

**WEST SWINDON PARISH COUNCIL**

**Full Council**

**Cycle to Work Scheme**

**1. Introduction:**

1.1 'The Cycle to Work scheme is a Government initiative designed to encourage more people to cycle to work on a regular basis. The cycle to work scheme is a salary sacrifice arrangement, to partake in the scheme you must:

- Be 16 or over
- Earn at least minimum wage after the salary sacrifice has been taken from your pay
- Be paid and taxed via Pay As You Earn (PAYE) system

1.2 Employees are expected to use the bike and accessories for commuting for at least 50% of its usage however it is not logged.

1.3 Employers must register to receive a code that can be used by employees. There are a number of main routes to purchase a bike – e.g. [cyclescheme.co.uk/bike2workscheme.co.uk/cycle2work](http://cyclescheme.co.uk/bike2workscheme.co.uk/cycle2work) can assist employees.

**2. Considerations:**

2.1 Through the Cycle to Work Scheme, employees can purchase a bike and accessories – sometimes for a reduced price, and instead of paying up front, they can use a PIN number provided by their employer. They will need to select from an approved participating business (both local and online are available). An invoice and hire agreement will be sent to the employer by the Scheme. Both the employer and employee sign the hire agreement. A payment is made to the scheme which releases a voucher for the employee to collect their new bike/equipment. The employer then can have the purchase deducted from their salary before NI and Tax over a period of months.

2.2 The Employer needs to set a cap on the total cost of bike and equipment and determine the length of time for the period of repayment.

2.3 If an employee loses their bike during the payment period, they will need to continue with the repayment scheme.

2.4 If an employee leaves before completing their purchase payments, the remaining amount will be deducted from their salary.

**3. Financial Implications**

- 3.1 There is additional administration attached to a salary sacrifice scheme although this can be reasonably automated once the agreement is in place and the cycle loan payment is taken from the employee's salary on a monthly basis.
- 3.2 The benefit for the employer is reducing the National Insurance contribution and it is able to claim back VAT on any bike purchases.
- 3.3 The Parish Council will need to consider the average monthly net pay and set a loan cap amount that is proportionate to that.

**4. Recommendations**

- 4.1 That Council considers the above and approves the creation of a Cycle to Work scheme membership.

Paula Harrison  
Parish Manager