

**ANGUS COUNCIL**

**PLANNING AND TRANSPORT POLICY COMMITTEE**

**29 AUGUST 2002**

**SUBJECT: PUBLIC TRANSPORT UPDATE**

**REPORT BY DIRECTOR OF PLANNING AND TRANSPORT**

**Abstract: This report updates Members on recent changes to local bus services in Angus. Service withdrawals proposed by Strathtay Scottish Ltd. are detailed and homologation is sought for the award of contracts to provide replacement facilities. The report also outlines the terms of the Directions and Guidance on the new Scottish passenger rail franchise as issued by Scottish Ministers to the Strategic Rail Authority.**

**1 RECOMMENDATION**

It is recommended that the Committee -

- 1 note the recent and proposed local bus service revisions in Angus;
- 2 welcome the registration of additional school services, widening the travel opportunities for the general public;
- 3 homologate the award of contracts by the Director of Planning and Transport in consultation with the Director of Finance to Strathtay Scottish Ltd. for the continuation of services that would otherwise have been withdrawn following the loss of school conveyance contracts and local bus services in Aberdeenshire and of school contracts in Angus;
- 4 note the terms of the Directions and Guidance on the new Scottish passenger rail franchise as issued by the Scottish Ministers to the Strategic Rail Authority.

**2 INTRODUCTION**

- 2.1 This report updates Members on recent and proposed changes to local bus services within Angus. In addition, Members are informed of the directions and guidance issued by the Scottish Executive in respect of the new Scottish passenger rail franchise.

**3 SERVICE 8/9 : MONTROSE - MARYKIRK - LAURENCEKIRK**

- 3.1 From 27 August 2002, M W Nicoll amended the timetable of the above service. Morning and evening peak journeys have been modified to take account of Aberdeenshire Council's school conveyance tendering requirements. In addition, as a result of the loss of Angus school conveyance contracts, placing journeys between Hillside and Laurencekirk were withdrawn. No replacement facilities were required.

**4 SERVICE 20 : KIRRIEMUIR - FORFAR -DUNDEE**

- 4.1 From 19 August 2002, Strathtay Scottish Ltd's Service 20 ceased serving Whiteside and Gordon Park in Kirriemuir. Buses now operate via Reform Street to the Roods where alternative stops are available. This re-routing was the result of the high number of parked vehicles in the Whiteside and Gordon Park areas which impeded the flow of buses.

**5 SERVICE 24 : STONEHAVEN - LAURENCEKIRK - BRECHIN**

- 5.1 From 19 August 2002, M W Nicoll amended some Monday to Friday journeys to take account of the school transport requirements of Mackie Academy and also maintain connections at Stonehaven with Bluebird services to Aberdeen.

**6 SERVICE 28/29 : MONTROSE - BRECHIN - EDZELL - LAURENCEKIRK**

- 6.1 As a result of Aberdeenshire Council reviewing local bus services in and around Laurencekirk, many journeys to and from Brechin were withdrawn (with effect from 19 August 2002) due to negligible use north of Edzell. However, Angus Council have replaced certain well-used journeys between Brechin and Edzell as outlined in Section 11 below. Part of the cost for these journeys has been offset by savings on a cross-boundary contract with Aberdeenshire Council which has not been renewed.

**7 SERVICE 51 : LIFF - FOWLIS - DUNDEE**

- 7.1 The local bus service between Liff, Fowlis and Dundee was operated by Strathtay Scottish Ltd. under contract to Dundee City Council. Strathtay Scottish Ltd. informed Dundee City Council that they could no longer afford to operate the service without an increase in subsidy payments because of the substantial reduction in usage to Liff Hospital (Report No. 506/02, Planning & Transport Policy Committee, 2 May 2002 refers). Dundee City Council decided not to increase the contract payment but sought an emergency contract to operate from 13 May 2002 until 18 August 2002. The lowest tenderer was Travel Dundee and the emergency contract was awarded to that company.
- 7.2 As the cost of the emergency contract exceeded Dundee City Council's budget allocation for this service they approached both Angus Council and Liff Hospital for a financial contribution towards the additional costs. In order to maintain service provision it was agreed that the additional payments should be split equally between the three parties. This amounts to a contribution of £87.59 per week, £1255.98 in total from Angus Council for the period of the emergency contract .
- 7.3 A replacement contract is currently being sought. Various options are being tendered to ascertain the costs of the service provision. Ideally it is hoped that the replacement facility will come within Dundee City Council's budget allocation and that no further contribution will be required from this Council. Members will be informed of the outcome of this tendering exercise in due course.

**8 SERVICE 57 / 59 : DUNDEE - MUIRHEAD - NEWTYLE - BLAIRGOWRIE**

- 8.1 From 5 August 2002, Strathtay Scottish Ltd re-timed most Dundee to Blairgowrie journeys in order to improve reliability.

## **9 SERVICE 262 : LAURENCEKIRK - STRACATHRO HOSPITAL - NINEWELLS**

- 9.1 M W Nicoll will withdraw the Sunday evening visitors service between Laurencekirk and Ninewells Hospital after operation on 1 September 2002, this is as a result of negligible usage.
- 9.2 Since the service commenced in April 2002, the Company has closely monitored usage and it is disappointing that there has been no significant growth in patronage. Analysis of the operating costs against revenue has shown significant financial losses that cannot be maintained. The Company has therefore informed the Council that they have applied to the Traffic Commissioner to cancel the entire service from 6 October 2002.
- 9.3 There are alternative services for passengers travelling to/from Ninewells Hospital on Strathtay Scottish Ltd's. commercial local bus services albeit by changing buses at Brechin, Forfar and Dundee. Through fares are available on these buses and services are timed to connect at both Brechin and Forfar. Under the regulations of the Transport Act 1985 the Council cannot compete with these commercial services by subsidising alternative facilities and therefore no action can be taken with regard to the withdrawal of this service.

## **10 SCOTTISH CITYLINK : DUNDEE - ARBROATH/FORFAR - ABERDEEN**

- 10.1 There are no changes proposed to the current service levels following the introduction of the winter timetable on 7 October 2002.

## **11 LOCAL BUS SERVICE CHANGES RESULTING FROM SCHOOL CONVEYANCE TENDERING AND ABERDEENSHIRE LOCAL BUS SERVICE TENDERING EXERCISES**

- 11.1 As a result of the outcome of local bus and school conveyance tendering in the Aberdeenshire area and school conveyance tendering in Angus, Strathtay Scottish Ltd. advised this Council that they were cancelling the following journeys with effect from 18 August 2002:

- Service 8/9            16:35 Laurencekirk - Marykirk - Hillside
- Service 21            08:05 Forfar - Stracathro (Non-schooldays)  
                              09:00 Stracathro - Forfar (Non-schooldays)
- Service 29            07:13 Montrose - Laurencekirk (Mon - Fri)
- Service 30            06:56 Montrose - Edzell (Mon - Fri)  
                              08:05 Edzell - Montrose (Mon - Fri)  
                              17:12 Brechin - Montrose (Mon - Fri)  
                              08:10 Montrose - Stracathro (Sat)  
                              08:40 Stracathro - Montrose (Sat)  
                              06:56 Montrose - Stracathro (Sat)  
                              07:40 Stracathro - Montrose (Sat)

- 11.2 Prices were sought from Strathtay Scottish Ltd. for the continuation of these journeys. All the journeys met the subsidy per passenger and cost per mile criteria as set by the Council (Report 261/96 refers) with the exception of the Service 30 journey at 17:12 from Brechin to Montrose on Mondays to Fridays. This journey had a subsidy per passenger of £5.25 and cost per mile of £2.33. As there were reasonable alternative facilities for these passengers this journey was not replaced.
- 11.3 The contract prices are shown in Appendix 1 to this report. These contracts were awarded by the Director of Planning and Transport in consultation with the Director of Finance. Committee is asked to homologate these awards.

## **12 REGISTRATION OF SCHOOL SERVICES**

- 12.1 As a result of the school conveyance tendering exercise undertaken in the Brechin and Montrose area a number of contracts were awarded to operate as local bus services. In addition, operators have approached the Council and where there is spare capacity on vehicles operators have been given permission to register the contracts as local bus services. These registrations are welcomed as they increase the travel opportunities for the general public. The routes that have been registered are listed below:

- Dundee - Bridgefoot - Tealing - Gateside - Forfar
- Dundee - Carrot - Kirkbuddo - Inverarity
- Dundee - Hatton - Whigstreet - Inverarity - Forfar
- Dundee - Sheilhill - Kellas - Wellbank - Monifieth
- Dundee - West Denside - Monikie - Monikie Primary School
- Dundee - Inveraldie - Tealing Primary School
- Invermark - Brechin High School
- Muirside of Gallery - Craigo - Rosemount Primary School
- Hunthill - Craigendowie - Lethnot Primary School
- Mains of Careston Road End - Brechin High School
- Whiteside Road End - Kirkton of Memuir - Maisondieu Primary School
- Gowanhead/Farnell Junction - Easter Braikie Road End - Pitmikie Crossroads - Brechin High School
- Stracathro Main Gates - Brechin High School
- Edzell - Inchbare - Brechin High School
- Auchrownie - Hunthill - Maisondieu - Brechin High School
- Craigo - Bridge of Dun - Montrose Academy
- Mains of Gallery - Craigo - Dubton - Hillside - Montrose

## **13 FRANCHISE DIRECTIONS AND GUIDANCE TO THE STRATEGIC RAIL AUTHORITY FROM THE SCOTTISH MINISTERS**

- 13.1 The current ScotRail franchise will expire in March 2004. A new 15-year Scottish passenger rail franchise is to be let with the Scottish Executive specifying and continuing to fund the new franchise.

- 13.2 Directions and Guidance has now been issued by the Scottish Ministers to the Strategic Rail Authority on the terms of the new Scottish passenger rail franchise. The Directions and Guidance applies to passenger rail services that start and end in Scotland, together with relevant services which include sleeping facilities. It also includes all services and stations currently operated by ScotRail.
- 13.3 A copy of the Directions and Guidance is attached as Appendix 2 to this report and includes commentary on:-
- Extent of Directions and Guidance;
  - Aim, including Broad Objectives;
  - Delivery of Enhancements;
  - Franchise Management.
- 13.4 The wider legislative, policy and administrative context within which the new franchise is to be let, together with relevant considerations in Angus, has been the subject of several reports to the Committee during the past 18 months, including:-
- Report 105/01 (25 January 2001) commenting on the Scottish Executive's document Strategic Priorities for Scotland's Passenger Railways;
  - Report 309/01 (8 March 2001) outlining the Purposes, Functions, Powers and Duties of the Strategic Rail Authority;
  - Report 486/01 (26 April 2001) responding to the Strategic Rail Authority's Strategic Agenda document;
  - Report 139/02 (24 January 2002) commenting on the Strategic Rail Authority's Strategic Plan;
  - Report 318/02 (7 March 2002) outlining progress on the Angus Rail Interchange Project and the Tay Estuary Rail Study;
  - Report 504/02 (2 May 2002) commenting on the Scottish Executive's document Scotland's Transport : Delivering Improvements.
- 13.5 Publication of the Scottish Minister's Directions and Guidance marks a further important stage in the preparatory work for letting the new franchise. Further reports will be submitted to future meetings of the Committee advising of progress at relevant stages of the franchise process.

## **14 FINANCIAL IMPLICATIONS**

- 14.1 The additional costs for the award of contracts to Strathtay Scottish Ltd. for the continuation of journeys which would otherwise have been withdrawn amounts to £11,700 for 2002 - 2003 and £20,346 in a full financial year. In addition a contribution of £1255.98 towards the Fowls - Liff - Dundee service was made to Dundee City Council in order to maintain service provision on an emergency basis.

- 14.2 This expenditure is partly offset through savings of £9,700 in 2002-2003 and £16,000 in a full financial year on cross-boundary service provision on the 28/29 corridor, as detailed in paragraph 6.1, where a previously jointly funded contract was not renewed. The additional expenditure of £3,255 in 2002-2003 will be contained within the Planning and Transport Revenue budget for 2002/03.

## **15 CONSULTATION**

- 15.1 The Chief Executive, Director of Finance and Director of Law & Administration have been consulted in the preparation of this report.

## **16 HUMAN RIGHTS IMPLICATIONS**

- 16.1 There are no human rights implications arising from this report.

## **17 CONCLUSION**

- 17.1 This report outlines recent and proposed changes to public transport services in Angus. Service changes have been monitored and where necessary journeys have been secured on a contracted basis in order to maintain the facilities available to the general public. In addition, details are given of the guidance issued by the Scottish Executive to the Strategic Rail Authority in respect of the renewal of the current ScotRail franchise. Members will continue to be updated in respect of this franchise renewal.

## **NOTE**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

AA/LEM/KW  
21 August 2002

Alex Anderson  
Director of Planning and Transport

## APPENDIX 1

CONTRACT NO.	ROUTE	OPERATOR	DAILY PRICE	ANNUAL PRICE
22032	08.05 Forfar/Stracathro and return (NSD)	Strathtay Scottish	£34.00	£2,380.00
22033	07.13 Montrose/Laurencekirk (M-F)	Strathtay Scottish	£12.00	£3,120.00
22034	06.56 Montrose/Edzell and return (M-F)	Strathtay Scottish	£13.50	£3,510.00
22035	08.10 Montrose/Stracathro and return (SAT)	Strathtay Scottish	£8.00	£416.00
22036	06.56 Montrose/Stracathro and return (SAT)	Strathtay Scottish	£23.00	£1,196.00
22037	11.05 Brechin/Edzell/Stracathro (M-F)	Strathtay Scottish	£8.50	£2,210.00
22038	14.05 Brechin/Edzell/Stracathro (M-F)	Strathtay Scottish	£8.50	£2,210.00
22039	17.10 Brechin/Edzell (M-F)	Strathtay Scottish	£18.00	£4,680.00
22040	15.35 Brechin/Edzell/Stracathro (SAT)	Strathtay Scottish	£12.00	£624.00
			<b>Total</b>	<b>£20,346.00</b>

## APPENDIX 2

**DIRECTIONS AND GUIDANCE TO THE STRATEGIC RAIL AUTHORITY  
FROM THE SCOTTISH MINISTERS****1. INTRODUCTION**

- 1.1 Section 208 of the Transport Act 2000 enables the Scottish Ministers to give Directions and Guidance to the Strategic Rail Authority (SRA) in relation to:
- (a) services for the carriage of passengers by rail which start and end in Scotland and are provided under a franchise agreement; and
  - (b) services for the carriage of passengers by rail which either start or end in Scotland, include sleeping facilities and are provided under a franchise agreement by a person who also provides the services described in paragraph 1.1(a).
- 1.2 These Directions and Guidance are therefore given by the Scottish Ministers pursuant to the powers available to them under Section 208 of the 2000 Act. They have been developed by the Scottish Ministers to reflect their policies and the needs of Scotland in relation to the carriage of passengers by rail service which start and end in Scotland and Scottish sleeper services, in a manner that is consistent with Directions and Guidance to the SRA issued by the Secretary of State under Sections 206(3) and 207(5) of the 2000 Act.
- 1.3 Our priorities for a new Scottish passenger rail franchise (“the Franchise”) are fully consistent with the Department of Transport and Local Regions’ (“DTLR” but now the Department for Transport) Directions and Guidance to the SRA. When examining proposals for the new Scottish franchise, the SRA should also have regard to its own objectives (as set out in Annex A of DTLR’s Directions and Guidance).
- 1.4 All bidders must be made aware of the criteria upon which their bids are being assessed. In particular, where service changes are proposed by bidders, costs and benefits shall be assessed in line with the Scottish Executive’s (“the Executive’s”) Scottish Transport Appraisal Guidance (“STAG”) document. Alternatively, another methodology may be used provided that it can be demonstrated to the Executive’s satisfaction that it is consistent with STAG.
- 1.5 The SRA must notify the Scottish Ministers before making or revoking any designations that relate to the Franchise under Section 212 of the Transport Act 2000. The SRA must also seek the Scottish Ministers’ consent before entering into commitments to let any new franchise. In either case, the SRA must satisfy itself that its action is consistent with EU obligations.
- 1.6 The SRA shall notify the Scottish Ministers and keep them informed about any franchise-related issue which has or is likely to have a significant adverse effect on passengers or public finances and about the action which it is taking or proposes to take in response, which may or may not include enforcement action under Sections 55-58 of the Railways Act 1993 (“the 1993 Act”).

- 1.7 Subject to paragraph 1.8, in accordance with Section 34 of the Railways Act 1993, the SRA shall ensure that the terms of the Franchise provide for matters specified by Strathclyde Passenger Transport Executive (“SPTE”).
- 1.8 The SRA is not, however, required to comply with SPTE’s Section 34 Statement in those circumstances specified in Section 34(8A), 34(8B) and 34(8C) of the 1993 Act.
- 1.9 The SRA shall ensure that the competing options for expenditure or services are evaluated on a fair and comparable basis using STAG, or a methodology consistent with STAG, and the results reported to the Scottish Ministers for approval before proceeding.

## **2. EXTENT OF DIRECTIONS AND GUIDANCE**

- 2.1 The Scottish passenger rail franchise will comprise:
- passenger rail services that start and end in Scotland; and
  - passenger rail services that start or end in Scotland and which include sleeping facilities.

The extent of the franchise will consist broadly of:

- Services and stations currently operated by ScotRail and any subsequent enhancements in place at the commencement of the relet Franchise.

## **3. AIM**

- 3.1 Subject to paragraph 3.2, the Scottish Ministers direct the SRA to deliver the priorities set out in paragraph 3.9. These priorities are in line with the Executive’s broad objectives for railways in Scotland and its other transport priorities, which are set out in its “Strategic Priorities for Scotland’s Passenger Railway”<sup>1</sup> and “Scotland’s Transport Delivering Improvements”<sup>2</sup>. These set out the basis of the next franchise.

In summary, these broad objectives are:

- the railways to play a full part in a sustainable, effective and integrated transport system;
- a railway network that is safe and accessible; and
- a railway system that supports economic development, meets social needs and supports a better environment.

and in pursuit of these broad objectives:

- we want more people to use the railways in Scotland;
- we want Scotland’s railways to play a full part in an integrated transport system; and
- we want to secure more investment in the railway system.

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- 3.2 The Scottish Ministers direct the SRA to work with the Executive to achieve delivery of the Executive's aspirations in terms of services, standards and enhancements subject to affordability, value for money, operational constraints, GB safety considerations, UK strategies and the needs of passengers.
1. Strategic Priorities for Scotland's Passenger Railway – A Consultation Paper, published by the Scottish Executive November 2000
  2. Scotland's Transport – Delivering Improvements, published in March 2002 by the Scottish Executive
- 3.3 The Scottish Ministers direct the SRA to explore the full range of Franchise options available. The Franchise shall be capable of being developed and enhanced in line with available funds over time and which shall contribute towards passenger growth within current capacity and towards modal shift in order to reduce congestion and achieve the Executive's environmental and social inclusion objectives.
- 3.4 The Scottish Ministers direct the SRA to consider and make recommendations on:-
- (a) the current system of performance regimes; and
  - (b) the arrangements for revenue risk in the SPTE area,
- and to suggest improvements to these systems. This review of revenue risk must be conducted in consultation with SPTE. The SRA shall secure the agreement of Scottish Ministers to its recommendations before proceeding further.
- 3.5 The franchise shall enable the operator's performance to be monitored and assessed over time and shall be capable of being terminated if performance is consistently deemed to be unacceptable. A report on the operator's performance is to be published in the SRA's Annual Report.
- 3.6 The Scottish Ministers direct the SRA to invite Franchise bidders to develop proposals which will provide stakeholders with a greater voice in the development and operation of the Franchise.
- 3.7 The Scottish Ministers direct the SRA to secure fully costed and evaluated bids (setting out the bidders positions on fare levels and fare structures) which:
- maintain broadly the current level of services, patterns of service and routes operated; and
  - allow for enhancements to the Franchise which may require either additional, the same or reduced support from the Executive or SPTE.
- In securing bids the Scottish Ministers further direct the SRA to consider whether or not reductions can be made to current baseline costs.
- 3.8 The Scottish Ministers direct the SRA to recommend to bidders that they discuss their proposals with key stakeholders, in particular Railtrack and successor bodies and freight operators, to satisfy themselves about the deliverability of their proposals within the context of the Scottish rail network.

- 3.9 Within GB requirements for further improvements in rail safety, subject to the matters identified in paragraph 3.2, Scottish Ministers direct the SRA to develop a Scottish franchise which, over the life of the Franchise, will:
- (i) improve punctuality and reliability of services;
  - (ii) reduce current overcrowding on services;
  - (iii) improve frequency of trains especially those serving urban areas and on key inter-urban corridors;
  - (iv) include measures to better co-ordinate and integrate different forms of transport,
  - (v) improve safety and personal security for passengers;
  - (vi) improve accessibility for all and in particular disabled people;
  - (vii) explore and deliver new services and innovative services throughout Scotland;
  - (viii) improve intercity and cross-country links throughout Scotland through reduced journey times; and
  - (ix) improve passenger and journey planning information systems for those considering or wishing to make a journey by rail, through participating in and contributing towards the costs of Traveline and Transport Direct.
- 3.10 In addition, the Scottish Ministers also direct the SRA to develop a franchise which, over the life of the Franchise, will endeavour to:
- (i) promote the use of integrated, through and joint ticketing schemes with other transport operators;
  - (ii) deliver robust but flexible systems of revenue collection;
  - (iii) secure sufficient adequately trained staff to deliver franchise obligations;
  - (iv) improve standards of facilities for rail users at stations and on trains;
  - (v) improve levels of customer service in order to enhance the whole journey experience;
  - (vi) improve passenger information and compensation; and
  - (vii) plan and resource to be able to accommodate demand created by major additional events.
- 3.11 The Scottish Ministers direct the SRA to prepare and then agree with the Executive the reletting documentation (including the Franchise Replacement Process Agreement, Instructions to Bidders and the Core Franchise Proposition). The SRA shall agree with the Scottish Ministers any material amendments to the reletting documentation. Once agreement on the reletting documentation has been reached, the SRA shall, on written instruction from the Scottish Ministers, commence reletting the Franchise. In order to safeguard the accountability for resources from the Scottish Executive to pay for the Franchise, the Scottish Ministers further direct the SRA to arrange the reletting process in a number of discrete stages, to be agreed with the Scottish Ministers. The SRA shall not proceed from one stage in the process to the next without the agreement of the Scottish Ministers.

#### **4. DELIVERY OF ENHANCEMENTS**

4.1 Over the course of the Franchise, the Scottish Ministers intend that a number of improvements to rail services in Scotland be made. The Scottish Ministers therefore direct the SRA to develop transparent, effective, and auditable mechanisms for ensuring that these services can be incorporated within the franchise as and when required.

4.2 These mechanisms should ensure that service enhancements can be secured on reasonable terms between the Operator and the Executive.

4.3 Such enhancements might include:

- measures to reduce overcrowding;
- station and car park improvements;
- higher train frequencies;
- new or improved rolling stock; and
- infrastructure enhancements that are intended to deliver a better and more effective use of the current network such as junction improvements, passing loops (both static and dynamic) and signaling schemes.

4.4 Similarly, over the course of the franchise the Scottish Ministers will wish to introduce new or improved services associated with new infrastructure. Again, the SRA should develop mechanisms to ensure that the new services can be introduced on reasonable terms as and when the new infrastructure becomes available. The mechanisms elaborated shall ensure that the risks and costs involved are fully transparent. Such schemes could include:

- key projects arising out of the Scottish Strategic Rail Study and the Central Scotland Corridor Studies;
- the opening of rail links to Glasgow and Edinburgh airports;
- the re-opening of parts of the line between the Scottish Borders and Edinburgh (formerly Waverley line);
- the redevelopment of Waverley Station;
- the re-opening of the line between Larkhall and Milngavie;
- the re-opening of the line between Stirling, Alloa and Kincardine;
- the development of cross rail schemes; and
- projects arising out of the SRA's Incremental Output Statement.

#### **5. FRANCHISE MANAGEMENT**

5.1 The Scottish Ministers direct the SRA to protect the interests of users of railway services by ensuring the delivery by the franchise operator of the terms and obligations contained within their franchise agreement.

- 5.2 If a franchise operator or franchisee has contravened, is contravening or appears likely to contravene the terms of the franchise agreement, sections 55-58 of the Railways Act 1993 set out the action which the SRA is required to take against the franchise operator/franchisee. In considering such action the SRA should have regard to the interests of passengers and public finances, and its response should be proportionate to the failure.
- 5.3 Where a breach is not trivial, the SRA should arrange for the matter to be corrected as soon as possible, for instance by securing additional undertakings or contractual changes from the franchise operator.
- 5.4 Where, in the opinion of the SRA, a contravention, or likely contravention involves a material adverse effect on passengers or public finances, or materially affects either the SRA's interests or those of SPTE, and where the SRA believes that the contravention can be remedied, it should ensure this is done as soon as reasonably possible. In such cases the SRA may seek to secure contractual undertakings from the franchise operator or franchisee which will provide for:
- the franchise operator or franchisee to secure compliance with the franchise terms which has, or is likely to be contravened; and/or
  - such additional compensatory benefits to passengers as the Authority considers are appropriate for the contravention or likely contravention.

In considering whether to make an order and/or impose a penalty under sections 55 and 57(B) respectively of the Railways Act 1993, the SRA may take into account the extent to which the franchise operator or franchisee has agreed and complied with such undertakings.

- 5.5 The SRA shall endeavour to maintain effective working relations with SPTA and SPTE, and where appropriate other Scottish local authorities, in respect of the management of the Franchise. The SRA shall also maintain a similar effective working relationship with the Scottish Executive in respect of the management of the franchise.
- 5.6 The SRA shall endeavour to maintain effective working relations with SPTA and SPTE, and where appropriate other Scottish local authorities, in respect of the management of the Franchise. The SRA shall also maintain a similar effective working relationship with the Scottish Executive in respect of the management of the franchise.
- 5.7 The Scottish Ministers direct the SRA to protect its position as funder of the franchise in relation to any dealings which it has with the Rail Regulator which may affect the cost of the passenger rail franchise in Scotland as if the provisions of Section 4(5)(C) of the 1993 Act read "to have regard to the financial position of the Scottish Executive where the Authority are exercising its functions on their behalf".
- 5.8 The franchise may contain specific provision for its extension. The SRA must obtain approval of the Scottish Ministers before agreeing an extension to an existing franchise. It must also satisfy itself that such extension is compatible with EU obligations.