

**BASIC IMPLEMENTATION AGREEMENT
(Emerging Costs)**



[Name & address of counterparty]

[Network Rail local office address]

(the “**Customer**”)

Dated: as at signatures

Dear Sirs

Basic Implementation Agreement relating to [♦] (“the Agreement”)

1 The Customer has requested Network Rail Infrastructure Limited of 1 Eversholt Street, London NW1 2DN (“**Network Rail**”), and Network Rail has agreed, to carry out the Works for the Customer on the terms set out below. The Customer has confirmed it will fund the Works on the terms and conditions contained in this Agreement.

Definitions and Interpretation

2 The definitions detailed in Schedule 1) shall apply to this Agreement. Unless expressly stated to the contrary, any reference in this Agreement to the right of consent, approval or agreement shall be construed such that such consent, approval or agreements shall not be unreasonably delayed or withheld. The Parties acknowledge that:

- (a) the withholding or delaying of the giving of consent, approval or agreement by the Customer under this Agreement which would place Network Rail in breach of the law, the Network Licence, any Standard or any contract would be unreasonable;
- (b) nothing in this Agreement shall require Network Rail to give or procure the giving of any consent or approval which would be contrary to the protection, safety and efficient operation of the Railway and the safety of persons or property on or near the Railway; and
- (c) notwithstanding any other provision of this Agreement, in performing its obligations and exercising its rights under this Agreement Network Rail shall retain sole discretion in relation to safety in its role as Infrastructure Manager or as owner and operator of the Network in accordance with the Network Licence.

Obligations of the Customer

3 Without prejudice to Paragraph 2, the Customer will:

- (a) act in good faith towards Network Rail in respect of this Agreement;
- (b) use reasonable endeavours to avoid unnecessary complaints, disputes and claims against Network Rail; and
- (c) not interfere with the rights and obligations of Network Rail under this Agreement nor in any other way hinder, prevent or delay Network Rail from performing its obligations under this Agreement.

4 The Customer shall comply with its obligations under this Agreement including carrying out actions or providing information as reasonably requested from time to time by Network Rail as is necessary for Network Rail to comply with its obligations under this Agreement. If any delay is caused to the Implementation Programme as a result of failure by the Customer to

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comply with this Paragraph 4, then the Completion Date and the Liquidated Damages Payment Date shall be extended by such period as is reasonable in the circumstances.

- 5 Information or instructions provided to Network Rail by, or on behalf of, the Customer in connection with the Works shall be prepared and given in such a diligent and professional manner and with such clarity, in such detail and in a timely manner as is necessary for Network Rail to comply with its obligations under this Agreement.

Obligations of Network Rail

- 6 Without prejudice to Paragraph 2, Network Rail will:
- (a) act in good faith towards the Customer in respect of this Agreement and use reasonable endeavours to avoid unnecessary complaints, disputes and claims; and
 - (b) not interfere with the rights and obligations of the Customer under this Agreement nor in any other way hinder, prevent or delay the Customer from performing its obligations under this Agreement.
- 7 Network Rail will carry out the Works in accordance with:
- (a) Good Industry Practice;
 - (b) Legal Requirements and Standards;
 - (c) Necessary Consents; and
 - (d) the Works Requirements and the terms of this Agreement.
- 8 Network Rail may subcontract all or part of its obligations under this Agreement. Notwithstanding the appointment of a sub-contractor, Network Rail shall remain liable for the performance of its obligations.
- 9 Network Rail will procure that the Works are completed by the Completion Date and shall use reasonable endeavours to carry out the Works in accordance with the Implementation Programme as may be amended from time to time by Network Rail after reasonable consultation with the Customer. Network Rail is entitled to extend the Completion Date and the Liquidated Damages Payment Date under Paragraphs 4, 20, 23, 24, 26 and 40, provided that Network Rail will not be entitled to change the Completion Date or the Liquidated Damages Payment Date to the extent any delay is caused by the negligence or breach of Network Rail.
- 10 Network Rail will prepare works status reports at agreed intervals (but no more frequently than every four weeks) for submission to the Customer. The reports shall include information relating to progress of the Works and provide key financial information for the Works; including any updates to the Estimated Project Cost and any other reasonable information reasonably requested by the Customer.
- 11 Network Rail hereby elects (and the Customer acknowledges such election) that it shall be the only 'client' in accordance with the Construction (Design and Management) Regulations 2015.
- 12 Network Rail shall effect and maintain (or procure the taking out and the maintenance of) appropriate insurances for the carrying out of the Works.
- 13 Network Rail shall, at the reasonable request of the Customer, allow the Customer access to any information in the custody or control of Network Rail and to attend and observe any progress meetings Network Rail has with its contractor in respect of the Works.
- 14 Network Rail shall use reasonable endeavours to carry out the Works for the Estimated Project Cost, but, without prejudice to the other terms of this Agreement, the Customer shall pay all Network Rail Costs reasonably and properly incurred by Network Rail.
- 15 If Network Rail becomes aware of any matter which will prevent or impede it from performing its obligations in this Agreement or will prevent or impede its contractor from carrying out the Works, Network Rail shall notify the Customer promptly and in any event within five (5) Working Days after becoming so aware.

Necessary Consents

- 16 Where it is necessary for Network Rail to apply for Necessary Consents, Network Rail shall use reasonable endeavours to obtain such Necessary Consents but does not guarantee that the Necessary Consents will be granted or that the terms of Necessary Consents granted will

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be acceptable to the Customer. Network Rail (where reasonably requested) will provide relevant correspondence in respect of Necessary Consents to the Customer and will take into account the Customer's views in this regard.

- 17 Subject to Paragraph 18, the Customer shall pay all costs reasonably incurred in applying for the Necessary Consents and any costs or compensation payable as a consequence of the grant of the Necessary Consents (except to the extent that they are due to the negligence or breach of Network Rail).
- 18 In the case of agreement of the Regulated Change before the Commencement Date the Regulated Change shall be as listed in Section C of Schedule 2. Where a Regulated Change that Network Rail is undertaking, has not been agreed before the Commencement Date, then following agreement of that Regulated Change and prior to the commencement of the Works the Parties shall meet and agree an estimate of costs up to the Completion Date for the Regulated Change. The estimated Regulated Change costs shall be listed in Section C of Schedule 2. If they are not included at the Commencement Date, as soon as the estimate has been agreed, the Parties shall set it out in Section C of Schedule 2.
- 19 Network Rail's obligations in relation to obtaining any Necessary Consents are conditional upon Network Rail receiving in full the documentation and assistance related to the relevant Necessary Consent which it may reasonably require and has requested from the Customer.
- 20 Network Rail shall have no liability to the Customer under this Agreement and shall have the right to extend the Completion Date and the Liquidated Damages Payment Date by such period as is reasonable in the circumstances as a result of any Necessary Consent not being granted or any delay in granting any Necessary Consent or the terms upon which any Necessary Consent is granted except to the extent that it is as a result of a negligence or breach by Network Rail and in which case Network Rail will be liable for any direct costs incurred by the Customer.
- 21 In conducting any discussions or negotiations with train operators in relation to a Regulated Change, Network Rail, subject to any reasonable confidentiality requirements, will allow the Customer to attend relevant meetings, provide the Customer with relevant correspondence and have due regard to the Customer's comments (if any) in relation to Regulated Change.¹

Additional Expense

- 22 Network Rail shall own the Works upon their completion. The Customer agrees to reimburse Network Rail all additional operation, maintenance and renewals costs that may arise for Network Rail as a result of the Works and/or any Regulated Change unless such additional costs are less than £50,000 per annum after deduction of any sums paid to Network Rail by a third party.

Variations

- 23 Any Variations shall be paid for by the Customer (unless the Parties agree otherwise or it is a Variation of the type specified in Paragraphs 24(a) to 24(c)) and shall only be effective if agreed by both Parties in writing.
- 24 Notwithstanding any provision in this Agreement, where Network Rail reasonably considers that a Variation is necessary:
- (a) to avoid, address or alleviate a Network Operation Issue; or
 - (b) to carry out any works necessary due to any Existing Asset Obligation; or
 - (c) to address, alleviate or comply with (as appropriate) a Mandatory Variation; or
 - (d) to address, alleviate or comply with (as appropriate) any Legal Requirement or a direction of a competent authority or any requirement of the Network Licence to the extent it is not a Mandatory Variation; or
 - (e) as a consequence of the crystallisation of a risk which is identified in the QRA; or
 - (f) to meet the Works Requirements and the need for the Variation was not reasonably foreseeable as at the Commencement Date,

Network Rail shall be entitled to a Variation to the extent that is reasonable in the circumstances.

¹ This Paragraph 21 should be deleted when the Customer is a Train Operating Company.

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- 25 Where Network Rail considers that a Variation is necessary under Paragraph 24, it shall consult with the Customer (providing reasonable information concerning the proposed Variation) and take into account the reasonable comments of the Customer when considering the scope, cost and effect of the Variation. The Customer may not object to a Variation under Paragraph 24 but may refer any matter concerning the scope, cost and effect of the Variation to be resolved under Paragraph 47.

Compensation and Relief

- 26 Network Rail shall bear all direct costs reasonably incurred by the Customer (unless such costs are below £10,000 in aggregate) as a result of:

- (a) any delay to the Works which is caused by a Network Operation Issue;
- (b) any interference with the Works which is caused by another contractor from an interfacing project; and/or
- (c) any booked possession being cancelled or altered (including as a result of any default by any train operator other than the Customer);

except to the extent such costs are incurred due to the breach or negligence of the Customer or any contractor appointed by the Customer (other than Network Rail).

Intellectual Property

- 27 Network Rail hereby grants to the Customer a non-exclusive, royalty-free licence to use (solely in connection with the Works) any intellectual property created as a result of the design and implementation of the Works which is owned by Network Rail. Network Rail shall use its reasonable endeavours to procure the grant to the Customer of a similar licence to use any intellectual property rights created as a result of the design and implementation of the Works which are owned by any third party. Save as aforesaid the Customer shall not acquire any intellectual property rights as a result of this Agreement or the Works.

- 28 The Customer shall indemnify Network Rail from and against any and all Losses arising from the use by the Customer of any intellectual property other than for the purposes of the Works. Network Rail shall indemnify the Customer from and against any and all Losses arising from the use by Network Rail of any intellectual property other than for the purposes of the Works.

Completion

- 29 Where the Works have been completed in accordance with the Completion Criteria, Network Rail shall issue a Completion Certificate to the Customer.

Payment

- 30 The Customer shall pay to Network Rail all reasonably and properly incurred Network Rail Costs in accordance with the terms set out in Paragraph 31 and Schedule 3).

- 31 Within ten (10) Working Days after the end of each payment period, Network Rail shall submit an invoice to the Customer. The Customer shall pay each invoice in full within twenty (20) Working Days from receipt of the invoice. If the Customer wishes to dispute the amount set out in an invoice, it shall notify Network Rail within fifteen (15) Working Days of delivery of the invoice specifying the disputed amount and the grounds on which it claims that such amount is not due and payable. Late payment of any amount due and payable under any invoice shall carry interest from the due date to the date of payment at the rate of three month LIBOR plus 2% per annum. All amounts are exclusive of value added tax, which will be charged at the applicable rate.

Limitation of Liability

- 32 Save as otherwise expressly provided in this Agreement, neither Party shall be liable in respect of any Losses payable under or in connection with this Agreement except where:

- (a) the aggregate amount of all Losses suffered by the relevant Party exceeds £10,000. For the avoidance of doubt, (i) in such an instance all Losses can be claimed not just the Losses in excess of £10,000 and (ii) after payment of such Losses, no further claim shall be made until the earlier of any further Losses suffered being in excess of £10,000 or Completion or termination of this Agreement; or
- (b) the Losses are incurred as a result of, or are sums unpaid by the Customer under Paragraph 30 or Schedule 3).

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- 33 Network Rail's maximum aggregate liability to the Customer for any reason arising under, or in connection with, this Agreement or the Works including but not limited to breach of contract, in tort (including negligence), or for breach of statutory duty shall not exceed the Network Rail Cap. Notwithstanding the Network Rail Cap where, in respect of the same event, Network Rail recovers any sums under an insurance policy of the type referred to in Paragraph 12, it shall pay such sums (if and to the extent that such recovered sums relate to loss suffered by the Customer and not by Network Rail itself) to the Customer. For the avoidance of doubt, any sums recovered by Network Rail under such insurance policy and paid to the Customer shall contribute to the Network Rail Cap insofar as the Network Rail Cap has not already been reached. Network Rail shall use reasonable endeavours to make such recovery (which shall include an obligation to make and diligently pursue a claim but shall not include an obligation on Network Rail to take legal action).
- 34 Paragraph 33 shall not apply to any Losses incurred by the Customer as a result of any liability in respect of (a) death or personal injury resulting from a negligent act or omission or breach of statutory duty by Network Rail or any employee of Network Rail and/or (b) the fraud or fraudulent misrepresentation of Network Rail (or its contractor employed to carry out the Works).
- 35 Any Losses payable by either Party shall, be reduced to the extent that they are caused by or contributed to by the other Party's own negligence or breach of its obligations under this Agreement.
- 36 Subject to the limit on liability in Paragraph 33, if the relevant Completion Criteria have not been achieved by the Liquidated Damages Payment Date, unless due to the fault of the Customer or any contractor employed by the Customer, then Network Rail shall pay to the Customer the sum of £[♦]² for each day from the Liquidated Damages Payment Date until the date the Completion Certificate is issued by Network Rail in accordance with Paragraph 29 or the date that it is determined under the escalation procedure and/or the dispute resolution procedure pursuant to Paragraphs 47 and 48 that Completion has occurred. The Customer is not entitled to claim any other Losses in relation to delay of the Completion Date except under this Paragraph 36.
- 37 The Customer's maximum aggregate liability to Network Rail for any reason arising under or in connection with this Agreement shall not exceed an amount equal to the Customer Cap. Notwithstanding the Customer Cap where, in respect of the same event, the Customer recovers sums under an insurance policy (including any insurance maintained by a contractor employed by the Customer) or under any contract entered into by the Customer, it shall pay such sums (if and to the extent that such payments relate to loss suffered by Network Rail and not by the Customer itself) to Network Rail. For the avoidance of doubt, any sums recovered by the Customer under such insurance policy or contract and paid to Network Rail] shall contribute to the Customer Cap insofar as the Customer Cap has not already been reached. The Customer shall only be required to use reasonable endeavours to make such recovery (which shall include an obligation to make and diligently pursue a claim but shall not include an obligation on the Customer to take legal action) and only if and to the extent that such payments relate to loss suffered by Network Rail and not by the Customer itself.
- 38 Paragraph 37 shall not apply to:
- (a) the Customer's payment obligations under Paragraphs 17, 22, 31, 45 or Schedule 3);
 - (b) any Losses incurred by Network Rail due to the negligence (except to the extent such negligence relates to the carrying out of any design by the Customer or any contractor appointed by the Customer), fraud or fraudulent misrepresentation by the Customer or by any contractor appointed by the Customer (other than Network Rail);
 - (c) any Losses incurred by Network Rail due to negligence in relation to the carrying out of any design by the Customer or any contractor appointed by the Customer which Losses shall not exceed an amount equal to the Design Liability Cap; and
 - (d) any liability in respect of death or personal injury resulting from a negligent act or omission or breach of statutory duty by the Customer or any employee of the Customer.

² This will be based on that agreed with the Customer representing a pre-estimate of the Customer's loss which will be negotiated by the Parties acting reasonably. If the Parties cannot agree a figure the clause should be redrafted to include a cap on damages.

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- 39 In no circumstances shall Network Rail or the Customer be liable to one another for any Indirect Loss (without prejudice to any express payment or indemnity obligation of either Party under this Agreement).

Force Majeure Events

- 40 Subject to Paragraphs 41 and 42, each Party shall be relieved from liability for non-performance of its obligations under this Agreement (other than any obligation to make payment) to the extent that it is not able to perform such obligations by reason of a Force Majeure Event. Network Rail shall be entitled to a change to the Completion Date and the Liquidated Damages Payment Date to reflect an extension of time properly awarded under the Contracts in respect of a Force Majeure Event.
- 41 Each Party shall at all times following the occurrence of a Force Majeure Event:
- (a) take all reasonable steps to prevent and mitigate the consequences of such an event upon the performance of its obligations under this Agreement, resume performance of its obligations affected by the Force Majeure Event as soon as practicable and use all reasonable endeavours in accordance with Good Industry Practice to remedy its failure to perform; and
 - (b) not be relieved from liability under this Agreement to the extent that it is not able to perform, or have not in fact performed, its obligations under this Agreement due to any failure to comply with its obligations under Paragraph 41(a).
- 42 On the occurrence of a Force Majeure Event, the affected Party shall serve notice on the other Party as soon as reasonably practicable and in any event within 10 Working Days of it becoming aware of the relevant Force Majeure Event. The affected Party shall notify the other Party as soon as practicable once the performance of its affected obligations can be resumed (performance to continue on the terms existing immediately prior to the occurrence of the Force Majeure Event).

Termination

- 43 Either Party may by serving notice on the other Party terminate this Agreement with immediate effect if:
- (a) the other Party is in persistent and material breach of this Agreement (provided that the Party wishing to terminate shall first notify the other Party of any remediable breach and its intention to terminate, and shall allow the other Party a period of twenty (20) Working Days to remedy such breach); or
 - (b) the other Party becomes insolvent.
- 44 The Customer may terminate this Agreement by giving twenty (20) Working Days written notice to Network Rail if:
- (a) the latest estimated duration of the Works results in the likelihood of the Works not being completed by a date [xx] months after the Completion Date; or
 - (b) the estimated costs of carrying out the Works are more than 25% greater than the Estimated Project Costs (adjusted for any agreed Variation)

unless the same is due to the negligence or breach of the Customer.

Consequences of Termination

- 45 Upon termination of this Agreement:
- (a) the Customer shall pay Network Rail:
 - (i) the Network Rail Costs incurred up to the date of termination; and
 - (ii) (except where termination is due to Network Rail's default or insolvency) the costs and expenses reasonably incurred by Network Rail in terminating this Agreement (including removal of all plant, equipment and those materials not incorporated into the Works and reinstatement of the Works (or such part thereof as may exist as at the date of termination) and the relevant part or parts of the Railway affected by the Works to the extent necessary to (i) make the same safe and/or secure; and/or (ii) enable Network Rail to meet its contractual, statutory and Network Licence obligations (including the reasonable cost of any contractors and compensation to third parties). The

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decision to make good the site and/or complete the Works (or part of them) shall be discussed with the Customer but shall be the final decision of Network Rail); and

- (b) all obligations of the Parties under this Agreement shall cease except for:
 - (i) the provisions of Paragraphs 22, 26, 27, 28, 30, 31, 32, 45 and 46; and
 - (ii) any obligations arising as a result of any antecedent breach of this Agreement or any accrued rights.

Confidential Information

- 46 Neither Party shall disclose any confidential information save as required by any enactment, requirement of any regulatory authority or pursuant to any judicial or arbitral process, or in the case of Network Rail as required by its statutory duties or Network Licence. On termination of this Agreement, the Customer shall either destroy or, if reasonably requested to do so, return any confidential information within its possession or control that belongs to or was provided by Network Rail.

Escalation and Dispute Resolution

- 47 Should any dispute arise out of or in connection with this Agreement, then the Parties' project managers shall initially discuss and attempt to resolve the dispute. If the project managers are unable to resolve the dispute to the satisfaction of both Parties, the dispute shall be escalated to the Parties' appropriate senior managers for resolution. If the senior managers are unable to resolve the dispute to the satisfaction of both Parties, it shall be escalated to the Parties' appropriate directors for resolution then either Party may refer the matter to adjudication in accordance with Paragraph 48.
- 48 Either Party may refer to adjudication any dispute arising out of or in connection with this Agreement in accordance with the Housing Grants, Construction and Regeneration Act 1996. The adjudicator shall be agreed between the Parties and failing agreement within five (5) Working Days of receipt by one Party of a proposal by the other the adjudicator shall be nominated at the request of either Party by the President or Vice President for the time being of TECBAR.

Freedom of Information

- 49 If either Party receives a request for the disclosure of information relating to the Works and/or this Agreement (the **Works Information**) under the Freedom of Information Act 2000 and/or the Environmental Information Regulations 2004 (together the **Information Acts**) it shall comply with such request in accordance with the relevant Information Act to the extent it is obliged to do so and provided that no exemption from disclosure in the relevant Information Act applies. Prior to making such disclosure it shall give the other Party the reasonable opportunity to make representations as to why the disclosure should not be made (including but not limited to any exemptions from disclosure that may apply) and shall inform the other Party of any disclosure made. For the purpose of paragraph 43(2) of the Freedom of Information Act 2000, the Parties acknowledge and agree that the disclosure by it of any commercially sensitive Works Information is likely to prejudice the interests of the Parties.

Miscellaneous

- 50 Any notice pursuant to this Agreement shall be in writing and shall be duly and validly served if delivered by hand or sent by first class post to the registered office of the relevant Party. Any notice sent by post shall be conclusively treated as having been served two (2) Working Days after posting.
- 51 Neither Party may assign or charge its rights or interests under this Agreement without the prior written consent of the other Party (not to be unreasonably withheld or delayed).
- 52 Neither Party intends that any term of this Agreement should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person other than Network Rail or the Customer.
- 53 No amendment to or variation of this Agreement shall be effective unless in writing and signed by or on behalf of each Party. No general terms and conditions contained in any

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purchase order or other document customarily required by either Party in connection with a request for works or services shall be binding on the Parties.

- 54 This Agreement constitutes the entire agreement between the Parties relating to the subject matter of this Agreement and supersedes any previous agreements between the Parties. Each Party acknowledges that in entering into this Agreement it is not relying upon any statement or representation not set out in this Agreement.
- 55 This Agreement shall be governed by and construed in accordance with the laws of England and Wales. Save as expressly provided otherwise, the Parties agree that the courts of England and Wales shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with this Agreement.

Yours faithfully

Signed by

.....
duly authorised for and on behalf of
Network Rail Infrastructure Limited

We agree to the above

Signed by

.....
duly authorised for and on behalf of
[Customer's full name]

Dated:

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Schedule 1)

Definitions

For the purposes of this Agreement:

Access Agreement means an access contract or an access agreement as defined in the Act

Act means the Railways Act 1993 as amended

Change in Law means the application to any Party of any Legal Requirement which did not so previously apply or the change of any Legal Requirement applying to that Party (including any such Legal Requirement ceasing to apply, being withdrawn or not being renewed) other than in relation to corporation tax (or any other tax of a similar nature replacing corporation tax on profits or gains) or value added tax

Change in Standards means the coming into effect, after the Commencement Date or GRIP 3 if later, of a Group Standard or of any amendment thereto, or of a Network Rail Standard or of any amendment thereto with which Network Rail is obliged to comply

Commencement Date means the date of this Agreement

Completion Certificate means a certificate issued by Network Rail in accordance with Paragraph 29

Completion Criteria means those criteria specified in Section F of Schedule 2)

Completion Date means the date for completion of the Works as specified in Section G of Schedule 2), as amended or varied from time to time in accordance with this Agreement

Contract means the contract between Network Rail and its contractor

Customer Cap means an amount equal to 10% of the Estimated Project Cost as at the Commencement Date

Design Liability Cap means an amount equal to [♦]

Estimated Project Cost means the amount specified in Section B of Schedule 2) as updated from time to time consisting of the total estimated costs of the Works up to the completion of the Works, including construction costs, contractor costs, agreed and estimated Regulated Change Costs, Network Rail Costs and contingency

Existing Asset Obligation means any statutory or contractual obligation as at the date of this Agreement for Network Rail to carry out works in relation to any land or asset owned by Network Rail

Force Majeure Event means any of the following events (and any circumstance arising as a direct consequence of any of the following events):

- (a) an act of the public enemy or terrorists or war (declared or undeclared), threat of war, revolution, riot, insurrection, civil commotion, demonstration or sabotage;
- (b) acts of vandalism or accidental damage or destruction of machinery, equipment, track or other infrastructure in areas other than the site of the Works;
- (c) natural disasters or phenomena, including extreme weather or environmental conditions (such as lightning, earthquake, hurricane, storm, fire, flood, drought or accumulation of snow or ice);
- (d) nuclear, chemical or biological contamination;
- (e) pressure waves caused by devices travelling at supersonic speeds;
- (f) discovery of fossils, antiquities or unexploded bombs; and or
- (g) strike or other industrial action other than involving the Customer or Network Rail

Good Industry Practice means in relation to the performance of any activity to which this standard is applied, the exercise of that degree of skill, diligence, prudence and foresight as would reasonably be expected from a properly qualified and competent person engaged in carrying out works or services of a similar size, nature, scope, type and complexity, complying with all Legal Requirements and applicable British, European and International standards and published codes of practice

GRIP means the Network Rail document entitled Governance for Railway Investment Projects as amended from time to time;

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GRIP 3 means the option selection stage reached following the GRIP process;

Implementation Programme means the programme set out in Section E of Schedule 2) as updated from time to time

Indirect Loss means loss of production, loss of profit, loss of revenue, loss of contracts, liabilities incurred under other agreements (save costs paid by the Customer to contractors appointed by the Customer in relation to the Works) or any indirect or consequential loss arising out of or in connection with this Agreement

Infrastructure Manager has the meaning set out in the Railways and Other Guided Transport Systems (Safety) Regulations 2006 (**ROGS**)

Legal Requirement means any of the following:

- (a) any enactment to the extent that it applies to that Party;
- (b) any regulation made by the Council or the Commission of the European Union to the extent that it applies to that Party or a decision taken by the Commission of the European Union which is binding on that Party to the extent that it is so binding; and
- (c) any interpretation of law, or finding, contained in any judgement given by a court or tribunal of competent jurisdiction in respect of which the period for making an appeal has expired which requires any legal requirement falling within Paragraphs (a) or (b) above to have effect in a way which is different to that in which it previously had effect

Liquidated Damages Payment Date³ means the date stated in Section H of Schedule 2), or as amended from time to time in accordance with this Agreement

Losses means costs, claims, damages, demands, losses, expenses, or liabilities incurred by the relevant person but excluding any Indirect Loss

Mandatory Variation means any Variation necessitated by:

- (a) any Specific Change in Law; and/or
- (b) any Change in Standards for safety reasons

Necessary Consents means all approvals, permissions, consents, licences, certificates, registrations and authorisations (including Regulated Changes), whether statutory or otherwise, which are required from time to time for the purposes of carrying out the Works

Network means the railway facilities of which Network Rail or another Party is the facility owner (as defined in section 17(6) of the Act

Network Code means the code setting out the rules applying to all regulated Access Agreements

Network Licence means the licence to operate the Network granted to Network Rail pursuant to section 8 of the Act

Network Operation Issue means:

- (a) any safety critical event, which means a risk to the health and safety of any individual or risk of damage or destruction to any property or any incident which may reduce the safety integrity level of any item of infrastructure;
- (b) any operational emergency, which means any situation or circumstance which Network Rail reasonably considers requires immediate or urgent action in order to maintain or restore the effective operation of the Network or any part of it;
- (c) any Change in Law;
- (d) any requirement of the Network Licence;
- (e) any contractual commitment of Network Rail existing on, or prior to, the date of this Agreement

Network Rail Cap means the higher of:

³ The Liquidated Damages Payment Date recognises that the date on which LD's become payable may not be the same date as the Completion Date. The date should be the date the Customer would start incurring financial losses.

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- (a) £100,000; or
- (b) a sum equal to the total of Agency Costs, Contractors' Costs and Personnel Costs (all as defined in Schedule 3) included in the Estimated Project Cost as at the Commencement Date

Network Rail Costs has the meaning given in Schedule 3)

Party means a party to this Agreement and includes its successors in title, permitted assigns and permitted transferees and **Parties** shall be construed accordingly

QRA means the quantified assessment of risks and assumptions associated with the Works and which is set out in Section D of Schedule 2)

Railway means the Network and the provision of railway services as defined in section 82 of the Act in connection with the Network

Regulated Change means Network Change (as defined in the Network Code) and/or Station Change (as defined in the Station Access Conditions) to the extent that each is required in connection with the Works

Specific Change in Law means any Change in Law which applies expressly to:

- (a) the railway industry, a particular section of the railway industry or the provision of services to the railway industry and not to other transport modes or industries, including any changes to either Network Rail's Safety Authorisation or the Customer's Safety Authorisation or Safety Certificate (as appropriate), these terms as defined in ROGS, or Standards required by any Change in Law; or
- (b) the Works or works of a similar type, but not to works in general

Standards means Railway Group Standards and Network Rail Company Standards as at the date of this Agreement (including, for the avoidance of doubt, the Network Licence, the Network Code and the Station Access Conditions)

Station Access Conditions means the National Station Access Conditions 1996 (England and Wales) together with the station specific annexes applicable to the relevant stations the subject of the Works

Variation means any change or variation to the Works, the Completion Date and/or the Liquidated Damages Payment Date in accordance with Paragraphs 23 to 25 and, for the avoidance of doubt, includes a Mandatory Variation

Working Day means any day (other than a Saturday or Sunday) on which banks are open for business in England

Works means the whole of the design and construction works as described in the Works Requirements

Works Requirements means the specification in Section A of Schedule 2) which sets out a description of the Works

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Schedule 2)

The Works

- A Works Requirements
- B Estimated Project Cost
- C Necessary Consents (including Regulated Changes)
- D QRA
- E Implementation Programme
- F Completion Criteria
- G Completion Date
- H Liquidated Damages Payment Date

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Schedule 3)

Network Rail Costs

1 Definitions

The following terms shall have the following meanings when used in this Agreement:

Agency Costs means the cost to Network Rail of any Agency Personnel engaged in connection with the Works multiplied by 1.5, plus the properly incurred expenses and disbursements charged to Network Rail by such Agency Personnel

Agency Personnel means those personnel who have entered into a contract for services with Network Rail to provide services in connection with the Works

Contractors' Costs means the costs to Network Rail of any consultants or contractors engaged by Network Rail in connection with the observance and performance of its obligations in relation to the Works, plus the properly incurred expenses and disbursements of those consultants or contractors

Expenses and Disbursements means the costs, expenses and disbursements incurred by Network Rail in relation to the Works, in connection with:

- (a) printing, reproduction and purchase of documents, drawings, office consumables, maps and records;
- (b) travelling expenses in accordance with Network Rail's policies;
- (c) all technical, commercial and professional fees, costs and disbursements in connection with the Works but excluding Contractors' Costs and Agency Costs;
- (d) all internal and external legal and other costs, charges, and expenses properly incurred by Network Rail in connection with the preparation, negotiation and enforcement of any supplemental leases, licences (including in respect of intellectual property) and other documentation entered into by Network Rail and relating to the Works (including this Agreement);
- (e) insurance costs;
- (f) any sums payable by Network Rail pursuant to Conditions G and H of the Network Code where the same arise in connection with the carrying out or completion of the Works or the subsequent operation of the completed Works;
- (g) any other disbursements or expenses reasonably and properly incurred by Network Rail in connection with the Works (other than for Necessary Consent Costs). The Customer's prior written approval must be obtained for any such disbursements or expenses over £5,000; and
- (h) of any goods, services, materials or other items issued by or on behalf of Network Rail to the contractor at no cost to the contractor.

For the avoidance of doubt, costs arising from trespass and vandalism occurring in the area of the Works shall not be included as Network Rail Costs

Fee means an amount equal to the Network Rail Fee plus the Industry Risk Fee

Hourly Rate means in respect of each member of Network Rail's Personnel the rate set out in Paragraph 2 for their particular banding as the same may be adjusted from time to time in accordance with Paragraph 3, which rate will be payable in respect of all worked hours spent by Network Rail's Personnel in connection with the Works

Industry Risk Fee means an amount equal to 2% of the Agency Costs, Contractors' Costs and Personnel Costs as set out in the Estimated Project Cost as at the Commencement Date (as revised by any Variation other than a Variation of the type listed in Paragraph 24 (a) to (c) (inclusive)).

Necessary Consents Costs means the costs incurred by Network Rail in connection with any Necessary Consent for the Works including those related to:

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- (a) the costs of third parties associated with applying for, undertaking, changes to or as a consequence of any Necessary Consents;
- (b) any sums payable by Network Rail pursuant to Conditions G and H of the Network Code where the same arise in connection with the carrying out or completion of the Works; and
- (c) Possessions-Related Costs

Network Rail Costs means Agency Costs, Contractors' Costs, additional expense payable under Paragraph **Error! Reference source not found.**, Expenses and Disbursements, the Fee, Necessary Consents Costs, Personnel Costs, Possessions-Related Costs and Third Party Costs to the extent they arise from or are a consequence of the performance of its undertaking of the Works

Network Rail Fee means an amount equal to 5% of the aggregate of the Agency Costs, Contractors' Costs and Personnel Costs as set out in the Estimated Project Cost as at the Commencement Date (as revised in accordance with Paragraphs 23-25 other than a variation of the type described in Paragraph 24(a)-(c))

Network Rail's Personnel means any employees and/or officers of Network Rail

Personnel Costs means the sum of the relevant Hourly Rate multiplied by the number of hours spent by each member of Network Rail's Personnel in connection with the performance of Network Rail's obligations under this Agreement, except that should a delay arise in the Implementation Programme that is caused by the breach or negligence of Network Rail the Customer will not be liable for such amounts incurred after the date of completion of the Works which are in excess of those amounts that would have been allowable had the delay not occurred

Possessions-Related Costs means sums Network Rail will be obliged to pay to any train operator pursuant to Schedules 4 and/or 8 or equivalent provision of the relevant Access Agreement

Third Party Costs means any amount which Network Rail is obliged to pay to third parties in connection with the Works

2 Hourly Rates⁴

Banding	Hourly Rate
1	£180
2	£126
3	£95
4	£82
5	£67
6	£66
7	£61
8	£55

3 Adjustment of Hourly Rates

Network Rail shall adjust the Hourly Rates to reflect any rate review agreed between Network Rail and the ORR, or in the absence of such rate review annually on 1 April by the increase in the retail price index for the year ending the preceding November.

Where Network Rail identifies opportunities for delivering the Services for a lower cost by using Network Rail's Personnel for whom lower hourly rates apply, Network Rail will use reasonable endeavours to deliver the Services through such Network Rail's Personnel. In such cases, the hourly rate applicable to such Network Rail's Personnel shall apply.

4 Review

As from time to time requested by the Customer, Network Rail shall provide to the Customer reasonable access to and evidence and records of all amounts payable by the Customer

⁴ Rates apply from 01.04.2019.

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under this Schedule 3) (other than the Hourly Rates) together with such other information and records as the Customer may reasonably require (having at all times regard for Network Rail's confidentiality and contractual obligations), which may be reviewed and audited by or on behalf of the Customer.

5 Terms of Payment⁵

The terms of payment are as set out in paragraphs 14 and 15 of this agreement except that the Network Rail Fee of £[insert] and the Industry Risk Fee £[insert] will be added to the first invoice.

⁵ Any particular terms of payment beyond those set out in Paragraph 30 to be inserted.