**WEST MIDLANDS PASSENGER TRANSPORT EXECUTIVE**

**TRANSPORT ACT 1985**

**Child Travel (Bus) Concession**

**Reimbursement Arrangements**

**To be valid**

**From 1st August 2016**

**WEST MIDLANDS PASSENGER TRANSPORT EXECUTIVE**

**1985 ACT CHILD TRAVEL (BUS) CONCESSION**

**REIMBURSEMENT ARRANGEMENTS**

**1ST August 2016**

**The Arrangements**

1. These Child Travel (Bus) Concession Reimbursement Arrangements subsequently referred to as “the Arrangements” have been established by the West Midlands Passenger Transport Executive (“Centro”) , in pursuance of its powers under:-

1. the Transport Act 1985 (as amended) (“1985 Act”);
2. Travel Concession Scheme Regulations 1986 (“TCSR”);

1. and all other relevant legislation.

2. The Arrangements cover reimbursement arrangements for the 1985 Act Child Travel (Bus) Concession Scheme (“the Scheme”) established by the West Midlands Integrated Transport Authority (“ITA”).

3. Unless otherwise defined in these Arrangements words or terms used in the Arrangements shall have the same meaning as given to such words or terms in the 1985 Act, and TCSR.

 **Operative Date**

4. The Arrangements shall come into operation in its entirety on 1st August 2016 and be in operation until 31st July 2017 (inclusive).

**Objective for Reimbursement of Operators**

5. The objective of the Arrangements (which is not a duty) in relation to reimbursement of operators under the 1985 Act is to provide that such operators both individually and collectively are no better and no worse off financially than they would be if they did not participate in the Scheme in accordance with the principles set out in the TCSR but the ITA and Executive shall not be liable for any failure to achieve such objective.

 **Payment Periods and Dates**

6. The “payment periods” under the Arrangements are as set out in Schedule 7. Operators will be paid for all concessionary journeys made by eligible persons on Scheme Services (as defined in the Scheme), on a calendar month or 4-weekly basis as shown in the Schedule.

7. If for any reason the amount of reimbursement paid for any given period should have been higher, the Executive shall pay the difference to the operator within 1 month of the date of recalculation.

8. If for any reason the amount of reimbursement paid for any given period should have been less, the Executive shall recover the overpayment by deduction against the next period’s payment.

**Standard Method of Determining Reimbursement**

9. The standard method for assessing the total number of journeys made by eligible persons under the Scheme is set out in Schedule 1. The standard method for assessing the fares value to be attributed to those journeys is set out in Schedule 2. The standard method for calculating the reimbursement due to the operator will be on the basis of the formula and parameters set out in Schedule 3. The standard method for calculating the additional costs due to the operator is set out in Schedule 4. In calculating the reimbursement due to the operator, the Executive will take into account any data supplied by the operator if it can be shown that the data supplied is more accurate than the standard method and is more likely to enable the Executive to meet the objective set out in paragraph 5.

**Data**

10. When an operator first applies to participate in the Scheme, it shall supply to the Executive within 7 days:

1. a list of Scheme Services to be operated by that operator; and

(b) all relevant proposed fares and a list of the ticket types valid for travel on such services.

11. The operator shall inform the Executive of the introduction or cessation of any Scheme Services, changes to the times at which and routes on which Scheme Services operate, changes to fares and ticket types valid for travel on such services and any circumstances leading to the temporary cessation or major disruptions to such services, within 7 days of such event occurring.

12. An operator shall provide data to the Executive in accordance with the provisions of Schedule 5 for the purpose of calculating reimbursement amounts.

1. If the operator fails to provide such information or data as is referred to above then the Executive may in its discretion either defer all or part of any payment otherwise due to the operator until such omission is fully rectified or reimburse the operator on the basis of such estimated reimbursement as it considers appropriate in the absence of such data or survey information.

14. Where it becomes apparent to the Executive that any Scheme Service is or has been subject to material disruption, or has not been operated in accordance with the registered timetable, then the Executive may, after giving the operator the opportunity to comment on the effects of the same on the journeys being taken by eligible persons on such services, make such adjustments to the reimbursement due to such operators as it considers necessary to reflect the effects of such disruption or non-operation.

 **Review of Reimbursement**

15. At the end of July 2017 the Executive shall review the reimbursement calculations made in accordance with these reimbursement arrangements during the Scheme duration. This review shall include consideration of any more accurate information that may have become available, which may result in a recalculation of reimbursement applicable to each operator. Such review shall be concluded within 3 months.

16. The review shall exclusively cover calculation of the operators’ reimbursement and will not incorporate any changes to the method of determining reimbursement as specified in the Scheme.

17. If following the review it is determined by the Executive that the amount of reimbursement paid during the Scheme duration should have been higher, the Executive shall pay the difference to the operator within 3 months of completion of the review.

18. If following the review it is determined by the Executive that the amount of reimbursement paid during the Scheme duration should have been less, the Executive shall recover the overpayments from the operator within 3 months of completion of the review or at such time scale as agreed between the parties.

**Dispute Resolution Procedure**

19. If, following the review of the reimbursement calculations in accordance with the provisions of paragraphs 15 to 18 above, there is a dispute between an operator and the Executive in respect of the level of reimbursement paid to that operator then if such dispute relates to:

(a) the fares value to be attributed to journeys by persons eligible to receive concessions on the operator's Scheme Services;

(b) the total number of concessionary journeys made by eligible persons on such services; or

(c) the number of additional journeys generated in consequence of the availability on such services of such concessions;

then such dispute shall be the subject of the dispute resolution procedure set out in Schedule 6.

**Contact for Communications**

20. All notices, data and other information required to be given to the Executive under the Arrangements shall be provided to the following contact point (or such other contact point as may be nominated by the Executive to operators in writing from time to time):

Taryn Taylor

Concessionary Payments Manager

Centro

Centro House

16 Summer Lane

Birmingham

B19 3SD

telephone 0121 214 7433

fax 0121 214 7426

e-mail taryntaylor@centro.org.uk

21. When an operator is first admitted to the Scheme, they shall provide to the Executive details of the name, address, telephone number and fax number of its official contact for communications in relation to these Arrangements, and shall by notice in writing inform the Executive of any changes to the same.

22. Any notice or communication sent to the last such address, e-mail address or fax number as is referred to above shall be deemed to be duly served on the recipient. If an operator has failed to give notice in writing to the Executive of such an official contact, then the Executive may send any notice or other communication to any address set out in the most recent correspondence from the operator concerned, which shall be deemed to be its address for service.

**Schedule 1**

**Standard Method of Determining Passenger Journeys**

1. In the case of the concessions for children aged 5-15 and students aged 16-18 (including children and students carried without charge under category (iii) of Schedule 1 of the Scheme), the number of concessionary journeys (“J”) is taken from the operator’s period OP1 submission, as described in Schedule 5. In any case where an operator’s submission is unavailable, or, in the Executive’s reasonable opinion, is not sufficiently reliable, survey or other appropriate estimates are used.

**Schedule 2**

**Standard Method of Determining Fares Values**

## In the case of the concessions on cash fares for children and eligible students, in accordance with the principles set out in the TCSR and any subsequent applicable regulations:

## the value of the Average Fare Foregone (“AFF”) will be based on the equivalent fares paid by non-concessionary adult passengers on a service or services provided by that operator (“Fadult”), adjusted by a Commercial Discount Factor (“CDF”), which represents the likelihood that in the absence of the concession operators would modify the pricing relative to the current offer;

## the value of Fchild will be set at the actual concessionary fare paid.

## In the case of concessions on ticket types under the Network West Midlands multi-operator ticketing schemes (e.g. Centro Scholar passes, ‘n’Bus and ‘n’Network) for children and eligible students, in accordance with the principles set out in the TCSR and any subsequent applicable regulations:

## the total fares value (“FV”) will be the value of the aggregate child ticket revenue for distribution relating to each respective ticketing scheme, adjusted by a Peak Adjustment Factor (“PAF”). The PAF is derived from the level of eligible peak travel recorded against these ticket types as a proportion of total travel reported to the Executive by operators in the Scheme Area;

## the value of the revenue foregone will be set at twice the FV, adjusted by the CDF.

## For children and students carried without charge under category (iii) of Schedule 1 of the Scheme, the standard method for determining fares values is as set out in the Executive’s Transport Act 2000 Travel Concession Reimbursement Arrangements (“2000 Act Arrangements”).

**Schedule 3**

**Standard Method of Determining Reimbursement**

## 1. The Executive will calculate reimbursement payments in accordance with the principles set out in the TCSR and any subsequent applicable regulations. This Schedule describes the detailed implementation of those principles.

## 2. Calculation of the reimbursement due will be made in accordance with the payment periods and dates set out in paragraphs 6 to 8, and Schedule 7.

**Reimbursement Factor (RF)**

3. For the purposes of these Arrangements the value of the Reimbursement Factor will be set at a value of 1 for all journeys undertaken by holders of Centro (‘n’Network) Scholars products, and at a value of 0.96 for all other specified product types.

**Commercial Discount Factor (CDF)**

4. For the purposes of these Arrangements the value of the Commercial Discount Factor will be set at 0.67. Operators should be aware that this figure will be subject to review at the end of these Arrangements.

**Peak Adjustment Factor (PAF)**

5. For the purposes of these Arrangements the value of the Peak Adjustment Factor will be set at 0.8 for ‘n’Bus and ‘n’Network products, except for Centro Scholars products to which a PAF of 1 will apply.

**Reimbursement calculation**

6. In the case of cash fares, the reimbursement calculation for children and student journeys will be undertaken according to the following methodology:

Reimbursement = (J \* AFF \* RF) – (J \* Fchild)

where AFF = Fadult \* CDF

## 7. For ticket types under the Network West Midlands multi-operator ticketing schemes (e.g. ‘n’Bus and ‘n’Network) the total reimbursement to be distributed under each respective scheme will be calculated according to the following methodology:-

## Reimbursement = ((FV \* 2 \* CDF) \* RF) – FV.

## This total reimbursement amount will be distributed to participating Network ticketing scheme operators in direct proportion to the relevant eligible (peak) journeys on that operator’s Scheme Services, relative to the total for all operators. Reimbursement for the ‘n’Bus and ‘n’Network schemes will be calculated separately for the individual schemes.

## 8. For children and students carried without charge under category (iii) of Schedule 1 of the Scheme, the standard method for determining reimbursement is as set out in the 2000 Act Arrangements; operators should include these journeys in the *Holders of Free Concessionary Passes* figure on line (d) of their Operator Return (“OP1”) form.

9. Any other ticket and fare types including but not limited to other pre-paid season tickets that are included under the Scheme may be reimbursed under these Arrangements subject to prior agreement between the Executive and the operator as to the level of any reimbursement to be made.

**Schedule 4**

**Reimbursement for Additional Costs**

## An operator shall be entitled to additional reimbursement payments in accordance with Regulations 5 and 12 of the TCSR.

## The Executive will calculate the reimbursement for additional costs that it estimates the operator is due from the following formula, which makes use of the Reimbursement Factor specified in Schedule 3, paragraph 3 above:

##  Reimbursement for Additional Costs = volume \* (1 – RF) \* Ct

## where Ct is the standard rate for additional costs per generated passenger calculated by the Executive for period t. It is based on a standard value of 9.0 pence determined by the Decision Maker to appeals submitted to the Secretary of State for Transport during 2006/7, and which was increased to 9.6 pence for 2007/8 to reflect operator cost increases. It will be uplifted annually each September based on the most recent Consumer Price Index. For these Arrangements the forecast uplift is 0.3%, to 12.20 pence per generated journey.

## The Executive will consider claims for reimbursement for additional costs where these would not otherwise be reimbursed, potentially including administration costs and peak vehicle costs.

## Any operator claiming additional reimbursement payments shall, in making such a claim, provide the Executive with sufficient information supporting their claim.

## For claims involving additional costs for increases in the capacity or number of vehicles, the information required includes, but is not limited to:

## details of the additional number or capacity of vehicles used in providing eligible services as a result of concessions being available;

## information demonstrating that the additional capacity was required on those services, and is not spare capacity, and showing the extent to which the reason for requiring such additional capacity was due to the availability of concessionary travel;

## details of the cost of additional vehicles deployed (or provision of additional capacity) and details of how these have been utilised less any benefit realised by the operator from disposal (or other use) of vehicles previously used to provide such services and any other benefits e.g. generated commercial patronage; and

## any other information that the operator believes is relevant to its claim for additional reimbursement payments arising from providing additional vehicles or capacity to meet demand created by the availability of the concessions.

## The Executive shall use all data provided by the operator in conjunction with any further information that the Executive may itself have (including, but not limited to survey data) to assess the additional costs incurred by the operator and assess the additional reimbursement payments to be made.

## Payment of additional reimbursement under this Schedule shall be paid as agreed by the Executive and operator, or in the absence of agreement, on a calendar month basis starting from the payment date following the date of calculation of the costs additional to the basic operating costs carried out by the Executive in accordance with Regulations 5 and 12 of the TCSR.

**Schedule 5**

**Data Provision**

1. Every operator claiming reimbursement under these Arrangements is required to submit to the Executive a data statement (“OP1”) in accordance with the “OP1 Submission Dates” specified in Schedule 7. The OP1 is to contain the following:
	* 1. the total number of concessionary passenger journeys made on the operator’s Scheme Services by eligible persons in each of the concession categories set out in Schedule 1 of the Scheme during the preceding payment period.
		2. the total amount of fares by ticket type received by the operator for the passengers referred to in (i) above (whether received on or off bus).
2. The Executive reserves the right to audit any item of information provided by bus operators that is used in or is relevant to the calculation of Concessionary Reimbursements. This information includes all data on the form OP1, related prime documents and documentation demonstrating that the information supplied only includes those services on which concessions are available.
3. Operators are required to retain this information in an appropriate and accessible form for at least 18 months after the end of the year to which it relates. In addition, the Executive reserves the right to require individual operators, where notified before the end of this time, to retain the information for a longer period, for example, in the case of a current or pending investigation.
4. The Executive currently collects the information required utilising form OP1 as set out above. The Executive may reissue form OP1 from time to time as necessary.

**Schedule 6**

**Dispute Resolution Procedure (paragraph 19)**

1. Any dispute in connection with any matter arising from these Arrangements must be formally notified to the Executive in writing within three months of the completion of the Review of Reimbursement as laid out in paragraph 19.

2. In the event of any such dispute which cannot be resolved by agreement between the parties representatives within 20 working days of the notification, senior representatives of the parties shall, within 20 working days of a further written request from either party to the other, meet in good faith to attempt to resolve the dispute.

3. If the dispute is not resolved as a result of such meeting, either the Executive or the Operator may propose to the other in writing that the dispute be referred to an independent expert (“Independent Expert”)

4. If the parties are unable to agree on an Independent Expert or if the Independent Expert agreed upon is unable or unwilling to act then any party may apply to the President of the Law Society to appoint an Independent Expert.

5. If any matter is referred to the Independent Expert for determination in accordance with paragraph 3 above, then:

 (a) the Independent Expert shall determine the matter, subject to the remaining provisions of this paragraph 5, on a basis that is fair and reasonable in all respects as between the Operator and the Executive and that takes into account all relevant factors and circumstances;

 (b) the Independent Expert shall act as an expert and not as an arbitrator and its determination of the dispute shall be final and binding on the parties (save in the case of manifest error);

 (c) the Executive and the Operator shall ensure that the Independent Expert has full access to all books, information and records in their possession or in the possession of their auditors and accountants that are relevant to the dispute and to his determination thereon; and

 (d) the Independent Expert’s fees shall be borne equally by the parties unless the Independent Expert shall decide that one party has acted unreasonably (in which case their fees shall be borne as the Independent Expert shall direct).

**Schedule 7**

**PAYMENT SCHEDULE**

|  |  |
| --- | --- |
|   |  |
| **Default Calendar Monthly Payments 2015 - 2016** |
|   |   |   |   |   |
|   |  |   |   |   |
| **Month** | **OP1 Submission Date** |   | **Payment Date** |
|  |  |  |  |  |
| **On-Account** |  |  | Mon | 15-Aug-16 |
|  |  |   |  |  |
| August | **Wed 14/09/2016** |   | Wed |  21-Sept-16 |
| September | **Fri 14/10/2016** |   | Fri | 21-Oct-16  |
|   |  |   |   |   |
| October | **Mon 14/11/2016** |   | Mon | 21-Nov-16  |
|   |  |   |   |   |
| November | **Wed 14/12/2016** |   | Wed | 21-Dec-16  |
|   |  |   |   |   |
| December | **Fri 13/01/2017** |   | Fri | 20-Jan-17  |
|   |  |   |   |   |
| January | **Tues 14/02/2017** |   | Tues | 21-Feb-17  |
|   |  |   |   |   |
| February | **Tues 14/03/2017** |   | Tues | 21-Mar-17  |
|   |  |   |   |   |
| March | **Fri 14/04/2017** |   | Fri | 21-Apr-17  |
|  |  |  |  |  |
| April | **Mon 15/05/2017** |   | Mon | 22-May-17  |
|   |  |   |   |   |
| May | **Wed 14/06/2017** |   | Wed | 21-Jun-17  |
|   |  |   |   |   |
| June | **Fri 14/07/2017** |   | Fri | 21-Jul-17  |
|   |  |   |   |   |
| July | **Mon 14/08/2017** |   | Mon | 21-Aug-17  |
|  |  |  |  |  |
| **Off-Account** |  |  | Mon | 21-Aug-17 |
|   |   |   |   |   |

|  |
| --- |
| **Commercial 4 Weekly Payments Calendar for 2015 - 2016** |
|   |   |   |   |   |   |   |   |   |
|   | **Period**   |  | **OP1 Submission Date**  |   | **Payment Date**  |
| **On-Account** |  |  |  | Fri | 23-Sept-16 |
| **5** | **1-Aug-16** | to | **13-Aug-16** |  | **09-Sept-16** |  |  Fri |  23-Sept-16 |
| **6** | **14-Aug-16** | to | **10-Sept-16** |  | **07-Oct-16**  |   | Fri | 21-Oct-16  |
|  |  |   |  |  |  |   |   |   |
| **7** | **11-Sep-16** | to | **08-Oct-16** |  | **04-Nov-16**  |   | Fri | 18-Nov-16  |
|  |  |   |  |  |  |   |   |   |
| **8** | **09-Oct-16** | to | **05-Nov-16** |  | **02-Dec-16**  |   | Fri | 16-Dec-16  |
|  |  |   |  |  |  |   |   |   |
| **9** | **06-Nov-16** | to | **03-Dec-16** |  | **30-Dec-17**  |   | Fri | 13-Jan-17  |
|  |  |   |  |  |  |   |   |   |
| **10** | **04-Dec-16** | to | **31-Dec-17** |  | **27-Jan-17**  |   | Fri | 10-Feb-17  |
|  |  |   |  |  |  |   |   |   |
| **11** | **01-Jan-17** | to | **28-Jan-17** |  | **24-Feb-17**  |   | Fri | 10-Mar-17  |
|  |  |   |  |  |  |   |   |   |
| **12** | **29-Jan-17** | to | **25-Feb-17** |  | **24-Mar-17**  |   | Fri | 07-Apr-17  |
|  |  |   |  |  |  |   |   |   |
| **13** | **26-Feb-17** | to | **01-Apr-17** |  | **28-Apr-17**  |  | Fri | 12-May-17  |
| **Please note that this is a 5 week period** |  |  |  |
| **1** | **02-Apr-17** | to | **29-Apr-17** |  | **26-May-17** |  | Fri | 09-Jun-17 |
|  |  |  |  |  |  |  |  |  |
| **2** | **30-Apr-17** | to | **27-May-17** |  | **23-Jun-17** |  | Fri | 07-Jul-17 |
|  |  |  |  |  |  |  |  |  |
| **3** | **28-May-17** | to | **24-Jun-17** |  | **21-Jul-17** |  | Fri | 04-Aug-17 |
|  |  |  |  |  |  |  |  |  |
| **4** | **25-Jun-17** | to |  **22-Jul-17** |  | **18-Aug-17** |  | Fri | 01-Sept-17 |
|  |  |  |  |  |  |  |  |  |
| **5** | **23-Jul-17** | to |  **31-Jul-17** |  | **15-Sept-17** |  | Fri | 29-Sept-17 |
|  |  |  |  |  |  |  |  |  |
|  | **Off-Account** |  |  |  | Fri | 29-Sept-17 |
|  |  |  |  |  |  |  |  |  |