

## **MANCHESTER METROPOLITAN UNIVERSITY**

### **CAR PARK ACCESS PERMIT SCHEME – SALARY SACRIFICE FACT SHEET AND SCHEME RULES**

**Please note that this document does not contain information on the University's general policy on car parking or the allocation of car park permits. This can be obtained from the Car Park Management office or by email [carparkpermits@mmu.ac.uk](mailto:carparkpermits@mmu.ac.uk).**

The University has introduced a charging scheme for car park access permits for staff on all campuses. Please read this document carefully as it contains important information relating to the operation of the salary sacrifice scheme which the University has introduced for the Car Park Access Permit scheme. If you decide to participate in the scheme, you will be deemed to have read and understood the scheme rules and agree to be bound by them for the duration of the scheme.

#### **1. What is salary sacrifice?**

Salary sacrifice enables you to exchange a portion of your salary for a specific employee benefit – in this case, a car parking permit. This means that your normal gross salary will be reduced by the annual car park access permit charge. Tax and national insurance is not paid by you on the amount of the salary reduction. Although some examples are given below in [Appendix II](#), they are only approximate figures as everyone's tax position is different.

Salary sacrifice is not suitable for everyone and you should take careful note of paragraph 4 which outlines the potential effect on statutory benefits and in addition, possibly your pension entitlement or death in service benefit if you are a member of the Teachers' Pension Scheme (TPS). Please ensure that you take appropriate advice and understand the possible financial implications in your own circumstances. An illustration of the effect of salary sacrifice on TPS is shown in example 2 of [Appendix II](#). Please note this is only an example and the final responsibility for the calculation of retirement benefits rests with the Teachers' Pensions Agency.

### **ELIGIBILITY**

#### **2. Am I eligible for the scheme?**

All Manchester Metropolitan University employees are eligible to apply for a car park access permit. The scheme as outlined in paragraph 1 above is tax efficient and represents the best value for employees. However, not all employees may be able to participate in a salary sacrifice scheme (for example if the value of the salary reduction would reduce your salary to below the minimum wage). Where employees are unable to participate in the salary sacrifice part of the scheme, this will not prevent you from applying for or holding a car park access permit.

## SALARY IMPLICATIONS

3. If I sign up for the scheme, how will my salary be adjusted?

Your salary will be reduced each month by the monthly equivalent of the car park access permit cost appropriate to your grade and pro-rated (where appropriate) for staff with fractional contracts or who work term time only. Tax and national insurance are not paid by you on the amount of the salary reduction. Car park access permit charge rates are included in [Appendix I](#).

4. Does this arrangement affect my pension or any other benefits?

Entering into a salary sacrifice arrangement means that your gross pay is reduced by the relevant charge for the car park access permit. It is important that you are aware that this may have an effect on the following:

- entitlement to Working Tax Credit or Child Tax Credit
- entitlement to state pension or other statutory benefits such as maternity pay, paternity pay or adoption pay
- any other benefits which depend either on actual income or national insurance contributions

More information on the implications of entering into a salary sacrifice scheme can be found on the HMRC website:

[http://www.hmrc.gov.uk/specialist/salary\\_sacrifice.pdf](http://www.hmrc.gov.uk/specialist/salary_sacrifice.pdf)

Pension benefits for employees who are members of the Local Government Pension Scheme or USS are not affected by taking advantage of a salary sacrifice scheme.

However, if you are a member of the Teachers' Pension Scheme your pension contributions will be based on the reduced salary after salary sacrifice. This may be particularly relevant in the calculation of potential death in service benefits or in the calculation of your retirement benefits if you are close to retirement.

**It is your responsibility to ensure that you understand the implications of joining the scheme, either on any potential future state benefits or your pension entitlement. You should satisfy yourself that this scheme is appropriate for your particular personal situation.**

5. Are there any other implications for my salary?

Payments such as overtime or shift payments (which are a percentage of your normal salary) will continue to be made on your normal salary before the sacrifice for the car park access permit.

6. What happens to my salary at the end of the period?

The scheme and the reduction in your salary will normally operate over 12 pay periods from 1 January each year. At the end of the period, the variation to your terms and conditions of employment will cease and your monthly gross pay will increase by the same amount previously reduced through the salary sacrifice scheme.

7. What if I change my mind?

Once you have entered into a salary sacrifice arrangement, your choice is fixed for the period commencing 1 January to 31 December. You cannot change your mind and opt out of the scheme unless your circumstances change as described in paragraphs 8, 9 and 10.

## **GENERAL QUESTIONS**

8. What if my circumstances change and I no longer require a car parking permit?

In some very limited circumstances, you will be able to give up your car park access permit and opt out of the salary sacrifice scheme, for example:

- if your domestic arrangements change (for example you move house; commence maternity leave; commence a sabbatical or career break)
- if you no longer have the use of a car to travel to and from work
- if you decide not to return to work after maternity leave
- if you are absent through ill health and unable to return to work.

The University's car park access permit scheme allows employees who are disabled and a Blue Badge holder to park free of charge. If you become temporarily disabled you will be entitled to a car parking space for a limited period but you will continue to be charged as normal. If you believe you have a temporary disability, please contact the Car Park Management Office.

9. What happens if I change grades?

If for any reason your grade changes after you have entered into the salary sacrifice agreement, your monthly deductions will be adjusted accordingly, whether the change has resulted in an increase or decrease in salary.

If you are receiving salary protection, deductions will be based on the grade of your protected salary for the duration of the protection period. If the protection ends during the period of the salary sacrifice arrangement, deductions will be adjusted accordingly so that they based on your new grade.

10. What happens if my weekly hours change?

If the number of hours you work per week increases or decreases after you have entered into the salary sacrifice agreement your monthly deductions will be adjusted accordingly.

11. How are my deductions calculated if I have more than one job?

If you have multiple positions at the University, the appropriate fee for each position will be pro-rated and deducted from your salary

If you leave a position but remain working at the University, you will remain in the salary sacrifice agreement and your deductions will be adjusted to reflect your new circumstances.

12. What happens if I leave the University?

If you leave the University for any reason during the term, the car park access permit benefit will cease immediately and you will, by default leave the salary sacrifice scheme on your final day of employment by the University.

13. What happens if I take maternity or sick leave during the period covered by the car park permit?

You are entitled to keep your car park access permit during your maternity leave. If you choose to do so, salary reductions will continue for the period of paid leave and will be suspended if your pay is reduced to lower than the sacrifice amount. If you are absent on maternity leave or sick leave and in receipt of a statutory benefit (such as SMP or SSP), salary reductions will cease either when you are in receipt of statutory maternity/sick pay only or if your occupational maternity/sick pay is insufficient to meet the salary reduction (whichever is the earlier).

Alternatively, you may choose to give up your car park access permit when you start your maternity leave and the salary reduction will then cease immediately. On your return to work, you may apply for a new car park access permit in the normal way although you will not be able to rejoin the salary sacrifice scheme until the commencement of the new application year.

If you are on maternity leave and choose not to return to work or on sick leave and unable to return to work through ill health, you may give up your car park access permit and opt out of the salary sacrifice scheme.

14. What if I am absent from work for any other reason?

If you are in receipt of your normal salary during your absence (ie not in receipt of any statutory benefits such as SMP or SSP), your salary reductions will continue.

15. What if I cannot find a car parking space on any given day – will the car parking charge for the day be refunded?

The car park access permit scheme does not guarantee you a car parking space – it gives you the right to access the car park to search for a designated car parking space. In the event that you are unable to find a car parking space on any given day or in any given period, this does not terminate the

salary sacrifice arrangement or entitle you to a part refund of the charge deducted from your net salary. The University will not meet any off campus car parking fees which you may incur on those days.

## APPENDIX I

Table of charges

	<b>Annual Charge</b>	<b>Monthly Charge</b>
<b>Grade 1</b>	No Charge	
<b>Grade 2</b>	£120.00	£10.00
<b>Grade 3</b>	£140.00	£11.67
<b>Grade 4</b>	£160.00	£13.33
<b>Grade 5</b>	£180.00	£15.00
<b>Grade 6</b>	£210.00	£17.50
<b>Grade 7</b>	£250.00	£20.83
<b>Grade 8</b>	£290.00	£24.17
<b>Grade 9</b>	£350.00	£29.17
<b>Grade 10</b>	£410.00	£34.17
<b>Grade 11</b>	£450.00	£37.50
<b>Above 11</b>	£500.00	£41.67

## APPENDIX II

### Example 1

Effect of participation in the salary sacrifice scheme on the amount of income tax paid each year. This illustration does not account for pension contributions or national insurance.

<b>Current taxable salary</b>	<b>Car parking access permit charge</b>	<b>Reduced salary</b>	<b>Approx less tax paid per annum</b>
Grade 3 £17,519	£140.00	£17,379	£28.00
Grade 7 £29,704	£250.00	£29,454	£50.00
Grade 9 £43,622	£350.00	£43,272	£70.00
Grade 11 £52,086	£450.00	£51,636	£180.00

### Example 2

Effect of participation in the salary sacrifice scheme on the final pension and lump sum paid through the TPS. Based on 20 years' pensionable service

<b>Current pensionable salary</b>	<b>Approximate pension and lump sum calculation based on current pensionable salary</b>	<b>Reduced salary taking account of car park access charge</b>	<b>Approx pension and lump sum calculation based on reduced pensionable salary</b>	<b>Approximate pension and lump sum difference due to salary sacrifice</b>
Grade 8 £36,352  £290 car park access charge	Pension £9,088 Lump sum £27,264	£36,062	Pension £9,015.50 Lump sum £27,046.50	Pension £72.50 less pa Lump sum £217.50 less on payment
Grade 9 £43,622  £350 car park access charge	Pension £10,905.50 Lump sum £32,716.50	£43,272	Pension £10,818 Lump sum £32,454	Pension £87.50 less pa Lump sum £262.50 less on payment
Grade 11 £52,086  £450 car park access charge	Pension £13,021.50 Lump sum £39,064.50	£51,636	Pension £12,909 Lump sum £38,727	Pension £112.50 less pa Lump sum £337.50 less on payment