



community transport
association

CYMDEITHAS CLUDIANT CYMUNEDOL

Leading a thriving community
transport movement

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INTRODUCTION

With the support of Ken Skates MS, Cabinet Secretary for Transport and North Wales, the CTA have led a short-term, focused task and finish group to review the current funding mechanism for Community Transport (CT) in Wales. This group, made up of representatives from the CTA, Welsh Government (Transport & Connectivity and Third Sector teams), Transport for Wales, ATCO, and two CT operators, has been tasked with surfacing current funding arrangements that support Welsh Community Transport services, and with drawing up a coproduced proposal for the future that will better support our vital CT services as we transition to the integrated, sustainable, affordable and inclusive transport network envisioned by Welsh Ministers when Llywybr Newydd was published back in 2021.

This group, along with direct engagement with Welsh CT operators, has focused specifically on **how** Community Transport is funded, rather than the overall quantum of funding. Our aim through this work is to support Ministers and Officials to design a more sustainable, transparent, and equitable funding mechanism that supports the sector through franchising and beyond and ensures no community is left behind.

PROPOSAL

Transport is fundamental infrastructure for our lives, both individually and collectively. **We believe that everyone should have access to transport that meets their needs;** to enable them to access work and education, to socialise and connect with the people and places they love, to stay healthy and well, to care for others and receive care in turn.

By streamlining and refocusing on investing positively and proactively in Community Transport, the Welsh Government has the opportunity to directly influence the development of community-led infrastructure which is particularly important for people living in rural Wales, as well as those of us with additional support needs. This protects the value already created by the Welsh CT movement, and creates a stronger foundation for growth, improved mobility, equity, and the transition to net zero, while simultaneously bringing the sector into closer alignment and integration with the mainstream transport network.

The Task and Finish Group's recommendations are as follows:

1. For the Welsh Government to develop a Community Transport funding strategy, in partnership with CT operators, CTA Cymru, and others. The strategy should include provisions for:
 - a. The creation of a ringfenced revenue fund to provide ongoing support to the Welsh Community Transport movement, built up from the current BSSG/RSG/BNG allocation as the foundation
 - b. The creation of a ringfenced capital fund to support the decarbonisation, resilience, and integration of the CT fleet into the wider transport network

- c. The creation of a Community Transport Challenge Fund (as committed in the National Transport Development Plan 2022) to provide short term investment that provides additional support to operators wishing to better position themselves towards future sustainable growth, and bridge towards a more sustainable funding model.
2. To follow the Welsh Government's [Code of Practice](#) for funding the third sector in design, implementation and evaluation of the new funds and the underpinning strategy.
3. To identify a single funding administrator who holds, distributes, manages and evaluates the investments made across Wales (e.g. TfW, WCVA, CTA, others)
4. To develop a panel of partners to support the funding manager in making investment decisions.
5. To publish a statement of intent re the transition to franchising and how this will affect funding currently available to all operators, e.g. BSSG, BNG, MCF between 2026-2030.
6. To consider revising the guidance to Local Authorities to ensure more BSSG funding is allocated to CT during the transition to a fully franchised network, and introduce a more consistent and transparent approach to investment allocation based on a clear assessment of need and a focus on equitable decision-making.
7. To review opportunities to link Community Transport into other Welsh Government workstreams, including health, social care, and education.
8. To review the opportunity for CT operators to be reimbursed for carriage of concessionary card holders for journeys provided on S19 services.

FUNDING CONTEXT

The Community Transport movement in Wales relies on investment through grants to support its operation due to our focus on delivering accessible and inclusive transport services led by the communities we serve. The sector is prohibited from making profit by law, and seeks to keep costs as low as possible to support the widest possible ridership – this is particularly important in areas of deep poverty, inequality, and hidden poverty e.g. in rural areas where many residents are asset rich and cash poor. Keeping costs low means more people are enabled to make the journeys they need and want to make, but means it is almost impossible for CT operators to cover the full costs of delivering their services.

Sources of funding for the sector include:

- Fares
- Contract revenue (e.g. home to school, non-emergency patient transport)
- Local Authority administered grants, (e.g. Bus Service Support Grant (BSSG), Revenue Support Grant (RSG))
- Concessionary fare reimbursement (S22 community bus routes only)
- Fundraising (e.g. local donations, lotteries, crowdfunding campaigns)
- Grants from other funders (e.g. National Lottery, Motability Foundation, Community Foundation etc)

NB Not all operators are in receipt of all these funding sources.

The Bus Service Support Grant (BSSG) is the primary mechanism for 'core' revenue funding for the sector and the only direct route for the Welsh Government to fund CT, and our members who are in receipt of this funding often rely on it to cover core costs e.g. staff salaries, volunteer expenses, vehicle maintenance, etc. BSSG has been static at £25m pa for more than 13 years, with a small in-year uplift for the first time in 2025-

26 (to our knowledge, this did not result in additional funding to CT operators). The Welsh Government sets an expectation that at least 5% of BSSG is allocated to CT, with regions to aim for 10% allocated to community-led transport. Funding is allocated regionally on an annual basis, with each region taking its own approach to disbursement and what information (if any) on decisions is made available for review.

We know some Local Authorities allocate additional funding to CT operators from their Revenue Support Grant (RSG), but it is unclear how much funding this represents or how often it is awarded as this information is not in the public domain. Some operators are also supported through the Bus Network Grant, set up at the conclusion of Covid-19 emergency funding to support socially necessary routes.

There is significant disparity between Welsh support for CT vs other UK nations, due to a history of underinvestment in the sector, e.g. £3.2m direct funding for Northern Ireland's Rural Partnership Community Transport network (8 operators) and £2.3m for NI Disability Action Scheme (targeted support for disabled people living in urban NI, separate to funding concessionary fare reimbursement) in 2025/26. £4m in Plugged in Communities Scotland grant fund going into the CT sector in 2025/26, capital funding which has grown year on year since 2022 and in addition to any revenue funding coming via Network Support Grant.

With the new Bus Services (Wales) Act having now received Royal Assent, franchising of the network is on the near horizon and the funding mechanism for the whole public transport network is already under review by the Welsh Government. We understand that the 'funding envelope' being discussed by Welsh Government and TfW colleagues for deployment includes funding currently allocated to CT operations, so with the first franchise region procurement due to begin in 2026 it's vital that we identify and recommend an approach to ringfencing and administering any funding that the Welsh Government plans to make available to services that are recognised in the Act as vital to our communities and will be relied upon by Welsh Ministers.

ACTIONS COMPLETED

CTA Cymru have facilitated a series of meetings with CT operators from across Wales, complemented by a separate series of two meetings in February and March with the task & finish group. Both groups were given a clear remit to focus on the challenges and opportunities presented by a review of the funding arrangements, and followed an appreciative inquiry approach to identify a strengths-based proposal that will build on best practice, increase transparency, grow impact, and create a more equitable framework to support CT operators across rural and urban settings.

In putting together the proposal (above) to support the design of a new system and mechanism for funding the CT sector in Wales, the following key themes emerged around need:

- Commitment from the Welsh Government to long term investment that is specific to the Community Transport movement, designed to support new **and** established operations and recognises and values the impact of community-led transport as part of a mixed model of delivery.
- The need for a Community Transport funding strategy that encompasses revenue, capital, and wider impacts, including:
 - Funding formulas
 - Accessibility standards
 - Integration with bus/rail

- Digital maps and real-time information – links to TfW digital infrastructure
- CT involvement in transport planning.
- Multi year funding agreements, reflecting rises in costs and the value of the service.
- Funding that is designed to support the development and ongoing delivery of vital lifeline services. which are either part of the franchised network, or set up to integrate with, support, and complement it.
- Streamlined, consistent and transparent process and decision making, with common criteria.
- Logical, proportionate reporting with a single reporting mechanism.
- Nominated contact point who is empowered to support – can build a strong working relationship, all benefit.
- High trust relationships, transparency, recognition of experience and expertise.
- Funding that gives time for development and growth.
- Increased opportunities for concessionary card holders to use CT options to make their journeys.
- Opportunities to grow cross-departmental working by recognising the importance of accessible and inclusive transport in supporting the Welsh Government to achieve their policy objectives.
- Visibility of decisions, rationale, reporting, and impact of delivery, allowing both operators and the Welsh Government to grow in confidence around impact and value, and to allow for greater scrutiny against mainstream modes, service design, and associated funding decisions e.g. fflecsi.

CONCLUSION

The CT sector in Wales is at a pivotal point. The sector faces:

- **Static funding position** as monies from public sector bodies has not kept pace with growing demand and increased operating costs.
- Where investment is available, operators face **a lack of clarity and consistency** on how funding is allocated to the sector.
- Existing funding support mechanisms **do not align to the Welsh Government’s Third Sector Funding protocols.**
- There is also evidence of the absence of a **joined-up approach** to supporting the sector from public bodies.
- **Lack of visibility** for the Welsh Government on both the investment made and the return on it, limiting both accountability and strategic planning.
- Many CT organisations look to bodies outside of Wales for funding as we don’t have a dedicated Welsh funding pot to support the sector.
- Limited progress to develop the sector despite the strong vision shown in Llwybr Newydd, the Wales Transport Strategy.

By accepting the coproduced proposal set out above, the Welsh Government has a significant opportunity to tackle all of the above and ensure no-one is left behind as we transition to the franchised network of the future, putting people before profit in very real and tangible ways. By working in partnership to deliver these improvements, we can protect the investment already made, develop vital community infrastructure, and create pathways to sustainability for new and existing Community Transport organisations that set them up to contribute to the growing economy, deliver vital and value for money services, and continue to empower people and communities through inclusive shared mobility.

Appendix A Challenges

Challenges that emerged from the engagement events/T&F group meetings included:

- Core funding, including for salaries, volunteer recruitment and retention, and running costs.
- Ongoing funding to sustain existing operation, not just for 'innovation' i.e. new services.
- Disconnect between CT and more mainstream modes/investment.
- Capital for vehicles (and associated infrastructure).
- Short term agreements lead to short term thinking, high staff turnover (e.g. 12 month contracts), reliance on dwindling reserves, and very difficult decisions.
- Delayed decisions/limited communication around funding make life much more difficult.
- Small grants are staff time intensive and feed into the funding 'rollercoaster'.
- Lack of recognition of the importance/value/impact of CT, and sector expertise and knowledge.
- Growing demand for health journeys, including trips to hospital which should fall within WAST's commissioned statutory responsibilities.
- Lack of visibility for the Welsh Government on both the investment made and the return on it, limiting both accountability and strategic planning.
- The Welsh Government's Code of Practice for funding the Voluntary Sector is not currently being followed.
- Lack of transparency on how funding decisions are made, and the impact of changes from year to year leading to the growth of misinformation.
- The shifting responsibility for providing and protecting 'socially necessary routes' and where the statutory support for this sits following the implementation of the Act.
- Inconsistent approaches across different regions in Wales, leading to additional challenges for operators delivering/seeking to deliver services across multiple Local Authorities/regions.
- Concessionary card holders unable to benefit from free journeys due to lack of mainstream bus routes, instead covering the cost of their transport directly leading to a two tier system between urban and rural Wales.
- Historic funding arrangements with no paper trail, making it hard for even the operator to unpick the systems they rely on.

Appendix B Action Plan

Action	Responsible	Timeline	Notes
Identify what funding is currently made available to CTOs, amounts and sources, where is it currently being invested	ATCO, LAs, TfW	April 26	Richard Cope & Charlie Nelson already pulling this data together
Identify which/how much funding will be available during the transition to franchising and following rollout	TfW, WG	June 26	
Explore the options for funding management and make recommendations on best fit	TfW, CTA, WG	Sept 26	

Action	Responsible	Timeline	Notes
Develop the CT funding strategy, including capex, revenue for existing operation and revenue for new services, designed to sit alongside wider investment strategy	WG, Tfw, CTA	Sept 26	
Develop an equitable, transparent, auditable funding process/system, designed with funding CoP principles embedded	Tfw, CTA	Dec 26	
Identify a CT lead in the Senedd and Tfw	WG	Dec 26	
Develop a standardised impact reporting methodology which feeds back via CTA	Tfw, CTA	Mar 27	
Recognise CT in RTPs and the Network Plan, ensure greater visibility in the planning stages – CT representation on transport subcommittees?	CJCs, CTA, Tfw	Mar 27	
Revisit rural pathway/third sector miniplan (Llwybr Newydd)	WG, CTA	Mar 27	
Explore opportunities for further CT liaison functions	CTA, Tfw	Ongoing	Link to PACTO, NW Carer's Trust, others
Identify examples of good practice in current LA investment	ATCO, Tfw, CTA	Sept 26	David Blainey work with Flintshire, SE Wales
Review available data on fflecsi and demand responsive transport performance	Tfw, WG, CTA	Dec 26	Share recent evaluation report
Examine reporting and audit requirements to identify opportunities for simplification	Tfw, CTA, ATCO	Sept 26	
Finalise Challenge Fund proposal, approach, and budget	WG, CTA, Tfw	Sept 26	WG to review if residual funds held by CTA can be repurposed to contribute