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Thank you for your letter of 12 October to the Rt Hon Grant Shapps MP regarding funding for the national concessionary travel scheme. You ask in your letter that special grant is used for funding concessionary travel instead of formula grant. I have been asked to reply.

We are very significantly simplifying and streamlining grant funding by rolling around £4 billion of grants in 2010-11 into formula grant by 2014-15. The number of separate core grants for local government will reduce from over 90 to fewer than 10. This means that in total, local authorities will have greater control over more than £7 billion of funding from 2011-12 which is either moving into formula grant, being un-ringfenced or is new funding for the SR10 period, so enabling them to better meet local communities' needs.

The special grant funding for concessionary fares was only intended to cover the period from 2008-09 through to 2010-11 while the England-wide extension to the concession bedded in. This funding will be subsumed into formula grant from 2011-12 alongside the rest of the funding for concessionary travel.

We have said that we will bring together all transport funding streams into one of just two revenue pots – formula grant and the Local Sustainable Transport Fund. This includes funding for concessionary travel. This will give local authorities the power to decide what's best for them and prioritise resources accordingly.

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**BOB NEILL MP**