

**REPORT TO: PERSONNEL COMMITTEE - 16 APRIL 2007**

**REPORT ON: IMPLEMENTATION OF A CYCLE TO WORK SCHEME**

**REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE) AND ASSISTANT CHIEF EXECUTIVE (MANAGEMENT)**

**REPORT NO: 232-2007**

1 PURPOSE OF REPORT

- 1.1 To advise elected members of the financial and other implications of implementing a Cycle to Work Scheme, and to recommend the implementation of such a scheme.

2 RECOMMENDATIONS

It is recommended that the Committee approves:-

- 2.1 The implementation of a Cycle to Work Scheme;
- 2.2 The leasing facility of Cyclescheme as the provider as the method by which to offer the Cycle to Work Scheme;
- 2.3 A 'salary sacrifice' scheme as the method of payment by those who are eligible to participate in the Cycle to Work Scheme.

3 FINANCIAL IMPLICATIONS

- 3.1 Those that choose to participate in this scheme will benefit financially by Income Tax and National Insurance relief, and from a volume discount.
- 3.2 The Council will benefit financially by a reduction in National Insurance contributions. The amount of the saving is difficult to estimate at this stage as it will depend on the popularity of the scheme.

4 SUSTAINABILITY POLICY IMPLICATIONS

The scheme promotes the Council's sustainability policy under the following principles:

- 4.1 Energy and water Principles: are being complied with by reducing consumption of energy and Co2 emissions in reduction of car use, in responses to climate change obligations.
- 4.2 Purchasing and Procurement Principles: are being complied with by using a company that ensures that returned cycles at the end of lease are recycled accordingly. The scheme will also utilise Local Traders in Partnership with the schemes administration company Cyclescheme.

- 4.3 Transport and Travel Principles: are being supported in the Emerging Travel Plan in respect of journeys to and from work and during office time. Encouraging employees to cycle and reduce private car dependency.

## 5 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 None.

## 6 BACKGROUND

- 6.1 The Government created a little publicised incentive in 1999 to encourage employers to help their employees acquire tax-free bikes, to encourage cycling to work. In 2005 this scheme was re-branded as **Cycle to Work**. This aims to encourage the use of Cycles by providing Income Tax and National Insurance exemption on Cycles loaned to employees by employers.

- 6.2 The method of payment, which allows relief from Income Tax and National Insurance for employees, is called "Salary Sacrifice." A reduction is made from gross salary or wage and the actual change to employee's net salary is the reduction less the relief.

- 6.3 When an employee sacrifices part of his/her salary, the Council is no longer required to pay employer's National Insurance contributions on the amount sacrificed. This would, therefore, save the Council 9.3% on the contracted out rate or 12.8% on the non-contracted out rates of the salary sacrificed.

- 6.4 The benefits of the scheme are as follows:

### Employee benefits:

- cost savings of between 31% and 41% on the cost of acquiring a cycle;
- no personal credit checks;
- Improves Health and Fitness

### Council benefits:

- Revenue savings on National Insurance contributions;
- increased employee satisfaction and loyalty through added benefits;
- enhanced Health and Fitness of employee's;
- Supports the Council's emerging Travel Plan;

- 6.5 A random survey of employees was carried out, in January 2006, seeking views on their Current and future travel trends. This resulted in a 27% return and of them 16% indicated that they would consider cycling to work. This percentage uptake rate was comparable with other employers who have already implemented a scheme.

- 6.6 The identification of a suitable provider of the scheme was established by investigating the information supplied from Cycle to Work Scheme providers which

had previously expressed an interest in providing the service to the Council. The providers were assessed on both financial and non-financial information Cyclescheme would provide the best service under these criteria.

- 6.7 It is anticipated that the legal documentation etc will be finalised by the end of April 2007 and that detailed information will be made available to employees shortly thereafter, with the first Cycles being collected by the end of May 2007.
- 6.8 The proposed Cycle to Work Scheme will form part of the City Council's Green Travel Plan which will be the subject of a future report to Committee.

## 7 CONSULTATION

- 7.1 The Chief Executive and Depute Chief Executive (Support Services) have been consulted in the preparation of this report.

## 8 BACKGROUND PAPERS

- 8.1 None.

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**04 APRIL 2007**

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