Introduction

The Community Transport Association (CTA) is a national charity that leads and supports thousands of other local charities and community groups across the UK that all provide transport services that fulfil a social purpose and community benefit.

We are the UK’s leading authority on the practice and performance of community transport, enhancing the development of public policy where community-led transport solutions can improve access and inclusion.

**We are for, and about, accessible and inclusive transport.**

Although our response looks particularly at community transport we have used our expertise in working with people excluded from the mainstream transport network to look at some of the broader opportunities for transport investment through this fiscal event.

Ultimately, we believe that transport investment should be targeted to enable a greater number of people to access the travel network. In particular, we have looked where a modest amount of investment can bring about increased opportunities for some of the UK’s least mobile residents.

Our suggestions are underpinned by three key principles:

- Spending decisions should increase access to the travel network.
- Spending should support innovative transport projects that involve local communities in their design.
- Communal transport spend should be reoriented toward bus services.

Where possible we have provided costed out proposals indicating the likely socio-economic impacts. Community transport prides itself on making the most of limited resources and we believe that a modest investment in community transport has enormous social impact.

We are happy to provide further evidence if required. Further questions should be directed to:

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Policy and Public Affairs Executive  
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Executive Summary

The CTA’s budget submission document looks explicitly at a narrow set of proposals to support inclusive and accessible transport. This does not cover a full list of spending commitments but looks at a series of very specific cases that are important to the community transport sector. It must also be noted that the cost associated to a freeze in fuel duty would proportionally affect a smaller amount of community transport operators compared to the overall market that would benefit from this freeze. This figure, therefore, represents the total saving for all road users, not just community transport. The data used to inform these assumptions is a mixture of publically available data and CTA’s own internal research. Table 1 highlights a summary of our proposals and likely costs.

**Table 1. Summary of proposals and costs**

<table>
<thead>
<tr>
<th>Policy</th>
<th>Outline</th>
<th>Impact</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ring fence Bus Service Operators Grant for Community Transport Operators</td>
<td>Continue current levels of state subsidy to help stabilise funding concerns.</td>
<td>Keep down fares for the benefit of local communities.</td>
<td>£3,639,705</td>
</tr>
<tr>
<td>Freeze Fuel Duty</td>
<td>Help to control fuel costs through 8th consecutive freeze on fuel duty.</td>
<td>Keep expenditure down for community transport operators so they can continue to offer low cost services to local communities.</td>
<td>£850,000,000</td>
</tr>
<tr>
<td>Community Minibus Fund Round Three</td>
<td>A new round of community minibus funding to support the community transport sector.</td>
<td>Enable community transport operators to fill gaps left by commercial services to support employability and employment opportunities.</td>
<td>£2,500,000</td>
</tr>
<tr>
<td>Connecting Communities fund</td>
<td>A designated fund to improve transport integration through community involvement</td>
<td>Will enable access to a greater range of transport modes to boost economic development and encourage rural growth</td>
<td>£5,950,000</td>
</tr>
</tbody>
</table>
Ring fence Bus Service Operators Grant

Bus Service Operators Grant (BSOG) is a subsidy paid to bus operators based on their level of fuel consumption. This includes community transport operators. BSOG benefits passengers by keeping fares down and benefits operators by supporting otherwise unprofitable routes\(^1\). Table 2 summarises the amount of subsidy available to bus operators:

**Table 2. BSOG rates from 1\(^{st}\) April 2014**

<table>
<thead>
<tr>
<th>Fuel type</th>
<th>Unit payable</th>
<th>BSOG rate from 1 April 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel</td>
<td>Pence per litre</td>
<td>34.57</td>
</tr>
<tr>
<td>Biodiesel</td>
<td>Pence per litre</td>
<td>34.57</td>
</tr>
<tr>
<td>Bioethanol</td>
<td>Pence per litre</td>
<td>34.57</td>
</tr>
<tr>
<td>Biofuels – used cooking oil</td>
<td>Pence per litre</td>
<td>34.57</td>
</tr>
<tr>
<td>Unleaded petrol</td>
<td>Pence per litre</td>
<td>32.66</td>
</tr>
<tr>
<td>Natural gas used as road fuel</td>
<td>Pence per kilogram</td>
<td>18.88</td>
</tr>
<tr>
<td>Road fuel gas other than natural gas</td>
<td>Pence per kilogram</td>
<td>18.88</td>
</tr>
</tbody>
</table>

BSOG has undergone frequent reviews and reforms. In particular criteria for claimants, amount claimable, and where subsidy is held has changed significantly over recent years. Table 3 illustrates the impact of these changes on the overall BSOG amount provided to bus operators and local authorities.

These changes to BSOG funding has occurred contemporaneously with the reduction or withdrawal of 2,400 routes by local authorities since 2010\(^2\).

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\(^1\) [https://www.gov.uk/government/collections/bus-services-grants-and-funding](https://www.gov.uk/government/collections/bus-services-grants-and-funding)

Of the overall amount of BSOG claims around £3.6m was paid directly to community transport operators in 15/16\(^3\).

In a small but detailed exercise with community transport operators carried out in 2013 we found that with a sample of CT operators, 21% were completely reliant on BSOG and 75% were somewhat reliant on BSOG.

In forms of wider benefits a study carried out by Greener Journeys found that for every £1 spent generated between £2.50-£3.50 in benefits, including wider economic and social impacts\(^4\).

We recognise that there are some issues with BSOG and believe there are alternatives to funding a system that is based purely on fuel consumption. In the future we would like to see a system that better subsidies organisation that support rural and isolated communities.

The uncertain funding situation faced by many community transport operators could be eased by ensuring that BSOG remains at current levels for the upcoming financial year, with a view for considering a new system in the future. This will have no spending implications but will help ensure that community transport operators can continue to provide service to those traditionally excluded from the mainstream transport network.

The benefits for communities will be that fares can be kept low and they can continue to provide services to the most vulnerable people in their communities.


Freeze Fuel Duty

The rising cost of fuel continues to be a significant expenditure for our members. It has been suggested for a number of budgets that fuel duty would likely to rise. After freezing fuel duty for seven years we hope that the Chancellor will continue in this vein. This is particular important for community transport which relies on a unique funding arrangement that makes covering additional expenditure difficult.

It was estimated that last year’s tax freeze would be worth around £850m per year in lost revenues. Using the benchmark provided by the Treasury for vans we can suggest that to community transport operators, freezing fuel duty is worth £350 per year, per minibus.

The proposed freeze on fuel duty represents the single biggest area of expenditure outlined in our proposals. This is because the benefits of the freeze will have an impact much further beyond the community transport sector. For the sake of accuracy we have included the overall figure but it should be noted that community transport operators represent only a small proportion of overall fuel consumption in the UK.

Using CTA’s, State of the Sector Research, we would estimate that freezing fuel duty will be worth around £1,000 per year to a smaller community transport operator, based on number of vehicles. State of the Sector also illustrates that 36% of community transport operators have reserves of under £10,000. A rise in fuel duty by even a modest amount could have a significantly negative impact on the provision of community transport.

Despite the freeze on fuel duty fuel costs rose by 19% between February 2016 and November 2016. This places significant pressure on our members and we hope that a further freeze in fuel duty will be accompanied by new incentives for community transport operators to adopt cheaper and cleaner, alternative fuels.

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5 http://www.bbc.co.uk/news/business-38080622
6 http://www.bbc.co.uk/news/business-38080622
7 http://www.ctauk.org/UserFiles/Documents/In%20Your%20Area/England/State%20of%20the%20Sector%20for%20inhouse%20print.pdf p.21
8 http://www.ctauk.org/UserFiles/Documents/In%20Your%20Area/England/State%20of%20the%20Sector%20for%20inhouse%20print.pdf p.21
The actual cost of implementing this policy is £0 as it is not a tax cut but by resisting a rise in inflation it will amount to a potential loss in revenue for the Treasury of approximately £850m, based on last year's figures.

The benefits of this policy step will mean that community transport operators who are struggling to meet costs will not be burdened with additional expenditure. There is a much wider community benefit that it will reduce the risk of needing to withdraw services, cut routes or otherwise limit the opportunities to get people to where they need to be.
Community Minibus Fund Round Three

The Department for Transport notes the difficulty in recording total number of journeys carried out by community transport operators due to a lack of data\(^{10}\). In spite of this, estimates suggest that there are around 15 million passenger trips provided per year by around 2,000 community transport organisations in England\(^{11}\).

These trips are usually provided by accessible minibuses, these can cost in excess of £40,000\(^{12}\). For many organisations purchasing a minibus will be their single biggest source of capital expenditure.

In acknowledgement of this the Department for Transport recently supported the sector through the Community Minibus Fund Round One and Two. The overall aim of the Community Minibus Fund was to provide community transport organisations and providers with new minibuses to help them to continue to provide accessible and inclusive transport to their communities.

The total value of the fund was around £25 million which we estimate will have provided approximately 350 vehicles. We are incredibly pleased with the support offered by the DfT to the sector and we are already seeing the difference these minibuses are making to the lives of people in communities up and down the country.

This fund was particular valuable as the not-for-profit business model of community transport operators limits their ability to raise sufficient funds for new and replacement vehicles.

Based on our experience of administrating the fund we believe there is still a significant amount of unmet demand for minibuses. We received a number of high quality applications who were not successful on the occasion that we believe would still merit a minibus in a future round of funding. In particular, we are enthused about the number of new journeys that can now be made owing to the provision of these new vehicles.

We believe that there could be significant agglomerate benefits to the economy, employment, health services, and individual wellbeing by providing minibuses to just a further fraction of overall demand. To cover 10% of additional demand from the Minibus Fund Round Two would require an

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\(^{11}\) http://researchbriefings.parliament.uk/ResearchBriefing/Summary/CPB-7426

\(^{12}\) http://www.ctauk.org/UserFiles/Documents/In%20Your%20Area/England/State%20of%20the%20Sector%20for%20inhouse%20print.pdf
additional £2.5million, or forty minibuses, we believe this could have a transformative impact on the lives of people in some of the least mobile communities in the UK.

Poor access to public and private transport can be a common labour market barrier for many young people and other job seekers, especially in rural communities.

The next round of the Community Minibus Fund could be focussed on services and projects which:

- increase access to employment opportunities for vulnerable groups in the community.
- improve employability through enabling volunteers and service-users to develop their skills and experience.

As well as the award of the minibus we believe that successful organisations should be allocated some funding to help develop their business processes. We would like to see an application process that ensures organisations receive coaching and mentoring as part of their award which will help them adopt sustainable practices. This will ensure that with a modest investment in community transport operators can have a lasting impact on the communities they serve.
Connecting Communities Fund

Community transport often exists where no other forms of transport are viable. This is partly down to economic drivers but also due to a lack of integration and fragmentation of bus service. We see this in the provision of hospital and school transport, but also in gaps in the conventional transport network that is filled by community transport providers using section 22 permits.

We believe that community transport plays a vital role in connecting communities and getting passengers to their next mode of transport. We believe that this can be achieved through designating a Connecting Communities Fund. This funding would be used to support grass roots inclusive and accessible transport.

The fund would be available to community groups, local authorities, and designated partners. We believe it is important fund is explicitly used to support connectivity, integration and community involvement in bus service design.

In particular, we believe funding should be awarded to local authorities that involve charities and SMEs in service delivery. This is because under a new transport initiatives their vital but marginal services could be side lined, without protections in place.

There are specific policy drivers that should underpin this fund. The first is the Bus Services Bill which looks at reimaging bus services through new partnerships, data, and franchising. Connecting individuals in rural populations through an enhanced relationship between community transport and railways operators. Finally, we think there are lessons to be learnt from the Total Transport Pilots to be rolled out in urban areas to improve transport connectivity.

We have suggested three wider policy objectives that this new fund could be used to support. They are:
Increasing Rural-Rail Connectivity to Drive Employability

A key barrier to accessing employment opportunities is lack of public transport. The Joseph Rowntree Foundation highlights that this issue is particularly acute for young people who often have a lack of funds to pay for transport, and a lack of knowledge about the availability of services\(^\text{13}\).

Our experience working with community transport means that we regularly encounter individuals who are excluded from the travel network. Community transport provides services largely in rural settings\(^\text{14}\). They provide services where individuals would otherwise be excluded from the transport network. They provide a vital link between transport services that enable access to employment opportunities, in particular rail. In CTA’s response to The Rail Passenger Inquiry we provided an outline of the opportunities for community transport to support rural services\(^\text{15}\).

To grow the rural economy we believe it is important to provide greater opportunity to link community transport with rural train stations. This will enable rural residents without access to cars to travel further faster.

This can be achieved through using underused capacity in railway stations to provide space for community hubs from which community transport operators could operate to support passenger transitions to and from railway stations. This would increase employment opportunities, reduce congestion, and make better use of underdeveloped spaces.

The National Stations Improvement Programme set out £70m for improvements to 200 medium-sized railway stations across the country\(^\text{16}\). This was aimed at improvements for medium sized train stations to improve facilities and information. Providing a hub for community transport operators within train stations would require similar investment.

Replicating the scale of this programme with five pilot areas would cost £1.75m.

Using Total Transport to Increase Integration in Rural Areas

\(^{13}\) https://www.jrf.org.uk/report/young-people-and-transport-rural-areas

\(^{14}\) http://www.ctauk.org/UserFiles/Documents/In%20Your%20Area/England%20of%20the%20Sector%20for%20inhouse%20print.pdf

\(^{15}\) http://data.parliament.uk/WrittenEvidence/CommitteeEvidence.svc/EvidenceDocument/Transport/Improving%20rail%20passenger%20experience/written/33758.html

\(^{16}\) https://www.networkrail.co.uk/communities/passengers/station-improvements/national-stations-improvement-programme/
At the moment there are 37 Total Transport Pilots which are broadly feasibility studies designed to enable rural local authorities to find the ways in which they can deliver integrated transport services in rural and isolated areas. The 37 projects received a total of £7.6m.

It is hoped that the rationalisation of commissioning practices could lead to both savings for local authorities and the health service, as well as better passenger experiences. Some estimates have suggested that a total transport approach to services across all authorities in England could save the public purse £102million\(^{17}\).

One of the main benefits of a Total Transport approach to commissioning services is that it makes best use of different travel modes. We are particularly optimistic of the role of community transport in forming a key part of a new integrated model.

We believe that there are significant advantages to launching a new series of pilots in urban local authorities. Local Authorities in urban areas do not face the same difficulties in managing large distances between services, but face similar issues in managing services which are fragmented.

Carrying out a range of pilots in urban local authorities would also enable the Department for Transport to further prove the viability of the Total Transport concept. We would classify an urban area as defined by the Department for Transport in their original bid guidance for the Total Transport Fund\(^{18}\).

There are 75 Local Authority Districts in England that are categorised as urban with a major conurbation, in comparison to approximately 185 local authority districts which were available for the first round of funding. Using the funding figure of £7.6m as a basis for calculation we would suggest that a minimum of £3.1m be made available.

**Building an Inclusive Community Driven Bus Services Bill**

The Bus Services Bill will provide a framework to enhance local bus networks through new partnerships, franchises, and an open data provision. This enhancement will only be possible with a funding arrangement to support local authorities to reimagine what our bus networks can look like.

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The key challenge to making a success of the Bus Services Bill will be building capacity to develop imaginative new approaches to service design, and dedicated funding that will enable new infrastructure development that will be necessary through quality partnerships, franchising, and open data provision.

Fundamentally, for the Bus Services Bill to be successful we believe a significant level of funding is necessary to support this shift in the role of local authorities in local bus networks.

This funding is particular important when it is unlikely that it will be possible to allocate resources from elsewhere\(^\text{19}\).

The new powers in the Bus Services Bill are extensive but are less nebulous than the Total Transport Pilots. Looking at the 6 passenger transport executives as potential hubs for innovation we would estimate that with a slight cost reduction on the Total Transport Scheme a fund of £1.1 million would help support the transition to these new powers.

**Connecting Communities Fund: Total spend**

These three policy drivers are some of the ways in which we would envisage applicants would use the Connecting Communities Fund. We believe there are other applications but they should share a common purpose of empowering communities to support new transport connections. A Connecting Communities Fund of £5,950,000 would be a modest investment but could provide the impetus for the development of new, imaginative, community driven transport networks.

Conclusion

CTA’s budget representation illustrates how a modest amount of investment in the community transport sector can yield much broader benefits. The specific interventions in the community transport sector may be modest but we believe that it has the potential to transform the way transport services are currently designed and delivered.

In particular, we hope that our representation helps to move the conversation toward considerations of how we can deliver a transport system that is responsive to community need, and driven by grassroots involvement.

Our aim through this representation was to further the cause of inclusive and accessible transport. We believe that this is important to make economic opportunities, social events, schools and healthcare settings accessible too.

The committed spending amounts have not calculated net benefits of these measures but we believe integrating transport, freezing fuel duty, and a new round of minibus funding would have wider economic benefits that will eventually far outweigh initial spend.

If you require further information please contact:

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