

Franchise Unit
Rail

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Sam Price,
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Our ref:
A14833905

Date:
12 July 2016

Dear Sam,

Franchise Variation – Committed Obligations:

- 4.1 – International Rail Summit**
- 5.5 – CCTV upgrades**
- 5.6 – CCTV at stations**
- 15.1 – Improved waiting facilities at stations**
- 22.2 – New Ticket Vending Machines**
- 22.8 – Intelligent Queue Monitoring Equipment**
- 23.1 – Environmental Management Systems**
- 23.2 – Sustainability Innovation Fund**
- 24.9 – British Cleaning Standard certificate**
- 29.11 – New ScotRail Franchise Smartcard**
- 30.2 – Transport Integration Fund**
- 34.3 – Steam Tourist Services**
- Schedule 1.4, Para 5.10 & 5.11 – Audit of the Passenger’s Charter Statistics**

This letter is a notice under the terms of Schedule 9.1, Variations and Financial Consequences of Change, paragraph 1.1 (a) of the Franchise Agreement between the Scottish Ministers and Abellio ScotRail Ltd (“ScotRail”) dated 7 and 18 October 2014 (“the Franchise Agreement”) to vary the ScotRail Franchise Agreement for the above noted Committed Obligations and Schedule paragraph.

The changes to the specification to be included as part of the above noted Committed Obligations and Schedule paragraph is detailed below.

Both Transport Scotland and Abellio ScotRail have agreed to the proposed changes.

None of the changes incur any additional sums to the Franchise subsidy.

In accordance with the Franchise Agreement, Schedule 9.1 Clause 4.1, the Authority notifies the Franchisee that this Change could potentially exceed the Threshold Amount (£636,018) either alone, or when taken together with any future Change, resulting in a Qualifying Change. The parties agree that no Run of the Financial Model will be required in respect of this Change alone.

Yours sincerely,

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Andrew Mackie
Franchise Contract Manager

Detail of Changes to the Specification

CO 4.1 – International Rail Summit

International Rail Summit

Agreed Revised CO wording

The Franchisee shall convene a biennial (every other year) international rail summit to facilitate best practice exchange between the Scottish and Dutch railways. The first international rail summit will take place no later than the end of the second Franchisee Year. The Franchisee shall invite suitable individuals from both Scottish and Dutch Governments. The Franchisee shall also procure that participants will include the Parent, Network Rail and ProRail (Dutch Network Rail equivalent).

Current CO wording

The Franchisee shall convene a biennial (every other year) international rail summit to facilitate best practice exchange between the Scottish and Dutch railways. The first international rail summit will take place no later than 30th April 2016. The Franchisee shall invite suitable individuals from both Scottish and Dutch Governments. The Franchisee shall also procure that participants will include the Parent, Network Rail and ProRail (Dutch Network Rail equivalent).

Agreed revised COPA wording

First Summit by end of second Franchisee Year and biennially thereafter.

Current COPA wording

First Summit by 30th April 2016 and biennially thereafter

CO 5.5 – CCTV upgrades

Agreed Revised CO wording

Subject only to the consent of Network Rail and other relevant property owners on or before the end of the first Franchisee Year, the Franchisee shall spend not less than £230,000 installing 201 additional CCTV cameras at 46 car park and 145 cycle storage locations and thereafter procure that such equipment is commissioned throughout the Franchise Term.

Current CO wording

Subject only to the consent of Network Rail and other relevant property owners on or before the end of the first Franchisee Year, the Franchisee shall spend not less than £450,000 installing 201 additional CCTV cameras at 46 car park and 145 cycle storage locations and thereafter procure that such equipment is commissioned throughout the Franchise Term.

CO 5.6 – CCTV at stations

Agreed Revised CO wording

Subject only to the consent of Network Rail and other relevant property owners on or before the end of the first Franchisee Year, the Franchisee shall spend not less than £298,000 installing solar powered CCTV cameras at each of the 78 stations where there are currently no such

facilities and thereafter procure that such equipment is operational throughout the Franchise Term. The Franchisee shall also procure that all necessary CCTV upgrades are undertaken throughout the Franchise Term.

Current CO wording

Subject only to the consent of Network Rail and other relevant property owners on or before the end of the first Franchisee Year, the Franchisee shall spend not less than £78,000 installing solar powered CCTV cameras at each of the 78 stations where there are currently no such facilities and thereafter procure that such equipment is operational throughout the Franchise Term. The Franchisee shall also procure that all necessary CCTV upgrades are undertaken throughout the Franchise Term.

CO 15.1 – Improved waiting facilities at stations

The CO wording was varied and agreed between Transport Scotland and ScotRail on 12 August 2015. Subsequent to the variation agreement (version 1), the list of stations were further amended and is set out below as version 2 of the CO wording.

Agreed Revised CO wording – version 2 variation

On or before the end of the second Franchisee Year, the Franchisee will provide 41 shelters at the following 32 stations:-

Singer – Platform 2	Kirkcaldy	Bishopton – Platform 1 & 2
Coatdyke	Coatbridge Sunnyside	Drumchapel
Dunblane	Dunfermline Queen Margaret	Fairlie
Glengarnock	Fort Matilda	Kelvindale
Largs	Shieldmuir – Platform 1 & 2	Kirkwood – Platform 1 & 2
Anniesland	Hillfoot	Langside – Platform 1 & 2
Pollokshaws East – Platform 1 & 2	Ardrossan Harbour	Dumbarton East
Westerton	Johnstone – Platform 1 & 2	Exhibition Centre
Wishaw	Larbert	Longniddry
Wester Hailes – Platform 1 & 2	Ashfield – P1 & 2	Barassie – Platform 1 & 2
Springburn	Dalry	

Current CO wording – version 1 variation

On or before the end of the second Franchisee Year, the Franchisee will provide 41 shelters at the following 40 stations:

Singer (platform 1 & 2)	Bellshill	Bishopton
Cambuslang	Coatbridge Sunnyside	Drumchapel
Dunblane	Dunfermline	Dumfries
Elgin	Fort Matilda	Kilmarnock

Largs	Polmont	Airdrie
Anniesland	Bishopbriggs	Croy
Dalmuir	Ardrossan Harbour	Falkirk High
Nairn	Hamilton West	Johnstone
Inverkeithing	Inverurie	Lenzie
Kilwinning	Kirkcaldy	Mount Florida
Linlithgow	Milngavie	Dumbarton East
Rutherglen	Dyce	Exhibition Centre
Bridge of Allan	Dalry	Stirling
Springburn		

CO 22.2 – New Ticket Vending Machines

Agreed Revised CO wording

The Franchisee shall deploy at least 136 new Ticket Vending Machines at locations agreed with the Authority. Of these 136 machines, 100 will replace life expired machines and be installed and operational by 26 August 2016, 36 will be additional to the current estate with 26 machines installed and operational by 18 June 2016 and the remaining 10 machines installed and operational by end of December 2016. For the machines to be operational they will have an enhanced graphical user interface installed.

The balance of the existing 179 TVM's (i.e. 79) will be replaced by the Franchisee as they become life expired and in any event by end of January 2018. These machines will have an enhanced graphical user interface installed and operational by end of January 2018.

The new machines will be ITSO enabled and PCI compliant. They will also have an enhanced graphical user interface together with an audio link between the machine and the Customer Contact Centre. The machines will have the capability to retail smartcards.

Current CO wording

On or before the first anniversary of the Franchise Commencement Date, the Franchisee shall deploy at least 126 new Ticket Vending Machines at locations agreed with the Authority. Of these 126 machines, 100 will replace life expired machines and 26 will be additional to the current estate.

The balance of the existing 179 TVM's (i.e. 79) will be replaced by the Franchisee as they become life expired and in any event by end of January 2020.

The new machines will be ITSO enabled and PCI compliant. They will also have an enhanced graphical user interface together with an audio link between the machine and the Customer Contact Centre. The machines will have the capability to retail smartcards.

In addition all TVMs on the ScotRail network will have an enhanced graphical user interface installed and operational by no later than the first anniversary of the Franchise Commencement Date.

Agreed Revised COPA wording

Replace “First anniversary of the Franchise Commencement Date and thereafter as existing TVMs become life expired and in any event by January 2020.” with “100 machines replacing life expired machines installed and operational by 26 August 2016, 26 machines additional to the current estate installed and operational by 18 June 2016, 10 machines additional to the current estate installed and operational by end of December 2016 and thereafter as existing TVMs become life expired and in any event by end of January 2018”.

CO 22.8 – Intelligent Queue Monitoring Equipment

Agreed Revised CO wording

On or before the end of the first Franchise Year, the Franchisee shall install intelligent queue monitoring equipment in at least 6 Stations. The equipment shall be installed at Dundee Station by December 2017, subject to completion of station redevelopment. The Franchisee shall make the data gathered by the intelligent queue monitoring equipment available to the Authority.

Current CO wording

On or before the end of the first Franchise Year, the Franchisee shall install intelligent queue monitoring equipment in at least 7 Stations. The Franchisee shall make the data gathered by the intelligent queue monitoring equipment available to the Authority.

Agreed Revised COPA wording

On or before the end of the first Franchise Year, the Franchisee shall install intelligent queue monitoring equipment in at least 6 Stations.

In the deadline column, “End of first Franchisee Year” remains.

The equipment shall be installed at Dundee Station by December 2017. The Franchisee shall make the data gathered by the intelligent queue monitoring equipment available to the Authority. In the deadline column, insert “December 2017, subject to completion of station redevelopment”.

CO 23.1 – Environmental Management Systems

Agreed Revised CO wording

The Franchise shall use all reasonable endeavours to ensure that it achieves accreditation to the updated ISO 14001 standard before the end of May 2016.

Current CO wording

The Franchise shall use all reasonable endeavours to ensure that it achieves accreditation to the updated ISO 14001 standard before the end of the first Franchisee Year.

Agreed Revised COPA wording

“End of first Franchisee Year” to be replaced with “end of May 2016”.

CO 23.2 – Sustainability Innovation Fund

The CO requires ScotRail to allocate £100,000 per annum to be spent on research and development of innovation solutions to environmental issues. ScotRail has indicated that there is likely to be an underspend in year one of the franchise and asked if the remaining funds could be transferred to year two. The COPA states that the franchisee shall pay any unspent amount of the allocated £100,000 to the Authority at the end of each Franchisee Year.

We have agreed with ScotRail that any underspend from the first Franchisee Year can be transferred into the second Franchisee Year.

Agreed Revised COPA wording

Any unspent amount of the allocated £100,000 from the first Franchisee Year shall be transferred into the second Franchisee Year.

In subsequent Franchisee Years, the Franchisee shall pay any unspent amount of the allocated £100,000 to the Authority at the end of each Franchisee Year.

Current COPA wording

The Franchisee shall pay any unspent amount of the allocated £100,000 to the Authority at the end of each Franchisee Year .

24.9 – British Cleaning Standard certificate

Agreed Revised CO wording

From the 30th June 2016, the Franchisee shall offer all cleaning staff the opportunity to achieve accreditation with the British Institute of Cleaning Science (BICSc).

Current CO wording

From the 30th June 2016, the Franchisee shall offer all cleaning staff the opportunity to achieve the British Cleaning Standard certificate.

CO 29.11 – New ScotRail Franchise Smartcard

Agreed Revised CO wording

By no later than 1 month after the Franchise Commencement Date, the Franchisee shall launch a new ITSO Certified Smartcard which is compliant with paragraph 6.5 of Schedule 2.5 (*Transport, Travel and Other Schemes*) of this Agreement.

The Franchisee shall offer the capability for National Entitlement Card and SPT subway products to be loaded onto the ScotRail Franchise Smartcard. In the event that NEC and/or SPT do not wish to load their products onto the ScotRail Smartcard but are willing to load ScotRail products onto one of the NEC/SPT cards, the Franchisee will work with the relevant parties to achieve this. Subject to the NEC and SPT schemes being compliant with paragraph 6.5 of Schedule 2.5 of this Agreement, and that the necessary requirements for implementation are in place to enable the Franchisee to support the products.

Current CO wording

By no later than 1 month after the Franchise Commencement Date, the Franchisee shall launch a new ITSO Certified Smartcard which is compliant with paragraph 6.5 of Schedule 2.5 (*Transport, Travel and Other Schemes*) of this Agreement.

On or before the end of the first Franchisee Year, the Franchisee shall offer the capability for the National Entitlement Card and SPT subway products to be loaded onto the ScotRail Franchise Smartcard.

Agreed Revised COPA wording

By no later than 1 month after the Franchise Commencement Date, the Franchisee shall launch a new ITSO Certified Smartcard which is compliant with paragraph 6.5 of Schedule 2.5 (*Transport, Travel and Other Schemes*) of this Agreement.

The Franchisee shall offer the capability for National Entitlement Card and SPT subway products to be loaded onto the ScotRail Franchise Smartcard.

In the deadline column, “End of first Franchisee Year” to be removed.

CO 30.2 – Transport Integration Fund

The CO requires ScotRail to make available a fund of £150,000 for the first two Franchisee Years and £50,000 for the remaining Franchisee Years, to be spent in connection with the Franchisee’s work with the Transport Integration Group (TIG). ScotRail has advised that the funds have not been spent to date in the first Franchisee Year due to the TIG (RTIG) only recently being introduced and asked if the remaining funds could be transferred to the second Franchisee Year.

We have agreed with ScotRail that any underspend from the first Franchisee Year can be transferred into the second Franchisee Year.

Agreed Revised COPA wording

Any unspent amount of the allocated £150,000 from the first Franchisee Year shall be transferred into the second Franchisee Year.

In subsequent Franchisee Years, the Franchisee shall pay any unspent amount of the allocated £150,000 or £50,000 (whichever is the relevant amount) to the Authority at the end of each Franchisee Year.

Current COPA wording

The Franchisee shall pay any unspent amount of the allocated £150,000 or £50,000 (whichever is the relevant amount) to the Authority at the end of each Franchisee Year.

CO 34.3 – Steam Tourist Services

Agreed Revised CO wording

The Franchisee shall conduct a two year pilot of the Steam Tourist Services. For the purposes of the pilot, at least four Steam Tourist Services will be operated between the months of April and September in each of the first Two Franchisee years. At least one Steam Tourist Service will be operated in [the first]^[4] Franchisee Year on each of Routes B2^[5] and B4. [At least two Steam Tourist Services will be operated in the first Franchisee Year on Route A3. In the second Franchisee Year, the Franchisee shall operate at least eight Steam Tourist Services on Route C4.]

Current CO wording (in Conformed Copy)

The Franchisee shall conduct a two year pilot of the Steam Tourist Services. For the purposes of the pilot, at least four Steam Tourist Services will be operated between the months of April and September in each of the first Two Franchisee years. At least one Steam Tourist Service will be

[4] Substituted by the Amendment Agreement relating to the ScotRail Franchise Agreement between the Scottish Ministers and Abellio ScotRail Limited dated 30 October and 5 November 2015

[5] Removed by the Amendment Agreement relating to the ScotRail Franchise Agreement between the Scottish Ministers and Abellio ScotRail Limited dated 30 October and 5 November 2015

operated in [the first]^[1] Franchisee Year on each of Routes B2^[2] and B4. [. At least two Steam Tourist Services will be operated in the first Franchisee Year on Route A3. In the second Franchisee Year, the Franchisee shall operate at least one Steam Tourist Service on each of Routes B2, B3, B4 and C4.][^{3]}

Agreed Revised COPA wording

£25,000/ per Steam Tourist Service not operated in Franchisee Year 1. £12,500/ per Steam Tourist Service not operated in Franchisee Year 2.

Current COPA wording

£25,000/ per Steam Tourist Service not operated.

Schedule 1.4, Para 5.10 & 5.11 – Audit of the Passenger’s Charter Statistics

It is understood that the way passengers are compensated is different and where previously the specific performance measurement had statistics which were audited, the new method of delay repay is not broken down in the Passenger’s Charter and therefore the audit function is no longer required in the Franchise Agreement. It has therefore been agreed that the current wording in the Franchise Agreement be deleted. Delay repay metrics will however continue to be monitored at four weekly franchise performance meetings.

Current wording

5.10. The Franchisee shall procure that:

- (a) the Passenger’s Charter Statistics Published in accordance with paragraphs 5.8 and 5.10 are audited by an independent person or persons acceptable to the Authority;
- (b) the audit is conducted at least once every 13 Reporting Periods; and
- (c) details of the methodology and the results of the audit are provided to the Authority within 28 days of receipt by the Franchisee.

5.11. If any audit reveals inaccuracies in the data and information used to measure the performance of the Franchisee, the Franchisee shall:

- (a) ensure so far as reasonably practicable that the production of such inaccurate data and information is not repeated;
- (b) as soon as reasonably practicable implement any corrections to such inaccurate data and information (including on a retrospective basis for the previous 13 Reporting Periods); and
- (c) insofar as any inaccuracies in data and information result in compensation that was not given to passengers when it should have been given, so far as reasonably possible make such compensation available by:-

[1] Substituted by the Amendment Agreement relating to the ScotRail Franchise Agreement between the Scottish Ministers and Abellio ScotRail Limited dated 30 October and 5 November 2015

[2] Removed by the Amendment Agreement relating to the ScotRail Franchise Agreement between the Scottish Ministers and Abellio ScotRail Limited dated 30 October and 5 November 2015

[3] Added by the Amendment Agreement relating to the ScotRail Franchise Agreement between the Scottish Ministers and Abellio ScotRail Limited dated 30 October and 5 November 2015

- (i) providing a compensation mechanism in the Passenger's Charter on such terms as the Authority shall approve (consent not to be unreasonably withheld),
- (ii) Publishing on the Website and at Stations the basis upon which compensation not previously given will be given and how such compensation may be claimed; and
- (iii) promptly making all payments, extensions and discounts which passengers may thereby reasonably expect to be made or provided, whether or not the Franchisee is legally obliged to do so.