

LONDON COUNCILS

TRANSPORT ACT 2000

**Travel Concession Reimbursement
Arrangements for local bus services
operated under London Service Permits**

To be valid

From 1 April 2012

LONDON COUNCILS

TRANSPORT ACT 2000 TRAVEL CONCESSION REIMBURSEMENT ARRANGEMENTS

1 APRIL 2012

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 London Councils Transport and Environment Committee for and on behalf of itself and the 32 London Borough Councils and the Common Council of the City of London (“London Councils”).
2. In drafting the Arrangements due regard has been given to the *“Concessionary fares for older and disabled people: local authority guidance”* issued in January 2009 by the Department for Transport which applies to England apart from the Transport for London bus network.
3. The Arrangements cover reimbursement arrangements for the mandatory concessions to be provided by operators under section 145A of the 2000 Act as amended by the Concessionary Bus Travel Act 2007. The concessions are 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.

Operative Date

5. The Arrangements shall come into operation in their entirety on 1 April 2012.

Principal Area

6. The principal area covered by the Arrangements is Greater London, which consists of the administrative areas of the 32 London Borough Councils and the Common Council of the City of London (“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 eligible journey (as defined in section 145A of the 2000 Act) 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. It should be stressed that this does not include journeys beginning on the London bus network, nor does it apply to services specifically excluded by Department for Transport (see Schedule 1).
8. For the purpose of the Arrangements “journey” means a trip between two points without a change of vehicle or service.

Nature of Concession

9. On services to which the Arrangements apply operators participating in the Arrangements will be required to provide the travel concessions specified in Schedule 1 to any eligible person.
10. London Councils may from time to time vary the 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 London Councils in writing.
12. Subject to paragraph 20, London Councils 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 London Councils estimates to be due to the operator in that period.
13. Subject to paragraph 20, London Councils 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 London Councils 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 Passenger Journeys and Fare Values/Reimbursement Arrangements

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 due to the operator will be on the basis of the formula and parameters set out in Schedule 4. In calculating the reimbursement due to the operator, London Councils 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 London Councils to meet the objective for reimbursement that operators are financially no better and no worse off as a result of participation in the scheme.

15. By agreement between the operator and London Councils 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.
16. London Councils 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 vehicles 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 London Councils 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.
17. 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, London Councils reserves the right to apply the standard methodology for calculating reimbursement to any individual service where London Councils, 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

18. When an operator commences the operation of services to which the Arrangements apply, it shall supply to London Councils, within 7 days:
- (a) a list of such 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 services;

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

19. The operator shall inform London Councils of the introduction or cessation of any services to which the Arrangements apply, changes to the times at which and routes on which such services operate and any circumstances leading to the temporary cessation or major disruptions to such services within 7 days of such event occurring.
20. The operator shall provide data to London Councils in accordance with the provisions of Schedule 6 for the purpose of calculating the average fare.
21. 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 London Councils 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.
22. Where it becomes apparent to London Councils that any service to which the Arrangements apply is or has been subject to material disruption, or has not been operated in accordance with the registered timetable, then London Councils 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

23. At the end of each financial year London Councils 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.

If following the review it is determined by London Councils that the amount of reimbursement paid during the previous financial year should have been higher London Councils shall pay the difference to the operator within 3 months of the date of recalculation.

If following the review it is determined by London Councils that the amount of reimbursement paid during the previous financial year should have been less London Councils 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.
24. If, following the review of the reimbursement calculations in accordance with the provisions of paragraph 23 above, there is a dispute between an operator

and London Councils 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 eligible persons on the operator's services to which the Arrangements apply;
- (b) the total number of journeys made by eligible persons on the operator's services to which the Arrangements apply; or
- (c) the number of additional journeys generated on the operator's services to which the Arrangements apply in consequence of the availability of such concessions;

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

Survey Facilities

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

Additional Costs

26. An operator shall be entitled to additional reimbursement payments where the operator demonstrates (in accordance with paragraph 27 below) to London Councils:-

- (a) that the operator has necessarily incurred costs additional to basic operating costs and attributable to an increase in the number or the capacity of the vehicles used in providing services on which concessions are available in order to meet the extra demand created by the availability of those concessions; and
- (b) that those costs are such that they will not be met by reimbursement payments made in accordance with the standard method during the year in which the costs are incurred or during the 3 months immediately following the end of that year.

27. Any operator claiming additional reimbursement payments pursuant to paragraph 26 above (increase in the capacity or number of vehicles) shall, in making such a claim, provide London Councils with sufficient information supporting their claim for additional costs to satisfy the criteria set out in paragraph 26(a) and 26(b), including, but 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.
- 28. London Councils shall use all data provided by the operator in conjunction with any further information that London Councils 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.
- 29. Additional reimbursement payments shall be paid within 3 months of the date of calculation by London Councils under paragraph 28.

Other Requirements of the Arrangements

- 30. All operators participating in the Arrangements shall display on each of their participating vehicles any sign, supplied by London Councils, for the purpose of showing that concessions are available on those vehicles.
- 31. Operators shall not discriminate against eligible persons or any class of eligible persons in the provision of services to which the Arrangements apply or associated services and facilities in comparison with fare-paying passengers.

Contact for Communications

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

Position: [Principal LSP Officer, London Councils,]

Address: [59½ Southwark Street, London SE1 0AL]

E-mail: [matt.taylor@londoncouncils.gov.uk]

- 33. On commencing the provision of services to which the Arrangements apply, the operator shall provide to London Councils 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 London Councils of any changes to the same.
- 34. 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 London Councils of such an official contact, then London Councils 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

“Eligible person” means any person to whom a current statutory travel concession permit (as defined in section 145A of the 2000 Act) has been issued. It should be stressed that this definition includes a person who has been issued with a current Freedom Pass showing the symbol of the statutory national travel concession but does not include a person who holds a “London only” Freedom Pass.

Nature of Concessions

On production of a current statutory travel concession permit any eligible 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:

- (a) Any time on a Saturday or Sunday or on any day which is a bank holiday in England and Wales under the Banking and Financial Dealings Act 1971, or
- (b) 09:30 to 23:00 on any other day.

Bus services which are not eligible

The Department for Transport has issued an amendment to the Travel Concessions (Eligible Services) Order 2002 which is summarised below:

4.-(1) *A service is not an eligible service under section 146 of the Transport Act 2000 if –*

- a) More than half the accommodation on the vehicle by means of which the service is provided can be reserved by members of the general public in advance of travel;*
- b) It is intended to operate for less than six consecutive weeks;*
- c) It is operated primarily for the purposes of tourism or because of the historical interest of the vehicle;*
- d) It is a bus substitution service; or*
- e) The fare for the service includes a special amenity element.*

Schedule 2

Standard Method of Determining Passenger Journeys

1. Estimate of concessionary journeys

- 1.1. London Councils will determine its reimbursement payments to the operator on the basis of the estimates it makes of the total number of passenger journeys made by eligible persons using the relevant concession on the operator's services to which the Arrangements apply ("concessionary journeys").
- 1.2 The operator will be asked on or before 1 April 2012, or when they start to participate in the Arrangements (if later), to provide an estimate of the number of concessionary journeys with a rationale as to how that estimate was obtained.
- 1.3 When an initial estimate of concessionary journeys has been agreed by London Councils with the operator, payments will be based on this estimate until the estimate is updated by London Councils.
- 1.4 Estimates of concessionary journeys can be updated via a combination of the number of journeys recorded by the operator as certified by the operator's Director of Finance, surveys undertaken by the operator, surveys carried out on behalf of London Councils and any other relevant information which becomes available.
- 1.5 If the updated estimate of concessionary journeys is not agreed by both the operator and London Councils then the dispute resolution process outlined in Schedule 7 will be invoked.
- 1.6 Once the estimate of concessionary journeys has been updated, it will be retrospectively applied to reimbursement calculations for the previous 12 month period or the period extending back to the date when the estimate was last updated (whichever is more recent).
- 1.7 If this results in an over-reimbursement having been made by London Councils such over-reimbursement shall be recovered under the provisions of paragraph 23 (a) or (b).
- 1.8 Any underpayment by London Councils will be made by equal instalments added to the amount of reimbursement from the next three payments to be made.

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 London Councils 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 Fares Values

- 1.1 London Councils will determine its reimbursement payments to the operator on the basis of the estimates it makes of the average commercial adult fare that would be paid by eligible persons using the relevant concession on the operator's eligible or relevant services in the absence of the scheme. This quantity is represented in the formulae set out in Schedule 4 by F_{adult} , and will be calculated for each payment period set out in Schedule 8.
- 1.2 The average commercial adult fare is related to the average cash single fare F_{cash} by the application of two discount factors:
 - i) The Ticket Discount Factor (TDF) which reflects the likelihood that in the absence of the concession, a proportion of concessionary passengers' journeys would be made using discounted ticket products currently offered by operators such as daily tickets and weekly tickets, assuming the current mix and price of ticket products; and
 - ii) The Commercial Discount Factor (CDF) which reflects the extent to which in the absence of the concession, operators would modify the mixture and pricing of ticket products relative to the current offer.
- 1.3 The average commercial adult fare is therefore calculated from
$$F_{\text{adult}} = F_{\text{cash}} * \text{TDF} * \text{CDF}$$
- 1.4 The operator will be asked on or before 1 April 2012, or when they start to participate in the Arrangements (if later), to provide an estimate of F_{cash} , TDF and CDF with a rationale as to how that estimate was obtained.
- 1.5 When an initial estimate of F_{cash} , TDF and CDF has been agreed by London Councils with the operator, payments will be based on this estimate until the estimate is updated by London Councils.
- 1.6 Estimates of F_{cash} , TDF and CDF can be updated via a combination of the revenue per journey and number of associated journeys recorded by the operator as certified by the operator's Director of Finance, surveys undertaken by the operator, surveys carried out on behalf of London Councils and any other relevant information which becomes available.
- 1.7 If the updated estimate of F_{cash} , TDF and CDF is not agreed by both the operator and London Councils then the dispute resolution process outlined in Schedule 7 will be invoked.
- 1.8 London Councils will determine appropriate values of F_{cash} , TDF and CDF for the operator from time to time and at least annually. In setting values for F_{cash} , TDF and CDF, London Councils will take into account evidence of current discount levels provided by the operator as reflected in the average fare revenue per non-concessionary passengers' journey calculated from the data specified in Schedule 6.
- 1.9 Schedule 6 represents the minimum information that the operator is obliged to provide to London Councils on revenues and passenger journeys. The operator

is encouraged to provide additional information beyond this minimum if it considers that this will help London Councils arrive at a more accurate assessment of the Ticket Discount Factor and the Commercial Discount Factor.

- 1.10 Table 1 sets out the additional information that London Councils requires operators to provide for all ticket types. Examples of ticket types include Adult Cash Fares, off-peak day tickets, off-peak week tickets, peak day tickets, peak week tickets, seasonal tickets. Provision of this information will enable London Councils to make an informed judgement about the extent to which (if at all) in the absence of the concession, an eligible person would make use of these different ticket types.

Table 1: Information recommended to be collected by operators for each ticket type

Ticket name
Description
Additional Comments
Number of tickets sold
Average price per ticket
On-bus or off-bus sale
If off-bus, percentage of ticket price retained by operator
Fare revenue earned by the operator from sales of tickets to passengers
Estimated average number of journeys per ticket sold
Assumptions made in any calculation of any of the above

- 1.11 Once the estimate of F_{cash} , TDF and CDF has been updated, it will be retrospectively applied to reimbursement calculations for the previous 12 month period or the period extending back to the date when the estimate was last updated (whichever is more recent).
- 1.12 If this results in an over-reimbursement having been made by London Councils such over-reimbursement shall be recovered under the provisions of paragraph 23 (a) or (b).
- 1.13 Any underpayment by London Councils will be made by equal instalments added to the amount of reimbursement from the next three payments to be made.

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 London Councils may at its discretion make such estimates as it thinks fit of F_{cash} , TDF or CDF, subject to correction as and when better information becomes available.

Schedule 4

Standard Method of Determining Reimbursement

1. Calculation of Reimbursement Payments

- 1.1 London Councils will calculate reimbursement payments so that the operator is financially no better and no worse off due to participation in the concessionary fares scheme.
- 1.2 For each payment period and for each operator, the calculation of reimbursement for revenue forgone will be as set out in Section 2 of this Schedule.

2. Reimbursement for Revenue Forgone

- 2.1 Reimbursement for revenue forgone is taken to mean London Councils' estimate of the revenue by way of fares that the operator would have earned if the concession did not exist.
- 2.2 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 services to which the Arrangements apply, as estimated by London Councils using the procedures described in Schedule 2. The quantity of concessionary journeys is represented in the formulae below by J_{conc} ;
 - the average commercial adult fare that eligible persons would pay on the operator's services to which the Arrangements apply in the absence of the scheme, as estimated by London Councils using the procedures described in Schedule 3. The average adult fare is represented in the formulae below by F_{adult} ;
 - the estimated number of concessionary journeys that would be made by eligible persons on the operator's services to which the Arrangements apply if the average commercial adult fare had to be paid rather than the concessionary fare represented by J_{adult} ;
 - The generation factor, G , is the ratio of actual number of passenger journeys made using the concession to the estimated concessionary journeys that would be made if commercial adult fares had to be paid and equals J_{conc} / J_{adult} .
- 2.3 For a given payment period, the reimbursement due to the operator for revenue forgone will be calculated using the formula:

$$\text{Revenue Forgone} = \frac{J_{conc} * F_{adult}}{G}$$

- 2.4 The Fares Index, f , is the proportionate increase in the average of F_{adult} in the payment period and F_{adult} at 1 April 2012:

$$\text{Fares Index} = \frac{F_{\text{adult}}(\text{payment period})}{F_{\text{adult}}(1 \text{ April } 2008)}$$

- 2.5 The Inflation Index, *i*, is the proportionate increase in the Retail Price Index between the average for the payment period and as at 1 April 2012:

$$\text{Inflation Index} = \frac{RPI(\text{payment period})}{RPI(1 \text{ April } 2008)}$$

- 2.6 RPI is the All Items Retail Price Index calculated by the Office of National Statistics Monthly RPI - All Items (Jan 1987 = 100): dataset CHAW

http://www.statistics.gov.uk/downloads/theme_economy/RP02.pdf

At January 2008, RPI was 209.8

- 2.7 The Real Fares Index is defined as the ratio of the Fares Index to the Inflation Index:

$$\text{Real Fares Index} = \frac{\text{Fares Index}}{\text{Inflation Index}}$$

- 2.8 A demand function is used to the number of trips made at a given fare level. The demand function used has a negative exponential form (*e*). For ease of notation, in this Schedule the expression “Exp(*x*)” should be taken to mean the exponential constant *e* raised to the power of *x*.

- 2.9 The parameter *x* is called the point elasticity, and is defined relative to a base value represented as *x*₀, which is the point fares elasticity (expressed as a positive number) at 1 April 2012 at 2012 prices multiplied by the real fares index so:

$$x = x_0 * \text{real fares index.}$$

$$G = \frac{J_{\text{conc}}}{J_{\text{adult}}} = \text{Exp}(x_0 * \text{real fares index})$$

$$\text{Revenue Forgone} = \left(\frac{J_{\text{conc}}}{J_{\text{adult}}} \right) * F_{\text{adult}} = J_{\text{adult}} * F_{\text{adult}}$$

$$\text{Revenue Forgone} = \frac{J_{\text{conc}}}{G} * F_{\text{adult}}$$

- 2.10 The value of *x*₀ will be set by London Councils to be the fares elasticity as of 1 April 2012 based on the *F*_{adult} provided by the operator as given by the formulae in para 2.11 below. The base elasticity, of 0.6, is based on experience gained from the concessionary fares settlement model for the London bus network where free fares have been operational for many years. It will be reviewed during the first year of operation when data has been collected and from time to time thereafter.

- 2.11 The base elasticity of 0.6 relates to an average fare per trip in the absence of the scheme *F*_{adult} of £1.00 (corresponding to a Generation Factor of 1.8221). *x*₀ for the operator will be calculated using the following formula:

$$x_0 = 0.6 * F_{\text{adult}}(1 \text{ April } 2012) / 1.00$$

$$x_0 = 0.6 * F_{\text{adult}}(1 \text{ April } 2012)$$

Schedule 5

Survey Facilities

1. An operator shall allow London Councils officers servants or agents to have access to (including the right to travel free of charge on) 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 London Councils of reimbursement payments.
2. The survey data will be utilised by London Councils in calculating the reimbursement payable to the operator and/or validating the data supplied by the operator for the purpose of enabling London Councils 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 an eligible person;
 - (b) if the passenger is an eligible person, whether their statutory travel concession permit was issued by a London Authority, i.e. is a Freedom Pass;
 - (c) if the passenger is an eligible person, what category of concessionary passenger he or she is (i.e. elderly or disabled);
 - (d) whether the passenger is an adult, a child or an elderly person;
 - (e) if the passenger has paid on-bus or is using a pre-paid ticket;
 - (f) if the passenger has paid on-bus, the fare paid and the type of ticket bought;
 - (g) if the passenger is using a pre-paid ticket, the type of ticket and the cost of that ticket;
 - (h) 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;
 - (i) permit or ticket fraud or mis-use or fare evasion on the relevant services; and
 - (j) such other information as London Councils may from time to time reasonably consider it necessary or desirable to obtain in order to enable London Councils to reimburse each operator in accordance with the 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 together with ticket machine data regarding tickets issued for the journey surveyed by such surveyor.

Schedule 6

Data Provision for Average Fare Calculation

- 1) Every operator claiming reimbursement under the Arrangements is required to submit to London Councils 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 broken down by ticket type where possible.
 - ii. Within 7 working days of the end of each payment period the total amount of fares received by the operator for the passengers referred to in i above (whether received on or off bus) broken down by ticket type where possible.
 - iii. Within 7 working days of the end of each payment period the total number of passenger journeys made on the operators services by eligible persons.
- 2) Each such statement must be certified by the Director of Finance for the operator, and be provided in the form from time to time specified by London Councils. If the Director of Finance for the operator is not 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, London Councils must be informed immediately.

Schedule 7

Dispute Resolution Procedure

1. In the event of any dispute arising in connection with any matter arising from the Arrangements 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 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 London Councils or the operator may (at such meeting or within 5 working days 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 a 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 Department for Transport 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 London Councils 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) London Councils 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

Payment Period	Latest date on which payment will be made under paragraph 12
1 April – 30 June	15 May
1 July – 30 September	15 August
1 October – 31 December	15 November
1 January – 31 March	15 February