

## SCHEDULE 5.5

### THIS IS SCHEDULE 5.5 REFERRED TO IN THE FOREGOING FRANCHISE AGREEMENT AMONG THE STRATEGIC RAIL AUTHORITY, STRATHCLYDE PASSENGER TRANSPORT EXECUTIVE AND FIRST SCOTRAIL LIMITED

#### Regulation of Individual Fares

#### 1. PRICE OR CHILD PRICE NOT TO EXCEED REGULATED PRICE OR REGULATED CHILD PRICE

The Franchisee shall procure that the Price or Child Price (as the case may be) of:

- (a) any Commuter Fare included in the Commuter Fares Basket;
- (b) any Protected Fare included in a Protected Fares Basket; or
- (c) any Protected Fare not included in a Protected Fares Basket

in any Fare Year does not exceed the Regulated Price or Regulated Child Price (as the case may be) for each such Fare in that Fare Year.

#### 2. Regulated Price

2.1 The Regulated Price or the Regulated Child Price (as the case may be) for any Fare included in a Fares Basket in any Fare Year shall be an amount equal to the greater of:

- (a) Preceding Year Ticket Price + £0.10p; and
- (b) Preceding Year Ticket Price x PII

where:

Preceding Year Ticket Price is the maximum Price or Child Price (as the case may be) for that Fare recorded by RSP in 2003 or, for any subsequent Fare Year, the Fare Year preceding that Fare Year, provided that such maximum Price or Child Price (as the case may be) complied with the requirements of this Schedule 5. If such maximum Price or Child Price (as the case may be) did not so comply, then such maximum Price or Child Price (as the case may be) shall be the last Price or Child Price (as the case may be) for such Fare recorded by RSP which did so comply; and

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

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

$$PII = \frac{(100 \times RPI) + k + 3}{100}$$

where:

PII is the Permitted Individual Increase in that Fare Year;

RPI is an amount equal to:

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

where:

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

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

k is equal to + 1.

2.3 Subject to paragraph 2.6, Regulated Price or the Regulated Child Price (as the case may be) for any Protected Fare not included in a Fares Basket in any Fare Year shall be an amount equal to the greater of:

(a) Preceding Year Ticket Price + £0.10p and

(b) Preceding Year Ticket Price x PII

where:

Preceding Year Ticket Price is the maximum Price or Child Price (as the case may be) for that Fare recorded by RSP in 2003 or, for any subsequent Fare Year, the Fare Year preceding that Fare Year, provided that such maximum Price or Child Price (as the case may be) complied with the requirements of this Schedule 5. If such maximum Price or Child Price (as the case may be) did not so comply, then such maximum Price or Child Price (as the case may be) shall be the last Price or Child Price (as the case may be) for such Fare recorded by RSP which did so comply; and

PII is the Permitted Individual Increase in any Fare Year, as determined in accordance with paragraph 2.4.

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

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

where:

P II is the Permitted Individual Increase in that Fare Year;

RPI is an amount equal to:

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

where:

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

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

k is equal to + 1.

2.5 Where:

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

the Preceding Year Ticket Price for the purposes of determining the Regulated Price pursuant to paragraphs 2.1 and 2.3 in the next Fare Year shall be the maximum Price or Child Price (as the case may be) prior to such setting that complied with the requirements of this Schedule 5, as recorded by RSP in such preceding Fare Year.

2.6 The Price or Child Price of any Protected Fare which is increased in accordance with paragraph 2.3 may following such increase be rounded up or down to the nearest 10p or multiple thereof as the Franchisee may consider appropriate subject to such rounding, if applied, being applied to all Prices and Child Prices of all relevant

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Protected Weekly Season Tickets and all Prices of all relevant Protected Return Fares. Any other increases or decreases to the Prices and Child Prices of Protected Fares (whether because the Franchisee wishes to rebalance such Prices and Child Prices or otherwise) may only be made with the prior consent of the Authority or in accordance with Schedule 5.4 (*Regulation of Fares Basket Values*) or otherwise in accordance with this Schedule.

**3. COMPULSORY INTER-AVAILABLE FLOWS**

Where the Franchisee:

- (a) as Lead Operator for a Compulsory Inter-available Flow, is responsible for setting the Price or Child Price (as the case may be) of a Commuter Fare for that Flow; and
- (b) has notified RSP of the Price or Child Price (as the case may be) of that Commuter Fare in any Fares Setting Round,

the Franchisee shall not increase the Price or Child Price (as the case may be) of that Commuter Fare in the same Fares Setting Round without the consent of either the Authority or each other Train Operator which provides railway passenger services for such Flow.