



Research Briefing  
**Community Transport in  
Wales - a quick guide**

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National Assembly for Wales  
Research Service

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## Research Briefing

# **Community Transport in Wales - a quick guide**

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This guide provides an overview of the community transport sector in Wales. It explains what community transport services are and the legal basis for their operations. It covers how organisations who want to provide community transport services are established and how they are funded. It concludes by covering some of the future challenges that the sector is facing.

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# 1. What is Community Transport?

Community transport services are accessible and flexible not-for-profit services run by the community for the community. The sector provides a variety of services such as community car schemes, door-to-door dial-a-ride services, community bus services and group transport, which address needs not met by public transport.

## Establishing a Community Transport Service

The **Community Transport Association Cymru (CTA Cymru)** has prepared a guide for those who want to establish their own community transport service. **CTA Cymru recommends a number of steps** (PDF 457KB):

- assessing the transport needs of the community;
- choosing a suitable type of community transport service;
- deciding who will run the community transport service;
- deciding how the community transport service will be financed;
- creating an action plan; and
- considering quality standards and Quality Assurance.

## The Legal Basis for Operation

**Section 19** and **Section 22** of the **Transport Act 1985** allow organisations that operate in Great Britain without a view to making a profit to apply for permits which exempt them from the need to hold a Public Service Vehicle (PSV) operator's licence. Normally, organisations operating in Great Britain that accept any sort of payment for providing transport to passengers must hold a PSV operator's licence or private hire vehicle licence.

### Section 19 permits

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Any organisation operating without a view to making a profit and concerned with an activity of benefit to the community can apply for a permit under Section 19 of the *Transport Act 1985*. A vehicle used under a Section 19 permit must be used to transport members of the organisation and not the general public. Each permit will indicate the particular class or classes of people who can be carried under the terms of that permit. A list of these classes can be **found on the UK Government website**. Using Section 19 permits community transport operators offer services such as community group mini bus hire and dial-a-ride, as well as providing contracted services to public service organisations including social services transport and non-emergency patient transport.

### Section 22 permits

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Any organisation operating without a view to making a profit and concerned with the social and welfare needs of one or more community, can apply for a permit to provide a community bus service under Section 22 of the *Transport Act 1985*. A vehicle used under a Section 22 permit, unlike a Section 19 permit, may be used to carry members of the general public.

## Community car schemes

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The legal basis for operation of community car schemes is car sharing legislation as set down in the **Public Passenger Vehicles Act 1981**. This means that they cannot charge for the journey other than for reimbursement for the running costs of the vehicle. With volunteer drivers this is achieved by reimbursing the driver in accordance with the **HMRC Approved Mileage Allowance Payment (AMAP)** scheme, currently 45 pence per mile for the first 10,000 miles per year, after which the rate drops to 25 pence.

## 2. Community Transport in Wales – The Current Position

In Wales **2 million journeys** were made by passengers using community transport, with a total mileage of approximately 6 million miles in 2013. This compares to **1.2 million journeys** made by passengers using community transport, covering a total of 4.3 million miles in 2010.

According to CTA Cymru, they have 114 community transport organisations registered as members. **Research undertaken by CTA Cymru in 2013** (PDF 3.43MB) shows that 34% of these organisations offer services solely in rural areas, 9% offer services solely in urban areas and 55% offer their services in both rural and urban areas. The largest percentage of community transport organisations run services in Powys (32%), whilst approximately 14% of organisations offer services in Carmarthenshire, Ceredigion, Gwynedd and Pembrokeshire.

In 2013, 93% of community transport organisations stated that their service users include older people. Whilst 84% offered services to disabled people and 76% to people with mobility problems. The most common types of services operated in 2013 were community car schemes, with 57% of community transport organisations offering such a service. Forty seven per cent of community transport organisations offered a dial-a-ride service, 34% offered non-emergency patient transport and 31% offered community group hire.

In 2013 approximately 605 people were employed in the delivery of community transport services in Wales, a decrease of 16.7% from the 726 people who were employed in the sector in 2010. In the same period, 1,861 volunteers completed 167,000 hours of voluntary work in the community transport sector in Wales.

A list of those community transport organisations operating in Wales, including the type of service they provide, is available on the **CT online website**.

## 3. Community Transport Funding

Community transport organisations rely on a number of different sources to fund their services, these include:

### Welsh Government funding

In January 2014 the previous Welsh Government changed the way bus and community transport services are funded in Wales, moving from the Regional Transport Services Grant administered by Regional Transport Consortia to the Bus Services Support Grant. This grant is administered through local authorities and has **been frozen at £25 million since 2013-14**. When the new grant was introduced, the Welsh Government also reduced the minimum threshold to be allocated to community transport **from 10% under the previous grant to 5%** (PDF 3.43MB), although Welsh Government guidance stated that it “strongly recommends that a figure of 10% is achieved.”

The previous Welsh Government's **National Transport Finance Plan** (NTFP), published in 2015, includes a number of commitments relating to community transport, such as the development of options for targeted funding for bus and community transport focused on rural services, access to health facilities and access to employment sites. The Welsh Government also stated that it wanted to work with community transport providers to develop car club schemes in areas where people have difficulty in accessing employment opportunities and services. The NTFP includes a commitment to produce an All Wales Bus Quality Standard for bus and community transport services, in partnership with local authorities, operators and users.

### Local Authority funding

Some community transport organisations receive financial support from local authorities' own budgets. This is often provided in return for operating core functions, such as mainstream school transport and social services transport.

### Concessionary travel

The previous Welsh Government's Community Transport Concessionary Fares Initiative **came to an end in April 2013**. This initiative was a pilot project allowing concessionary passes to be used on services operated by 15 community transport schemes. Following the end of the pilot project, concessionary bus passes can no longer be used on community transport services operating under a Section 19 permit. As a result, some community transport organisations **moved from operating under a Section 19 permit to operating under a Section 22 permit** (PDF 267KB) as concessionary bus passes can still be used on community bus services operated under a Section 22 permit.

CTA Cymru has said that for some community transport schemes, operating under a Section 22 permit has caused financial difficulties. As community transport organisations must operate without a view to making a profit, the fares charged for their services must cover their expenses, and leave no surplus income. However, when a passenger travels using a concessionary bus pass, the community transport organisation will only be reimbursed a percentage of an average single fare. Therefore, for each journey made using a concessionary bus pass, the community transport organisation can often make a loss (depending on the size of the vehicle, number of passengers and wheelchair users and the route).

### Grants, charitable trust and foundation funding

Many community transport organisations rely on funding from grants, charitable trusts or foundations. This funding is usually short term and the application process can sometimes be complex. According to CTA Cymru many of the trusts or foundations only provide small amounts of funding and it is becoming increasingly difficult to access such funding as the application process becomes more and more competitive.

## 4. Community Transport in Wales – Looking to the Future

CTA Cymru listed a number of future challenges in their **State of the Sector report 2014** (PDF 3.43MB). These challenges include:

### EU Competition Law

As explained above, Section 19 permit holders cannot carry members of the general public; however they can compete for contracts from local authorities. As a result, some bus operators have questioned whether community transport operators should be subject to the same regulatory framework as commercial bus companies. This has resulted in a challenge from commercial operators to the European Commission and the issuing of an Infraction Notice to the UK Government.

Department of Transport officials are currently working with stakeholders on what revisions could be made to UK legislation in relation to the permit regime.

### **Driving licence entitlements**

The State of the Sector report suggests that community transport organisations may find it increasingly difficult to recruit volunteers who are eligible to drive minibuses, as many will not have the required D1 entitlement (entitlement to drive a minibus, not for hire or reward) on their driving licence. This is due to the fact that drivers who passed their test before 1 January 1997 have automatic D1 entitlement, whilst those who passed their test after this date, and only hold the B category on their licence, can only drive a minibus if they meet certain conditions listed on the **UK Government's website**.

### **Upgrading vehicles**

Since capital funding is limited, and the permit system does not allow community transport operators to generate an income to allow them to build up reserves, CTA Cymru says the sector faces difficulties in replacing vehicles. The State of the Sector report found that 17.5% of accessible minibuses are over 7 years old and a further 37% are between 5 and 7 years old. CTA Cymru suggests this will present future financial challenges for both maintenance and eventual replacement of vehicles.

### **Volunteer recruitment**

CTA Cymru states that community transport organisations have reported that one of their biggest challenges is the recruitment and retention of new volunteers. There are concerns that the rise in the retirement age will further exacerbate recruitment difficulties.

### **Funding**

The research underpinning the State of the Sector report asked community transport operators to identify the greatest challenges facing their organisation. The biggest concern in the sector was funding. Short-term funding is typical for community transport organisations, meaning resources are diverted by the need to bid for funds. CTA Cymru says this often constrains organisations from making medium or long-term commitments to their users, and can restrict their ability to recruit, retain and invest in staff and volunteers. It suggests short-term funding can also prevent organisations from forward planning, inhibiting them from achieving long-term sustainability.

## 5. Further information

- CTA Cymru, **State of the Sector reports**
- CTA Cymru, **Getting Started – A Toolkit for setting up a Community Transport Service**
- Fourth Assembly Enterprise and Business Committee, **Report on Integrated Public Transport in Wales (PDF 715 KB)**
- The Fourth Assembly Enterprise and Business Committee, Bus and Community Transport Services in Wales Inquiry, **Written Evidence**
- Fourth Assembly Enterprise and Business Committee, **Report on Bus and Community Transport Services in Wales (PDF 713 KB)**
- The Older People’s Commissioner for Wales, **The Importance and Input of Community Services within Wales**
- UK Government’s Department for Transport, **Section 19 and 22 permits: not for profit passenger transport**