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FGD Consultation: Concessionary Fares

Consultation paper

2 September 2010

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1. Introduction

- 1.1 Since the Government published its consultation paper on Local Government Finance Formula Grant Distribution (FGD) on 28 July 2010, LG Futures has had a number of queries from subscribers concerning the Concessionary Fares proposals. This briefing note is intended to examine this element of the FGD consultation in further detail.
- 1.2 It should be noted that further exemplifications and Settlement Working Group papers concerning the Concessionary Fares proposals have been released since the original FGD consultation paper was published. This briefing note incorporates the latest information released as at 31 August 2010.
- 1.3 The financial exemplifications for each option relating to your authority are provided as Appendices B and C. Appendix B highlights the financial impact on your authority “before damping”, had the changes been made in 2010/11; Appendix C highlights the financial impact “after damping”, for the options relating to Concessionary Fares.

2. The FGD Consultation Paper: Concessionary Fares

- 2.1 As highlighted in our previous briefing on the FGD consultation, the Concessionary Fares transfer is considered in chapter 12 of the Consultation Paper.
- 2.2 From 1 April 2011, responsibility for concessionary travel in two-tier areas will move from district councils to county councils. In order to transfer funding, reflecting this change of responsibility within the local government finance settlement, the Consultation Paper initially proposes:
 - A transfer out of formula grant for shire districts; and
 - A transfer into formula grant for shire counties.
- 2.3 Options CONCF1 to CONCF 4 reflect the transfer of funding from district councils to county councils only.
- 2.4 Since 2008/09, the Concessionary Travel Special Grant has been provided to local authorities to meet the cost of enabling those eligible to travel for free anywhere in England. In 2010/11, £223m was distributed amongst local authorities in England¹ via this specific grant. The Government are proposing that the Concessionary Travel Special Grant is rolled into formula grant from 2011/12.
- 2.5 The second series of options (CONCF5 to CONCF28) in the FGD consultation paper reflects the overall transfer of responsibility from district councils to county councils and

¹ See <http://www.dft.gov.uk/pgr/regional/buses/concessionary/informationlocalauthorities/funding/spgno130/pdf/report.pdf>

rolling the Specific Grant into the local government finance settlement. Therefore, for financial planning purposes, it would be incorrect to add one option from CONCF1 to CONCF4 to one option from CONCF5 to CONCF28 to obtain an estimate of total expected gains or losses, as this would equate to double counting.

2.6 Further, unlike other exemplifications contained within the FGD consultation paper, the Concessionary Fares exemplifications do not indicate the likely impact on formula grant had the proposals been implemented in 2010/11. Rather:

- In Options CONCF1 to CONCF 4: DCLG have created a ‘base position’ against which the exemplifications have been compared by reducing each local authority’s 2010/11 formula grant by its reported 2008/09 Net Revenue Expenditure (NRE) on Concessionary Travel. Therefore, the exemplifications highlight the amount of funding that may be removed (if negative) or gained (if positive) over and above the amount that an authority spent on Concessionary Travel in 2008/09.
- In Options CONCF 5 onwards: DCLG have created a ‘base position’, against which the exemplifications have been compared by reducing each local authority’s 2010/11 formula grant by its reported 2008/09 Net Revenue Expenditure (NRE) on Concessionary Travel and adding back, where appropriate, the 2008/09 aggregated Concessionary Travel NRE² and the aggregated 2010/11 Concessionary Travel Special Grant. Therefore, the exemplifications highlight the additional amount of funding that may be removed (if negative) or gained (if positive) over and above the amount that an authority spent on Concessionary Travel in 2008/09, plus the amount it received via the 2010/11 Concessionary Travel Special Grant.

Transfer of responsibility (CONCF1 to CONCF4)

2.7 For the purposes of the exemplifications, outlined at Appendices A and B, the Government are assuming that £813.388m will transfer – the 2008/09 Net Revenue Expenditure for Concessionary Travel. However, it is noted in the consultation paper that *“the amount of grant transferred is likely to be decided during the Spending Review.”* Therefore the associated exemplifications are indicative at best.

2.8 The first series of options (CONCF1 to CONCF4) reflects the transfer out of formula grant for shire districts.

2.9 The Government states that, in order to effect the transfer in, they must remove concessionary travel from the district-level EPCS RNF and then adjust the base position for

² i.e. For County Councils the sum of the NRE removed from their District Councils.

lower-tier authorities³. The consultation paper provides two basic options for each aspect of this transfer, as follows:

	Removing Concessionary Travel from the district level EPCS RNF		Adjusting the base position for lower-tier authorities
Basic Option 1	Reduce the district level EPCS RNF Control Total by 2008/09 Concessionary Travel Net Revenue Expenditure (NRE)	Basic Option 1	Notionally adjust the prior year's formula grant based on each individual local authority's NRE on concessionary travel
Basic Option 2	Reverse the increase in weightings, at the 2005/06 settlement, of population density, pensioners oin income support, Incapacity Benefit/Severe Disablement Allowance. This adjustment was intended to reflect the additional £350m for people aged 60 and disabled people in Budget 2005	Basic Option 2	Notionally adjust the prior year's formula grant prorata to the change to the district-level EPCS RNF

- 2.10 The first option, to reduce the district-level EPCS RNF control total by the amount 2008/09 Net Revenue Expenditure on Concessionary Travel is relatively straightforward, as no other changes would be made to the overall formula.
- 2.11 The second option, in essence, rolls back the weightings on various indicators used within the district level EPCS formula to its pre-2005/06 methodology – the weightings were increased to reflect the additional £350m provided to introduce the concessionary fares scheme.
- 2.12 Local authorities will undoubtedly each have their own opinion on which of these options is preferred. The arguments are likely to centre around whether it is better to make an adjustment for Concessionary Fares based upon known expenditure (Option 1); or based upon placing an authority in the funding position it was in before the scheme was introduced (Option 2).
- 2.13 Options CONCF1 to CONCF4 reflect all possible combinations of the above ‘basic options’. An adjustment is also made to the 2010/11 funding floor, based on average grant increases for upper and lower tier authorities, to reflect the like-for-like cash implications of the hypothetical transfer (e.g. If an adjustment to the floor was not made, any additional funding directed towards individual local authorities who were above the floor, in 2010/11, would have been scaled-back). As follows:

³ So that any future ‘funding floors’ reflect the authority’s financial position had they not had responsibility for Concessionary Fares.

CONCF1	Reduce the district level EPCS RNF Control Total by 2008/09 Concessionary Travel Net Revenue Expenditure (NRE)	and	Notionally adjust the prior year's formula grant based on each individual local authority's NRE on concessionary travel	and	Adjusted the level of the floor (for upper tier authorities) from 1.5% to 1.9% to reflect 'additional funds'
CONCF2	Reduce the district level EPCS RNF Control Total by 2008/09 Concessionary Travel Net Revenue Expenditure (NRE)	and	Notionally adjust the prior year's formula grant prorata to the change to the district-level EPCS RNF	and	Adjusted the level of the floor (for upper tier authorities) from 1.5% to 1.9% to reflect 'additional funds'
CONCF3	Reverse the increase in weightings, at the 2005/06 settlement, of population density, pensioners oin income support, Incapacity Benefit/Severe Disablement Allowance. This adjustment was intended to reflect the additional £350m for people aged 60 and disabled people in Budget 2005	and	Notionally adjust the prior year's formula grant based on each individual local authority's NRE on concessionary travel	and	Adjusted the level of the floor (for upper tier authorities) from 1.5% to 2.1% to reflect 'additional funds' for upper-tier; and adjusted the floor (for lower-tier) from 0.5% to -4.0% to reflect the removal of funds
CONCF4	Reverse the increase in weightings, at the 2005/06 settlement, of population density, pensioners oin income support, Incapacity Benefit/Severe Disablement Allowance. This adjustment was intended to reflect the additional £350m for people aged 60 and disabled people in Budget 2005	and	Notionally adjust the prior year's formula grant prorata to the change to the district-level EPCS RNF	and	Adjusted the level of the floor (for upper tier authorities) from 1.5% to 1.7% to reflect 'additional funds' for upper-tier; and adjusted the floor (for lower-tier) from 0.5% to -0.9% to reflect the removal of funds from Shire Districts

Rolling the Concessionary Travel Specific Grant into Formula Grant (CONCF5 to CONCF28)

2.14 The Government states that, in order to effect the transfer in, they must firstly reflect the Net Revenue Expenditure (NRE) which is being transferred from Districts and also transfer the

Concessionary Travel Specific Grant (see para 2.4 above), into formula grant. As before, the base position will then also need amending.

2.15 The consultation paper states that:

“For the transfer from the districts, we believe that the adjustment to the base-position for the upper-tier authorities should simply be the same as the transfer from the lower-tier authorities, summed where appropriate.”

Consequently, there are no options and exemplifications for the basic transfer of district funding into county councils.

2.16 The following basic options are contained within the consultation paper for adding the Concessionary Travel Specific Grant into formula grant:

	Adding Concessionary Travel Specific Grant to the county-level EPCS RNF		Adjusting the base position for upper-tier authorities to reflect Specific Grant
Basic Option 1	Based on regressions against past expenditure (2008/09 Concessionary Travel Net Current Expenditure). Use the following indicators: Income Support/Income Based JSA/Guarantee Element of Pension Credit Claimants, Wealthy Achievers, Sick and Disabled People in Households with No Car or Van	Basic Option 1	Adjusting the base position by the 2009/10 allocation of the special grant
Basic Option2	Based on regressions against past expenditure (2008/09 Concessionary Travel Net Current Expenditure). Use the following indicators: Population sparsity for people aged 60 and over, Incapacity Benefit and Severe Disablement Allowance, People Aged 60 and over with No Car or Van	Basic Option 2	Adjust the base position pro-rata to the new concessionary fare formula
Basic Option3	Based on regressions against estimated concessionary trip estimates. Use the following indicators: Country of Birth of Residents, Wealthy Achievers, Sick and Disabled People with No Car or Van		

- 2.17 Options CONCF5 to CONCF28 are combinations of the above basic options. DCLG has produced a table (revised on 31 August 2010) listing the combination of basic options for each exemplification. The table can be downloaded here:

<http://www.local.communities.gov.uk/finance/1112/sumcon/concftab.pdf>

- 2.18 It should be noted that, as the Government is still undecided which, if any, of the initial Concessionary Fares options (CONCF1 to CONCF4) it will use to transfer funding away from Districts, it initially exemplified options (CONCF5 to CONCF10) on the basis that it has used CONCF3 only. On 11 August 2010, the Department produced further exemplifications (CONCF11 to CONCF16) which are based on the initial option CONCF4 only. The Department has stated that only 12 of the 24 possible options have been exemplified "due to resource constraints"; however, in a covering report for the latest exemplifications, DCLG also notes that "*all of the 24 options are equally valid; authorities may therefore choose any of these.*"

3. Additional Technical Papers

- 3.1 The issue of the Concessionary Fares transfer, and rolling the Concessionary Travel Special Grant into formula grant in 2011/12, has been one of the major issues considered by the Settlement Working Group over the past year. Appendix A of this report extracts our briefings on the Concessionary Fares papers during 2009 and 2010 for information.

- 3.2 On 20 August 2010, DCLG officials also placed 'additional papers' concerning the Concessionary Fares options on the 2011/12 Settlement Working Group webpage⁴. These papers are described as:

(i) A paper which shows the results of using concessionary trip estimates based on bus patronage data provided by DfT as an alternative dependent variable in the regressions. This provides the background analysis of the formula that has been used in CONCF9 and CONCF10.

(ii) A follow-up paper to paragraph 58 in chapter 12 of the consultation paper which states that we will be considering another independent variable for use in the concessionary travel regressions - namely the estimated number of bus service journeys per year per head. Exemplifications will follow in early September.

- 3.3 DCLG has adopted its usual practice of developing new Relative Needs Formulae by considering which data indicators (e.g. population density, benefits claimants etc.) correlate closely to previous expenditure patterns. The results of the department's Concessionary

⁴ <http://www.local.communities.gov.uk/finance/1112/swg/extrapapers.htm>

Fares regressions form the content of many of the papers submitted to the Settlement Working Group in 2010; and the additional papers highlighted in para 3.2, above. The options presented in the FGD consultation represent what DCLG believe to be the ‘best models’ for allocating the concessionary fares funding amongst local authorities (i.e. they believe that the data indicators used can explain the majority of differences in expenditure on concessionary fares amongst local authorities).

3.4 The options in the consultation paper are based on the following indicators:

Title	Indicators	Options where indicators are used
1 st regression against past expenditure	<ul style="list-style-type: none"> • Income Support/ JSA and Pension Credit • Wealthy Achievers • Sick or disabled people in households with no car or van 	CONCF5; CONCF6; CONCF11; CONCF12; CONCF17; CONCF18; CONCF 23; CONCF24.
2 nd regression against past expenditure	<ul style="list-style-type: none"> • Population sparsity for people aged 60 and over • Incapacity benefit and Severe Disablement Allowance • People aged 60 and over with no car or van 	CONCF7; CONCF8; CONCF13; CONCF14; CONCF19; CONCF20; CONCF 25; CONCF26.
Regression against estimated concessionary trips	<ul style="list-style-type: none"> • Country of birth of residents • Wealthy achievers • Sick or disabled people in households with no van 	CONCF9; CONCF10; CONCF15; CONCF16; CONCF21; CONCF22; CONCF 27; CONCF28.

3.5 As noted in para 3.2 above, DCLG have now undertaken further work concerning using an ‘estimated bus service journeys per head’ indicator to inform the distribution of concessionary fares funding via the formula grant.

3.6 Based on our understanding of paper SWG/10/26, it appears that the following additional options will be added to the FGD consultation paper in September – therefore possibly resulting in a further 12 exemplifications:

Title	Indicators	Options where indicators are used
NEW – Using Estimated Bus Journeys per Head (London Councils request)	<ul style="list-style-type: none"> • Wealthy Achievers • Income Support Claimants • Estimated Bus Journeys per head 	To be added in September 2010.
NEW – Using Estimated Bus Journeys per Head (Tyne and Wear ITA request)	<ul style="list-style-type: none"> • Population sparsity • Estimated Bus Journeys per head • Incapacity Benefit and Severe Disablement Allowance Claimants 	To be added in September 2010.

3.7 DCLG has requested that, in their responses, local authorities choose:

“one option from Options CONCF1 to CONCF4 – we will record this as your preference for the method of transferring the money out of lower-tier authorities (and hence the way of adjusting the base position for transferring the money into the upper-tier authorities) – and choose one option from Options CONCF5 to CONCF10 – we will record this as your preference for the method of transferring the money into the upper tier authorities.

So, for example, if an authority were to choose option CONCF1 and CONCF5 we would therefore conclude that the preferred option was Option CONCF21 (see the table of concessionary travel options⁵ for a full list of the options.)”

3.8 Although new information has been released, the deadline for responding to the FGD consultation remains the same - 5pm on 6th October 2010.

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⁵ <http://www.local.communities.gov.uk/finance/1112/sumcon/concftab.pdf>

Summary of SWG Papers concerning Concessionary Fares

SWG-08-15 – Transferring concessional travel from lower-tier authorities to upper-tier authorities by CLG

This paper examines the implications of making the county council in two-tier areas the travel concession authority. DfT have opened discussions on this issue with their concessionary travel working group. Following the discussions at SWG, local authorities will be fully consulted on the issues raised, and Ministers will then take the final decision.

The transfer of the notional concessionary travel element of formula grant will be put into effect by a transfer out of formula grant for lower-tier authorities and a transfer into formula grant for upper-tier authorities (explained in more detail in SWG-08-14).

Views are being sought on

- Whether or not the district level and county level EPCS formulas should be revised as a result of the change, and if so how they should be amended?
- Whether lower tier authorities can provide data on concessionary travel identifying the statutory and discretionary elements separately? - DfT is likely to consult on whether or not to transfer both responsibilities, but in principle shire district authorities could continue to fund the discretionary elements.
- How the base position should be adjusted for lower tier and upper tier authorities? (normally this would be pro rata to the change in the formula)

SWG 09/09: Summary of DfT Consultation Paper on Concessionary Fares

This paper draws attention to the Department for Transport (DfT) consultation on possible changes to the administration of concessionary travel. The paper notes that DCLG will consult separately on the funding implications of any proposed changes to the current arrangements as part of the formal consultation on the next three-year local government finance settlement.

The paper highlights four options for administering the statutory minimum concession:

- Leaving things as they are;
- Moving to exclusively higher tier authorities (i.e. County Councils in two-tier areas);
- Centralising administration at DfT or one of its agencies;
- Administering the concession at a regional level – this would require primary legislation and a longer implementation timescale.

The consultation paper also identifies a number of options for changing the ability of authorities to introduce their own discretionary travel concessions:

- Leaving things as they are;
- Removing the ability of district councils to implement discretionary concessions;
- Only allowing district councils to implement discretionary concessions jointly with the relevant upper tier local authority.

The government's initial view is in favour of a shift in responsibility for both the statutory and discretionary concessions to upper tier authorities. Any changes, if ultimately introduced, are likely to commence from April 2011.

The closing date for responses to the DfT consultation is 21 July 2009.

SWG 09/10: DfT Survey of Local Authority Expenditure on Discretionary Concessions

DfT launched a survey, on 11 March 2009, seeking estimates of the proportion of a local authority's total expenditure on concessionary fares⁶ that was being used for 'discretionary enhancements'.

By the end of May 2009 only 30% of local authorities had submitted a return. Therefore DfT have sent out reminders and written to Chief Executives at non-responding local authorities encouraging them to submit a return.

DfT admit that it is unlikely a full response to the expenditure survey will be achieved. Therefore the department also intend using data from a 2007/08 survey of local authority concessionary travel schemes in England and Wales to assist with their future modelling work.

SWG/09/20: Concessionary Travel Administration Consultation Summary

DCLG have provided an update on the 200 responses it received to the consultation on possible changes to the administration of concessionary travel (from District to County level). Their key initial findings are as follows:

- There is a clear consensus majority view that a system of higher-tier administration of the statutory concession would be most appropriate (23% felt current administration is appropriate, 24% felt statutory concession should be centrally administered).
- Views on who should have the power to administer discretionary concessions were mixed:

⁶ Based on the RO 2007/08.

- 47% felt that all local authorities should retain the ability to establish discretionary travel concessions (40% disagreed);
 - 26% (including almost all bus operator representatives) felt that ability to establish discretionary travel concessions should be limited to upper-tier authorities only;
 - 23% felt that lower-tier authorities ability to establish discretionary travel concessions should be limited to circumstances where they had to act jointly with upper-tier authorities only.
- DCLG note that many of the responses refer to funding issues.

SWG/09/21: DfT Survey of discretionary expenditure on Concessionary Fares – Preliminary Results

This paper provides DfT's preliminary findings following its survey of Travel Concession Authorities (TCA's) to estimate the amount of local authority spending on discretionary elements of the concessionary travel scheme. DfT provide a number of health-warnings concerning these preliminary findings.

The main preliminary findings are:

- There was a 79% overall response rate to the survey (227 out of 287 TCA's)
- Based on a 36% response rate:
 - 18% of total (£245m) expenditure on concessionary fares was 'discretionary' (12.2% in Districts/12.6% in Unitaries/24.1% in PTE's⁷)
 - Rural authorities were more likely to have a higher proportion of discretionary spending than urban authorities.
- Based on a 16% response rate:
 - Approximately 3% of expenditure on concessionary fares related to 'discretionary' trips outside the local authority boundary (6.2% in Districts/6.0% in Unitaries/0.5% in PTE's⁸).

SWG/09/22: Transferring Concessionary Travel from Shire Districts to Shire Counties

⁷ Based on 3 returns from PTE's .

⁸ Based on 3 returns from PTE's .

This paper seeks to exemplify the effects of transferring concessionary travel from lower-tier authorities to the upper-tier authorities. DCLG note that *“the majority of responses to the DFT’s recent consultation.....were in favour of transferring responsibility to upper-tier authorities, however Ministers are yet to make a final decision.”*

DCLG also note that *“whichever method is used to notionally adjust the base position for shire districts, we think there is a very strong argument for simply aggregating up the amounts to the appropriate shire county to form the notional adjustment to the base position for the shire counties.”* They provide the following example:

	2007-08	Notional
	Concessionary	adjustment to
	Fares NCE	base position
Aylesbury Vale	-5	5
South Bucks	543	-543
Chiltern	211	-211
Wycombe	1,282	-1,282
Sum of Districts	2,031	
Buckinghamshire		2,031

The paper then considers two possible options for transferring funding to the upper-tier authorities, whilst noting that it is unlikely that either option would be adopted in practice.

- Option 1; Creates a separate Concessionary Fares RNF (which uses the District-Level EPCS RNF Formula) that uses a control total equal to the amount the District-Level EPCS RNF control total has been reduced by;
- Option 2: Simply increases the control total for the County-Level EPCS RNF by the amount the District-Level EPCS RNF has been reduced by.

SWG/09/23: Calculating the regression base for Concessionary Travel

This paper asks a number of questions regarding the 2008/09 RO data that would be used to base the regressions for any future concessionary travel element within the EPCS block.

Q1: Do you think we should convert to an estimated non-FRS17 basis? DCLG are intending to do this for other elements of the EPCS block but feel it is likely Concessionary Travel is not a service that requires much dedicated staff time.

Q2: Do you agree that, in London, we will need to add the special grant for the Freedom Pass – paid to London Councils, to the Net Current Expenditure data on the RO form for London?

Q3: Since PTE’s levy on the metropolitan districts pro-rata to the resident population in the areas, DCLG suggest disaggregating the expenditure data from the PTE down to the metropolitan districts pro-rata to the 2004-based projected 2008 population data, do you agree?

Q4: An alternative (to Q3) would be for DCLG to run regressions at the PTE level but apply the formula at the metropolitan district level, what are your views?

Q5: DCLG propose to aggregate all London expenditure data and then disaggregate this data pro rata to usage data supplied by London Councils –to reflect the new methodology (i.e. based on usage rather than no. of passes issued) that will apply in London from 2011/12, do you agree?

Q6: If statutory concessionary travel is moved from districts to counties in two-tier areas, should DCLG aggregate the district level expenditure data from the districts to the counties, or run the regressions at district level and apply the formula at county level?

Q7: If, as a result of the DfT consultation, it is decided that only the statutory elements of the scheme will be transferred to Counties – should the 2008/09 RO data be split on the basis of the DfT' findings (see para 2.3 above)?

Q8: London Boroughs weren't included in the DfT consultation, London Councils have supplied the data. Should DCLG run a regression against the expenditure data that relates to the equivalent of the national statutory scheme and include the London statutory scheme expenditure with the discretionary elements; or run separate regressions for the statutory scheme outside London and the full London statutory scheme in London; or are there any other options?

Q9: Many of the services included in the EPCS block are discretionary, although expenditure data is used to base regressions which inform the current judgemental formula. Do you agree that a separate regression would need to be run at lower-tier level on the discretionary fares expenditure?

SWG/09/24: Defining the Independent Variables in the Concessionary Travel Regression(s)

In paper SWG/09/08 DCLG reported that they would be considering testing the following variables, against expenditure data, to inform any future concessionary fares funding formula:

- Variables currently used within the EPCS formulae except Day Visitors;
- Variables used in the construction of the “attractiveness of an area to day visitors” indicator included in the July 2007 Formula Grant Distribution consultation paper;
- Selected variables used within other RNF formulae;
- Variables used within the EPCS formulae prior to 2003/04; and
- Selected individual indicators from the 2007 Index of Deprivation

Paper SWG/09/24 states that DCLG also intends to test:

- Population aged 60 and over as a proportion of the total population
- Population density for people aged 60 and over
- Population sparsity for people aged 60 and over

The paper requests views on whether DCLG should explore further the use of households with no cars and vans, or any other data that could be used, as an indicator for concessionary travel.

SWG/09/25: An illustration of the process for running the Concessionary Travel Regressions

The paper is predominantly for information only. It notes that the paper *“is intended to illustrate the process of running the concessionary fares regressions only; it is not intended to provide an actual suggestion as to a possible formula.”*

SWG 10/02: Concessionary Fares

The Department for Transport (DfT) have announced that responsibility for both statutory and discretionary concessionary travel will be moved from shire districts in two-tier areas to shire counties.

DCLG is consequently considering an appropriate methodology for distributing Concessionary Fares, if it was decided that the current Concessionary Fares special grant should be rolled into formula grant⁹ from 2011/12.

DCLG have suggested the following indicators could be used to inform the EPCS RNF for concessionary fares:

EPCS Upper Tier

- Wealthy Achievers
- Income Support Claimants
- Country of Birth

or

- Population Sparsity
- Incapacity Benefit and Severe Disablement Allowance
- Country of Birth

EPCS Lower Tier

⁹ Concessionary Fares would form part of a future EPCS block.

- Wealthy Achievers
- Income Support Claimants
- Country of Birth

or:

- Population Sparsity
- Incapacity Benefit and Severe Disablement Allowance
- Country of Birth

SWG 10/13 and 10/14: Concessionary Travel Regressions and Exemplifications

Following the discussions concerning paper SWG 10/02 at the February 2010 meeting, DCLG requested SWG members suggest variables which they would like to see tested in the regressions for Concessionary Travel (i.e. which indicators would correlate highly with an authority's need to spend on Concessionary Travel). London Councils, the Association of North East Councils and SPARSE responded.

Subsequent to publishing Papers 10/13 and 10/14, DCLG have found that the expenditure data they had used to run regressions was wrong, in that it did not take into account a £20m adjustment from Transport for London to the London Boroughs. DCLG therefore intend to re-run the exemplifications, contained in paper SWG 10/14, before the Formula Grant Distribution consultation paper is published in Summer 2010.

SWG 10/23 Distribution of funding for Concessionary Fares

This paper has been prepared by the Treasurer of Tyne and Wear Integrated Transport Authority (Tyne and Wear ITA).

The Tyne and Wear ITA is concerned that using 'traditional' indicators from the formula grant settlement will not be sensitive to distribute funding amongst local authorities for Concessionary Fares.

The paper continues to suggest a number of indicators (e.g. total concessionary travel boardings in 2008/09) that should be further investigated; and raises concerns about the possibility of using a Country of Birth indicator as a proxy for deprivation.

The paper concludes by suggesting a hybrid funding approach (i.e. the majority of funding being distributed through formula grant with a 'judgemental' specific grant top-up being retained to be used where necessary) be implemented.