Workforce Mobility Project

Sustainable Travel Employer Initiatives Funding and Tax Incentives

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Contents

1 Executive Summary

The Sustainable Travel Employer Initiatives, Funding and Tax Incentives document has compiled a set of measures and information to support employers in the promotion of active and sustainable commuting to their employees. The measures are divided into the categories of engagement and information, infrastructure, financial incentives, and Behaviour change support. The document also contains a detailed section on Fiscal Incentives which provides an overview of capital allowances available for green investment. These would be applicable for employers who wish to make investments in infrastructure that supports more walking and cycling to work, and greater use of public transport by employees. This section will be updated each tax year and should be used as guidance only and should not be taken as a substitute for legal and tax advice.

2 Background

The Edinburgh and Southeast Scotland (ESES) City Region has a population of 1.4 million people representing 26% of the total in Scotland. The region also contributes £43 billion of Gross Value Added to Scotland's economy. Despite the strong and successful economy in the region there remains a number of issues such as child poverty, a lack of affordable housing and upward mobility in the job market. The City Region Deal is working to create new economic opportunities, jobs and to reduce inequalities.

This ambitious city region deal identifies new and more collaborative ways that partners will work with UK Government and Scottish Governments to deliver transformational change to the city regional economy. This partnership aims to deliver cross-regional City Region Deal projects effectively in the short-term and to create future regional infrastructure in the long-term.

Born out of the ESES City Region Deal, the Workforce Mobility Project is identifying and supporting sustainable long-term solutions, influencing policy and behaviour change to enable the reduction of transport barriers to employment, training and further education across the Edinburgh and South East Scotland (ESES) City Region.

The Key Objectives of the project are as follows:

1. Extend labour market opportunities for young people
2. Make it easier for young people to connect to different types of transport to access training and employment opportunities
3. Enable young people to stay in rural communities and small towns and travel to external training and employment outlets
4. Provide sustainable ways of reducing the cost of travel which is / can be a key constraint in accessing training and employment opportunities
5. Provide businesses, social enterprise, and public sector partners with ways of improving workforce mobility

6. Build up the resilience of young people in accessing transport for employment and training The Project is looking to map where people live in relation to their place of employment or study.

This document is aimed at supporting businesses, social enterprises and public sector partners with ways of improving the mobility of their workforces.

3 Incentivising Active Travel in the Workplace

This document outlines a range of measures that employers can implement to encourage active and sustainable travel amongst employees in their workplaces. In this instance, sustainable travel refers to public transport usage and does not include the use of Electric Vehicles (EV) or Eco driving.

The measures are split between the following categories:

1. Engagement and Information
2. Infrastructure
3. Financial Incentives
4. Behaviour Change Support

A list of online resources has also been provided.

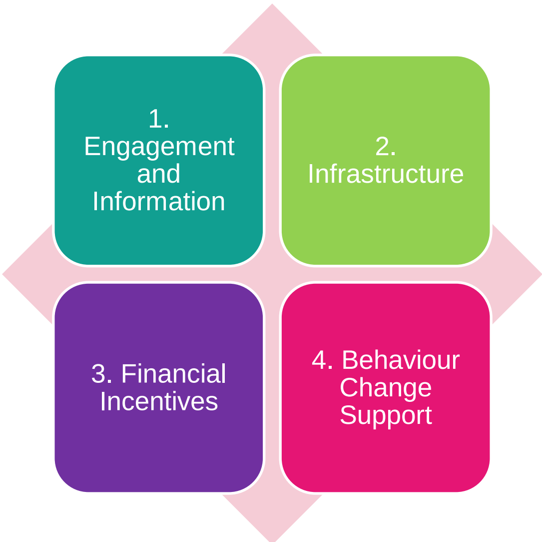

Figure 1 Categories for Measures

4 Engagement and Information Measures

Engagement and Information Measures		
Measure	Specific Tasks	Resources
Survey employees to provide a baseline for the provision of tailored support for individuals	• Develop and circulate a travel survey to understand current travel habits and routes. • Develop individualised travel plans for employees based on their needs and stage of sustainable/active travel use	Example Sustrans Baseline Survey WFM developing post code analysis tool which identifies employees that can already travel to work sustainably. Travel Know How Scotland Employee Travel Survey
Promote Active Travel Routes to employees and clients. Advertise local cycle and walking routes around sites.	• Support to find suitable cycle and walking routes around office sites. • Provide access to maps of pedestrian/cycling friendly routes. • Employers take proactive approach to engagement with LA around demand and/or infrastructure. This helps to build business cases for investment. An example of this could be sharing employee travel data.	Walkit Cycle Streets Sustrans
Promote Public Transport Timetables to employees and clients.	• Update staff intranet with travel routes. Link to tools like Traveline Scotland Journey Planner – for public transport and cycling routes • Offer Personalised Travel Plans for employees. • Add Traveline Scotland Widget to website. • Provide a screen with live public transport schedules and updates on site. • Review travel planning tools and guides provided by your relevant Local authority.	Traveline Scotland GoSEStran (East Lothian) TravelFife National Rail Travel tools CycleStreets Route Planner ScotRail App Transport for Edinburgh App One Ticket and Bus Tracker Information (West Lothian) Borders Buses
E-Bike Loans – provide information to employees about loan options	• Make employees aware of the Energy Savings Trust	Home Energy Scotland

	(EST) website which provides details of the various loan options that are available and eligibility. • Provide support and guidance to employees during the application process. • Review third sector offers in your region to support people into employability and education.	Scotland Electric Bike Loan Scheme Borrow a Bike for Free(Fife) Energy Savings Trust – eBike Business Loan
Sustainability training for the workplace and home.	• Carbon Literacy course from Keep Scotland Beautiful. • Home Energy Scotland offer employers Free Interactive workshops on sustainable travel, energy efficiency and saving water. • Way to Work Scot provides information to employers/employees on how to travel sustainably.	Keep Scotland Beautiful Home Energy Scotland
Cycle Confidence/Safety Training for employees	• Offer the opportunity to take part in cycle confidence/safety training - could be with Cycling Scotland courses or via local cycle shops. • Make the offer available to families as well	Cycling Hub Cycling. Scot Go SEStran
Active Travel Day	• Plan an Active Travel Day for employees and their families. • Include activities such as e-bike trials and cycle training.	

infrastructure		
Measure	Specific Tasks	Resources
Drying room/ lockers for wet weather options	• Where possible provide wet weather storage/drying options for staff who walk/cycle. • Apply for up to £25 000 from the Cycling Scotland Employer Fund to install facilities such as showers and bike racks.	Cycling Scotland Employer Fund Smarter Choices, Smarter Places (SCSP) Open Fund (public, third and community sector)

Cycle racks/secure storage/EV bike charging at sites as demand requires	• Provide cycle storage at sites where there is a demand. • Ensure racks are located in safe areas and have shelter from the elements. • Apply for up to £25 000 from the Cycling Scotland Employer Fund to install facilities such as showers and bike racks.	Cycling Scotland Employer Fund Business Charge point Funding Smarter Choices, Smarter Places (SCSP) Open Fund (public, third and community sector)
Pursue Cycle Friendly Employer Accreditation – Cycling Scotland accreditation and funding	• Review property portfolio – taking into account geographic locations of staff, office space requirements and transport connectivity. • Apply for up to £25 000 from the Cycling Scotland Employer Fund to install facilities such as showers and bike racks.	Cycle Friendly Employer Accreditation – Cycling Scotland Cycling Scotland Employer Fund

Financial Incentives		
Measure	Specific Tasks	Resources
Car Club membership for staff	• Promote Membership of a car club scheme could be good for pool car purposes – work related and also for personal use. • Staff can book and use the company fleet for work related journeys. • Employers could explore the possibility of joining other businesses to create a car club or join established car clubs. • Employers can partner with other local businesses to establish an employee car club.	CoMo UK Tripshare SEStran Tripshare Fife Tripshare West Lothian
Discounted Public Transport tickets	• Offer Free or discounted public transport tickets for a period of time. • Open discussions with local transport providers to support the initiative. • Review Class 1 National Insurance Manual which covers season tickets. • Review Employment Income Manual for exemption for subsidies to public bus services • Review Section 5 of this document for detailed tax incentives	Employment income: season tickets provided; liability to tax Class 1 National Insurance Manual Particular benefits: exemption for subsidies for public bus services Implementing Public Transport Ticketing Schemes
Car Share opportunities for informal scheme	• Support informal car share opportunities for colleagues (office based) on ad hoc	

with colleagues	basis.	
Cycle to work – Salary Sacrifice Scheme	• Develop Cycle to Work Cycle Scheme such as Bike 2 Work. Employers pay for employees to rent a bike and gear from the scheme. In turn, the business pays reduced NI contributions.	Black Hawk Network Extras Cycle Scheme Cycle to Work Scheme Guidance for Employers Bike 2 Work Scheme Implementing a Cycle to Work Scheme
Tax Incentives for sustainable infrastructure	• Refer to Section 3 of this document for detailed information	
Explore public transport season tickets salary sacrifice interest free loan schemes	• Offer staff a salary sacrifice scheme/ interest free loan for the purchase of Public Transport Season tickets. • Align with various local transport providers to provide this offering. • Bus operators in your region are open to discussions about bespoke offers.	Stagecoach Corporate Offers Appendix 1 – Employers offering season tickets salary sacrifice scheme
Additional Annual Leave and adjustment of the start to the working day	• Provide additional annual leave to employees who use public transport. • Provide employees with the option to start the working day on public transport provided there is a Wi-Fi connection. This allows for the commute to be incorporated into the working day to avoid peak time travel	Make a separate line

Behaviour Change Support		
Measure	Specific Tasks	Resources
Set up an Informal Walking/Cycling Group at sites where there is interest	• Encourage informal walking/cycling groups for colleagues – lunchtime walks/cycles, buddy walking/cycling on the commute in and out of work. • Link employees up with Active Travel Hubs for support ○ Encourage/set up internal walking meetings between colleagues	Paths for All At the Hub Network Living Streets
Tie in with local Cycle Shop – to offer bike maintenance	• Offer free Dr Bike sessions – cycle maintenance. • Extend offer to employee’s families.	The Bike Station Bike for Good
Pool bikes available for staff to use	• Install a small fleet of bikes/e-bikes for staff to access for work related journeys and leisure. • Engage with operators who offer fleet maintenance services. • Take advantage of e-bike trials and loan schemes available via EST.	Bike for Good Bike Shop
Way to Work Pledge	• Have your organisation make a Way to Work Pledge to clearly state organisation’s intentions around working towards net-zero. • Publicise the pledge amongst employees.	Way to Work Scot
Set up an organisational Step Count Challenge	• Run a Step count/active travel challenge, Workplace Journey Challenge. • Aim to have employees use active or	Paths for All Step Count Challenge Cycle to Work Day

	sustainable travel to work at least once a month	Love to Ride Living Streets National Walking Month
Active Travel and Sustainability Champions	• Establish active travel champions and encourage the participation in groups to travel into work. • Establish carbon champion employee awards, with various categories, transport being one of them. This acknowledges the effort of employees, incentives them to participate and helps change the culture.	
incentive/reward schemes to encourage active and sustainable travel	• Offer a small/limited incentive for active/sustainable journeys to work. • Platforms such as BetterPoints can be used to track employee journeys and reward them with points and vouchers. The BetterPoints app combines a taxonomy of over 40 behaviour change techniques and the soloution uses gamification, tracking, data and incentives to change behaviour. • Learn more here https://www.youtube.com/watch?v=mR8tUht2q1I	BetterPoints
Flexible start/finish times to encourage use of public transport	• Introduce more flexible start/finish times to fit with public transport if needed (part of a flexible working policy) • Coordinating business starting and finish times within an area to allow for maximum ridership which allows for public transport to cater to needs.	
Develop Green/Sustainable Travel Plan for individual employees and the organisation as a whole	• Develop a Green/Sustainable Travel Plan. • Engage with organisations such as Travel Know How Scotland for support. • Make use of Travel Plan templates provided by Travel Know How Scotland	Travel Know How Scotland Travel Know How Scotland Travel Plan Templates
Develop formal policy to support sustainable and active travel	• Develop formal hybrid working policy to reduce weekly travel. • Introduce a suggested travel hierarchy for employees and clients. • Including walking, wheeling and cycling as appropriate business travel options.	

5 Fiscal Incentives

This Note prepared by Nevin Associates Ltd is intended for guidance only. Whilst every care has been taken in the preparation of this guidance, the author does not undertake a duty of care or otherwise for any loss or damage occasioned by reliance on this guidance. Practical guidance cannot and should not be taken to substitute appropriate legal and tax advice[1].

5.1 Background

Both the UK and Scottish Governments are seeking to encourage a modal shift from cars to other means of transport, including public transport (bus and rail) and alternative private means of travel to work such as cycling and walking. This policy offers benefits:

- **For society as a whole by reducing CO2 emissions from cars**. In the UK, average carbon dioxide emissions per car are 138.4 g per kilometre[2]. Although this has declined from approximately 170 g per kilometre in 2007/08, it still means that an employee commuting to work in a car and travelling 5 km from home to work, or a round trip of 10 km each day, and travelling to work 220 days per year, would emit more than 0.3 tonnes of carbon dioxide into the atmosphere over the course of the working year.
- **For individual employees, by encouraging a healthier, more active lifestyle** as a result of walking – whether to a public transport hub or to a place of work – or running or cycling to work.

The Scottish Government estimated that transport accounted for 35.6% of all of Scotland's emissions in 2018, with cars accounting force almost 40% of these emissions, implying that cars alone account for approximately 15% of all emissions (= 40% x 36%). *Securing a Green Recovery on a Path to Net Zero: Climate Change Plan 2018–2032* (December 2020[3]) observed that,

> *"Ensuring more people choose active and sustainable travel will not only result in fewer emissions but can also promote healthier lifestyles and better equality of access to transport connections."*

Section 3.3.17 of Securing a Green Recovery states that,

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[1] This portion of the document has been prepared by Nevin Associates Ltd

[2] **Source:** https://www.nimblefins.co.uk/average-co2-emissions-car-uk, April 14th, 2022

[3] **Source:** https://www.gov.scot/publications/securing-green-recovery-path-net-zero-update-climate-change-plan-20182032/pages/9

"By 2032, roads will contain no new petrol and diesel cars and vans, and....the pendulum will have swung away from the dominance of private car use, particularly single occupancy, to a society which has embraced more walking, wheeling, cycling, public transport and shared transport."

5.2 Incentives

A key incentive encouraging employers to invest in infrastructure that supports more walking and cycling to work, and greater use of public transport, is capital allowances given for investment in such infrastructure. An employer making use of capital allowances for green investment will ensure that their workplaces are "future proofed" and suitable for a world where commuting to work in private cars is increasingly expensive and difficult. Such investment will also support workers who are actively seeking to manage their own budgets and increase their daily exercise by travelling on public transport, or walking, cycling, or scooting to work, or some combination of these. By so doing, the companies that own or have long leases on their workplaces will secure and increase the value of their properties, with financial support from HM Treasury.

5.2.1 Corporation Tax Rates announced in the 2023 Budget

HMRC allows businesses to claim capital allowances on investment expenditure that generates benefits over more than one year. These businesses may be:

- Unincorporated sole traders and partnerships owned by individual taxpayers who can offset capital allowances against their personal income tax;
- Limited companies which can offset capital allowances against their corporate tax;
- Other tax-paying organisations such as higher education bodies (colleges and universities) which can offset capital allowances against their tax liabilities.

All businesses that are VAT registered can separately reclaim VAT on any investment expenditure. For VAT-registered businesses, capital allowances are therefore claimed on expenditure net of VAT, on the assumption that VAT payments are separately reclaimed.

This paper focuses on companies liable to corporation tax, as the profits of non-incorporated businesses (sole traders and partnerships) are taxed via Self-Assessment, not via the Corporation Tax process. In the 2023 Budget, three rates of corporation tax were announced for the 2023/24 financial year:

- The Main Rate,
- The Small Profits Rate, and
- The Marginal Rate applying between the small profits rate and main rate.

Main Rate - From April 2023, the main rate of Corporation Tax increased to 25%. This main rate applies on any taxable profits above £250,000.

Small Profits Rate - A Small Profits Corporation Tax Rate of 19% applies on companies earning taxable profits are £50,000 per annum or less.

Marginal Rate - Between these two rates, a system of marginal corporation tax currently applies (2023/24 financial year), calculated in four steps as follows:

- Step 1: A company first multiplies its annual profits by the main 25% rate;
- Step 2: If its profits are less than £250,000, then the company subtracts its actual annual profits from the £250,000 threshold;
- Step 3: The company then multiplies the sum calculated in Step 2 by a "marginal rate multiplier" of 3/200;
- Step 4: The amount calculated in Step 3 is then taken away from the amount calculated in Step 1 to arrive at the amount of corporation tax payable on taxable profits between £50,000 and £250,000.

Three examples are given below of how the marginal corporation tax computation works.

- **Example 1: A company earns taxable profits of £80,000.** Corporation tax of (£80,000 x 25% = £20,000) – (£170,000 x 3/200 = £2,550) = £17,450 is payable
- **Example 2: A company earns taxable profits of £100,000**. Corporation tax of (£100,000 x 25% = £25,000) – (£150,000 x 3/200 = £2,250) = £22,750 is payable
- **Example 3: A company earns taxable profits of £200,000**. Corporation tax of (£200,000 x 25% = £50,000) – (£50,000 x 3/200 = £750) = £49,250 is payable.

In any of these examples, Capital Allowances assist in reducing the amount of taxable profits, as they are deducted from a company's operating profits to arrive at the value of profits liable to corporation tax.

5.3 Capital Allowances

Prior to the 2023 Budget, four separate allowances could be claimed against corporation tax as follows:

- The **Accelerated Investment Allowance (AIA),** which originally permitted incorporated companies to write off £200K p.a. against corporation tax, and unincorporated individual traders to write off £200K p.a. against income tax, so that WDAs would only be claimed on capital expenditure above this level. The 2021 Budget introduced a higher temporary AIA allowance of £1 million p.a. for the period between January 1st, 2022, and March 31st, 2023. As described in the next section, the 2023 Budget made the AIA permanent, so that a business can now charge up to £1 million per annum against Corporation Tax before it needs to use any other capital allowances. I.e., a business would use up its AIA before using either the general Writing Down Allowance (WDA) described under [ii] below, the Special WDA described under [iii] or the Special Buildings Allowance described under [iv].

- **The General Writing Down Allowance (WDA)** which applied at 18% p.a. and could be claimed for any movable plant, machinery or office furniture which could be moved if the place of business changes. This was called the **main pool rate**.

- **The Special WDA,** which applied at a rate of 6% p.a. and could be claimed for any plant and equipment embedded into a building. "Embedded" plant is defined as any plant which cannot

be moved if an employer moves their place of business, and which is therefore integral to a particular property. A **special pool rate** is applied to integral plant, fixtures and fittings, such as:
  - lifts and escalators;
  - electrical, heating, ventilation and air-conditioning systems;
  - floors, ceilings and pipework forming part of such systems;
  - cold water systems;
  - solar panels and thermal insulation.

- The final category of capital allowance was the **Special Buildings Allowance (SBA)**, which enables companies to write off expenditure on buildings on a straight-line basis at a rate of 3% a year (since 2018), so that the initial investment can be progressively written off over a period of 33.33 years. The SBA can be claimed for new buildings and improvements and extensions to existing buildings.

5.3.1 Changes in the Capital Allowances system introduced in the 2023 Budget4

In his 2023 Budget, the Chancellor sought to boost investment by announcing two major changes to the capital allowances regime:

- **Full Expensing of assets previously subject to the main pool rate.** In other words, companies can claim 100% of the cost of mobile plant and machinery against profits in the year of expenditure, rather than only 18%. This 100% rate will be effective from April 1st, 2023, to March 31st, 2026. It applies to spending on plant and machinery which goes into the capital allowances main pool.
-
- **50% Expensing of assets previously subject to the special rate.** In other words, companies can claim half of the cost of plant that is embedded within, or integral to, a particular building. This applies to spending on special pool rate assets and means that half of this expenditure can be written off against corporation tax in the year it is incurred. This also applies to expenditure incurred between April 1st, 2023, and March 31st, 2026. The 50% balance of the expenditure not written off against corporation tax in the year of expenditure will be written down at a rate of 6% per year. Full expensing and the 50% first year allowance will only apply to companies. Partnerships, trading LLPs and sole traders will continue to claim allowances under the pre-2023 rules.

The Government's guidance states that, "Expenditure must be incurred by a company within the charge to corporation tax, and the plant or machinery must be unused and not second-hand".

However, as described in Section 3.3.1 above, in a further change to the pre-2023 rules, the Government is also making the annual investment allowance (AIA) of £1 million p.a. permanent. The AIA could include buildings and embedded plant that would otherwise not benefit from 100% expensing. In addition, the Government states that, "the AIA is available to nearly all incorporated and unincorporated businesses, covering expenditure on most

[4] **Source**: https://www.gov.uk/government/publications/capital-allowances-full-expensing/capital-allowances-full-expensing-for-companies-investing-in-plant-and-machinery-from-1-april-2023-until-31-march-2026

plant and machinery including second-hand assets and those acquired for leasing", so its coverage is broader, and it can be claimed by sole traders and partnerships.

The Government has stated that it aims to make 100% expensing of Main Pool assets, and 50% expensing of Special Pool assets, permanent once the Chancellor is confident it is consistent with keeping debt on a sustainable path with prudent headroom. It considerably simplifies the capital allowances regime and enables incorporated businesses to offset investment expenditure against corporation tax at a far faster rate than previously.

5.3.2 Capital allowances for Charities, including Higher Educational Establishments (Colleges and Universities)

Higher educational establishments are usually registered charities, as they fall into one of the three main categories for charitable status, namely education, religion, and the relief of poverty. Charities are not subject to corporation tax, and as such colleges generally fall outside the scope of corporation tax, as do many heritage and other visitor attractions and churches and cathedrals. However, many charitable bodies have commercial arms. Examples include the following[5]:

- **The Alnwick Garden, Northumberland**, where the Garden itself is managed by The Alnwick Garden Trust, a registered charity, while the Garden's commercial activities – including catering, retail and events – are managed through a wholly-owned commercial subsidiary, Alnwick Garden Enterprises. The Enterprise Company is registered for corporation tax and therefore can claim capital allowances on any investment expenditure it makes. Most of the Enterprise Company's pre-tax profits are covenanted to the Charitable Trust under Gift Aid arrangements. As charitable donations are deducted from pre-tax profits in calculating profits liable to corporation tax, the enterprise company in practice pays very little corporation tax.

- **Canterbury Cathedral**, where a registered charity manages the Cathedral for the purposes of religion and the relief of poverty, and, like The Alnwick Garden, owns a subsidiary Enterprise Company responsible for commercial operations, including the management of residences for commercial let as well as catering and retail activities. Any investment undertaken through Canterbury Cathedral Enterprises (the enterprise company) would benefit from capital allowances. As the Cathedral's investments are partly commercial and partly charitable, it may be necessary to apportion the cost of the investments between the charity and its commercial subsidiary, and only the element of an investment benefitting both apportioned to the commercial subsidiary are eligible for capital allowances.

Similar considerations may apply to colleges and universities which operate as registered educational charities and have separate commercial arms to manage their revenues from commercial lets, events, conferences, catering, retail and other activities undertaken for profit. These organisations should seek advice from their accountants and tax advisers regarding the tax treatment of any investments they are considering promoting sustainable travel.

[5] With which the author of this paper has worked in an advisory capacity

5.4 A Possible Approach

A possible 5-stage approach to investing in business infrastructure to promote a modal shift from commuting in private cars to walking, cycling, or taking the bus to work could be as follows:

- Stage 1: Consultation with staff members and staff representatives on what initiatives could be most useful and valuable to them in encouraging modal shift from cars to public transport, walking and cycling.
- Stage 2: Agreement on the strategy to be adopted and the infrastructure to be provided.
- Stage 3: Development of a detailed design, with professional advice as appropriate (architects, engineers and QSs), estimation of costs, development of a financial plan and mobilisation of funding.
- Stage 4: Implementation and commissioning of the works to create required business infrastructure.
- Stage 5: Liaison with HMRC to claim the capital allowances on the expenditure.

5.5 Examples

5.5.1 Example 1: Use of Accelerated Investment Allowance

Following consultations with members of staff and staff representatives, a company decides to invest in the following infrastructure to encourage travel to work by means other than private cars:

- Construction of a bike shed and associated shell building for changing facilities and showers at a cost of £150,000. For the purposes of capital allowances, these works are classified as buildings rather than plant and equipment, and thus eligible for SBAs.
- Installation of solar panels, electric charging points for electric and hybrid bicycles and (externally in the business's car park) for electric vehicles, at a cost of £125,000. For the purposes of capital allowances, this infrastructure is deemed to be integral to the building (embedded within it) and thus eligible for WDAs at the special pool rate of 6% after the first 50% has been written off in Year 1 under the 2023 "full expensing" rule.
- Construction of lockable bike racks within the bike shed at a cost of £50,000. For the purposes of capital allowances, these racks could in principle be moved, and were thus eligible for WDAs at the general pool rate of 18% prior to 2023 and are now eligible for full 100% expensing from 2023 to 2026.
- Construction of changing facilities and shower facilities, with separate locker rooms for male and female members of staff, inclusive of toilet facilities as well showers, at a cost of £250,000. For the purposes of capital allowances, this infrastructure is deemed to be integral to the building (embedded within it) and thus eligible for WDAs at the special pool rate of 6% for the 50% not eligible for full expensing. In other words, 50% of any investment in embedded infrastructure can be deducted from taxable profits in the year in which the investment is made, with 6% p.a. deductible from Year 2 onwards until the full amount of the investment has been written off against tax.

- Installation of staff lockers within the changing facilities, at a cost of £25,000. For the purposes of capital allowances, these racks could in principle be moved, and are thus eligible for WDAs at the 100% full expensing rate from 2023.

The total investment cost is thus £600,000. This is within the AIA threshold of £1 million, and thus the full amount can be claimed against corporation tax.

Assuming that the business is sufficiently profitable, the first £1 million of investment in any year is tax-deductible. So, if the company's profit before its capital allowance was £1 million, instead of paying corporation tax of £250,000 (= 25% x £1 million), its tax bill would be reduced to £100,000 (= 25% x £400,000). Thus, £150,000 or a quarter of the total investment cost would be funded by a reduced tax bill.

If the company's profit before its capital allowance was less than the value of its investment of up to £1 million, then not of the investment can be set off against corporation tax in that year. For example:

- If a company makes a profit of £250,000 in a year when it invests £600,000, its taxable profit for the year would, after netting off the tax-deductible investment of £600,000 be reduced to a taxable loss of £350,000 (= £250,000 - £600,000). The company would therefore have a corporation tax bill of zero for that financial year, and could carry forward a tax loss of £350,000 to set against future corporation tax liabilities;
- If a company makes a profit of £400,000 in a year when it invests £600,000, its taxable profit for the year would, after netting off the tax-deductible investment, be reduced to a taxable loss of £200,000 (= £400,000 - £600,000). The company would therefore have a corporation tax bill of zero for that financial year, and could carry forward a tax loss of £200,000 to set against future corporation tax liabilities;
- If a company makes a profit of £500,000 in a year when it invests £600,000, its taxable profit for the year would be reduced to a taxable loss of £100,000 (= £500,000 - £600,000). The company would have a corporation tax bill of zero for that financial year and could carry forward a tax loss of £100,000 to set against future corporation tax liabilities.

5.5.2 Example 2: The same investment, but with a larger corporation that has used its full £1 million Accelerated Investment Allowance

For the purposes of Example 2, it is assumed that the investment is undertaken by a larger company has used up all its AIAs on other investments and has not secured grants or other donations. If it had done so, under HMRC rules, these grants would need to be deducted to arrive at the net cost of the investment to the taxpayer.
The Year 1 Claim that the business could then make for capital allowances would be as follows:

- SBA of £150,000 x 3% = £4,500.
- Special pool claim of £125,000. 50% expensing = £62,500. From Year 2 onwards, the business could claim 50% @ 6% = £3,750 p.a. until the value of the pool is reduced to zero.
- General pool claim of £50,000. 100% expensing= £50,000.

- Special pool claim of £250,000. 50% expensing = £125,000. From Year 2 onwards, the business could claim 50% @ 6% = £7,500 p.a. until the value of the pool is reduced to zero.
- General pool claim of £25,000. 100% expensing = £25,000.

Therefore, a total of [£4,500 + £62,500 + £50,000 + £125,000 + £25,000] = £267,000 can be claimed in the year of the expenditure, compared to £600,000 under Example 1, showing the potential value of the AIA.

Thus, for example, a company with pre-tax profits of £500,000 in financial year 2023/24, liable to corporation tax at 25%, would have to pay [£500,000 x 25%] = £125,000 in corporation tax if it could not claim any capital allowances. By claiming the capital allowances set out above, its corporation tax bill would be reduced to £58,250 (£500,000-£267,000 x 25%). However, if the company could claim AIAs on the full investment, its corporation tax bill for that year would fall to zero, as the value of the investment on which AIAs would be claimed (at £600,000) would be greater than the company's pre-tax profits before its AIA claim (at £500,000).

In order to claim AIAs or capital allowances, the company would set out details of its claim on its tax return, setting out information on the type and amount of the capital investment, a description of the assets, details of total qualifying costs, and the date that the assets were first used for business purposes.

5.6 Other incentives and grants

Both the UK and Scottish Governments provide a range of grants, loans and other funding support to encourage greener, healthier travel. The funding opportunities offered vary from year to year. This section provides an indicative list of the programmes that either are or have been operated in recent years to support businesses and individuals seeking to switch from commuting in petrol or diesel cars to more sustainable travel methods. They are listed in alphabetical order by programme. Note that the funds of some of these programmes may be fully committed and applications are no longer being accepted, so any organisation or individual wishing to benefit from them would need to confirm their current status. A list of grants that may be available in the UK and Scotland for different purposes is given at: https://www.grantfinder.co.uk/ and https://funding.scot/ .

As the scope and availability of grants from both the public sector and private philanthropists is constantly evolving, businesses are recommended to research the Internet for the most up-to-date information regarding the availability of different grants and terms and conditions applying to them.

5.6.1 Access Bikes

Ref: https://www.cyclinguk.org/accessbikes and https://cyclingforall.org/cycles/funding/funding-your-bike

The Access Bikes programme makes funding available to community or third sector organisations to help people on low incomes to access bikes by removing the barrier of high upfront costs of a bike and equipment. With the help of funding from the Scottish Government, the programme offers capital grants to organisations to buy bicycles for people experiencing financial hardship in their community. Guidance on the programme states that, "We expect grant recipient organisations to already be working with significant numbers of individuals and communities hardest hit by the cost-of-living crisis to ensure that this funding has the biggest impact and reaches the people who need it most."

5.6.2 Bikes for Health & Social Care Staff.

Ref: https://www.cycling.scot/what-we-do/cycling-friendly/nhs
This programme provides funding for staff-owned bikes through the Cycling Friendly Employer Development Fund. Cycling Scotland offers funding for staff-owned bikes through a 'Cycling Friendly Employer Development Fund.' The fund is open to health or social care employers based in Scotland, who should buy eligible bikes, described as "quality and robust bikes available at around the £500 price point", with "consideration also given to quality refurbished bikes if these are available locally". Any application should detail how staff-owned bikes will be purchased and how these will be distributed to eligible staff. This could take the form of a voucher for a bike shop, or bikes could be purchased directly. If the latter, applicants should set out details of how ownership of the bikes will be transferred to the staff member.

5.6.3 Cycling Friendly Employer.

Ref: https://www.cyclinguk.org/cycle-friendly-employer and
https://www.cycling.scot/what-we-do/cycling-friendly/employer
This programme provides grants of up to £25,000 for facilities such as showers or bike racks that will encourage staff to travel by bike and is available to all employers in Scotland who are working towards becoming Cycling Friendly, although the Guidance Notes state that "Funding for 2022/23 has now been fully allocated, please register your interest for the next available funding round". Any employer securing grant support under this programme would need to subtract the value of grant received to arrive at the net cost of their investment for the purposes of claiming capital allowances.

5.6.4 Cycle Repair Scheme Scotland

Ref: https://www.cyclinguk.org/ScotCycleRepair
This programme provides individual grants of £50 towards bike servicing and repairs with participating bike shops across Scotland.

5.6.5 Cycle To Work Scheme.

Ref: https://www.bike2workscheme.co.uk
The Cycle to Work scheme is designed to help cyclists save money on a new work bike and spread the cost of the bike over monthly tax-free instalments through their employer. It operates as follows:

- A workplace registers with a scheme provider.
- An employee chooses the bike they want, and the employer then pays for it.
- The employee pays their employer back through monthly instalments deducted from their payroll.
- Salary sacrifice periods are for a minimum of 12 months (but can be for longer) and the employer can advise on the spending limit. The 'Green Commute Initiative' allows for the repayments to be spread over 12-48 months as agreed with the employer.

- Monthly payments for the new bike are taken from the employee's gross salary before any tax is deducted. The employee pays less tax and National Insurance every month as bike payments are tax deductible. Therefore, a standard rate taxpayer can save up to 32% of the actual cost of the bike, when savings in NI payments are taken into account, with an even bigger saving for higher rate taxpayers.
- With most providers, there is an end-of-scheme payment, because technically the cyclist has been loaned the bike by their employer and has to buy it at what HMRC call a fair market value, which, according to the guidance, usually works out around 7% of the purchase price, though the Green Commute Initiative only charges £1.

There is also a financial benefit for the employer, as they pay lower employer National Insurance contributions, so they save about 13% on the cost of the bike. It should be noted that, as payment for the bike involves salary sacrifice, it may affect (by temporarily reducing) an employee's pension contributions.
In addition to buying a new bike, financial support may be available for a lower cost alternative of converting an existing bike from manual to electronic, including changing the front wheel and brakes, typically at a cost of between £150 and £400.

5.6.6 Energy Saving Trust Programmes to Promote Bike Use.

Ref: https://energysavingtrust.org.uk/grants-and-loans
for a full list of grants and loans available from the Energy Saving Trust. Further details on specific grant schemes can be secured from this site, for example details of loans to buy e-bikes can be referenced at https://energysavingtrust.org.uk/grants-and-loans/ebike-grant-fund/ .

The Energy Savings Trust runs grant and loan programmes providing financial support for increased bike use. (NB: It should be noted that, as with other programmes listed in this section, some may be fully allocated and no longer accepting applications, so any organisation or individual wishing to benefit from them would need to confirm their current status).

- *eBike Grant Fund* – allocated in two categories: Category A provides up to £25,000 for projects that will provide opportunities to their communities to trial ebikes, while Category B makes "up to £200,000 available towards large-scale fleets of pool bikes or public bike share / hire schemes". The latest information on the Internet states that applications for both Category A and B have now closed. In order to request further information about the eBike Grant Fund, interested parties should email ebikegrantsscot@est.org.uk.
- *eBike Loan scheme* – this provides interest-free loans of up to £6,000 over four years towards the purchase of ebikes, cargo bikes and adapted cycles.

Other Energy Saving Trust programmes include:

- A *'Business EV Charge Point Funding'* scheme which provides funding to cover 50% - 75% of the cost of purchasing and installing electric vehicle charge points;
- a '*Low Carbon Transport Business Loan'* programme providing interest-free loans of up to £150,000 for Scottish businesses towards the purchase of ultra-low emission vehicles;
- A 'Used Electric Vehicle loan', offering eligible drivers in Scotland an interest-free loan of up to £30,000 to cover the cost of purchasing a used electric car or van, or up to £5,000 for the purchase of a used electric motorcycle or moped. In addition, loans of up to £6,000 were

available to Scottish residents to cover the cost of up to two new ebikes, a new family cargo bike or an adapted cycle (this programme may now have closed).

5.6.7 Places for Everyone' funding.

Ref:https://www.sustrans.org.uk/our-blog/projects/2019/scotland/places-for-everyone
The aim of 'Places for Everyone' is to create safe, attractive, healthier places by supporting walking, wheeling and cycling. The scheme is funded by the Scottish Government through Transport Scotland and is administered by Sustrans. The "minimum criteria" for a successful Places for Everyone bid are stated to be as follows:

- Develop ideas collaboratively and in partnership with communities.
- Facilitate independent walking, cycling, and wheeling for everyone, including an unaccompanied 12-year-old.
- Design places that provide enjoyment, comfort, and protection.
- Ensure access for all and equality of opportunity in public space.
- Ensure all proposals are developed in a way that is context-specific and evidence-led.
- Reallocate road space, and restrict motor traffic permeability to prioritise people walking, cycling, and wheeling over private motor vehicles.

Infrastructure must be of a specification that will remain of high functional quality for at least 15 years and will accommodate both current and future needs, and all projects must be subject to Equality Impact Assessments and ecological appraisal.
Applications for assistance under the Places for Everyone programme had to be submitted by 23rd August 2022. Places for Everyone funding is awarded across the year in groups of project stages for Concept (Stages (0-2), Design (Stages 3-4), and Construction (Stages 5-7), as follows:

- *Concept* (Stages 0-2) involves defining the scope of a project and its desired outcomes. Partners are expected to carry out initial engagement with stakeholders and to outline the total expected costs.
- *Design* (Stages 3-4) involves carrying out developed and technical tasks in order to make a project workable. Partners use funding at these stages to clearly define their interventions, test implementations and undertake significant community engagement.
- *Construction* (Stages 5-7) is when a project is built. At this point, the project can be closed out and formalised into use in the community.

Further information is available from PlacesForEveryone@sustrans.org.uk

5.6.8 Season Ticket Support

Ref: https://www.scotrail.co.uk/business-travel
Several groups are eligible for discounts on ticket prices for public transport, including:

- young people – anyone aged under 22 is eligible for free bus travel in Scotland, while for rail travel children aged 5-15 get a 60% discount and young people aged 16-25 are eligible for a 33% discount. As the 16-25 railcard can be bought for 3 years up to the day before an individual's 24th birthday, in practice a young person could benefit from this scheme until the day before their 27th birthday;

- a 'two together' railcard offers a third off the rail ticket price for two people travelling together;

- disabled persons and senior persons aged 60 and over can also buy railcards giving a discount of a third off rail travel and are eligible for the Scottish National Entitlement Card entitling them to free bus travel.

Employers can also help to fund their employees' public transport costs, by:

- providing employees' season tickets;
- reimbursing their employees' season ticket costs;
- making loans to employees to buy season tickets; and
- contributing to subsidised or free public bus transport

This assistance may be classified as a "benefit in kind" and taxable as such. However, an employer does not have to report anything to HM Revenue and Customs (HMRC) if contributing to subsidised or free public bus transport or pay any tax or National Insurance on these costs. HMRC Guidance states that, "An example would be when you help finance a bus route that gives your employees free or reduced-rate transport between their homes and work or between workplaces." The Guidance also states that, "You do have to report your employees' public transport costs if they are a part of a salary sacrifice arrangement."

5.6.9 The Shift Programme

Ref: https://www.cyclinguk.org/shift
Under this programme, community groups based in Scotland can secure grants of up to £1,500 to help more people to travel by bike. This includes funding for cargo bike trials, cycle training and expert advice. Shift is funded by Transport Scotland and delivered by Cycling UK.

5.6.10 Smarter Choices, Smarter Places (SCSP)

Ref: https://www.transport.gov.scot/active-travel/smarter-choices-smarter-places/

SCSP is a grant scheme to support and promote active and sustainable travel. The programme is funded through Transport Scotland (Sustainable Transport team) and includes an Open Fund and Local Authority Fund. The SCSP Open Fund aims to change people's everyday travel behaviour by funding projects that:

- encourage people to walk, wheel (i.e., use mobility aids) or cycle as part of their everyday short journeys;
- encourage people to use other sustainable travel choices for longer journeys such as cycling and public or community transport; or
- encourage organisations to adopt home-working practices.

Funding is awarded for a period of 12 months and each project must align with one of six key outcomes:

- More people choose not to make every day journeys,
- More people choose to walk or cycle for short local journeys,
- More people choose sustainable transport options for longer journeys,
- People develop more positive attitudes towards sustainable transport choices,
- People's knowledge about sustainable transport choices increases, or
- There is an increased evidence base to support sustainable transport interventions.

Grants can be provided from £5,000 to £100,000. Applications in excess of £10,000 are expected to include the following additional documents:

- A Project Plan laying out key activities and milestones;
- A Risk Assessment illustrating key delivery risks in the project along with appropriate mitigations;
- A Communications Plan demonstrating the range of stakeholders the project will engage with, and the communication tools and level of engagement.

Match funding is also required for projects at 50%, which can be partly in an 'in kind' contribution. For instance, if SCSP Funding is £25,000, the minimum cash match required is £12,500, with an in-kind contribution of up to £12,500, to provide a total project cost of £50,000. The in-kind contribution is not in cash, and can include materials, equipment, staff hours and volunteer hours.

The SCSP Open Fund is a revenue fund which can be used to fund the running costs of a project such as staff costs or activities, events, and resources such as maps. As a revenue funds, it cannot be used to support capital costs such as infrastructure or equipment purchase.

5.6.11 Transport Scotland's Paths for All Programme

Ref: https://www.transport.gov.scot/active-travel/active-travel-funding-opportunities/
In addition to SCSP, the following funds are also available under Transport Scotland's Paths for All programme:

- *The Ian Findlay Path Fund*: a £1.5 million fund for community and third sector organisations to support the improvement of path networks and routes with capital investment. Projects are supported to improve the accessibility and resilience of paths to increase walking, wheeling and cycling for everyday journeys, with grants of between £10,000 and £100,000 available;
- *The Walking for Health Grant Fund* to increase the number of people walking in Scotland. The grant size is up to £15,000;
- *Community Paths Active Travel Grants,* which provide funding to support communities to improve and promote paths and routes that will make it easier for people to walk, wheel or cycle for everyday journeys through grants of up to £3,000.

5.6.12 Travel Better Grants.

Ref: LEZfund@est.org.uk

The Energy Saving Trust offered households within a 20km radius of low emission zones (LEV) up to £3,000 towards the safe disposal of non-compliant vehicles. The programme covered low emission zones in Glasgow, Edinburgh, Aberdeen and Dundee, which set minimum emission standards on roads within specific areas, allowing only the cleanest vehicles to enter without being penalised. The original LEV Support Fund is now reported to be closed to new applications. However, anyone eligible for the LEV Support Fund who has received funding is also entitled to further funding towards sustainable travel measures from the Travel Better Fund, under which up to two adults per household can be reimbursed up to £500 each (maximum of £1,000 per household) to move towards sustainable travel modes. Anyone seeking to purchase an electric bike (for example, to replace an old car) may also be able to secure additional costs from the Energy Saving Trust's eBike Loan (see above).

For microbusinesses, the fund provides an incentive of a cash grant for the removal of a non-compliant car or van that is either replaced with a compliant vehicle, or an alternative mode of transport such as an e-bike. Following the successful disposal of the vehicle, further funding may be available for the business to invest in a cargo bike option.

6 Employers Currently Offering Corporate Travel Schemes

The following list of employers provide a range of subsidised sustainable travel options for staff.

Employer	Scheme
ACCA	FirstBus Employee Commuter Travel Club Scheme
Advanced	FirstBus Employee Commuter Travel Club Scheme
Anglian Group	FirstBus Employee Commuter Travel Club Scheme
ARROW GLOBAL	FirstBus Employee Commuter Travel Club Scheme
ASDA	Cycle scheme
Aviva	FirstBus Employee Commuter Travel Club Scheme
Barclays	FirstBus Employee Commuter Travel Club Scheme
BBC	Cycle scheme
Beatson Institute for Cancer Research	FirstBus Employee Commuter Travel Club Scheme
Beaverbrooks	FirstBus Employee Commuter Travel Club Scheme
BIOCLAVIS	FirstBus Employee Commuter Travel Club Scheme
Blackadders LLP	FirstBus Employee Commuter Travel Club Scheme
Blazing Griffin	FirstBus Employee Commuter Travel Club Scheme
Brightree Limited	FirstBus Employee Commuter Travel Club Scheme
BT	FirstBus Employee Commuter Travel Club Scheme
Capita PLC	FirstBus Employee Commuter Travel Club Scheme
Centrica	Cycle scheme
Child Maintenance Group Scotland	FirstBus Employee Commuter Travel Club Scheme
City Facilities Management UK Ltd	FirstBus Employee Commuter Travel Club Scheme
City Of Glasgow College	FirstBus Employee Commuter Travel Club Scheme
Clyde College	FirstBus Employee Commuter Travel Club Scheme

Cornerstone Asset Management	FirstBus Employee Commuter Travel Club Scheme
Cosgrove Care	FirstBus Employee Commuter Travel Club Scheme
DAC Beachcroft Scotland	FirstBus Employee Commuter Travel Club Scheme
DalataHotels	FirstBus Employee Commuter Travel Club Scheme
Deloitte UK	Bikes4Work Scheme
Direct Line	FirstBus Employee Commuter Travel Club Scheme
Driver & Vehicle Standards Agency	FirstBus Employee Commuter Travel Club Scheme
DWP	FirstBus Employee Commuter Travel Club Scheme
DWP - Springburn Service Centre	FirstBus Employee Commuter Travel Club Scheme
Entain	FirstBus Employee Commuter Travel Club Scheme
Finsbury Food Group	FirstBus Employee Commuter Travel Club Scheme
Fire Scotland	FirstBus Employee Commuter Travel Club Scheme
Food Standards Scotland (FSS)	FirstBus Employee Commuter Travel Club Scheme
Fraser Hart	FirstBus Employee Commuter Travel Club Scheme
Genpact Openwealth	FirstBus Employee Commuter Travel Club Scheme
Glasgow Caledonian Uni	FirstBus Employee Commuter Travel Club Scheme
Glasgow City Council	FirstBus Employee Commuter Travel Club Scheme
Glasgow Kelvin College	FirstBus Employee Commuter Travel Club Scheme
Gold Brothers (The Enchanted Galaxy)	FirstBus Employee Commuter Travel Club Scheme
Hard Rock Cafe Glasgow (Passcode authority)	FirstBus Employee Commuter Travel Club Scheme
Harper Macleod LLP	FirstBus Employee Commuter Travel Club Scheme
HMRC	FirstBus Employee Commuter Travel Club Scheme
Home Office	FirstBus Employee Commuter Travel Club Scheme

John Lewis & Partners	FirstBus Employee Commuter Travel Club Scheme
JPI Media PLC	FirstBus Employee Commuter Travel Club Scheme
Kentigern House	FirstBus Employee Commuter Travel Club Scheme
M Squared	FirstBus Employee Commuter Travel Club Scheme
Marks and Spencer	FirstBus Employee Commuter Travel Club Scheme
Mediterranean Shipping Company	FirstBus Employee Commuter Travel Club Scheme
Mochridhe	FirstBus Employee Commuter Travel Club Scheme
Morrisons	FirstBus Employee Commuter Travel Club Scheme
Next plc	FirstBus Employee Commuter Travel Club Scheme
NHS Golden Jubilee	FirstBus Employee Commuter Travel Club Scheme
NHS Greater Glasgow & Clyde	FirstBus Employee Commuter Travel Club Scheme
NHS National Services Scotland	FirstBus Employee Commuter Travel Club Scheme
Peninsula Business Services	FirstBus Employee Commuter Travel Club Scheme
Pinsent Masons	FirstBus Employee Commuter Travel Club Scheme
Police Scotland	FirstBus Employee Commuter Travel Club Scheme
REED	FirstBus Employee Commuter Travel Club Scheme
Ricardo Energy and Environment	FirstBus Employee Commuter Travel Club Scheme
Sainsbury	FirstBus Employee Commuter Travel Club Scheme
Santander	Cycle scheme
Scottish Police Recreation Association	FirstBus Employee Commuter Travel Club Scheme
Eurogroup	FirstBus Employee Commuter Travel Club Scheme
Sedgwick International UK	FirstBus Employee Commuter Travel Club Scheme

SSE	Interest-free salary advance to cover public transport season tickets' in addition, they are a member of the Cycle to Work scheme.
Selladfield Ltd	Cycle scheme
Shoe Zone	FirstBus Employee Commuter Travel Club Scheme
South Lanarkshire College	FirstBus Employee Commuter Travel Club Scheme
Stantec UK Limited	FirstBus Employee Commuter Travel Club Scheme
Sthree	FirstBus Employee Commuter Travel Club Scheme
Student Loans Company	FirstBus Employee Commuter Travel Club Scheme
Sword IT Solutions	FirstBus Employee Commuter Travel Club Scheme
Teleperformance UK	FirstBus Employee Commuter Travel Club Scheme
Teleperformance UK (Passcode Controlled)	FirstBus Employee Commuter Travel Club Scheme
TESCO BANK	FirstBus Employee Commuter Travel Club Scheme
Thales UK	FirstBus Employee Commuter Travel Club Scheme
THE HUB GLASGOW	FirstBus Employee Commuter Travel Club Scheme
The University of Glasgow	FirstBus Employee Commuter Travel Club Scheme
The Zinc Group	FirstBus Employee Commuter Travel Club Scheme
TLT LLP	FirstBus Employee Commuter Travel Club Scheme
University of Strathclyde	FirstBus Employee Commuter Travel Club Scheme
University of West of Scotland	FirstBus Employee Commuter Travel Club Scheme
Vodafone	FirstBus Employee Commuter Travel Club Scheme
Walker Love	FirstBus Employee Commuter Travel Club Scheme
Webhelp UK	FirstBus Employee Commuter Travel Club Scheme
Wilko	FirstBus Employee Commuter Travel Club Scheme

Workforce Mobility Project