

DRAFT

TRANSPORT ACT 2000

The Tyne and Wear Quality Contracts Scheme for Buses [2014]

Made



2014

ARRANGEMENT OF THE SCHEME

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WHEREAS:

- A The 2000 Act makes provision for a local transport authority to make a quality contracts scheme covering the whole or part of its area.
- B The Tyne and Wear Integrated Transport Authority (the "**ITA**") is satisfied that the requirements of section 124(1) of the 2000 Act will be met by the making of a quality contracts scheme in respect of the Tyne and Wear Integrated Transport Area.
- C Section 127(2) and (3) of the Act makes provision for certain matters that the scheme must specify and certain matters that the scheme must outline, and section 127(4) and (6) of the 2000 Act makes provision for certain matters that the scheme may provide.
- D Section 127(5) of the 2000 Act makes provision for the quality contract scheme to contain such ancillary provisions as the ITA think fit.
- E Section 102B of the 2008 Act makes provision for the ITA to do anything it considers appropriate for the purpose of carrying out any of its functions or for purposes incidental (directly or indirectly) to its functions.
- F Section 102B(5) of the 2008 Act makes provision for the ITA to delegate to Nexus its function of taking action under section 102B(1) of the 2008 Act (but not the function of determining what action to take).
- G Pursuant to section 102B(5) of the 2008 Act the ITA has determined that Nexus should carry out certain actions pursuant to the terms of the quality contracts scheme.
- H Pursuant to section 162(4) of the 2000 Act, references to the ITA in section 124(4)(a), (5) and (7), section 127(3A), section 127A(7), section 129(4), section 130 and section 131 of the 2000 Act are to be construed as references to Nexus.
- I [The ITA and Nexus] have entered into [one or more] agreements (together the "**Collaboration Agreement**") with Durham County Council, Northumberland County Council and Hartlepool Borough Council to manage the effect of the Scheme on Local Services which operate across the boundaries between the Tyne and Wear Integrated Transport Area and the areas of those councils.

Now, therefore, the ITA, in exercise of the powers conferred on it by sections 124 to 134B of the 2000 Act, and of all other powers enabling it in that behalf, hereby makes the following scheme:

1. Citation and commencement

- 1.1 This scheme may be cited as the Tyne and Wear Quality Contracts Scheme for Buses 2014 and is made on ◆ .

2. Interpretation

- 2.1 In this Scheme:

- 2.1.1 "1985 Act" means the Transport Act 1985;

- 2.1.2 "2000 Act" means the Transport Act 2000;
- 2.1.3 "2008 Act" means the Local Transport Act 2008;
- 2.1.4 "2000 Act Concessionary Travel Reimbursement Scheme" means the concessionary travel reimbursement scheme made (from time to time) by Nexus pursuant to the Transport Act 2000;
- 2.1.5 "Allocation Arrangements" means the allocation arrangements set out in Annex 5;
- 2.1.6 "Category A Excluded Service" means a Local Service specified in Part 1 of Annex 6;
- 2.1.7 "Category B Excluded Service" means a Local Service specified in Part 2 of Annex 6;
- 2.1.8 "Certificate of Professional Competence" has the meaning given to it in regulation 2(1) of the Vehicle Drivers (Certificates of Professional Competence) Regulations 2007;
- 2.1.9 "Child Concessionary Travel Scheme" means a Discretionary Concessionary Travel Scheme in respect of concessionary travel by children under the age of 16 years;
- 2.1.10 "Clearance Certificate" has the meaning given to it in section 6B(8) of the Transport Act 1985;
- 2.1.11 "Commencement Date" has the meaning ascribed to it in Article 8.1;
- 2.1.12 "Core Services" means those Local Services specified in Part 1 of Annex 1, as amended in accordance with Article 13 of this Scheme;
- 2.1.13 "DBS certificate" means the certificate issued by the Disclosure and Barring Service following completion of a Disclosure and Barring Service check;
- 2.1.14 "Discretionary Concessionary Travel Scheme" means a concessionary travel scheme made by the ITA pursuant to its powers under the 1985 Act;
- 2.1.15 "Emergency Service Subsidy Agreement" has the meaning ascribed to it in regulation 4(3) of the Quality Contracts Schemes (Tendering Requirements) (England) Regulations 2009;
- 2.1.16 "Excluded Service" means a Category A Excluded Service or a Category B Excluded Service;
- 2.1.17 "Euro V emissions standard" means that the gaseous and particulate pollutants and opacity of smoke from the engine of the vehicle comply with the limit values set out in row B2 of the tables in Section 6.2.1 of Annex I to Directive 2005/55/EC;
- 2.1.18 "Governance Arrangements" means those arrangements specified in Annex 7;

- 2.1.19 "Integrated Transport Area" has the meaning given to it in section 9(1) of the Transport Act 1968;
- 2.1.20 "the ITA" means the Tyne and Wear Integrated Transport Authority;
- 2.1.21 "ITA Bus Committee" has the meaning given to it in paragraph 1.1 of Part I of the Governance Arrangements.
- 2.1.22 "Local Bus Board" has the meaning given to it in Part II of the Governance Arrangements;
- 2.1.23 "Local Services" has the same meaning as in section 2 of the 1985 Act;
- 2.1.24 "Midi/Mini Bus Service" means a Local Service which is capable of being provided by either a Mini Bus or a Midi Bus
- 2.1.25 "Midi Bus" means a Public Service Vehicle having a capacity of between 24 and 39 seated passengers;
- 2.1.26 "Mini Bus" means a Public Service Vehicle having a capacity of between 9 and 23 seated passengers;
- 2.1.27 "Midi/Mini Bus Quality Contract" means a Quality Contract in respect of Midi/Mini Bus Services;
- 2.1.28 "Nexus" means the passenger transport executive for the Tyne and Wear Integrated Transport Area;
- 2.1.29 "Operator" means a person operating local services or quality contract services, and references to an Operator shall be construed in accordance with section 137(7) of the 1985 Act;
- 2.1.30 "Public Service Vehicle" has the meaning given to it in the Public Passenger Vehicles Act 1981;
- 2.1.31 "Prescribed Time" means the prescribed time as defined in regulation 10 of the QCS Registration Regulations;
- 2.1.32 "Quality Contract" means an agreement entered into between Nexus and an operator pursuant to Article 7;
- 2.1.33 "Quality Contract Services" mean local services provided pursuant to a quality contract;
- 2.1.34 "QCS Area" means the Tyne and Wear Integrated Transport Area on the date of this Scheme;
- 2.1.35 "QCS Network" means the network of local services to be provided by Nexus in accordance with Article 4;
- 2.1.36 "QCS Registration Regulations" means the Public Service Vehicles (Registration of Local Services) (Quality Contracts Schemes) (England and Wales) Regulations 2009;

- 2.1.37 "Round 1 Quality Contracts" means those Quality Contracts let by Nexus in respect of Core Services;
- 2.1.38 "Round 2 Quality Contracts" means those Quality Contracts let by Nexus which are not Round 1 Quality Contracts which shall include:
 - 2.1.38.1 Works Quality Contracts;
 - 2.1.38.2 Scholars Quality Contracts;
 - 2.1.38.3 Taxi Bus Quality Contracts; and
 - 2.1.38.4 Midi/Mini Bus Quality Contracts.
- 2.1.39 "Scholars Quality Contract" shall mean a Quality Contract let in respect of Scholars Services;
- 2.1.40 "Scholars Service" means a Local Service providing transport for pupils to and/or from schools within the QCS Area provided that a Scholars Service may also provide transport to the general public;
- 2.1.41 "Taxi Bus Quality Contract" a Quality Contract let in respect of Local Services to be provided by one or more taxi buses;
- 2.1.42 "Taxi Bus" means a a licensed taxi used to operate a Local Service under a restricted PSV operator's licence pursuant to section 12(1)(b) of the 1985 Act, where licensed taxi shall have the meaning ascribed to it in section 13(3) of the 1985 Act;
- 2.1.43 "Transitional Period" has the meaning given to it in regulation 2(1) of the QCS Registration Regulations;
- 2.1.44 "Traffic Commissioner" has the meaning given to it in the Public Passenger Vehicles Act 1981
- 2.1.45 "Tyne and Wear Integrated Transport Area" means the integrated transport area for the ITA, consisting of the areas of the metropolitan district councils for Newcastle, Gateshead, North Tyneside, South Tyneside and Sunderland;
- 2.1.46 "Works Quality Contract" shall mean a Quality Contract let in respect of Works Services; and
- 2.1.47 "Works Service" means a Local Service providing transport to or from work places or other places which are not served by a Core Service, which require a Local Service only at specified times of the day, or on specific days, provided that a Works Service may also provide transport to the general public.

3. The QCS Area

- 3.1 The QCS Area is hereby designated as the area to which the Scheme relates.^a

^a S 127(2)(a).

4. Designation of Services within the QCS Area

- 4.1 The Local Services to be provided under the Scheme shall include:
 - 4.1.1 Core Services;
 - 4.1.2 Works Services;
 - 4.1.3 Scholars Services;
 - 4.1.4 Midi/Mini Bus Services; and
 - 4.1.5 Taxi-Bus Services.
- 4.2 Where a Local Service is to be provided pursuant to a Quality Contract both inside and outside the QCS Area, any part of the service which is to be provided outside the QCS Area shall be treated as a separate service for the purposes of this Scheme if there is any stopping place for that part of the service outside of the QCS Area, and the Operator shall be required to operate such service as a Local Service. ^b
- 4.3 Where a Quality Contract Service falls within Article 4.2, the provisions of Part VI of the Governance Arrangements shall apply in respect of any variation to such Quality Contract Service.

5. Exclusions from the QCS

- 5.1 Category A Excluded Services shall be excluded from the Scheme in accordance with section 127(4) of the 2000 Act.
- 5.2 Category B Excluded Services shall be excluded from the Scheme in accordance with section 127(4) of the 2000 Act provided that such local services at all times meet the following conditions:
 - 5.2.1 the route, timetable and stopping locations of those services are not varied from those specified in Annex 6, save where the ITA has determined that such variation to the route, timetable or stopping locations will not adversely affect services provided pursuant to the Scheme;
 - 5.2.2 the Public Service Vehicles used to provide the services shall have been issued with all certificates required pursuant to regulation 3(8) of the Public Service Vehicles Accessibility Regulations 2000, as if such vehicle had been manufactured on the later of:
 - 5.2.2.1 the Public Service Vehicle's date of manufacture; and
 - 5.2.2.2 1st October 2004;
 - 5.2.3 the Operator of such Local Service notifies [Nexus] no less than 56 days prior to the cancellation of the service, following which date, such service shall no longer be a Category B Excluded Service; and

^b Cross boundary services will be registrable under the Transport Act 1985 and other provisions applicable to local services will apply outside of London. This reflects the equivalent provision for cross boundary services in London at section 179(2) GLA 1999

- 5.2.4 the Operator of such Local Service shall accept all valid multi-trip tickets listed in Annex 2 for trips made by passengers within the QCS Area, subject to reasonable reimbursement payment by, or on behalf of, the ITA in respect of such trips;
- 5.2.5 the Operator is reimbursed for provision of concessionary travel under the English National Concessionary Travel Scheme in accordance with the 2000 Act Concessionary Travel Reimbursement Scheme and the Child Concessionary Travel Scheme in respect of concessionary journeys commencing within the QCS Area.

6. Clearance certificates

6.1 Where, following the Commencement Date, either:

- 6.1.1 an Operator proposes to register a Local Service with one or more stopping places within the QCS Area, which is not subject to a Quality Contract and is not excluded pursuant to Article 5;^c or
- 6.1.2 an Operator proposes to vary a Local Service with one or more stopping places within the QCS Area, which is not subject to a Quality Contract and is not excluded pursuant to Article 5^d;

then, following consultation by the Traffic Commissioner with the ITA pursuant to section 6B(4) of the 1985 Act, the ITA shall consider the registration or variation proposal and, where the ITA considers that such registration or variation will not have an adverse effect on Local Services provided under Quality Contracts in the QCS Area, the ITA shall issue a Clearance Certificate to the Traffic Commissioner in respect of such service within the Prescribed Time.

7. Procurement of Quality Contracts

- 7.1 Subject to Article 7.8, Nexus shall invite tenders for the provision of the services to which this Scheme relates for the periods and on the basis specified in an invitation to tender in the form specified in Article 7.4^e
- 7.2 Nexus proposes to issue invitations to tender^f for each Quality Contract:
- 7.2.1 *[date to be specified by reference to timetable, once date for making of scheme is determined]* and shall, in any event, issue invitations to tender on a date no later than [x] months prior to the date for commencement of the initial Round 1 Quality Contracts;
- 7.2.2 *[date to be specified by reference to timetable, once date for making of scheme is determined]* and shall, in any event, issue invitations to tender on a date no later than [x] months prior to the date for commencement of the initial Round 2 Quality Contracts;

^c section 6B of the 1985 Act pursuant to section 6(2B) of the 1985 Act

^d section 6B of the 1985 Act pursuant to section 6(7A) of the 1985 Act

^e S 130(1)

^f Section 127(3A) requires the date/dates for ITTs to be specified.

- 7.2.3 save where, in an emergency, a shorter time period is required in order to ensure continuous provision of services, at least [x] months prior to the date for commencement of any further Round 1 Quality Contracts; and
 - 7.2.4 save where, in an emergency, a shorter time period is required in order to ensure continuous provision of services, at least [x] months prior to the date for commencement of any further Round 2 Quality Contracts.
- 7.3 Nexus shall issue each invitation to tender:
- 7.3.1 in such a manner as Nexus considers appropriate for bringing it to the attention of persons that may be interested;
 - 7.3.2 in accordance with the requirements of the Utilities Contracts Regulations 2006; and
 - 7.3.3 to all persons who have given [Nexus] written notice pursuant to section 130(4) of the Transport Act 2000, specifying the address to which the invitation to tender should be directed.
- 7.4 Each invitation to tender for a Quality Contract shall specify:
- 7.4.1 the Local Services to be provided under that Quality Contract;
 - 7.4.2 the period specified for such Quality Contracts, which shall be no greater than 10 years;^g
 - 7.4.3 the minimum standards applicable to such Quality Contract, as specified in Annex 4 to this Scheme;
 - 7.4.4 the other requirements for a tender in respect of such Quality Contract as specified in Annex[8 to this Scheme, including:
 - 7.4.4.1 any pre-qualification criteria specified for such Quality Contract;
 - 7.4.4.2 the evaluation criteria for each Quality Contract;
 - 7.4.4.3 any specified contract requirements for such Quality Contract;
 - 7.4.4.4 the deadlines for responding to such Quality Contract;
- 7.5 Nexus shall only accept tenders submitted by persons belonging to a category listed in section 130(5) of the Transport Act 2000.
- 7.6 Nexus shall keep under review the extent to which the Quality Contracts entered into by them pursuant to this Scheme are complied.^h
- 7.7 After entering into a Quality Contract Nexus shall give notice to the Traffic Commissioner of:

^g Section 130(2)

^h S 124(7)

- 7.7.1 the Quality Contract Services to be provided in accordance with that Quality Contract; and
- 7.7.2 the duration of that Quality Contract,

and Nexus shall also notify the Traffic Commissioner of any changes in the Quality Contract Services in accordance with the terms of the Quality Contract, and any early termination or extension of the term of the Quality Contract, in accordance with its terms.

- 7.8 Nexus shall not be required to tender for services where either:
 - 7.8.1 section 131(1) of the 2000 Act applies, provided that any Quality Contract let without inviting tenders has a duration of no more than 12 months from the day on which such services are first to be provided, and that Nexus then invites tenders for such services as soon as practicable after the Quality Contract is entered into;ⁱ or
 - 7.8.2 Regulation 5(1) of the Quality Contracts Schemes (Tendering Requirements) (England) Regulations 2009 applies, provided that the Quality Contract for such services has a maximum duration of no more than two years, commencing with the day on which services are first provided pursuant to that Quality Contract.^j
- 7.9 Nexus shall publish the information required by regulation 7 of the Quality Contracts Schemes (Tendering Requirements) (England) Regulations 2009 in respect of each tender and Quality Contract.
- 7.10 Nexus shall publish the information required by Article 7.9 in accordance with the requirements of regulation 8 of the Quality Contracts Schemes (Tendering Requirements) (England) Regulations 2009.

8. Duration and Transition

- 8.1 This Scheme shall come into operation on [*date to be determined when scheme made in accordance with QCS proposal*] ("**Commencement Date**") and shall remain in operation for a period of 10 years from the Commencement Date.
- 8.2 Part 2 of the QCS Registration Regulations shall apply to any application to register or vary or cancel a registration of a local service with stopping places in the QCS Area, during the Transitional Period.
- 8.3 Where pursuant to regulation 6(3)(a) of the QCS Registration Regulations the Traffic Commissioner consults with the ITA in respect of a proposal to register, or vary or cancel the registration of, a Local Service during the Transitional Period, the ITA shall consider the registration or variation proposal and, the ITA shall notify the Traffic Commissioner whether:
 - 8.3.1 The ITA considers that such registration or variation will have a significantly detrimental effect on persons using such service, or a significant proportion of

ⁱ Regulation 6 Quality Contracts Schemes (Tendering Requirements)(England) Regulations 2009

^j Regulation 5(1) and 5(2) Quality Contracts Schemes (Tendering Requirements)(England) Regulations 2009

such persons, taking into account any Quality Contract Service which would replace such Local Service; or

8.3.2 such Local Service would be an Excluded Service from the Commencement Date.

8.4 Where a Local Service which is to be wholly or materially replaced by a Quality Contract Service is varied or cancelled during the Transitional Period, or prior to, the Commencement Date, and the ITA, acting reasonably, believes that the variation or cancellation of that service will have a detrimental effect on persons using the service or on the anticipated benefits to be derived from the Scheme then Nexus may procure an Emergency Service Subsidy Agreement in respect of such Local Services, or any part of such Local Services.

9. Ticketing and Zones

9.1.1 Each Quality Contract shall require the Operator to accept each of the ticket types specified in Annex 2 which are applicable to each service provided pursuant to that Quality Contract.

9.1.2 The fare zones for tickets accepted pursuant to Article 9.1.1 shall be those specified in Annex 3.

9.1.3 The maximum fare payable in respect of the ticket types specified in Annex 2 shall be determined in accordance with the governance arrangements.

10. Allocation Arrangements

10.1 The Allocation Arrangements for the Scheme shall be as set out in Annex 5.

11. Concessionary Travel

11.1 During the term of this Scheme the ITA shall maintain a Concessionary Travel Scheme pursuant to section 93 of the 1985 Act which provides comparable concessionary travel to concessionary passengers using Excluded Services and local services subject to a clearance certificate as those provided to concessionary passengers using Quality Contract Services and the ITA shall procure that the Operators of such Local Services are reimbursed for the carriage of such concessionary passengers in accordance with the 1985 Act.

11.2 During the term of this Scheme Nexus shall either:

11.2.1 maintain a 2000 Act Concessionary Travel Reimbursement Scheme pursuant to section 150 of the Transport Act 2000 to reimburse Operators of Excluded Services and Local Services subject to a clearance certificate; or

11.2.2 enter into agreements with operators of Excluded Services and Local Services subject to a clearance certificate,

to reimburse such Operators for the provision of concessions under section 145A(1) of the Transport Act 2000 in respect of eligible journeys.

12. Net proceeds derived from the QCS

12.1 Where Nexus receives revenues or other payments pursuant to the terms of a Quality Contract entered into pursuant to this Scheme, the ITA shall direct Nexus to apply such monies as the ITA may determine for the purposes of the Scheme or for the purposes of payments under the Quality Contracts entered into pursuant to the terms of this Scheme, in accordance with the terms of such Quality Contracts and the Governance Arrangements, including:

12.1.1 payment to Operators of Quality Contract Services;

12.1.2 Nexus procuring additional services through Quality Contracts in accordance with Article 7;

12.1.3 Nexus increasing the standards of existing or new Quality Contract Services;

12.1.4 Nexus providing other facilities or benefits to users of Quality Contract Services;

12.1.5 Nexus reducing (including reducing any required increase in) the fares payable by passengers using Quality Contract Services.

13. Governance of the QCS

13.1 The Governance Arrangements for the Scheme set out in Annex 7 shall apply.

14. Time

14.1 The ITA shall take all steps necessary to procure that all those things that ought to be done to ensure that Operators can deliver the Quality Contract Services and the minimum standards required under Annex 4 as required under the terms of this Scheme by the Commencement Date and continue to do so for the duration of the Scheme.

14.2 In any case where an Operator will be , for whatever reason , unable effectively to deliver some or all of the Quality Contract Services or to meet one or more of the minimum standards required under Annex 4 by the Commencement Date and/or unable to do so during the term of a Quality Contract the ITA may, despite any other provision within this Scheme Order, in its sole discretion, direct Nexus to allow the Operator a reasonable time to rectify such default provided that the ITA is satisfied that:

14.2.1 the Operator will be able to rectify the default in the additional time allowed

14.2.2 any extension of time will not materially impede or prevent the overall achievement of some or all of the benefits intended to be delivered by the Scheme or the Operator has provided Nexus with a viable mitigation plan setting out how any adverse impacts will be properly ameliorated: and

14.2.3 that the Operator will for the duration of any default duly compensate Nexus for the default through a commensurate reduction in charges under the relevant Quality Contract and/or the payment of a sum that reflects the proportionate value of the services that have not been delivered and/or the delivery of other services free of charge or at a reduced charge.

ANNEXES TO THE SCHEME

ANNEX 1: SERVICES INCLUDED

Article 4

[Note: Final Appendix L - Services included within QCS Proposal to be inserted here.]

Part 1: Round 1 Services

Part 2: Round 2 Services

[Note: Insert Figure 10 "Proposed Adult Single Ticket Prices", Figure 11"Proposed Adult Multi-Trip Ticket Prices", Figure 12 "Night Bus Fares", Figure 14 "Proposed Fares for 16-18 year-olds", Figure 15 "Proposed fares for children under the age of 16", Figure 16 "Proposed fares for students in full time education" from the QCS Proposal.]

ANNEX 3: FARE ZONES

Article 9

[Note: Insert Figure 9: Proposed fare zones from the QCS Proposal.]

1. Contract Standards

- 1.1 The specification of each quality contract service shall be specified in the relevant quality contract and shall be a minimum of the standards specified in this Annex 4 as determined by the ITA Bus Committee in consultation with the appropriate Local Bus Boards in accordance with Annex 7.
- 1.2 Each Quality Contract will specify:
 - 1.2.1 the route and stopping arrangements;
 - 1.2.2 days of operation;
 - 1.2.3 timetable; and
 - 1.2.4 mileage;for each Quality Contract Service.
- 1.3 Each Quality Contract will specify for each Quality Contract Service:
 - 1.3.1 the minimum vehicle standards, which shall be no less than those specified in paragraph 2; and
 - 1.3.2 the minimum driver standards, which shall be no less than those specified in paragraph 3.
- 1.4 Each Quality Contract shall include performance management requirements for the Operator of the Quality Contract Services under that Quality Contract that meet the requirements of paragraph 4.

2. Vehicle Standards

- 2.1 For the purposes of this Scheme, a vehicle is a "QCS Vehicle" if it complies, as a minimum, with the requirements specified in paragraph 2.4.
- 2.2 Each of the requirements listed in paragraph 2.4 in respect of QCS Vehicles will be introduced under this Scheme and the Quality Contracts within a timescale which will realise all or substantially all of the benefits modelled for the Scheme.
- 2.3 Nexus will manage the performance of the Operators under the Quality Contracts in a manner designed to procure and maintain the delivery of those benefits and any other benefits that may be achieved during the term of the Scheme.
- 2.4 The requirements are that the vehicle:
 - 2.4.1 is fitted with an engine which, as a minimum:
 - 2.4.1.1 meets the Euro V emissions standard; or
 - 2.4.1.2 has been retro-fitted so that it is compliant with the Euro V emissions standard for particulate matter, provided that the requirements in

respect of the vehicle age and refurbishment restrictions listed in sub-paragraphs 2.4.17 and 2.4.18 shall still apply;

- 2.4.2 is fitted with an operational driver behaviour management system to help deliver fuel efficient driving techniques. Each Quality Contract shall require Operators to:
 - 2.4.2.1 provide additional training to drivers who do not meet the minimum standards required; and
 - 2.4.2.2 implement incentives which reward drivers for good performance;
- 2.4.3 is low floor easy access and fitted with fully operational wheelchair ramps;
- 2.4.4 is not fitted with middle and/or rear passenger entry or exit doors, provided that this sub-paragraph 2.4.4 shall not apply to:
 - 2.4.4.1 articulated buses; or
 - 2.4.4.2 middle and/or rear emergency exit doors;
- 2.4.5 complies with Schedules 1 and 2 of the Public Service Vehicles Accessibility Regulations 2000 (as amended or as substituted from time to time), and each quality contract shall require that Nexus can require that such compliance is demonstrated by the production on request by the Operator of a Quality Contract Service of either:
 - 2.4.5.1 a Public Service Vehicles Accessibility Certificate (PSVA 2); or
 - 2.4.5.2 a Public Service Vehicles Certificate of Conformity (PSVA 5);
- 2.4.6 is painted in a livery specified by Nexus within the Quality Contract, and re-painted (at the Operator's cost) at least every four years;
- 2.4.7 is free from all third party advertising internally and externally, with the exception of any materials provided by Nexus or its contractors. Any such materials provided by Nexus must be located within the designated advertising frames;
- 2.4.8 has route number and destination displays which conform with Schedule 2 of the Public Service Vehicles Accessibility Regulations 2000 (as amended);
- 2.4.9 has electronic destination displays which are kept in working order and which display:
 - 2.4.9.1 the designated destination and service number as specified in the service schedule at the front; and
 - 2.4.9.2 the designated service number at the side and rear;
- 2.4.10 is equipped with a vehicle location system and two-way voice/data communication which enables:

- 2.4.10.1 contact between the driver of the vehicle and the operator's depot;
and
- 2.4.10.2 the provision of real time passenger information,
which will be available at all times;
- 2.4.11 is equipped with internal and external digital closed circuit television equipment;
- 2.4.12 is equipped with ITSO compliant electronic ticket machines;
- 2.4.13 prohibits smoking, and displays signs prohibiting smoking throughout the entire vehicle (including the upper deck on double deck vehicles);
- 2.4.14 makes provision for the storage of shopping bags, trolleys and folded pushchairs in proximity to the entrance, which may be provided over a wheel arch;
- 2.4.15 is clean and damage free internally and externally at all times, and the quality contract shall require that the operator shall as a minimum:
 - 2.4.15.1 clean each vehicle daily internally and externally (subject to health and safety risks associated with sub-zero temperatures) before entry into service, including the removal of all litter, graffiti and etching;
and
 - 2.4.15.2 carry out a deep clean of each vehicle at least once every 4 weeks;
- 2.4.16 displays notices supplied by Nexus (in a position to be determined by the operator) in accordance with the terms of the quality contract;
- 2.4.17 has undergone a mandatory interior and exterior mid-life refurbishment prior to its eighth year of passenger service;
- 2.4.18 has an age of no more than 12 years through the initial term of each quality contract, provided that this requirement will not apply during any discretionary extension to a quality contract;
- 2.4.19 complies with all appropriate vehicle and maintenance legislation for the duration of the quality contract;
- 2.4.20 is fitted with a ventilation and heating system which is maintained to ensure a comfortable environment appropriate to the outside temperature at all times; and
- 2.4.21 is fitted with a means of avoidance of condensation, such as air conditioning, double-glazing or forced air ventilation, with particular attention given to reducing noise and vibration.

3. Driver Standards

Drivers of Quality Contract Services shall meet the following requirements at all times:

- 3.1 each driver must hold an appropriate driving licence for the vehicle driven;

- 3.2 each driver must have been issued with a Certificate of Professional Competence, and undertaken any subsequent required periodic training;
- 3.3 all drivers of Quality Contract Services must receive regular training including training in respect of:
 - 3.3.1 caring for the customer;
 - 3.3.2 route learning; and
 - 3.3.3 disability awareness;
- 3.4 all drivers shall wear a uniform commensurate with the prevailing weather conditions;
- 3.5 with the exception of vehicles fitted with hands-free mobile telephones drivers shall not be allowed to use mobile telephones whilst the QCS Vehicle they are driving is in motion; and
- 3.6 drivers operating scholars' services will be required to hold a valid DBS certificate, provided that where any driver is carrying out a "regulated activity" as defined in paragraph 1 of part 1 of schedule 4 of the Safeguarding Vulnerable Groups Act 2006, an enhanced DBS certificate shall be required.

4. Performance Management Specification

- 4.1 Each Quality Contract shall include performance management requirements which as a minimum meet the following requirements:

[Note: Figure 17 (Proposed contract performance management indicators) of the QCS Proposal to be inserted following consultation responses]

1. Affected local services

- 1.1 Pursuant to regulation 3 of the Quality Contract Schemes (Application of TUPE) Regulations 2009/3246 (the "**QCS TUPE Regulations**") the ITA shall identify affected local services in respect of each Quality Contract.
- 1.2 For the purposes of this Scheme "affected local services" has the meaning given in regulation 2 of the QCS TUPE Regulations.

2. Relevant employees and principally connected employees

- 2.1 An employee shall be a "relevant employee" if it is identified by the ITA as being principally connected to the provision of affected Local Services.
- 2.2 For the purposes of this Scheme and pursuant to regulation 3 of the QCS TUPE Regulations, an individual's employment is "principally connected" to the provision of affected local services if that employee spends on average, at least 50% of their working time either:
 - 2.2.1 assigned to the provision of affected local services; or
 - 2.2.2 assigned to activities connected wholly or mainly to the provision of affected local services.
- 2.3 Employees that are principally connected to affected local services ("in-scope employees") will transfer to any new operator of those affected local services in accordance with the allocation arrangements contained in this Annex 5.
- 2.4 For the avoidance of doubt, employees that are not principally connected to affected local services within a quality contract shall be classed as being "out of scope employees" and will not transfer to any new operator in accordance with the allocation arrangements contained in this Annex 5.

3. Grouping and transfer of relevant employees

- 3.1 In-scope employees identified by the ITA in accordance with paragraph 2 shall be allocated by the ITA to a specific Quality Contract in accordance with paragraph 3.2.
- 3.2 The ITA shall:
 - 3.2.1 identify organised groupings of in-scope employees or classes of in-scope employees (as appropriate) ("relevant employees") pursuant to regulation 8(2) and (5) of the QCS TUPE Regulations following receipt of workforce information from the existing Operators of the relevant affected Local Services, taking into account any information received from employee representatives of those in-scope employees;
 - 3.2.2 such relevant employees will be allocated to the appropriate Quality Contract Service(s) within a Quality Contract.

[Note: to be developed to reflect Appendix R - Proposed Allocation Arrangements of the QCS Proposal following consultation responses.]

4. Development of Allocation Arrangements

4.1 [The ITA will consult with trades union representatives and operators on the allocation arrangements contained in this Annex 5, and the application of such allocation arrangements and shall be entitled, acting reasonably, to take into account in finalising the allocation arrangements for each Quality Contract:

4.1.1 the outcome of such consultation; and/or

4.1.2 any workforce information requested and received by the ITA pursuant to regulation 5 of the QCS TUPE Regulations.]

5. Impact on regional office functions

5.1 Where the ITA is satisfied that employees carrying out office functions are principally connected to affected Local Services, such employees shall be relevant employees and shall transfer to:

5.1.1 the operator awarded the relevant Quality Contract where such office functions are of an operational, engineering, HR and/or training nature; or

5.1.2 Nexus where such office functions are of a commercial or marketing nature, provided that the ITA may, in its discretion (acting reasonably), determine that such relevant employees shall instead transfer to the Operator awarded the relevant Quality Contract.

ANNEX 6: Excluded and Exempted Services

Article 5

Part 1: Category A Excluded Services

A service which is listed below, together with any additions to such list that the ITA makes (acting reasonably), is a Category A Excluded Service -

[Note: Final Appendix M - Service Exclusions (category A) of QCS Proposal to be inserted here.]

Part 2: Category B Excluded Services

A service which is listed below, together with any additions to such list that the ITA makes (acting reasonably), is a Category B Excluded Service -

[Note: Final Appendix N - Service Exclusions (category B) of QCS Proposal to be inserted here.]

PART I: ITA BUS COMMITTEE

1. ITA Bus Committee

1.1 For the purposes of this Scheme the ITA shall establish a committee (the "ITA Bus Committee") on or prior to the commencement date in accordance with this Part I of Annex 7.

1.2 The ITA Bus Committee shall be a sub-committee of the ITA formed of:

1.2.1 elected members from each of the metropolitan district areas of Newcastle, Gateshead, North Tyneside, South Tyneside and Sunderland ("Metropolitan District Areas"); and

1.2.2 advisory members, as the ITA determines to be appropriate, who shall have observer status only, and which shall include but not limited to:

1.2.2.1 one or more passenger representatives; and

1.2.2.2 one or more transport representatives from the North Eastern Local Enterprise Partnership.

1.3 The ITA Bus Committee shall meet:

1.3.1 during the transitional period as may be required to support the process of transition to quality contract services; and

1.3.2 following the transitional period, at least quarterly, and as may otherwise be required to carry out the obligations of the ITA Bus Committee pursuant to this Annex 7.

1.4 The ITA Bus Committee shall:

1.4.1 comply with the terms of reference as outlined in Schedule A to this Annex 7;

1.4.2 carry out the obligations specified for the ITA Bus Committee within the Annual Development Cycle specified in Part III (Annual Development Cycle) of this Annex 7;

1.4.3 carry out the obligations specified for the ITA Bus Committee within the Emergency Network Change Procedure specified in Part V of this Annex 7;

1.4.4 produce an annual summary of the ITA Bus Committee's activities for review by the ITA at the Annual General Meeting of the ITA;

1.4.5 establish and maintain an on-going dialogue with key stakeholders including (but not limited to):

1.4.5.1 schools and colleges in relation to scholars services;

1.4.5.2 Local Bus Boards to allow for local engagement in:

- (a) bus service development proposals;
 - (b) performance monitoring; and
 - (c) improving bus punctuality and reliability;
- 1.4.5.3 any other party involved in the safe and effective delivery of the quality contract services including but not limited to:
 - (a) operators of local services, including quality contract services;
 - (b) the Department for Transport;
 - (c) Trades Unions;
 - (d) the Police;
 - (e) the Highways Agency; and
- 1.4.5.4 any other party as may be required that the ITA Bus Committee believes should be consulted to allow the ITA Bus Committee achieve its aims as set out in this Part I; and
- 1.4.6 monitor the use by Nexus of the annual budget for the provision of quality contract services once such budget has been determined by the ITA.

2. Cross Boundary Groups

- 2.1 The ITA shall use reasonable endeavours to establish a cross-boundary groups with each of the following neighbouring councils ("**Neighbouring Council**"):
 - 2.1.1 Northumberland County Council;
 - 2.1.2 Durham County Council; and
 - 2.1.3 Hartlepool Borough Council,in each case comprising elected members from both the ITA and the relevant Neighbouring Council ("**Cross-Boundary Groups**").
- 2.2 Each Cross-Boundary Group will ensure that any proposed changes to the quality contract services which affect the area of that Neighbouring Council are in accordance with the terms of the Collaboration Agreement, and will provide advice to the ITA Bus Committee in relation to the development of services affecting Durham, Northumberland and Hartlepool respectively.

PART II: LOCAL BUS BOARDS

Local Bus Boards

1. For the purposes of this Scheme the ITA shall establish a local bus board in respect of each of the Metropolitan District Areas, in accordance with this Part II ("**Local Bus Board**").
2. The ITA shall provide all clerical and secretarial support reasonably required by each Local Bus Board in order to carry out its obligations pursuant to this Annex 7.
3. Suitable meeting facilities shall be provided in each Metropolitan District Area for meetings of the Local Bus Board for that Metropolitan District Area.
4. Each Local Bus Board shall meet quarterly in accordance with the terms of reference as outlined in Schedule B to this Annex 7.
5. Each Local Bus Board shall:
 - 5.1 develop and monitor a plan to improve bus punctuality and reliability in the relevant Metropolitan District Area;
 - 5.2 monitor the delivery of local investment programmes which affect quality contract services, including but not limited to:
 - 5.2.1 the relevant Council's programme of investment in local highways and bus related infrastructure;
 - 5.2.2 Nexus and the ITA's investment plans as they relate to quality contract services;
 - 5.2.3 the investment proposals of all operators operating in the Metropolitan District Area, to the extent that the Local Bus Board is aware of such proposals, including, but not limited to, operators operating quality contract services;
 - 5.3 provide a regular summary of their activities to the ITA Bus Committee;
 - 5.4 engage with customer representatives, Trades Union representatives and other relevant local stakeholders; and
 - 5.5 if necessary, in respect of quality contract services within their area, request that Nexus develops remedial plans where quality contract services do not meet the standards specified in either:
 - 5.5.1 the Scheme; or
 - 5.5.2 the relevant quality contract;
6. The membership of each Local Bus Boards is to be determined by the Council for that Metropolitan District Area.
7. The Chair of each Local Bus Board shall be:
 - 7.1 the Lead ITA Member for the relevant Metropolitan District Area, on the commencement date; and

- 7.2 elected otherwise as elected by the membership of each Local Bus Board
- 8. Each Local Bus Board shall make arrangements to:
 - 8.1 liaise with other Local Bus Boards on matters of shared interest which affect more than one Local Bus Board; and
 - 8.2 liaise with Cross-Boundary Groups in relation to any Local Services in the areas of the Neighbouring Councils which are either:
 - 8.2.1 Quality Contract Services; or
 - 8.2.2 likely to be affected by one or more Quality Contract Services
- 9. Nexus shall procure that each Quality Contract requires the Operators under that Quality Contract to attend meetings of any Local Bus Board for an area where they provide Quality Contract Services, at the request of that Local Bus Board.
- 10. Officers of Nexus and the ITA shall attend any Local Bus Board at the request of that Local Bus Board.

PART III: ANNUAL DEVELOPMENT CYCLE

1. Timescale

- 1.1 An Annual Development Cycle will be undertaken in accordance with the actions and indicative timescales specified in Schedule C to this Annex 7.

2. Annual Report

- 2.1 For the purposes of the Scheme Nexus shall, as soon as is reasonably practicable after the start of each financial year, produce a report to the ITA describing the performance of the QCS Network over the previous financial year (the "**Annual Report**").

- 2.2 The Annual Report shall include without limitation a description of:

- 2.2.1 overall patronage levels;
- 2.2.2 costs;
- 2.2.3 revenues;
- 2.2.4 customer satisfaction;
- 2.2.5 any other indicators which Nexus believes are relevant to the delivery of bus services in the QCS Area; and
- 2.2.6 any indicators included at the request of the ITA Bus Committee or any Local Bus Boards.

- 2.3 The Annual Report shall be reviewed by:

- 2.3.1 the ITA Bus Committee; and
- 2.3.2 each Local Bus Board (in respect of local information),

who shall provide any comments to Nexus [and the ITA] for consideration.

3. Draft Bus Network Business Plan

- 3.1 Following review of the Annual Report pursuant to paragraph 2.3, Nexus shall produce a draft business plan (the "Draft Bus Network Business Plan") which shall include (with supporting evidence, where appropriate), :

- 3.1.1 any proposed alterations to the Quality Contract Services;
- 3.1.2 revenue forecasts for the Quality Contract Services;
- 3.1.3 subsidy expectations for any proposed Quality Contract Services;
- 3.1.4 any proposed changes to bus fares within the QCS Area;
- 3.1.5 an analysis of the impact of the proposals specified in paragraphs 3.1.1 to 3.1.4 on the public interest criteria;

- 3.1.6 the benefits of any proposed variation to the Quality Contract Services or fares charged to passengers using such Quality Contract Services; and
- 3.1.7 the expected financial impact of any proposed variation on the ITA, Nexus, Operators of Quality Contract Services and other Local Services and the public.
- 3.2 Following production of the Draft Bus Network Business Plan, Nexus shall provide the Draft Bus Network Business Plan to the ITA Bus Committee for consideration.
- 3.3 The ITA Bus Committee shall consult with each Local Bus Boards in relation to the Draft Bus Network Business Plan as it relates to the area of that Local Bus Board.
- 3.4 The Draft Bus Network Business Plan shall be made available on both the ITA and Nexus websites for public comment.
- 3.5 The ITA Bus Committee shall consider comments received and determine whether it is appropriate for Nexus to conduct a public consultation on the Draft Bus Network Business Plan, in accordance with paragraph 4.

4. Consultation

- 4.1 Local Bus Boards will provide feedback to the ITA Bus Committee based on consultations with local people and stakeholders in respect of any proposed route or timetable changes.
- 4.2 Nexus shall support such consultation by advertising the proposals and providing materials to support such consultation.
- 4.3 The ITA Bus Committee shall direct Nexus to make reasonable adjustments to the Draft Bus Network Business Plan to reflect any feedback received from Local Bus Board, provided that such proposals:
 - 4.3.1 are consistent with the Scheme;
 - 4.3.2 comply with the public interest criteria; and
 - 4.3.3 are capable of delivery either through existing quality contracts or through the tendering of new quality contracts.
- 4.4 Where the criteria in paragraph 4.3 are not satisfied then the ITA Bus Committee shall explain its decision in writing to the relevant Local Bus Board.
- 4.5 If the Local Bus Board disputes the decision specified in paragraph 4.4 or proposes to take action which will remove or mitigate the reasons specified for the decision in paragraph 4.4, then the matter will be referred to the ITA Chair and the Leaders of the relevant Councils for final determination, and such determination will be reported to the Local Bus Board, and the ITA Bus Committee shall direct Nexus to amend the Draft Bus Network Business Plan accordingly.

5. Bus Network Business Plan

- 5.1 The Draft Bus Network Business Plan shall be approved by the ITA provided that the ITA is satisfied that the requirements specified in paragraph 5.2 are met ("**the Bus Network Business Plan**").

- 5.2 The requirements are that the Draft Bus Network Business Plan:
- 5.2.1 works within the context of the ITA's budget strategy;
 - 5.2.2 on implementation, will allow the Scheme to continue to meet the public interest criteria; and
 - 5.2.3 including any variations required, can be made within the terms of the existing Scheme.
- 5.3 In the event that paragraphs 5.2.1 and 5.2.2 have been satisfied, but paragraph 5.2.3 will not be satisfied by the Draft Bus Network Business Plan, the ITA shall determine whether to vary the QCS pursuant to section 132 of the Transport Act 2000 (as amended), or whether to implement the Draft Bus Network Business Plan without such variations which cannot be made within the terms of the existing Scheme.
- 5.4 Nexus shall promptly implement the Bus Network Business Plan, including but not limited to:
- 5.4.1 effecting any required contractual changes;
 - 5.4.2 procuring any additional Quality Contracts required; and
 - 5.4.3 producing any necessary customer information with as much prior notice as possible.

PART IV: VARIATION OF THE QCS

1. Variation of the QCS

A variation may only be made to the Quality Contract Services where such change:

- 1.1 will result in compliance with the conditions set out in section 124(1)(a) to (e) of the Act;
 - 1.2 is made in accordance with the Governance Arrangements in this Annex 7;
 - 1.3 is capable of being implemented either in accordance with the terms of the relevant existing Quality Contract (including any variations permitted pursuant to the terms of those Quality Contracts), through the procurement of additional Quality Contracts or without any amendment to a Quality Contract; and
 - 1.4 is determined in accordance with the Annual Development Cycle or the Emergency Network Change Procedure (as required).
2. Where the ITA decides to proceed with a variation to the Scheme which consists of:
- 2.1 the addition of Local Services that do not fall within the definition of Quality Contract Services and are not capable of being made in accordance with paragraph 1;
 - 2.2 the withdrawal of Local Services that currently fall within the definition of Quality Contract Services and which are not capable of being made in accordance with paragraph 1;
 - 2.3 the alteration of exclusions from the Scheme; or
 - 2.4 a change which does not fall within the scope of the existing Scheme,
- such variation shall be made in accordance with section 132 of the Transport Act 2000 (as amended).

PART V: EMERGENCY NETWORK CHANGE PROCEDURE

1. Exceptional Events

- 1.1 An event is an "**Exceptional Event**" where it has a material adverse effect on the delivery of a Quality Contract Service and the effect of such event cannot be managed effectively through implementation of the base specifications for Quality Contract Services specified in the Scheme.
- 1.2 Exceptional Events shall include but are not limited to:
- 1.2.1 the unanticipated opening, closing, expansion or contraction of a major demand attraction;
 - 1.2.2 short term events causing disruption or otherwise adversely affecting the operation of highways; and
 - 1.2.3 in relation to scholars services, ad-hoc changes to vehicle routings, timetables and capacities in response to previously unforeseeable changes in demand.
- 1.3 The relevant classes of Exceptional Events will be reflected in the change procedure contained in each Quality Contract.

2. Short Term Response Procedure

- 2.1 If the adverse effects of an Exceptional Event can be remedied (in the short term) through the re-routing or re-timing of a Quality Contract Service ("Short Term Change"), the ITA may direct Nexus to make such Short Term Change in which case the procedure set out in this paragraph 2 shall apply.
- 2.2 Nexus shall report the Short Term Change to the ITA Bus Committee for review and consideration at the next meeting of the ITA Bus Committee. The ITA Bus Committee shall:
- 2.2.1 consult any relevant Local Bus Board in relation to the Short Term Change; and
 - 2.2.2 seek advice from Nexus in relation to the cost of the proposed Short Term Change.
- 2.3 Where the ITA Bus Committee considers that the Short Term Change is appropriate and the Exceptional Event is continuing, the ITA Bus Committee shall:
- 2.3.1 accept the Short Term Change for the duration of the Exceptional Event, as a formal change to the Quality Contract Services;
 - 2.3.2 monitor the Short Term Change for the duration of the Exceptional Event; and
 - 2.3.3 following the resolution of the Exceptional Event, direct Nexus to reinstate the previous Quality Contract Service to the extent that Nexus has not already done so through the terms of the relevant Quality Contract(s).
- 2.4 If the ITA Bus Committee considers that the Short Term Change is not appropriate and the Exceptional Event is continuing the ITA Bus Committee shall:
- 2.4.1 if appropriate, direct Nexus to alter the Short Term Change and either:

- 2.4.2 revert to provision of the Quality Contract Services as specified in the relevant Quality Contract prior to the Short Term Change; or
- 2.4.3 make another change as determined by the ITA Bus Committee to manage the Exceptional Event where such change is also permitted under the change mechanism of the relevant Quality Contract.

3. Long Term Response Procedure

- 3.1 Where the action to be taken in response to an Exceptional Event requires a medium to long-term change to the level or nature of fares to be charged on Quality Contract Services, the ITA shall follow the procedure set out in this paragraph 3.
- 3.2 An exceptional meeting of the ITA shall be called to consider the matter, pursuant to which the ITA shall direct Nexus to take such action as is necessary in accordance with the terms of each Quality Contract which may be affected and Nexus shall consider whether any adjustments are required prior to the end of the Annual Development Cycle and shall recommend any such adjustments to the ITA identifying:
 - 3.2.1 what can be achieved in accordance with the terms of the existing Quality Contracts or whether a further Quality Contract must be procured in order to implement the recommended adjustments;
 - 3.2.2 whether such adjustments are consistent with the terms of the existing Scheme and compliant with the public interest criteria; and
 - 3.2.3 whether such adjustments require a change to the Scheme in order to manage the relevant Exceptional Event, and whether the proposed change would result in the varied Scheme being compliant with the public interest criteria.

4. General

- 4.1 Nexus shall ensure that the details of each Exceptional Event are included in the next Annual Development Cycle.
- 4.2 Following the implementation of any adjustments to manage an Exceptional Event through the Annual Development Cycle, any remedial measures implemented through the Emergency Network Change Procedure shall cease.

PART VI: CROSS BOUNDARY

1. Cross Boundary coordination

1.1 The ITA shall:

- 1.1.1 formally consult the Neighbouring Councils during the Annual Development Cycle;
- 1.1.2 take into account the reasonable requirements of the relevant Cross-Boundary Group pursuant to paragraph 1(4) of Part I (ITA Bus Committee) of this Annex 7; and
- 1.1.3 wherever practicable, support the achievement of the local transport policies of the Neighbouring Councils.

SCHEDULE A

TERMS OF REFERENCE: ITA BUS COMMITTEE

[Note: Insert Appendix U - Terms of Reference for ITA Bus Committee from QCS Proposal.]

SCHEDULE B

TERMS OF REFERENCE: LOCAL BUS BOARDS

[Note: Insert Appendix W - Terms of Reference for Local Bus Boards from QCS Proposal.]

SCHEDULE C

ANNUAL DEVELOPMENT CYCLE

[Note: Insert Appendix X - Annual Development Cycle from QCS Proposal.]

ANNEX 8: Tender Features

Article 7

[Note: to reflect the requirements specified in section 4.8 of the QCS Proposal]