

TAX FREE BUS TICKETING SCHEME



A CASE STUDY

NHS Fife's Salary Sacrifice Scheme

18th February 2010



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What is Salary Sacrifice?



- It is a way to encourage staff to use bus travel to/from work
- Employees can usually save in excess of 29.4%
- Employers can save 12.8%, offsetting any associated administration costs

HOW DOES IT WORK?



- Suppose you have an annual bus ticket that costs £600.00
 - this would be £50.00 per month
- If this formed part of your salary eligible for Tax/NI deductions @ 20%/10%, you would have £35.00 in your pocket
- Under salary sacrifice, you would effectively swap a £50.00 (monthly) bus ticket for £35.00 in your pocket

HOW DO I SET IT UP?



- You need a working group with representation from:
 - Payroll and/or Finance;
 - HR;
 - Equality/Diversity (to ensure scheme accessibility);
 - Travel Planner/Transport Manager;
 - Bus company Marketing Manager.

HOW LONG DOES IT TAKE?

- Time to set up
 - staff documentation
 - Guide to salary sacrifice
 - Terms and conditions
 - Covering letter explaining scheme
 - Mandate to allow salary deductions
 - scheme contract between employer & bus operator
- Main challenge is obtaining HMRC approval
 - this is the biggest hurdle!
 - much easier if a precedent has been set via a successful scheme, as copying this should guarantee acceptance

SCHEME ACCESS 1



- Intranet and/or e-mails
 - Allows those staff with intranet/e-mail access to join the scheme themselves
- Telephone
- Local on-site backup
 - Cashier's office(s), where staff without computer access can obtain scheme documentation

SCHEME ACCESS 2



Subjects - Travel Planning - Mozilla Firefox

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http://intranet.fife.scot.nhs.uk/subjects/index.cfm?fuseaction=service.display&pageid=19893278-9721-2C34-BEA88392D3A719AE&subjectid=9C9DAAF2

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- Journey Planning
- TripshareFife
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- Publications
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- Useful Links

Salary Sacrifice Bus Travel

Clinical Delivery

Did you know that you can travel by Stagecoach bus AND save lots too?

NHS Fife & Stagecoach have jointly launched a Salary Sacrifice Annual Bus Ticket Scheme. Under this scheme you can enjoy annual bus travel at a substantial discount.



For example, staff who are members of the superannuated pension scheme and are basic rate tax payers would find that an annual ticket that would normally cost £430.00 per year would actually cost £303.58.

The way that the scheme works is that the monthly/weekly annual ticket equivalent amount is deducted from your salary and you then pay income tax & national insurance on the remaining eligible portion of your pay (i.e. you do not pay tax/NI on the ticket). It is this monthly/weekly equivalent amount that appears on your payslip.

As a simple example, with tax @ 20% and NI @ 10%, then for every £50 that you earn to which these deductions apply, you actually get £35 in your pocket. Suppose that you choose an annual bus ticket that costs £600 annually (£50 per month equivalent): you would in effect be exchanging a £50 monthly bus ticket for £35 in your pocket (you would see a £50 deduction on your payslip but the net cost to you would be £35 less in your take home pay).

Full details, conditions and other documentation can be found by clicking the publications link the left of this screen and choosing one of the following options to download each document.

- Scheme cover letter (explains how this scheme works, how to apply etc.)
- Guide to salary sacrifice (explains how salary sacrifice works and some FAQs)
- Mandate (this **must** be completed and returned to the address at the base of the form)
- Terms and conditions

If you would like to join the scheme online then click [here](#) (links to an external website – please note that costs shown are the amount that will appear on your payslip if you are paid

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SCHEME PROMOTION



- Roadshows
- Leaflets
- Intranet
- Internal point of contact
- Awareness raising:
 - let staff know how to get public transport information

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AWARENESS RAISING 1



- Leaflets



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AWARENESS RAISING 2



- Journey Planners

Queen Margaret Journey Planner
The Journey Planning Wizard below is for trips to/from Queen Margaret Hospital,

traveline scotland
Plan a journey by public transport to this location.

Enter your postcode

Depart Arrive

Time

Date

The results will open as part of the traveline scotland website in a separate window.

To use this wizard, just do the following:

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SCHEME OPERATION



- At/around 18th of any month, Stagecoach passes an encrypted list of (new) people who have joined since 18th of the previous month
- This is checked against valid mandates, as some folk omit or otherwise do not complete Stagecoach registration process
- A master list goes back to Stagecoach listing all current/new scheme members with valid mandates
- Monthly tickets are issued ONLY for staff on the master list, for use from 1st of the following month
- Staff pay is deducted at the next monthly/weekly period
- Stagecoach invoices at the end of the month for the issued tickets

SCHEME TAKE-UP



- Before salary sacrifice, 96 staff on annual undiscounted ticket scheme
 - only available to acute services staff
- 6 months after introduction
 - staff in old + new scheme = 126 (↑ 31%)
- Since then numbers down slightly
 - staff becoming eligible for concessionary travel

PROBLEMS



- Late tickets
 - have a clearly understood procedure
- Payroll errors
 - again, let staff know to report any issues
- Staff redeployment
- Scheme renewals
 - and then.....

RECENT DEVELOPMENTS



- HMRC revised guidelines..... ☹️



THANK YOU!

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