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**2 September 2025 (Date of Redactions Approval) (CCT 5912109).
Where text has been omitted from the document - this is because the Secretary of State
for Transport has decided to exclude the text in accordance with Section 43(2) of the
Freedom of Information Act 2000**

Dated 21 March 2025

**(1) The Secretary of State for Transport
(2) The Chiltern Railway Company Limited**

**CS1 Services Amendment Agreement to the National Rail
Contract dated 2 December 2021**

This Agreement is made the 21 day of March 2025

Between

- (1) **The Secretary of State for Transport** whose principal address is at 33 Horseferry Road, London, SW1P 4DR (the “**Secretary of State**”); and
- (2) **The Chiltern Railway Company Limited** (Company Number: 3007939), whose registered office is at ARRIVA Limited, 1 Admiral Way, Doxford International Business Park, Sunderland, SR3 3XP (the “**Operator**”),

each a “**Party**” and **together**, the “**Parties**”.

Background

- (A) The Secretary of State and the Operator entered into a National Rail Contract dated 2 December 2021 in respect of certain railway passenger services designated by the Secretary of State as eligible for provision under a franchise agreement within the meaning of the Act (the “**NRC**”).
- (B) The Secretary of State wishes to introduce the initial stage of passenger services in relation to the East-West Rail Scheme, the CS1 Services (as further defined in this Agreement) under the NRC such that they are mobilised and delivered by the Operator.
- (C) In accordance with paragraph 8.1(b) of Chapter 7.5 (*Variations, Changes and Amendments*) of the NRC, the Parties now wish to record their agreement in relation to the introduction of the CS1 Services to the NRC, and the activities required to achieve this and the Operator’s financial remuneration for doing so.

It is agreed as follows:

1. Definitions, Interpretation and Construction

- 1.1 Except to the extent that the context otherwise requires, words and expressions defined in the NRC shall have the same meanings when used in this Agreement.
- 1.2 In this Agreement, except to the extent the context otherwise requires, the following words and expressions have the following meanings:

“**[REDACTED]**”;

“**Bedding-In Period**” means to the extent falling within the Contract Period, the period of commencing on the date of commencement of the Full EiS (as such date is reasonably determined by the Secretary of State) and ending on the earlier of: (i) eight (8) Reporting Periods after such date; (ii) the date on which the CS1 Inclusive Targets are agreed or determined provided that the Bedding-In Period shall have a minimum duration of six (6) Reporting Periods ;

“**Class 196 Units**” means 6 x 2-car 196 units to be sub-leased from East West Railway Company Limited;

“**CS1 Inclusive Targets**” have the meaning given in Clause 5.5;

“**CS1 Services**” means the Initial EiS and the Full EiS;

“**Core Services**” the Passenger Services required to be performed by the Operator at the date of this Agreement;

“**EiS Incentive Payment**” or “**EiS IP**” has the meaning given in Clause 7.1;

“**EWR_f Milestone**” means the milestones set out in Table 1 of Schedule 4 to this Agreement;

“**EWR Mobilisation Budget**” means in respect of the Business Plan Years for 2024/25 and 2025/26, the periodic cost budget (expressed in nominal terms) for the EWR Mobilisation Services as most recently Placed in Escrow;

“**EWR Mobilisation Programme**” means the programme of activities that is required in order to support the effective introduction of the CS1 Services, (such programme shall include the delivery of the EWR Business Plan Commitments) ;

“**EWR Mobilisation Record of Assumptions**” means the document which sets out the assumptions in respect of the EWR Mobilisation Programme (including detailed assumptions, explanations of assumptions and parameters underlying the EWR Mobilisation Budget) as most recently Placed in Escrow;

“EWR Mobilisation Services” means the obligations to be performed by the Operator in the period prior to the end of the Bedding-In Period as set out in the EWR Business Plan Commitments or otherwise necessary for the EWR Mobilisation Programme;

“EWR Performance Based Fee” or **“EWR PBF”** means the performance-based element of the Contract Payments relating to the EWR Mobilisation Services as calculated pursuant to Schedule 2 to this Agreement;

“EWR PBF Component” means each of the following components which shall be individually assessed to calculate the corresponding element of the EWR PBF:

- (a) EWR Cost Management Fee (as such is defined in Schedule 2 of this Agreement); and
- (b) EWR MOP Fee (as such is defined in Schedule 2 of this Agreement);

“EWR PBF Assessment Part-Period Review Checklist” means, in respect of a PBF Assessment Part-Period Review for the EWR PBF, a checklist completed (or, as the case may be, to be completed) with respect to all EWR PBF Components, substantially in the form of that set out in Appendix 2 (*EWR PBF Assessment Part-Period Review Checklist*) to Schedule 2 to this Agreement as may be amended from time to time in accordance with the NRC (and for the purposes of such amendments, the EWR PBF Assessment Part-Period Review Checklist shall be treated as if it were a PBF Assessment Part-Period Review Checklist;

“EWR Scorecard Criterion” means each criterion set out in Appendix 2 (*EWR Scorecard Criteria*) to Schedule 2 to this Agreement;

“EWR Scorecard Methodology” means the methodology set out in paragraph 5 to Schedule 2 to this Agreement as subject to any amendments pursuant to paragraph 2.7 of Chapter 7.2 (*Performance Based Fee*) of the NRC;

“Full EiS” means Passenger Services between Milton and Keynes and Oxford at a frequency of the 2 trains per hour in each direction in accordance with the Full EiS TSR;

“Full EiS TSR” means the Passenger Services which call at Bletchley Station set out in the TSR known as NRC-TSR-CH-4.

“Initial EiS” means Passenger Services between Milton and Keynes and Oxford in accordance with the Initial EiS TSR;

“Initial EiS TSR” means the Passenger Services which call at Bletchley Station set out in the May 2025 Timetable;

“Key Assumptions” means the key assumptions set out in Schedule 6 (*Key Assumptions*);

“Minimum Period” means a period which includes at least two weekends where performance of the Initial EiS has been at a level which would score a “two (2) Acceptable” under the EWR Scorecard Criteria in paragraph 3 of Appendix 2 of Schedule 2 of this Agreement;

“Mobilisation Period” means to the extent falling within the Contract Period:

- (a) the period from the date of this Agreement to the date of commencement of the Full EiS (as such date is reasonably determined by the Secretary of State); and
- (b) for the purpose of the EWR PBF and the application of Schedule 2 (*EWR Performance Based Fee*) of this Agreement only, the period from 1 April 2024 to the to the date of commencement of the Full EiS (as such date is reasonably determined by the Secretary of State); and

“[REDACTED]”.

- 1.3 The rules of construction and interpretation set out in the NRC shall apply to this Agreement unless otherwise stated.
- 1.4 Save as provided herein, the NRC shall continue to have full force and effect and accordingly the Operator shall comply (or as applicable shall continue to comply) with its obligations and commitments as set out in the NRC. This Agreement is supplemental to and shall be read and construed together with the NRC. References to the NRC shall be to the NRC as further amended by this Agreement.

1.5 In the event of any conflict between the provisions of this Agreement, and the provisions of the NRC, the order of precedence shall be:

1. this Agreement; and
2. the NRC.

1.6 References in this Agreement to documents “**in the agreed terms**” are references to documents initialled by or on behalf of the Secretary of State and the Operator.

2. Commencement

2.1 In consideration of the mutual obligations contained in this Agreement and for other valid consideration, the sufficiency of which is acknowledged, the provisions of this Agreement shall take effect on the date of this Agreement.

2.2 As at the date of this Agreement:

- (a) the EWR Mobilisation Budget is the EWR mobilisation budget in the agreed terms marked **EWR MB**; and
- (b) the EWR Mobilisation Record of Assumptions is the EWR mobilisation record of assumptions in the agreed terms marked **EWR MRoA**,

and as soon as possible after the date of this Agreement, the Operator shall ensure that such agreed terms documents are Placed in Escrow.

3. Amendments to the NRC

3.1 With effect from the date of this Agreement, the NRC is hereby amended as set out in this Agreement (including Schedule 1, Schedule 2 and Schedule 3 to this Agreement).

3.2 The Parties acknowledge and agree that:

- (a) the amendments referred to in Clause 3.1 constitute an agreed Variation for the purposes of paragraph 8 of Chapter 7.5 (*Variations, Changes and Amendments*) of the NRC (the “**EWR Variation**”); and
- (b) the EWR Variation referred to in Clause 3.2(a) shall not (at any time) constitute a Trigger Event under the NRC.

4. Delivery of the EWR Mobilisation Programme and the CS1 Services

4.1 From the date of this Agreement until the end of the Bedding-In Period, the Operator shall deliver the EWR Mobilisation Services.

4.2 The EWR Business Plan Commitments as at the date of this Agreement are as set out in Schedule 5 to this Agreement.

4.3 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 EWR Mobilisation Services (including for the avoidance of doubt, in connection with the operation of Chapter 7.8 (*EWR Mobilisation Programme and EWR Mobilisation Budget*) as set out in Schedule 3 to this Agreement).

4.4 The Operator shall by no later than [REDACTED] (or such later date as agreed by the Parties) commence Initial EiS.

4.5 The Operator shall by no later than the Passenger Change Date occurring in [REDACTED] (or such later date as agreed by the Parties) commence Full EiS.

5. Performance measurement during the Mobilisation Period and Bedding-In Period

5.1 In relation to the period from the date of this Agreement until the end of the Bedding-In Period, the provisions of Schedule 2 (*EWR Performance Based Fee*) to this Agreement shall apply.

5.2 If the Secretary of State notifies the Operator that a requirement to suspend, cancel or delay CS1 Services and/or the EWR Mobilisation Services (in whole or in part) has arisen, then the Secretary of State may instruct the Operator to suspend all or certain EWR Mobilisation

Services to reflect the impact of the suspension, cancellation or delay and the Parties shall discuss any commensurate changes required to Schedule 2 (*EWR Performance Based Fee*) to this Agreement and to the EWR Mobilisation Programme to reflect this (including amendments to the key milestones and delivery deadlines of the EWR Business Plan Commitments).

- 5.3 Where the Parties fail to agree, the Secretary of State shall reasonably determine the changes required to Schedule 2 (*EWR Performance Based Fee*) to this Agreement and the EWR PBF Component to reflect such suspension, cancellation or delay.
- 5.4 The Operator shall not be treated as being in contravention of the relevant provisions of this Agreement, National Rail Contract or the EWR Business Plan Commitments relating to such mobilisation activities to the extent that it has been instructed by the Secretary of State to suspend, cancel or delay them.
- 5.5 During the Bedding-In Period, the Parties shall review the performance of the CS1 Services and seek to agree any changes that the Secretary of State reasonably considers are required to the Performance Based Fee targets, Benchmark Levels and/or Expected Ranges including in relation to:
- (a) Operational Performance Fee;
 - (b) Service Quality Standards Fee;
 - (c) Customer Satisfaction Fee;
 - (d) Financial Performance Fee; and
 - (e) any additional component to be implemented from time to time pursuant to paragraph 2.5(g) of Chapter 7.2 (*Performance Based Fee*),
- to reflect the introduction of the CS1 Services (the “**CS1 Inclusive Targets**”) that will apply following the expiry of the Bedding-In Period. Where the Parties fail to agree the matters set out in this Clause 5.5, the Secretary of State shall reasonably determine such matters.
- 5.6 In relation to the period from the date of this Agreement until the end of the Bedding-In Period, the provisions of Chapter 7.8 (*EWR Mobilisation Programme and EWR Mobilisation Budget*) as set out in Schedule 3 to this Agreement) shall apply.

6. Uplifts to the Fixed Fee

- 6.1 The Parties agree that, for the purposes of the definition of “**V**” in paragraph 1 of Chapter 7.1 (*Contract Payment*) of the NRC, the meaning of “**Z**” shall be:

$$\frac{R1 \left(\frac{F1}{N} \right) + R2 \left(\frac{F2}{N} \right) + R3 \left(\frac{F3}{N} \right)}{N}$$

where:

“**F1**” means [REDACTED] from the Contract Year in which the Secretary of State is satisfied that the Operator achieved EWR_f Milestone 1, and otherwise £0;

“**F2**” means [REDACTED] from the Contract Year in which the Secretary of State is satisfied that the Operator achieved EWR_f Milestone 2, and otherwise £0;

“**F3**” means [REDACTED] from the Contract Year in which the Secretary of State is satisfied that the Operator achieved EWR_f Milestone 3, and otherwise £0;

“**N**” means the number of Reporting Periods that fall within the relevant Contract Year.

“**R1**” means:

- (a) in the Contract Year in which the Secretary of State was satisfied that the EWR_f Milestone 1 has been achieved, the number of Reporting Periods remaining in the relevant Contract Year following the Reporting Period within which the Secretary of State was satisfied that the relevant EWR_f Milestone 1 had been achieved;

- (b) in each following Contract Year, N.

“**R2**” means:

- (a) in the Contract Year in which the Secretary of State was satisfied that the EWR_f Milestone 2 has been achieved, the number of Reporting Periods

remaining in the relevant Contract Year following the Reporting Period in which the Secretary of State was satisfied that the relevant EWR_f Milestone 2 had been achieved;

(b) in each following Contract Year, N.

“**R3**” means:

(a) in the Contract Year in which the Secretary of State was satisfied that the EWR_f Milestone 3 has been achieved, the number of Reporting Periods remaining in the relevant Contract Year following the Reporting Period within which the Secretary of State was satisfied that the relevant EWR_f Milestone 3 had been achieved;

(b) in each following Contract Year, N.

6.2 The Operator shall notify the Secretary of State as soon as practicable after the date that the Operator considers that each EWR_f Milestone has been achieved (and in any event no later than five (5) Weekdays after the date the Operator so considers) and such notice shall be accompanied by relevant supporting evidence to support the Operator’s belief that the EWR_f Milestone has been achieved.

6.3 For the avoidance of doubt (and in accordance with clause 3.4 of the NRC), the Secretary of State shall act reasonably when considering the delivery of the EWR_f Milestones and, when delivery of any EWR_f Milestone is dependent upon the actions of the Secretary of State, the Secretary of State will act reasonably in the circumstances and in particular shall not in any circumstances act (or refrain from acting) with the deliberate intent of frustrating the Operator’s ability to earn any related increase to the Fixed Fee and/or Performance Based Fee and/or EWR Performance Based Fee and/or EiS Incentive Payment (as the case may be).

7. EiS Incentive Payment

7.1 Provided that the Operator achieves the commencement of the Initial EiS in the period between [REDACTED]. The Secretary of State shall pay the Operator a lump sum in respect of the commencement of the Initial EiS (“**EiS Incentive Payment**” or “**EiS IP**”) calculated in accordance with Clause 7.2.

7.2 The amount of EiS Incentive Payment payable shall be the amount set out in the following table that applies for the relevant month in which the Initial EiS commences the date of which shall be based on the first day of the Minimum Period:

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

7.3 Subject to paragraph 7.5, EiS IP shall be included in the next Contract Payment payable after the value of the EiS Incentive Payment is finally calculated.

7.4 EiS IP shall be calculated on the basis that no interest is due pursuant to paragraph 3 of Chapter 7.1 (*Contract Payments*).

7.5 For the avoidance of doubt:

(a) EiS IP shall only be payable once; and

- (b) no EiS IP shall be payable if the Initial EiS occurs after the end of the Contract Period.
- 7.6 [REDACTED].
- 7.7 [REDACTED].
- 7.8 [REDACTED].

8. Uplift to the Performance-Based Fee

- 8.1 The Parties agree that, for the purposes of the definition of “**M**” in paragraph 1 of Chapter 7.2 (*Performance Based Fee*) of the NRC, the meaning of “**W**” shall be:

$$\frac{\left(R \left(\frac{E}{N}\right)\right)}{N}$$

where:

“**E**” means [REDACTED] from the PBF Assessment Period in which the CS1 Inclusive Targets have been agreed or determined in accordance with Clause 5.5 of this Agreement, and otherwise £0;

“**N**” means the number of Reporting Periods that fall within the relevant PBF Assessment Period.

“**R**” means:

- (a) in the PBF Assessment Period in which the CS1 Inclusive Targets have been agreed or determined in accordance with Clause 5.5 of this Agreement, the number of Reporting Periods remaining in the relevant PBF Assessment Period following the Reporting Period within which the CS1 Inclusive Targets have been agreed or determined in accordance with Clause 5.5 of this Agreement;
- (b) in each following PBF Assessment Period, N.

9. Relief provisions during the Mobilisation Period and Bedding-In Period

- 9.1 The Parties shall work together in order to avoid, where possible in advance, there being any conflict of interest between the performance of the CS1 Services and the Core Services prior to the commencement of the CS1 Services (an “**EWR Conflict**”).
- 9.2 Where either Party identifies an actual or potential EWR Conflict, such Party shall notify the other as soon as reasonably practicable and the Parties shall meet to discuss and seek a resolution to such conflict of interest.
- 9.3 During the Mobilisation Period and Bedding-In Period, where:
- (a) the Operator identifies an actual or potential EWR Conflict; and/or
- (b) the Secretary of State instructs a certain course of action or takes a decision in relation to the CS1 Services,

which results in:

- (c) a change in a Key Assumption; and/or
- (d) a material adverse impact on the performance of the CS1 Services and/or the Core Services (as the case may be),

the Operator shall notify the Secretary of State as soon as reasonably practicable together with reasonable details of the issue and the impact it is having or will have on the performance of the CS1 Services and/or Core Services (as the case may be).

- 9.4 The Parties shall (acting reasonably) discuss and seek to agree, considering the relevant circumstances:
- (a) whether:
- (i) there is or has been an EWR Conflict; and/or
- (ii) the Secretary of State has instructed a certain course of action or taken a decision that:

- (A) has resulted in any change in a Key Assumption; and/or
- (B) had a material adverse impact on the performance of the CS1 Services and/or Core Services (as the case may be); and
- (b) alternative solutions and mitigations to the issue, where applicable, and able to be implemented in reasonable time, to avoid any material adverse impact on the Operator's ability to perform the CS1 Services and/or Core Services;
- (c) to the extent that the material adverse impact on the performance of the CS1 Services and/or Core Services (as the case may be) is not capable of being addressed by an alternative solution or mitigation, the appropriate relief that the Operator should be granted calculated in accordance with the paragraphs below,

and where the Parties fail to agree any of the matters referred to above, the Secretary of State shall reasonably determine:

- (i) whether there is or has been an EWR Conflict and/or
 - (ii) the Secretary of State has instructed a certain course of action or taken a decision that has: (i) resulted in any change in a Key Assumption; and/or (ii) had a material adverse impact of the performance of the CS1 Services and/or Core Services,
 - (iii) any available mitigation or alternative solution and any appropriate relief.
- 9.5 Where it is agreed or determined that there is or has been an EWR Conflict and/or the Secretary of State has instructed a certain course of action or taken a decision that has: (i) resulted in any change in a Key Assumption; and/or (ii) had a material adverse impact of the performance of the CS1 Services and/or Core Services, subject to the Operator continuing to use all reasonable endeavours (acting as a Good and Efficient Operator) to mitigate and minimise such material adverse impact on the performance of the CS1 Services and/or the Core Services, then:
- (a) an Operational Performance Target Amendment Event and/or Financial Target Amendment Event (as appropriate) shall be deemed to have occurred; and
 - (b) the Operator shall not be in contravention of the relevant provisions of the NRC to the extent such are impacted.
- 9.6 Notwithstanding Clause 9.2 to 9.5 above, the Operator shall not be treated as being in contravention of:
- (a) any obligation to implement the EWR Mobilisation Programme; and/or
 - (b) any EWR BPC;
- to the extent that such contravention is directly and primarily caused by a factor outside of the Operator's reasonable control and the Operator is using all reasonable endeavours (acting as a Good and Efficient Operator) to mitigate and minimise the impact of such contravention.

10. Other obligations relating to CS1 Services

- 10.1 [REDACTED].
- 10.2 [REDACTED].
- 10.3 [REDACTED].
- 10.4 [REDACTED].
- 10.5 [REDACTED].
- 10.6 [REDACTED].
- 10.7 [REDACTED].
- 10.8 [REDACTED].
- 10.9 [REDACTED].
- 10.10 [REDACTED].
- 10.11 [REDACTED].
- 10.12 [REDACTED].
- 10.13 [REDACTED].
- 10.14 [REDACTED].

11. Rolling Stock

- 11.1 The Operator shall not be treated as being in contravention of any provision of the NRC where:
- (a) such contravention has arisen due to the termination or expiry of the sub-lease to the Operator of the Class 196 Units (including any renewal of such sub-lease on the basis of a peppercorn rent) occurring before the earlier of:
 - (i) the Expiry Date; and
 - (ii) the requirement on the Operator to provide the CS1 Services; and
 - (b) no alternative rolling stock has been leased to or otherwise been made available to the Operator which:
 - (i) is suitable for the provision of the CS1 Services required to be operated pursuant to the terms of the National Rail Contract following the expiry of the sub-lease for the Class 196 Units; and
 - (ii) is on a peppercorn rent,
- save where such circumstances have arisen due to any act or omission of the Operator.

12. Further provisions in relation to the EWR Mobilisation Services and CS1 Services

- 12.1 For the avoidance of doubt, except as otherwise set out in this Agreement, the Parties agree that the obligations and commitments relating to this Agreement shall be without prejudice and in addition to:
- (a) the provisions of Chapter 2.2 (*Rail Workforce*) of the NRC including any current or future Mandate(s) and/or Dispute Handling Plan(s) made under that Chapter (and for the avoidance of doubt, any increase in costs or loss of revenue arising from Industrial Action resulting from the implementation of the EWR Mobilisation Programme shall not be treated as a Disallowable Cost or Revenue Foregone to the extent that the provisions set out in paragraph 5.4 of that Chapter are met by the Operator);
 - (b) the provisions of paragraphs 3 (*Annual Business Plan Process*) and 6 (*Business Plan Revisions*) of Chapter 7.7 (*Business Plan*) of the NRC; and
 - (c) any other rights of the Secretary of State or obligations of the Operator under the NRC (including the Operator's obligations to comply with all applicable Laws (including the terms of its Licences) when carrying out its obligations in relation to this Agreement.

- (d) Nothing in this Agreement shall require either Party to take (or omit to take) any action which would put it in breach of any obligation arising under applicable Law (including in the case of the Operator, the terms of its Licences).

13. Costs

Each Party shall bear its own legal, accountancy and other costs and expenses incurred in connection with the preparation and execution of this Agreement and all documents ancillary to it.

14. Entire agreement

- 14.1 This Agreement contains all the terms which the Parties have agreed in relation to the subject matter of this Agreement and supersede any prior written or oral agreements, representations or understandings between the Parties in relation to such subject matter.
- 14.2 The Operator acknowledges that this Agreement has not been entered into wholly or partly in reliance on, nor has the Operator been given any warranty, statement, promise or representation other than as expressly set out in this Agreement. To the extent that any such warranties, statements, promises or representations have been given the Operator unconditionally and irrevocably waives any claims, rights or remedies which it might otherwise have in relation to them.
- 14.3 Nothing in this clause 14 will exclude any liability which one Party would otherwise have to the other Party in respect of any statements made fraudulently.

15. Rights of third parties

A person who is not a Party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

16. Counterparts

This Agreement may be executed in any number of counterparts all of which when taken together shall constitute one and the same instrument.

17. Governing law

This Agreement (and any non-contractual obligations arising out of or in connection with its subject matter or formation) 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 Agreement, except as expressly set out in the NRC.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

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

)
)
)
)

Print name of authorised signatory:

[REDACTED]

Position:

**SIGNED FOR AND ON BEHALF OF
THE CHILTERN RAILWAY COMPANY
LIMITED**

)
)
)

Print name of authorised signatory:

[REDACTED]

Position:

Schedule 1

AMENDMENTS TO THE NRC

NOTE: For the avoidance of doubt:

- any text that appears in blue and is underlined shall be added to existing paragraphs / Chapters of the NRC; and
- any text that appears in red and is struck-out shall be deleted from existing paragraphs / Chapters of the NRC.

Amendment											
Chapter 4.3 (<i>The Rolling Stock</i>) Appendix 2 (<i>The Composition of the Train Fleet</i>)	Table 2 (Specified Additional Rolling Stock)										
	Column 1	Column 2	Column 3			Column 4		Column 5	Column 6	Column 7	Column 8
	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 start date(s)	Lease expiry date(s)	Identity of any unit in Table 1 (Original Rolling Stock) intended to be replaced by the Specified Additional Rolling Stock and the date of replacement
			Seated	Wheelchair spaces	Standing	Seats	Wheelchair spaces				
	<u>Class 196/0 Units</u>	<u>6 x 2-car</u>	<u>141</u>	<u>2</u>	<u>76</u>	<u>0</u>	<u>0</u>	<u>Corelink Rail Infrastructure Limited</u>	<u>5 August 2024</u>	<u>31 March 2026</u>	

Amendment																									
Chapter 7.1 (Contract Payments) paragraph 1.1	The Contract Payment (£CP) for each Reporting Period shall be an amount equal to:																								
	<table><tr><td>£CP =</td><td>PCP + WCP – WCR + FFPBF + FWCP – FWCA – STSA - FSTSA + ICA+ FCA+ TFAP + ROMF + <u>ECP – EWA + EWR PBF</u> + <u>EiS IP</u></td></tr></table>	£CP =	PCP + WCP – WCR + FFPBF + FWCP – FWCA – STSA - FSTSA + ICA+ FCA+ TFAP + ROMF + <u>ECP – EWA + EWR PBF</u> + <u>EiS IP</u>																						
	£CP =	PCP + WCP – WCR + FFPBF + FWCP – FWCA – STSA - FSTSA + ICA+ FCA+ TFAP + ROMF + <u>ECP – EWA + EWR PBF</u> + <u>EiS IP</u>																							
	where:																								
	<table><tr><td>PCP</td><td>means the amount of Periodic Contract Payment as calculated pursuant to the provisions of Appendix 1 (<i>Calculation of Periodic Contract Payments (PCP)</i>) of this Chapter 7.1 (<i>Contract Payments</i>) to be made on that Reporting Period’s Payment Date. PCP may be a positive or negative number. PCP may be payable by the Secretary of State or the Operator;</td></tr><tr><td>WCP</td><td>means any Working Capital Payment to be made on that Reporting Period’s Payment Date. WCP may only be a positive number;</td></tr><tr><td>WCR</td><td>means any Working Capital Repayment to be made on that Reporting Period’s Payment Date. WCR may only be a positive number;</td></tr><tr><td>FFPBF</td><td>means the Fixed Fee and the Performance Based Fee for the applicable Contract Year, determined in accordance with paragraph 12.1 and to be paid in accordance with paragraph 12.2. FFPBF may only be a positive number;</td></tr><tr><td>FWCP</td><td>means an amount equal to the First Working Capital Payment and FWCP may be only be a positive number;</td></tr><tr><td>FWCA</td><td>means the Final Working Capital Adjustment, determined in accordance with paragraph 11.1 to be made on that Reporting Period’s Payment Date. FWCA may be a positive or negative number</td></tr><tr><td>STSA</td><td>means the Season Ticket Suspense Adjustment, determined in accordance with paragraphs 13.2 and 13.3(a) (as applicable). STSA may be a positive or negative number;</td></tr><tr><td>FSTSA</td><td>means the Final Season Ticket Suspense Adjustment, determined in accordance with paragraph 13.8. FSTSA may be a positive or negative number;</td></tr><tr><td>ICA</td><td>means the Interim Closing Adjustment, determined in accordance with paragraph 18.1 and to be paid in accordance with paragraph 18. 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Amendment		
	EiS IP	<u>means the EiS Incentive Payment as such term is defined in the CS1 Services Amendment Agreement. EIS IP may only be a positive number (and for the avoidance of doubt shall only be payable once).</u>
Chapter 7.1 (Contract Payments) paragraph 3.1	If: (a) the Operator fails to pay any amount to the Secretary of State on its due date, (b) the Secretary of State fails to pay to the Operator the Fixed Fee and Performance Based Fee, and EWR Performance Based Fee on its due date, that Party which has failed to pay shall in addition pay interest on such amount at the Interest Rate, calculated on a daily basis, from the due date for payment to the date on which payment is made.	
Chapter 7.1 (Contract Payments) paragraph 8.1(a)(viii)(A)	(A) the Fixed Fee and Performance Based Fee <u>and (if relevant) EWR Performance Based Fee and/or any EiS Incentive Payment</u> for that Contract Year;	
Chapter 7.1 (Contract Payment) Paragraph 12 replace with	12.1 Subject to paragraphs 12.2 to 12.4 (inclusive), the value of FFPBF shall equal:	
	FFPBF=	FF + PBF
	Where:	
	FF	N x V where
		N means the number of Reporting Periods that fall within that Contract Year; and
	V = <u>X + Z</u> where	

Amendment		
		<p>X means either:</p> <p>(a) [REDACTED]</p> <p>(b) from the start of the fifth Contract Year and provided there has been a CPI Increment Event, [REDACTED] multiplied by the CPI Increment,</p> <p>Z has the meaning given in the CS1 Services Amendment Agreement and £0 otherwise.</p> <p>FF may only be a positive number.</p>
	PBF	means (subject to paragraph 12.4) the value of the Performance Based Fee for the relevant Contract Year calculated in accordance with Chapter 7.2 (<i>Performance Based Fee</i>). PBF may only be a positive number.
Chapter 7.1 (<i>Contract Payment</i>) Paragraph 12.2, replace with:	<p>Subject to paragraph 12.4 and paragraph 12.5:</p> <p>(a) FFPBF shall be included in the next Contract Payment payable after the value of the Fixed Fee and Performance Based Fee for the relevant Contract Year has been finally (subject only to paragraph 2.3 (<i>Operational Performance</i>) of Appendix 5 (<i>Quantified Target Methodology</i>) of Chapter 7.2 (<i>Performance Based Fee</i>)) calculated pursuant to Chapter 7.2 (<i>Performance Based Fee</i>); and</p> <p>(b) EWR PBF shall be included in the next Contract Payment payable after the value of the EWR Performance Based Fee has been finally calculated pursuant the CS1 Services Amendment Agreement.</p>	
Chapter 7.1 (<i>Contract Payment</i>), paragraph 12.3	FFPBF, <u>EWR PBF and EIS IP</u> shall <u>each</u> be calculated on the basis that no interest is due pursuant to paragraph 3 of this Chapter 7.1 (<i>Contract Payments</i>).	
Chapter 7.1 (<i>Contract Payment</i>) paragraph 12.4 (a): replace with	<p>Where a PBF Assessment Period has been extended pursuant to Chapter 7.2 (<i>Performance Based Fee</i>) and such PBF Assessment Period extends across two Contract Years:</p> <p>(a) when calculating FFPBF:</p> <p>(i) the value of PBF for the first of those Contract Years shall be zero and the FFPBF for that first Contract Year shall be made as an adjustment to the next Contract Payment payable after the Actual Annual Losses for that Contract Year have been agreed between the Parties or determined by the Secretary of State in accordance with paragraph 8.1(a)(viii); and</p> <p>(ii) the value of PBF for the second of those Contract Years shall be the value of the PBF for the extended PBF Assessment Period and the FFPBF for that second Contract Year shall payable as an adjustment to the next Contract Payment payable after the value of the Fixed Fee and Performance Based Fee has been finally (subject only to paragraph 2.3 (<i>Operational Performance</i>) of Appendix 5 (<i>Quantified Target Methodology</i>) of Chapter 7.2 (<i>Performance Based Fee</i>)) calculated pursuant to Chapter 7.2 (<i>Performance Based Fee</i>); and</p>	

Amendment					
	<p>(b) when calculating EWR PBF:</p> <p>(i) the value of EWR PBF for the first of those Contract Years shall be zero; and</p> <p>(ii) the value of EWR PBF for the second of those Contract Years shall be the value of the EWR PBF for the extended PBF Assessment Period and the EWR PBF for that second Contract Year shall be payable as an adjustment to the next Contract Payment payable after the value of the EWR Performance Based Fee has been finally calculated pursuant to the CS1 Services Amendment Agreement.</p>				
<p>Chapter 7.2 (Performance Based Fee) paragraph 1 Replace with</p>	<p>The Performance Based Fee attributable to any given PBF Assessment Period shall not exceed:</p> <p>M x N</p> <p>(the “Maximum Performance Based Fee” or “MPBF”),</p> <p>where:</p> <table border="1"> <tr> <td>M</td><td> <p>means X + Y + W</p> <p>where</p> <p>X means either:</p> <p>(a) [REDACTED] or</p> <p>(b) from the start of the fifth Contract Year and provided there has been an CPI Increment Event, [REDACTED] multiplied by the CPI Increment;</p> <p>Y in relation to the PBF Assessment Periods commencing on 1 April 2023 and 1 April 2024, has the meaning given in the Agreement of Amendment between the Parties dated 4 July 2023 and £0 otherwise; and</p> <p>W <u>has the meaning given in the CS1 Services Amendment Agreement and £0 otherwise.</u></p> </td></tr> <tr> <td>N</td><td>means the number of Reporting Periods that fall within the relevant PBF Assessment Period.</td></tr> </table>	M	<p>means X + Y + W</p> <p>where</p> <p>X means either:</p> <p>(a) [REDACTED] or</p> <p>(b) from the start of the fifth Contract Year and provided there has been an CPI Increment Event, [REDACTED] multiplied by the CPI Increment;</p> <p>Y in relation to the PBF Assessment Periods commencing on 1 April 2023 and 1 April 2024, has the meaning given in the Agreement of Amendment between the Parties dated 4 July 2023 and £0 otherwise; and</p> <p>W <u>has the meaning given in the CS1 Services Amendment Agreement and £0 otherwise.</u></p>	N	means the number of Reporting Periods that fall within the relevant PBF Assessment Period.
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N	means the number of Reporting Periods that fall within the relevant PBF Assessment Period.				
<p>Chapter 7.3 (Management Information),</p>	<p>[...]</p> <p>(ff) any other account debits and credits which relate to the period from 1 March 2020 to 20 September 2020; and</p> <p>(gg) any costs, revenues, debits and credits which relate to the period prior to 1 March 2020; and</p>				

Amendment				
paragraph 1.3 (a)(i)(D)	(hh) <u>any EWR Mobilisation Costs; and</u> (ii) <u>any EWR Adjustment;</u>			
Chapter 7.3 (<i>Management Information</i>), paragraph 1.5(b)(ii)(C)	(C) include a detailed reconciliation, disaggregating Actual Costs, Actual Revenues, Actual Annual Losses (including Disallowable Costs, Revenue Foregone, SoS Claims, and any other limbs of the definition of Actual Annual Losses), <u>EWR Mobilisation Costs</u> , <u>EWR Adjustments</u> , costs, revenues or other debits and credits which relate to the Previous Agreement prior to 1 March 2020 and costs, revenues or other debits and credits which relate to the Previous Agreement after 1 March 2020 in the Annual Audited Accounts to: (aa) any periodic Management Accounts within such Contract Year and (bb) any Annual Management Accounts in relation to such year, all in a format to be from time to time specified by the Secretary of State. 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 Cost Budget (as most recently Placed in Escrow) and, where relevant, the Target Cost Template and/or the Target Profit Template and/or Target Revenue Template held in Escrow in relation to any PBF Assessment Periods within such Contract Year; (2) facilitate the identification of Actual Costs within their relevant Cost Categories and Actual Revenues, <u>EWR Mobilisation Costs and EWR Adjustments</u> as reported in the Annual Audited Accounts; and (3) be disaggregated and reconcile the information specified in paragraph 1.3(a)(i) (<i>mutatis mutandis</i>);			
Chapter 7.3 (<i>Management Information</i>) paragraph 1.5(b)(vi)	sufficient information for the Secretary of State to calculate the Final Working Capital Adjustment, the Performance Based Fee, <u>EWR Performance Based Fee</u> , the Annual Adjustment, any Interim Closing Adjustment(s) and the Final Closing Adjustment (as applicable); and			
Chapter 7.4 (<i>Financial Covenants and Bonds</i>) paragraph 2.3(b)	shall in respect of a Permitted Dividend or a Pre-EMA Profit Dividend be subject to the Operator having made any required repayments under the Funding Deed and the Parties agree that it shall be reasonable for the Secretary of State to require the Operator to use FFPBF, <u>EWR PBF and/or EiS IP</u> and/or any ROM Fee which has, in each case, been included in a Contract Payment and/or ICPI to repay any PCG Facility Loan in accordance with the Funding Deed or to fund any other amounts which have been properly taken account of in the calculation of Actual Annual Losses. Any Permitted Dividend shall be reduced by the amount of any FFPBF, <u>EWR PBF and/or EiS IP</u> and/or any ROM Fee which has, in each case, been included in a Contract Payment and/or ICPI used to repay any PCG Facility Loan pursuant to this paragraph 2.3 and the Funding Deed or to fund any other amounts which have been properly taken account of in the calculation of Actual Annual Losses.			
Chapter 7.4 (<i>Financial Covenants and Bonds</i>) paragraph 2.4	For the purposes of paragraph 2.3, a “ Permitted Dividend ” shall be an amount in respect of FFPBF, <u>EWR PBF and/or EiS IP</u> and/or any ROM Fee (in each case, if and to the extent that an amount in respect of FFPBF, <u>EWR PBF and/or EiS IP and/or any ROM Fee</u> has been included in a Contract Payment paid in accordance with Chapter 7.1 (<i>Contract Payments</i>)) and/or ICPI, calculated as follows: <table><tr><td>PD=</td><td>FFPBF – (FFPBF x NTR) + EWR PBF – (EWR PBF x NTR) + EiS IP- (EiS IP x NTR) + ICPI – (ICPI x NTR) + ROMF – (ROMF x NTR)</td></tr></table>		PD=	FFPBF – (FFPBF x NTR) + EWR PBF – (EWR PBF x NTR) + EiS IP- (EiS IP x NTR) + ICPI – (ICPI x NTR) + ROMF – (ROMF x NTR)
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Amendment																
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Chapter 7.5 (Variations, Changes and	(b)	within five (5) Weekdays of any revisions to the Escrow Documents being agreed or determined in accordance with the provisions of;														

Amendment	
Amendments), paragraph 5.1(b)	<p>(i) this Chapter 7.5 (<i>Variations, Changes and Amendments</i>) (including paragraph 3.3 (<i>Other impacts of Trigger Events and Agreed Updates</i>)),</p> <p>(ii) paragraphs 3.1(f), 3.2(f) or 3.3(f) of Chapter 7.2 (<i>Performance Based Fee</i>), or</p> <p>(iii) paragraphs 3 (<i>Annual Business Plan Process</i>) or 6.1(c) ((d)) of Chapter 7.7 (<i>Business Plan</i>); or</p> <p>(iv) <u>paragraph 3 (<i>Updates to EWR Programme, EWR Mobilisation Budget and EWR Record of Assumptions</i>) of Chapter 7.8 (<i>EWR Mobilisation Programme and EWR Mobilisation Budget</i>).</u></p>
Chapter 7.5 (<i>Variations, Changes and Amendments</i>) Appendix 1 (<i>Trigger Events</i>) new paragraph 1.29	<p>Cost Budget Change Event</p> <p><u>1.29 The sub-lease to the Operator of Class 196 Units expires before the earlier of:</u></p> <p>(a) <u>the Expiry Date; and</u></p> <p>(b) <u>the requirement on the Operator to provide the CS1 Services.</u></p>
Chapter 7.5 (<i>Variations, Changes and Amendments</i>) Appendix 1 (<i>Trigger Events</i>) new paragraphs 3.8 and 3.9	<p>Operational Performance Target Amendment Event</p> <p><u>3.8 The sub-lease to the Operator of Class 196 Units expires before the earlier of:</u></p> <p>(a) <u>the Expiry Date; and</u></p> <p>(b) <u>the requirement on the Operator to provide the CS1 Services.</u></p> <p><u>3.9 The circumstances contemplated in Clause 9.5 of the CS1 Services Amendment Agreement occur.</u></p>
Chapter 7.5 (<i>Variations, Changes and Amendments</i>) Appendix 1 (<i>Trigger Events</i>) new paragraphs 5.20 and 5.21	<p>Cost Financial Target Amendment Event</p> <p><u>5.20 The sub-lease to the Operator of Class 196 Units expires before the earlier of:</u></p> <p>(a) <u>the Expiry Date; and</u></p> <p>(b) <u>the requirement on the Operator to provide the CS1 Services.</u></p> <p><u>5.21 The circumstances contemplated in Clause 9.5 of the CS1 Services Amendment Agreement occur.</u></p>
Chapter 7.5 (<i>Variations,</i>	Revenue Financial Target Amendment Event

Amendment	
Changes and Amendments) Appendix 1 (Trigger Events) new paragraphs 7.18 and 7.19	<p><u>7.18 The sub-lease to the Operator of Class 196 Units expires before the earlier of:</u></p> <p style="padding-left: 40px;"><u>(a) the Expiry Date; and</u></p> <p style="padding-left: 40px;"><u>(b) the requirement on the Operator to provide the CS1 Services.</u></p> <p><u>7.19 The circumstances contemplated in Clause 9.5 of the CS1 Services Amendment Agreement occur.</u></p>
Chapter 7.5 (Variations, Changes and Amendments) Appendix 1 (Trigger Events) new paragraphs 9.21 and 9.22	<p>Profit Financial Target Amendment Event</p> <p><u>9.21 The sub-lease to the Operator of Class 196 Units expires before the earlier of:</u></p> <p style="padding-left: 40px;"><u>(a) the Expiry Date; and</u></p> <p style="padding-left: 40px;"><u>(b) the requirement on the Operator to provide the CS1 Services.</u></p> <p><u>9.22 The circumstances contemplated in Clause 9.5 of the CS1 Services Amendment Agreement occur.</u></p>
Chapter 7.7 (Business Plan), paragraph 1.1(a)	<p>1.1 Each Business Plan shall include:</p> <p style="padding-left: 40px;">(a) the following seven (7) <u>eight (8)</u> components (the “Business Plan Components”):</p> <p style="padding-left: 80px;">(i) Leadership, Management and Resourcing Plan;</p> <p style="padding-left: 80px;">(ii) People Plan;</p> <p style="padding-left: 80px;">(iii) Collaboration Plan;</p> <p style="padding-left: 80px;">(iv) Train Service Operations Plan;</p> <p style="padding-left: 80px;">(v) Customer & Communities Plan;</p> <p style="padding-left: 80px;">(vi) Revenue Plan;</p> <p style="padding-left: 80px;">(vii) Environment and Sustainability Plan; and</p> <p style="padding-left: 80px;"><u>(viii) components relating to the implementation of the EWR Mobilisation Programme; and</u></p> <p style="padding-left: 80px;">(viii) <u>(ix)</u> any additional component as specified by the Secretary of State in any Request for Business Plan;</p>
Chapter 7.8 (EWR Mobilisation)	Insert new Chapter 7.8 (EWR Mobilisation Programme and EWR Mobilisation Budget) as set out in Schedule 3 to this CS1 Services Amendment Agreement after Chapter 7.7.

Amendment	
Programme and EWR Mobilisation Budget)	
Chapter 10 (Definitions and Interpretation)	
	<p>“Actual Annual Losses” means [...]</p> <p><u>minus:</u></p> <ul style="list-style-type: none"> (i) an amount equal to the total Fixed Fee and Performance Based Fee, <u>and EWR Performance Based Fee and EiS Incentive Payment</u> , earned by the Operator for the relevant Contract Year; and (ii) the aggregate amount of any payment(s) made to the Operator under paragraphs (b) and (c) of the definition of ICP Incentivisation in the relevant Contract Year, <p>calculated in each case, [...]</p>
	<p>“Actual Costs” means [...]</p> <p>but <u>excluding:</u></p> <ul style="list-style-type: none"> (i) [...] (viii) for the avoidance of doubt, any costs relating to the Previous Agreement; and (ix) any interest paid or payable by the Operator on PCG Advances (as defined in the Funding Deed); (x) <u>EWR Mobilisation Cost,</u> <p>and Specified Third Party Income shall be treated as a negative cost and shall not be Actual Revenue;</p>
	<p>“Actual Revenue” means [...]</p> <p>but <u>excluding:</u></p> <p>[...]</p> <ul style="list-style-type: none"> (F) any credits shown in the profit and loss account in the Management Accounts, the Annual Management Accounts, the Annual Audited Accounts or the Audited Accounts Reconciliation which arise from the reversal of amounts of expenditure previously accrued, prepaid or provided for which have subsequently been reversed, which shall instead be treated as Actual Costs; and (G) any Specified Third Party Income, which shall instead be treated as a negative cost; <u>and</u>

Amendment	
	(H) any EWR Adjustment;
	<p>“Actual Annual Losses” means [...]</p> <p>but <u>excluding</u>:</p> <p>(i) Contract Payments (including any Fixed Fee and/or any Performance Based Fee, <u>any EWR Performance Based Fee and/or any EiS Incentive Payment</u>;</p> <p>[...]</p>
	“ Bedding-In Period ” means <u>to the extent falling within the Contract Period, the period of eight (8) Reporting Periods commencing on the date of commencement of the Full EiS (as such date is reasonably determined by the Secretary of State);</u>
	“ Class 196 Units ” means <u>the Rolling Stock Units listed in row 1 of Table 2 (Specified Additional Rolling Stock) of Appendix 2 (The Composition of the Train Fleet) of Chapter 4.3 (The Rolling Stock);</u>
	“ CS1 Services ” means <u>the Initial EiS and the Full EiS;</u>
	“ CS1 Services Amendment Agreement ” means <u>the CS1 Services Amendment Agreement between the Parties dated 21 March 2025;</u>
	“ EiS Incentive Payment ” or “ EiS IP ” has <u>the meaning given in the CS1 Services Amendment Agreement;</u>
	“ Escrow Documents ” means <u>the Modelling Suite (including the Cost Budget and, if applicable, the Amendable Financial Targets), the Forecast Revenue, and the Record of Assumptions, the EWR Mobilisation Budget and the EWR Mobilisation Record of Assumptions;</u>
	<p>“EWR Adjustment” means <u>the aggregate of:</u></p> <p>(a) <u>any liquidated damages, warranty payments or other damages which have been or may be paid to the Operator in relation to the EWR Mobilisation Programme;</u></p> <p>(b) <u>any third party or grant funding received by the Operator solely in respect of the EWR Mobilisation Programme;</u></p> <p>(c) <u>any refunds or rebates received by the Operator solely in respect of the EWR Mobilisation Programme; and</u></p> <p>(d) <u>any other sums which have been recovered by the Operator or compensated for by any other means solely in respect of the EWR Mobilisation Programme,</u></p> <p><u>each of which shall not constitute Actual Revenue;</u></p>
	“ EWR Business Plan Commitment ” means <u>each Business Plan Commitment which relates to the EWR Mobilisation Services;</u>
	“ EWR Mobilisation Budget ” means <u>in respect of the Business Plan Years for 2024/25 and 2025/26, the periodic cost budget (expressed in nominal terms) for the EWR Mobilisation Services as most recently Placed in Escrow;</u>

Amendment	
	<p><u>“EWR Mobilisation Costs”</u> means:</p> <p>(a) the reasonable costs and disbursements incurred by the Operator in its delivery of the EWR Mobilisation Services; and</p> <p>(b) any reasonable third party costs and disbursements incurred by the Operator in carrying out the EWR Mobilisation Services, as evidenced by the invoices or other evidence provided by the Operator to the Secretary of State pursuant to paragraph 2.7 of Chapter 7.8 (<i>EWR Mobilisation Programme and EWR Mobilisation Budget</i>);</p>
	<p><u>“EWR Performance Based Fee”</u> or <u>“EWR PBF”</u> means the performance-based element of the Contract Payments relating to the EWR Mobilisation Services as calculated in accordance with the CS1 Services Amendment Agreement;</p>
	<p><u>“EWR Mobilisation Programme”</u> means the programme of activities that is required in order to support the effective introduction of the CS1 Services, including the delivery of the EWR Business Plan Commitments;</p>
	<p><u>“EWR Mobilisation Record of Assumptions”</u> means the document which sets out the assumptions in respect of the EWR Mobilisation Programme (including detailed assumptions, explanations of assumptions and parameters underlying the EWR Mobilisation Budget) as most recently Placed in Escrow;</p>
	<p><u>“EWR Mobilisation Services”</u> means the obligations to be performed by the Operator in the period prior to the end of the Bedding-In Period as set out in the EWR Business Plan Commitments or otherwise necessary for the EWR Mobilisation Programme;</p>
	<p><u>“Full EiS”</u> means Passenger Services between Milton and Keynes and Oxford at a frequency of the 2 trains per hour in each direction in accordance with the Full EiS TSR;</p>
	<p><u>“Full EiS TSR”</u> means the Passenger Services which call at Bletchley Station set out in the TSR known as NRC-TSR-CH-4.</p>
	<p><u>“Initial EiS”</u> means Passenger Services between Milton and Keynes and Oxford in accordance with the Initial EiS TSR;</p>
	<p><u>“Initial EiS TSR”</u> means the Passenger Services which call at Bletchley Station set out in the May 2025 Timetable;</p>
	<p><u>“Rail Services”</u> means:</p> <p>(a) the Passenger Services, the Light Maintenance Services, the Station Services, the EWR Mobilisation 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 National Rail Contract; and</p> <p>[...]</p>
	<p><u>“Reconciliation Calculation”</u> has the meaning given to it in paragraph 2.14 of Chapter 7.8 (<i>EWR Mobilisation Programme and EWR Mobilisation Budget</i>);</p>

Schedule 2

EWR Performance Based Fee

1 In this Schedule:

“EWR PBF Component” means each of the following components which shall be individually assessed to calculate the corresponding element of the EWR PBF:

- (a) EWR Cost Management Fee (as such is defined in this Schedule 2); and
- (b) EWR MOP Fee (as such is defined in this Schedule 2);

“EWR PBF Assessment Part-Period Review Checklist” means, in respect of a PBF Assessment Part-Period Review for the EWR PBF, a checklist completed (or, as the case may be, to be completed) with respect to all EWR PBF Components, substantially in the form of that set out in Appendix 1 (*EWR PBF Assessment Part-Period Review Checklist*) of Schedule 2 of this Agreement as may be amended from time to time in accordance with the NRC (and for the purposes of such amendments, the EWR PBF Assessment Part-Period Review Checklist shall be treated as if it were a PBF Assessment Part-Period Review Checklist;

“EWR Scorecard Criterion” means each criterion set out in Appendix 2 (*EWR Scorecard Criteria*) of Schedule 2 this Agreement; and

“EWR Scorecard Methodology” means the methodology set out in paragraph 5 (*Performance Based Fee*).

2 The Parties agree and acknowledge that:

- (a) the provisions of Appendix 1 of Chapter 7.2 (*Performance Based Fee*) of the NRC shall apply to the EWR PBF Component as if it were a Non-Financial PBF Component or Applicable FP Sub-Component (and thus a PBF Component) for the purpose of the assessment of the Operator’s performance against the EWR Scorecard Criteria and its consequences (under Chapter 7.2 and other relevant provisions of the NRC) as part of the PBF Assessment Part-Period Review;
- (b) the EWR Scorecard Methodology shall be treated as if it were a Scorecard Methodology under Appendix 4 (*Scorecard Methodology*) to Chapter 7.2 (*Performance Based Fee*) and constitute the applicable Scorecard Methodology for the purpose of the calculation of the EWR PBF Component;
- (c) the EWR PBF Assessment Part-Period Review Checklist as set out in Appendix 1 to this Agreement is (as at the date of this Agreement) the PBF Assessment Part-Period Review Checklists for the EWR PBF Component and shall be treated as if it were a PBF Assessment Part-Period Review Checklist under Appendix 2 (*PBF Assessment Period Review Checklist*) to Chapter 7.2 (*Performance Based Fee*); and
- (d) the EWR Scorecard Criteria as set out in Appendix 2 to this Agreement are the EWR Scorecard Criteria for the EWR PBF Component and shall be treated as if they were Scorecard Criteria under Appendix 3 (*Scorecard Criteria*) to Chapter 7.2 (*Performance Based Fee*).

3 Maximum EWR Performance Based Fee

3.1 In relation to the Mobilisation Period and the Bedding-in Period, the EWR Performance Based Fee attributable to any given PBF Assessment Period shall not exceed:

£E x N (the **“Maximum EWR Performance Based Fee”** or **“EPBF”**),

where:

E	means [REDACTED];
N	means the number of Reporting Periods that fall within the relevant PBF Assessment Period and also fall wholly or partly within the Mobilisation Period or Bedding-in Period (as applicable).

3.2 For the avoidance of doubt, no EWR Performance Based Fee shall be payable and no assessment of the EWR Scorecard Criteria shall be undertaken in respect of any PBF Assessment Period falling outside the Mobilisation Period or the Bedding-In Period.

4 Calculation of the EWR Performance Based Fee

- 4.1 In relation the Mobilisation Period and Bedding-In Period the EWR Performance Based Fee shall be calculated as follows:

£EWR PBF =	EWR (Cost) Fee + EWR (MOP) Fee
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where:

£EWR	shall have a value between zero and Maximum EWR Performance Based Fee in relation to the relevant PBF Assessment Period;
EWR (Cost) Fee	means the sum (in pounds sterling) that is zero or a positive number representing the EWR Cost Management Fee calculated in accordance with the EWR Scorecard Methodology; and
EWR (MOP) Fee	means the sum (in pounds sterling) that is zero or a positive number representing the EWR MOP Fee calculated in accordance with the EWR Scorecard Methodology.

5 EWR Scorecard Methodology

- 5.1 Subject to paragraph 5.2, each sub-component of the EWR PBF Component (being EWR Cost Management and the EWR MOP) to be calculated in accordance with the EWR Scorecard Methodology shall be assessed with respect to the Operator's PBF Assessment Part-Period Review scores for the relevant PBF Assessment Part-Period (pursuant to paragraph 8 (*Scoring Letter*) and 9 (*Scoring Letter Disputes*) of Appendix 1 (*PBF Assessment Part-Period Review*) to Chapter 7.2 (*Performance Based Fee*) as applicable) within the relevant PBF Assessment Period by reference to the EWR Scorecard Criteria, then the scores shall be used to calculate the value of the EWR Performance Based Fee in each PBF Assessment Part-Period as set out below:

EWR PBF Component	PBF Assessment Part-Period Scorecard score for the relevant EWR PBF Component	EWR £
EWR Cost Management Fee	Three (3)	$£EPBF \times 0.3 \times W_{\text{ep}}$
	Two (2)	$£EBPF \times 0.3 \times 0.60 \times W_{\text{ep}}$
	One (1)	Zero (£0)
EWR MOP Fee	Three (3)	$£EPBF \times 0.7 \times W_{\text{ep}}$
	Two (2)	$£EPBF \times 0.7 \times 0.6 \times W_{\text{ep}}$
	One (1)	Zero (£0)

where W_{ep} shall be calculated as:

$$\frac{\text{No. of Reporting Periods in the PBF Assessment Part Period}}{\text{No. of Reporting Periods in the PBF Assessment Period}}$$

- 5.2 The EWR MOP Fee is calculated based on the scores against:

- the EWR Operational Performance Scorecard Criterion which applies from the Reporting Period in which the Initial EiS commences to the Reporting Period in which the CS1 Inclusive Targets have been agreed or determined in accordance with Clause 5.5 of this Agreement; and
- EWR Mobilisation Scorecard Criterion which applies from the date of this Agreement to the Reporting Period in which Full EiS commences,

when both the EWR Mobilisation Scorecard Criterion and the EWR Operational Performance Scorecard Criterion are applicable in the relevant PBF Assessment Part Period, the PBF Assessment Part-Period Scorecard score shall be the lowest of the two scores.

- 5.3 The value of the EWR Cost Management Fee and the EWR MOP Fee (as applicable) in each PBF Assessment Period shall be the sum of the relevant values for EWR Cost Management Fee and the EWR MOP Fee (as applicable) with respect to each PBF Assessment Part-Period within the relevant PBF Assessment Period as calculated pursuant to paragraph 4.1 above.

Appendix 1

EWR PBF Assessment Part-Period Review Checklist

1. EWR Cost Management

1.1 The Operator shall provide a report that includes but is not limited to the following information:

- (a) evidence of the EWR Mobilisation Costs incurred over the PBF Assessment Part-Period as compared to the costs forecast for the activities undertaken over the PBF Assessment Part-Period in the EWR Mobilisation Budget broken down on a category basis (such categories to be agreed between the Secretary of State and the Operator),
- (b) in respect of any failure to deliver EWR Mobilisation Programme activities within the applicable EWR Mobilisation Budget:
 - (i) an analysis that the Operator has undertaken to establish the root cause of those failures;
 - (ii) the findings of that analysis setting out (if relevant) any act, omission or failure of a third party which has impacted the ability to deliver within the EWR Mobilisation Budget;
 - (iii) the actions taken by the Operator to mitigate the impact of failure on the overall EWR Mobilisation Programme, and the effectiveness of these actions.
- (c) Where relevant:
 - (i) evidence of instances where the Operator has proactively monitored for and responded promptly to unexpected changes in circumstances in a cost efficient manner during the relevant PBF Assessment Part-Period, such as actions logs, meeting minutes and reporting as required under the terms of the NRC;
 - (ii) a summary of cost efficiency opportunities identified by the Operator during the relevant PBF Assessment Part-Period, together with relevant evidence including reference to plans, reports, reporting and meeting minutes; and
 - (iii) evidence of regularly reporting accurate costs forecasts, providing early notice of underspends and/or decreases in costs, including reference to the Management Accounts, reporting and meeting minutes, each as required under the terms of the NRC.

Unless otherwise agreed by the Secretary of State, the evidence the Operator provides pursuant to this paragraph 1 shall be no more than 5 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 the NRC.

2. Mobilisation and Operational Performance

2.1 Mobilisation

The Operator shall provide a report that includes but is not limited to the following information:

- (a) evidence of the Operator's delivery of the Business Plan Commitments during the PBF Assessment Part-Period, including:
 - (i) delivery to time;
 - (ii) delivery of expected outputs and outcomes and, where relevant, any value adds and/or better outcomes;
 - (iii) any significant actions taken to improve delivery, supported by evidence of their effectiveness;
 - (iv) any actions taken to identify and proactively manage any risks and/or issues that may impact delivery of the EWR Mobilisation Programme, supported by evidence of their effectiveness;
 - (v) In respect of any failures to make progress with delivery of Business Plan Commitments, evidence of:

- (A) analysis that the Operator has undertaken to establish the root cause of those failures;
- (B) the findings of that analysis setting out (if relevant) any act, omission or failure of a third party which has impacted the ability to deliver the Business Plan Commitment(s);
- (C) the actions taken by the Operator to mitigate the impact of failure on the overall EWR Mobilisation Programme, and the effectiveness of these actions;
- (vi) where the Operator has worked collaboratively with:
 - (A) relevant stakeholders to achieved improved outcomes for the EWR project; and/or
 - (B) the Secretary of State in relation to the early identification of risks and issues that may have an impact on the delivery of the EWR Mobilisation Programme and how the Operator has been proactive and highly effective in its delivery of the delivery of the EWR Mobilisation Programme.

2.2 Operational Performance

The Operator shall provide a report on the Operator's delivery of operational performance of the CS1 Services over the PBF Assessment Part-Period including:

- (a) Evidence of the level of performance achieved during the PBF Assessment Part-Period and the underlying drivers of that performance including:
 - (i) Plan of the Day operation and capacity provisions;
 - (ii) Incident management recovery;
 - (iii) Incident learning review process,
 together with evidence of the impacts of any significant actions the Operator has undertaken during the PBF Assessment Part-Period to improve performance or reduce the impacts of incidents
- (b) 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

Unless otherwise agreed by the Secretary of State, the evidence the Operator provides pursuant to this paragraph 2 shall be no more than 10 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 the NRC.

Appendix 2

EWR Scorecard Criteria

1. Cost Management

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:

The Operator has delivered all of the EWR Mobilisation Programme activities within applicable budget. Where this has not happened:

- (a) this was primarily due to factors beyond the reasonable control of the Operator; and
- (b) the Operator has used reasonable endeavours to mitigate the impact of any costs in excess of budget.

1.3 Three (3): Good

The Operator has fully met the criteria for a "two (2)" and in addition has achieved at least one of the following criteria:

- (a) demonstrably proactively monitored for and responded promptly to any unexpected changes in circumstances during the period in a cost efficient manner;
- (b) where applicable, proactively identified and pursued cost efficiency opportunities; and
- (c) regularly reported accurate cost forecasts, provided early notice of forecast underspends and/or decreases in costs and, acting as a Good and Efficient Operator, promptly gave notice of any impacts on the EWR Mobilisation Budget accordingly.

2. Mobilisation

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 demonstrated continued progress towards delivery of EWR BPCs in accordance with required dates. Where there has been a failure to make progress:

- (a) this was primarily due to factors beyond the reasonable control of the Operator; and
- (b) the Operator has used reasonable endeavours to mitigate the extent of any delay/overall impact on the EWR Mobilisation Programme.

2.3 Three (3): Good

The Operator has fully met criteria for a two and in addition the Operator has demonstrated that it has used all reasonable endeavours to achieve at least two of the following criteria:

- (a) deliver some of the EWR BPCs in advance of their date for delivery;
- (b) value add and/or better outcome in addition to the intended EWR BPC outcome (excluding early delivery);
- (c) work collaboratively with relevant stakeholders to seek to achieve improved outcomes for the EWR project; and
- (d) work collaboratively with the Secretary of State with respect to its clear and early identification of risks and issues (including EWR Conflicts) that may have an impact on the delivery of the EWR Mobilisation Programme, has been proactive in its management of those risks and has otherwise been highly effective in its management of the delivery of EWR Mobilisation Programme.

3. Operational Performance

3.1 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)'

3.2 Two (2): Acceptable

The Operator has generally delivered the CS1 Services in accordance with the Enforcement Plan of the Day. Where there have been significant or repeated failures to deliver the CS1 Services in accordance with the Enforcement Plan of the Day:

- (a) these have typically been caused by failures which were primarily due to external factors outside of the reasonable control of the Operator;
- (b) the Operator has used reasonable endeavours to recover the CS1 Services as quickly as possible (regardless of whether or not the root cause was within the Operator's reasonable control); and
- (c) the Operator has undertaken root cause analysis of the significant or repeated failures to deliver the CS1 Services in accordance with the Enforcement Plan of the Day and has taken reasonable action within its control to minimise likelihood and the impact on passengers of such significant or repeated failures.

3.3 Three (3): Good

The Operator has fully met criteria for a two and few if any significant or repeated failures to deliver the Enforcement Plan of the Day that have been due to factors within the reasonable control of the Operator.

Schedule 3

Chapter 7.8

EWR Mobilisation Programme and EWR Mobilisation Budget

- 1.1 The Operator shall carry out and deliver the EWR Mobilisation Services including in accordance with the provisions of clause 4.1, 4.2 and 4.3 of the CS1 Services Amendment Agreement.
2. **EWR Mobilisation Costs**
- 2.1 The provisions of this Chapter 7.8 shall apply to the incurrence of EWR Mobilisation Costs in relation to the undertaking of the EWR Mobilisation Programme and the fulfilment of the EWR Mobilisation Programme, up until the end of the Bedding-In Period.
- 2.2 The EWR Mobilisation Costs shall not constitute Actual Costs and the forecast of such costs shall not be included within any Cost Category in the Cost Budget and the provisions of paragraphs 2.7 to 2.17 shall apply in respect of the reimbursement of any EWR Mobilisation Costs.
- 2.3 The Parties shall cover the following items at each Periodic Finance Review Meeting:
- (a) the EWR Mobilisation Costs incurred by the Operator on a Reporting Period by Reporting Period basis as at the relevant date;
 - (b) its forecast of the EWR Mobilisation Costs expected to be incurred by it in completing the EWR Mobilisation Programme;
 - (c) whether the Operator considers that the EWR Mobilisation Costs are reasonably likely to exceed the EWR Mobilisation Budget;
 - (d) the steps taken by the Operator to manage the EWR Mobilisation Costs incurred in delivering the EWR Mobilisation Programme;
 - (e) details of or an update on any disputes, proceedings or claims arising under or relating to any contract which has been entered into for the delivery of the EWR Mobilisation Programme which are reasonably likely to exceed a value of £250,000 (two hundred and fifty thousand pounds sterling), including their potential value and the actions which the Operator has taken or proposes to take to resolve such disputes, proceedings or claims;
 - (f) where the Operator considers it relevant, the financial and other consequences to the Operator (including with regard to the performance of its obligations under this Contract and its ability to provide Passenger Services) in the event that the Operator has to cease performance of the EWR Mobilisation Programme pursuant to paragraph 2.6.
- 2.4 The Secretary of State shall be entitled to request (and the Operator shall provide) such further information and evidence in relation to the EWR Mobilisation Programme as the Secretary of State may reasonably require.
- 2.5 If either Party forms the view that:
- (a) the EWR Mobilisation Costs are reasonably likely to differ from the EWR Mobilisation Budget; or
 - (b) there are any emerging issues which may significantly affect the delivery of the EWR Mobilisation Programme,
- then, (without prejudice to the provisions of paragraph 3 and Chapter 7.5 (*Variations, Changes and Amendments*)), the Parties shall discuss such matter at the next Contract Performance Meeting including:
- (i) whether the Operator has taken appropriate actions to mitigate any increase in the EWR Mobilisation Costs;
 - (ii) whether the EWR Mobilisation Programme be re-scoped to eliminate or reduce the amount by which the EWR Mobilisation Costs are expected to exceed the EWR Mobilisation Budget (including taking into account prudent contingencies and activities and reasonable costs related to any such re-scoping

and any costs of termination and making good and also taking into account the wider impacts of any re-scoping on the Rail Services);

- (iii) whether the Operator should stop carrying out the EWR Mobilisation Programme (either immediately or when the EWR Mobilisation Budget is reached or at some other time);
- (iv) whether the EWR Mobilisation Budget should be updated; and/or
- (v) any other issues, proposals or amendments relating to the EWR Mobilisation Programme,

and following the relevant meeting, subject to paragraph 2.6 the Parties shall seek to agree or where they cannot agree, the Secretary of State may determine any amendments to or instructions in relation to the items set out in paragraphs (i) to (v) above and, where necessary, any consequential Business Plan Revision in respect of the EWR Business Plan Commitments provided that any impact on the EWR Record of Assumptions shall be handled in accordance with paragraph 3. The Operator acknowledges any such Business Plan Revision in respect of the EWR Business Plan Commitments shall not be a Trigger Event and the financial consequences of any amendment to an EWR Business Plan Commitment shall be dealt with under this Chapter 7.8.

- 2.6 Where the EWR Mobilisation Costs are reasonably likely to exceed the EWR Mobilisation Budget and the Secretary of State does not agree to increase the EWR Mobilisation Budget (or to revise the EWR Programme to address), the Operator shall:

- (a) be under no obligation to continue to perform the EWR Mobilisation Programme to the extent this would involve activities or expenditure in excess of the EWR Mobilisation Budget (including taking into account prudent contingencies and activities and reasonable costs related to termination and making safe); and
- (b) prepare a report detailing the activities that have been completed or partially completed or are expected to be completed by the date the EWR Mobilisation Costs are expected to exceed the aggregate of the EWR Mobilisation Budget taking into account prudent contingencies and the costs reasonably expected to be incurred in terminating any contracts or commitments properly and reasonably entered into in contemplation of the EWR Mobilisation Programme and reasonable costs associated with making good the sites where the EWR Mobilisation Programme are being carried out. Subject to paragraph 2.9, the reasonable costs of such termination and making safe which are properly incurred by the Operator shall be EWR Mobilisation Costs,

and the provisions of paragraph 3 shall apply.

- 2.7 As soon as reasonably practicable following the end of each Reporting Period, the Operator shall provide to the Secretary of State a report prepared on an 'open book' basis setting out:

- (a) the actual EWR Mobilisation Costs that it has incurred in or before the relevant Reporting Period which have not previously been reimbursed by the Secretary of State;
- (b) the actual EWR Adjustments that it has received in or before the relevant Reporting Period which have not previously been paid to the Secretary of State;
- (c) any invoices for third party costs included in the EWR Mobilisation Costs; and
- (d) any supporting evidence that the Secretary of State may require in order to confirm that the EWR Mobilisation Costs have been properly incurred and/or the EWR Adjustments have been accurately reported.

- 2.8 The Secretary of State shall review the report provided in accordance with paragraph 2.7 and shall, within 10 Weekdays of receipt, advise the Operator of any EWR Mobilisation Costs and/or EWR Adjustment which it disputes. The Parties shall meet and seek to resolve any disputes in relation to the EWR Mobilisation Costs and/or EWR Adjustment. If the Parties do not agree such EWR Mobilisation Costs and/or EWR Adjustment, the Secretary of State may (but shall not be obliged to) determine them on the basis of the information then available to the Secretary of State. If the Operator disputes that the amounts were reasonably determined pursuant to this paragraph, the dispute shall, unless the Operator and the Secretary of State otherwise agree, be resolved in accordance with the provisions of paragraph 8 (*Governing Law and Jurisdiction*) of Chapter 9.7 (*Miscellaneous Legal Terms*).

- 2.9 The Operator shall not be entitled to reimbursement of any costs, expenses or disbursements relating to the EWR Mobilisation Programme which:
- (a) arise as a result of:
 - (i) the Operator breaching paragraphs 8.6 and/or 8.7 of Chapter 7.1 (*Contract Payments*);
 - (iii) the Operator's fraud or negligence; and/or
 - (b) were incurred otherwise than in accordance with those expected to be incurred by a Good and Efficient Operator; and/or
 - (c) exceed the cumulative EWR Mobilisation Budget for the relevant Reporting Periods in the applicable Contract Year to date,
- and any such costs shall constitute Disallowable Costs. The items set out in **Error! Reference source not found.** shall not constitute EWR Mobilisation Costs and shall not be included in any calculation of whether the EWR Mobilisation Costs have exceeded or will exceed the EWR Mobilisation Budget (unless an increase to the EWR Mobilisation Budget is agreed by the Secretary of State).
- 2.10 Following the expiry of 10 Weekdays from submission of the report provided in accordance with paragraph 2.7 and (if applicable) any resolution of any disputes relating to the EWR Mobilisation Costs and/or EWR Adjustment:
- (a) the Operator may present a payment request to the Secretary of State for the sum of any undisputed EWR Mobilisation Costs; and/or
 - (b) the Secretary of State may present a payment request to the Operator for the sum of any undisputed EWR Adjustment that has been received by the Operator provided that the Secretary of State may only present a payment request for any undisputed EWR Adjustment when and to the extent that the Operator has already been compensated or reimbursed by the Secretary of State or otherwise in respect of the amounts subject to such EWR Adjustment.
- 2.11 On the first Payment Date to occur seven or more days after:
- (a) the date on which the Operator provides a payment request to the Secretary of State under paragraph 2.10 (or where there is no such Payment Date, within 30 days of the date on which the relevant payment request is received), the Secretary of State shall pay to the Operator by way of adjustment to the relevant Contract Payment the amount set out in that payment request (such amount being referenced as component "ECP" in Chapter 7.1 (*Contract Payments*)), provided that such payment shall not when aggregated with all other such payments in relation to the EWR Mobilisation Programme exceed either of (i) the aggregate of the applicable amounts in the EWR Mobilisation Budgets or (ii) the aggregate of all EWR Mobilisation Costs incurred;
 - (b) the date on which the Secretary of State provides a payment request to the Operator under paragraph 2.10 (or where there is no such Payment Date, within 30 days of the date on which the relevant payment request is received), the Operator shall pay to the Secretary of State by way of adjustment to the relevant Contract Payment the amount set out in that payment request (such amount being referenced as component "EWA" in Chapter 7.1 (*Contract Payments*)).
- 2.12 Notwithstanding any other provision in this Contract, the Operator shall not be entitled to any double recovery in respect of the EWR Mobilisation Costs and shall not submit any claims for reimbursement of EWR Mobilisation Costs which are otherwise reimbursed through the operation of Chapter 7 (*Financial Obligations, Incentives and Scorecards*) and, the Operator shall provide the Secretary of State with such information and/or evidence as the Secretary of State may reasonably require in order to verify that the Operator has complied with this paragraph.
- 2.13 No later than 30 April in each Contract Year, and within 30 days after the end of the Bedding-In Period the Operator shall provide to the Secretary of State a certificate, signed by a director of the Operator, which confirms that:
- (a) the EWR Mobilisation Costs claimed by the Operator from the Secretary of State have been properly and legitimately incurred in connection with the delivery of the EWR Mobilisation Programme and no claims have been made in respect of costs that are (or

- are deemed to be) Disallowable Costs pursuant to this paragraph 2 or that the Operator is otherwise not entitled to be reimbursed for;
- (b) the Operator has notified the Secretary of State of any disputes, proceedings or claims in accordance with paragraph 2.3(e);
 - (c) all items which should be included within EWR Adjustments have been declared to the Secretary of State and paid to the Secretary of State in accordance with paragraph 2.11; and
 - (d) the Operator has not benefited from any double recovery of EWR Mobilisation Costs.
- 2.14 No later than 31 May in each Contract Year, and within 60 days after the end of the Bedding-In Period, either Party may request that the Parties undertake a reconciliation of the amount of EWR Mobilisation Costs incurred in relation to the applicable Contract Year (and any previous Contract Year if relevant) and the amount paid by the Secretary of State under this paragraph 2 (**“Reconciliation Calculation”**). Where a Party requests a Reconciliation Calculation, the Operator shall provide the Secretary of State with a certificate, signed by a director of the Operator, which confirms the matters set out in paragraph 2.13(a) to (d) and which sets out:
- (a) the total amount of EWR Mobilisation Costs incurred in delivering the EWR Mobilisation Programme (**“A”**);
 - (b) the total amount of EWR Mobilisation Costs paid by the Secretary of State to the Operator under this paragraph 2 (**“B”**);
 - (c) the total amount of EWR Adjustment received in respect of the EWR Mobilisation Programme (**“C”**);
 - (d) the total amount of EWR Adjustment paid by the Operator to the Secretary of State under this paragraph 2 (**“D”**); and
 - (e) the value of **(A – B) – (C – D)** being the **“Reconciliation Amount”**,
- and, the Operator shall provide the Secretary of State with such information and/or evidence as the Secretary of State may require in order to verify that the amounts provided in accordance with this paragraph are correct.
- 2.15 The Secretary of State shall review the report provided in accordance with paragraph 2.14 and shall within 10 Weekdays of receipt, advise the Operator of whether it accepts the Reconciliation Amount. The Parties shall meet and seek to resolve any disputes in relation to the Reconciliation Amount. If the Parties do not agree the Reconciliation Amount, the Secretary of State may (but shall not be obliged to) determine it on the basis of the information then available to the Secretary of State. If the Operator disputes that the Reconciliation Amount was reasonably determined pursuant to this paragraph, the dispute shall, unless the Operator and the Secretary of State otherwise agree, be resolved in accordance with the provisions of paragraph 8 (*Governing Law and Jurisdiction*) of Chapter 9.7 (*Miscellaneous Legal Terms*).
- 2.16 Where the Reconciliation Amount is a negative amount then the Secretary of State shall present a payment request to the Operator for the Reconciliation Amount (expressed as a positive number) and the Operator shall pay such amount to the Secretary of State by way of adjustment to the next Contract Payment on the first Payment Date to occur seven or more days after the date of the payment request, or where there is no such payment within thirty days.
- 2.17 Where the Reconciliation Amount is a positive amount then the Operator shall present a payment request to the Secretary of State for the Reconciliation Amount and the Secretary of State shall pay such amount to the Operator by way of adjustment to the next Contract Payment on the first Payment Date to occur seven or more days after the date of the payment request, or where there is no such payment within thirty days, provided always that the total of the Reconciliation Amount and the amount previously paid by the Secretary of State to the Operator under this paragraph 2 shall not exceed the EWR Mobilisation Budget.
- 2.18 The Parties acknowledge that the Secretary of State may wish to provide funding relating to the EWR Mobilisation Programme in advance of EWR Mobilisation Costs being incurred. Where the Secretary of State notifies the Operator that it intends to provide funding in advance of any EWR Mobilisation Costs being incurred, the Operator shall co-operate in good faith with the Secretary of State to agree suitable arrangements relating to such funding including appropriate safeguards to ensure that any such funding is solely used in relation to the payment of EWR Mobilisation Costs.

- 2.19 Where at any time the Operator proposes to enter into any agreement, contract, licence or other arrangement which relates to the EWR Mobilisation Services, 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 that the Secretary of State intends to designate such contract as a Key Contract, comply with the provisions of paragraph 5.1 (*Direct Agreements*) of Chapter 9.2.1 (*Key Contracts*) in respect of any such agreement, contract, licence or other arrangement.
3. **EWR Mobilisation Budget Review**
- 3.1 The Operator shall submit to the Secretary of State, together with the financial information to be provided pursuant to paragraph 1.4 of Chapter 7.3 in relation the Quarter commencing on 14 September 2025, an assessment (in the Operator's reasonable opinion) of:
- (a) whether there has been a material difference in the EWR Mobilisation Costs incurred to date against those budgeted for in the EWR Mobilisation Budget; and
 - (b) if there is an opportunity to reduce the EWR Mobilisation Budget and the extent to which it may be reduced.
- 3.2 In making the assessment required pursuant to paragraph 3.1 and when seeking to agree or determining the matters set in paragraph 3.3, the Parties shall take account of the following:
- (a) the activities undertaken to date in respect of the EWR Mobilisation Programme compared to the costs allocated to such activities in the EWR Mobilisation Budget;
 - (b) the activities remaining to be undertaken in respect of the EWR Mobilisation Programme and the costs allocated to such activities in the EWR Mobilisation Budget;
 - (c) activities and/or staffing contemplated to form part of the EWR Mobilisation Programme upon which the EWR Mobilisation Budget was based which are no longer required to be undertaken or have been materially changed; and
 - (d) any risks in relation to the EWR Mobilisation Programme that were identified and/or accounted for in the EWR Mobilisation Budget that have reduced in likelihood and/or impact, or have not materialised.
- 3.3 The Parties shall meet to discuss and seek to agree (acting reasonably):
- (a) if, and the extent to which, the EWR Mobilisation Budget can be reduced for the remainder of the Mobilisation Period and Bedding-in Period;
 - (b) the changes required to the EWR Mobilisation Budget and the EWR Record of Assumptions to reflect such a reduction,
- and where the Parties fail to agree the matters set out in this paragraph 3.3 before 30 September 2025, the Secretary of State shall reasonably determine such matters.
- 3.4 The Parties agree and acknowledge that the provisions of paragraph 5.1(b) of Chapter 7.5 shall apply to any updates made to the EWR Mobilisation Budget and the EWR Record of Assumptions agreed or determined pursuant to paragraph 3.3.
4. **Updates to EWR Programme, EWR Mobilisation Budget and/or EWR Record of Assumptions**
- 4.1 Either Party may from time to time propose, by notice to the other Party that revisions be made to the then current EWR Programme, EWR Mobilisation Budget, EWR Record of Assumptions and/or EWR Business Plan Commitments that are reasonably required to align them to the then prevailing circumstances.
- 4.2 Revisions proposed under paragraph 4.1 may be agreed between the Parties or determined at the Secretary of State's discretion (and any such determination may 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.
- 4.3 The provisions of paragraph 6.1(d) (*Business Plan Revisions*) of Chapter 7.7 (*Business Plan*) shall apply in relation to the revisions proposed under paragraph 3.1 if amendments are required to the Business Plan.

Schedule 4**EWR Milestones**

As at date of this Agreement the EWR_f Milestones are as follows:

Table 1 EWR_f Milestones

EWR_f Milestone	Description
Acceptance of the Class 196 Units Note: the Secretary of State needs to be satisfied that the Operator has achieved this Milestone 1 to trigger 'F1' in clause 6.1	<ul style="list-style-type: none"> • Agree and approve MSA between the Operator and West Midlands Trains Limited; • Complete Partial Novation to the Operator of Class 196 sublease from East West Railway Company Limited; and • Agree and complete 'Take Over Certificate' for the 2 x Class 196 trains (2 x 2car) with West Midlands Trains Limited. <p>The Operator shall provide documentary evidence of the above.</p>
Operator's readiness to commence the Initial EiS Note: the Secretary of State needs to be satisfied that the Operator has achieved this Milestone 2 to trigger 'F2' in clause 6.1	<ul style="list-style-type: none"> • Required number of drivers trained and qualified to resiliently operate the Initial EiS TSR; • Winslow station fit-out complete and station commissioned; • Bletchley driver depot fit-out complete and commissioned; • All regulatory approvals and access agreements in place • ORR update to Safety certificate submitted and safety validation undertaken; and • Station and control staff recruited and trained. <p>The Operator shall provide documentary evidence of the above including industry documentation and staffing rosters.</p>
Operator's readiness to commence the Full EiS Note: the Secretary of State needs to be satisfied that the Operator has achieved this Milestone 2 to trigger 'F2' in clause 6.1	<ul style="list-style-type: none"> • Required number of drivers trained and qualified to resiliently operate the Full EiS TSR. <p>The Operator shall provide documentary evidence of the above using driver staffing rosters.</p>

Schedule 5**EWR Business Plan Commitments**

"CS1 Services" means services to run between Milton Keynes and Oxford, initially at a phased introduction of 18 trains a day in each direction (subject to the Network Code, Restrictions of Use and Timetabling Process (as such is defined or described in the Network Code)) (**"Initial EiS"**) to ultimately at a frequency of 2 trains an hour in each direction (**"Full EiS"**), as part of the Passenger Services by the Passenger Change Date in December 2025.

	EWR BPC No	EWR Business Plan Commitment
1.	Commencement of Driver Recruitment and Training Activity	<p>1. Drivers and Driver training</p> <p>1.1. In this Business Plan Commitment "Driver Recruitment and Training Plan" means Section 3.4 of the Operator's response dated 10 November 2023 to the Request for Proposal issued by the Secretary of State on 23 October 2023.</p> <p>1.2. The Operator shall ensure that:</p> <p>(a)</p> <p>(i) by 25 November 2024, no less than 10 trainee drivers;</p> <p>(ii) by 17 Jan 2025 a further 10 trainee drivers;</p> <p>(iii) by 25 April 2025, a further 10 trainee drivers;</p> <p>are recruited and complete Part 1/classroom training of the Driver training and all training which is reasonably able to be completed without a driver instructor in accordance with the Driver Recruitment and Training Plan; and</p> <p>(b) Transfer requests from the Operator's existing drivers to Bletchley depot are implemented on the agreed transfer date and the roles of those transferring drivers at their current depots (with the exception of Banbury) are backfilled by recruiting and training suitable driver(s) to enable the transfer to be implemented.</p>

	EWR BPC No	EWR Business Plan Commitment
		<p>1.3. Without prejudice to paragraph 1.2, the Operator shall use all reasonable endeavours to:</p> <ul style="list-style-type: none"> (a) progress the delivery of the Driver Recruitment and Training Plan; (b) take such reasonable actions to mitigate any delay to the delivery of the Driver Recruitment and Training Plan. <p>1.4. The Operator shall provide the Secretary of State regular updates at each Contract Performance Meeting on:</p> <ul style="list-style-type: none"> (a) progress against delivery of the Driver Recruitment and Training Plan; and (b) any reasonably required changes to the Driver Recruitment and Training Plan together with details of what reasonable actions the Operator will take to mitigate any delay to the to the Driver Recruitment and Training Plan.
2.	Resourcing plan for other permanent staff	<p>2. Resourcing</p> <p>In this Business Plan Commitment "Staff Resourcing Plan" has the meaning given in paragraph 2.1.</p> <p>2.1. The Operator shall, no later than 31 May 2024, rephase, based on changes to the programme and acting as a Good and Efficient Operator the resourcing plan for other permanent staff (including train presentation crew and depot shunters), required to support the delivery of the CS1 Services (including the mobilisation or transition of such staff from other roles) that was submitted to the Secretary of State on 10 November 2023 to take account any changes necessary to that plan to reflect the changes the programme (the "Staff Resourcing Plan").</p> <p>2.2. The Operator shall implement the Staff Resourcing Plan in accordance with its terms.</p>

	EWR BPC No	EWR Business Plan Commitment					
3.	Development of the Operational Concept, including confirmation of the Control requirements	3. CS1 Services Development					
		3.1. The Operator shall:					
		(a) Subject to Network Rail diligently negotiating and progressing the same, progress track access applications to secure the required track access rights required for the CS1 Services (either by entry into a new track access agreement or amendment of an existing Track Access Agreement) by no later than 30 June 2024;					
		(b) progress timetable development work in conjunction with Event Steering Group; and					
		(c) by no later than 11 December 2024 ensure the control room at Banbury is fully completed and ready for use.					
		3.2. Subject to Network Rail, West Midlands Trains Limited and/or the local Authority diligently negotiating and progressing the same, the Operator shall, by no later than 1 July 2025, enter into the following agreements required for the delivery of the CS1 Services as set out in the table below by the respective delivery date in column 5 of such table:					
			Type of Agreement	Location	Counterparty	Requirement	Delivery Date
			Station Access Agreement	Bletchley Station	West Midlands Trains Limited	Access for CS1 Services	1 July 2025
			Station Access Agreement	Milton Keynes Station	West Midlands Trains Limited	Access for CS1 Services and overnight platform stabling	1 July 2025
			Station Sub-Lease	Winslow	Network Rail	Operator to become the Station Facility Owner	1 July 2025
				Winslow	Local Authority / Network Rail	Use of car park	1 July 2025
4.	Fleet Acceptance and Readiness	4. Fleet Acceptance and Readiness					

	EWR BPC No	EWR Business Plan Commitment
		<p>In this Business Plan Commitment:</p> <p>"Class 196 Units" means 6 x 2 car class 196 units to be sub-sub-leased (or otherwise novated) to the Operator from East West Railway Company Limited or West Midland Trains Limited; and</p> <p>"Class 196s Refurbishment" means the internal refurbishment of the Class 196 Units to update the internal branding and interior labelling to be agreed between the Operator and the Secretary of State.</p> <p>4.1. Subject to the approval of the Secretary of State of the terms of such in pursuant to the Contract, the Operator shall enter into:</p> <p>(a) a novated sub-lease for the Class 196 Units by no later than 15 December 2024.</p> <p>(b) a Maintenance Contract in relation to the Class 196 Units by no later than 15 December 2024.</p> <p>4.2. The Operator shall carry out compatibility testing on the Class 196 Units on the Routes upon which the CS1 Services are to be delivered to ensure that the Class 196s Units are ready to commence delivery of the CS1 Services such testing to be carried out no later than 24 November 2024.</p> <p>4.3. The Operator shall develop the detailed design of the Class 196 Refurbishments and submit such detailed design, together with estimated costs, to the Secretary of State for approval by no later than 1 November 2024.</p> <p>4.4. Once such detailed design and expenditure for the Class 196 Refurbishments is approved by the Secretary of State, the Operator shall tender and enter into contract(s) for the Class 196 Refurbishments.</p> <p>4.5. The Operator shall ensure that the Class 196 Refurbishments are completed by no later than 1 July 2025.</p>

	EWR BPC No	EWR Business Plan Commitment
		4.6. The Operator shall use all reasonable endeavours to agree with West Midlands Trains Limited a plan for incident response, service recovery and line of route support by no later than 15 December 2024.
5.	Customer Experience and Station Operations	<p>5. Customer Experience and Station Operations</p> <p>5.1. Subject to the Operator being able to secure the necessary approvals (which the Operator shall use reasonable endeavours to secure), the Operator shall by no later than 1 July 2025 complete all listed activities as set out in section 3.11.2.1 of the Operator's response dated 10 November 2023 to the Request for Proposal issued by the Secretary of State on 23 October 2023 and further detailed in Appendix 1 in order to fit out the new station at Winslow.</p> <p>5.2. The Operator shall, by no later than 1 March 2025 provide a plan to the Secretary of State which details how it will communicate the launch of CS1 to customers, including but not limited to:</p> <ul style="list-style-type: none"> (a) detailing how it will communicate any and all timetabling changes; (b) the benefits of CS1; and (c) the changes to Passenger Services that call at Islip.
6.	Retail and Ticketing Plan	<p>6. Retail and Ticketing Plan</p> <p>6.1. The Operator shall, by no later than 6 December 2024 provide to the Secretary of State a draft retail and ticketing plan for its approval including, but not be limited to:</p> <ul style="list-style-type: none"> (a) branding; (b) fares and ticketing; (c) revenue protection;

	EWR BPC No	EWR Business Plan Commitment
		<p>(d) marketing</p> <p>in relation to the CS1 Services the "Retail and Ticketing Plan"</p> <p>6.2. On receipt of the Retail and Ticketing Plan the Secretary of State may: a) approve the Retail and Ticketing Plan; or b) provide the Operator with comments in respect of the Retail and Ticketing Plan.</p> <p>6.3. If the Secretary of State provides comments to the Operator in accordance with paragraph 6.2, the Operator shall revise the Retail and Ticketing Plan to reflect such comments and provide the Secretary of State with the revised Retail and Ticketing Plan within twenty-eight (28) days of receipt of such comments for the Secretary of State's approval.</p> <p>6.4. Following approval of the Retail and Ticketing Plan in accordance with paragraph 6.2 or 6.3 the Operator shall implement the Retail and Ticketing Plan in accordance with its terms.</p> <p>6.5. The provisions of paragraph 6.2 to 6.4 shall apply in respect of the approval of any updated Retail and Ticketing Plan.</p>
7.	Testing and Commissioning	<p>7. Testing and Commissioning</p> <p>7.1. The Operator shall comply with its obligations in the East West Rail System Testing and Trial Operations Strategy Commissioning Plan dated 6 October 2023 (as may be updated from time to time).</p>

Appendix 1

Winslow fit-out activities

Fit Out of Winslow Station will include:

- Build staff toilet & change facility to "Chiltern blueprint"
- Install staff kitchen/mess room to "Chiltern blueprint"
- Install all IT equipment & plant room, software and data connectivity to facilitate all retail ticketing, CCTV, gate line, CIS, PA's and back of house activities
- Construct secure retail and customer service desk
- Install suitable heating/lighting/wayfinding and signage
- Install TVMs and passenger information points as necessary
- Install suitable accessibility & seating provisions
- Install operational gate line including accessible wide access

Schedule 6
Key Assumptions

1	IRD (Infrastructure Readiness Date) of November 2024
2	The driver depot is located at Bletchley TMD
3	[REDACTED].
4	Operator will take on the role of SFO at Winslow station from Network Rail at Initial EIS. From IRD date the Operator will occupy the station by way of a licence for fit out. This excludes the car park which will remain with Buckinghamshire CC.
5	<p>Bletchley High Output Building available to the Operator from early August 2024 in a condition which is suitable to operate as a driver and operational staff depot with (in particular):</p> <ul style="list-style-type: none"> • All walking routes between the High Output building to where the units are stabled in Bletchley depot/Station are appropriately surfaced and lit and fully compliant with all health and safety applicable laws and standards; • all issues identified in the dilapidation survey carried out in March 2023 have been fully rectified; • IT fibre and all services connected under contracts which will be novated to the Operator; and • the building has a life expectancy without major works of at least 5 years
6	All infrastructure works undertaken by West Midlands Trains at Bletchley TMD to support the Class 196 operational plan; including but not limited to CET, tanking and Ad-Blue facilities along with some lighting and walkway upgrades will be delivered by December 2024. In addition, any continuing works undertaken by West Midlands Trains or any other party at Bletchley TMD do not inhibit or interfere with the ability for Chiltern to deliver work required to the Bletchley High Output building or the delivery of mobilisation or operating plans.
7	The walking route and distance to the station is accepted by drivers and train managers and unhindered access to the station will be available to the Operator's employees 24/7 through the existing security gates.
8	The Winslow station works are delivered as a base line of current NR and building safety standards and the Fire strategy meets current PRM and British standards and The Fire strategy at Winslow is signed off by the Operator's fire safety engineers.
9	The Operator's Timetable proposal including Islip change is accepted by Network Rail as submitted by the Operator through the normal industry process.
10	Bridge BFo/1B is structurally sound to take traffic.
11	Suitable PNB facilities are available, and Operator access agreed to the PNB facilities at Oxford, Bletchley and Milton Keynes stations.
12	Stabling is provided to the Operator as follows: 3/4 x stabled at Bletchley (2/3 x service units and 1 x spare); 2 x stabled in Oxford Up Sidings (2 x service units); 0/1 x Tyseley Depot (heavy maintenance/repair).
13	All Station / Depot / Track Access applications are agreed with the Facility Owner and then approved by the ORR in line with the programme.
14	The CS1 rolling stock fleet comprises 6 x 2-Car Class 196 units.
15	The Class 196 Units will be taken on lease by the Operator on 5 th August 2024 and the leasing costs (including maintenance reserve) will continue to be paid by EWR for the term of the existing NRC.

16	No modifications are required to be made to the Class 196 Units other than branding or as strictly necessary for the method of operation.
17	The Class 196 Units will be maintained under a full-service agreement with West Midlands Trains.
18	There will be no change to the rolling stock for CS1 during the current NRC term which would require Chiltern to undertake any activity such as procuring alternative rolling stock, re-training drivers, testing or commissioning.
19	Expressions of interest from existing drivers are not withdrawn, leaving less than 10 drivers who can be transferred from other Chiltern depots to Bletchley.
20	There is no significant change in the planned driver attrition rate within the current establishment of 4.5% in the period of 24 months from the date of this Agreement.