

**NORTH LINCOLNSHIRE COUNCIL**

**CORPORATE SERVICES CABINET MEMBER**

**CYCLE TO WORK SCHEME**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1. To seek approval for introduction of the Cycle to Work Scheme.

**2 BACKGROUND INFORMATION**

- 2.1 The Cycle to Work scheme was launched by the Department for Transport to help increase access to a more sustainable means of transport to work, as well as improve the congestion problems in the UK. Cycling to work also improves fitness and increases individual well-being.
- 2.2 The scheme uses the annual tax exemption introduced by the 1999 Finance Act that allows employers to loan cycles and cyclists' safety equipment to employees as a tax-free benefit.
- 2.3 The scheme works as follows:
- North Lincolnshire Council (NLC) will purchase bicycles and cyclists' safety equipment for employees. This purchase is made through capital expenditure. The maximum amount available per employee is £1000 as limited under the scheme specific consumer credit license issued by the Office of Fair Trading. Take up is expected to be around 2% of the workforce.
  - Employees then lease the bicycle/equipment from NLC over a 12 month period
  - Employees must use the bicycle/equipment mainly to ride to and from work, although it can also be used for leisure purposes.
  - NLC will treat the bicycles/equipment as a business asset and reclaim VAT.
  - NLC will recoup the total cost of the equipment through a salary sacrifice scheme. Each employee who has participated in the scheme will agree to a salary sacrifice, i.e., they will pay back a fixed monthly amount from gross pay, thus saving tax and National Insurance Contributions.
  - Having reduced the employee's gross salary, NLC will also save on its secondary Class 1 National Insurance contributions.

- NLC retains ownership of the bicycle/equipment throughout the 12 month period and, at the end of the 12 month hire period, may decide to offer transfer of title of the bicycle/equipment for “fair market value”.
- 2.4 NLC has identified an existing framework arrangement between the Eastern Shires Purchasing Organisation (ESPO) and P&MM. The regional framework is an EU compliant framework and its use has been approved by the Service Director Finance. Permission has been granted by ESPO for NLC to participate in this framework arrangement. The existence of the current framework removes the requirement for NLC to carry out a separate tender process.
- 2.5 Benefits to NLC include:
- It is an innovative employee benefit at zero cost
  - It is self-funding
  - It supports sustainable development policies
  - It reduces congestion and car parking issues
  - It contributes to the Green Travel Plan
  - Contribution to a healthier workforce and in turn to increased productivity and reduced absence
  - Increased employee satisfaction levels, enhanced retention levels

### **3 OPTIONS FOR CONSIDERATION**

- 3.1 To consider and accept the introduction of the Cycle to Work Scheme.
- 3.2 To reject the scheme.
- 3.3 To make recommendations to amend the scheme.

### **4 ANALYSIS OF OPTIONS**

- 4.1 The scheme has been introduced as a government backed initiative to support social and environmental policies. Acceptance of the scheme will ensure that NLC enables employees to benefit from cycling to work and contribute to the Green Travel Plan, and continues to work to best practice in respect of employee benefits.
- 4.2 Rejecting the proposed scheme would result in the council not being able to offer this opportunity. This would be contrary to current emphasis on the provision of employee benefits as a recruitment and retention tool and to the desire to support environmental policies.
- 4.3 Recommending further changes to the scheme would require further consultation and delay implementation.

## **5 RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

### **5.1 Financial**

The scheme is fully self-funding and is expected to make a small contribution as a result of savings on National Insurance Contributions and VAT. There is an initial requirement for NLC to purchase the bicycles/equipment. This initial outlay will be fully recovered over a 12 month period through the salary sacrifice process. The Finance Service has identified that this approach is preferable to taking out financing arrangements.

### **5.2 Staffing**

The Cycle to Work scheme will be available to all employees of the council.

### **5.3 Property**

Discussion has taken place in respect of safe storage of cycles used by employees in getting to work. Not all locations currently offer safe storage and this issue will need to be addressed.

### **5.4 IT**

None.

## **6 OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 CRIME AND DISORDER, RISK AND OTHER)**

6.1 Introduction of the Cycle to Work scheme will impact positively on environmental issues.

6.2 Through consultation with the Steering Group, issues relating to take up of the scheme by all employees have been discussed and resulted positively in amendments being made to NLC's scheme requirements.

## **7 OUTCOMES OF CONSULTATION**

7.1 A steering group was established and all are fully supportive of introduction of the scheme. The relevant trade unions have also been consulted and are fully supportive.

## **8 RECOMMENDATIONS**

8.1 That the Cycle to Work scheme be approved and introduced.

## SERVICE DIRECTOR HUMAN RESOURCES

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**Background Papers used in the preparation of this report: None**