

Cycle to work Scheme (cost savings based on March 2009 figures)

The Cycle to Work Scheme (CWS) was introduced by the UK Government under the 1999 Finance Act to promote a healthier and active workforce. The CWS operates as a salary sacrifice scheme, enabling an employee to lease a bike and equipment from their employer. Bikes and equipment acquired through the scheme are exempt from tax and NI Contributions benefiting both the employer and employee. Employers who are VAT registered can elect to return these costs to employees thereby further reducing the cost of the lease of the bike. Most companies set a limit of £1,000 for bikes and equipment as purchases over £1,000 requires the company to acquire a Consumer Credit Licence, this costs £725.

There are several companies who can assist in the management of the scheme and provision of bikes examples include:

Cyclescheme – www.cyclescheme.co.uk

Halfords - www.halfordsb2b.com/bikes4work-schemes.asp

Cycle Solutions - www.cyclesolutions.co.uk/index.asp

Evans- www.evanscycles.com/ride2work

Edinburgh Bicycle Cooperative- www.edinburghbicycle.com

Employer Benefits

Cost Savings

Under the CWS the cost of the bike and equipment is exempt from employer NI contributions saving around 12.8% of the total costs. For every £500 an employee spends through the scheme the employer saves £64 in NI contributions.

Improving staff fitness and morale

The CWS encourages staff to participate in active travel. Cycling has many health benefits for staff, as a form of aerobic exercise, cycling can reduce the risk of heart disease, high blood pressure, obesity and the most common form of diabetes, leading to a reduction in staff sickness and absenteeism.

http://www.bupa.co.uk/health_information/html/healthy_living/lifestyle/exercise/cycling_health.html

Reducing parking and congestion

An increase in the number of staff who cycle to work, reduces the number of staff who drive their cars to work, freeing up car parking spaces reducing congestion. One car parking space can accommodate up to 10 bike parking spaces.

Corporate image

Promoting cycling and other alternative transport initiatives shows the employer has a keen interest in the well-being of the local community and environment. This will improve the company's corporate image and levels of corporate social responsibility.

Employee Benefits

Cost Savings

Employees acquiring a bike through the CWS, taking into account tax NI and VAT savings (if appropriate), can save up to 40 % off the retail purchase price of the bike.

Health Benefits www.spokes.nhs.uk/cyclingandhealth.php

Cycling has a number of health benefits including:

- Reducing the risk of heart disease, high blood pressure and diabetes.
- Helps with weight management issues.
- Can improve mood, relieve stress and raise self esteem.
- Improves fitness levels.