

SCHEDULE 2.5

THIS IS SCHEDULE 2.5 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT AMONG THE STRATEGIC RAIL AUTHORITY, STRATHCLYDE PASSENGER TRANSPORT EXECUTIVE AND FIRST SCOTRAIL LIMITED

Transport, Travel and Other Schemes

1. INTEGRATED TRANSPORT SCHEMES

1.1 The Franchisee shall participate in and comply with its obligations under the Integrated Transport Schemes listed in paragraph 1 of the Appendix (*List of Transport, Travel and Other Schemes*).

1.2 As and when required by the Authority, the Franchisee shall co-operate with any schemes proposed by any third party (including any Local Authority) and which relate to the integration of any other form of transport with the Franchise Services. If the Authority reasonably considers that the Franchisee's participation in any such scheme would have no adverse financial effect on the Franchisee, the Authority shall be entitled, but not obliged, to designate any such scheme as an Integrated Transport Scheme.

1.3 If and to the extent that the Authority designates any further integrated transport scheme or proposed scheme as an Integrated Transport Scheme for the purposes of this paragraph 1 then the Franchisee shall participate in and comply with its obligations under such scheme and take such other steps as the Authority may reasonably require.

1.4 The Authority shall consult the Franchisee before designating any scheme an Integrated Transport Scheme under paragraph 1.2 and shall allow the Franchisee a reasonable opportunity to make representations to it with respect to any such designation.

1.5 The Authority agrees with the SPTE that it shall designate, for the purposes of this paragraph 1, any integrated transport scheme that the SPTE requests it to designate as an Integrated Transport Scheme. The SPTE shall only be entitled to request a designation if the Franchisee's participation in any such scheme would have no adverse financial effect on the Franchisee.

1.6 The Franchisee shall co-operate with, and participate in, a maximum of three time-limited pilot integrated ticketing initiatives specified by the Authority. The Authority shall not make such a specification after 31 December 2006. The ongoing administrative costs of participating in the pilots shall be borne by the Franchisee and shall not be a Change.

1.7 If the Franchisee's participation in any integrated transport scheme or proposed scheme would have an adverse financial effect on the Franchisee, either the Authority or the SPTE may designate such scheme or proposed scheme as an Integrated Transport Scheme for the purposes of this paragraph 1 and the Franchisee

shall participate in and comply with its obligations under such scheme and take such steps as the Authority or the SPTE, as the case may be, may reasonably require.

2. NATIONAL AND LOCAL AUTHORITY CONCESSIONARY TRAVEL SCHEMES

2.1 The Franchisee shall, subject to paragraph 2.3, participate in and comply with its obligations under

- (a) the concessionary travel schemes set out in paragraph 2 of the Appendix (*List of Transport, Travel and Other Schemes*); and
- (b) any other concessionary travel scheme which the Franchisee is required to participate in during the Franchise Term pursuant to paragraph 2.2.

2.2 The Franchisee shall, subject to paragraph 2.4, if so requested by the Authority participate in and comply with its prospective obligations under:

- (a) any concessionary travel scheme set out in paragraph 2 of the Appendix, the terms of which have been amended since the date of signature of this Agreement; and
- (b) such other concessionary travel schemes as any relevant Local Authority, SPTA or the Scottish Ministers may require or request it to participate in.

2.3 Subject to the terms of the relevant concessionary travel scheme, the Franchisee shall be entitled to cease to participate in any scheme referred to in paragraph 2.1 where, in the reasonable opinion of the Authority:

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

each pursuant to Part II of the Travel Concession Regulations 1996 (SI 1996/77) (**Regulations**) would fail to render the Franchisee financially no worse off (within the meaning of the Regulations).

2.4 The Authority shall not require the Franchisee to participate in any scheme referred to in paragraph 2.2 where the Authority is reasonably satisfied, after consulting with the SPTE in respect of schemes providing for travel on SPTE Services, that:

- (a) the reimbursement arrangements with respect to the Franchisee's participation in any such scheme; and/or
- (b) the obligations to be assumed by such Local Authority, SPTA or Scottish Ministers in connection therewith,

each pursuant to the Regulations would fail to render the Franchisee financially no worse off (within the meaning of the Regulations) as a result of such participation. The Authority agrees with the SPTE that, provided it is so satisfied, it will make a request under paragraph 2.2 if asked to do so by the SPTE.

2.5 The Authority shall consult the Franchisee before making any request of the Franchisee to participate in any amended or new concessionary travel scheme pursuant to paragraphs 2.2(a) or (b) and shall allow the Franchisee a reasonable opportunity to make representations to it with respect to any such participation.

2.6 The Franchisee shall supply to the Authority, in respect of any concessionary travel schemes referred to in paragraphs 2.1 and 2.2, such information within such period as the Authority may reasonably require for the purposes of determining whether or not the Franchisee is or will be financially no worse off (within the meaning of the Regulations) as a consequence of its participation in any such scheme, and/or the obligations assumed by such Local Authority, the SPTA or the Scottish Ministers in connection therewith.

2.7 If the Authority and the Franchisee are unable to agree whether the Franchisee will be financially no worse off (within the meaning of the Regulations), the Authority and the Franchisee may resolve such dispute in accordance with the Dispute Resolution Rules.

2.8 If the Franchisee's participation in any concessionary travel scheme would make the Franchisee financially worse off (within the meaning of the Regulations), either the Authority or the SPTE may require such participation, or continued participation, and the Franchisee shall participate in and comply with its obligations under such scheme and take such steps as the Authority or the SPTE, as the case may be, may reasonably request.

2.9 Notwithstanding the provisions of this paragraph 2, the SPTE may give effect to any concessionary travel scheme to which the SPTA is a member, but only in so far as the same provides for travel on SPTE Services and other journeys within the Passenger Transport Extended Area, by notifying the Franchisee of the relevant SPTE Set Fare, and referring to this paragraph.

2.10 Paragraphs 3.10 and 3.11 of this Schedule shall apply to any SPTE Set Fare notified pursuant to paragraph 2.9.

3. MULTI-MODAL FARES SCHEMES

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

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

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

- (a) any multi-modal fares scheme set out in paragraph 3 of the Appendix, the terms of which have been amended since the date of signature of this Agreement; and

(b) such other multi-modal fares schemes as any relevant Local Authority, SPTA or the Scottish Ministers may require or request it to participate in.

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

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

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

3.4 The Authority shall not require the Franchisee to participate in any scheme referred to in paragraph 3.2 where the Authority is reasonably satisfied, after consulting with the SPTE in respect of schemes providing for travel on SPTE Services, that the Franchisee's participation in any such scheme and/or the obligations to be assumed by the relevant Local Authority, the SPTA, the SPTE or Scottish Ministers in connection therewith, would fail, by way of distribution of income or otherwise, to render the Franchisee financially no worse off. The Authority agrees with the SPTE that, provided it is not so satisfied, it will make a request under paragraph 3.2 if asked to do so by the SPTE.

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

- (a) in respect of any multi-modal fares scheme set out in paragraph 3 of the Appendix, that the Franchisee incurs no materially greater financial loss than the financial loss (if any) incurred by the Franchisee at the Franchise Commencement Date under that scheme, as adjusted by reference to any change in the Retail Prices Index since such date;
- (b) in respect of any multi-modal fares scheme which replaces and (in the Authority's reasonable opinion) is reasonably similar to any such scheme as may be set out in paragraph 3 of the Appendix, that the Franchisee incurs no materially greater financial loss than the financial loss (if any) incurred by the Franchisee at the Franchise Commencement Date under the replaced scheme, as adjusted by reference to any change in the Retail Prices Index since such date; and
- (c) in respect of any multi-modal fares scheme which does not replace or which does replace but which is not (in the Authority's reasonable opinion) reasonably similar to any such scheme or schemes as may be set out in paragraph 3 of the Appendix, the same as the meaning given to that term in the Regulations, as if the Regulations applied to such multi-modal fares scheme.

3.6 The Authority shall consult the Franchisee before making any request of the Franchisee to participate in any amended or new multi-modal fares scheme pursuant

to paragraph 3.2 and shall allow the Franchisee a reasonable opportunity to make representations to it with respect to any such participation.

3.7 The Franchisee shall supply to the Authority, in respect of any multi-modal fares schemes referred to in paragraphs 3.1 and 3.2 such information within such period as the Authority may reasonably require for the purposes of determining whether or not the Franchisee is or will be financially no worse off as a consequence of its participation in any such scheme and/or the obligations to be assumed by the relevant Local Authority, the SPTA, the SPTE or the Scottish Ministers in connection therewith.

3.8 If the Authority and the Franchisee are unable to agree whether the Franchisee will be financially no worse off, the Authority and the Franchisee may resolve such dispute in accordance with the *Dispute Resolution Rules*.

3.9 For travel on SPTE Services, the SPTE may give effect to any multi modal scheme to which it is a party (or, as provided for in paragraph 2.9, or to any concessionary travel scheme) by notifying the Franchisee of the relevant SPTE Set Fares and the SPTE may also require the Franchisee to participate in any zonal or other fare schemes or arrangements for travel on SPTE Services by notifying the Franchisee of the relevant SPTE Set Fares and referring to this paragraph.

3.10 The SPTE shall give the Franchisee reasonable notice prior to implementation of an SPTE Set Fare. The Franchisee shall comply with the reasonable requirements of the SPTE as regards SPTE Set Fares and how they are to be made available to passengers.

3.11 The Franchisee shall not be entitled to any commission in respect of the sale by it of SPTE Set Fares.

3.12 The Franchisee shall co-operate with, and participate in, the current pilot project "Oneticket" in the SESTRAN area.

3.13 If the Franchisee's participation, or continued participation, in any multi modal fare scheme would make the Franchisee materially financially worse off, either the Authority or the SPTE may require such participation, or continued participation, and the Franchisee shall participate in and comply with its obligations under such a scheme and take such steps as the Authority or the SPTE, as the case may be, may reasonably require.

3.14 As regards each of the multi-modal fares schemes set out in paragraph 3 of the Appendix, provided the terms of the scheme are not amended, the Franchisee agrees that its continuing participation in the scheme will render the Franchisee financially no worse off.

4. DISCOUNT FARE SCHEMES

4.1 The Franchisee shall participate in and comply with its obligations under the Discount Fares Schemes set out in paragraph 4 of the Appendix (*List of Transport, Travel and Other Schemes*).

4.2 If the Authority:

- (a) effects, or proposes to effect, an amendment to a Discount Fare Scheme;
- (b) introduces any new Discount Fare Scheme; or
- (c) ceases to approve a Discount Fare Scheme for the purposes of Section 28 of the Act,

such amendment, intended amendment, introduction or cessation of approval shall be a Change.

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

5. Inter-Operator Schemes

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

5.2 The Franchisee agrees with the Authority (but not the SPTE) to be bound by Parts IV and V of Chapter 4 of the Ticketing and Settlement Agreement and shall not amend, or agree or propose to amend, the Ticketing and Settlement Agreement without the prior written consent of the Authority.

5.3 The Franchisee agrees with the Authority (but not the SPTE) that it shall not amend, or agree or propose to amend, any Inter-Operator Scheme other than in accordance with its terms.

5.4 The Franchisee shall:

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

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

5.6 Where, by virtue of the provisions of the Ticketing and Settlement Agreement, the Franchisee is obliged to comply with, or implement provisions, which would mean that it could not fulfil its obligations to the SPTE pursuant to this Agreement, the SPTE shall not hold the Franchisee responsible for any breach of any obligations owed to the SPTE pursuant to this Agreement (and the Franchisee shall be deemed not to be in breach of this Agreement), but the SPTE reserves its right to seek redress in the courts for determination of any conflict arising between the obligations imposed

on the Franchisee (as referred to in this paragraph 5.6) from two or more sets of statutory duties.

APPENDIX TO SCHEDULE 2.5

List of Transport, Travel and Other Schemes

1. INTEGRATED TRANSPORT SCHEMES

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2. LOCAL AUTHORITY CONCESSIONARY TRAVEL SCHEMES

		Rail Participation						
		Card Type						
Scheme	Local Authority Areas Served	Elderly	Disabled	Companion	Young Person	Taxi Card	Blind Companion	Blind
Aberdeen	Aberdeen City Council	N	N	N	N	N	N	Y
Aberdeenshire & Moray	Aberdeenshire Council Moray Council	N	N	N	N	#Y	N	Y
Angus	Angus Council	Y	Y	N	N	Y	N	Y
Clackmannanshire, Falkirk & Stirling	Clackmannanshire Council Falkirk Council Stirling Council	~Y	~Y	N	N	N	N	Y
Dumfries & Galloway	Dumfries & Galloway Council	N	N	N	N	N	N	Y
Dundee	Dundee City Council	N	N	N	N	N	N	Y
Eilean Siar	Comhairle nan Eilean Siar	N	N	N	N	N	N	Y
Fife	Fife Council	Y	Y	Y	Y	N	Y	Y
Highland	Highland Council	Y	Y	N	N	N	Y	
Lothians	City of Edinburgh Council East Lothian Council Midlothian Council	*Y	*Y	N	N	Y	N	Y
Orkney	Orkney Islands Council	N	N	N	N	N	N	Y
Perth & Kinross	Perth & Kinross Council	Y	Y	N	N	N	N	Y
Scottish Borders	Scottish Borders Council	N	N	N	N	N	N	Y
Shetland	Shetland Islands Council	N	N	N	N	N	N	Y

Strathclyde Passenger Transport	Argyll & Bute Council							
	East Ayrshire Council							
	East Dunbartonshire Council							
	East Renfrewshire Council							
	Glasgow City Council							
	Inverclyde Council	Y	Y	Y	N	N	Y	Y
	North Ayrshire Council							
	North Lanarkshire Council							
	Renfrewshire Council							
	South Ayrshire Council							
South Lanarkshire Council								
West Dunbartonshire Council								
West Lothian	West Lothian Council	Y	Y	Y	N	Y	Y	Y

Aberdeenshire only
~ Falkirk only
* Not Midlothian

3. Multi Modal Fares Schemes

	SCHEME	DESCRIPTION
	SPTE	
1.	Strathclyde Transport Zonecard Scheme (Including Conference Delegates' Travel Ticket)	Zone based flexible season ticket for unlimited travel by rail, Subway, most buses and some ferries.
2.	Day Tripper	A family based day ticket for unlimited travel throughout Strathclyde by rail, Subway, most buses and some ferries.
3.	Roundabout	An inner city one day "offpeak" ticket for unlimited travel by rail and subway within the designated area.
4.	Clyde Coast Fares	Through fares with Cal-Mac from designated SPT stations
5.	Clyde Cruises	Through cruise fares with Cal-Mac from Glasgow
6.	Great Days Out	Through fares with Cal-Mac and some buses from any SPT stations to designated sites of interest
7.	Playscheme Travel Pass	A Playscheme based travel pass that allows Playschemes to travel in the SPT area free of charge by rail, Subway, some buses and some ferries

	AUTHORITY	
1.	One - Ticket - SESTRAN	"Travelarea" based flexible season ticket for limited travel by rail and unlimited travel by bus.
2.	Central Scotland Rover	Unlimited off peak rail travel on any 3 days out of 7 between designated stations in central Scotland and unlimited Subway travel.
3.	Freedom of Scotland	A Rover ticket that allows travel on any 4 out of 8 or 8 out of 15 consecutive days on all ScotRail and Cal Mac ferry services in Scotland and unlimited ScotRail travel
4.	Highland Rover	Unlimited rail travel for 4 out of 8 consecutive days on the West Highland or Kyle of Lochalsh to Inverness railway lines, some buses and some ferries.
5.	Plusbus	Add on to any rail journey that starts or finishes at participating stations giving unlimited access to most buses in the local network

4. Discount Fare Schemes

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

4.2 ATOC Young Persons Railcard Scheme dated 23 July 1995 between the participants named therein; and

4.3 ATOC Senior Railcard Scheme dated 23 July 1995 between the participants named therein.

5. Inter-Operator Schemes

5.1 ATOC Staff Travel Scheme dated 23 July 1995 between the participants named therein;

5.2 Ticketing and Settlement Agreement;

5.3 ATOC LRT Scheme dated 23 July 1995 between the participants named therein;

5.4 Travelcard Agreement dated 15 October 1995 between London Regional Transport and the parties named therein;

5.5 Through Ticketing (Non-Travelcard) Agreement dated 15 October 1995 between London Regional Transport and the parties named therein; and

5.6 National Rail Enquiry Scheme dated 11 June 1996 between the participants named therein.