

SCHEDULE 3

Tickets/Ticketing Schemes

Part 1 - Ticket Sales

1. TICKET SALES

- 1.1 The Franchisee shall sell Tickets as agent for DLR Limited in accordance with the DLR Ticketing Schemes and Franchisee Ticketing Schemes and with the other DLR Contracts and DLR Undertakings.
- 1.2 The Franchisee shall not vary the Terms and Conditions applicable to all Tickets without the prior written consent of DLR Limited.
- 1.3 The Franchisee shall continue to offer, sell and accept Tickets as required under the terms of the Ticketing Schemes and shall comply with the terms of the Ticketing Schemes relating to the offer, sale and acceptance of Tickets.
- 1.4 The Franchisee shall sell Ordinary Tickets at the fares from time to time set out by the TfL zonal ticketing structure for Ordinary Tickets or any variations agreed specifically by TfL of any such fares for operation on the Railway.

Part 2 - Revenue Collection And Protection

1. GENERAL OBLIGATIONS

- 1.1 The Franchisee will provide access to Franchisee systems, assistance, data and other information as DLR Limited may reasonably require in relation to DLR Limited's revenue calculation and collection responsibilities. Without prejudice to the generality of the foregoing the Franchisee shall:
 - (a) ensure that, subject to paragraph 1.1 (b) below all systems and processes required by DLR Limited to calculate revenue are controlled such that data and other information is readily available, complete and accurate, up-to-date and in sufficient detail to enable re-performance (within 10 business days) of systems/processes in the event of an audit or other event;
 - (b) use all reasonable endeavours to ensure that any systems and processes required by DLR Limited to calculate revenue which are controlled, maintained or otherwise influenced by the Concessionaires or other third parties are controlled such that data and other information is readily available, complete and accurate, up-to-date and in sufficient detail to enable re-performance (within 10 business days) of systems/processes in the event of an audit or other event.
 - (c) in relation to paragraph 1.1 (b) above inform DLR Limited and the relevant third party as soon as reasonably practicable if the Franchisee becomes aware of any fault of any system or process which prevents compliance with the obligation set out in 1.1 (a) above
 - (d) report to DLR Limited:
 - (i) any faults or malfunctions identified in any APCs by the next business day;
 - (ii) by the next business day if all TVMs used for a journey in one direction at any particular Station (excluding Stations on the Lewisham Extension) are not fully operational and available for 98% of the Station Opening Hours;

- (iii) as soon as reasonably practicable if any Revenue Collection IT is malfunctioning such that it irrevocably prevents the receipt of any data required by DLR Limited;
 - (e) ensure that all Franchisee Employees directly involved in ticket sales, access to TVMs, and/or the cash collection and banking described in part 2 below will comply with written operating procedures prepared by the Franchisee which will delineate the segregation of duties and other operating controls. DLR Limited will be entitled to review the initial version of the operating procedures and the Franchisee will make any reasonable amendments required by DLR Limited. Thereafter any changes to the document will be made in accordance with the Change Procedure.
- 1.2 In exercising its right to access the Franchisee's systems, data and other information, DLR Limited will ensure that it uses competent personnel only to access such systems, data and other information and that at all times such competent personnel do not do anything, nor allow anything to be done, which causes the relevant system to malfunction or the data or other information to be manipulated, corrupted or lost.
 - 1.3 The Franchisee will not discriminate in any way against the Extensions in carrying out its obligations under this part 2 of schedule 3, except that the parties acknowledge that the TVM's on the Lewisham Extension are controlled and maintained by the Lewisham Concessionaire.

2. REVENUE COLLECTION AND PROTECTION

- 2.1 The Franchisee shall comply with its obligations as to revenue protection and collection under paragraph 16 of part 2 of schedule 2 (Passenger Services)
- 2.2 The Franchisee shall provide periodic TVM transactional data via the automatic fare collection system by 09:00 on the first working day following the end of the Fee Period on the assumption that an appropriate server is provided by DLR Limited (and if not as otherwise agreed between the parties) in Access File format (or other format agreed with DLR Limited) together with any other information relating to TVM transactions that DLR Limited require, providing reasonable notice of such requirements is given.
- 2.3 The Franchisee shall determine and request funding from DLR Limited, arrange collection and load all TVM hoppers with sufficient funds to enable them to perform, individually, their required function. The Franchisee shall agree a set level of funds required to carry out such activities and the Franchisee shall provide 3 business days notice of any change (permanent or otherwise) to the level of funds. The Franchisee will arrange for the collection of funds from DLR Limited for the float.
- 2.4 The Franchisee shall ensure all funds within the stewardship of Franchisee Parties (including those contained in coin bags, full and/or part-full hoppers, cash retrieved after being trapped in TVMs, ticket receipts from sales on-train or other means) are kept physically separate from any Franchisee Party's funds and kept secure. Access to such funds must be controlled and restricted. In addition the Franchisee shall ensure sufficient records of all DLR Limited funds are maintained to ensure that the accountability for such funds can be determined at any time.
- 2.5 The Franchisee shall indemnify and keep indemnified the DLR Limited Parties from and against all liabilities. Losses, costs and expenses suffered or incurred by such persons arising in connection with paragraph 2.4 above, save in the case of the negligence of the DLR Limited Parties.
- 2.6 The Franchisee shall provide a reconciliation of funds received and under the Franchisee's stewardship (including coin bags received and held, full and/or part full hoppers, cash retrieved having after being trapped in TVMs, non TVM ticket sales receipts). This

reconciliation will be completed weekly, reviewed and approved by the Franchisee's finance director or deputy, to be sent to DLR Limited by midday on the third business day following the week concerned. This reconciliation will also be completed for each Fee Period and sent to DLR Limited within the first 3 business days following the Fee Period concerned.

- 2.7 The Franchisee shall ensure that any funds collected by the Franchisee are paid promptly into an account nominated by DLR Limited in accordance with clause 26.9 (Payment on Account) of this Agreement.
- 2.8 The Franchisee shall be at risk and responsible for the secure storage of stocks of unsold Tickets (except those on the Lewisham Extension) and shall indemnify and keep indemnified the DLR Limited Parties from and against all liabilities, losses, costs and expenses suffered or incurred by such persons arising in connection therewith, save in the case of negligence of the DLR Limited Parties.
- 2.9 During the Pre-Handback Period, the Franchisee shall not reduce or diminish its efforts, resources or measures in respect of revenue collection and protection as compared with the previous year.

3. **DLR USER SURVEY**

- 3.1 The Franchisee will be responsible for the implementation and administration of the DLR user Survey ("**DLRUS**"). The DLRUS will be procured jointly by DLR Limited and others. The cost of the survey will be shared jointly between TfL and the Franchisee.
- 3.2 The scope and specification for the DLRUS will be agreed in advance between DLR Limited and the Franchisee.
- 3.3 The detailed survey programme will be agreed between DLR Limited and the Franchisee to give a representative sample of Passenger journeys on the Docklands Light Railway. In the event that TfL objects to the programme as agreed between DLR Limited and the Franchisee, the Franchisee shall be entitled to make representations to TfL on behalf of, and as agent for, DLR Limited.
- 3.4 The Franchisee will ensure that the results of the survey and (when required by DLR Limited) all supporting information including source data (to the extent such information is available to the Franchisee under the contract with the survey provider) will be provided directly by the company undertaking the survey to DLR Limited with a copy to the Franchisee.

4. **AUTOMATIC PASSENGER COUNTERS (APC)**

- 4.1 The Franchisee will be responsible for testing and, where necessary re-calibrating APCs in accordance with the manufacturer's specification in order that they may accurately capture the number of persons passing beneath them.
- 4.2 The Franchisee will be responsible for ensuring that the APC system is maintained adequately and effectively and that a suitable quantity of spares and qualified technicians are available to ensure any defects are remedied as soon as reasonably possible, and in any event within two business days.
- 4.3 The Franchisee will undertake tests to verify the data collected from the APC system. Such tests will be carried out for each rod at the Bank and Canary Wharf DLR Stations every two years. In respect of all rods with weekday counts averaging above 1,000 per day, the Franchisee shall ensure that one fifth are tested and, where necessary, re-calibrated each year and that all rods with weekday counts averaging above 1,000 per day are tested at least once every five years.

- 4.4 If the accuracy of the APCs deteriorate to a material extent (as judged by DLR Limited, acting reasonably) DLR Limited will have the right to require the Franchisee to test the APCs on a more frequent basis.
- 4.5 If any particular Station reports APC data which is outside the parameters set by DLR Limited (acting reasonably) and any excess or shortfall is not explained by the Franchisee to DLR Limited's reasonable satisfaction, the Franchisee shall remedy the fault within two business days of notification by DLR Limited.
- 4.6 The Franchisee will ensure data from the APC system is delivered to DLR Limited on a daily basis by 09:00 the following business day on the assumption that an appropriate server is provided by DLR Limited (and if not, as otherwise agreed between the parties) and will ensure that any missing data is provided as soon as reasonably practicable;
- 4.7 DLR Limited authorised users will be entitled to gain access to the APC system to verify any data provided and retrieval and reporting tools will be made available to DLR Limited authorised users provided details of such users are provided to the Franchisee for audit purposes.

5. **TICKET VENDING MACHINES (TVM)**

- 5.1 The Franchisee will be responsible for ensuring that the TVMs and related processes are working effectively and accurately record (in accordance with the manufacturer's specification) all transactions including the number and types of tickets sold, revenue collected, change loaded and removed and coin and note vaults pulled for banking.
- 5.2 All instances of access to the TVM and associated systems and processes by the Franchisee will be recorded including date, time, location, machine reference and technician responsible and the nature of the action undertaken.
- 5.3 All processes and procedures covering access to TVM will be agreed in advance with DLR Limited
- 5.4 DLR Limited authorised users will be entitled for audit purposes to gain access to the TVM system to verify any data provided and retrieval and reporting tools will be made available to DLR Limited authorised users at the Franchisee's offices at Poplar Depot, provided details of such users are provided in advance to the Franchisee.
- 5.5 It shall be DLR Limited's responsibility and not the Franchisee's to enter into agreements for the settlement of any credit or debit card commission with relevant suppliers, provided that DLR Limited will ensure (where possible) that the Franchisee is given the access to the credit card acquirer's transaction log and/or DLR Limited's server. If and to the extent that DLR Limited is not able to provide such access the parties shall meet in good faith to discuss arrangements which will enable the Franchisee to comply with its obligations under this schedule 3.
- 5.6 DLR Limited will use all reasonable efforts to procure that the cash collection contractor will liaise with the Franchisee in relation to the timing and method of collection of cash in order to minimise failures to TVMs.

6. **TICKET SALES**

- 6.1 The Franchisee will be responsible for the creation and maintenance of a robust system and processes for the capture, processing and recording of all ticket sales (including penalty fares) it undertakes and funds collected, including the provision of detailed information on each sale including the retention of transaction data, cancelled tickets and foil/carbon copies of tickets sold.

- 6.2 The Franchisee will be responsible for ensuring all ticket sales processed result in the successful collection and banking of funds. The Franchisee will not be entitled to any revenue from sales which are collected but not banked (excluding penalty fares and Fares Due). For the purposes of this Schedule 3 "Fare Due" shall mean a notice issued to a Passenger allowing such Passenger to pay the fare due for the journey at a later date)

7. COMMISSION

- 7.1 In any situation where the Franchisee issues tickets and would be entitled to a commission payment, DLR Limited will be entitled to any such commission.

8. IT CONTROL

- 8.1 The Franchisee and DLR Limited will limit access to the Revenue Collection IT to those suitably qualified employees agents and subcontractors who either have a need to know or who are engaged in the use of the Revenue Collection IT.
- 8.2 The Franchisee will ensure that where practicable secure custody back-ups are maintained of software involved in the Revenue Collection IT.
- 8.3 The Franchisee will ensure that a disaster recovery and business continuity plan is put in place to cover the loss of the Revenue Collection IT.
- 8.4 The Franchisee will, if required by, and at the cost of DLR Limited, prepare a strategy (to be approved by DLR Limited, acting reasonably) for the provision of a robust general control environment in relation to the Revenue Collection IT.

Part 3 - Ticketing Schemes

1. DLR TICKETING SCHEMES

- 1.1 DLR Limited shall remain the principal contracting party in respect of the DLR Ticketing Schemes, but shall delegate to the Franchisee the performance of all Operating Obligations under the DLR Ticketing Schemes.
- 1.2 DLR Limited shall reserve for itself the role and responsibility for all dealings with the other contracting parties to the DLR Ticketing Schemes, and shall consult with the Franchisee in relation to such dealings.
- 1.3 The Franchisee shall be responsible for the performance on DLR Limited's behalf of all Operating Obligations under the DLR Ticketing Schemes and shall provide DLR Limited with all information and assistance which it reasonably requires, including the carrying out of passenger surveys and counting and the collection and processing of data and preparation of reports as required, for the purposes of its dealings with the other contracting parties to the DLR Ticketing Schemes.
- 1.4 During the Pre-Handback Period, the Franchisee shall not reduce or diminish its efforts, resources or measures in respect of data collection, as compared with the previous year.

2. FRANCHISEE TICKETING SCHEMES

- 2.1 DLR Limited shall remain the principal contracting party in respect of the Franchisee Ticketing Schemes, but shall delegate to the Franchisee the performance of all obligations under the Franchisee Ticketing Scheme.
- 2.2 The Franchisee may make proposals to DLR Limited for new arrangements which it wishes DLR Limited to enter into as a new Franchisee Ticketing Scheme or variations to or termination of existing Franchisee Ticketing Schemes. The Franchisee shall provide with such proposals a business case for such proposal setting out details of the costs and

revenue effects of such proposals. The Franchisee shall, at the request of DLR Limited, provide such further information as DLR Limited shall reasonably require in relation to such proposals. Any such proposals shall not be implemented without the agreement in writing of DLR Limited which shall be at DLR Limited's absolute discretion.

- 2.3 Without prejudice the generality of Clause 29 (Franchisee Indemnities), the Franchisee shall be responsible for, and shall indemnify and keep indemnified the DLR Limited Parties from and against all liabilities, losses, costs and expenses suffered or incurred by such persons arising under, or in connection with, the Franchisee Ticketing Schemes.

3. **GENERAL**

- 3.1 The Franchisee shall provide Passenger Services on behalf of DLR Limited and shall not, in relation to the Franchise, be permitted to enter into as principal contracting party any contract, scheme or arrangement with passengers, public transport operators or other third parties in relation to the provision of Passenger Services, other than in relation to the provision of bus services for Substitute Services and other special events.
- 3.2 Save as expressly provided under part 1 of this schedule or as otherwise agreed in writing by DLR Limited, the Franchisee shall not be authorised to enter into any contract in relation to the provision of Passenger Services on behalf of DLR Limited or to bind DLR Limited to the performance, variation, release or discharge of any obligations in relation to any such contract.