

## Appendix A

**From:** Reeve W (Bill) <Bill.Reeve@transport.gov.scot>

**Sent:** 05 October 2022 11:39

**To:** [REDACTED]@serco.com; [REDACTED] - Serco - Caledonian Sleeper ([REDACTED]@serco.com) <[REDACTED]@serco.com>

**Cc:** [REDACTED]@transport.gov.scot>; [REDACTED]transport.gov.scot>; [REDACTED]@transport.gov.scot>; [REDACTED]transport.gov.scot>; [REDACTED]@transport.gov.scot>

**Subject:** Urgent - Serco Caledonia Sleepers Ltd - Termination Notice of the Current Franchise Agreement

Dear [REDACTED]

Thank you for your submission of rebase and commercial variation proposals of 8 July 2022 and your updated commercial proposal dated 6 September 2022.

The Scottish Ministers have taken the decision not to proceed with either of these proposals. This decision has been reached on a value for money basis. I therefore attach a copy of the signed Notice of Termination of the Franchise Agreement which has also been delivered by hand to your offices in Bath Street, Glasgow. You will see that the Notice of Termination incorporates an expiry date for the Franchise Agreement of 25 June 2023 at a time of 2pm.

I understand the disappointment and uncertainty that this will generate across Serco Caledonian Sleepers Limited and the wider Group.

I hope you will communicate to your colleagues that this is no reflection on their stewardship of the Franchise, or on their commitment to delivering a quality service alongside transformational change. In particular, we have valued the commitment to passenger service at SCSL and the approach to close collaborative working with Transport Scotland.

Scottish Ministers have also taken a decision at this time, with reference to their published Franchising Policy Statement, not to proceed with a Franchise Competition. I am available to discuss with you next steps following these decisions, including proper consideration of the option for a Direct Award as also set out in the Franchising Policy Statement.

Bill Reeve

Director of Rail  
Transport Scotland

## Attachment:- Letter from Transport Scotland to Serco Caledonian Sleepers Ltd

### Rail

Buchanan House, 58 Port Dundas Road, Glasgow G4 0HF  
Direct Line: 0141 272 7420  
Bill.Reeve@transport.gov.scot



Serco Caledonian Sleepers Ltd,  
Tara House,  
46 Bath Street,  
Glasgow  
G2 1HG

*Hand delivered and Emailed to:* [Redacted - 38(1)(b) - third party personal data]

Date: **5 October 2022**

For the attention of [Redacted - 38(1)(b) - third party personal data] as the Managing Director of the Franchisee

Dear [Redacted - 38(1)(b) - third party personal data]

**Franchise agreement between the Scottish Ministers ("the Authority") and Serco Caledonian Sleepers Limited ("the Franchisee") dated 23 May 2014 and 10 June 2014 as amended by various Emergency Measures Agreements and a Supplemental Agreement to the Franchise Agreement – Temporary Measures Agreement dated 25 February 2022 (said Supplemental Agreement herein referred to as "the TMA") (and collectively all agreements are herein referred to as "the Franchise Agreement")**

#### Notice of Rejection of Rebasing Option

Pursuant to clause 3.3 of the TMA (amending paragraph 1 of Schedule 10.2 of the Franchise Agreement), which clause 3.3 of the TMA requires the Authority to inform the Franchisee whether or not it accepts the content of a proposal exercising the Rebasing Option within 90 days of its receipt, the Authority hereby gives notice that it does not accept the content of the Rebasing Option received on 8 July 2022. In addition, the Authority hereby notifies the Franchisee, having considered the terms of the alternative Commercial Proposal also received on the same date, that it does not wish to progress discussions of the alternative Commercial Proposal with the Franchisee.

#### Termination Notice

This is a Termination Notice under and for the purposes of paragraph 1 of Schedule 10.2 of the Franchise Agreement and clause 3.5 of the TMA.

The Authority hereby gives notice to the Franchisee that the Authority wishes to and has opted to terminate the Franchise Agreement with effect from **14:00 on 25 June 2023** (the "Expiry Date").

For the avoidance of doubt, the Rebasing Option will not be implemented as proposed and the Franchise Agreement as amended currently, shall continue until the Expiry Date.

For and on behalf of the Scottish Ministers

[Redacted - 38(1)(b) - third party personal data]

Bill Reeve  
Director of Rail

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