

SOUTH YORKSHIRE MAYORAL COMBINED AUTHORITY

TRANSPORT ACT 2000

Travel Concession Reimbursement Arrangements

To be valid

From 1st April 2024

SOUTH YORKSHIRE MAYORAL COMBINED AUTHORITY

**TRANSPORT ACT 2000 TRAVEL CONCESSION REIMBURSEMENT
ARRANGEMENTS**

1st April 2024

The Arrangements

1. These Travel Concession reimbursement arrangements (subsequently referred to as “the Arrangements”) are made under the provisions of the Transport Act 2000 (“2000 Act”) by the South Yorkshire Mayoral Combined Authority (“Authority”);
2. These reimbursement arrangements are established (so far as applicable) in accordance with the principles set out in the Travel Concession Scheme Regulations 1986 (“TCSR”) and any subsequent applicable regulations and with full regard to relevant guidance issued by the Department for Transport (“DfT”). They also ensure that any reimbursement complies with the requirements of EU Regulation 1370/2007. It is likely that during the period that these Arrangements are operative new regulations will come into force to replace TCSR. To the extent those new regulations require these Arrangements to be amended such amendment will be notified to the operator in writing.
3. The Arrangements cover reimbursement arrangements for the mandatory concessions to be provided by operators under the 2000 Act as detailed in paragraph 9 below.
4. Unless otherwise defined in the Arrangements words or terms used in the Arrangements shall have the same meaning as given to such words or terms in the 2000 Act, and TCSR.

Operative Date

5. The Arrangements shall come into operation in their entirety on 1st April 2024

Principal Area

6. The principal area covered by the Arrangements is the Integrated Transport Area of South Yorkshire (“Principal Area”).

Services to which the Arrangements Apply

7. In respect of the mandatory travel concessions under the 2000 Act the Arrangements shall apply to each journey by an eligible person (as defined in Schedule 1) on an eligible service (as defined in section 146 of the 2000 Act) beginning in the Principal Area.
8. For the purpose of the Arrangements “journey” means a trip between two points without a change of vehicle or service.

Eligible Persons and Nature of Concession

9. In respect of the mandatory travel concessions under the 2000 Act operators participating in the Arrangements will be required to provide on their eligible services the travel concessions specified in Schedule 1 to any person with a valid statutory travel concessions permit.
10. The Authority may from time to time vary the reimbursement arrangements by notice and where relevant such notice should comply with the provisions of section 150 of the 2000 Act.

Payment Periods and Dates

11. The “payment periods” under the Arrangements are as set out in Schedule 8 or as notified to the operators from time to time by the Authority in writing.
12. Subject to paragraph 21, the Authority will make a payment to operators not later than the day which is half-way between the first and last days of each payment period, equal to not less than 85% of the sum the Authority estimates to be due to the operator in that period.
13. Subject to paragraph 21, the Authority will make a further payment to operators, not later than 3 months after the end of the relevant payment period, equal to the difference (if any) between:
 - (i) The sum already paid to the operator for the relevant payment period as set out in Paragraph 12 and,
 - (ii) The actual amount calculated as due to the operator for that relevant payment period.

If the amount paid under paragraph 12 above exceeds the amount calculated under paragraph 13(ii) such that the Authority has made an over payment for the relevant period it shall either:

- (a) deduct the level of such overpayment from the next or any subsequent payment; or
- (b) if no such further payment is likely to become due or to be insufficient to recover such overpayment, demand such overpayment by notice in writing to the operator who shall repay the same within 14 days of demand being made.

Standard Method of Determining Reimbursement

14. The standard method for assessing the total number of journeys made by eligible persons under the Arrangements is set out in Schedule 2. The standard method for assessing the fares value to be attributed to those journeys is set out in Schedule 3. The standard method for calculating the reimbursement for revenue forgone due to the operator will be on the basis of the formula and parameters set out in Schedule 4. The standard method for calculating the reimbursement for any costs additional to basic operating costs is set out in Schedule 9.

15. In calculating the reimbursement due to the operator, the Authority 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 Authority to meet the applicable objectives for reimbursement set out in the TCSR and EU Regulation 1370/2007.
16. By agreement between the operator and the Authority the standard method need not be applied in respect of calculating the reimbursement of that operator if any one of the following conditions are satisfied:
 - (a) the vehicles normally used by the operator in providing services on which concessions are available have 8 or less seats available for fare-paying passengers;
 - (b) the mileage run by vehicles is less than 150,000 miles per annum within the area covered by the Arrangements during the times at which concessions are available;
 - (c) except during the first 3 months of operation of the Arrangements, there has not expired a period of 3 months commencing with the date on which the operator commences participation in the Arrangements in respect of a service.
17. The Authority reserves the right in calculating the reimbursement of an operator to:
 - a) divide the area covered by the scheme into a number of separate parts; and
 - b) take into account the carrying capacity provided for passengers in different vehicle or classes of vehicles used by the operator;

and, in each case, calculate reimbursement in accordance with the standard method, but by reference to each separate area and/or class of vehicle, where the Authority considers this appropriate to ensure that it meets the objective that the operator is financially no better and no worse off as a result of participation in the scheme.

18. In order to ensure that the reimbursement paid to an operator accords with the general principle that operators both individually and collectively are no better and no worse off financially than they would be if they did not provide mandatory travel concessions the Authority reserves the right to apply the standard methodology for calculating reimbursement to any individual service where the Authority, acting reasonably, believes that the nature of that service or the fares charged on that service do or could distort the general application of the standard methodology as applied to the operator's other services.

Data

19. When an operator commences the operation of eligible services within the principal area, it shall supply to the Authority, within 7 days:
 - (a) a list of eligible services to be operated by that operator;
 - (b) all relevant fares and fare tables and a list of the ticket types valid for travel on such services; and

(c) the running boards/drivers' duties applicable to such eligible services;

to enable surveys to be scheduled and assessment of its entitlement to reimbursement.

20. The operator shall inform the Authority of the introduction or cessation of any eligible services, changes to the times at which and routes on which eligible services operate and any circumstances leading to the temporary cessation or major disruptions to such services within 7 days of such event occurring.
21. The operator shall provide data to the Authority on an ongoing basis in accordance with the provisions of Schedule 6.
22. If the operator fails to provide such information or data as is referred to above, or to allow such access for surveys as is required pursuant to Schedule 5 then the Authority 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.
23. Where it becomes apparent to the Authority that any eligible service is or has been subject to material disruption, or has not been operated in accordance with the registered timetable, then the Authority 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.

Recalculation of Reimbursement

24. At the end of each financial year the Authority shall review the reimbursement calculations made in accordance with these reimbursement arrangements during the previous financial year. Such review shall be concluded within 3 months.
25. If following the review it is determined by the Authority that the amount of reimbursement paid during the previous financial year should have been higher the Authority shall pay the difference to the operator within 3 months of the date of recalculation.
26. If following the review it is determined by the Authority that the amount of reimbursement paid during the previous financial year should have been less the Authority shall either:
 - (a) deduct by equal instalments the amount of over reimbursement from the next three payments to be made under paragraph 12 above; and/or
 - (b) if such next three payments are not or will not be sufficient to re-pay such over-reimbursement, demand such over-reimbursement from the operator by notice in writing, and the operator shall be obliged to make such repayment within 14 days of receiving such demand.

27. If, following the review of the reimbursement calculations in accordance with the provisions of paragraph 24 above, there is a dispute between an operator and the Authority in respect of the level of reimbursement paid to that operator then if such dispute relates to either:
- (a) the fares value to be attributed to journeys by persons eligible to receive concessions on the operator's eligible services covered by the Arrangements;
 - (b) the total number of journeys made by persons eligible to receive concessions on the operator's eligible services covered by the Arrangements; or
 - (c) the number of additional journeys generated in consequence of the availability on the operator's eligible services of such concessions;

then such dispute shall be the subject of the dispute resolution procedure set out in Schedule 7.

Survey Facilities

28. The provisions of Schedule 5 shall apply in respect of surveys.

Other Requirements of the Arrangements

29. Any operator participating in the Arrangements shall display on his vehicle any sign, supplied by the Authority, for the purpose of showing that concessions are available on those vehicles.
30. Operators shall not discriminate against eligible persons or any class of eligible persons in the provision of eligible services or associated services and facilities.

Contact for Communications

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

Position: Commercial Analytics Manager

Address: South Yorkshire Mayoral Combined Authority
11 Broad Street West
Sheffield S1 2BQ

E-mail: paul.foers@southyorkshire-ca.gov.uk

Fax: 0114 220 3367

32. On commencing the provision of eligible services in the principal area, the operator shall provide to the Authority 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 Authority of any changes to the same.

33. 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 Authority of such an official contact, then the Authority 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

**ELIGIBLE PERSONS AND NATURE OF CONCESSIONS UNDER 2000 ACT
(PARAGRAPH 9)**

| Class of Eligible Persons | | Nature of Concession to be Provided (Bus only) |
|----------------------------------|--|--|
| (i) | <p><u>Elderly Persons</u></p> <p>(as defined in section 146 of the Transport Act 2000), presently:</p> <p>(a) in the case of a woman, her pensionable age,</p> <p>(b) in the case of a man, the pensionable age of a woman born on the same day.</p> | <p>On production of an English National Travel Concession pass a person shall be carried without charge on services to which the Arrangements apply, provided that the actual time of boarding falls between the following hours:</p> <p>(a) Monday to Friday (except when the day is a Bank Holiday) 09.30 to 23.00</p> <p>(b) Saturdays, Sundays and Bank Holidays. All day until end of normal services</p> |
| (ii) | <p><u>Disabled Persons</u></p> <p>(as defined in section 146 Transport Act 2000)</p> | |

SCHEDULE 2

STANDARD METHOD OF DETERMINING PASSENGER JOURNEYS (PARAGRAPH 14)

1. Operation of the Standard Method

- 1.1 The Authority will determine its reimbursement payments to the operator on the basis of claims submitted by the operator as detailed in Schedule 6.
- 1.2 These claims shall be subject to audit by the Authority and may be adjusted by the Authority to correct errors.
- 1.3 Claims shall be submitted by the operator using the Authority's form Operator's Return 1 ("OR1") or by means of a functionally equivalent paper or electronic means in a format agreed by the Authority.
- 1.4 OR1 forms shall be submitted by the operator in accordance with the provisions of Schedule 6 and Schedule 8.

2. Estimates to be made in the absence of information from the operator

- 2.1 In the event that the operator fails to provide sufficient information to enable the Authority to determine the number of concessionary journeys made during a particular period, the Authority may at its discretion make such estimates as it thinks fit of the concessionary journeys carried by the operator, subject to correction as and when better information becomes available.

SCHEDULE 3

STANDARD METHOD OF DETERMINING THE AVERAGE FARE THAT WOULD BE PAID IN THE ABSENCE OF THE CONCESSION (PARAGRAPH 14)

1. The Average Fare Forgone

- 1.1. This Schedule describes the method that will be used by the Authority to estimate the average fare that would be paid by eligible persons for each journey made using the relevant concession (as defined in Schedule 1) on the operator's eligible services (as defined in Section 146 of the 2000 Act) beginning in the Principal Area, in the absence of the Scheme. This value is called here the Average Fare Forgone ("AFF"). The Average Fare Forgone will be calculated for the operator for each of the payment periods as set out in Schedule 8 or such other period as determined by the Authority.
- 1.2. The operator and the MCA may agree the value of or the methodology for calculating the Average Fare Forgone but in the absence of such agreement the method that will be used by the Authority is set out below.
- 1.3. The average Fare Forgone will be calculated by applying a discount factor ("Discount Factor D") to an estimate of the Average Equivalent Cash Fare (AECF) of the journeys made by concessionary passengers on the operator's services.

2. The Reference Period

- 2.1. Discount Factor D will be calculated for a reference period representing historic data. This reference period ("RP") will be determined by the Authority (after consultation with the operator) relative to the year to which the discount factor will be applied. The Reference Period will be such as to enable the Discount Factor to be determined prior to the commencement of the financial year (1st April) to which it will be applied.
- 2.2. Discount factor D will be applied to the AECF for each payment period in order to estimate the AFF for each payment period.

3. Average Equivalent Cash Fare

- 3.1. The AECF is intended to represent the average fare that concessionary passengers would have paid if they had purchased cash tickets (either Single or return tickets) to make their journeys. The AECF for any given payment period will be estimated by the Authority using survey data and data provided by operators.
- 3.2. The AECF will also be calculated for the Reference Period as an input into the Discount Factor calculation.

4. Fares Information to be provided by the operator

- 4.1. The principal determinants of the Discount Factor are the relative prices of cash fares, daily tickets and weekly tickets and the best estimate of the AECF. The operator is required to provide sufficient data to enable the

Authority to carry out the specified calculations, but in the absence of data from the operator the Authority will make its own estimates.

- 4.2. To minimise data requirements from the operator, the Authority and the operator will agree a mapping of the different ticket products and price denominations offered by the operator onto generic ticket types. It is envisaged that each distinct product will be categorised into one of the categories summarised in Table 3.1. The operator is required to supply the Authority with an updated list of ticket products as and when old ticket products are withdrawn or new products are introduced, to enable the Authority to monitor the commercial offer and determine whether aspects of the discount factor calculation need to be reviewed.

Table 3.1 Generic Ticket Types

| Generic Ticket Type | Types of ticket product | Assumed to be relevant to concessionary passenger ticket choice in the absence of the concession? |
|---------------------------------------|--|--|
| Cash fares | Single, return and carnets offering finite numbers of journeys for a given price, if offered | Yes (for boardings within the Authority's area only) |
| Daily tickets | Tickets offering unlimited journeys within a day | Yes (for tickets purchased within the Authority's area only) |
| Weekly tickets | Tickets offering unlimited journeys within a week | Yes (for tickets purchased within the Authority's area only) |
| Child Tickets | All tickets available only to children and young people | No |
| Period tickets for longer than a week | All | No (subject to review on a case by case basis) |

- 4.3. For each of the first three ticket types, the operator is (without prejudice to its obligations to provide data specified elsewhere in the Arrangements) expected to provide the Authority with the following data for the agreed Reference Period, such as a given number of reporting periods preceding a given date:

- the total revenue obtained from sales of the ticket type, and
- in the case of cash fares, the number of journeys made by passengers using these tickets;
- in the case of daily tickets, the number of such tickets sold and the revenue from those sales;

- in the case of weekly tickets, the number of such tickets sold and the revenue from those sales.
- 4.4. This information will be used to estimate the average price per ticket of daily and weekly tickets. The operator does not therefore need to supply the Authority with the prices of individual ticket products for individual payment periods.

5. The Discount Factor

The four values derived as above will be input into a spreadsheet which uses the “look-up table” values in the DfT model in order to calculate the Discount Factor. For the purpose of calculation, SYMCA will use the ‘Large Urban’ default look-up table within the DfT model which is deemed to be the most appropriate for the region. The spreadsheet used to calculate the Discount Factor is available on request.

6. Application of the Discount Factor

- 6.1. The Discount Factor will be applied to the Average Equivalent Cash Fare estimated by the Authority for each payment period in order to estimate the Average Fare Forgone for each payment period, using the formula:

$$AFF = AECF * (1 - D)$$

- 6.2. The Discount Factor for the operator will be subject to review by the Authority to ensure that it remains appropriate, and will be included in the recalculation of reimbursement using outturn values as specified in paragraph 24 of the Arrangements. The Operator may request that the Authority reviews the value of its discount factor if relevant considerations change significantly.
7. For the purpose of calculating the AFF the Operator shall complete and return to the Authority the Authority’s Operator Return Form 2 as often as required by the Authority.

SCHEDULE 4

STANDARD METHOD OF DETERMINING REVENUE FORGONE

1. Calculation of Reimbursement for Revenue Forgone

- 1.1. The Authority will calculate reimbursement payments so as to satisfy the objectives set out in Paragraph 2 of the Arrangements.
- 1.2. Calculation of the reimbursement due will be made in accordance with the payment periods and dates set out in Schedule 8.
- 1.3. Reimbursement for revenue forgone is taken to mean the Authority's estimate of the revenue by way of fares that the operator would have earned if the concession did not exist.
- 1.4. The revenue forgone will be calculated using a formula in which the variables are defined as follows:
 - the total number of passenger journeys made by eligible persons using the relevant concession on the operator's eligible services as defined in section 146 of the 2000 Act, as estimated by the Authority using the procedures described in Schedule 2. The quantity of concessionary journeys is represented in the formulae below by J;
 - the AFF represents the average commercial adult fare that eligible persons would pay on the operator's eligible services in the absence of the scheme, as estimated by the Authority using the procedures described in Schedule 3. The average adult fare is represented in the formulae below by AFF.
 - the Reimbursement Factor, which is the ratio of the estimated concessionary journeys that would be made if commercial adult fares had to be paid, to the actual number of passenger journeys made using the concession. The Reimbursement Factor is represented by RF.
- 1.5. For a given payment period, the reimbursement due to the operator for revenue forgone will be calculated using the formula:

$$\text{Revenue Forgone} = J * RF * \text{AFF}$$

or in other words, the revenue forgone is the product of the number of concessionary journeys, the Reimbursement Factor, and the Average fare Forgone.

2. Default Reimbursement Factor calculation

- 2.1. In the absence of agreement to the contrary, the Reimbursement Factor will be calculated in accordance with the Department for Transport Guidance using the DfT Reimbursement Calculator spreadsheet as circulated by DfT on 2nd December 2023.

- 2.2. The Area Type selected will be “Urban”.
- 2.3. The Authority will estimate the change in the operator’s average fare between 2019/20 and the equivalent fare in the payment period from the most appropriate data it has available. It is recognised that comparable fare data going back to 2019/20 may not be readily available, for instance because the data may not have been collected, there may have been significant changes to the operator's network or more simply because an operator is new to the market. In these cases, the guidance and Calculator recommend using a TCA wide percentage change in fare value.. The Authority will take into account any data supplied by the operator for the purposes of calculating the change in fare if it can be shown that the data supplied is more likely to lead to reimbursement that satisfies the Authority’s legal obligations in respect of reimbursement.

3. Alternative Reimbursement Factor calculation

- 3.1 The Authority may adopt an alternative method of calculating the Reimbursement Factor where it is determined by the Authority to be more appropriate in order for the Authority to comply with its legal obligations contained in the 2000 Act, TCSR and EU Regulation 1370/2007.

SCHEDULE 5

SURVEY FACILITIES (PARAGRAPH 28)

1. An operator shall allow the PTE's/ITA's officers servants or agents to have access to (including the right to travel free of charge) the vehicles of the operator on which concessions are available for the purpose of:
 - (a) surveying or counting or estimating the number of passengers (whether generally or of any particular description) and the fares paid by those passengers; and
 - (b) obtaining information on other matters relating to the journeys made by passengers who are eligible to receive concessions and necessary to the calculation by the Authority of reimbursement payments.
2. The survey data will be utilised by the Authority in calculating the reimbursement payable to the operator and/or validating the data supplied by the operator for the purpose of enabling the Authority to calculate the reimbursement due to the operator.
3. Without prejudice to the generality of 1 above, the information to be obtained from passengers may include the following:
 - (a) whether or not the passenger is a concessionary passenger;
 - (b) if the passenger is a concessionary passenger, what category of concessionary passenger he or she is;
 - (c) if the passenger is not a concessionary passenger, whether the passenger is an adult, a child or an elderly person;
 - (d) whether the passenger has paid on-bus or is using a pre-paid ticket;
 - (e) if the passenger has paid on-bus, the fare paid and the type of ticket bought;
 - (f) if the passenger is using a pre-paid ticket, the type of ticket;
 - (g) the stage or stop at which the passenger boarded the bus and the stage or stop at which the passenger is to alight from the bus;
 - (h) permit or ticket fraud or mis-use on the relevant services; and
 - (i) such other information as the Authority may from time to time reasonably consider it necessary or desirable to obtain in order to enable the Authority to reimburse each operator in accordance with these Arrangements.
4. Each operator is requested to procure that each driver of its vehicles will make available to any survey staff who request the same, the total value of cash fares shown, on the relevant vehicle's electronic ticketing machine, to have been collected on any journey surveyed by such surveyor.
5. In carrying out such surveys as are referred to in 1 above the Authority shall use its reasonable endeavours to undertake surveys on 0.2% of services operated.

SCHEDULE 6

DATA PROVISION (PARAGRAPH 21)

- 1) Every operator claiming reimbursement under the Arrangements is required to submit to the Authority a statement containing the following:
 - i. Within 7 working days of the end of each payment period the total number of passenger journeys made on the operators' services on which concessions are at any time available during the preceding payment period.
 - ii. Within 7 working days of the end of each period the amount of fares received by the operator for the passengers referred to in i above (whether received on or off bus).
 - iii. Within 7 working days of the end of each payment period the total number of passenger journeys made on the operator's services by eligible persons in each of the concessions categories set out in Schedule 1.
 - iv. Within 14 working days of the end of each payment period the total revenue for each ticket type referenced in schedule 3.

The Authority may, at its discretion, extend the time period between submission of statements.

- 2) Every operator claiming reimbursement shall provide in a timely manner such additional information as the Authority may require in order to allow the Authority to calculate the revenue forgone in accordance with the provisions of Schedules 3 and 4.
- 3) If required by the Authority, each such statement must be certified in accordance with Regulation 16 of the Travel Concession Scheme Regulations 1986), by a member of the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants of Scotland or the Chartered Association of Certified Accountants and be provided in the form from time to time specified by the Authority.

SCHEDULE 7

DISPUTE RESOLUTION PROCEDURE (PARAGRAPH 27)

1. In the event of any dispute arising in connection with any matter arising from paragraph 24 which cannot be resolved by agreement between the parties' representatives within 5 working days of the dispute arising, senior representatives of the parties shall, within 5 working days (or such longer period agreed by the parties) of a written request from either party to the other, meet in good faith to attempt to resolve the dispute.
2. If the dispute is not resolved as a result of such meeting, either the Authority or the Operator may (at such meeting or within 5 working days (or such longer period agreed by the parties) of its conclusion) propose to the other in writing that the dispute be referred to an independent expert ("Independent Expert")
3. 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 within 5 working days from the date of the proposal to appoint a Independent Expert or within a further 5 working days of notice to either party that he or she is unable or unwilling to act, apply to the President of the Law Society to appoint an Independent Expert.
4. 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 4, on a basis that is fair and reasonable in all respects as between the Operator and the Authority 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 Authority 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 he shall decide that one party has acted unreasonably (in which case his fees shall be borne as he shall direct).

SCHEDULE 8

PAYMENT PERIODS (PARAGRAPH 11)

CONCESSIONARY FARES – PAYMENT PERIODS

FINANCE YEAR 1 APRIL 2024 – 31 MARCH 2025

| Period | Starts | Ends | Days |
|--------|------------|------------|------|
| 1 | 01/04/2024 | 27/04/2024 | 27 |
| 2 | 28/04/2024 | 25/05/2024 | 28 |
| 3 | 26/05/2024 | 22/06/2024 | 28 |
| 4 | 23/06/2024 | 20/07/2024 | 28 |
| 5 | 21/07/2024 | 17/08/2024 | 28 |
| 6 | 18/08/2024 | 14/09/2024 | 28 |
| 7 | 15/09/2024 | 12/10/2024 | 28 |
| 8 | 13/10/2024 | 09/11/2024 | 28 |
| 9 | 10/11/2024 | 07/12/2024 | 28 |
| 10 | 08/12/2024 | 04/01/2025 | 28 |
| 11 | 05/01/2025 | 01/02/2025 | 28 |
| 12 | 02/02/2025 | 01/03/2025 | 28 |
| 13 | 02/03/2025 | 31/03/2025 | 30 |

SCHEDULE 9

ADDITIONAL COSTS (PARAGRAPH 14)

1. Reimbursement for Additional Costs

- 1.1. An operator shall be entitled to additional reimbursement payments in accordance with regulation 5 of TCSR.
- 1.2. As recommended by DfT's Guidance, the Authority will calculate reimbursement for marginal operating costs using the DfT Calculator to estimate the marginal cost rates per generated concessionary passenger.
- 1.3. The marginal cost rate will be calculated for a Reference Period which will be determined by the Authority (after consultation with the operator) relative to the year to which the discount factor will be applied. The Reference Period will be such as to enable the marginal cost rates to be determined prior to the commencement of the financial year (1st April) to which they will be applied. Note that the Reference Period for calculating additional cost rate may not be identical to the reference period used for estimating average fare discount factors as described in Schedule 3.
- 1.4. The calculation of the marginal operating cost rate will be as follows.

2. Marginal Operating Cost

- 2.1. The Marginal Operating Cost Rate per generated passenger will be calculated using the DfT Calculator, which provides for a local estimate of the Average Passenger Journey Length. In this context it is assumed that the relevant measure is the average journey length of concessionary passengers, since it is the additional operating cost associated with carrying concessionary passengers that is of interest.
- 2.2. The average concessionary journey length will be estimated by the Authority from available data, following consultation with the operator.
- 2.3. The Authority will use the Additional Marginal Cost per generated passenger calculated by the DfT spreadsheet to estimate the reimbursement due to the operator for additional marginal operating costs for each period, as described in Section 4.

3. Calculation of Reimbursement for Additional Operating Costs

- 3.1. Reimbursement for marginal costs for individual payment periods will then be calculated using the formula:

$$\text{Reimbursement} = \text{MC} * \text{J} * (1 - \text{RF})$$

where MC is the Marginal Cost Rate per generated passenger for the Reference Period, J is the total number of concessionary journeys made on the operator's eligible services in the payment period (as estimated according to Schedule 2), and RF is the Reimbursement Factor calculated for the payment period (calculated according to Schedule 4).

4. Other Additional Costs

- 4.1. The Authority will consider claims for reimbursement for additional costs where these would not otherwise be reimbursed, including potentially administration costs, marginal capacity costs and peak vehicle costs.
- 4.2. Any operator claiming additional reimbursement payments pursuant to paragraph 14 above shall, in making such a claim, provide the Authority with sufficient information supporting their claim.
- 4.3. For claims involving additional costs for increases in the capacity or number of vehicles, the information required includes, but is not limited to:
 - (a) details of the additional number or capacity of vehicles used in providing eligible services as a result of concessions being available;
 - (b) 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;
 - (c) 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
 - (d) 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;
- 4.4. The Authority shall use all data provided by the operator in conjunction with any further information that the Authority 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.
- 4.5. Payment of additional reimbursement under this Schedule shall be paid as agreed by the Authority and operator, or in the absence of agreement, by 13 equal monthly instalments starting from the payment date following the date of calculation of the costs additional to the basic operating costs carried out by the Authority in accordance with regulation 5 of TCSR.