

Report of the Director of Corporate Services

May 2023

Salary Sacrifice (Cycle to Work) and Car Loans

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1. PURPOSE OF REPORT

The purpose of this report is to provide an update following a review of the Authority's current Cycle to Work and Car Loans scheme.

2. KEY DECISIONS REQUIRED

Cycle to Work scheme:

Given that the Cycle to Work scheme was set up eleven years ago it is now considered to be out of date. With enhanced technology within the cycling industry, it has led to increased purchase cost of traditional road bikes and the option to purchase new electric bikes has become more attractive. Not only does the Cycle to Work scheme support employee's health and wellbeing but it also complies with the Authority's Prosiect Zero Sir Gar by reducing carbon footprint and encouraging travel by bicycle where possible. Implementation of new scheme is proposed to commence July 2023. The Cycle to Work scheme is to be provided by a named supplier following a mini competition. The following decision are required:

- 1) Increasing the limit for bike and accessory purchases from £1,000 to £3,500. The current scheme has a limit of £1,000 being the maximum purchase price including any accessories over a twelve-month period.

- 2) To extend the term of the agreement to twenty-four months for purchases more than £1,000 instead of the current twelve months. One of the considerations taken when setting the initial limit was eligibility due to affordability. Cycle to Work schemes provide the option to offer an increase to the term of the agreements making this more affordable.

Car Loans scheme:

The current Car Loans (Assisted Car Purchase) scheme has been operating since 1998 and was introduced following re-organisation. It is contained within the Council's Conditions of Service and any change to the current scheme or consideration of removal would require consultation with the recognised Trade Unions.

All employees who require a vehicle to complete the duties of their role and whose posts were previously designated casual/essential car users are eligible to apply for a loan up to a maximum of £7,350. The eligibility criteria states employees who complete more than 1,000 business miles per annum are eligible to apply for a loan. The loan advanced will not exceed 90% of the value of the car or the difference between the price paid for the car and the allowance offered in part-exchange for the employees' old car (if any). The loan is repayable over a maximum period of 5 years for cars under 3 years old and 4 years for cars over 3 years old. Employees can continue to claim business mileage at the AMAP rate for any work-related journeys.

The current scheme is not Consumer Credit Act compliant, therefore the rate of interest applied cannot exceed more than 1% above the base rate of interest set by the Bank of England.

Due to the increasing costs and inflation a decision is required to:

- 1) Increase the maximum loan advance to £9,999 from £7,350 with an effective date of 1st July 2023. If the loan amount was to exceed £9,999 this would incur Benefit in Kind charges on the employee and Class 1A National Insurance contributions on the Authority.