



FRANCHISE AGREEMENT VARIATION NUMBER FOUR (4) between:

- (1) The **SCOTTISH MINISTERS** Victoria Quay, Edinburgh, EH6 6QQ ("**Scottish Ministers**"), acting through Transport Scotland, Buchanan House, 58 Port Dundas Road, Glasgow, G4 0HF or such other agency, department or other organisational unit of the Scottish Executive as they may from time to time nominate (who and whose successors are referred to as the "**Authority**"); and
- (2) **SERCO CALEDONIAN SLEEPERS LIMITED**, a company registered in Scotland and whose registered number is SC477821 and registered office is at 1-5 Union Street, Inverness, IV1 1PP (the "**Franchisee**").

BACKGROUND

- (A) In terms of an agreement made between the Scottish Ministers and the Franchisee last subscribed on 10 June 2014 the Scottish Ministers appointed the Franchisee to provide railway passenger services within the scope of the "Caledonian Sleeper" franchise (the "**Agreement**").
- (B) That Agreement contained various committed obligations which were to be fulfilled by the Franchisee (specifically CO 10, 16, 19 and 67) and which have now been agreed by the Franchisee and the Authority (on behalf of Scottish Ministers) as being ancillary to requirements and better substituted with alternative service provisions.
- (C) The Franchisee and the Authority (on behalf of Scottish Ministers) have agreed to rectify this by way of amending the Agreement to reflect the agreed changes and those changes are set out in this Variation Number 4.

THEREFORE THE PARTIES HEREBY AGREE AS FOLLOWS:-

1. Definitions

All defined terms used in this Variation shall have the meanings set out in the Agreement save as otherwise set out herein.

2. Commencement

This Variation shall take effect as of the last date of signing of this Variation ("**Effective Date**").

3. Variations

The parties acknowledge that the Agreement is hereby amended as follows:

- 3.1. in respect of the following Committed Obligations namely 10, 16, 19 and 67 where they appear in Part 1 of Schedule 1.6 the following text shall be deleted:

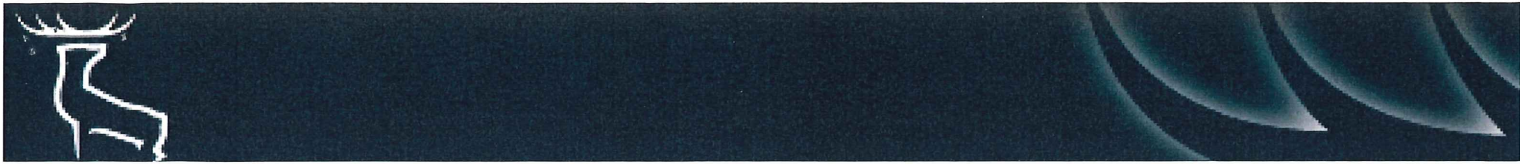


10	In respect of the Stations at Crianlarich and Aviemore, the Franchisee shall enter into commercial agreements with hotel partners to facilitate the provision of showers at Crianlarich and Aviemore.	Stations at Crianlarich and Aviemore	At Franchise Commencement Date	Schedule 6.2 (<i>Station Enhancements</i>) Paragraphs 10.2 and 11.2
16	In respect of the Stations at Aberdeen, Inverness, Fort William, Edinburgh Waverley, Glasgow Central and London Euston the Franchisee shall supply and use for each train service a branded reception podium.	Stations at Aberdeen, Inverness, Fort William, Edinburgh, Glasgow Central and London Euston	By Franchise Commencement Date	Schedule 6.2 (<i>Station Enhancements</i>) Paragraphs 2.13, 3.14, 4.12, 5.12, 6.9 and 14.11
19	The Franchisee shall introduce an onboard library located in the Club Car. A range of board games will also be provided.	The Franchisee will stock a range of Scottish literature, both classic and contemporary, which will be a benefit to the customer as well as showcasing the best of Scotland. The Franchisee shall refresh content on a quarterly basis.	At Franchise Commencement Date	Schedule 6.3 (<i>Passenger Experience and Marketing</i>) Part 1 (<i>Passenger Experience</i>) Paragraphs 2.2 and 2.4
67	Branding (Initial Train Fleet)	New branding will be applied to the Initial Train Fleet	Within 3 months of Franchise Commencement Date	Schedule 6.3 (<i>Passenger Experience and Marketing</i>) Part 1 (<i>Passenger Experience</i>) Paragraph 15.1

and be replaced as follows:

10	Not Used	Not Used	Not Used	Not Used
16	Not Used	Not Used	Not Used	Not Used
19	Not Used	Not Used	Not Used	Not Used
67	Not Used	Not Used	Not Used	Not Used

3.2. The following sections of the table which appears in Part 3 of Schedule 1.6 shall be deleted:



10	In respect of the Stations at Crianlarich and Aviemore, the Franchisee shall enter into commercial agreements with hotel partners to facilitate the provision of showers at Crianlarich and Aviemore.	At Franchise Commencement Date	£500 per Reporting Period per location where showers are not available	2.2
16	In respect of the Stations at Aberdeen, Inverness, Fort William, Edinburgh Waverley, Glasgow Central and London Euston the Franchisee shall supply and use for each train service a branded reception podium.	By Franchise Commencement Date	£100 per Reporting Period per location where the podium is not introduced.	No
19	The Franchisee shall introduce an onboard library located in the Club Car. A range of board games will also be provided.	At Franchise Commencement Date	£75 per Reporting Period per Club Car providing Passenger Services not providing the facilities	No
67	Branding (Initial Train Fleet)	Within 3 months of Franchise Commencement Date	£1500 per Reporting Period	No

3.3. In respect of Committed Obligation 10, the following clauses, where they appear in Schedule 6.2 (*Station Enhancements*) shall also be deleted and replaced as follows:

“10.2 Not Used”

“11.2 Not used”

3.4. In respect of Committed Obligation 16, the following clauses shall, where they appear in Schedule 6.2 (*Station Enhancements*) be deleted and replaced as follows:

“2.13 Not Used”

“3.14 Not Used”

“4.12 Not Used”

“5.12 Not Used”

“6.9 Not Used”

“14.11 Not Used”



3.5. In respect of Committed Obligation 19, the following clauses shall, where they appear in Part 1 (*Passenger Experience*) of Schedule 6.3 (*Passenger Experience and Marketing*) be deleted and replaced as follows:

“2.2 Not Used”

“2.4 Not Used”

3.6. In respect of Committed Obligation 67, the following clause shall, where it appears in Part 1 (*Passenger Experience*) of Schedule 6.3 (*Passenger Experience and Marketing*) be amended so as to remove the following wording “install new brand decals on each Vehicle” such that the clause reads as follows:

“15.1 *Within one week of the Franchise Commencement Date, the Franchisee shall complete a deep clean of all Vehicles in the Initial Train Fleet. Within two weeks of the Franchise Commencement Date, the Franchisee shall undertake a refresh of any damaged upholstery, bedding or signage, and install USB charging sockets in place of the shaving sockets in each Cabin. These works will be carried out at the vehicle maintenance Depots alongside the planned maintenance activities and will not affect the overall availability of Vehicles for service.*”

3.7. The following new Committed Obligations shall be added at the end of table in Part 1 of Schedule 1.6 as follows:

88	The Franchisee shall recruit duty managers at London Euston to oversee the daily operations of the northbound and disembarking of the southbound services.	The Franchisee shall recruit duty managers to oversee daily operations of the northbound and disembarking of the southbound services.	Within twelve (12) months of the Franchise Commencement Date	-
89	The Franchisee shall purchase new crockery for use on each Service.	The Franchisee shall purchase new crockery for use on each Service.	Within six (6) month of the Franchise Commencement Date	-

4. Acknowledgment of Effect

4.1. It acknowledged that in respect of:

4.1.1. Committed Obligation 10, has been performed and benefit provided to the Effective Date but shall not be performed or provided with effect from the Effective Date owing to its lack of commercial viability;

4.1.2. Committed Obligations 16 and 67, have been delivered in part but it has been agreed between the parties that despite the Franchisee having used reasonable endeavours to



provide the same it has been determined that the ongoing provision is not commercially viable and should no longer be provided;

4.1.3. Committed Obligation 19, there is no demand for such provision on the Services and as a result the same should be withdrawn.

4.2. It is acknowledged that the addition of the Committed Obligations 88 and 89 will bring additional tangible and guest service benefit to the Franchise.

4.3. It is acknowledged that the future non-delivery of Committed Obligations 10, 16, 19 and 67 shall not be a contravention of this Agreement for the purposes of Part 3 of Schedule 1.6 (Late completion or non-delivery of Committed Obligations).

4.4. It is further acknowledged that from the Effective Date, the Franchisee shall not be liable for any COPA payments in respect of Committed Obligations 10, 16, 19 and 67.

IN WITNESS WHEREOF these presents consisting of this and the preceding four (4) pages is executed as follows

Signed for and on behalf of the Scottish Ministers:

An officer of the Scottish Ministers

Print full name of signatory

Signature of witness

Print full name and address of witness

Signed for and on behalf of Serco Caledonian Sleepers Limited:

Director/Company Secretary/Authorised

Print full name of signatory

Signature of witness

Print full name and address of witness