



Constructing the business case for a travel plan

Here is a simple checklist to help you to calculate a financial case for your travel plan. Some indicative expenditure figures are provided, drawn from existing travel plans. Note that most travel plans contain only some of the elements listed here.

In addition to the income and expenditure lines identified below, the business case can be amplified with qualitative and semi-quantitative information about other types of benefits your travel plan could bring (see page 8). For example, your human resources department can estimate how much staff turnover and sickness costs your company. This will give useful financial context to benefits such as greater staff retention, a more attractive recruitment package or reduction in staff sick days through better staff health. Positive impacts on staff morale and motivation through reduced travel stress and flexible working are harder to translate into increased productivity, but may still be important information for some companies. It is also relevant to describe the potential benefits to the corporate image and community relations that could stem from the environmental achievements of a travel plan, although the valuation applied to these will vary widely from firm to firm.

The checklist below is followed by a real example of a business case for a travel plan that aims to be self-financing through savings to business travel.

Savings and income

Ongoing annual savings

Business trips

- | | |
|-------------------------------|---|
| Potential sources of savings: | → Saved private car mileage reimbursement (allow for any increased mileage rates to encourage car sharers) |
| | → Reduced fleet car mileage |
| | → Staff time saved (this may require separate presentation to management as a 'below-the-line' saving, because it is invisible on the company accounts but is a real gain through productivity improvements). |
| Relevant targets: | → Proportion of business trips in private cars replaced by phone conferencing or video conferencing |
| | → Proportion of fleet car trips replaced by phone conferencing or video conferencing |
| | → Proportion of business trips replaced by public transport or other modes (allow for reimbursement costs of bus, rail or taxi fares and mileage rate for use of personal bikes) |
| | → Proportion of business trips shifted from private cars to pool cars that are cheaper to run. |

Car parking

- Potential sources of savings:
- Reduced car park rental charges
 - Reduced car park maintenance
- Provision of car parking spaces costs companies about £400 on average nationwide, £2000 in outer London, rising to £6000 in central London.*
- These savings may both have an additional 'below-the-line' component, which is the avoided cost of ongoing rent or maintenance in cases where further car parking would be needed without a travel plan.*
- Relevant targets:
- Reduction in car journeys to site, which in turn may reflect sub-targets for each travel plan measure.

Accommodation costs

- Potential sources of savings:
- Increased utilisation of existing sites and buildings
- Relevant targets:
- Homeworking and satellite office working
 - Reduction in car journeys to site (where site utilisation is limited by access and parking rather than capacity of the buildings).

Perk cars

- Potential sources of savings:
- Savings from not offering company cars and associated packages (allow for cost of replacement packages and possibility of phasing in change over time with staff turnover).
- Relevant targets:
- Proportion of staff switched from car-based perks packages, which will hold implications for establishing other benefits packages, such as season ticket allowances, and may imply establishing pool vehicles for business use.

Unproductive travel time

- As well as staff time savings from cutting business trips (mentioned above), homeworking or satellite office working can save substantial amounts of staff time. Clearly, this is harder to quantify, but companies with strong flexible working cultures claim that they have achieved better productivity.

Ongoing income

Car parking

- Potential sources of income:
- Car parking fees (range from 10p/day to 75p/day, taking five current examples)

Bus fares

- Supporting buses will be a net cost for your travel plan, but in constructing your business case you should remember that many firms recoup a proportion of the cost from staff.

One-off savings

Car parking

- Potential sources of savings:
- Avoided land purchase and construction costs of building a new car park (£1000 – £3000 per space construction cost, even for surface-level car parks)
 - Proceeds from selling off portion of car park or developing it for own use or for sale.

NB Possible grants are not shown here, but funding may be available for some travel plan facilities, for example from local authorities, and may make a significant difference to your business case.

Expenditure

Ongoing annual expenditure

Travel plan coordinator

Salary plus overheads £40,000

Car share database

Annual software licence £500–1,000

Marketing

Publicity, information, promotional events £5,000–20,000

Guaranteed ride home

Emergency taxis for staff who car share or use public transport £100–2,000

Shuttle bus service

Funding for one shuttle bus route £50,000–100,000

Incentive schemes

£1/day for 500 staff who travel to work sustainably £130,000

One-off expenditure

Initial survey

Survey and analysis, if not done in-house £10,000

Car share database

Set up £500–3,000

Cycling facilities

10 lockers £500–1,000

Shower and changing facilities £5,000–10,000

Secure cycle parking area £5,000

1 kilometre of new tarmac topped cycle route £70,000

Walking facilities

Significant infrastructure (e.g. new crossings, traffic calming) £30,000–100,000

Real-life business case

The following business case is for a travel plan funded through savings in business travel.

Background

1000 staff spread across four offices in a rural region with limited public transport.

Data from staff survey

85% of business trips are staff driving their own cars, for which they receive 42p/mile.

Presently very few business trips are car shared. However, the survey revealed that up to a quarter of the business journeys could have been made by car sharing or public transport – by employees' own assessment. There is presently little or no telephone conferencing or video conferencing even though a significant proportion of journeys are between offices.

Targets set

Senior managers decided to set a target for 10% reduction in business mileage over three years. To achieve this, 8% of business trips need to be car shared and 33% of the inter-office trips need to be replaced by telephone conference. The car share target was set at the proportion of business journeys that the survey respondents said they could share. The inter-office trip target drew on reductions achieved through telephone conferencing by organisations that had started from broadly similar circumstances. Although the adopted travel plan included measures to promote all sustainable modes, including public transport, managers decided not to include potential savings from these other measures in the core business case.

Projected savings

- £106,000 per year (during year 4) from saved mileage claims (270,000 miles per year). See first table below.
- An additional £54,000 per year (at year 4) if staff time saved by teleconferencing instead of travelling between offices is factored in. See second table below.
- An additional £100,000 per year (by year 6) if a pool car scheme is implemented to begin to replace use of personal cars. This saving would be additional to the tables below.

6-year projections

Costs and benefits *not* taking account of savings in staff travel time

	Salary costs	Capital budget	Revenue budget	Forecast gross savings	Annual net savings	Cumulative savings
Year 1	£30,533	£9,000	£26,000	£19,957	-£45,576	-£45,576
Year 2	£31,449		£36,050	£57,768	-£9,731	-£55,307
Year 3	£32,393		£37,132	£97,127	£27,602	-£27,705
Year 4	£33,365		£38,245	£106,458	£34,848	£7,143
Year 5	£34,366		£39,393	£115,878	£42,120	£49,263
Year 6	£35,396		£40,575	£125,349	£49,378	£98,640

Costs and benefits *with* account taken of savings in staff travel time

	Salary costs	Capital budget	Revenue budget	Forecast gross savings	Annual net savings	Cumulative savings
Year 1	£30,533	£9,000	£26,000	£30,352	-£35,181	-£35,181
Year 2	£31,449		£36,050	£88,368	£20,869	-£14,312
Year 3	£32,393		£37,132	£149,627	£80,102	£65,790
Year 4	£33,365		£38,245	£160,533	£88,923	£154,713
Year 5	£34,366		£39,393	£171,576	£97,817	£252,530
Year 6	£35,396		£40,575	£182,717	£106,746	£359,276

The capital budget allocation is mainly for telephone conferencing facilities and set-up of a car sharing database. The revenue budget is for promotional activities, information and incentives for sustainable travel. A small grant for on-site cycling facilities is not included. The travel plan does not anticipate any civil engineering infrastructural work or funding of dedicated bus services. First year figures make allowance for a period to get the travel plan coordinator post up and running.

Basis for projections

- Telephone conferencing will cut car mileage between offices by 9% after one year; 20% after two years; and 33% after three years. Further small increases in telephone conferencing will be achieved in years 4–6, replacing an additional 1% of ‘between-office’ mileage per year.
- Car sharing will cut business car mileage by 1.6% after one year; 4.8% after two years; and 8% after three years. This is based on employees’ own assessment that 8% of their current car trips could potentially be made as a car share. Further cuts of 1% of business mileage are achieved in subsequent years.
- A car sharing allowance of 5p per mile, payable to drivers, is introduced.
- In the first year, passengers are also paid 5p per mile to car share.
- The mileage rate at which savings are calculated will be 42p per mile in year 1 and rise by 1p in each subsequent year.
- All costs are inflated by 3% per annum.