



Response to the Consultation on Integrated Transport Block Funding

December 2013

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Consultation on Integrated Transport Block Funding

Summary of Responses

Introduction

1. From 12 December 2012 to 6 March 2013, the Department for Transport (DfT) ran a consultation on the future allocation of Integrated Transport Block (ITB) funding.
2. The consultation sought views on the future calculation and distribution of ITB funding. This is capital funding given to local transport authorities in England, outside of London, for small transport improvement schemes.
3. The consultation document is available on the Department's website at: <https://www.gov.uk/government/consultations/integrated-transport-block-funding>.
4. The Department is grateful for the feedback received in the consultation. The responses have been useful in reaching a decision on the future allocation of the funding.
5. Following a brief overview, this summary of responses is structured according to the 20 questions asked in the consultation document. For each question, a summary of responses is given, followed by a statement setting out the Department's proposed next steps.
6. This document contains three annexes. **Annex A** shows the formula that will be used to distribute ITB funding from April 2015. A flowchart demonstrating the funding mechanism is contained in **Annex B**. The list of respondents to the consultation is shown at **Annex C**.

Overview

7. A total of 76 responses were received from local transport authorities in England and their representative organisations. The responses included:
 - 26 from individual county councils
 - 28 from unitary authorities;
 - seven from metropolitan district councils
 - six from Integrated Transport Authorities and Passenger Transport Executives
 - nine from representative organisations

The full list of respondents is at **Annex C**.

8. Key responses:

- 75% supported the principle of updating the formula to reflect current transport priorities
- 53% supported the move to drive out perverse incentives and encourage continuous improvement
- 61% supported the inclusion of carbon
- 60% supported the inclusion of economic growth

9. However, there was no clear favoured option for change. Of those responses that expressed a definite preference:

16 responses supported option 2 – the current formula with the addition of carbon and economic growth

14 responses supported option 3 – the current formula with the addition of carbon, economic growth and trend data for some elements

14 responses supported the status quo

three responses supported option 1 – the current formula with the addition of trend data for some elements

10. Options 2, 3 and the status quo each gained most support from the local authorities estimated to benefit if those options were used in a new formula.

11. Of the responses that did not express a clear preference for any of the above options, the following concerns were mentioned most frequently:

- issues around the datasets for carbon and economic growth
- issues around datasets and baselines for trend data
- the need for greater certainty of funding
- the tension between carbon and economic growth
- the perceived shift in funding towards more prosperous areas and/or away from rural areas

12. The potential adverse impact of trend data on small unitary authorities, starting from a relatively low financial baseline, meant these areas tended to support the status quo. Metropolitan areas, affected by the reduction in the public transport element in options 2 and 3, also tended to support the status quo.

13. One response rejected the proposals in the consultation entirely and another suggested an alternative new formula based on population and relative economic strength.

Question 1 – Do you have any objections to the principle of updating the formula to reflect current transport priorities?

1. 57 responses made no objection, in principle, to updating the formula to reflect current transport priorities.
2. Some of those responses went on to mention factors that should be taken into account in updating the formula. These included:
 - the need for certainty of funding – with the suggestion that funds be allocated over longer periods (three to five years)
 - the point that national priorities might differ from local priorities
 - the need to ensure that, in updating the formula, no new inconsistencies or perverse incentives are introduced
3. 14 responses did not support the principle of updating the formula. The majority of these said that the formula already took account of current transport priorities and contained proxies for carbon and economic growth.
4. One response said that the Department should consider the cumulative impact on local authorities of changes to all government funding streams.

DfT response

5. **The Department agrees with the majority of responses and will, from April 2015, update the formula to reflect current transport priorities.**

Question 2 – Do you think IT Block funding should continue to be based solely on need?

1. 41 responses said IT Block funding should not continue to be based solely on need, but should contain an element of reward. The majority of these responses said the formula should reflect performance and delivery and encourage improvement.
2. 28 responses argued that the funding should continue to be 100% needs-based. Points made in favour of the retention of needs-based funding included: the simplicity of this method, the elimination of perverse incentives being inconsistent with unringfenced funding and the potential adverse impact on small unitary authorities.
3. Many of these responses questioned whether perverse incentives were genuinely perverse, arguing that local authorities are accountable to the local electorate, and questioning whether the 'incentives' really influenced local authority spending patterns.
4. In addition, nine responses argued that the existing formula already includes effective reward mechanisms (eg funding for public transport increases in line with rising patronage).

DfT response

- 5. The Department has considered the arguments for and against the use of trend data. On balance, it believes that continuous improvement should be encouraged. An element of trend data will therefore be incorporated into the formula from April 2015.**

Question 3 – Do you have any comments on the proposed new formula to eliminate perverse incentives?

1. 69 comments were received on the proposed new formula to eliminate perverse incentives. Of these, 23 were fully supportive of the proposal.
2. A further 19 were supportive, but had some reservations around the trend datasets and impacts, particularly in smaller authorities and rural areas.
3. 30 were against the proposal, arguing that need-based funding should continue and/or that the perverse incentives identified in the consultation were not really perverse.
4. One response suggested a new formula using alternative factors of population and relative economic strength.

DfT response

- 5. The Department believes it is important that potentially perverse incentives are driven out of the funding formula; the addition of an element of trend data is the most effective method for achieving this aim. Concerns around trend datasets are addressed in the response to Question 4.**

Question 4 – Do you have any suggestions for trend data for any of the elements of the current formula?

1. 36 responses made no suggestions for trend data for any of the elements, either because they did not support the use of trend data, or could not suggest alternatives to those proposed in the consultation.
2. 34 respondents did include suggestions for alternative datasets to measure trend, of these:
 - 13 made suggestions for congestion, including journey time reliability and TrafficMaster data
 - 11 made suggestions for air quality, including the population of AQMAs and combining air quality with carbon. Three responses said the proposed trend data was outside of local authority influence – reflecting factors other than the activities of local authorities in reducing emissions.

- eight made suggestions for road safety, including the use of a five year period for trend
 - three asked for the inclusion of heavy rail in the public transport element.
3. 13 responses raised general issues with the use of trend data. These included: concerns that trend data should not impose data gathering burdens on local authorities; the suggestion that longer timescales should be used and care taken in setting baselines; concerns that the use of trend data could lead to diminishing returns.
 4. One response said the use of trend data could increase perverse incentives by taking money away from those areas with problems and giving it to areas that are already doing well.

DfT response

5. The Department has considered the viability of some of the alternative datasets suggested and revisited its own suggestions for trend data.
6. For congestion data we have concluded that, for the needs element of the formula, it would be unfair to make direct comparisons between local authorities for average journey times (eg Hertfordshire compared to Norfolk or Wakefield). This would not take into account variables such as differing speed limits and road types.
7. We are currently reviewing our congestion measures with the aim of developing a suite of measures which we hope will enable congestion levels on different local roads and in different local authorities to be directly comparable. Until this occurs we will continue to use the current measure of congestion (five factors based on population data by settlement size) for the needs element of the formula.
8. However, the Department does believe that average journey times are a suitable measure for the trend element of the formula as this compares average speeds and journey times in the same place at different intervals (eg Hertfordshire in 2009 and 2012).
9. For air quality, we have reconsidered the proposed dataset for the trend element of the formula – the trend in the overall average of emission level ratings of privately owned cars – and agree that this measure is largely outside of the control of LAs. As we have been unable to find a suitable alternative dataset we propose to include air quality in the new formula on the basis of need only.
10. For road safety we will use the rate of casualties per billion vehicle miles, on local authority managed roads. Further details are given in the response to Question 17.
11. Heavy rail is not included in the public transport element of the current formula and will not be included in the revised formula. The Department provides Network Rail with funding for capital enhancements to the rail

network. To include heavy rail in the ITB formula would result in funding being provided twice in respect of the same asset.

12. The Department has considered the alternative trend datasets proposed. The datasets that will be used in the new formula, from April 2015, are shown at Annex A.

Question 5 – Do you have any views on the proposed balance (75%:25%) between ‘need’ and ‘improvement’?

1. 28 responses thought the proposed 75/25 split was appropriate.
2. Eight responses said the formula should continue to be 100% based on need.
3. Other suggestions included: 90/10, 80/20, 85/15 and 60/40.
4. Some respondents felt unable to comment without further information and three said the 75/25 split seemed arbitrary.
5. One response suggested giving the improvement-based portion of funding as an add-on to the 100% needs-based formula.

DfT response

6. The Department has looked again at the level of funding associated with trend. In doing so, we have also considered the risk that, for some elements, only one local transport authority will improve and be awarded all of the available trend based funding, creating a disproportionate level of reward.
7. The Department proposes to address some of the concerns around the use of trend data by reducing the amount of funding associated with trend. We also plan to limit the amount of funding that can be awarded for improvements and to redistribute any unallocated funding on the basis of need. **Annex B** is a flowchart that shows how this funding mechanism will work.
8. **The Department will amend the need/trend split to 80/20, but keep this split under review. The amount of funding that can be awarded to each local transport authority for improvements will be capped and any surplus redistributed on the basis of need.**

Question 6 – Do you have any further comments on Option 1?

1. 26 responses made further comments on Option 1 – the current formula with the addition of trend data for some elements.
2. Three responses restated that this was their preferred option. A further three said it was only preferred if a change had to be made and one said it was only preferred if no better dataset could be found for measuring

economic growth.

3. Of those who did not favour this option, seven said it was the least preferred option as it did not include carbon or economic growth. Other points made included:
 - Option 1 penalises local transport authorities that fail to improve in the areas of safety, congestion and air quality. These may be authorities that are affected by external variables.
 - The difficulty of establishing reliable and significant trends is a problem.
 - Increasing the amount allocated to improvement by 5% each year would allow sufficient adaptation and monitoring of the new formula.

DfT response

4. **The Department is strongly convinced of the need to update the formula to reflect current transport priorities and intends to proceed on this basis.**

Question 7 – Do you agree that carbon should be part of the IT Block formula?

1. 47 responses said carbon should be included in the formula. Most of these agreed that it was a national and local priority.
2. Of the 47 positive responses, 13 raised concerns including: the suitability of datasets, weightings and the pressures of economic growth leading to increased carbon emissions.
3. 19 responses said carbon should not be included in the formula. Those that were against its inclusion mentioned: the limited ability of local transport authorities to influence emissions; issues around proposed datasets; the ability of the existing formula to reduce emissions through congestion and public transport indicators.

DfT response

4. **The Department sees carbon reduction as a national priority; responses to the consultation indicated that it is also a local priority. On this basis an element for carbon will be introduced into the formula from April 2015.**

Question 8 – Do you have any comments on the suggested data set for adding a carbon element to the formula? Are there further alternatives you would like to suggest?

1. 18 responses had no comments to make and no suggestions for alternative datasets.
2. There were 42 comments and alternative suggestions. 15 supported the use of DECC estimates. Other suggestions for adding carbon to the formula included:
 - DECC estimates with trunk roads excluded
 - DECC estimates combined with queue length and traffic flow data
 - a calculation based on carbon emissions per head of the population
 - updating the AQMA dataset
3. A few responses mentioned the possible conflict between increasing economic growth and decreasing carbon emissions.
4. Again, some responses raised the possibility of congestion and public transport acting as proxies for a carbon element.

DfT response

5. The Department has considered carefully the responses and looked again at the dataset used to calculate carbon emissions.
6. From April 2015 we will use a subset of the full DECC dataset. This subset represents carbon dioxide emissions within the scope of influence of local authorities. The full DECC dataset includes all the emissions that occur within the boundaries of each local authority; however, the subset excludes certain emissions, which it has been considered local authorities are unable to directly influence. The emissions that are removed from the full dataset are:
 - motorways
 - EU Emissions Trading Systems sites
 - diesel railways
 - land use, land use change and forestry
7. The Department considers this subset to be the most suitable measure for adding a carbon element to the formula.
8. **The Department will include a subset of the DECC estimates for road transport emissions in the formula from April 2015.**

Question 9 – Do you agree that economic growth should be part of the IT Block formula?

1. 46 responses said economic growth should be part of the formula. Most of these agreed that it was a national and local priority.

2. Of the 46 positive responses, 12 raised concerns including: the suitability of datasets, weightings, economic growth leading to increased carbon emissions and the need for funding to go to areas of low growth.
3. 18 responses said economic growth should not be part of the formula. Those that were against its inclusion mentioned: the limited ability of local transport authorities to influence economic growth – particularly given the level of funding; economic growth being its own reward and not needing to be further incentivised; the ability of the existing formula to encourage economic growth through the current indicators for congestion, public transport and accessibility.

DfT response

4. Following Spending Round 2013, £2.75bn has been allocated to ITB funding over the 6 year period 2015/16 to 2020/21. This equates to £458m per year.
5. Each year £200m of this funding will be top sliced and put into the Local Growth Fund (LGF). This funding will be allocated as part of the Growth Deal process to Local Enterprise Partnerships in order to support their local growth priorities
6. The consultation proposed a 10% weighting for economic growth. The £200m top slice represents over 40% of the total ITB funding. The Department therefore feels it would no longer be appropriate to incorporate an additional element of economic growth into the funding formula.
7. **The Department sees economic growth as a national priority; responses to the consultation indicated that it is also a local priority. Following Spending Round 2013, economic growth will now be addressed through the Local Growth Fund.**

Question 10 – Do you have any comments on the use of employee earnings for measuring economic growth? Are there further alternatives you would like to suggest?

1. There were 64 responses on the use of employee earnings for measuring economic growth. The majority of these did not see this as a good measure; only seven responses were supportive.
2. The responses that were against the use of employee earnings mentioned the exacerbation of the North/South divide, the unreliability of this data at local authority level, the failure to take into account the cost of living and the limited ability of LAs to influence employee earnings.
3. Alternatives suggested included: GVA, levels of worklessness, percentage of people who walk to work, the number of new businesses started, cost of living assessments, the existing measures of congestion and accessibility

acting as proxies for growth.

4. Some of the responses said funding should be targeted at areas with the potential for growth or where need was greatest. Two made the comment that large scale infrastructure projects are required to influence growth and these are beyond the scope of ITB funding.

DfT response

5. Following Spending Round 2013, economic growth will now be addressed through the Local Growth Fund.

Question 11 – Do you have any further comments on Option 2?

1. A further 38 comments were received on Option 2 – the current formula with the addition of economic growth and carbon on the basis of need only. 16 responses restated that this was their preferred option.
2. Of those that did not favour Option 2, 17 responses mentioned that it included perverse incentives and/or did not contain an element of reward.
3. Two responses mentioned the reduction in the weighting of the public transport element of the formula.

DfT response

4. The Department is strongly convinced of the need to encourage improvement and drive out perverse incentives and intends to proceed on this basis.

Question 12 – Do you have any comments on Option 3?

1. A further 51 responses were received on Option 3 – the current formula with the addition of trend data for some elements and the inclusion of carbon and economic growth. 14 responses restated that this was their preferred option.
2. Of those that did not favour Option 3 the majority expressed concerns over some of the datasets including carbon and employee earnings.
3. Four responses did not support this option as they did not want economic growth to be included in the formula, although they supported the inclusion of an element for carbon.
4. Two responses said this option was over complicated, given the level of funding available.

DfT response

5. The Department has considered the issue of complexity in relation to the new formula. We acknowledge that the formula, containing a number of variables, is complex. In the interests of simplicity, the formula could be allocated according to population figures. However, the formula is designed to reflect local transport needs. Although the mathematics in the formula may be complex, we believe the formula is still transparent. It is possible for a local transport authority to check its own allocation using only the published datasets – no additional information is required. The flowchart at **Annex B** shows how the funding mechanism works and a clear explanation is given in **Annex A** for the datasets to be included in the formula.

6. The Department has considered all of the comments received and the alternative datasets proposed. The new formula – a variation of Option 3 in the consultation, with amended datasets and weightings – is shown at Annex A.

Question 13 – Do you have any suggestions for how walking and cycling data might be included in the funding formula?

1. 32 responses had no suggestions, or said this was too difficult to measure, in any meaningful way, at LA level.
2. 25 responses argued that it should not be included at all as the available data was not robust or consistent enough.
3. 35 responses gave suggestions for possible datasets. These included: using a larger sample size for the Active People Survey, using carbon emissions as a proxy, using national census data or information from the school census, using automatic cycle counters.
4. One response mentioned the high cost of monitoring, compared to the cost of walking and cycling measures.
5. Many responses mentioned the potential to penalise rural areas where there are lower levels of walking and cycling.

DfT response

6. In the summary of responses to the 2010 consultation the Department said it was strongly minded to include walking and cycling measures in the future formula, but acknowledged there were issues around data collection.
7. In August 2012, DfT published new official statistics on the prevalence of walking and cycling amongst adults at local authority level during 2010/11. These are based on data from the Active People Survey, an annual household telephone survey administered by Sport England, with a sample size of approximately 500 persons per lower tier local authority.

8. The consultation raised the idea of using data from the Active People Survey to add an element of walking and cycling to the revised formula. However, we agree that the sample size is too small for this purpose. We have looked at the possibility of increasing the sample size, but the cost of doing so would be prohibitive.
9. Other datasets suggested (eg automatic cycle counters) are not sufficiently robust; the school census has been discontinued.
10. **The Department has decided not to include a measure for walking and cycling in the revised formula until a more reliable and cost effective measure can be found.**

Question 14 – Do you think the Department should base weightings on current transport priorities, rather than historic spend patterns?

1. 61 responses said weightings should be based on current transport priorities. 11 responses said current transport priorities were already reflected in the existing formula.
2. Only three responses said weightings should not be based on current priorities. One wanted the current weightings retained, one wanted a formula based on population and relative economic strength and one said authorities could potentially end up with less funding than required for key areas.
3. Four responses mentioned stability of funding – if weightings were based on priorities those priorities should be fixed for a number of years.
4. Some responses questioned whose priorities were being addressed and made the point that local priorities may not be national ones.

DfT response

5. The Department agrees with the majority of responses – weightings should be based on current transport priorities. We also appreciate the need for stability of funding.
6. The recent Spending Round allocated the ITB funding over a 6 year period from 2015/16 to 2020/21. Historically, this is the longest period over which funding has been allocated and goes some way to providing stability of funding. However, we are concerned that the funding should not be distributed using datasets which, by 2020, will be somewhat out of date.
7. In April 2014 we intend to confirm allocations for the three year period from 2015/16 to 2017/18; we will also give indicative allocations from 2018/19 to 2020/21. In April 2017 we intend to refresh the data used in the formula and announce confirmed allocations from 2018/19 to 2020/21.

8. The Department is strongly convinced of the need to update the formula to reflect current transport priorities rather than historic spend patterns. We are also convinced of the need for stability of funding.

Question 15 – Which elements in the formula should be given the heaviest weighting?

1. Of those that expressed an opinion on which elements should be given the heaviest weighting:
 - 42 responses said public transport
 - 31 said congestion
 - 25 said road safety
 - 25 said accessibility
 - six said economic growth
 - four said carbon
2. Other responses included safe sustainable transport, walking and cycling and air quality.

DfT response

3. The Department accepts that public transport, congestion, road safety and accessibility are current priorities. However, in order to accommodate an element for carbon it is necessary to reduce the weightings given to other elements. The Department will use the following weightings from April 2015:
 - 25% public transport
 - 25% congestion
 - 17.5% road safety
 - 17.5% accessibility
 - 10% carbon
 - 5% air quality
 - <1% objective one areas

4. The Department will revise the weightings used in the formula. The proposed new formula is shown at Annex A.

Question 16 – The Department is not considering changes to the datasets used for four elements of the existing formula: Objective One Areas¹, public transport, accessibility and air quality. Do you agree with this approach?

1. The majority, 43 responses, were in favour of this approach, although some thought it should be kept under review as new datasets became

¹ Objective One Areas are part of the European Union's cohesion policy and are currently known as Convergence Areas.

available (eg smart ticketing).

2. Of the 24 responses that disagreed with this approach, the most frequently mentioned datasets to be considered for change were air quality, accessibility and public transport.
3. For air quality the alternatives included checking and updating the existing data and linking the element to health (eg percentage of the population with asthma or other related illnesses).
4. For accessibility alternative suggestions included: the number of people living within 400m of a bus stop; linking this element to public transport rather than car ownership; the number of people within walking distance of a school or place of work.
5. For public transport the concerns with the current data set were based on issues of rurality and the bias towards urban areas with higher levels of public transport provision.
6. Four responses wanted to see local and/or commuter heavy rail journeys included.
7. Four responses said Objective One Areas should be excluded and one said they should be retained. In addition, one response asked that the new European Transition Areas be recognised in the formula.

DfT response

8. Objective One Areas, currently known as Convergence Areas, are part of The European Union's cohesion policy. This programme is subject to change beyond 2013 and the Department's policy on this area is still under consideration. We reserve the right to extract a small (<1%) amount from the overall funding in order to fund Convergence Areas (see **Annex B**).
9. For air quality, the Department has considered the suggested alternatives and concluded that they are not reliable enough to be included in the formula. We will continue to use the current measure – the population of air quality management areas – but will ensure that we are using the most up to date population figures.
10. For accessibility, we have considered using the Department's own accessibility statistics. These give figures for accessibility to eight 'hubs': access to employment centres, primary schools, secondary schools, further education, GPs, hospitals, supermarkets and town centres.
11. The Department is aware, however, that this set of data, and similar suggested data, could favour urban areas to the detriment of rural areas. In addition, the Review Group, set up in 2011 to review the ITB funding formula, was keen to retain the link with car ownership and deprivation. The group said the original formula, although complex, was a fairer way of

allocating funds. For the purpose of ITB funding we will continue to use the current measure.

12. The Department considers the current measure for public transport to be adequate. However, we remain open minded about datasets which might be more accurate and less burdensome in the future (eg smart ticketing data).

13. The Department agrees with the majority of responses and will continue to use the current datasets for Objective One Areas, public transport, accessibility and air quality.

Question 17 – Do you have any comments on the two alternatives for the road safety element of the formula? Are there further alternatives you would like to suggest?

1. 66 responses expressed an opinion. 20 of these favoured the first alternative, the use of 'casualties per billion vehicle miles' as a suitable measure.
2. Eight responses favoured the second alternative, the rate of change in the number of casualties and six favoured the existing measure.
3. Other possible alternatives suggested included: a combination of the two alternatives, split 50:50, over a five year rolling period, excluding strategic roads from any calculations, measuring accident rates and road danger. Concerns were also raised around baselines and timelines for trend data.
4. Some responses mentioned that any alternative measure should reflect the challenges faced by different areas. The effect of events outside of local authority control (eg extreme weather) was also mentioned.

DfT response

5. The Department will, from April 2015, move to using the rate of casualties per billion vehicle miles on local authority managed roads as the measure of road safety for ITB funding. This is the Department's standard measure for road safety and is the correct measure for comparing local transport authorities.

Question 18 – Do you see any problems with the current measure for congestion? Do you have any comments on the suggested alternative? Are there further alternatives you would like to suggest?

1. Of those who responded to this question, 27 had no problem with the current measure for congestion.
2. 37 responses listed problems including: the current method of calculation being too basic, the method favouring urban areas, the lack of accuracy, the failure to take seasonal congestion and/or visitors into account, the

failure to take other local circumstances into account, the impact of congestion on HA roads.

3. Some suggestions for alternative measures were made including: average vehicle speeds, journey time reliability, average journey time, average am peak as a ratio of average free flow or off-peak speeds.

DfT response

4. **The Department is currently reviewing congestion measures with the aim of developing a suite of measures which we hope will enable congestion levels on different local roads and in different local authorities to be directly comparable. Until this occurs we will continue to use the current measure of congestion (five factors based on population data by settlement size) for the needs element of the formula.**

Question 19 – The Government is keen for local authorities to provide more transparency around spending on small transport projects. Do you have any views on how this might be achieved?

1. 57 responses expressed views on transparency and suggested how this could be achieved.
2. The most popular suggestions included: publishing annual progress reports on local authority websites, monitoring a sample of schemes, a simple proforma to be filled in and returned to the Department, light touch reporting to DfT, publishing LTP implementation plans. A few responses suggested that DfT should fund larger grant recipients to undertake some research around this issue.
3. Most authorities considered that they were transparent in their decision making and in transport planning and delivery. However, very few responses gave any thought as to how information could be collated nationally.
4. Many responses said there should be no additional data gathering burdens on local authorities.
5. One response suggested accountability to the local electorate was sufficient, given that funding is unringfenced.

DfT response

6. **The Department acknowledges the work being done by many local authorities in order to create increased transparency around transport planning and delivery. The Government is expected to take the transparency agenda forward through the use of LG Inform, the Local Government Association's benchmarking tool. This was made publicly available at the end of November 2013. The Department will**

build on this tool in conjunction with the LGA and the Central Local Information Partnership (CLIP) Transport Statistics Group.

Question 20 – Do you have any other issues that you would like to raise about the calculation and distribution of the IT Block Funding?

A number of issues were raised in this section. This summary deals with the main points.

1. 44 responses raised issues in response to this question. Some of these re-emphasised points that had already been made elsewhere in the consultation. These included:
 - a request that data used in ITB funding should be as up to date as possible
 - the observation that some options in the consultation led to high variables in the amount of funding going to some local transport authorities
 - the suggestion that consideration should be given to 'phasing in' any new method of funding
 - the need for stability of funding
 - the need for the formula to be as simple as possible

2. New points raised in this section included some general issues around local transport funding:
 - Complementary transport strategies - access to jobs and amenities - should be considered for increased funding.
 - LSTF type funding should be integrated into IT Block funding
 - Bidding rounds disadvantage small unitary authorities who do not have the resources to devote to bids. Hence more funding should be allocated through ITB.
 - Ongoing concerns about a perceived 'funding shift' - money taken from urban areas and given to London and richer rural areas

DfT response

3. Most of the points raised elsewhere in the consultation have already been addressed, including the need for simplicity and stability. The Department does not consider it necessary to phase-in the new formula, given that local transport authorities will have their allocations confirmed 12 months prior to the new formula being implemented.

4. Funding for transport initiatives that give access to jobs and amenities will be provided to Local Enterprise Partnerships, as part of the Growth Deal process, through the Local Growth Fund. This should make it easier for small unitary authorities, in partnership with their Local Enterprise Partnerships, to access additional funds.

5. LSTF funding is provided to enable local authorities to fund bespoke projects that create local economic growth whilst also cutting carbon emissions. It is allocated through a bidding process and would, therefore, be unsuitable for integration into ITB block funding.
6. The Department acknowledges concerns around perceived 'funding shifts' and will continue to monitor the levels of funding provided to different areas both through ITB and the wider mechanisms used by government to provide resources to local government.
7. **The Department is grateful for all of the suggestions made in response to this consultation.**

Next steps

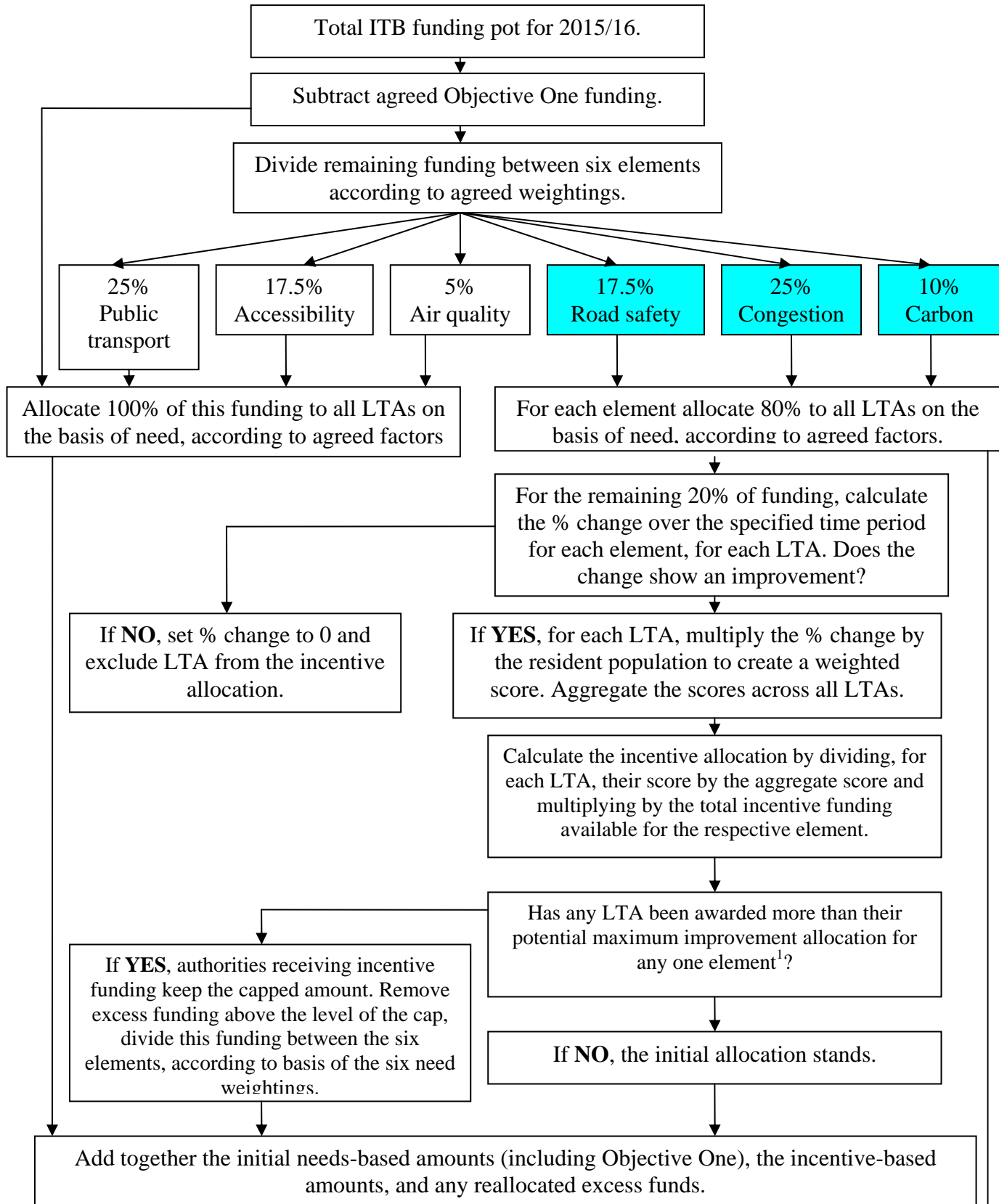
1. In early spring 2014 we will write to all local transport authorities with their confirmed allocations for the three year period from 2015/16 to 2017/18, and indicative allocations for 2018/19 to 2020/21.
2. Prior to this we will refresh the data to be used in the new formula to ensure we are making use of the most up to date information. We will then write to all local transport authorities, asking them to check the data for their areas.
3. From 1 April 2015 the current formula will be replaced by the new formula shown at **Annex A**.

Annex A – New formula

'NEEDS' ELEMENTS 100%			
<i>Existing formula elements</i>	Public Transport 25%	One factor – bus and light rail passenger journeys	
	Accessibility 17.5%	Ten factors – based on household car ownership alongside indices of deprivation and residential population data	
	Objective One Areas <1%	One factor – Objective One Area adjustment	
	Air Quality 5%	One factor – Air quality management area population	
'NEEDS' ELEMENTS 80%			TREND DATA 20%
<i>Existing formula elements</i>	Road Safety 17.5%	One factor – based on rate of casualties per billion vehicle miles on LA managed roads 2005-09*	Trend in rate of casualties per billion vehicle miles on LA managed roads for previous three years (2009-11*) compared against the 2005-2009** baseline
	Congestion 25%	Five factors – based on population data by settlement size	Trend in average vehicle journey times during weekday morning peak on LA managed roads for previous three years (2009-11*)
<i>New element</i>	Carbon 10%	One factor – a subset of the DECC carbon dioxide emissions estimates – emissions within the scope of local authorities	Trend in the subset for DECC carbon emissions for previous three years (2008-10*).

* Exact years are to be confirmed; it is intended that the most recent available data will be used

Annex B – Funding mechanism



1. Does more than 20% of their total funding, for any one element, come from their incentive allocation? Or, put another way, if the incentive funding were added to the needs funding of this authority, would the incentive amount exceed 20% of the combined total?

Annex C - List of Respondents

ADEPT	Nottinghamshire County Council
Bedford Borough Council	Oxfordshire County Council
Blackpool Council	PACTS
Borough of Poole	Peterborough City Council
Bournemouth Borough Council	PTEG
Bracknell Forest Council	RAC Foundation
Buckinghamshire County Council	Railfuture
Cambridgeshire County Council	Reading Borough Council
Central Bedfordshire Council	Royal Borough of Windsor and Maidenhead
Cheshire East	Rutland County Council
Cheshire West and Chester	Slough Borough Council
City of York Council	Solihull Metropolitan Borough Council
Cornwall Council	Somerset County Council
Coventry City Council	South Gloucestershire Council
CPT UK	South Tyneside Council
Cumbria County Council	South Yorkshire Local Transport Plan Partnership
Devon County Council	Southend on Sea Borough Council
Dorset County Council	Staffordshire County Council
Durham County Council	Suffolk County Council
East Riding of Yorkshire Council	Sunderland City Council
East Sussex County Council	Surrey County Council
Essex County Council	Sustrans
Gateshead Council	TAG
Gloucestershire County Council	Telford and Wrekin Council
Hampshire County Council	Thurrock Council
Hertfordshire County Council	Transport for Greater Manchester
Hull City Council	Tyne and Wear ITA and Nexus
Kent County Council	Wakefield Metropolitan District Council
Lancashire County Council	Warrington Borough Council
Leicester City Council	Warwickshire County Council
Lincolnshire County Council	West Midlands ITA
Liverpool City Region	West Yorkshire Local Transport Plan Partnership
Living Streets	Wiltshire Council
Luton Borough Council	Wokingham Borough Council
Medway Council	
Middlesbrough Council	
Norfolk County Council	
North Lincolnshire Council	
North Tyneside Council	
North Yorkshire County Council	
Northamptonshire County Council	
Northumberland County Council	