

# REPORT TO EMPLOYMENT PANEL

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## PORTFOLIO AREA: FINANCE, RESOURCES AND GOVERNANCE

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Date of Meeting: 4 October 2012

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Public

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Inside Policy Framework

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**Title:** Cycle to Work Scheme  
**Report of:** Organisational Development Manager  
**Report reference:** CE 15/12

### Summary:

In August 2012, the Employment Panel approved the Cycle to Work scheme for consultation with staff and asked for additional information about how local cycle shops could be involved in the scheme.

### Recommendations:

The Employment Panel is asked to:

1. Approve the Cycle to Work scheme.

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Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: Report CE.12/12 – Employee Benefits – Cycle to Work

## **1 INTRODUCTION**

1.1 In August the Employment Panel considered the Cycle to Work scheme proposed by the Employee Benefits Working Group. They approved it for consultation with staff and asked for further information about how local cycle shops could be part of the scheme.

1.2 The Employment Panel also considered a cycle mileage rate and approved further development work.

## **2 CONSULTATION**

2.1 Consultation with staff and Members on the Cycle to Work scheme took place from 29 August to 14 September. An email was sent to staff and Members and managers of staff without access to computers were asked to inform them.

2.2 Five responses from staff and two from Members were received by email and several verbal responses from staff without access to computers were relayed by the Skills Development Co-ordinator.

2.3 The two responses from Members were in support of the scheme. Three of the responses from staff were to clarify points in the consultation document. Two other responses were received which raised issues with the scheme. All the verbal responses were positive.

## **3 WORKING WITH LOCAL CYCLE SHOPS**

3.1 Most organisations who offer Cycle to Work schemes work with one of the specialist cycle to work companies. The main four are Halfords (Cycletowork), Evans Cycles (Ride2Work), Cyclescheme and Cycle Solutions. These are companies that work with organisations across the country, supporting them to introduce and run cycle to work schemes. The Employee Benefits Working Group recommended the Halfords scheme for three reasons:

- a) The use of Halfords as the preferred partner for the City Council would require no further procurement exercises to be carried out. The Pro5 Group which combines the expertise of the five biggest professional buying

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organisations have conducted a formal tender process for the provision of a Cycle to Work framework across the UK. This framework was formally awarded to Halfords, making it available to any public sector organisation to access. There is therefore no need to undertake any further advertising or tender process and the City Council can enter into agreement with Halfords for the provision of the scheme.

- b) At the end of the 12 month hire period the bike belongs to the City Council (if bought outright from Council resources). Halfords offer a managed end of hire service which transfers ownership of the bike to the employee through the P11D method. This means that the transfer of ownership is treated as a benefit in kind, and the employee pays the taxable benefit of the residual value. This is then recovered by HMRC by a reduction in the employee's personal tax allowance through their tax code. If employees choose not to keep the bike, which Halfords say is very rare, they return the bike to the City Council who can either add it to the collection of pool bikes or return it to Halfords for sale. (The Council would have recovered the full cost of the cycle from the employee so there is no loss to the Council).
- c) The Halfords scheme offers a 12.5% cashback on the cost of the bike to the employer, so as well as saving in National Insurance contributions, the City Council would also generate 12.5% cashback on the value of every Halfords cycle purchased.

3.2 The Halfords scheme does offer the option for staff to buy bikes from local cycle shops if the local shops have registered to work with Halfords. After the Employment Panel meeting in August, local cycle shops were contacted to find out if they were already part of the Halfords scheme, and if not, if they would be interested in joining.

3.3 One of the local cycle shops was already part of the Halfords scheme and the others were all keen to find out how the scheme would work. They have been given the contact details for the department at Halfords that deals with local cycle shops. Most of the local cycle shops are already part of other Cycle to Work schemes e.g. Cyclescheme.

3.4 The Employment Panel asked for details of how Halfords would administer the finance if staff bought bikes from local cycle shops. The Halfords account manager stated that, *"Halfords cycle2work do not operate a standard charge to independent bike shops/partners of our scheme. There are a number of*

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*reasons for this. So that each partner relationship is taken on its own merits and based on a selection of criteria, Halfords will reach a mutual decision with the partner business. For example, in some instances our partners may also distribute to retailers, so we would reasonably expect a dealer margin (as such, the relationship would have wider benefits than just Cycle2work to both parties). At the same time Halfords recognises some businesses operate with very low margins so in many instances we will accept a small discount on acceptance of our vouchers.*

*Halfords endeavours to operate a simple system for partners to join our network. An agreement can be made by telephone or if required in writing (by email). Halfords does not charge any sign up fee and our agreements with our partners are simply based on the sale of each bike. Therefore any partner that does not wish to be part of the scheme is free to exit at anytime, though I hasten to add this has never happened. Halfords recognises the importance of our partner network and our central contact centre is fully trained to answer any queries they have. Additionally Halfords has a supplier relationship manager responsible for developing the network and is available to assist partners if required. Payments are made by our finance team, headed up by a team manager, all are available on telephone and email.*

*Once terms are agreed an account will be created on the same day and Halfords sends through account information and a system user guide to the partner shop by email. This email will also explain the terms agreed. The partner shop should then respond, confirming they are happy with the information provided.*

*Once the account is created, the partner shop is ready to accept vouchers immediately. The customer simply contacts the Cycle2work helpdesk so a member of staff can place the order on the system. The supplier processes the order and contacts the employee to arrange collection and verify and redeem their letter of collection. The employee can then take the bike away and the supplier invoices Halfords.”*

3.5 When the City Council is ready to launch the Cycle to Work scheme staff will be advised which local cycle shops have joined the Halfords scheme. The aim of the City Council's Cycle to Work scheme is to benefit staff, the organisation and

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local businesses. It will give staff access to the widest possible range of bikes, at the best prices; be a professionally administered scheme which offers a simple end of hire process while giving cashback to the City Council on Halfords bikes; and support local businesses if staff want to buy a bike from them.

#### **4 CYCLE MILEAGE RATE**

4.1 Further development work will take place on this including looking at examples of best practice from other organisations.

#### **5 RECOMMENDATIONS**

The Employment Panel is asked to:

- i. Approve the Cycle to Work scheme.

#### **6 REASONS FOR RECOMMENDATIONS**

Effective pay and reward strategies, which this benefit would contribute to, aid successful recruitment and retention and can lead to increased morale and staff wellbeing.

#### **7 IMPLICATIONS**

- Staffing/Resources – Some additional administrative support may be needed to administer the benefit but this would be paid for from the income raised from the holiday purchase scheme.
- Financial – Contained within the report
- Legal – The proposed scheme will either be classed as forming part of staffs' terms and conditions of employment or be a discretionary benefit with the right reserved by the Council to withdraw the scheme. If the latter is the chosen option then this should be explicitly stated in documentation. The Cycle to Work arrangement scheme will need to be underpinned by an agreement between the

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Council and the employee to cover, for example, repayment of funding should the employee leave the employment of the Council during the relevant period.

- Corporate – This benefit will contribute to successful recruitment and retention and could lead to increased morale and staff wellbeing.
- Environmental – A Cycle to Work scheme could increase the number of staff cycling to work which could help to ease traffic congestion.
- Crime and Disorder – None
- Impact on Customers – None
- Equality and Diversity – This benefit will not have any negative impact and will have positive benefits for individual members of staff.

### Impact assessments

Does the change have an impact on the following?

Equality Impact Screening	Impact Yes/No?	Is the impact positive or negative?
Does the policy/service impact on the following?		
Age	No	
Disability	No	
Race	No	
Gender/ Transgender	No	
Sexual Orientation	No	
Religion or belief	No	
Human Rights	No	
Social exclusion	No	
Health inequalities	No	
Rurality	No	

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