

The Rt Hon Edward Davey MP  
Secretary of State for Energy & Climate Change  
Department of Energy and Climate Change  
3 Whitehall Place  
London SW1A 2AW

27 May 2014

Dear Secretary of State,

### Bus to Work Scheme

I am writing to follow up on a conversation you had with Bonnie Dean, Chief Executive, Bristol & Bath Science Park during your visit, last month, to Bristol.

Bonnie is a founding member of **North Bristol SusCom Ltd**, a group of major employers, located in North Bristol, promoting **sustainable commuting** for our 40,000 employees and 30,000 students. We have been working together, for a number of years, to influence and improve local transport provision to help **combat traffic congestion** and reduce the impact upon our environment.

Our employers are working hard to increase the numbers of staff traveling to work by sustainable means. Public transport plays a significant role in getting people out of their cars. However, there are significant barriers in place that are preventing more people making this choice.

We have a bus working group that has been looking at a number of strands of activity to reduce those barriers and increase the number of employees using the bus to get to work. So far we have been successful in helping to secure:

- new express commuter services (X18 with First Bus and the C1-C8 services with the Kings Ferry).
- new bus shelters
- promotional bus roadshows at employers sites
- the Greater Bristol MetroBus schemes (in particular the Hengrove to North Fringe route)
- increased services to Aztec West, Filton and Emersons Green business areas

We are also currently piloting a new business shuttle service with

the Kings Ferry focussed on business travel across the North Fringe during working hours – to reduce the need for staff to drive into work and using their cars for shorter business journeys during the day.

In Summer 2012, our bus working group commissioned a bus study to help us review existing bus provision in the area and map that against where our 40,000+ employees live so we could identify gaps in provision.

One of the most surprising findings to come out of the Study was the fact that our members are spending over £900,000 per annum on contracted or in-house bus services to help their staff get to/from work.

This is not the most cost effective option for these businesses but under current HMRC rules, employers are only allowed to subsidise commuter bus travel on commercial services for specific commuting journeys only, as any private use is deemed by HMRC to be incidental.

In Bristol and in most UK cities, bus companies operate zonal ticketing which is far more cost effective for the traveller but falls foul of HMRC rules as people would also be able to use zonal tickets for private journeys and that is seen as a benefit. We would argue that yes it is a benefit to the individual but it is also a benefit to wider society if people use the bus instead of a car.

So, at the moment, the only way employers can subsidise their employee's bus journey on commercial routes is to buy a more expensive point to point tickets, if available, which then defeats the whole object.

The current HMRC rules do nothing to encourage greater bus use on the commute to work and we have not found anyone who is currently operating a salary sacrifice scheme for bus tickets for their employees.

We believe that if the Government were to help set up or approve a Bus to Work Salary Sacrifice Scheme (similar to Childcare Vouchers and Bike to Work Schemes) many staff who currently drive to work would view commuting by bus as a more cost-effective option. This would have a number of knock on effects that would benefit society and the economy as a whole:

- a reduction in congestion (and the costs of congestion to the economy)
- a reduction in Co2 emissions
- an increase in bus patronage, which means services would become more financially independent and thereby reduce the need for subsidies from local

government

- greater physical activity benefits through walking compared to car use
- increased wellbeing (social contact) benefits through use of public transport
- staff would be more likely to use the bus during their leisure time which further increases the above outlined benefits

This Government is making significant investments in transport infrastructure here in Bristol and across the country now and over the coming years. These investments are welcome but often take a long time to get off the ground and be delivered.

We think there are two main ways the Government, working across parties and across departments, can make a significant impact, quickly, on reducing congestion and increasing the use of public transport:

#### **1. Bus Bonus Scheme – Tax incentives for Bus Commuters**

We have been working with Greener Journeys and KPMG on their proposals for a Bus Bonus scheme. They have produced a business case which they have already submitted to HMRC. We wanted to take this opportunity to demonstrate our support for such proposals which we believe will help us achieve greater numbers of staff commuting by bus and help access a wider number of potential employees.

[\(http://www.greenerjourneys.com/bus2020/getting-britains-people-to-work/\)](http://www.greenerjourneys.com/bus2020/getting-britains-people-to-work/)

A National Bus to Work scheme could deliver significant, over-night benefits without the need for complex systems to be put in place or significant up-front infrastructure to be built.

- 2. Employer Subsidised Bus Travel** - Allow employers, in areas where congestion is a major issue, the ability to 'top up' the Bus Bonus/Bus to Work Scheme to further subsidise bus travel for staff commuting to work. More people travelling to work by bus benefits the whole of society not just the individual and should be viewed in that context.

Our businesses see increased bus usage as part of the solution to the congestion and lack of parking that has gripped the Bristol North Fringe area. With three North Bristol Enterprise Areas already underway and expected to create 22,000 new jobs and over 10,000 new homes, congestion in North Bristol will only get worse.

If we can incentivise commuters through a Bus to Work Scheme we can create a culture where commuting by bus is the norm for a larger number of employees. We

can also better influence those 22,000 new employees and 10,000 new homeowners coming to the area over the next 10-15 years to “get on the bus” as well.

Our members are very keen to work with your Department, the Department of Transport, the Treasury, Department of Health and BIS to put together a national Bus to Work scheme that can deliver multiple benefits and encourage an “overnight” change in the way many people choose to travel to work.

I would welcome the opportunity to discuss this further.

Yours sincerely



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Cc: Bonnie Dean, Chief Executive, Bristol & Bath Science Park  
Steve Ward, UWE and North Bristol SusCom Chair  
Adrienne Parsons, North Bristol NHS Trust and North Bristol  
SusCom Vice Chair  
North Bristol SusCom members

**North Bristol SusCom Members**

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