



community transport
association

**For, and about, accessible
and inclusive transport**

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**Fiona Hyslop MSP
Minister for Transport
Scottish Government
Victoria Quay
Edinburgh
EH6 6QQ**

19 December 2023

RE: REVIEW OF NETWORK SUPPORT GRANT

Dear Ms. Hyslop,

I am writing to you on behalf of the Community Transport Association (CTA) in relation to Transport Scotland's ongoing review of Network Support Grant (NSG) with data, evidence and views from our members about how to rethink, reform and improve NSG.

We will shortly publish a new report based on our extensive engagement with our members. We have over 170 members, which are local charities, community groups and social enterprises delivering a diversity of transport projects and services in urban, rural and island communities across Scotland. Please find attached a copy of our findings ahead of publication.

We believe that changes can be made to ensure NSG is fair, flexible and fit for purpose to maximise its social, economic and environmental impact for taxpayers, passengers and communities in the years ahead.

Our research demonstrates that NSG is essential funding for the Community Transport sector, keeping local lifeline services alive which could not otherwise survive. 35% of Community Transport operators in Scotland claim NSG and 33% of operators rely on just one source of funding, often public sector grant income, like NSG.

We recognise that NSG, and its predecessor the Bus Service Operators' Grant (BSOG), historically supported only the bus sector, and the policy and legislative rationale for this being the case. NSG has enabled Community Transport operators to keep fares affordable and tackle transport poverty; plug gaps in our transport system, including a shrinking bus network; and respond to the unmet transport needs of people and communities.

However, we believe that NSG should evolve beyond bus to support other transport modes to keep pace with changes in the delivery of transport services, expand our public transport network and support Scotland's climate goals.

Firstly, many Community Transport operators use smaller vehicles with fewer than 9 passenger seats, which are not supported by NSG, to deliver essential transport services, particularly in rural,



remote and island communities or as part of accessible transport for disabled people. 59% of smaller vehicles deliver transport services which replace withdrawn bus services.

NSG therefore incentivises the use of larger vehicles to deliver services when this is not necessary, which is less accessible, cost-effective, efficient and sustainable. We believe that NSG eligibility should be extended to Community Transport services delivered with smaller vehicles with fewer than 9 passenger seats to support more cost-effective, efficient delivery of more accessible, comfortable services; reduce carbon emissions; and preserve the rural transport network.

Secondly, Fair Work First conditionality will cause challenges for some Community Transport operators. Fair Work and fair funding are inextricably linked. Community Transport operators rely on fair funding to have the resources they need to deliver Fair Work, including paying all of their staff at least the real Living Wage. 14% of Community Transport operators who currently pay at least the real Living Wage say they are unlikely to be able to afford to do so in 2024/25, as it increases to £12 per hour.

We strongly support the Fair Work agenda. We believe that everyone who works in the Community Transport sector deserves to have effective voice, respect, opportunity, fulfilment and security. We also recognise the significant financial pressures which the Scottish Government is under, as evidenced by the Scottish Budget for 2024-25 presented to Parliament today.

However, the Scottish Government has a responsibility to ensure Fair Work First is fully funded with all public sector grants and contracts, including but not limited to NSG, covering the true costs of delivering projects and services, including annual inflation-based uplifts. NSG has flatlined for a decade despite rising costs, while the Department for Transport (DfT) recently announced a 60% uplift for the equivalent BSOG in England.

Lastly, our report also contains some practical recommendations to improve communication around and the administration of NSG. We are always happy to facilitate or support direct engagement with the Community Transport sector.

We hope you will consider these options for reform in the months ahead. We look forward to working with you and your officials to continue to maintain and expand Scotland's public transport network with community-led solutions at its heart.

Yours sincerely,

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