

NBTN SURVEY ON TRAVEL BENEFITS OCTOBER 2008

BACKGROUND

The National Business Travel Network (NBTN) set up a 'Tax Group' in 2007 with the following objectives:

- To incentivise sustainable travel by encouraging the most appropriate financial incentives to companies and individuals
- To provide policy advice and evidence to support changes in taxation policy that encourage the use of employer travel plans and more sustainable travel practices
- To work with other bodies in order to achieve the most appropriate changes
- To investigate the current state of play regarding taxation and sustainable travel
- To gather evidence on the current usage of present tax incentives
- To increase the level of knowledge surrounding the use of taxation to encourage sustainable travel
- To develop specific outputs and potentially a timetable for delivery

INTRODUCTION AND SUMMARY

An important part of meeting the above objectives was to carry out a survey of any benefits, or otherwise, that companies were providing to employees which could influence travel choices. Accordingly in June 2008 some 250 members of the NBTN were invited to take part in a web based survey reviewing their travel plans and polices, and some 72 (25%) subsequently completed the online survey.

The aim of the survey was to document travel plan measures, particularly those subject to a tax concession and also the use of other measures to support employee commuting by various modes. Some information was also gathered on business travel provisions. Some two thirds of the respondents were in the private sector and overall 50% of them employed less than 500 people.

This summary gives an overview of the statistical results and also documents (in italics) some of the ideas respondents had for improving the tax system's support of green travel.

TRAVEL PLANS

63% of respondents had formal travel plans in place and some of the others had plans in the course of preparation.

The creation of effective travel plans could be encouraged by appropriate taxation incentives such as a discount on business rates or some reduction in congestion charges.

PUBLIC TRANSPORT

Nearly two-thirds of the organisations were located in suburban, town/city fringes or rural areas which are areas that normally have a high level of car dependence; however, 68% of them were within 2 minutes walk from a bus stop. Loans for season tickets were provided by 50% of respondents and 30% offered free or some form of discounted fares.

Use of public transport could be further encouraged by employers use of cash bonuses but some extension of tax concessions for this and for the use of other modes of public transport (rail, tram etc) would be necessary to make the concept useful.

BICYCLES AND CYCLING

Covered bicycle parking was provided by over 70% of respondents with 44% providing secure parking. Interest free loans for staff to buy bicycles were provided by 26% and additional facilities (clothing, equipment, changing rooms, showers etc) were provided by 40%, although there was considerable variation in the facilities provided.

Higher rates for bike mileage allowances would be advantageous and the tax position for bicycle support facilities (training, clothing, equipment etc) could be clarified with advantage.

CAR USAGE

Car sharing had been organised by some 42% of respondents and 26% also offered a “get you home” facility. In addition one organisation paid a monthly stipend of £42.50 to car sharers.

Car sharing could usefully be further incentivised using the tax system.

For business travel, most organisations paid close to the HMRC tax-free limit of 40p per mile. One organisation varied rates depending on whether public transport was available and one was considering linking its rate to the car’s carbon footprint so lower rates would be given to staff with higher emission cars.

To disincentivise car travel the mileage rate limit could be reduced and organisations which pay over the threshold could be actively ‘discouraged’. The idea of linking the limit to the emission levels would bring it into line with the application of vehicle duty.

A passenger mileage rate was paid by some 19% of organisations.

Some 43% of respondents provided company cars to some of their staff and a third of those provide free fuel for commuting and leisure purposes. A cash alternative to a company car was offered by a third of organisations but few (9%) offered the option of an interest free loan for the user to buy their own car.

Although provision of parking for staff was common, most organisations needed to manage the demand for parking places using a wide variety of techniques. As could be expected the proportion of parking spaces available to staff in town centres was lower than out-of-town locations. Although allocated parking for disabled users was common (74%) the number of spaces reserved for senior staff exceeded the number of allocated spaces for car sharers. Very few organisations offer a positive incentive not to park, but a few (14%) do charge their employees to parking.

Rewarding employees for not using parking spaces seems possible (if appropriate tax waivers were available).

SALARY SACRIFICE SCHEMES

Some employers were reluctant to use such schemes to encourage greener travel as they perceived that they would be complex and expensive to administer. There is also some lack of clarity in the rules for using the scheme to fund bus passes and the 12 month horizon discourages low paid or temporary workers. Some respondents considered the extension of the Salary Sacrifice Scheme to cover other modes of transport (e.g. rail, tram, including multi-modes) could be of benefit.

GENERAL TAXATION ISSUES

It appears that many respondents find the current tax regime with regard to travel unclear and its application highly variable across the country. Improved advice issued centrally by HMRC could be a simple way of resolving the variability issues and go some way to remove uncertainty with regard to the use of incentives to greener modes of travel.

Employers are reluctant, understandably, to incentivise the use of alternatives to car usage if this results in a tax burden for their employees or it results in significant administration cost for themselves.

GOOD PRACTICE EXAMPLES

As mentioned above one of the objectives of the tax group and NBTN generally is to increase and share the knowledge of working incentives. It is intended to publish a supplementary report on good practice as a source document for all NBTN members. This work will follow on from this survey and further discussions with NBTN members who took part in the survey.

1. THE SAMPLE

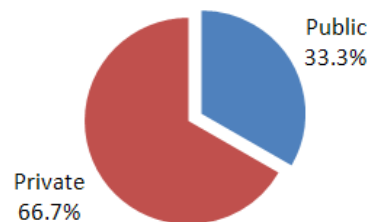
This survey was undertaken through an email request sent to 250 members of NBTN. The email provided a link to an online survey form. The survey was also publicised through the Cambridge Workplace Travel Plan Team's e-newsletter, which was circulated to about 50 local employers with travel plans. A total of 72 replies were completed online, representing approximately a 25% response rate which is reasonably good for this sort of survey.

The respondents were asked to complete information for their main site, or for multiple sites if appropriate. Of the 72 sites, 45 had a travel plan (63%) and 28 (39%) did not (although some had a travel plan in preparation or shared measures from a nearby site). The NBTN members are those with a particular interest in developing effective travel plans; as such this survey reflects the practices and situation of organisations towards the leading edge of travel planning. However, as well as employers who have a travel plan, members include local authorities, government departments and transport operators. Some of this latter group will not have a travel plan. Hence the questionnaire did not assume an active travel plan, but referred to specific travel plan-type measures as well as wider transport provisions subject to a tax concession or other tax implications.

Two-third of the respondents were from the private sector and one third from public sector organisations (Table 1.1).

1.1 PUBLIC/PRIVATE DISTRIBUTION

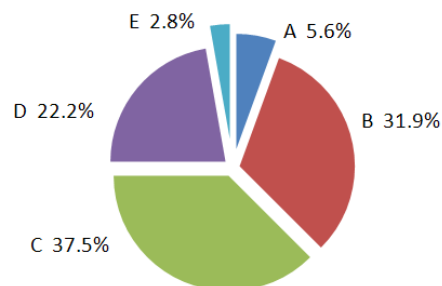
	Percentage	Total
Public Sector	33.3%	24
Private Sector	66.7%	48
Total response		72



Nearly two-thirds of the organisations were located in suburban, town/city fringes or rural areas which are areas that normally have a high level of car dependence. 37% were in town/city centres (Table 1.2).

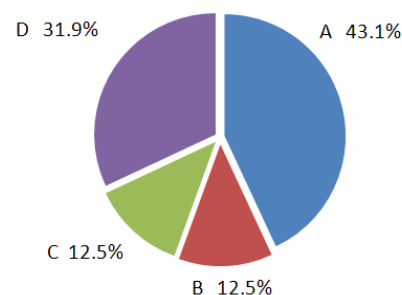
1.2 LOCATION

	Percentage	Total
A Rural	5.6%	4
B Suburban	31.9%	23
C Town/City Centre	37.5%	27
D Town/City Fringe	22.2%	16
E Unknown	2.8%	2
Total response		72



1.3 NUMBER OF EMPLOYEES

	Percentage	Responses
A up to 251	43.1%	31
B 251 -500	12.5%	9
C 501- 1000	12.5%	9
D over 1000	31.9%	23
Total response		72

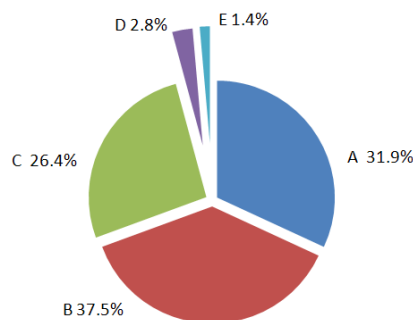


2. PUBLIC TRANSPORT

In terms of bus access, most respondent's sites had a bus stop adjacent (some on site) or very close.

2.1 HOW CLOSE IS A BUS STOP TO YOUR MAIN PEDESTRIAN ENTRANCE?

	Percentage Responses	
A. Adjacent	31.90%	23
B. Within a 100m (2 minutes' walk)	37.50%	27
C. Within a 100m (5 minutes' walk)	26.40%	19
D. Over 500m (over 5 minutes' walk)	2.80%	2
E. Other (<i>Linked by covered walkway</i>)	1.40%	1
Total responses:		72



In terms of supporting commuting by public transport, exactly half of our survey respondent's organisations provided an interest-free loan for staff to purchase public transport season tickets for commuting to work.

A more substantial benefit is the use of a 'salary sacrifice' scheme for staff to buy monthly or longer period bus passes from their pre-tax income. 11 respondents (15%) reported that they offer this and 61 (85%) did not.

This appears to be a somewhat high proportion, and it is possible that this may include some instances of salary **deduction** (of post-tax income) rather than the tax and NIC-saving salary **sacrifice**, although from their other comments several respondents did clearly mean salary sacrifice.

Another way to support bus commuting is for an employer to have a contract or agreement with a local scheduled bus operator to provide discounted or free fares for their staff. Some of these will be negotiated discounts and some a contract with the employer who provides a payment for discounted or free fares. Over a third - at 27 sites (38%) reported that they have such a contract or agreement, although 45 (62%) did not.

This proportion seems high. Of the 27 sites with discounted or free fares for their staff, 8 were bus operators who provided free travel on their services to all their own staff. As this is nothing to do with a travel plan or of the tax exemption associated with a contract with a bus operator, it is best to exclude these, taking our sample down to 64. This produces a breakdown 30% who have discounted or free fares for their staff and 70% who do not.

Just over a quarter (26%) of sites were served by 'works'/contract buses for staff to travel to work. This proportion includes 9 bus operators - their use of works buses is somewhat different from the situation regarding free fares. Bus operators, like many other businesses, are ones that can require works transport. However the relatively large proportion of bus operators in our survey may have skewed this result somewhat.

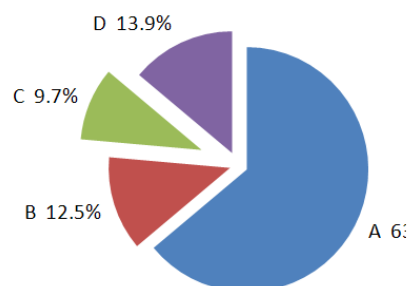
Employers may also subsidise public bus routes to their site in order to enhance or maintain the quality of bus services for their staff. 21 sites (29%) had one or more public bus routes subsidised by the employer, while 51 sites (71%) did not.

One question specifically asked if there was a bus link provided from the site to the local town centre or station. This could be either a public or contract bus. 20 sites (28%) did have such a bus link (although some of the remaining 72% of sites would be in town centres and so not need such a link).

The respondents were asked if they provided any other form of discounted public transport fares for staff commuting. The results were as follows:

2.2 DO YOU PROVIDE ANY OTHER FORMS OF DISCOUNTED PUBLIC TRANSPORT FARES FOR STAFF COMMUTING?

	Percentage	Responses
A. No	63.9%	46
B. Negotiated discount	12.5%	9
C. Is a bus operator so staff get free travel%	9.7%	7
D. Other	13.9%	10
Total responses:		72



Other included:

Airport Travel Cards providing an integrated package; shopper bus service; free park and ride; free travel for a week for new staff; contract with bus operator also including local rail services. Four mentioned they were planning to introduce bus fare salary sacrifice.

Overall, this survey shows that most employers in this survey sought ways to improve bus services to their site and cut fares paid by their staff. A number of mechanisms were used utilising a range of tax concessions.

For business travel, the respondents were asked whether, besides reimbursing public transport costs, if their organisation provided any other benefits. Most (63 sites/88%) said they did not. (9 sites/12%) said they did. These responses involved use of station shuttle buses for work trips, providing railcards and a personal journey plan for the routes and time-tables, a prepaid day rider card on reception to save employees having to pay the fare and claim it back and £2 per day for cycle use.

3. BICYCLES AND CYCLING

Supporting infrastructure for cycle commuting can include a variety of provisions. A question was asked:

3.1 DO YOU HAVE ANY OF THE FOLLOWING ON YOUR SITE? PLEASE TICK AS MANY AS APPLY.

	Percentage ¹	Responses
A. Uncovered cycle parking	38.8%	28
B. Covered cycle parking	70.1%	51
C. Secure cycle parking	44.4%	32
D. Changing rooms and showers for cyclists ²	25.9%	49
E. No such facilities are available	13.9%	10
F. Other (see below)	16.6%	12

¹ Percentage is of the 72 surveyed - but most had more than one facility

² In some cases changing rooms or showers only, or may be provided for other purposes (e.g. for sports) which cyclists can use.

The additional responses included:

1. Drying room for cyclists (3)
2. About to open a cycle resource centre/shop
3. Cycle path within the site linking to local cycle routes (2)
4. Information (2) (Employee website with Bike Buddies, bike user group, cycle network maps)
5. Discount vouchers for local bike suppliers.
6. Pool Bike lending scheme (3)
7. Prize competitions in Annual Bike Week
8. Cycle parking for visitors

Three respondents mentioned that installing changing rooms and showers was planned for this summer. One other was finding it hard to obtain the funds to expand poor facilities.

In terms of supporting the provision of bicycles themselves, there are a variety of actions employers can take which are the subject of a tax concession. The first is the provision of an interest-free loan for employees to buy a bicycle. 19 of our respondents (26%) did offer interest-free loans and 53 (74%) did not, although one offered a low interest loan scheme for cycle purchase.

A more substantial tax concession regards the 'salary sacrifice' mechanism whereby a staff member initially loans a bicycle from their employer and then has the opportunity to purchase it after about 12 months. 39% (28 responses) ran such a scheme and 61% (44 responses) did not.

For those that operate a salary sacrifice scheme for their staff to loan/purchase bicycles (28 cases) 46% had this open continuously and 54% only for certain periods in the year.

12 sites (17%) provided company owned bicycles for use by staff for commuting and the remaining 83% did not.

The respondents were also asked if they provide any of the following:

3.2	Percentage ¹	Responses
A. Cycling safety equipment/clothing	29.1%	21
B. Cycle safety training	13.9%	10
C. On site bicycle maintenance	20.8%	15
D. Occasional cyclists' breakfasts	27.8%	20
E. No such benefits are offered	59.7%	43
F. Other	6.9%	5

¹ Percentage is of the 72 surveyed - some had more than one response

Other responses included:

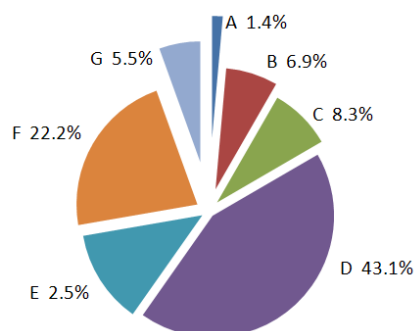
1. Other forms of cycle maintenance/assistance (in one case a bike maintenance kit for every employee who cycles to work, in another a puncture repair kit and pumps available from security. In another the Bike User Group has lockers and own maintenance shed plus spare lights for emergency use).
2. Safety equipment provided with the Office Pool Bikes principally for work journeys.

4. CAR USE

A car sharing scheme for employees was in operation at 30 sites (42%) and most of these (27 sites) also provided a 'get you home' provisions for car sharers whose arrangements have changed or who have a home emergency. One organisation also mentioned that they pay staff to car share (£42.50 per month each). For business travel most paid close to the HMRC tax-free limit of 40p per mile.

4.1 WHAT BUSINESS CAR MILEAGE RATE DO YOU PROVIDE FOR STAFF ON BUSINESS TRIPS?

	Percentage	Responses
A. Car mileage is not covered	1.4%	1
B. Up to 25p per mile	6.9%	5
C. 26p - 35p per mile	8.3%	6
D. 36p - 40p per mile	43.1%	31
E. 41p per mile or more	12.5%	9
F. Varied by engine size	22.2%	16
G. Other	5.5%	4
Total responses:		72



The 'other' responses were one organisation that had two rates depending on whether public transport is available or not. Two others were looking to set up a car sharing scheme for business travel. One noted there was a proposal with the MD to change the rate to the size of the car's carbon footprint (lower mileage rate for higher carbon footprint).

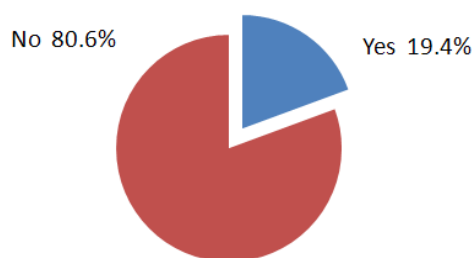
The mileage rates above the 40p/mile taxation threshold were paid by a mix of organisations (a charity, a public agency, a university, one local authority, a bus company and the rest private businesses).

These results can be compared with the 2008 Income Data Services report on company cars and business travel. This included information from 13 companies, 38% of which varied the car mileage rate by engine size, 54% paid 36-40p a mile and only one 35p a mile.

Nearly a fifth paid a passenger car mileage rate as well (a tax-free rate of up to 5p per passenger is permitted in addition to the driver's mileage allowance).

4.2 DO YOU PAY A PASSENGER CAR MILEAGE RATE?

	Percentage	Responses
A. Yes	19.4%	14
B. No	80.6%	58
Total responses:		72



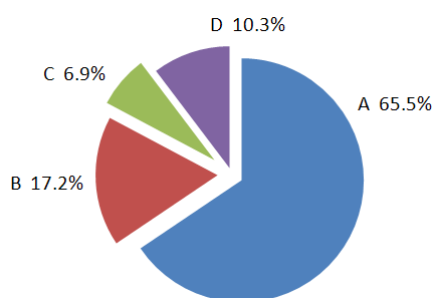
By way of comparison, there was no mention at all of the companies in the IDS report of a passenger rate being paid.

No question was raised about cycle mileage rates, but several of our respondents mentioned them. In the IDS group of companies, most paid the tax-free maximum of 20p a mile.

43% (31) provided company cars for their staff and 57% (41) did not. Of those that did provide company cars, 29 provided figures for the proportion of staff who had a company car. In most cases this proportion was low.

4.3 IF YOU DO PROVIDE COMPANY CARS, PLEASE ADVISE WHAT PROPORTION OF YOUR STAFF HAVE A COMPANY CAR.

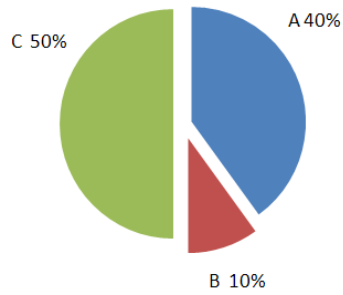
	Percentage	Responses
A. Under 5%	65.5%	19
B. Between 6% and 10%	17.2%	5
C. Between 11% and 25%	6.9%	2
D. Between 26% and 50%	10.3%	3
E. Over 50%	0.0%	0
Total responses:		29



About a third (10 out of 31) of the organisations with company cars also provided free fuel to company car drivers for commuting or leisure purposes.

4.4 IF YOU DO PLEASE ADVISE WHAT PROPORTION OF YOUR COMPANY CAR DRIVERS HAVE FREE FUEL BEFORE PROCEEDING TO THE NEXT QUESTION.

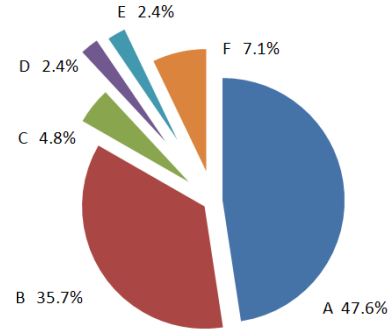
	Percentage	Responses
A. Under 10%	40.0%	4
B. Between 10% and 30%	10.0%	1
C. Over 30%	50.0%	5
Total responses:		10



One issue for greening business travel is for organisations to offer alternatives to a company car.

4.5 DO YOU PROVIDE ALTERNATIVE BENEFITS TO STAFF WHO DO NOT WANT TO TAKE UP THE COMPANY CAR OPTIONS?

	Percentage	Responses
A. No	47.6%	20
B. Cash alternative	35.7%	15
C. Lease car	4.8%	2
D. Higher mileage rate	2.4%	1
E. Other scheme	2.4%	1
F. Other	7.1%	3
Total responses:		42



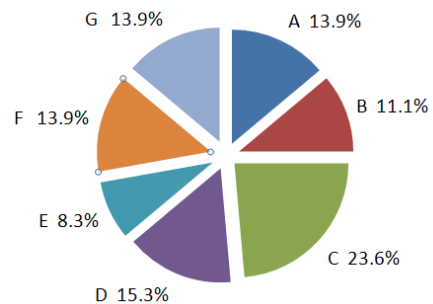
Over a third provide a cash alternative to a company car, with the rest offering either no alternative or another mechanism to provide a company car level of benefit. The IDS report notes that cash alternatives are usually restricted to drivers provided a car on the basis of status and not need.

Staff can also be provided with an interest-free loan to buy their own car, but at only 9% of our sample (4 sites) was this available. It is perhaps notable that this is a much lower proportion than the provision of loans for season tickets or bicycle purchase.

5. PARKING SPACES

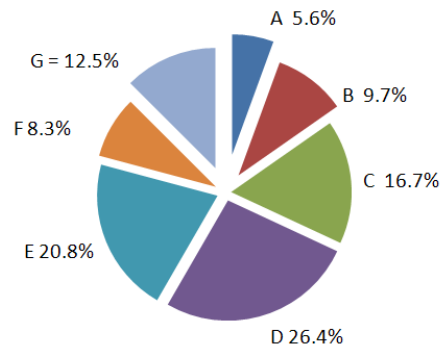
5.1 APPROXIMATELY WHAT IS THE CAR PARKING PROVISION (IF THEY WISH) FOR EMPLOYEES ON YOUR SITE?

	Percentage	Responses
A. Space for all	13.9%	10
B. Space for most (70%+)	11.1%	8
C. Space for 50%-69%	23.6%	17
D. Space for 30%-49%	15.3%	11
E. Space for 15%-29%	8.3%	6
F. Space for under 15%	13.9%	10
G. No parking provision made	13.9%	10
Total responses:		72



5.2 RATIO PARKING PLACES TO # EMPLOYEES

	Percentage	Responses
A >1	5.6%	4
B 0.7 - 1.0	9.7%	7
C 0.5 - 0.69	16.7%	12
D 0.3 - 0.49	26.4%	19
E 0.15 - 0.29	20.8%	15
F 0.01 - 0.15	8.3%	6
G 0	12.5%	9
Total response	72	



There is a wide spread of parking provision. The lowest provision tended to be in town/city centres (80% of those with no parking provision were in town/city centres and also 80% of those with parking for under 15% of staff were also in town/city centres). Of those providing parking spaces for all, 40% were on the town/city fringes, 50% in suburban locations and one in a town centre.

Broadly, parking provision of 50% and below would represent a constrained situation, which applies to 75% of the organisations surveyed. For out of town locations up to 70% would represent a constrained situation. So, for most of the employers surveyed they needed to manage the demand for car parking spaces on their site.

As well as the overall level of parking, some sites provided special parking bays for certain users:

5.3 DO YOU PROVIDE SPECIAL PARKING BAYS FOR ANY OF THE FOLLOWING?

	Percentage ¹	Responses
• Not applicable - no parking provision made.	18.1%	13
• Disabled persons	73.6%	53
• Senior Managers	26.4%	19
• Car Sharers	23.6%	17
• Visitors/customers	5.5%	4
• Child/carer related	12.5%	9
• Visitors	12.5%	9
• Operational staff	2.8%	2
• Other	5.5%	4

¹ Percentage is of the 72 surveyed - some had more than one response

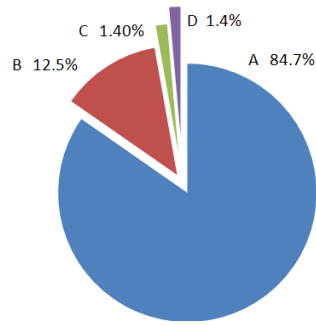
Special parking provisions for senior managers (including Councillors in a local authority) still exceeds that for car sharers, although three respondents did say car sharer spaces were planned or being considered. In two additional cases the number of spaces was small (Ministers in a government office and one space for a university Principal). One had a reserved space for electric vehicles.

Very few employers offered any monetary or other allowance in exchange for staff not using a parking space. Only two out of the 72 surveyed (3%) said they did so and 69 did not. One that did so was an £85/month (£1020pa) payment and the second offered a 50% discount off bus transport for not parking. There was one other response, which was really a 'no' but noted that they anticipated having to do this as part of longer term travel plan incentives to reward and encourage more sustainable travel for both business and commuting.

Although very few employers offer parking cashout 'carrots' a few more provide the 'stick' of parking charges.

5.4 DO YOU MAKE ANY CHARGE TO STAFF FOR THE USE OF PARKING SPACES?

	Percentage	Responses
A. No	84.7%	61
B. Yes - an annual permit charge	12.5%	9
C. Yes - a daily parking charge	1.4%	1
D. Other	1.4%	1
Total responses:		72



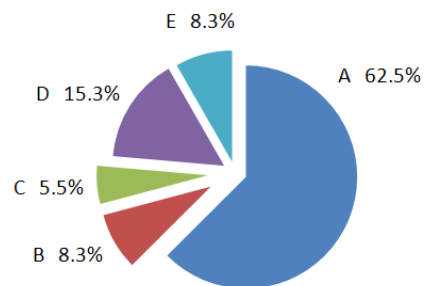
However, 85% of parking for commuting is free (the one ‘other’ response was a mixed situation, with most free). In one case the annual pass was paid for by a salary sacrifice scheme to cut the cost to employees and in another the charge was linked directly to the employee’s salary level.

This may be compared with the IDS group of companies, where parking was free in *all* locations, with the exception of one central London office. So this group of NBTN members seems to charge more frequently for car parking, even though that may be in a small minority of cases.

Car parking can be managed in ways other than price, which was explored in the following question:

5.5 DO YOU USE ANY OTHER METHOD TO MANAGE YOUR CAR PARKING?

	Percentage	Responses
A. No	62.5%	45
B. Permits - no limit	8.3%	6
C. Quota system	5.5%	4
D. Parking rules enforcement	15.3%	11
E. Other	8.3%	6
Total responses:		72



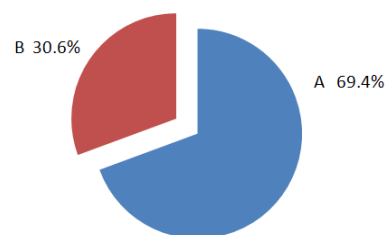
Most car parking seems not to be actively managed. The largest response concerned security measures and enforcement of parking regulations, which links into the issuing of permits. Only 4 organisations limited parking permits. One did this by permitting staff to park on only 4 days a week (pro rata for part timers). Another has a ballot system with driver-only car users at the back of the process. In another case, spaces were also allocated on a hierarchy, with disabled staff first, then car sharers then other staff on a rota basis.

6. OTHER INCENTIVES OR DISINCENTIVES

A final question checked on if there were any incentives or disincentives missed by the previous questions.

6.1 DOES YOUR COMPANY PROVIDE ANY OTHER TYPE OF TRAVEL INCENTIVE OR DISINCENTIVE TO TRAVEL NOT ALREADY COVERED?

	Percentage	Responses
A. No	69.4%	50
B. Other	30.6%	22
Total responses:		72



50 respondents (69.4%) said they offered no other incentives or disincentives for staff commuting or business travel. Of those who said they did offer other incentives or disincentives, they can be grouped as follows (some of the 22 responses have been subdivided). Some of these overlap with previous questions, but many represent additional actions.

BUS

1. (Two bus operator sites)Free travel passes on our bus services is also extended to other bus operators' buses in our region.

RAIL

2. A certain number of discounted rail tickets each year to all staff members.

CAR

3. Low interest car purchase loan for staff using a car for work.
4. Lease car scheme for senior managers and those who have high mileage in work journeys (largely care staff).
5. Electric cars get the best spots, which are kept empty even when managers' spaces are full and they have to use a public car park further away.
6. We pay a low mileage allowance of 30p to discourage staff from driving. The culture here, lead by the MD, is to use PT, walking and cycling wherever possible.
7. We lease a fuel efficient pool car with low CO2 emissions and encourage all staff to use it (including Essential users if they have left their car at home and find that they need to travel that day).
8. We communicate a common sense approach to Essential Car Users that they can leave their car at home on days when they can reasonably anticipate that they do not need their car for business purposes.

CYCLE

9. Cycle parking is closer to the doors and management parking than staff car parking.
10. We provide a Brompton pool bicycle which is available for staff to use when travelling on business. This is so that we have the option of cycling on business and, being a folding bike, we can combine it with public transport modes, when going to meetings.
11. Discounts at local cycle and outdoor equipment retailers (2).
12. Bicycle User Group meetings in work time.

WALKING

13. Currently considering implementing a walking mileage rate to encourage walking.
14. Give occasional free breakfasts to those who walk to work.
15. Lunch time HealthWalks twice a week with small incentives (eg free sandwich in our staff canteen). This promotes the health benefits of walking but also shows staff pleasant walking routes into the city centre so that they think twice about getting into their car and driving short distances into the city centre at lunch time. We actively promote walking/cycling to business meetings/conferences in the city centre.

INFORMATION

16. Personalised journey-to-work planner service (3).
17. Promotion & Marketing.

HOMEWORKING

18. We now operate a more flexible working scheme which allows staff to work much more flexibly (including working at home, compressed hours etc.). This has probably had the biggest single effect on reducing our impact on the local highway network.
19. Home working equipment.

INCENTIVES

20. Monthly green travel lottery (2).
21. Planned 'Green Reward Scheme' which will reward staff travelling to work 'green' with healthy lifestyle incentives and, ultimately, an extra day's annual leave.
22. Information provided on cycling, bus routes, ecodriving.
23. Periodically free breakfasts to people who walk to work or come on public transport.

24. Discounted public transport.
25. Access to ACT-Travelwise benefits i.e. access to local cycle shop discounts etc.

OTHER

26. We encourage all staff and visitors to use public transport or cycle - It's a culture of support rather than rewards.
27. Presently considering a wide range of options for all sites

7. SUGGESTIONS ON FINANCIAL INCENTIVES / TAXATION CHANGES

The respondents were asked: Do you have any ideas or thoughts on what other financial incentives (including any tax changes) may be helpful to your company to increase business efficiency and encourage more sustainable travel?

There were a large number of responses to this question, some of which strayed away from the subject of taxation changes onto what was planned for their site. The responses that directly addressed the tax could be grouped as follows:

General

General comments included:

- We would very much like to incentivise all alternative modes to the car but will not if the benefits are taxed. We would like to see exemptions for this, even if it is at the expense of taxation on parking spaces.
- Employers should be able to 'chose' to incentivise this (travel plan) further with out tax implications for the employee.

Consistency in application of tax rules was also an issue raised (in this case by an employer with several sites involving different local tax inspectors). They noted a need for: *greater flexibility and uniformity (across the country) in available tax benefits for sustainable travel, both for the company and the individual. At present the system where agreement is up to the local tax office can be a problem.*

One other comment was for better tax guidance: *Yes, far clearer guidelines, maybe just a very simple leaflet to all Councils in the UK, it needs to be made very clear what you can and can't do on the benefits side. We all know, we think, but a lot still don't.*

This picks up a theme that ran through these responses. Often there was a lack of clarity about a tax concession. Secondly there were issues about how to best administer the delivery mechanism of a tax concession. There were then a group of issues around inconsistencies in tax concessions (e.g. why cyclists breakfasts had an exemption and not walkers breakfasts) and suggestions for tidying up minor tax loose ends (e.g. Dr Bike services). There were then more major ideas, like extending tax concessions to tram, metro and train services, corporate incentives and changes to mileage rates and parking tax treatment.

SALARY SACRIFICE SCHEMES

The issue of administration appeared in these responses. Some expressed a desire for simpler and more easily to manage cycle salary sacrifice scheme (one respondent said it was *not taken up across the company as it was deemed too costly to implement for the low anticipated take up rate (1-2%)*). This contrasts with reports outside of this survey that suggest that the administrative costs of the cycle to work salary sacrifice are entirely covered by the cut in employer NICs. This would suggest that one task for the NBTN would be to provide best practice guidance on implementing such schemes.

The operation of bus salary sacrifice also provided suggestions. There was a request for *clarification of salary sacrifice rules for bus passes*. Another comment was that *more people would take up bus pass loans via salary sacrifice if rules allowed these to be for shorter periods than annual. Should be monthly or*

quarterly option. Lowest paid workers can't afford or won't risk committing for whole year. Again good practice guidance would be a suitable response (as this is open to less than annual tickets).

A further group of responses related to ideas to extend the salary sacrifice mechanism to other travel plan benefits. Even if employers do not provide green travel benefits free, there was a desire that staff purchasing these themselves should be able to claim a tax benefit, either directly or through the expenditure qualifying for a salary sacrifice scheme. This was suggested for:

- Extension of salary sacrifice to rail, tram and multi-mode local tickets.
- Electric cars, scooter and bicycles should be on a salary sacrifice scheme.

PUBLIC TRANSPORT

For public transport there was also a mix of seeking clarification of the tax position and seeking further tax concessions. Regarding clarification, one comment was: *make tax rules much clearer and more logical with regard to public transport subsidies*. This possibly reflects the situation around where bus fare subsidies are permitted.

Suggestions for further tax changes included:

- A cash bonus or incentive would be good for those who travel by public transport.
- Extending tax concessions to rail, tram and multi-mode local tickets (2).
- Would like to be able to offer tax-free rail travel as per bus scheme.
- Allow a system that allows all public transport tickets to be purchased pre-tax.
- Reductions on Oyster as most staff come from London.

One suggestion was that rather than individual allowances there might be a general 'green commuting' tax allowance: *Make non-financial incentives (up to a certain value) tax/NIC exempt*.

EXTENDING CYCLIST BREAKFAST TAX EXEMPTION TO OTHER GREEN MODES

This was mentioned as follows:

- Also other tax incentives for people on foot/to encourage walking.
- For all staff who have travelled to work 'green'.

Such an extension could be viewed as a 'trivial' benefit under current tax rules, so improved HMRC advice may be appropriate here.

CYCLING

- Tax exemption for bike skills training.

PARKING CASH-OUT

The following suggests that there is, firstly, a need for clear advice on designing a tax-compliant parking incentive scheme (using points redeemable on tax-exempt measures rather than cash can be acceptable). But secondly there are calls for further exemptions.

- Tax free cash-out schemes which reimburse staff when they do not use their parking spaces. Some of our clients have been put off pursuing these schemes (following our Travel Planning consultancy advice) as a result of the tax implications of it being considered a benefit in kind.
- Correct the inequality of being able to provide a parking space tax free but not incentive payments not to park.
- General a tax system that encourages the use of 'cashback' schemes.

PARKING

- If car park spaces were taxed as a benefit in kind, this would help encourage individuals (and organisations) to think more about how they manage their car park stock.

CONGESTION CHARGING

- Exemption for organisations with (effective) travel plans.
- There were some specific comments about the boundary of the proposed Cambridge scheme.

CAR SHARING/CAR CLUBS

- Incentives for car sharers.
- Tax concession on membership of a car club.

MILEAGE RATES

This area produced a number of responses:

- Increased T&S rates for cyclists and change (car) rates to link to emissions levels rather than engine size.
- Active discouragement of employers who currently pay staff business mileage rates that are higher than the taxable limit.
- Higher rates of mileage allowance for cycles.
- Increase the cycle mileage rate tax threshold of 20p to match car rate (or create a generic travel rate regardless of which mode people use).
- Increase the reimbursement rate for cyclists and public transport users, and reduce it for motorists.
- Provide better incentives for cyclists and public transport users and reduce reimbursement rates for drivers.
- Reduce mileage rates for car travel reimbursement and introduce/increase them for cyclists and public transport users.

CORPORATE TAX INCENTIVES

- Offer all businesses a discount on their business rates if they introduce travel plan measures. LA monitor their travel plans to ensure a change is taking place. Then they get a very simple rate rebate to spend on their employees or whatever.

VAT

- VAT should be looked at on sustainable transport purchases.

MEDIA ACCEPTANCE

- I work for Central Government; just about any staff incentive fails the 'Daily Mail' test that is to say, Government would be accused of giving free perks to staff, so it takes a very robust line and basically offers nothing other than interest free loans for train tickets or bicycle purchase.

OTHER - NO CLEAR TAX IMPLICATION

- Charging a nominal sum for the use of car park and spending the money on leasing two more pool cars and six bicycles.
- Also if LA were to follow their own parking standards it would encourage organisations to fully implement their Travel Plans towards encouraging modal split, rather than just ticking boxes for planning requirements.
- Business rail travel accounts with discounts.

WOULD YOU BE WILLING TO DISCUSS YOUR COMPANY'S ARRANGEMENTS WITH THE NBTN TEAM ON ANY ASPECT COVERED IN THIS SURVEY?

	Percentage	Responses
A. Yes	83.3%	60
B. No	16.7%	12
Total responses:		72

Steve Potter, Dave Horan and John Elliott - 24 October 2008