of the notification or of it otherwise having awareness of the Personal Data Breach or the infringement of rights; and</li> <li>(c) the Information Commissioner’s written confirmation that no action (whether formally or informally) shall be taken under the Data Protection Legislation in relation to the Personal Data Breach or the infringement of rights);</li> </ul>
<b>“Operations Data Processor”</b>	means any Processor who, from time to time, is processing or has processed CRM Data and/or Personal Data relating to Business Employees on behalf of the Operator;
<b>“Operator Access Station”</b>	means any station at which the Passenger Services call (other than any Station);
<b>“Operator Pension Sections”</b>	has the meaning given to it in paragraph 2 of Chapter 7.6 ( <i>Railways Pension Scheme</i> );
<b>“Operator Pension Section Rules”</b>	has the meaning given to it in paragraph 4.2(a) of Chapter 7.6 ( <i>Railways Pension Scheme</i> );
<b>“Operator Relationship Manager”</b>	means the person responsible for managing the Operator’s overall relationship with the Secretary of State;
<b>“Operator Trade Marks”</b>	means registered or unregistered trade marks which are not owned by the Secretary of State (including such of the Primary Brand and any Secondary Brands not owned by the Secretary of State), as set out in Appendix 1 ( <i>List of Operator Trade Marks</i> ) to Chapter 9.3 ( <i>Branding and Intellectual Property</i> );
<b>“Operator TRU Costs”</b>	means the Operator’s costs associated with the performance of the TRU Activities applicable to the relevant Business Plan Year;
<b>“OP Targets”</b>	means, in relation to each Operational Performance Component in each Reporting Period during the relevant Contract Year the Relevant OP Component Performance

	Level as specified in the relevant Annual Performance Specifications;
<b>“Original Rolling Stock”</b>	has the meaning given to it in paragraph 1.1 of Chapter 4.3 ( <i>The Rolling Stock</i> );
<b>“ORR”</b>	means the Office of Rail and Road established by section 15 of the Railways and Transport Safety Act 2003 and having duties and obligations as set out in the Act;
<b>“Other Passenger Route Within the Geographical Area”</b>	means any route which is not a Route but is a route in the Geographical Area over which a passenger train operator other than the Operator operates passenger services included in the National Rail Timetable;
<b>“Outline Business Plan”</b>	means, with respect to each Business Plan Component within a Business Plan, the longer-term context and strategy for such Business Plan Component applicable from (a) the end of the relevant Business Plan Year, to (b) the end of the relevant Business Plan Period, which shall (among other things) include identification and consideration of any anticipated or potential developments or enhancements which may be required to be reflected in the Business Plan with respect to any future Business Plan Years during the relevant Business Plan Period to the extent that such developments or enhancements are within the reasonable contemplation of the Parties at the time of agreement or determination of the relevant Business Plan;
<b>“Overall RCIS Score”</b>	means the overall score (described in the RCIS Performance Calculation Methodology) achieved by the Operator for the relevant Contract Year, calculated in accordance with the process detailed in the RCIS Performance Calculation Methodology;
<b>“Park Mark”</b>	means the certification scheme administered by the parking industry and which sets car park design and management safety standards for crime reduction within car parks;
<b>“Partial Cancellation”</b>	means a Passenger Service which is included in the Enforcement Plan of the Day and which: <ul style="list-style-type: none"> <li>(a) misses a stop; or</li> <li>(b) completes fifty per cent (50%) or more, but less than one hundred per cent (100%) of its scheduled mileage as prescribed in the Enforcement Plan of the Day,</li> </ul> in each case, for reasons which are attributed to the Operator pursuant to its Track Access Agreement;
<b>“Participating Employer”</b>	has the meaning given to it in the Pension Trust;
<b>“Pass Rate”</b>	means: <ul style="list-style-type: none"> <li>(a) in respect of a Reporting Period and for each Service Quality Schedule, the pass rate (<i>i.e. the number of Service Quality Indicators that have passed rather than failed</i>) for a Service Quality Area comprised in such Service Quality Schedule as calculated in accordance with paragraph 8 of Chapter 5.5 (<i>Customer Experience Performance</i>); and</li> </ul>

(b) in respect of each Service Quality Schedule and for each Contract Year, the pass rate (*i.e. the number of Service Quality Indicators that have passed rather than failed*) for a Service Quality Area comprised in such Service Quality Schedule calculated in accordance with paragraph 8 of Chapter 5.5 (*Customer Experience Performance*),

both expressed as a percentage;

**“Passenger Assist”**

means the passenger assistance service provided by train operating companies and referred to by the ORR as **“Passenger Assist”**, as such service may be further described by the ORR from time to time at: <http://orr.gov.uk/info-for-passengers/passengers-with-disabilities> (or such other applicable web address that is adopted by the ORR for these purposes from time to time);

**“Passenger Carrying Capacity”**

means, in relation to a Passenger Service, the capacity of the vehicles (as stated in Chapter 4.3 (*The Rolling Stock*) or determined by the Secretary of State in accordance with paragraph 2.3 of Chapter 4.3 (*The Rolling Stock*)) from which the Passenger Service is formed;

**“Passenger Change Date”**

means a date upon which significant changes may be made to the Timetable in accordance with or by virtue of the Network Code;

**“Passenger Services”**

means the Operator’s railway passenger services as specified in any Timetable and/or Plan of the Day including those railway passenger services which the Operator may delegate or subcontract or otherwise secure through any other person from time to time in accordance with the Service Contract;

**“Passenger Services Enhancement Options”**

has the meaning given to it in paragraph 8.1 (*Development of Proposals for Passenger Service Enhancements*) of Chapter 4.1 (*Service Development*);

**“Passenger’s Charter” or “PC”**

means the Operator’s service commitments to its passengers in the agreed terms marked **PC**, as amended or replaced from time to time with the prior written consent of the Secretary of State in accordance with paragraph 5 of Chapter 5.1 (*Customer Information*);

**“Passengers’ Council”**

means the passengers’ council established under section 19 of the Railways Act 2005 (as amended by The Passengers’ Council (Non-Railway Functions) Order 2010). The Passengers’ Council has been generally known as **“Transport Focus”** from 30 March 2015;

**“Pay As You Go Agreement”**

means an agreement dated 16 October 2009 between Transport Trading Limited and train operators operating in London enabling joint ticketing and the acceptance of each other’s tickets using smart media technology under the name **“Pay as You Go”**;

**“PAYG Off-Peak Fare”**

means a Fare which is a Permanent Fare and which entitles the purchaser to make a single journey under the Pay As You Go Agreement in Standard Class Accommodation between and within the PAYG Zones for which the fare is valid, at any time on Saturdays and Sundays and at such times as the Operator may designate on Mondays to Fridays (where such Fare need not be valid between 06.30 and 09.30 or between 16.00 and 19.00 but must be valid at all other times) and

	which may take into account the different directions of travel;
<b>“PAYG Peak Fare”</b>	means a Fare which is a Permanent Fare and which entitles the purchaser to make a single journey under the Pay As You Go Agreement in Standard Class Accommodation between and within the PAYG Zones for which the fare is valid, at any time;
<b>“PAYG Zone”</b>	means the Stations within the <b>“PAYG Area”</b> (as such is defined in the Pay As You Go Agreement) or otherwise included in part 1 (PAYG Acceptance) of schedule 3 (Operation of PAYG) of the Pay As You Go Agreement (as such is amended from time to time);
<b>“Payment Date”</b>	means the date for the payment of Contract Payments in accordance with paragraph 2.3 of Chapter 7.1 ( <i>Contract Payments</i> );
<b>“Peak”</b>	means the Morning Peak and the Evening Peak;
<b>“Peak Passenger Service”</b>	means, as the case may be, a Morning Peak Service or an Evening Peak Service;
<b>“Pension Trust”</b>	means the pension trust governing the Railways Pension Scheme;
<b>“Pensions Committee”</b>	has the meaning given to it in the Railways Pension Scheme;
<b>“Percentage Allocation”</b>	has the meaning given to it in the Ticketing and Settlement Agreement (and references to <b>“Percentage Allocations”</b> shall be construed accordingly);
<b>“Performance Improvement Management System”</b>	means the rail industry framework for the management of performance risks;
<b>“Performance Strategy Plan”</b>	means any joint plan, which the Operator and Network Rail are party to, which has been designed to achieve the performance objectives set out in Part L of the Network Code (and/or other objectives related to train service reliability and punctuality as agreed by Network Rail and the Operator);
<b>“Periodic Finance Review Meeting”</b>	has the meaning given to it in paragraph 11.9 of Chapter 7.1 ( <i>Contract Payments</i> );
<b>“Permanent Fare”</b>	has the meaning given to it in the Ticketing and Settlement Agreement;
<b>“Permitted Aggregate Increase” or “PAI”</b>	has the meaning given to it in paragraph 4.2 of Chapter 8.2.4 ( <i>Regulation of Fares Basket Values and Individual Fares</i> )
<b>“Permitted Individual Increase” or “PII”</b>	has the meaning given to it in paragraph 2.2 of Part B ( <i>Regulation of Individual Fares</i> ) of Chapter 8.2.4 ( <i>Regulation of Fares Basket Values and Individual Fares</i> );
<b>“Personal Data”</b>	has the meaning given to it in the Data Protection Legislation;
<b>“Personal Data Breach”</b>	has the meaning given to it in the Data Protection Legislation;
<b>“Plan for Rail”</b>	means the government's plan to transform the railways in Great Britain published on 20 May 2021;
<b>“Plan of the Day”</b>	means, in relation to each day during the Contract Term, the Passenger Services scheduled to be operated on that day through specification in the Timetable or as notified to the



	Operator by Network Rail from time to time prior to 22.00 on the previous day;
<b>“Planned Train Mileage”</b>	means the aggregate train mileage planned during each Reporting Period by each train used in the provision of the Passenger Services (excluding, any train mileage planned as a result of positioning or other movements of rolling stock vehicles outside the Timetable);
<b>“Police Scotland”</b>	means the national police force for Scotland as formed in 2013 following the merger of eight regional police forces;
<b>“Preceding Year Ticket Price”</b>	has the meaning given to it in paragraph 2.1 of Part B ( <i>Regulation of Individual Fares</i> ) of Chapter 8.2.4 ( <i>Regulation of Fares Basket Values and Individual Fares</i> );
<b>“Preliminary Database”</b>	means such database as may be put in place by the Secretary of State prior to making any RPC Database available to the Operator, as part of the development of the RPC Database;
<b>“Previous Agreement”</b>	means a national rail contract (being a “franchise agreement” for the purposes of the Act) dated 19 May 2021 under which services equivalent to the Rail Services (or a material proportion thereof) were provided by the Previous Operator on or about the day prior to the Start Date;
<b>“Previous Customer Report”</b>	means, in relation to a Customer Report, the Customer Report published by the Operator immediately prior to that Customer Report;
<b>“Previous Operator”</b>	has the meaning given to it in Recital (A);
<b>“Previous Passenger Services”</b>	means: <ul style="list-style-type: none"> <li>(a) any railway passenger services operated under a Previous Agreement that is the same or substantially the same as any Passenger Service in terms of departure and arrival times and stopping patterns; and</li> <li>(b) if no such railway passenger service is found under paragraph (a) such other railway passenger services operated under a Previous Agreement which is similar in terms of departure and arrival times and stopping patterns to the Passenger Services as the Secretary of State may determine;</li> </ul>
<b>“Previous Performance Level”</b>	means the level of performance actually achieved in relation to the Previous Passenger Services;
<b>“Previous SQR Benchmark”</b>	has the meaning given to the term SQR Benchmark under the Previous Agreement;
<b>“Price”</b>	means, in respect of any Fare, the price of such Fare before the deduction of any applicable discount to which a purchaser may be entitled, as notified to RSP in accordance with Schedule 5 ( <i>Fares and Smart Ticketing</i> ) to the Ticketing and Settlement Agreement;
<b>“Primary Brand”</b>	means TransPennine Express (as detailed in Schedule 1 ( <i>Licensed IP</i> ) to the Brand Licence) and the Parties acknowledge that such brand constitutes Enduring Branding;
<b>“Principles of Inclusive Design”</b>	means planning, designing, building and managing places, while having due regard and a proportionate response to



	stakeholder views obtained through consultation or otherwise, so that they work better for everybody and reflect the diversity of the people who use them as embodied in the document published by the Commission for Architecture and the Built Environment in 2006 with the title <b><i>“The Principles of Inclusive Design”</i></b> (as revised from time to time”);
<b>“Prior Train Operator”</b>	means the Train Operator which used or is using the Cascaded Rolling Stock immediately prior to its proposed use by the Operator;
<b>“Processor”</b>	has the meaning given to it in the Data Protection Legislation;
<b>“Procurement Policy”</b>	has the meaning given in paragraph 7 ( <i>Subsidy Control, State Aid and Procurement Regulations</i> ) of Chapter 9.7 ( <i>Miscellaneous Legal Terms</i> );
<b>“Property Lease”</b>	means any Depot Lease, any lease in respect of a Managed Station Area, any lease in respect of the Shared Facilities or any Station Lease and any agreement or lease of a similar or equivalent nature (whether in respect of any such facility or otherwise) which the Operator may enter into with a person who has an interest in a network or a railway facility which is to be used for or in connection with the provision or operation of the Rail Services;
<b>“Property Matrix Workbook” or “PMW”</b>	means the document in the agreed terms marked PMW and has the meaning given to it in paragraph 4A.3(b) ( <i>Maintenance of Records</i> ) of Chapter 1.1 ( <i>Organisation and Management</i> );
<b>“Proposed Business Plan Commitment”</b>	has the meaning given in paragraph 12.7 ( <i>Extended Term Contracts and Extended Term Designatable Contracts</i> ) of Chapter 7.7 ( <i>Business Plan</i> );
<b>“Protected Fare”</b>	means a Protected Return Fare or a Protected Weekly Season Ticket;
<b>“Protected Fares Basket”</b>	means the grouping of Protected Fares: <ul style="list-style-type: none"> <li>(a) determined by the Secretary of State pursuant to Chapter 8.2.3 (<i>Allocation of Fares to Fares Baskets</i>);</li> <li>(b) for the purposes of regulating their aggregate Prices in accordance with Chapter 8.2.4 (<i>Regulation of Fares Basket Values and Individual Fares</i>);</li> <li>(c) amended by the Secretary of State from time to time in accordance with of Part B (<i>Changes to Fares and Fares Regulation</i>) of Chapter 8.2.5 (<i>Exceeding the Regulated Value, Regulated Price or Regulated Child Price, and Changes to Fares and Fares Regulation</i>); and</li> <li>(d) set out in the Protected Fares Document;</li> </ul>
<b>“Protected Fares Document” or “PFD”</b>	means the document in the agreed terms marked <b>PFD</b> , as the same may be amended from time to time in accordance with Part B ( <i>Changes to Fares and Fares Regulation</i> ) of Chapter 8.2.5 ( <i>Exceeding the Regulated Value, Regulated Price or Regulated Child Price, and Changes to Fares and Fares Regulation</i> )

**“Protected Return Fare”**

means in respect of a Fare for a Flow:

- (a) for which there was a Saver Return Fare in February 2003, a Return Fare for each such Flow in respect of which the Operator is entitled or obliged from time to time to set the Price under the Ticketing and Settlement Agreement, subject to the following additional rights and restrictions:
  - (i) it shall be valid for no less than one (1) month;
  - (ii) it shall be valid all day on a Saturday or Sunday and from no later than 10.30 on any other day;
  - (iii) it need not be valid for any journey:
    - (A) beginning between 15.00 and 19.00 on any day other than a Saturday or Sunday;
    - (B) where such journey begins from a London Station or any station between any London Station and Reading station, Watford station, Luton station, or Stevenage station (inclusively); and
    - (C) which is in a direction away from London; or
- (b) for which there was no Saver Return Fare in February 2003, a Return Fare for each such Flow in respect of which the Operator is entitled or obliged from time to time to set the Price under the Ticketing and Settlement Agreement,

**“Protected Weekly Season Ticket”**

means a Weekly Season Ticket for any Flow for which there was a weekly season ticket in the fares manuals and systems of the RSP in February 2003, and in respect of which the Operator is entitled or obliged, from time to time, to set the Price of under the Ticketing and Settlement Agreement;

**“Public Sector Operator”**

means any person (other than a franchisee or franchise operator in relation to the services provided or operated under its franchise agreement) who provides railway passenger services or operates any station or light maintenance depot pursuant to or under section 30 of the Act or section 6 of the Railways Act 2005;

**“Quarter” or “Quarterly”**

means:

- (a) in respect of the first Contract Year only:
  - (i) a period of one (1) Reporting Period ending at the end of the first Reporting Period in the first Contract Year;
  - (ii) a period of three (3) consecutive Reporting Periods ending at the end of the fourth and seventh Reporting Periods in the first Contract Year; or

- (ii) a period of four (4) consecutive Reporting Periods ending at the end of the eleventh Reporting Period in the first Contract Year; and
- (b) in respect of each other Contract Year:
  - (i) a period of three (3) consecutive Reporting Periods ending at the end of the third, sixth and ninth Reporting Periods in a Contract Year; or
  - (ii) a period of four (4) consecutive Reporting Periods ending at the end of the thirteenth Reporting Period of a Contract Year,

(and “Quarterly” shall be interpreted accordingly);

**“Quarterly Forecast”**

has the meaning given to it in paragraph 1.4(a) (*Quarterly Financial Information*) of Chapter 7.3 (*Management Information*);

**“Quarterly Season Ticket”**

means a Season Ticket Fare which is valid in Standard Class Accommodation from (and including) the day it first comes into effect until (but excluding) the day which falls three (3) months after such day;

**“Rail Customer Insight Programme”**

means the programme of work being developed by the rail industry which involves collecting, analysing and utilising a wide range of information about the customer experience by assessing, amongst other things, the Operator’s performance in relation to a passenger’s rail journey (as specified in the Rail Customer Insight Survey) and against the nine customer needs highlighted within the Plan for Rail;

**“Rail Customer Insight Survey”**

means a customer satisfaction survey in respect of the Rail Services (in such form as may be agreed from time to time), which is undertaken as part of the Rail Customer Insight Programme to monitor, amongst other things, the Operator’s performance in relation to a passenger’s rail journey (as specified in the relevant Rail Customer Insight Survey) and against the nine customer needs identified within the Plan for Rail, and shall include any Alternative Survey as referred to in paragraph 19.6 of Part 2 (RCIS) of Chapter 5.5 (*Customer Experience Performance*);

**“Rail Delivery Group” or “RDG”**

means the Rail Delivery Group Limited (company number 08176197) (including any of its successors and assigns) whose principal place of business is at 2<sup>nd</sup> Floor, 200-202 Aldersgate Street, London EC1A 4HD, which is responsible for preserving and enhancing the benefits for passengers of Britain’s national rail network policy formulation and communications on behalf of the whole rail industry;

**“Rail Product”**

has the meaning given to it in the Ticketing and Settlement Agreement and references to **“Rail Products”** shall be construed accordingly;

**“Rail Revenue Recovery Group” or “RRRG”**

means the body known as the Rail Revenue Recovery Group, established to advise on how best to drive the recovery and subsequent ongoing growth of rail revenues, including by developing proposals for a programme of cross-industry activities;

<b>“Rail Safety and Standards Board” or “RSSB”</b>	means Rail Safety and Standards Board Limited, a company registered in England with registered number 04655675 whose registered office is at The Helicon, 4 <sup>th</sup> Floor, One South Place, London, EC2M 2RB;
<b>“Rail Services”</b>	means: <ul style="list-style-type: none"> <li>(a) the Passenger Services, the Light Maintenance Services, the Station Services and the Ancillary Services as the Operator may provide or operate from time to time, including any of such services as the Operator may delegate or subcontract or otherwise secure through any other person from time to time in accordance with the Service Contract; and</li> <li>(b) any other rights proposed by the Secretary of State from time to time to operate the Passenger Services over the Routes prescribed in paragraph 7 (<i>Restrictions relating to Rail Services</i>) of Chapter 4.1 (<i>Service Development</i>);</li> </ul>
<b>“Railway Group”</b>	means the committee responsible for cross industry co-ordination in respect of rail safety legislation and industry safety standards chaired by the Rail Safety and Standards Board;
<b>“Railway Operational Code”</b>	has the meaning given to it in Condition H of the Network Code;
<b>“Railway Passenger Services”</b>	means, for the purposes of Chapter 8 ( <i>Fares and Revenue</i> ) only, services for the carriage of passengers by railway which are provided by a person who is bound by the Ticketing and Settlement Agreement, or any part of it, and including the Operator and any other Train Operator from time to time;
<b>“Railways Pension Scheme”</b>	means the pension scheme established by the Railways Pension Scheme Order 1994 (No. 1433);
<b>“RCIS Administrator”</b>	has the meaning given to it in paragraph 19.4 of Part 2 ( <i>Part 2: RCIS</i> ) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“RCIS Benchmark”</b>	means, in respect of a relevant Contract Year, the benchmark for each RCIS Measure as set out in the RCIS Benchmark Table;
<b>“RCIS Benchmark Table”</b>	means the tables setting out the RCIS Benchmarks as set out as part of the Annual PBF Specifications in the Business Plan;
<b>“RCIS Improvement Plan”</b>	has the meaning given to it in paragraph 21.3 of Part 2 ( <i>RCIS</i> ) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“RCIS Improvement Proposal”</b>	has the meaning given to it in paragraph 21.1 of Part 2 ( <i>RCIS</i> ) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“RCIS Measure”</b>	means each of the factors as may be determined and more particularly described in the RCIS Performance Calculation Methodology;
<b>“RCIS Performance Calculation Methodology” or “RCIS PCM”</b>	has the meaning given to it in paragraph 19.1(a) of Part 2 ( <i>RCIS</i> ) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“RCS”</b>	has the meaning given in paragraph 3.2(e) ( <i>Flexible Ticket Product</i> ) of Chapter 8.2.2 ( <i>Operator’s Obligation to Create Fares</i> );

<b>“RDG Design Guidelines”</b>	means the Rail Delivery Group’s ticket vending machine design guidelines;
<b>“RDG Guidance on Emergency Planning, Knowledge, Understanding and Responsibilities”</b>	means the guidance that sets out industry best practice for planning for responses to major incidents and emergencies entitled <i>“Emergency Planning, Knowledge, Understanding and Responsibilities”</i> dated April 2015 and published by RDG, as amended or updated from time to time, or other relevant guidance as specified by the Secretary of State during the Contract Term;
<b>“Reactionary Delay”</b>	means a delay that is attributed as “Reactionary Delay” in accordance with the Delay Attribution Principles and Rules;
<b>“Reasonable Commercial Manner”</b>	means: <ul style="list-style-type: none"> <li>(i) acting in the long-term interests of the Rail Services taking into account the long-term affordability, sustainability and financial robustness of the Operator Pension Section(s) as if the Operator and its employees (as appropriate) were solely responsible for the funding of the Operator Pension Section(s) and, at all times, disregarding the actual allocation of cost risk as between the Operator and the Secretary of State in this Contract; or at the option of the Secretary of State;</li> <li>(ii) acting in such other manner as the Secretary of State directs;</li> </ul>
<b>“Re-inspection Failure”</b>	has the meaning given to it in paragraph 4.1(a) of Part 1 ( <i>Service Quality Regime</i> ) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“Recognised Accreditation Scheme”</b>	means any of the following diversity accreditation schemes: <ul style="list-style-type: none"> <li>(a) Investors in Diversity;</li> <li>(b) Clear Assured;</li> <li>(c) National Equality Standards;</li> <li>(d) Diversity Development Standard;</li> <li>(e) Inclusive Employers; and/or,</li> </ul> such other scheme as the Secretary of State may designate as a Recognised Accreditation Scheme from time to time;
<b>“Recruitment Objectives”</b>	has the meaning given to it in paragraph 1.5(a) of Chapter 2.1 ( <i>Diversity and Inclusion and Training and Development</i> );
<b>“Recruitment Targets”</b>	means the recruitment targets and associated timeframes in respect of all new recruits across all grades, jobs, positions and roles, as set out in the Operator’s D&I Strategy;
<b>“Rectification Evidence Failure”</b>	has the meaning given to such term in paragraph 4.1(b) of Part 1 ( <i>Service Quality Regime</i> ) to Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“Redactions”</b>	has the meaning given to it in paragraph 10.1 of Chapter 9.6 ( <i>Confidentiality and Data Protection</i> );
<b>“Reference Fare”</b>	has the meaning given to it in paragraph 6.1(a) of Part B ( <i>Changes to Fares and Fares Regulation</i> ) of Chapter 8.2.5 ( <i>Exceeding the Regulated Value, Regulated Price or</i>

	<i>Regulated Child Price, and Changes to Fares and Fares Regulation);</i>
<b>“Reference Flow”</b>	has the meaning given to it in paragraph 6.1(a) of Part B ( <i>Changes to Fares and Fares Regulation</i> ) of Chapter 8.2.5 ( <i>Exceeding the Regulated Value, Regulated Price or Regulated Child Price, and Changes to Fares and Fares Regulation</i> );
<b>“Reference Revenue”</b>	means the aggregate Gross Revenue recorded by RSP as attributable to sales of all Protected Fares for the period of twelve (12) months which ended 31 March 2010 or such other reference period as the Secretary of State may require pursuant to paragraph 3.1(a) of Chapter 8.2.5 ( <i>Changes to Fares and Fares Regulation</i> );
<b>“Regulated Child Price”</b>	means the Child Price that is permitted to be charged by the Operator in respect of any Fare in any Fare Year as specified in paragraph 1.3 of Part B ( <i>Regulation of Individual Fares</i> ) of Chapter 8.2.4 ( <i>Regulation of Fares Basket Values and Individual Fares</i> );
<b>“Regulated Price”</b>	means the Price that is permitted to be charged by the Operator in respect of any Fare in any Fare Year, determined in accordance with paragraph 2.1 of Part B ( <i>Regulation of Individual Fares</i> ) of Chapter 8.2.4 ( <i>Regulation of Fares Basket Values and Individual Fares</i> );
<b>“Regulated Qualifications Framework”</b>	means the Regulated Qualifications Framework introduced by Ofqual on 1 October 2015 as located at the date of this Contract at <a href="https://www.gov.uk/find-a-regulated-qualification">https://www.gov.uk/find-a-regulated-qualification</a> ;
<b>“Regulated Value”</b>	means the Value of any Fares Basket that is permitted in any Fare Year, determined in accordance with paragraph 4.1 of Part A ( <i>Regulation of Fares Basket Values</i> ) of Chapter 8.2.4 ( <i>Regulation of Fares Basket Values and Individual Fares</i> );
<b>“Regulation 1370”</b>	means Regulation (EC) N° 1370/2007 of 23 October 2007 on public passenger transport services by rail and by road as incorporated into domestic law by the European Union (Withdrawal) Act 2018 and as amended by S.I. 2020/504 and S.I 2020/1470, and Regulation (EC) N° 1370/2007 of 23 October 2007 on public passenger transport services by rail and by road as applicable in the European Union;
<b>“Relevant CSA Limiting Factors”</b>	has the meaning given in paragraph 2.4 ( <i>Customer Satisfaction – Scorecard A</i> ) of Appendix 1 ( <i>Scorecard Criteria</i> ) to Chapter 7.2 ( <i>Performance Assessment</i> );
<b>“Relevant CSB Limiting Factors”</b>	has the meaning given in paragraph 3.2A ( <i>Customer Satisfaction – Scorecard B</i> ) of Appendix 1 ( <i>Scorecard Criteria</i> ) to Chapter 7.2 ( <i>Performance Assessment</i> );
<b>“Relevant Data”</b>	has the meaning given to it in paragraph 14.1(a) ( <i>Request for Data</i> ) of Chapter 9.6 ( <i>Confidentiality and Data Protection</i> );
<b>“Relevant Delay”</b>	means any delay to the successful introduction into service of any Relevant Rolling Stock;
<b>“Relevant Depot”</b>	has the meaning given to it in paragraph 6.1(d) ( <i>Sub-Leasing Arrangements</i> ) of Chapter 9.1 ( <i>Fixed Assets</i> );
<b>“Relevant Documents”</b>	has the meaning given to it in paragraph 9.2(a) of Chapter 5.3 ( <i>Accessibility and Inclusivity</i> );



<b>“Relevant Employer”</b>	means any of the Operator’s Affiliates to whom the Rail Services or services which are in support of or ancillary to the Rail Services have been subcontracted (at any tier) or delegated by the Operator, which employs Business Employees performing or in support of or ancillary to the Rail Services;
<b>“Relevant Flow”</b>	has the meaning given in paragraph 3.2(b) ( <i>Flexible Ticket Product</i> ) of Chapter 8.2.2 ( <i>Operator’s Obligation to Create Fares</i> );
<b>“Relevant OP Component Performance Level”</b>	means, in respect of the relevant Operational Performance Component, the value in relation to performance set out in the relevant Operational Performance Component Table;
<b>“Relevant OP Limiting Factors”</b>	has the meaning given in paragraph 1.4 (paragraph 1.4 ( <i>Operational Performance</i> ) of Appendix 1 ( <i>Scorecard Criteria</i> ) to Chapter 7.2 ( <i>Performance Assessment</i> );
<b>“Relevant Rectification Period”</b>	has the meaning given to such term in paragraph 4.1(b) of Part 1 ( <i>Service Quality Regime</i> ) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“Relevant Rolling Stock”</b>	means rolling stock to be acquired by another Train Operator which, when acquired, will initiate the “ <b>cascade</b> ” of rolling stock that directly or indirectly makes the Cascaded Rolling Stock available for use by the Operator;
<b>“Relevant SQ Limiting Factors”</b>	has the meaning given in paragraph 4.4 ( <i>Service Quality Standards</i> ) of Appendix 1 ( <i>Scorecard Criteria</i> ) to Chapter 7.2 ( <i>Performance Assessment</i> );
<b>“Relevant Technical Specification”</b>	means the applicable TSI or NTSN;
<b>“Reporting Period”</b>	means a period of twenty eight (28) days, provided that: <ul style="list-style-type: none"> <li>(a) the first such period during the Contract Period shall exclude any days up to but not including the Start Date;</li> <li>(b) the first and last such period in any Reporting Year may be varied by up to seven (7) days by notice from the Secretary of State to the Operator;</li> <li>(c) each such period shall start on the day following the last day of the preceding such period; and</li> <li>(d) the last such period during the Contract Period shall end at the end of the Contract Period;</li> </ul>
<b>“Reporting Year”</b>	means a period normally commencing on 1 April in each calendar year, comprising thirteen (13) consecutive Reporting Periods;
<b>“Request for Approval”</b>	has the meaning given to it in paragraph 1.1(b) of Chapter 1.3 ( <i>Approval Process</i> );
<b>“Request for Business Plan” or “RfBP”</b>	means, with respect to each Business Plan Year, the request issued by the Secretary of State to the Operator (as may be updated or revised from time to time in accordance with paragraph 3.3 of Chapter 7.7 ( <i>Business Plan</i> )), setting out the specification to be achieved by, and the requirements as to the format and content of, the Business Plan with respect to such Business Plan Year, and may include the Secretary of State’s proposed draft Annual Performance Specifications;



<b>“Request for Data”</b>	has the meaning given to it in paragraph 14.1(a) ( <i>Request for Data</i> ) of Chapter 9.6 ( <i>Confidentiality and Data Protection</i> );
<b>“Request for Information”</b>	means a request for information or an apparent request under the Freedom of Information Act or the Environmental Information Regulations;
<b>“Required Establishment”</b>	means the number of train crew required in order to operate the Passenger Services, which in the case of drivers shall be calculated in accordance with the Rail Delivery Group’s “Guidance Note on Driver Establishment Calculation (December 2013)” and otherwise in accordance with an equivalent methodology;
<b>“Required Performance Improvement”</b>	<p>means, in relation to each relevant Operational Performance Component, an improvement in the Operator’s performance:</p> <p>(a) in relation to:</p> <ul style="list-style-type: none"> <li>(i) TOC on Self Cancellations; and/or</li> <li>(ii) TOC Minutes Delay; and/or</li> <li>(iii) Short Formations; and/or</li> </ul> <p>(b) against:</p> <ul style="list-style-type: none"> <li>(i) the T-3 Measure; and/or</li> <li>(ii) the T-15 Measure; and/or</li> <li>(iii) the All Cancellations Measure,</li> </ul> <p>in each case, so that such level of performance is better than the Relevant OP Component Performance Level for the relevant Operational Performance Component (it being acknowledged that for these purposes reference to “Relevant OP Component Performance Level” shall mean the applicable “Minimum Performance Level” set out in the relevant Operational Performance Component Table);</p>
<b>“Retail Prices Index”</b>	means the retail prices index for the whole economy of the United Kingdom and for all items as published from time to time by the Office for National Statistics as “RPI” or, if such index shall cease to be published or there is, in the opinion of the Secretary of State, a material change in the basis of the index or if, at any relevant time, there is a delay in the publication of the index, such other retail prices index as the Secretary of State may, after consultation with the Operator, determine to be appropriate in the circumstances;
<b>“Return Fare”</b>	means a Fare which entitles the purchaser to make, without further restrictions as to the time of day for which the Fare is valid, a journey in each direction in Standard Class Accommodation between the stations and/or the zones for which such Fare is valid and which expires no earlier than 02.00 on the day after the day of the outward journey or, if later, the time the relevant return journey may be completed if commenced before 02.00;
<b>“Reward and People Principles”</b>	means any policy or policies, high level objectives, principles, instructions or guidance issued to the Operator or any Relevant Employer by the Secretary of State (a) with the title “Reward and People Policy”, “Reward Policy” and/or “People Policy”; and/or (b) which relates to remuneration, pensions, benefits, working arrangements, working practices or terms

	and conditions of employment in respect of any Business Employee, in each case (a) and (b) as may be amended, supplemented or replaced by the Secretary of State from time to time;
<b>“RM3P”</b>	means the ‘Risk Management Maturity Model for Performance’ system to monitor and manage operational performance within the rail industry;
<b>“Rolling Stock Lease”</b>	means any agreement for the leasing of rolling stock vehicles to which the Operator is a party as at the Start Date and any agreement of a similar or equivalent nature (including, any agreement or arrangement for the subleasing, hiring, licensing or other use of rolling stock vehicles) to which the Operator is a party from time to time during the Contract Term whether in addition to, or replacement or substitution for, in whole or in part, any such agreement;
<b>“Rolling Stock Related Contract”</b>	means any Rolling Stock Lease, Maintenance Contract or Technical Support Contract;
<b>“Rolling Stock Units”</b>	means the smallest number of rolling stock vehicles which are normally comprised in a train used by the Operator in the provision of the Passenger Services;
<b>“Route”</b>	means any route specified in the Timetable over which the Operator has permission to operate the Passenger Services pursuant to any Track Access Agreement;
<b>“Route-Specific Required Performance Improvement”</b>	has the meaning given to it in paragraph 9.1(a)(ix), of Chapter 4.4 ( <i>Operational Performance</i> );
<b>“Route Map”</b>	means a map (which may be a topological map) showing each of the Routes and each Other Passenger Route Within the Geographical Area meeting the requirements set out in paragraph 8 of Chapter 5.1 ( <i>Customer Information</i> );
<b>“RPC Database”</b>	means a database to be provided by the Secretary of State pursuant to and on the terms of paragraph 6.1 of Chapter 9.3 ( <i>Branding and Intellectual Property</i> ) containing rail passenger counts information and providing analytical reporting tools or such other functionality as the Secretary of State may decide from time to time;
<b>“RSP”</b>	means Rail Settlement Plan Limited;
<b>“RSPS3002”</b>	means the RSP document with reference RSPS3002, version 3 (03-00) published on 27 September 2017 (or amended publications that replace this) which specifies standards for issuing, checking and validating rail products on ITSO Certified Smart Media and defines the rail specific rules required to ensure interoperability across the rail network;
<b>“Safeguarding on Rail Scheme”</b>	means the scheme for the accreditation of organisations in relation to the protection of vulnerable children and adults at risk on rail transport and includes the Safeguarding Principles and Measures, as set out in the “Safeguarding on Rail Scheme – Guidance Notes” published by the British Transport Police (as amended or replaced from time to time);
<b>“Safeguarding Principles and Measures”</b>	means the principles and measures to protect vulnerable children and adults at risk on rail transport, contained in the “Safeguarding on Rail Scheme – Guidance Notes” published

	by the British Transport Police against which the Operator will be assessed (as amended or replaced from time to time);
<b>“Safeguarding Strategy”</b>	means a safeguarding strategy which is approved by the British Transport Police and which promotes and enforces: <ul style="list-style-type: none"> <li>(a) the Safeguarding Principles and Measures; and</li> <li>(b) the Safeguarding on Rail Scheme;</li> </ul>
<b>“Safety Authorisation”</b>	means the authorisation issued by the ORR under the Safety Regulations authorising the Operator’s safety management system (as defined in those regulations) and the provisions adopted by the Operator to meet the requirements that are necessary to ensure safe design, maintenance and operation of the relevant infrastructure on the Routes;
<b>“Safety Certificate”</b>	means the certificate issued by the ORR under the Safety Regulations, certifying its acceptance of the Operator’s safety management system (as defined in those regulations) and the provisions adopted by the Operator to meet the requirements that are necessary to ensure safe operation on the Routes;
<b>“Safety Regulations”</b>	means the Railways and Other Guided Transport Systems (Safety) Regulations 2006 (as amended pursuant to the Railways and Other Guided Transport Systems (Safety) (Amendment) Regulations 2006);
<b>“Saver Return Fare”</b>	means a return fare which is shown as a saver fare in the systems of the RSP as at the date of each Fares Setting Round;
<b>“Scheduled Consist Data”</b>	means information as to the type of individual vehicles of rolling stock that have been scheduled by the Operator to form a train in the Train Fleet for any particular Passenger Service and the manner in which they are scheduled to be configured;
<b>“Scorecard Criterion”</b>	means each criterion set out in Appendix 1 ( <i>Scorecard Criteria</i> ) of Chapter 7.2 ( <i>Performance Assessment</i> ) as may be amended from time to time in accordance with this Contract (and “Scorecard Criteria” means the plural of Scorecard Criterion);
<b>“Scottish Ministers”</b>	has the meaning ascribed to it in section 44(2) of the Scotland Act 1998 and shall include any other body replacing them from time to time;
<b>“Season Ticket Fare”</b>	means a Fare which entitles the purchaser to make, without further restriction except as to class of accommodation, 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;
<b>“Seating and Assistance Provisions”</b>	has the meaning given to it in paragraph 4.2(a) of Chapter 5.3 ( <i>Accessibility and Inclusivity</i> );
<b>“Secondary Brand”</b>	means the Double Arrows Symbol and the Operator Trade Marks (as detailed in Appendix 1 (List of Operator Trade Marks) to Chapter 9.3 (Branding and Intellectual Property)] and Schedule 1 (Licensed IP) to the Brand Licence and the Parties acknowledge that such brands constitute Enduring Branding;

<b>“Secretary of State Relationship Manager”</b>	means the person responsible for managing the Secretary of State’s overall relationship with the Operator;
<b>“Secretary of the Access Disputes Committee”</b>	means the person appointed as the secretary of the Access Disputes Committee from time to time;
<b>“Secure Stations Accreditation”</b>	means Stations which have achieved accreditation under the Secure Stations Scheme;
<b>“Secure Stations Scheme”</b>	means the certification scheme which is managed by the Department for Transport and British Transport Police and sets station design and management safety standards for crime reduction at railway stations;
<b>“Security Interest”</b>	means any mortgage, pledge, lien, hypothecation, security interest or other charge or encumbrance or any other agreement or arrangement having substantially the same economic effect;
<b>“Security in the Design of Stations Guidance”</b>	means the “ <i>Security in Design of Stations (SIDOS)</i> ” Guidance published by the Secretary of State, the British Transport Police and the Centre for the Protection of National Infrastructure dated July 2012 as amended, updated or replaced from time to time, and/or any other relevant security guidance as directed by the Secretary of State;
<b>“Service Contract Expiry Provisions”</b>	means paragraph 2 ( <i>Reduction in Prices of Fares during the Last Thirteen (13) Month Period</i> ) of Chapter 8.2.7 ( <i>Fares Selling Restrictions</i> );
<b>“Service Group”</b>	has the meaning given to it in the Track Access Agreement or as specified by the Secretary of State from time to time;
<b>“Service Quality Area”</b>	means each of the service quality areas for SQR Trains, SQR Stations and SQR Customer Service as set out in Column 1 of the table(s) in Appendix 1 to Part 1 ( <i>Service Quality Regime</i> ) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“Service Quality Failure”</b>	has the meaning given to it in paragraph 4.1 of Part 1 ( <i>Service Quality Regime</i> ) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“Service Quality Improvement”</b>	means the Operator ensuring that the relevant Affected Service Quality Area is provided at a level that is equal to or above the SQR Benchmark;
<b>“Service Quality Improvement Proposal”</b>	has the meaning given to it in paragraph 17.1 ( <i>Consequences of Performance falling below the SQR Benchmark</i> ) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“Service Quality Indicator”</b>	means each of the indicators for SQR Trains, SQR Stations and SQR Customer Service comprised in a Service Quality Area as specifically specified in Column 2 of the table(s) in Appendix 1 to Part 1 ( <i>Service Quality Regime</i> ) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“Service Quality Inspection”</b>	has the meaning given to it in paragraph 3.1 of Part 1 ( <i>Service Quality Regime</i> ) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“Service Quality Regime” or “SQR”</b>	means the regime for the measurement of standards at SQR Stations, on SQR Trains and SQR Customer Service as set out in Chapter 5.5 ( <i>Customer Experience Performance</i> );

<b>“Service Quality Re-inspection”</b>	has the meaning given to it in paragraph 4.1(a) of Part 1 ( <i>Service Quality Regime</i> ) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“Service Quality Schedules”</b>	means each of the service schedules for SQR Stations, SQR Trains and SQR Customer Service (as applicable) contained in the document in the agreed terms marked SQS;
<b>“Service Quality Rectification Evidence”</b>	means evidence and/or documentation demonstrating (as the case may be) that the Operator has rectified a relevant Service Quality Failure in relation to SQR Trains or SQR Stations, as applicable;
<b>“Service Recovery Plan”</b>	<p>means, in the event of a prevention or restriction of access to the track or a section of the track (howsoever caused) which results in any Cancellation, Partial Cancellation, and/or any Passenger Service being operated with less Passenger Carrying Capacity than the Passenger Carrying Capacity specified for such Passenger Service in the Train Formation Capacity Plan, a plan implemented by the Operator:</p> <p>(a) to minimise the disruption arising from such prevention or restriction of access by operating, during such period of disruption, the best possible level of service given such disruption, including by:</p> <ul style="list-style-type: none"> <li>(i) keeping service intervals to reasonable durations;</li> <li>(ii) keeping extended journey times to reasonable durations; and</li> <li>(iii) managing any resulting overcrowding;</li> </ul> <p>(b) to:</p> <ul style="list-style-type: none"> <li>(i) return the level of service to that level specified in the Timetable as soon as practicable; and</li> <li>(ii) prior to the attainment of the level of service specified in paragraph (b)(i) operate any reduced level of service agreed with Network Rail for the purpose of minimising such disruption pursuant to paragraph (a);</li> </ul> <p>(c) in accordance with the principles of service recovery set out in the <b>“Approved Code of Practice: Contingency Planning for Train Service Recovery – Service Recovery 2013”</b> or any document of a similar or equivalent nature; and</p> <p>(d) where the particulars of such plan in relation to the requirements of paragraphs (a) and (b) have been:</p> <ul style="list-style-type: none"> <li>(i) agreed at an initial and, where required, subsequent telephone conference between the Operator, Network Rail and any other affected Train Operator; and</li> <li>(ii) on each occasion, recorded in an official control log by the relevant Region Control Manager of Network Rail,</li> </ul>

	and prevention or restriction of access to the track or a section of the track shall have the meaning given to that term in paragraph 1.1(a)(i) of Chapter 9.4.4 ( <i>Force Majeure</i> );
<b>“Settlement Proposal”</b>	has the meaning given to it in paragraph 3.2 of Chapter 5.3 ( <i>Accessibility and Inclusivity</i> );
<b>“Shared Facilities”</b>	means those facilities in respect of which the Operator and Network Rail carry out their respective activities concurrently;
<b>“Short Formation Passenger Services”</b>	means Passenger Services that are a Weekday, Saturday and Sunday service at Manchester Stations (as defined in the General Provisions to the TSR), Manchester Oxford Road, and Leeds, provided that any Passenger Service shall only be counted once for the purposes of paragraph 5 ( <i>Short Formations</i> ) of Chapter 4.4 ( <i>Operational Performance</i> );
<b>“Short Formations”</b>	means the relevant measure by which the Operator’s operational performance is assessed, as described in and calculated in accordance with paragraph 5.1 ( <i>Short Formations</i> ) of Chapter 4.4 ( <i>Operational Performance</i> );
<b>“Short Formations Table”</b>	means the table entitled "OP Targets – Short Formation" as set out in the relevant Annual Performance Specifications;
<b>“Short Formations Figures”</b>	means the number of Passenger Services in any Reporting Period formed with less than the required Passenger Carrying Capacity specified in the Train Formation Capacity Plan;
<b>“Short Formations Re-Calculation”</b>	has the meaning given to it in paragraph 5.1(b) of Chapter 4.4 ( <i>Operational Performance</i> );
<b>“Single Fare”</b>	means a Fare which entitles the purchaser to make, without further restrictions as to the time of day for which the Fare is valid, on any one (1) day, one (1) journey in Standard Class Accommodation between the stations and/or the zones for which the Fare is valid;
<b>“SKA Rating Standard”</b>	means the recognised environmental assessment tool known as <b>“SKA Rating”</b> for sustainable fit outs published by the Royal Institute of Chartered Surveyors;
<b>“Small and Medium-sized Enterprises” or “SMEs”</b>	means any individual micro, small or medium sized enterprise meeting the requirements set out in EU Recommendation 2003/36 and broadly falling into one of three categories, based on a combination of: <ul style="list-style-type: none"> <li>(a) the number of employees; and</li> <li>(b) either its turnover or its balance sheet total;</li> </ul>

The three categories are:

Company category	Employees	Turnover	or	Balance sheet total
Medium	<250	≤ €50m		≤ €43m
Small	<50	≤ €10m		≤ €10m
Micro	<10	≤ €2m		≤ €2m



<b>“Smart Media”</b>	means any of the following which can be used as part of a Smart Ticketing Scheme: <ul style="list-style-type: none"> <li>(a) digital barcodes;</li> <li>(b) a barcode printed on paper either by customers (e.g. at home, office) or by staff at stations or on board trains;</li> <li>(c) ITSO Certified Smart Media;</li> <li>(d) contactless payment media (cEMVs);</li> <li>(e) Oyster (TfL’s smartcard); and</li> <li>(f) any of the above formats stored and presented on a portable electronic device;</li> </ul>
<b>“Smart Media Target”</b>	means the targets set out in the Business Plan for increasing take-up of Smart Media by users of the Passenger Services;
<b>“Smart Ticketing Scheme”</b>	means a scheme that uses Smart Media that can be fulfilled electronically. It must: <ul style="list-style-type: none"> <li>(a) <b>either</b> provide passengers with an electronic way of buying (including at home, on the move or at stations), receiving or collecting and using their ticket; <b>or</b> identify that a passenger has entered and left the rail network at particular stations, and deducts the cost of the journey from their debit/credit card, pre-pay account or other permissible funding mechanism;</li> <li>(b) evidence the purchase of a single or multiple Fare(s) for a passenger;</li> <li>(c) provide management information that a journey is being/has been made to the relevant back office;</li> </ul>
<b>“SoS Audits”</b>	has the meaning given to such term in paragraph 6.1 of Part 1 ( <i>Service Quality Regime</i> ) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“SoS Nominee”</b>	has the meaning given to it in paragraph 5.6 of Part 1 ( <i>Service Quality Regime</i> ) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“SoS Performance Assessment Design Review”</b>	has the meaning given to it in paragraph 1.1 (c) of Chapter 7.2 ( <i>Performance Assessment</i> );
<b>“SoS Service Quality Inspection”</b>	means inspections undertaken by the Secretary of State or the Secretary of State’s agents in place of the Operator;
<b>“SoS Service Quality Inspection Period”</b>	has the meaning given to it in paragraph 14.2(b)(iii) of Part 1 ( <i>Service Quality Regime</i> ) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“Spares”</b>	means parts and components of rolling stock vehicles which are available for the purpose of carrying out maintenance services on rolling stock vehicles;
<b>“Special Categories of Personal Data”</b>	has the meaning given to it in the Data Protection Legislation;
<b>“Specified Actions”</b>	include: <ul style="list-style-type: none"> <li>(a) identifying, developing, designing, assessing and/or advising on options or proposals for delivering particular outputs or outcomes, including</li> </ul>



- undertaking or commissioning feasibility studies; keeping records; collating relevant data; developing implementation plans; analysing financial, operational, practical and other impacts and risks; developing business cases; reviewing and commenting on documents, proposals, draft implementation timetables and programmes;
- (b) supplying to the Secretary of State and other relevant Specified Persons any relevant data or information that is held by the Operator or which the Operator can reasonably be expected to obtain or produce (including any documents, information or other outputs prepared pursuant to paragraph (a) above, and, where applicable, information regarding usage and financial performance of passenger services);
- (c) providing opinions, advice, expertise, comments, commentary or analysis to relevant Specified Persons, in writing and/or by attending and actively participating in meetings, workshops, steering groups, advisory panels as may be appropriate in the circumstances;
- (d) carrying out all the activities and actions that might reasonably be required to be carried out or undertaken by a competent train operator to support the effective, efficient and timely delivery of any improvement scheme promoted by any Specified Person;
- (e) if requested to do so by the Secretary of State, negotiating in good faith with a Specified Person with a view to reaching agreement with that person in relation to the terms (including price) for provision of Passenger Services at any new station or on any new or reopened rail route;
- (f) not unreasonably exercising its rights under, or raising any objections pursuant to, its Access Agreements or any industry procedures (including Network Change and Station Change) in a way designed to directly or indirectly prevent, prejudice or frustrate the implementation or achievement of any Specified Matter in a way that would frustrate the achievement of the Specified Matter;
- (g) if requested by the Secretary of State, identifying a specific person who will act as the Operator's primary point of contact with the Secretary of State in relation to any of the Specified Matters;
- (h) implementing any initiatives or actions that may be agreed with Specified Persons during the course of the cooperation required by paragraph 1.1 (*Duty of Cooperation*) of Chapter 3 (*Collaboration*) (but subject to paragraph 1.3 (*Duty of Cooperation*) of Chapter 3 (*Collaboration*)); and
- (i) taking, or refraining from taking, such other actions as the Secretary of State may specify by notice to the

Operator in accordance with paragraph 1.2 (*Duty of Cooperation*) of Chapter 3 (*Collaboration*),

in each case in a timely manner and to the extent applicable in the context of any particular Specified Matter.

**“Specified Additional Rolling Stock”**

has the meaning given in paragraph 1.1(b) of Chapter 4.3 (*The Rolling Stock*);

**“Specified Industry Initiatives”**

means such Improvement Initiatives which are intended to secure improvements on a railway industry wide basis as the Secretary of State and/ or Network Rail may, from time to time, notify the Operator, which may include measures or initiatives in relation to:

- (a) improving level crossing safety and risk mitigation;
- (b) prevention of suicide, trespass and vandalism on the railway;
- (c) improving track worker safety;
- (d) promoting decarbonisation and other environmental improvements;
- (e) improving passenger information including during perturbation;
- (f) the reopening of disused or freight-only railway routes to passenger services;
- (g) Network Rail’s long-term strategy and planning activities;
- (h) reforming the manner in which train service requirements are specified by funders and procurers;
- (i) the timetable technology strategy; and
- (j) the Traction Decarbonisation Network Study;.

**“Specified Matters”**

include:

- (a) the identification, development and design of Improvement Initiatives, including the Specified Industry Initiatives;
- (b) the design, development, planning, delivery and implementation of the infrastructure improvement programme known as the ‘TransPennine Route Upgrade’;
- (c) the planning and delivery of improvement works at Stations or Operator Access Stations, including Minor Works and other physical works to improve accessibility;
- (d) developing opportunities for financing investment at Stations and Operator Access Stations, for example in order to improve the customer experience, to improve energy efficiency and/or achieve other environmental benefits;
- (e) developing anything that can reasonably be considered to be a railway industry system, including systems in relation to the attribution of train delay,

the allocation of revenue and the collection and dissemination of industry-wide information;

- (f) ensuring the continuation of passenger services across the network in a coordinated manner, and in line with the priorities and directions, as may be set out by the Secretary of State from time to time, including:
- (i) co-ordinating with other Train Operators to ensure consistency of coverage to all communities across the national network, including changes to Rail Services to assist where other Train Operators are unable to fully perform their own Rail Services;
  - (ii) assisting altered or additional freight services to operate on the national rail network and, where appropriate, enabling certain essential goods (such as medical equipment or other urgent items) to be carried on Passenger Services; and
  - (iii) continuing where possible and appropriate to enforce any agreements with third parties to deliver quality and value for money;
- (g) the design and development of any scheme promoted by a Local Authority or any other person specified in paragraph 1.3 (*Duty of Cooperation*) of Chapter 3 (*Collaboration*) aimed at providing additional or varied Passenger Services; improving any station; regenerating, redeveloping or otherwise improving the public realm in the area surrounding any station; constructing and providing passenger services at new stations; opening new railway routes or reopening disused or freight-only railway routes for passenger use; or delivering other improvements that relate to the Rail Services;
- (h) efficient planning, development and implementation of infrastructure maintenance, renewal and enhancement works, including:
- (i) planning possessions, and
  - (ii) identifying opportunities to coordinate and combine the delivery of works (e.g. renewals and enhancements),
- with a view to achieving the optimum compromise between outcomes for passengers and cost-efficiency for the railway industry and ensuring that track worker safety is a key consideration (including incorporating recommendations and learning points from Rail Accident Investigation Branch investigations such as Rail Accident Report 11/2020);
- (i) continuous improvement of train timetabling and train planning functions, including the Operational Planning Matters;

- (j) developing and implementing initiatives relating to the Operator's participation or prospective participation in Industry Schemes, where such Industry Schemes relate to the Rail Services;
- (k) conserving and promoting historic buildings and structures forming part of the railway estate;
- (l) identifying and executing joint initiatives with heritage railway lines within the area of the Rail Services, with a view to increasing their usage and providing benefit to Passengers and the community;
- (m) facilitating the achievement of the objectives of any Specified Person, where the achievement of such objectives would:
  - (i) benefit passengers, the environment or the achievement of any other government policy objective; or
  - (ii) improve the cost efficiency of operating the railway;
- (n) developing and implementing initiatives to improve end-to-end journeys through integrated public transport;
- (o) assisting in the timely, efficient and cost effective implementation and delivery of the HS2 Project in a manner which provides the best overall solution for the network; and
- (p) such other activities as the Secretary of State may specify by notice to the Operator in accordance with paragraph 1.2 (*Duty of Cooperation*) of Chapter 3 (*Collaboration*);

**“Specified Persons”**

include:

- (a) the Secretary of State;
- (b) Network Rail;
- (c) other train operators, including any operator who is the holder of a passenger licence or non-passenger licence under the Act;
- (d) suppliers (including rolling stock lessors and maintainers);
- (e) any Local Authority or Devolved Transport Body;
- (f) the Scottish Ministers;
- (g) the Welsh Ministers;
- (h) the British Transport Police;
- (i) the ORR;
- (j) the RSSB;
- (k) the Passengers' Council;
- (l) the London Transport Users' Committee;

- (m) the Accessibility Panel and other bodies representing the interests of persons who share protected characteristics within the meaning of the EA 2010;
- (n) Not Used;
- (o) HS2 Limited;
- (p) HS2 Shadow Operator;
- (q) Not Used;
- (r) the Railway Heritage Trust;
- (s) the RDG;
- (t) the RRRG;
- (u) any other rail industry body not identified above;
- (v) any local operators of non-rail public transport; and
- (w) such other persons as the Secretary of State may specify by notice to the Operator in accordance with paragraph 1.2 (*Duty of Cooperation*) of Chapter 3 (*Collaboration*),

in each case to the extent applicable in the context of any particular Specified Matter;

**“SQR Benchmark”**

means any SQR Station Benchmark, SQR Train Benchmark or SQR Customer Service Benchmark (as the context may require);

**“SQR Contract”**

means any contract between the Operator and the SQR Contractor pursuant to which the SQR Contractor provides any of the SQR Services;

**“SQR Contractor”**

means any contractor appointed by the Operator under the SQR Contract to undertake any of the SQR Services;

**“SQR Customer Service”**

means the services measured by the indicators set out in Part 3 (*SQR Customer Service*) of the Service Quality Schedules;

**“SQR Customer Service Benchmark”**

means the benchmark for each Service Quality Area relating to SQR Customer Service as set out in the relevant Annual Performance Specifications;

**“SQR Management System”**

has the meaning given to it in paragraph 2.1 of Part 1 (*Service Quality Regime*) of Chapter 5.5 (*Customer Experience Performance*);

**“SQR Register”**

means the register of the facilities and services which exist on a SQR Train and at a SQR Station and which is to be used for carrying out:

- (a) Service Quality Inspections; and
- (b) Independent Service Quality Audits, SoS Audits or SoS Service Inspections,

in each case, as such register is required pursuant to paragraph 2.2 of Part 1 (*Service Quality Regime*) of Chapter 5.5 (*Customer Experience Performance*);

**“SQR Services”**

means the following services:

- (i) the Service Quality Inspections, Service Quality Re-inspections and Service Quality Rectification Evidence;
- (ii) the creation, setting up, hosting and/or running of the SQR Management System; and/or
- (iii) the creation, setting up, hosting and/or maintaining of the SQR Register,

(together the “**SQR Services**”);

**“SQR Station”**

means the Stations and the Managed Stations;

**“SQR Station Benchmark”**

means the benchmark for each Service Quality Area relating to SQR Stations as set out in the relevant Annual Performance Specifications;

**“SQR Train”**

means a train engaged in the provision of Passenger Services;

**“SQR Train Benchmark”**

means the benchmark for each Service Quality Area relating to SQR Trains as set out in the relevant Annual Performance Specifications;

**“Stakeholder”**

means the Passengers’ Council and any relevant Local Authority and organisations who can reasonably be considered to have a legitimate and proper interest in the Passenger Services including Community Rail Partnerships representing Community Rail Routes designated as such by the Secretary of State;

**“Standard Class Accommodation”**

means, in respect of any train or service, accommodation which is available to the purchaser of any Fare which, taking into account any rights or restrictions relating to that Fare (other than restrictions relating to accommodation on that train or service), entitles such purchaser to make a journey on that train or service (provided that any accommodation on such train which may have been reserved by such purchaser shall be deemed to have been made so available if, had it not been so reserved, it would have been available for use by such purchaser);

**“Standard Occupational Classification Codes”**

means the codes published in the Standard Occupational Classification 2010 as provided by the Office for National Statistics which can be found at

<https://www.ons.gov.uk/methodology/classificationsandstandards/standardoccupationalclassificationsoc/soc2010/soc2010volume2thestructureandcodingindex>;

**“Start Date”**

means the time and date on which the Operator is to commence operating the Rail Services, which shall be the later of:

- (a) 02.00 on 28 May 2023; or
- (b) such time and date as may be notified to DOHL and the Operator by the Secretary of State;

**“Station”**

means:

- (a) any station in respect of which the Operator has entered into a Station Lease; or

- (b) any New Station at which the Operator becomes the Facility Owner;
- “Station Access Conditions”** has the meaning given to it in the relevant Access Agreement to which it relates;
- “Station Asset Management Plan”** means the document in the agreed terms marked SAMP provided by the Operator pursuant to the Previous Agreement and as amended from time to time in accordance with the provisions of Chapter 9.1 (*Fixed Assets*);
- “Station Asset Management Plan Accreditation”** means the certification of the Operator’s station asset management organisation and systems for Stations as complying with the requirements of ISO55001:2014 (or such other reasonably equivalent standard as may be Approved in writing by the Secretary of State from time to time in place of ISO55001:2014);
- “Station Change”** has the meaning given to the term “Proposal” under the Station Access Conditions;
- “Station Lease” or “SL”** means:
  - (a) any lease of a station that the Operator is a party to as at the Start Date; or
  - (b) a lease of any other station to which the Operator becomes the Facility Owner at any time during the Contract Period;
- “Station Services”** means:
  - (a) the provision of any services to persons at 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 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 other than passenger timetables and any items included in the price of a Fare; and
    - (iv) may include the provision of car parking spaces;
  - (b) the provision of access to any person under an Access Agreement at any Station; and
  - (c) the provision of any service which the Operator may provide, or may be required to provide, under any Access Agreement;



<b>“Station Service Quality Inspection”</b>	means an inspection of the facilities and services at a SQR Station in the manner specified in the Service Quality Schedules and in accordance with the requirements of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“Station Sublease”</b>	means a lease or sub lease of premises comprising part or parts of a Station exclusively occupied by another Train Operator;
<b>“Stored Credit Balance”</b>	means any monetary amount held by the Operator which a passenger can apply at a future date to the purchase of a Fare (and stored in any medium);
<b>“Subcontractor”</b>	has the meaning given to it in paragraph 6.3(b) of Chapter 9.3 ( <i>Branding and Intellectual Property</i> );
<b>“Subsequent Business Plan Year”</b>	means any period of twelve (12) months beginning on 1 April and ending on the following 31 March, that commences: <ul style="list-style-type: none"> <li>(a) upon or after the date of expiry of the Initial Business Plan Year; and</li> <li>(b) before the end of the Contract Term,</li> </ul> (regardless of whether such period extends beyond the Contract Term);
<b>“Subsidies Rules”</b>	has the meaning given in paragraph 7 ( <i>Subsidy Control, State Aid and Procurement Regulations</i> ) of Chapter 9.7 ( <i>Miscellaneous Legal Terms</i> );
<b>“Successor Operator”</b>	means a Train Operator succeeding or intended by the Secretary of State to succeed (and whose identity is notified to the Operator by the Secretary of State) the Operator in the provision or operation of all or any of the Rail Services including, where the context so admits, the Operator where it is to continue to provide or operate the Rail Services following termination of this Contract;
<b>“Successor Operator Timetable”</b>	has the meaning given to it in paragraph 9.2(a) of Chapter 9.5.3 ( <i>Provisions applying on and after Termination</i> );
<b>“Suicide Prevention Duty Holders Group”</b>	means the cross industry steering group which directly governs and oversees the management and delivery of the rail industry’s suicide prevent programme and which is made of representatives from those organisations within the industry that have responsibility for preventing suicide on the railway;
<b>“Suicide Prevention Duty Holders’ Group’s 9 Point Plan”</b>	means the best practice plan established and published by the “cross-industry suicide prevention group”, setting out nine deliverables aimed at suicide reduction (as amended or replaced from time to time);
<b>“Suicide Prevention Plan”</b>	means the Operator’s suicide prevention plan (as developed by the Previous Operator under the 2015 Franchise Agreement), as may be updated from time to time in accordance with this Contract;
<b>“Suicide Prevention Strategy”</b>	means the ‘From Crisis to Care’ strategy document for the period 2016-2019 (as amended or replaced from time to time) published by the British Transport Police;
<b>“Systems and Assets Matrix Workbook” or “SAMW”</b>	means the document in the agreed terms marked SAMW and has the meaning given to it in paragraph 4A.3(d)

	<i>(Maintenance of Records)</i> of Chapter 1.1 ( <i>Organisation and Management</i> );
<b>“T-3 Measure”</b>	means, for each Reporting Period each of the benchmarks specified in the T-3 Table for that Reporting Period;
<b>“T-3 Table”</b>	means the table entitled, “OP Targets – T-3” as set out in the relevant Annual Performance Specifications;
<b>“T-15 Measure”</b>	means, for each Reporting Period each of the benchmarks specified in the T-15 Table for that Reporting Period;
<b>“T-15 Table”</b>	means the table entitled, “OP Targets – T-15 as set out in the relevant Annual Performance Specifications;
<b>“Target Passenger Demand”</b>	means the higher of Actual Passenger Demand and Forecast Passenger Demand or any other level of passenger demand specified by the Secretary of State not being greater than the higher of Actual Passenger Demand or Forecast Passenger Demand;
<b>“Taxation”</b>	means any kind of tax, duty, levy or other charge whether or not similar to any in force at the date of this Contract and whether imposed by a local, governmental or other competent authority in the United Kingdom or elsewhere;
<b>“TDR Amendment”</b>	has the meaning given to it in paragraph 4.6 (TDR Amendments) of Chapter 4.1 ( <i>Service Development</i> );
<b>“Technical Support Contract”</b>	means a contract for technical support to which the Operator is a party, relating to the rolling stock vehicles used in the provision of the Passenger Services;
<b>“Tendering/Reletting Process”</b>	means either of the processes described in paragraph 1.1 and 1.2 of Chapter 9.5.2 ( <i>Reletting Provisions and Maintenance as a Going Concern</i> );
<b>“Third Party Data”</b>	means any information, data and materials that may be provided to the Secretary of State by any third party that relates to the Operator and which the Secretary of State decides (in the Secretary of State’s discretion) to add to the RPC Database;
<b>“Third Party Trade Mark”</b>	means any trade mark which: <ul style="list-style-type: none"> <li>(a) is owned or licensed by a third party;</li> <li>(b) does not relate to the Operator;</li> <li>(c) any Successor Operator can reasonably be expected to continue to display on the assets to which it is applied; and</li> <li>(d) is reasonably and legitimately used in the ordinary course of the Operator’s provision of the Rail Services;</li> </ul>
<b>“Through Ticketing (Non-Travelcard) Agreement”</b>	means the agreement of that name referred to in paragraph 4.1(e) of Appendix 1 ( <i>List of Transport, Travel and Other Schemes</i> ) to Chapter 8.2.8 ( <i>Transport, Travel and Other Schemes</i> );
<b>“2010 Ticket Revenue”</b>	has the meaning given to it in paragraph 4 of Chapter 8.2.4 ( <i>Regulation of Fares Basket Values and Individual Fares</i> );

<b>“Ticketing and Settlement Agreement”</b>	means the Ticketing and Settlement Agreement dated 23 July 1995 between RSP, the Operator and the other Train Operators named therein, as amended from time to time with the approval of the Secretary of State;
<b>“Ticketless Travel Minimum Performance Level”</b>	means the applicable value specified in the relevant Annual Performance Specifications as being the “Ticketless Travel Minimum Performance Level” for the purposes of paragraph 2 ( <i>Ticketless Travel Performance</i> ) of Part A of Chapter 8.1 ( <i>Marketing and Revenue Growth</i> );
<b>“Ticketless Travel Rate”</b>	means, for any Ticketless Travel Survey Period, that proportion (expressed as a percentage to three decimal places) of revenue estimated by the Ticketless Travel Surveys conducted within that Ticketless Travel Survey Period to be associated with passengers travelling on the Passenger Services without a valid ticket or other valid permission to travel;
<b>“Ticketless Travel Survey”</b>	means for the purposes of paragraph 1 of Part A of Chapter 8.1 ( <i>Marketing and Revenue Growth</i> ), the survey carried out by or on behalf of the Secretary of State in each Ticketless Travel Survey Period for the purposes of submitting to the Secretary of State the report required pursuant to paragraph 1.3 of Part A of Chapter 8.1 ( <i>Marketing and Revenue Growth</i> );
<b>“Ticketless Travel Survey Methodology” or “TTSM”</b>	means the document in the agreed terms marked <b>TTSM</b> ;
<b>“Ticketless Travel Survey Period”</b>	means such day or days as are determined by the Secretary of State falling within each of the following periods (or such alternative periods as the Secretary of State may specify) for the purposes of paragraph 2 of Part A of Chapter 8.1 ( <i>Marketing and Revenue Growth</i> ): <ul style="list-style-type: none"> <li>(a) the first to the sixth Reporting Period (inclusive) to fall in any Contract Year; and</li> <li>(b) the seventh to the thirteenth Reporting Period (inclusive) to fall in any Contract Year;</li> </ul>
<b>“Time to 3 Minutes” or “T-3” or “Time to 3”</b>	means the percentage of recorded station stops called at within three (3) minutes of the planned time relating to the Rail Services as produced and/or published by Network Rail;
<b>“Time to 15 Minutes” or “T-15” or “Time to 15”</b>	means the percentage of recorded station stops called at within fifteen (15) minutes of the planned time relating to the Rail Services as produced and/or published by Network Rail;
<b>“Time to 3 Minutes Figures”</b>	means the moving annual average percentage published by Network Rail in respect of Time to 3 Minutes, rounded to two (2) decimal places;
<b>“Time to 15 Minutes Figures”</b>	means the moving annual average percentage published by Network Rail in respect of Time to 15 Minutes, rounded to two (2) decimal places;
<b>“Timetable”</b>	means the timetable which reflects the National Rail Timetable containing the departure and arrival times of: <ul style="list-style-type: none"> <li>(a) all Passenger Services which call at Stations and/or Operator Access Stations; and</li> </ul>

	(b) principal Connections at those stations and other stations;
<b>“Timetable Development Rights”</b>	means all or any of the rights of the Operator under any Track Access Agreement to: <ul style="list-style-type: none"> <li>(a) operate Passenger Services and ancillary movements by virtue of that Track Access Agreement;</li> <li>(b) deliver any required notification and/or declaration to Network Rail in respect of its intention to exercise any rights;</li> <li>(c) make or refrain from making any bids for Train Slots, in each case before any relevant priority dates provided for in, and in accordance with, the Network Code;</li> <li>(d) surrender any Train Slots allocated to the Operator by Network Rail in accordance with the Network Code;</li> <li>(e) object to, make representations, appeal or withhold consent in respect of any actual or proposed act or omission by Network Rail; and</li> <li>(f) seek from Network Rail additional benefits as a condition to granting any consent to any actual or proposed act or omission by Network Rail;</li> </ul>
<b>“Timetable Planning Rules”</b>	has the meaning given to it in the Network Code;
<b>“Timetabled Services”</b>	means any particular Passenger Service characterised by the day of the week (including Saturday and Sunday), time of day, origin station and destination and calling pattern which is scheduled to operate (for example, the 10:10 service departing Manchester Airport to Edinburgh on a Sunday etc.);
<b>“Timetabling and Train Planning Compliance Investigation”</b>	has the meaning set out in paragraph 2.1 of Chapter 4.2 ( <i>Operating Obligations</i> );
<b>“TOC Minutes Delay”</b>	means the relevant measure by which the Operator’s operational performance is assessed, as described in and calculated in accordance with paragraph 4.1 ( <i>TOC Minutes Delay Calculations</i> ) of Chapter 4.4 ( <i>Operational Performance</i> );
<b>“TOC Minute Delay Table”</b>	means the table entitled "OP Targets – TOC Minute Delay" as set out in the relevant Annual Performance Specifications;
<b>“TOC Minutes Delay Re-Calculation”</b>	has the meaning given to it in paragraph 4.1(b) of Chapter 4.4 ( <i>Operational Performance</i> );
<b>“TOC on Self Cancellations”</b>	means the relevant measure by which the Operator’s operational performance is assessed, as described in and calculated in accordance with paragraph 3.1 ( <i>TOC on Self Cancellation Calculation</i> ) of Chapter 4.4 ( <i>Operational Performance</i> );
<b>“TOC on Self Cancellations Table”</b>	means the table entitled "OP Targets – TOC on Self Cancellations" as set out in the relevant Annual Performance Specifications;
<b>“TOC on Self Cancellations Re-Calculation”</b>	has the meaning given to it in paragraph 3.1(b) of Chapter 4.4 ( <i>Operational Performance</i> );

<b>“Track Access Agreement”</b>	means each Access Agreement between Network Rail and the Operator which permits the Operator to provide the Passenger Services on track operated by Network Rail;
<b>“Traction Electricity Rules”</b>	means the document known as the <i>“Traction Electricity Rules”</i> published by Network Rail on its website and as may be amended from time to time;
<b>“Trade and Cooperation Agreement”</b>	means the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the One Part, and the United Kingdom of Great Britain and Northern Ireland, of the Other Part signed on 30 December 2020;
<b>“Trade Mark”</b>	means any registered or unregistered trade mark either: <ul style="list-style-type: none"> <li>(a) licensed by the Secretary of State under the Brand Licence; or</li> <li>(b) specified in Appendix 1 (<i>List of Operator Trade Marks</i>) to Chapter 9.3 (<i>Branding and Intellectual Property</i>),</li> </ul> but excluding the Primary Brand and any Secondary Brands;
<b>“Trade Union”</b>	means any trade union(s) recognised by the Operator or any Relevant Employer in respect of Business Employees;
<b>“Train Crew Numbers Data”</b>	has the meaning given to it in paragraph 3.3 ( <i>Sharing further data with Network Rail</i> ) of Chapter 3 ( <i>Collaboration</i> );
<b>“Train Fleet”</b>	means: <ul style="list-style-type: none"> <li>(a) the rolling stock vehicles described in or required by Chapter 4.3 (<i>The Rolling Stock</i>); and</li> <li>(b) any other rolling stock vehicles the Secretary of State consents to in accordance with paragraph 2 of Chapter 4.3 (<i>The Rolling Stock</i>);</li> </ul>
<b>“Train Formation Capacity Plan” or “TFCP”</b>	means the plan (including sub-plans) prepared by the Operator for the operation of trains and train formations under the Timetable that best matches available capacity to Forecast Passenger Demand as amended from time to time during the Contract Period in accordance with this Contract;
<b>“Train Operator”</b>	means a franchisee, franchise operator or other operator, which in each case operate railway passenger services pursuant to a franchise agreement (or equivalent agreement) or a Public Sector Operator;
<b>“Train Service Quality Inspection”</b>	means an inspection of the facilities and services on a vehicle comprised within a SQR Train in the manner specified in the Service Quality Schedules and in accordance with the requirements of Part 1 ( <i>Service Quality Regime</i> ) of Chapter 5.5 ( <i>Customer Experience Performance</i> );
<b>“Train Service Requirement” or “TSR”</b>	means the train service requirement more particularly described in paragraph 1 of Chapter 4.1 ( <i>Service Development</i> ) as such train service requirement may subsequently be amended or replaced in accordance with Chapter 4.1 ( <i>Service Development</i> );
<b>“Train Slot”</b>	has the meaning given to it in the Network Code;

<b>“Transaction”</b>	means the entry into the Service Contract by the Secretary of State and the Operator
<b>“Transfer Agreement”</b>	means the transfer agreement between the Operator and a Successor Operator to be entered into as requested by the Secretary of State pursuant to paragraph 3 of Chapter 9.5.3 ( <i>Provisions Applying on or after Termination</i> ), being substantially in the form of the document entitled Transfer Agreement in the agreed terms, but subject to such amendments as the Secretary of State may reasonably make thereto as a result of any change of circumstances (including any change of law) affecting such transfer agreement between the date of this Contract and the relevant date on which the Secretary of State requests the Operator to enter into the transfer agreement;
<b>“Transitory Branding”</b>	has the meaning given to it in paragraph 2.1 ( <i>Removal of Branding</i> ) of Chapter 9.3 ( <i>Branding and Intellectual Property</i> );
<b>“Transport Act”</b>	means the Transport Act 2000;
<b>“Transport for London” or “TfL”</b>	means Transport for London as established under the Greater London Authority Act 1999;
<b>“Transport for Wales”</b>	means a company wholly owned by Welsh Ministers to deliver transport projects in Wales;
<b>“Transport Infrastructure Skills Strategy”</b>	means the document of that name launched by the Department for Transport on 28 January 2016 (as located at the date of this Contract at: <a href="https://www.gov.uk/government/publications/transport-infrastructure-skills-strategy-building-sustainable-skills">https://www.gov.uk/government/publications/transport-infrastructure-skills-strategy-building-sustainable-skills</a> );
<b>“Transport Scotland”</b>	means the national transport agency of Scotland created on 1 January 2006 which is an Executive Agency of the Scottish Government and accountable to Scottish Ministers;
<b>“Travelcard Agreement”</b>	means the agreement of that name referred to in paragraph 4.1(d) of Appendix 1 ( <i>List of Transport, Travel and Other Schemes</i> ) to Chapter 8.2.8 ( <i>Transport, Travel and Other Schemes</i> );
<b>“Traveline”</b>	means the website available at: <a href="http://www.traveline.info">http://www.traveline.info</a> (or such other applicable address that is adopted from time to time) which is provided by the partnership of transport companies, local authorities and passenger groups which have come together to bring the information on routes and timers for door to door travel by bus, rail, tube, tram, coach and ferry around Great Britain;
<b>“TRH Score”</b>	means the threat, risk harm score for each Station calculated by the British Transport Police in accordance with the BTP Methodology at railway stations;
<b>“TRU Activities”</b>	has the meaning given to it in paragraph 1 of Chapter 7.8 ( <i>TransPennine Route Upgrade</i> );
<b>“TRU”</b>	means the TransPennine Route Upgrade programme;
<b>“Trustee”</b>	has the meaning given to it in paragraph 4.1 of Chapter 7.6 ( <i>Railways Pension Scheme</i> );



<b>“TSI”</b>	means any Technical Standard for Interoperability with which the Operator is required to comply pursuant to Directives EU 96/48 and EU 2001/16 and related legislation;
<b>“TT Action Plan”</b>	has the meaning given to it in paragraph 2.2(a)(i) of Chapter 8.1 ( <i>Marketing and Revenue Growth</i> );
<b>“TT Deemed”</b>	has the meaning given to it in paragraph 2.1 ( <i>Ticketless Travel Survey Periods Calculations</i> ) of Chapter 8.1 ( <i>Marketing and Revenue Growth</i> );
<b>“Turnaround Time”</b>	means the time specified in the train plan between the completion of a Passenger Service in accordance with the Timetable and the commencement of the next Passenger Service in accordance with the Timetable on the same day using some or all of the same rolling stock vehicles;
<b>“UK GDPR”</b>	means the United Kingdom General Data Protection Regulation, as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the European Union (Withdrawal) Act 2018;
<b>“Undisputed Cancellation”</b>	means a Cancellation that is not a Disputed Cancellation;
<b>“Undisputed Network Rail Cancellation”</b>	means a Network Rail Cancellation that is not a Disputed Cancellation;
<b>“Undisputed Network Rail Partial Cancellation”</b>	means a Network Rail Partial Cancellation that is not a Disputed Partial Cancellation;
<b>“Undisputed Partial Cancellation”</b>	means a Partial Cancellation that is not a Disputed Partial Cancellation;
<b>“Universal Licence Agreement”</b>	means a licence which permits the Operator to obtain copies of and use copyrighted material contained in certain rolling stock technical diagrams held by Railway Documentation and Drawing Services Ltd (or any other entity by which such rolling stock technical diagrams are subsequently held);
<b>“Unrepresented Employees”</b>	has the meaning given to it in paragraph 1.6 of Chapter 2.2 ( <i>Rail Workforce</i> );
<b>“Value”</b>	means at any time the aggregate of the Projected Revenue of each Fare in a Fares Basket at that time;
<b>“Value Added Tax”</b>	means value added tax as provided for in the Value Added Tax Act 1994;
<b>“VCSE”</b>	means Voluntary, Community and Social Enterprise, a non-governmental organisation that is value-driven and which principally reinvests its surpluses to further social, environmental or cultural objectives. VCSEs include small local community and voluntary groups, registered charities, foundations, trusts and the growing number of social enterprises and co-operatives;
<b>“Weekday”</b>	means any day other than a Saturday, a Sunday or a Bank Holiday;
<b>“Weekly Season Ticket”</b>	means a Season Ticket Fare which is valid in Standard Class Accommodation from (and including) the day it first comes into effect until (but excluding) the day which falls seven (7) days after such day;



<b>“Welsh Ministers”</b>	has the meaning ascribed to it in section 45(1)(b) of the Government of Wales Act 2006 and shall include any other body replacing them from time to time;
<b>“Withdrawal of Approval Date”</b>	has the meaning given to it in paragraph 5.1 of Chapter 1.3 ( <i>Approval Process</i> );
<b>“Workers”</b>	has the meaning given to it in paragraph 10 of Chapter 2.2 ( <i>Rail Workforce</i> );
<b>“Workforce Diversity Data”</b>	<p>means data on the diversity of the Operator’s workforce including statistics showing:</p> <ul style="list-style-type: none"> <li>(a) the gender, race, disability, sexual orientation and working pattern breakdown for specified jobs, categories and levels;</li> <li>(b) religion and gender reassignment across the whole workforce;</li> <li>(c) the promotion of the Operator’s workforce that fall into the following groups: marriage and civil partnership; pregnancy and maternity; social mobility; and parental leave and caring responsibilities; and</li> <li>(d) such other data as the Secretary of State may notify the Operator in accordance with paragraph 1.6(b)(ii) of Chapter 2.1 (<i>Diversity and Inclusion and Training and Development</i>);</li> </ul>
<b>“Yield Management Data”</b>	<p>means data collected by or on behalf of the Operator for the purpose of or in connection with managing or setting the prices at which any tickets for travel on the Passenger Services are sold and/or any quotas and/or restrictions applying to such tickets including:</p> <ul style="list-style-type: none"> <li>(a) the number of passengers travelling upon any particular Passenger Service;</li> <li>(b) the ticket types held by such passengers;</li> <li>(c) the prices paid by such passengers for such tickets; and</li> <li>(d) the dates and/or times between which such tickets were made available to purchase at such prices;</li> </ul>
<b>“Yield Management System”</b>	means any system (whether a Computer System or otherwise) for the collection of Yield Management Data and/or onto which Yield Management Data is input, processed and/or held as such system may be amended or altered from time to time;
<b>“Zone”</b>	means a zone set out in the map in Schedule 2 of the Travelcard Agreement on the date such agreement came into effect or as amended by agreement with the Secretary of State.

**DEROGATIONS (WAIVERS) - POST CONTRACT SIGNATURE DATE**

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