



CABINET REPORT

Date Written	20 th April 2021
Report Author	Beverley Taylor
Service Area	Human Resources & Development
Committee Division	Portfolio
Exempt/Non Exempt	Non-exempt
Committee Date	19 th May 2021

To: Chair, Ladies and Gentlemen

CYCLE TO WORK SCHEME (increase to current spending limit)

1.0 SUMMARY OF THE REPORT

1.1 The purpose of this report is to seek Cabinet's approval to increase the current Cycle to Work spending limit for employees from £1,500 to £3,000.

2.0 RECOMMENDATION(S) that

2.1 The increased spending limit be approved.

3.0 INTRODUCTION AND BACKGROUND

3.1 In September 2018 a new Employee Benefits Scheme provided by ICOM Rewards was approved. Several organisations partner up with ICOM one of which is Cycle Solutions who offer Cycle to Work Schemes.

Employees who purchase bicycles in this way can take advantage of salary sacrifice schemes, details of which are fully explained to the employees before the offer is accepted.

Since 2018 a total of 41 bicycles have been purchased by employees, broken down year by year as follows:

2018 - 11 sales; 2019 – 5 sales; 2020 – 25 sales.

- 3.2 The current Cycle to Work Scheme has a spend limit set at £1,500 with two purchasing windows open over a 12 month period (typically May and September). However, over time, the price of a standard bike has increased and there has been added interest from employees regarding the purchasing of electric bikes.

With the current spending limit set at £1,500 employees have seen a significant reduction in the choice of electric bikes that they can purchase as the starting price is often higher than the spending limit.

4.0 AGILE/HOME WORKING

- 4.1 COVID-19 has forced many organisations to change their way of working and Agile Working and working from home will be the 'new way of working' for many of us as we progress through the COVID pandemic.

Existing scheme members who purchased a bicycle before 20th December 2020 will be offered a time limited easement period, as they could not foresee their working arrangements changing. New scheme entrants who are working from home will still have the option to join the Scheme, however they may be liable to a tax charge if they do not meet the qualifying journey's condition (i.e. mainly travel to or from work or in the course of work).

- 4.2 It is proposed that there will be an increased number of open purchasing windows over a 12-month period (increase from two to four) so these groups of employees will have the opportunity to wait until they have more certainty about their working arrangements and can choose to join the Scheme when it may be more appropriate.

5.0 FINANCIAL IMPLICATIONS

- 5.1 The Cycle to Work Scheme salary sacrifice creates savings for the employee and the Council by way of reducing tax payments and National Insurance (NI) contributions. By increasing the spending limit from £1,500 to £3,000 this will offer greater financial incentive for employees as well as a saving for the Council.

- 5.2 The 3rd party finance company require a net spend of £5,000 per purchasing window before the finance is available. If this net spend threshold is not met then the Council will have two options.

1. The Council pay for the bikes.

2. The Council takes the 3rd party finance and incur an admin charge of £250 + VAT.

As the Council will save 13.8% in NI contributions a net invoice value of £1,617 will need to be achieved for the employer savings to cover the administration fee, so in most cases the Scheme will remain cost neutral.

In 2018/2019 there were three occasions whereby we incurred an admin charge and two occasions in 2019/2020.

- 5.3 With the proposal to increase the number of purchasing windows there is a small risk that the £5,000 net spend may not be met but this risk should be mitigated with the employee spending limit being increased to £3,000.
- 5.4 Employees who terminate their employment with the Council prior to fully paying for the purchase will have the outstanding amount deducted from their final salary payment or the employee will be invoiced for the remaining amount.

6.0 INTEGRATED IMPACT ASSESSMENT

	Positive Impacts	Negative Impacts	Neutral/Not Applicable
1. Merthyr Tydfil Well-being Objectives	2 of 4	0 of 4	2 of 4
2. Sustainable Development Principles - How have you considered the five ways of working? <ul style="list-style-type: none"> • Long term • Prevention • Integration • Collaboration • Involvement 	4 of 5	0 of 5	1 of 5
3. Protected Characteristics (including Welsh Language)	0 of 10	1 of 10	9 of 10
4. Socio-economic Disadvantage	0 of 6	2 of 6	4 of 6
5. Consultation and Engagement	Undertaken	Due to be Undertaken	Not Required
	0 of 1	0 of 1	1 of 1
6. Data and Evidence to inform the proposal	Yes		No
	1 of 1		0 of 1
7. Biodiversity and the resilience of Ecosystems	Maintained	Enhanced	Reduced
	0 of 1	0 of 1	0 of 1
Summary			
The main positive impacts are:	to offer employees more choice in the purchase of bicycles/electric bicycles as an incentive to cycle to work more often.		

	To meet the government guidelines in the promotion of active travel To generate increased savings to the Council.
The main negative impacts are:	potential risk of recovering higher outstanding balances if employee were to leave the Council unexpectedly.

**ELLIS COOPER
CHIEF EXECUTIVE**

**COUNCILLOR ANDREW BARRY
CABINET MEMBER FOR GOVERNANCE
AND CORPORATE SERVICES**

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Does the report contain any issue that may impact the Council's Constitution?		No

Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.