

Staff Travel Plans in the NHS: Setting up a salary sacrifice scheme for bus season tickets as part of your travel plan

1 SUMMARY

- 1.1 On 9th February 2009, Greater Manchester NHS staff from finance, human resources and public health gathered to learn about bus season ticket salary sacrifice schemes. The meeting was hosted by Oldham Primary Care Trust and Oldham Council.
- 1.2 These schemes can help to reduce carbon emissions, solve parking problems, improve staff retention and fitness levels, and help meet local authority planning conditions at new developments.
- 1.3 Two different ways of setting up a salary sacrifice scheme were presented, and there are many other ways of proceeding, with more or less of the work being done in-house:
- First Bus TaxBUster tickets (for First Bus tickets only). Contact: Ged Ward, National Account Manager, UK Bus. Ged.ward@firstgroup.com
Tel: 0161 203 3106, Fax: 0161 203 3108, Mobile: 07834 960999
 - P&MM Green Travel 2 Work (for all bus operators). Contact: Daniel Nugent, Business Development Director, Daniel.nugent@p-mm.co.uk
Tel: 01908 303413, Fax: 01908 202022, Mobile: 07946 425996
- 1.4 Both companies have operated salary sacrifice schemes for bus season tickets and can help Greater Manchester NHS units to run a scheme for staff.
- 1.5 In Greater Manchester, salary sacrifice can reduce the cost of bus travel by about half to around £7 a week, making it an economic alternative to the car. For employers, it can lead to lower National Insurance Contributions.
- 1.6 A designated staff member is required to promote the scheme, though once the scheme is established, administrative requirements are minimal.
- 1.7 It is important to offer the salary sacrifice scheme to new staff members as their travel habits are rapidly established at the time they start work.
- 1.8 For PCTs based in the north of Greater Manchester, the First Bus scheme may be the best option. For the south of Greater Manchester, a scheme that offers Stagecoach Buses' tickets would be more appropriate. There is also a System One ticket that can be used on all operators' buses.
- 1.9 A salary sacrifice scheme is best introduced as part of a workplace travel plan that includes other measures to promote walking, cycling, public transport and car sharing. For travel plan assistance, contact Kath Tierney at RATC on 0161 368 6603 kath@ratransport.co.uk
- 1.10 Contact details and websites are listed at the end of these Notes.

2 SEMINAR NOTES

2.1 The Seminar was held Oldham Civic Centre. Those present:

- Jayne Astin, Human Resources Advisor, Bury PCT
- Ged Ward, National Account Manager, First Group
- Chris Brady, First Group
- John Jenkins, Assistant Director Capital Investment & PFI, NHS Northwest
- Daniel Nugent, Product Manager, Employee Benefits, P&MM Ltd
- Barry Waterhouse, Travel & Access Manager, Pennine Acute Hospitals NHS Trust
- Sarah Jubbs, HR Advisor Recruitment & IWL, Salford PCT
- Joyce Lee, Corporate Citizenship Officer, Salford PCT
- Mary Brooks, Public Health Advisor, Stockport PCT
- Deborah Bourne, Finance, Oldham PCT
- Dawn Pearson, Finance, Oldham PCT
- Garrie Prosser, Bolton Healthy Living Programme Manager, Bolton PCT
- Louisa Moore, Human Resources, Stockport PCT
- Kelly Knowles, Finance Trainee, Bolton PCT
- Amanda Williams, Finance, Bolton PCT
- Ian Bewick & Kath Tierney, Richard Armitage Transport Consultancy

2.2 Apologies:

- Angela Carr, Oldham MBC.

What is Salary Sacrifice?

- 2.3 An arrangement by which employees agree to give up taxable pay in return for the employer providing tax efficient benefits. Previous Salary Sacrifice schemes included childcare, healthcare, mobile phones, shopping vouchers, and bicycles; it is now available for travelling to and from work by bus.
- 2.4 Employees must sign up for a fixed period (e.g. 12 months) and HM Revenue & Customs (HMRC) must approve the scheme.
- 2.5 The Salary Sacrifice Bus Travel Scheme covers 'qualifying journeys' commuting to and from work, or between places of work, by bus.
- 2.6 Tickets are for the employee's personal use only, and may be used for occasional private journeys.

Reasons for Bus Season Ticket Salary Sacrifice

2.7 Kath Tierney noted the following reasons for implementing a scheme;

- Carbon reduction – through reduced car trips
- Reduced parking demand
- Lower costs for renting staff parking spaces
- Improved site management through reduced congestion and demand for parking spaces
- New developments: a travel plan is required before planning permission will be granted
- Equity and improving working lives – bus season tickets are likely to be of most help to lower paid staff
- Active travel – promotes walking as part of the journey to work, improving staff fitness.

First Buses TaxBUSTer ticket

2.8 Ged Ward, National Account Manager for FirstGroup (operator of Buses in North Greater Manchester) presented First's Salary Sacrifice options for employers. First aims to develop partnerships and offer joint branding of products, including integrated weblinks.

2.9 Employee must sign up for 12 months and bus travel must be used for the journey to and from work. Signing up to annual salary sacrifice can halve the price of bus travel compared to buying 52 weekly tickets. Although there is a 12 month commitment, in practice, First sends out monthly tickets to employees and this arrangement can be cancelled in the event of a change to the circumstances of the employee.

2.10 GW gave an example of an employee earning £20,000 p.a. having a salary sacrifice for an annual First Bus ticket costing £600. Using the salary sacrifice scheme, the employee pays only £414 and the employer saves £40.80 in National Insurance contributions. More details are in the attached presentation.

2.11 First has successfully introduced a salary sacrifice scheme for Salford Royal Foundation Hospitals Trust.

2.12 The First local bus company and First's commercial team work closely with clients to set the scheme up. This includes setting up a website for staff to purchase tickets that looks very similar to the First eticket site:
<https://www.firstgroup.com/etickets>

2.13 Once the scheme is set up, First provides a URL link to the employee to complete their details. Once validated by the employee's HR department, the bus ticket is posted directly to the employee's home address.

2.14 First invoices the employer in arrears each month. The ticket is in two parts: a photo card and an actual ticket with an expiry date on it. Only the ticket portion is renewed each month. The employee will only see the ticket cost increase once a year.

- 2.15 To make the scheme succeed requires a staff member to promote it as part of the staff travel plan. First can assist with marketing materials and a travel clinic. RATC can assist with other travel plan measures.
- 2.16 First can also match staff postcodes to their bus routes to identify where there are clusters of staff members who could participate in the scheme.
- 2.17 First can set up a salary sacrifice scheme within 9-12 weeks. There is no minimum number of staff required, although it needs to be a relatively large organisation – PCTs and hospitals are suitably large. A salary sacrifice scheme can be a "good news story" to promote to staff along with other travel plan incentives to promote walking and cycling.
- 2.18 For staff who may view annual bus tickets as a big step (particularly staff who currently drive to work), First can offer "taster" tickets. First offers a 3 for 1 scheme: the employee buys one monthly bus ticket, and First and the employer each offer another for free.

Discussion

Would First be willing to put on additional bus routes for participating PCTs?

- 2.19 First is keen on a partnership approach with the NHS and would focus on maximising use of existing routes and promoting these to staff, for example through personalised travel plans / timetables. If it was proven that there was enough demand for a new route, First would consider it.

Is the bus ticket only valid for a certain route?

- 2.20 The ticket offered by First is a Greater Manchester Network ticket so can be used on any First Buses in Greater Manchester. While it is intended for use on buses to and from work, employees are also able to use it at weekends / evenings for other journeys as no checks are made on the journeys the ticket is used for – more information about this is in the pack distributed by GW. To obtain a pack, contact Ged Ward (details on page 1).

How much administration is involved?

- 2.21 There is a need for a project team involving HR, Finance and the Travel Plans Co-ordinator to supervise the scheme set-up and for a staff member to be responsible for monitoring it. However, once the scheme is established, the only administrative task is for HR to check the participating staff member list once a month – this should only take about 30 minutes each month. However, it is recommended that a significant amount of effort is made by the travel plans team to promote the scheme.

Other points made

- 2.22 Stockport PCT already subsidises bus tickets and has seen the proportion of staff using buses grow from 5% to 14% in 3 years.
- 2.23 Oldham MBC has successfully set up a salary sacrifice scheme. Their staff travel policy now states that staff members who are travelling between OMBC sites that are on a high frequency bus route cannot claim car mileage or parking expenses. Instead, they are given a bus ticket to use.

- 2.24 First are happy to work with third party payroll providers and have experience of doing this in other areas.
- 2.25 Salary sacrifice cannot take pay under the minimum wage – care must be taken if the employee already has other salary sacrifice schemes such as childcare vouchers. Salary sacrifice may also be unsuitable for staff close to retirement who are on a final salary pensions scheme. For such staff, an interest-free loan, paid through monthly salary deductions is the best option.

Green Travel 2 Work

- 2.26 Dan Nugent from P&MM introduced its “Green Travel 2 Work” scheme. P&MM is a specialist employee benefits and motivations provider, part of the Motivcom Group. One advantage of using P&MM is that it also manages other salary sacrifice schemes and deals with a variety of bus operators. P&MM can therefore offer a service to manage salary sacrifice for e.g. an employee’s bus travel (including offering a choice of bus operator tickets), childcare vouchers, bicycle purchase etc.
- 2.27 Like First, P&MM can help with set-up and promotion of the scheme and they have experience of working with the major UK bus operators. Their fee is a percentage of the employee’s ticket cost, usually about 5 - 6%, but is never more than the employer saves in reduced National Insurance Contributions.
- 2.28 P&MM has a “Salary Plus” website for staff to enter their details and choose their ticket – the site includes a page that helps staff find out which bus ticket is right for them. Once they have entered their details into the online form, the staff member prints out a form to hand to HR. The form can include questions that determine staff eligibility for the scheme e.g. length of service, though it is strongly advised to make new starters eligible for the scheme to promote bus use from the commencement of work. Once a staff member is in the routine of driving to work, it is very difficult to change that pattern.
- 2.29 The P&MM website has an in-built minimum wage checker.
- 2.30 P&MM also offers a telephone service for staff members who have no access to the internet.
- 2.31 Generally, a scheme starts with existing bus users then grows over time through word of mouth and through travel plan promotion. P&MM can advise which types of promotion work at different types of site.

Discussion

Stockport PCT’s “cash-based” ticket scheme is popular with staff who may not want to use salary sacrifice: what is the best way to proceed?

- 2.32 Users of an existing scheme like this will probably migrate to salary sacrifice in time. The key is to ensure good communication and promote the benefits.

Why Use an External Provider?

- 2.33 Oldham MBC found it easier to use an external provider, in their case P&MM, as they found that their own finance department did not have the resources to set the scheme up.

One participant noted that a proposal for a salary sacrifice scheme had been met with the response from the Finance and HR team of “what’s in it for us?”. What is the answer?!

- 2.34 It is advised to ensure that proposal for a bus ticket salary sacrifice scheme is accompanied by a comprehensive list of its advantages and reasons for implementation. It should also be accompanied by other travel plan measures. Patience is key, as it can take time to win hearts and minds of the decision-makers in an organisation. It should be noted that the new NHS Carbon Reduction Strategy requires a board-approved Travel Plan.

Is Salary Sacrifice available for train and tram tickets?

- 2.35 No, it is only available for bus tickets. In future, this may be extended to trams but it is unlikely that trains will be included, as HMRC is concerned that it will merely contribute to more long-distance commuting.

3 NOTE: BUS SERVICES IN GREATER MANCHESTER

- 3.1 Bus services in Greater Manchester are provided by private bus operators. Generally, First Group operates most of the buses in the north of Greater Manchester, Stagecoach Buses operates most of the buses in the south of Greater Manchester. In some areas, such as Tameside, both operators are present but generally there is little competition between the two operators. There are a number of smaller independent operators but the vast majority of bus services are provided by either Stagecoach or First. In Wigan, Bolton, Trafford and Manchester, Arriva is also a major operator of services.
- 3.2 Stagecoach and First offer daily, weekly, monthly or annual tickets that can be used only on their buses. For areas where nearly all bus services are operated by either Stagecoach (e.g. Stockport) or First (e.g. Oldham), a “single operator” ticket would be of most use to staff. In areas where staff members may have to use services by both operators (e.g. Tameside) a “multiple operator” ticket provided by System One would be more suitable. System One Travelcards (GMTL) is co-owned by Greater Manchester’s private bus, rail and tram operators and Greater Manchester Passenger Transport Executive (GMPTE).

Useful weblinks

First Buses in Manchester:

<http://www.firstgroup.com/ukbus/northwest/manchester/home/index.php>

Stagecoach Buses:

<http://www.stagecoachbus.com/manchester/>

System One:

www.systemonetravelcards.co.uk

P&MM:

www.p-mm.co.uk

Richard Armitage Transport Consultancy:

www.ratransport.co.uk