



## Tyne and Wear Integrated Transport Authority

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Meeting to be held on Thursday 27 September 2012 at 10.00 am in a Committee Room, Civic Centre, Newcastle upon Tyne

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<b>10. Response to CLG Consultation paper on Business Rate Retention: Implications for Concessionary Travel Funding</b>	
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Chapter 4: Concessionary Travel

Background

- 1. Concessionary travel is one of the services currently covered by the county level Environmental Protective and Cultural Services (EPCS) formula. Many local authorities have been critical that the variables used in the current Relative Needs Formula (RNF) are not directly related to the cost of providing concessionary travel services.
- 2. The current formula is given below:

*Basic amount*

<b>CONCESSIONARY TRAVEL BASIC AMOUNT</b>	0.8926
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*Top-ups*

<b>CONCESSIONARY TRAVEL DENSITY TOP-UP</b>	-1.6169 multiplied by <b>POPULATION SPARSITY FOR PEOPLE AGED 60 AND OVER</b>
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<b>CONCESSIONARY TRAVEL DEPRIVATION TOP-UP</b>	10.2865 multiplied by <b>INCAPACITY BENEFIT AND SEVERE DISABLEMENT ALLOWANCE</b>
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<b>CONCESSIONARY TRAVEL CAR OWNERSHIP TOP-UP</b>	3.3222 multiplied by <b>PEOPLE AGED 60 AND OVER WITH NO CAR OR VAN</b>
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The full formula used to calculate the *Relative Needs Formula* element for this service is:

<i>Concessionary Travel</i>	
(a)	<b>PROJECTED POPULATION IN 2012</b> multiplied by the result of: <b>CONCESSIONARY TRAVEL BASIC AMOUNT; plus</b> <b>CONCESSIONARY TRAVEL DENSITY TOP-UP; plus</b> <b>CONCESSIONARY TRAVEL DEPRIVATION TOP-UP; plus</b> <b>CONCESSIONARY TRAVEL CAR OWNERSHIP TOP-UP</b>
(b)	The result of (a) is then <i>multiplied by</i> <b>AREA COST ADJUSTMENT FOR ENVIRONMENTAL, PROTECTIVE AND CULTURAL SERVICES;</b>

- (c) The result of (b) is then *multiplied* by the scaling factor given in Annex F for this service;
- (d) The result of (c) is then divided by 10,000,000,000.

### Proposed approach

3. Boardings data has been shown to be the main cost driver of expenditure on concessionary travel. The Department for Transport (DfT) collect data on concessionary travel boardings through their Concessionary Travel survey. However the data is not complete and includes a number of inaccuracies. It is therefore proposed that modelled boardings are used instead.
4. A model for boardings is derived using a sample of data from the National Travel Survey (NTS) and applied to the following data to determine the modelled boardings for each concessionary travel authority:
- Population estimates at Lower Super Output Area (LSOA)<sup>5</sup> level, by age and gender, at mid-2010
  - Employment rates by age, gender and local authority, for mid-2010 to mid-2011
  - Lower Super Output Area rural / urban classifications
  - Car registrations per head, 2010
  - Annual bus passenger journeys per head, 2010-11
  - Annual bus services per head, 2009-10

Further details of the model can be found in the papers presented to the Baseline Sub-Group in March 2012<sup>6</sup>. Further small changes to the model were made prior to this consultation and these are outlined in supplementary documents<sup>7</sup>.

5. The new concessionary travel formula is given below.

#### ***Concessionary Travel***

- (a) **MODELLED BOARDINGS** is *multiplied* by the scaling factor given in Annex F for *Concessionary Travel*.
- (b) The result of (a) is then divided by 10,000,000,000.

<sup>5</sup> LSOAs are areas with a consistent size and boundaries that remain constant. They were built using the output areas of the 2001 Census and have average population of 1,500 persons.

<sup>6</sup> <http://www.local.communities.gov.uk/finance/lgrr/bsg/120327.htm>

<sup>7</sup> <http://www.local.communities.gov.uk/finance/lgrr/bsg/addpapers.htm>

### **Exemplification**

6. An exemplification of the effect of applying the new Concessionary Travel Relative Needs Formula to the *2012-13 Local Government Finance Settlement* can be found at the end of this chapter.

**Question 3: Do you agree with the proposed approach of updating the Concessionary Travel Relative Needs Formula to use modelled boardings data?**

**Question 4: Or, do you think it would be preferable to keep using the existing formula?**

