

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2025-26](#).

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2025-26](#).

WGDB_25-26(6)29: Ymateb gan: Y Gymdeithas Trafnidiaeth Gymunedol | Response from: Community Transport Association



Submission to the Welsh Government Draft Budget 2025-26

Equitable, adequate and sustainable funding for public transport

Introduction

Transport in Wales is facing significant challenges. 40% of people in Wales live in settlements of 10,000 people or fewer. Across rural Wales, between 2018 and 2023, the public bus network reduced by 45%, resulting in many small communities becoming isolated – cut off from social and leisure opportunities, healthcare, jobs, and education. While 80% of Welsh public transport journeys take place on buses, 80% of the Welsh Government’s investment into transport goes into rail. Meanwhile, funding for bus and Community Transport (CT) has remained stagnant for over a decade, further isolating communities as the reality of standstill budgets at a time of escalating costs means retracting networks.

Added to this, the cost-of-living crisis is having a significant impact on people’s decisions about whether or not to travel. For example, the Bevan Foundation found that one of the impacts of people being pushed into severe hardship by rising living costs is that 13% of respondents said they had decided against taking ‘essential journeys’ such as travelling to work or medical appointments¹. Similarly, Disability Wales reported that disabled people are experiencing ever-increasing social isolation due to lack of access to, or the high cost, of transport². Many young people living in Wales report that the public transport system’s fragmented, expensive and inaccessible nature presents a significant barrier to accessing education, training and work³.

The Community Transport sector in Wales is seeing demand rise faster than it can grow to meet it, with some operators reporting having to ask their passengers to book services more than a week in advance. With over 750,000 passenger journeys a year, more than 60% of which are to health destinations, and with national awareness that transport is an essential part of ‘gateway infrastructure’ enabling people to access services and facilities and to helping them remain connected⁴, it’s vitally important to our wellbeing as a

¹ <https://www.bevanfoundation.org/resources/a-snapshot-of-poverty-in-winter-2023/>

² <https://www.disabilitywales.org/report-launch-barely-surviving-the-impact-of-the-cost-of-living-crisis-on-disabled-people-in-wales/#:~:text=Today%2C%20on%2010th%20July%202023,cost%2Dof%2Dliving%20crisis>

³ <https://youthparliament.senedd.wales/committees/the-climate-and-the-environment-wyp2/sustainable-ways-report/#:~:text=A%20co%2Dordinated%20campaign%20to,of%20the%20Curriculum%20for%20Wales>

⁴ <https://www.campaigntoendloneliness.org/promising-approaches/>

nation to support this essential, accessible and affordable public service. As the Welsh transport network transforms and we seek to tackle the climate emergency, it is essential that equitable, adequate and sustainable funding be allocated to public transport in a way that reflects our communities' transport needs and the vital importance of both bus **and** Community Transport, to ensure that the vision set out in Llwybr Newydd in 2021⁵ is realised of 'an accessible, sustainable and efficient transport system. This means one that is good for people and communities, good for the environment, good for the economy and places and supports a thriving Welsh language and culture.'

Budget Context

The Bus Service Support Grant (BSSG) has been set by the Welsh Government at £25m pa since 2014, and is the primary mechanism for funding the bus and Community Transport sector – indeed, it is the only source of core funding for Community Transport operators. As highlighted this week in the Siambur by Sioned Williams MS, if BSSG had risen in line with the Consumer Price Index, it would be worth >£34m today⁶. Bus services are also able to receive funding via the Bus Network grant (BNG) of £39m – provided via Local Authorities since the cessation of Bus Emergency funding introduced during the pandemic – and Concessionary Fare reimbursement, neither of which are currently available to Community Transport providers in Wales unless they run scheduled services.

Community Transport providers in Wales deliver more than 750,000 passenger journeys per year, and are an absolutely vital part of our public transport infrastructure. Demand for CT journeys continues to increase, with more than 70% of CTA members delivering more journeys now than pre-covid. In many parts of Wales there is no bus or train available at all, and in many others services have heavily retracted especially at weekends and during the evening. However, the tiny proportion of BSSG funding which comes to the CT sector – approximately £1.25m pa – does not reflect this importance and doesn't come close to covering the costs of delivering services which many are absolutely reliant on. As highlighted by the Steve Morgan Foundation, 'Community-based, grassroots charities are effective changemakers who address the root causes of poverty on a daily basis. They are the 'glue' that binds together communities across the country, able to support people facing the most complex and overlapping barriers to opportunity. Yet, due to their size and their focus on delivery these small organisations are consistently unseen, underfunded, and their impact unrecognised.'⁷

NCVO recently published an open letter⁸ to the UK government in response to the new budget: 'charities are in a dire situation as they try and meet the demands of rising need in communities while their own costs escalate and funding declines. The decision to increase employer National Insurance Contributions (NICs) - and not to carve out an exemption for them - will place another major strain on charities at a time when we are already struggling'. The initial response to the 7300+ charities who co-signed the letter has been disappointing and we know these challenges will be huge for commercial and SME bus operators too; it's essential that the Welsh Government consider these additional costs to the public transport network as budgets are set for the forthcoming financial year.

⁵ <https://www.gov.wales/llwybr-newydd-wales-transport-strategy-2021>

⁶ <https://record.senedd.wales/Plenary/14182>

⁷ <https://stevemorganfoundation.org.uk/underfunded-and-overlooked/>

⁸ <https://www.ncvo.org.uk/news-and-insights/news-index/open-letter-chancellor-national-insurance/>

Welsh Government support for the Community Transport Association (CTA) has also reduced since 2022, meaning our team has been forced to shrink alongside our capacity to support the sector. Our members who are constantly seeking to develop and innovate, and communities across Wales seeking to develop their own community-led transport solutions, have less resource to draw on at a time of escalating demand. NCVO states, 'We expect the resilience and innovation of the voluntary sector to shine through once again in 2024. But we also need to see a renewed partnership with government to tackle the issues facing our society⁹. To deliver social justice and an integrated, accessible, inclusive, and sustainable network that meets all our needs, this partnership approach is vital.

Bus Reform

With new Bus legislation on the horizon, we have a once-in-a-generation opportunity to reshape our public transport network to meet many more of our communities' needs, deliver social justice, be an active participant in tackling the climate emergency, and put people before profit, both now and in the future. To deliver the aspirations set out in Llwybr Newydd and further expanded in the National Transport Delivery Plan¹⁰ (2022) and 'One Network, One Timetable, One Ticket'¹¹ (2022), it's essential that equitable, adequate, and sustainable funding be invested in both revenue and capital for bus and Community Transport, putting it on a stronger and more equal footing with rail which has seen substantial investment in recent years.

In CPT's recently published Economic Impacts of Bus report¹², they report that 'Alongside health and environmental benefits, a typical package of public investment to improve infrastructure for buses and support better services, can generate returns of £4.55 for every £1 invested', with significant wider economic impact through spending on the local high street enabled through public transport equating to some £40bn a year. We don't currently have an equivalent figure for the financial and social return on investment in Community Transport due to the disparate nature of the operator network, so CTA are launching a new research project¹³ in partnership with Ealing Community Transport which in the next year will allow us to draw together a national figure to add to the strong anecdotal evidence from our passengers that CT is about so much more than just a journey.

The Welsh Government is leading the UK in tackling the challenges created by the deregulation of the bus network in 1985. We welcome the vision set out by Welsh Government in the 'One Network, One Timetable, One Ticket' white paper of a public transport system able to offer seamless, end-to-end journeys, which prioritise the needs of passengers over the profit margins of operators and recognises the value of every passenger, current and future.

In order to deliver on these aspirations, it's essential that the Welsh Government invests proactively and sustainably in the Community Transport sector alongside any uplift in funding for mainstream bus. While we know the budget challenges are significant across the Government's remit, without a planned and sustained investment in growing the capacity and resilience of bus and Community Transport operators it will not be possible to deliver 'One Network, One Timetable, Once Ticket' across a franchised network in the timescales

⁹ <https://www.ncvo.org.uk/news-and-insights/news-index/the-road-ahead-2024-opportunities-challenges-charities-voluntary-sector/>

¹⁰ <https://www.gov.wales/national-transport-delivery-plan-2022-2027>

¹¹ <https://www.gov.wales/one-network-one-timetable-one-ticket-planning-buses-public-service-wales-html>

¹² <https://www.cpt-uk.org/news/economic-impacts-of-bus/>

¹³ <https://cta.uk.org/social-value-research-project>

set out in the Roadmap to Franchising¹⁴ and without consistency and availability of accessible, inclusive and affordable public transport options, people will continue to choose – or be forced to use – private transport.

Concessionary Card Reimbursement

The recovery of passenger numbers on traditional bus services has taken longer in Wales than anywhere else in the UK, and the number of concessionary card holders using the mainstream network is still significantly lower than pre-covid levels¹⁵. There are also significant areas of the country that have no or very little mainstream bus provision, meaning many concessionary card holders are unable to take advantage of the subsidised transport available. Motability research shows that disabled people make 38% fewer journeys than non-disabled people¹⁶ and wider opportunities to use concessionary cards on community-led transport would support both people who are not currently travelling, and people who are using other accessible transport modes to do so more affordably – opening up opportunities for wider community participation for people who are currently only making the most essential of journeys.

CTA believe there is a significant opportunity to incentivise passengers and remove barriers to transport by supporting Community Transport operators to be able to accept concessionary cards as payment/part payment for journeys made on demand-responsive CT services run via Section 19 permit. This would require support and investment from the Welsh Government to facilitate the roll out of appropriate technology, and funding to be made available via the Local Authority reimbursement system for participating operators. CTA Wales staff will work with the Local Authority leads administering the scheme across Wales to better understand the system, in order to support the roll out and to work alongside the operator network to overcome any barriers or challenges, and we will support the network to develop a bilingual awareness-raising campaign to raise the profile of the change and encourage people to take up the offer of free/subsidised travel.

Community Transport Challenge Fund

One commitment made in the National Transport Delivery Plan¹⁷ was the introduction of a ‘Community Transport Challenge Fund to grow community /voluntary transport sector’. While historically CTA have successfully been able to support some short term Welsh Government underspend allocations in the past, as well as running national funding programmes in England and Wales via DfT and EU funding respectively, to date we have yet to have the opportunity to work in partnership with the Welsh Government to design a proactive programme to target specific investment at the Community Transport sector. As highlighted above, the static funding via BSSG is the only core funding that comes to the CT network and – as many operators run services targeting people experiencing significant transport barriers including inaccessibility and budget constraints – it is impossible for them to generate enough income via fares to cover the costs of delivery while remaining financially accessible to their passengers. This leads to many operators being stuck on a ‘funding treadmill’ seeking out short term grant funding to ensure their survival from year to year to fill the gaps and ensure service continuity. While these innovative charities and social enterprises manage to

¹⁴ <https://www.gov.wales/bus-reform-wales-our-roadmap-franchising>

¹⁵ <https://research.senedd.wales/research-articles/bus-services-on-life-support-how-did-we-get-here/>

¹⁶ <https://www.motabilityfoundation.org.uk/impact-and-innovation/innovation/national-centre-for-accessible-transport/>

¹⁷ <https://www.gov.wales/national-transport-delivery-plan-2022-2027>

make every penny stretch a long way, it's essential that a more sustainable funding model with equitable and adequate funding be put in place in line with the Third Sector Funding Code of Practice.

CTA have already prepared a number of scenarios to inform the development of a Challenge Fund to support the sector to step into its potential and build a bridge to a more sustainable and equitable funding model for the future. We are looking forward to working with Welsh Government colleagues to develop proposals that would allow Ministers to deliver on policy commitments made in 2022, alongside the pathway to bus reform and in advance of the next Senedd elections in 2026.

Capital Fleet & Infrastructure Investment, Bus Network Grant

Alongside any potential Challenge Fund development, for the bus and Community Transport sector it is essential that capital funding be made available for fleet and infrastructure investment to enable the transition to decarbonised fleet. Transport is still Wales' biggest contributor to carbon emissions, and while some progress is being made in decarbonising mainstream bus including government-supported investment, there is still a significant distance to travel, and even further in Community Transport. CT operators run their services on tight margins as already highlighted, and unlike mainstream commercial/municipal bus companies are legally prevented from making a profit which would then allow them to build a fund to invest in EV charging/new vehicles, leading to a heavy reliance on grant funding. With increasing demand on grant providers – Motability Foundation's organisational grant funds received more than £200m in applications for a total of £50m available funding over the last two years – it is vital that attention is paid to capital investment in both fleet and the charging infrastructure to support it, delivered equitably across the country and across the network as set out in Wales Net Zero 2035¹⁸.

As the Welsh Government have now confirmed that there is unlikely to be any radical changes to the BSSG/BNG funding regimes in the short term and leading up to bus reform, CTA urges the Welsh Government to review all the potential funding streams directed at public transport to consider how best investment can be used. Rather than constantly seek new money, are there opportunities to invest existing grant funds in different ways to support the transformation of our public transport system? Rather than seeking to replicate what already exists for another year as costs spiral, are there opportunities to instead support communities to coproduce services that **actually meet** their needs, in partnership with the Community Transport and SME bus operators who have faithfully worked alongside these communities for more than a generation?

Conclusion

There are significant opportunities to improve the availability, accessibility, and affordability of the public transport network in Wales, both by investing the existing budget in ways that maximise spend by working with communities in the lead, and in looking to increase budgets to ensure bus and Community Transport operators are able to protect and retain services our communities rely on, as well as growing to meet more peoples' needs as the network transforms. Ensuring fair access to public funding both directly from Government and indirectly through funding Government provides to public bodies to enable the sector to support our communities in Wales, is a key principle of the Funding Code of Practice, currently being

¹⁸ <https://netzero2035.wales/our-reports/>

redeveloped by the Welsh Government and WCVA and we look forward to seeing the Welsh Government take the 2025/26 budget as an opportunity to clearly implement this.

The Community Transport sector is diverse and multi-faceted, and CTA members are united by their passion for connecting people with their communities and their belief that Community Transport is about so much more than just a journey. It's about making connections that put people before profit, helping people get where they need to go with dignity and safety. It is about access and inclusion in practice, recognising the value of every one of us and making it possible for all of us to live well. While we appreciate the Welsh Government has many difficult decisions to make regarding investing its budget, investing in inclusive and sustainable transport systems is essential for supporting individual needs and broader societal goals both now and for the future. We look forward to working with Officials and Members of the Senedd to explore how adequate, equitable and sustainable funding for public transport can be implemented in the coming financial year.

Briefing prepared by Gemma Lelliott, Director for Wales, CTA

The Community Transport Association is a UK member-based charity providing leadership, training, advice, and operational support to transport related charities, community groups and social enterprises in England, Scotland, Wales, and Northern Ireland. **Our vision is of a world where everyone in their communities can access transport that meets their needs.**

We support and advocate on behalf of our members so they can deliver innovative and flexible transport solutions to achieve social change and remove transport barriers facing their communities.

CTA promotes community transport sector excellence through training, resources, publications, advice, events, consultancy, and project support on voluntary, community, and accessible transport. We amplify the collective efforts of community transport providers in building stronger, more inclusive, and sustainable communities through transportation, across the UK.