Royal Mail Group plc – bringing new benefits to its 200,000 employees

“We’ve recently rolled out the Cycle to Work Scheme successfully to our people across the UK. And we’ve been delighted with the response from employees,” says Shan Lawrence, Recognition & Reward, Royal Mail Group. Recognising that vehicle congestion in the UK is on the increase and that 40% of all car journeys are less than five miles, Royal Mail wanted to make tax-efficient bicycles available to employees to help them start thinking about changing that mix of transport, especially commuting to and from work.

The organisation also recognises the significant health benefits from regular exercise, as Shan explains:

“It’s recommended that we take 30 minutes’ moderate exercise most days. Riding a bike to work can be an important part of a regular exercise routine. It’s been shown that healthy people are generally more alert at work and able to perform their role with less time away due to illness. Exercise is the way to a longer life.”

Bristol South and West Primary Case Trust (PCT) - Cycle promotion to meet physical activity goals

The Physical Activity Adviser for Bristol South and West PCT has been given responsibility to work with NHS sites across Bristol to improve conditions for cycling among staff, whether for the journey to work or during the course of work. This involves close collaboration with Bristol City Council in promoting travel plans at the NHS sites, with the Council analysing travel surveys free of charge. New secure bike parking has been installed within some buildings, alongside better changing facilities.

CASE STUDIES

TO FIND OUT MORE VISIT: www.bikeforall.net
WHAT IS THE CYCLE TO WORK SCHEME?
Cycle to Work is a government tax incentive aimed at encouraging employees to cycle to work, thereby reducing air pollution and improving their general health. The scheme is already in operation and allows employees to benefit from a long term loan of a bike and safety equipment completely tax free.

FOUR REASONS TO ENCOURAGE CYCLING AMONGST EMPLOYEES

Increased productivity
• Fitter employees are more productive*

Less time off work
• Cycling boosts general health and a sense of well being, so reducing absenteeism from work*

Improved time keeping
• Generally available to employees in the business (i.e. on salary, not share options)

Help the environment
• Owned or leased by the employer
• Net salary given up £14.26 x 18 months = £50
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YOUR QUESTIONS ANSWERED

Who qualifies for the scheme?
The scheme is open to any employer and all employees can take part (although a salary sacrifice cannot be used if in doing so the employee's gross pay drops below the National Minimum Wage). Employees taking part must do so on the condition that bikes are used primarily for commuting or work related travel.

Who will administer the scheme?
HR departments are responsible for administering the scheme. There are a number of professional bike suppliers who make the purchase and supply bikes under this scheme to employees on a long term loan. In this case, the employer and employee can agree to a salary sacrifice arrangement for the loan of the bike to the employee.

What are the key terms of the scheme?
Employees would normally have to pay income tax on something lent to them for private use by the employer. The scheme exempts bikes and related equipment provided they:
• Owned or leased by the employer
• Used primarily for commuting or work related travel
• Generally available to employees in the business (i.e. on salary, not share options)
• Fitter employees are more productive*
• Improved time keeping
• Help the environment

How do I set up a scheme?
HR departments setting up the scheme buy bikes and safety equipment such as helmets, lights and reflective clothing and can reclaim the VAT of registered and capital allowances on the expenditure. Where the bike and cyclists' safety equipment is leased, the leasing costs will generally be deductible as an expense in computing the business profits. The bikes and equipment are then made available to employees on a long term loan. No changes to an employee's salary arrangements are necessary unless the employer chooses to recover the cost of providing the bike. In this case, the employer and employee can agree to a salary sacrifice arrangement for the loan of the bike to the employee.

The scheme is regulated under the Consumer Credit Act 1974 and participants are covered by an existing group consumer credit licence, providing they adhere to the terms of the scheme and the value of each bike does not exceed £1,000 net VAT (there is no limit to the value of a bike to qualify for the tax exemption, but if the £1,000 limit is exceeded employers are required to hold a consumer credit licence).

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