

Future-proofing the Cycle to Work scheme: Unlocking access for all workers

Cycle to Work Alliance
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cycletoworkalliance.org.uk

About the Alliance:

The Cycle to Work Alliance is a policy-focused coalition of the five largest providers of the Cycle to Work scheme: Cyclescheme, Cycle Solutions, Evans Cycles, Halfords and Vivup. Together, we represent around 80% of the Cycle to Work scheme market and since 2010, we have worked hard collaboratively to highlight the many benefits of regularly cycling to work.



Unlocking the Cycle to Work scheme for all

Contents

Foreword	2
Chapter 1: The value of the Cycle to Work scheme	3
Chapter 2: Unlocking the scheme for all: our recommendations	6
Chapter 3: Lower earners	8
Chapter 4: The self-employed	13
Chapter 5: Small and medium-sized businesses	16
Chapter 6: Helping government achieve its ambitions	18



What is the Cycle to Work scheme?

The Cycle to Work scheme is a **tax-efficient salary sacrifice employee benefit**, introduced as part of the 1999 Finance Act, that provides a way of encouraging more adults to take up cycling.

The savings that individuals make through the Cycle to Work scheme improves the affordability of, and access to, cycling. Employees who participate in the scheme can save up to 42% of the total cost of a new bike and scheme users **save hundreds of pounds on their annual cost of commuting.**

They also have the option to pay the cost of a bike off over a longer period, typically a 12, 24 or 36-month period.

Foreword:



The Cycle to Work Alliance – as the five largest providers of the Cycle to Work scheme – is immensely proud to have supported government in its aim to get more people cycling to work, providing the scheme to employees up and down the country for over a decade.

The scheme has played a pivotal role in getting hundreds of thousands more people cycling to work every day, with significant benefits for the environment, wellbeing, road congestion and productivity in the workplace.

As the Department for Transport’s own Gear Change strategy highlights, “cycling and walking are recognised as the most convenient, desirable and affordable way to travel in our local areas”. An active lifestyle has significant positive benefits not only for the individual, but for the community around them too.

The scheme has been extraordinarily successful and has had an undeniably positive impact on people’s attitudes to active commuting. Over the course of the pandemic, we’ve played a critical role in helping people to safely commute to work, at a time when many were looking to reduce their reliance on public transport. As employees across the UK get back to the workplace as we return to “normal”, more people than ever before will be considering whether cycling to work might be the healthier, more cost-effective and safer option for them.

The scheme is the most effective mechanism for employees to obtain a bike. It’s helped millions of people adopt an active commute. However, as the leading providers, we know it has the potential to help even more would-be participants. As it stands, barriers currently prevent lower earners and the self-employed from joining, and employees of SMEs aren’t able to fully benefit from the scheme. We think this is unfair and needs to change.

Millions more could benefit from affordable access to a more active, cost-effective and environmentally friendly commute. It’s in everybody’s interest to enable this. In this report we make three recommendations to government for changes surrounding the Cycle to Work scheme policy which aim to make cycling to work more inclusive and accessible than ever:

1. Self-employed and gig workers make up a significant part of the country’s workforce, doing many of the same jobs as, and often alongside, PAYE employees, and need to travel to a place of work. Government should be doing all it can to encourage this journey by bike by allowing the self-employed to participate in the scheme.
2. Lower earners are impacted the hardest by consistent rises in public transport fares. Cycling to work offers a cost-effective, simple solution to encourage active commuting. Our lowest-paid employees have the most to gain from participating – unlocking access to the scheme for them should be a no-brainer.
3. SMEs, like all companies, have huge amounts to gain from offering the scheme to their staff. While they can currently participate in the scheme, and many do, there is scope to significantly increase the number of SME employers who provide the scheme. Outdated and untrue myths about the scheme being complicated or costly to run are preventing companies and their staff from reaping the full rewards of increased rates of active commuting. We’re committed to working with government to change this.

Unlocking the scheme for these groups would ensure cycling to work is an option for millions more people across the country, as well as supporting government with its ambitions across active travel, decarbonisation, obesity and wellbeing. We believe these minor, incremental changes to the scheme rules will have a significant impact across government’s policy ambitions.

We hope this report can play a part in shaping future active travel policy, and we look forward to working in collaboration with the government to open up access to the Cycle to Work scheme for all.

Adrian Warren
Chair of the Alliance

Chapter 1:

The value of the Cycle to Work scheme

The Cycle to Work scheme plays a huge role in getting people across the country to travel to work in a healthier and more active way.

As a tool to encourage cycling to work, the scheme is enormously valuable to employees, their employers and for their wider communities.

Increased rates of active travel deliver significant cost savings for health services, reduce CO2 emissions and other damaging pollutants from our towns and cities, and contribute to a healthier and more productive workforce.

As providers, we pride ourselves on helping employers to encourage their staff to consider active ways to commute. Over the past ten years, Alliance members have enabled more than 1.6 million people to participate in the scheme and cycle to work, including nearly 200,000 new members over the Covid-19 pandemic between March and September 2020.

6 in 10

scheme users would drive to work if they didn't use the scheme



Since joining

2 out of 3

scheme users are cycling more than they were before. The other third is cycling at least the same amount



Users are spread across all ages, including older workers - a third of scheme users are over the age of 50

A helping hand during the Covid-19 pandemic

Since the coronavirus pandemic hit the UK, **the scheme has played a crucial role in enabling people to continue commuting to work safely.** This has been particularly important for key workers, who have needed to carry on getting to work throughout the worst of the pandemic.

The already popular scheme saw huge increases in participation in 2020. Between March and September 2020, Alliance members saw an increase of nearly 60% in new scheme joiners compared to the same period in 2019 across the UK.

In the capital alone, London Ambulance Service has seen a 111% increase in new scheme participants in 2020 from the previous year. New scheme joiners are up 67% in the Metropolitan Police, and 47% among Transport for London's (TfL) workforce who have kept the capital's transport infrastructure running.

Many people new to cycling have been spurred on by a desire to stay safe, keep fit and save space on public transport for those who need it most, whilst reducing congestion on the roads.

3 in 4 

scheme users join the scheme to help improve their mental wellbeing. Employers have recognised this too, and seven in ten offering the scheme had improved staff health



More than

7 in 10

scheme users are basic rate taxpayers, working across all sectors. Nearly a quarter work in the public sector, and a further 14% in education



“ The cycle to work scheme is a great example of how we can help people choose healthier and cleaner forms of transport. Increasing walking and cycling is essential to get more polluting vehicles off our roads and tackle our toxic air crisis.

Air pollution causes new lung conditions, worsens existing ones, and can stunt children’s lung growth. It’s critical that the government do everything in their power to incentivise cleaner forms of travel and make sure as many people as possible can access them. Additionally, we know that exercise can help people better manage their lung condition, which can keep them out of hospital and reduce pressure on the NHS.

”

Harriet Edwards

Senior Policy and Projects Manager, Air Quality at Asthma UK and the British Lung Foundation



Participants

Participants of the Cycle to Work scheme are spread all over the country, and nearly three quarters of businesses offering the scheme are based outside of London and the South East



“ For employees who want to start to cycle to work, but don't have a bike right now, the popular Cycle to Work scheme already allows employees to save between 25-39% of the cost of a new bike, or indeed an electric bike. There's been a huge increase in people using the scheme and we will work with employers to increase uptake even further.

”

Grant Shapps

Secretary of State for Transport, speaking at the Coronavirus Press Conference, Downing Street 9th May 2020



Chapter 2:

Unlocking the scheme for all: our recommendations

Over the past two decades, the Cycle to Work scheme has proven itself as a tried and tested mechanism for encouraging people to make responsible commuting decisions. Whilst so many employees have already been fortunate enough to join and reap the many benefits of cycling to work, for too many others, the scheme remains out of reach.

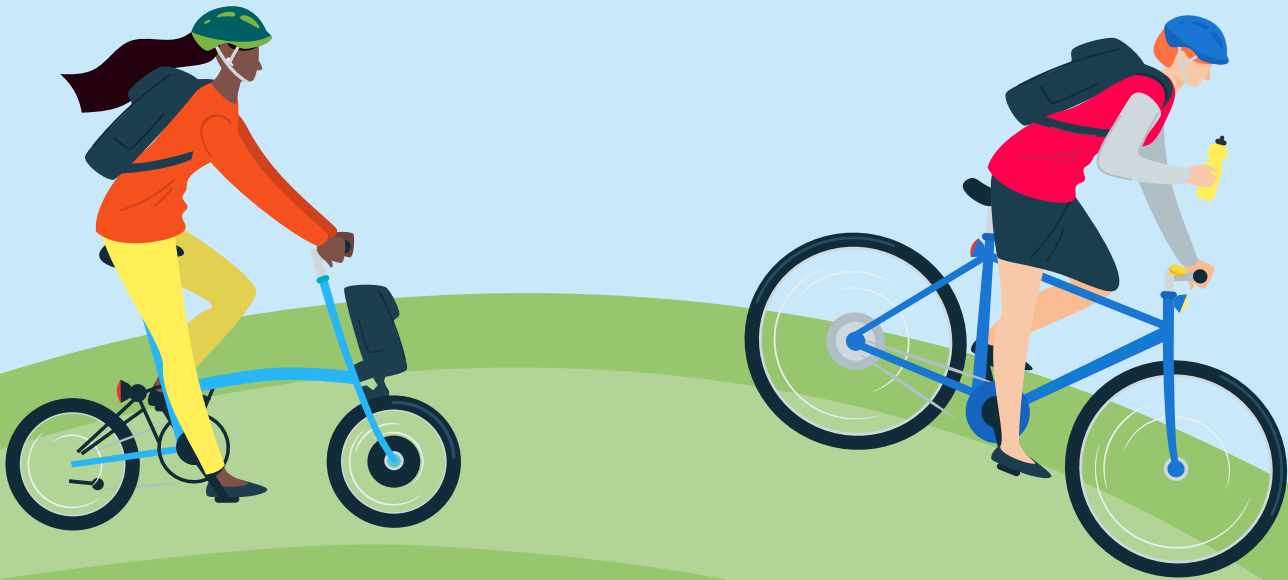
As it stands, certain groups including the self-employed, lower earners and employees of SMEs, are limited or altogether excluded from the scheme. This is despite them having among the most to gain from participating.

Given the centrality of the scheme to government's long-term objectives on pollution, decarbonisation, obesity and wellbeing, the Alliance urges government to consider our proposals to improve access to the scheme for all.

Working together to unlock access

By unlocking the scheme for all workers, we can put hundreds of thousands more people on bikes, helping to drive forward the UK's cycling revolution. This will pave the way for clear health and environmental benefits, and reduce the cost of commuting for millions of employees.

The Cycle to Work Alliance aspires to work with government to make it easier for the self-employed, lower earners and employees of SMEs to access the benefits of regularly cycling to work.



Our recommendations



1.

Many lower earners aren't able to access the full benefits of the scheme, as the salary sacrifice deductions from their pay would take them below National Minimum Wage. National Minimum Wage rules do not allow employers to make salary sacrifice deductions that take employees below this. While the Alliance supports the objective of these rules in order to protect employees' incomes, it does mean that large numbers of individuals who have a lot to benefit from what it provides, cannot fully participate in the scheme.

The DfT's scheme guidance suggests alternative options for obtaining a bike for the lowest earners, but in reality these are unlikely to be viable options for many employers and employees, and won't lead to the fundamental behaviour change that is required.

In order for the Cycle to Work scheme to support those on low wages, government should introduce a specific exemption for the Cycle to Work scheme,

allowing employers to enter staff into a salary sacrifice arrangement for the specific purpose of obtaining a bike and safety accessories through the scheme, even if it brings their take-home pay below National Minimum Wage.

The Alliance welcomes the recent changes in policy regarding salary sacrifice for low earners, which has created some flexibility for employers. However, the government should be fully endorsing the scheme, ensuring that all employees, regardless of their income, can benefit from regularly cycling to work. Our proposed exemption would broaden out the choice of bikes and safety equipment further, meaning the lowest earners are better equipped to cycle to work.

Government should be doing all it can to promote cycle-commuting, and opening up the scheme to our lowest paid employees will make this a more realistic proposition. As scheme providers, we would work closely with employers and HMRC to ensure this was delivered responsibly and due consideration was given in terms of employee affordability.

2.

Self-employed workers are currently excluded from the scheme. Only PAYE employees are able to participate, and the current scheme guidance specifically excludes self-employed workers from joining - "the scheme does not include people who are self-employed." All workers, regardless of status, should have access to the scheme and should be encouraged to cycle to work over other forms of commute.

HMRC should include the cost of a bike as an allowable expense on self-employed workers' self assessment, to ensure all workers can participate regardless of their employment status.

Like PAYE employees, many self-employed workers need to commute to a place of work. They too should be able to access the benefits of the Cycle to Work scheme, and as a significant and growing proportion of the labour market, it's in the government's interest to encourage cycling over other forms of commute.

3.

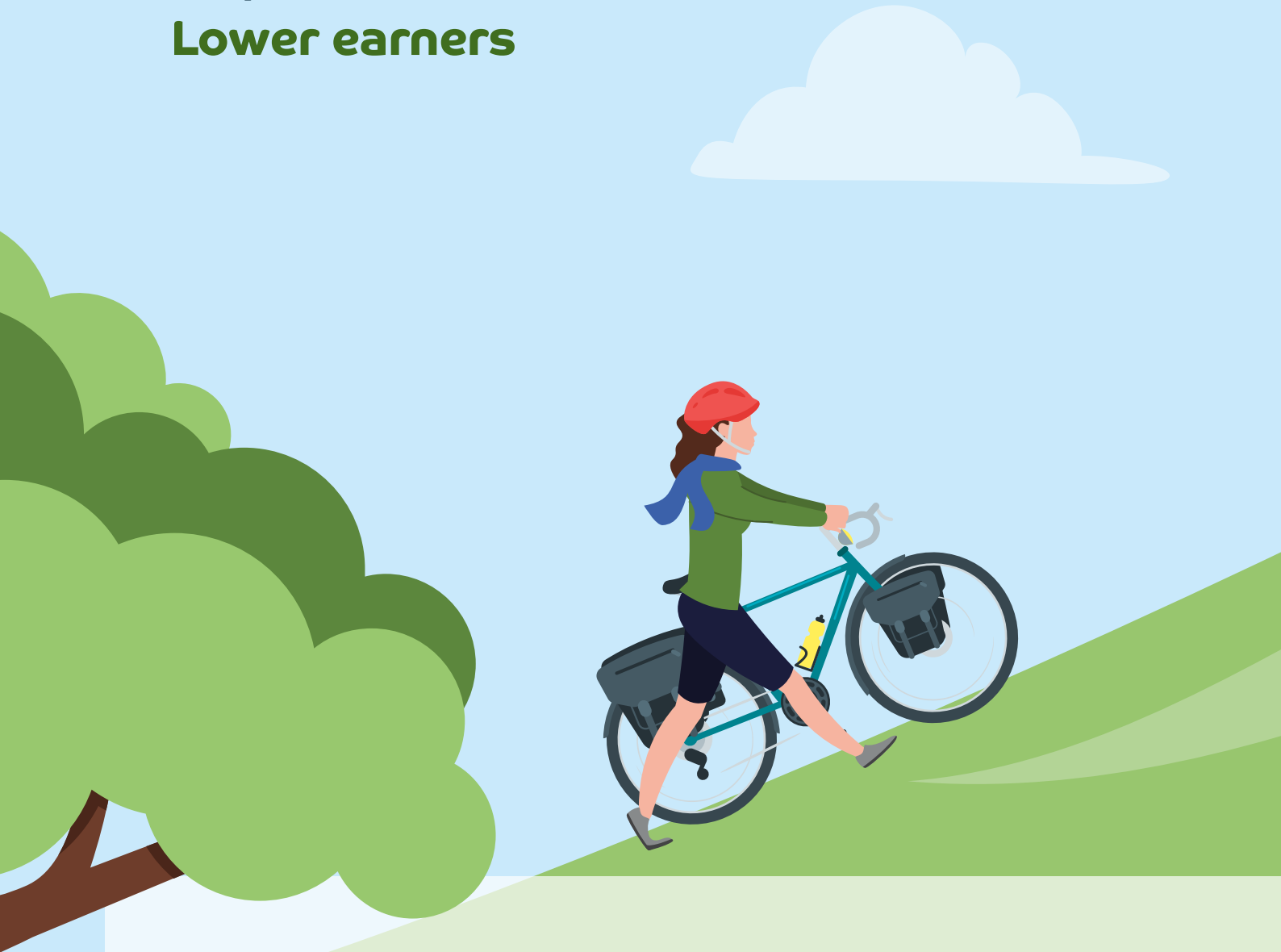
Employees of SMEs are often unable to join the scheme due to low scheme registration by SME employers. Small businesses employ a significant proportion of the UK's workforce. While many offer the scheme, a large proportion do not. The barriers to uptake vary. Largely this is due to a lack of awareness, but for others there is a perception that it is an additional burden on top of their core responsibility of running their business. Where employers do not offer the scheme, their employees are prevented from joining it. Scheme providers work hard to make it as accessible as possible, but outdated myths make this a challenge. All employees,

including those working for the country's smallest businesses, should be able to access the benefits of the scheme.

All stakeholders with an interest in the scheme, including government, the small business community, and the Alliance, should work together to understand the barriers to participation for small businesses, and the practical steps that can be taken to increase participation.

Small businesses are the lifeblood of our economy, and employ a significant chunk of the country's workforce. Offering the Cycle to Work scheme to all employees, no matter the size of the business, should be a priority for government, and myths about its complexity shouldn't get in the way.

Chapter 3: Lower earners



The cost of commuting

The cost of commuting across the UK continues to rise, placing a particular burden on lower-income workers.

- Research conducted by the RAC foundation shows that, with the exception of motoring, there has been a **considerably greater rise in the cost of transport in comparison to average wages**.¹
- Analysis has found the average annual season ticket for main routes in and out of London stands at around **£4,500**, and this is set to grow, with **ticket prices this year rising on average 2.7%** more than in 2019.²
- Research shows the **average UK motorist spends about £2,000** running their car each year, before even taking into the account the cost of the vehicle itself.³

The rising cost of commuting is increasingly putting a strain on those on the lowest incomes in our communities. Cycling to work offers a cost-effective solution for many workers within this group. Given its proven role in getting more people cycling, those on the lowest incomes should benefit too.



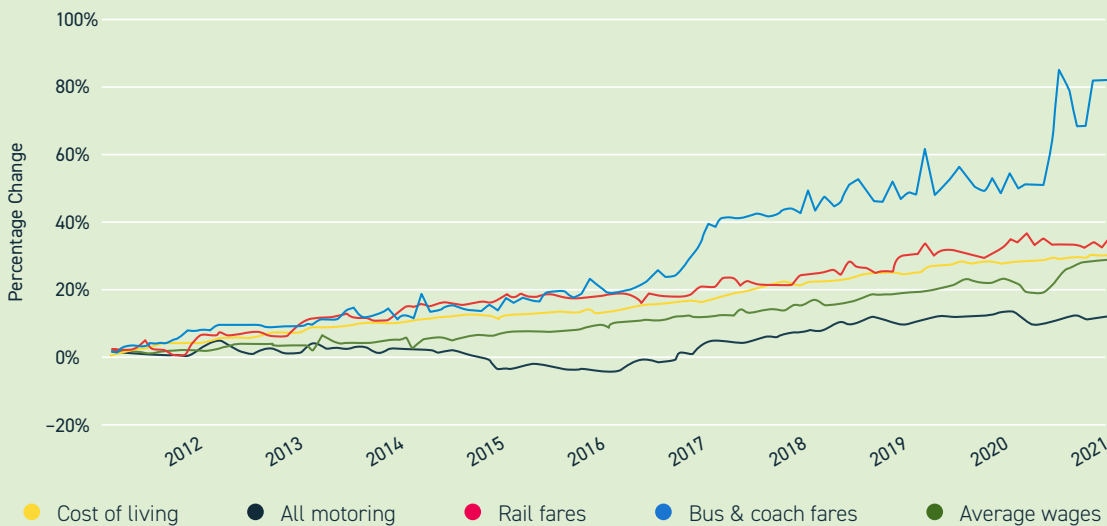
Safe and active commutes for key workers

A vast number of the country's lowest earners played a key part in keeping the country moving during the pandemic as essential workers. Many of these have been required by their employers to make lengthy commutes, often with the knowledge that public transport wasn't always safe, and daily car parking rates not affordable.

The Cycle to Work scheme has been seen as a vital benefit for employers to support eligible employees in overcoming these issues, but unfortunately for lower earners the options remain very limited.

Change in the cost of travel in the last 10 years

Motoring costs, bus rail and coach fares, wages, and the cost of living



RAC Foundation (Source: ONS)

Around

2 Million

workers in the UK are currently paid at or below National Minimum Wage – around 7% of workers in the UK, according to the Low Pay Commission

Unlocking the scheme for low earners

Government policy should be doing all it can to ensure that cost is not a barrier for someone converting a journey by car into a journey by cycle.

The Cycle to Work scheme offers a simple, proven, cost-effective mechanism for getting people cycling to work. The government should ensure all workers, especially those on the lowest incomes, can access the scheme and reap its benefits.

One of the government’s key agendas is levelling up the nation so that left-behind areas and forgotten communities can thrive again. Ensuring that government schemes like the Cycle to Work scheme are open to workers on the lowest incomes is essential to helping the government deliver on its levelling-up agenda.

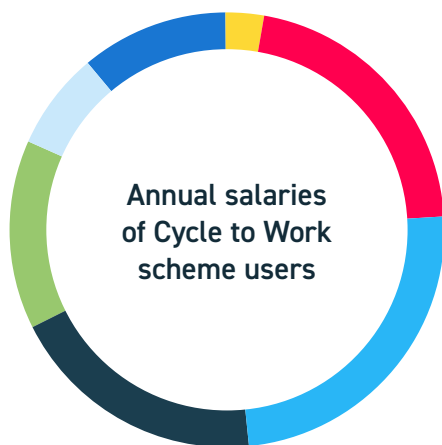
Employees at or near the National Minimum Wage threshold account for a significant proportion of the country’s workforce. The Low Pay Commission estimates there are around 2 million workers in the UK currently paid at or below National Minimum Wage – around 7% of workers in the UK.⁴

There are significantly more workers who are paid just above National Minimum Wage, and for whom the Cycle to Work scheme is still out of reach.

Alliance data shows that around a quarter of scheme users earn £27,000 or less. Whilst we’re proud to be able to support many workers on lower and medium salaries through the scheme, the proportion of users accessing the scheme who are paid £17,000 or less is far lower (3%). At present, **those on or around National Minimum Wage are disproportionately underrepresented.** This is a consequence of the scheme’s rules.

The Cycle to Work scheme guidance states that all **employees must be paid the National Minimum or National Living Wage in order to be eligible for the scheme.**⁵ Employers must not sacrifice their employee’s salary to a level below this minimum.

Additional guidance from HM Revenue and Customs states: “A salary sacrifice arrangement must not reduce an employee’s cash earnings below the National Minimum Wage rates. Employers must put procedures in place to cap salary sacrifice deduction and ensure National Minimum Wage rates are maintained.”⁶



Annual salaries of Cycle to Work scheme users

- 3% Under £17,000
- 21% £17,000 to £27,000
- 24% £27,001 to £37,000
- 19% £37,001 to £47,000
- 14% £47,001 to £57,000
- 7% £57,001 to £67,000
- 11% £67,001 +



The DfT's own Cycle to Work scheme guidance for employers says that:

"All employees must be paid the National Minimum or National Living Wage in order to be eligible for the scheme. Employers must not sacrifice their employees salary to a level below this minimum (however the scheme should generally be available to all colleagues)."

The Alliance strongly supports the objective of these rules and understands they are in place to protect employees' incomes. Whilst this is the case, we think they ultimately result in the exclusion of large numbers of individuals from the scheme who potentially have the most to gain from what it provides.

We believe that **lower earners should be able to benefit most from the tax and National Insurance savings that make this a more cost-effective commuting solution.** This in turn will deliver greater household savings, along with the wider benefits for them and their community as scheme uptake grows.

We welcomed the decision in 2019 to update the policy on National Minimum Wage and salary sacrifice.⁷ Due to the change, employers who offer an employee a salary sacrifice benefit which brings their take-home pay below National Minimum Wage will now not be subject to a fine. Despite this, **there is an overarching concern that businesses may still suffer reputational damage** and would be subject to a HMRC investigation. HMRC has not fundamentally changed the rules.

We believe there is still a lack of clarity here, and that this does not go far enough to support low earners. In our experience as scheme providers, the **grey area surrounding this policy has**, and will continue to, **put many employers off the idea of offering the scheme to employees**, for risk of infringing on the rules. These restrictions affect businesses of all sizes and across all industries.

Existing alternatives to the Cycle to Work scheme and their limitations

Scheme providers that form the Cycle to Work Alliance have gone to great lengths to put in place 'workarounds' to open up the scheme to all employees at an organisation.

For example, many have implemented longer payment periods so scheme users can pay the hire period over a longer window of time without bringing them below National Minimum Wage. However, this could have the effect of tying an employee into a job for longer than they want to stay, or forcing them to settle a large payment for the remaining cost of the package if they need to move jobs before the end of the hire period.

Some scheme providers have made lower-value packages available to staff on the lowest incomes, so that more workers have the opportunity to participate. Whilst this is welcome, employees using their bikes regularly to commute long distances to work should have access to high quality packages that may exceed budget options. A lower-paid employee should not be forced to settle for a lower quality bike that may be more prone to requiring maintenance.

Case study

Candace, an NHS worker earning less than £20,000 a year tried to join the scheme so she could access a £1,500 e-bike. Unfortunately, the payments would take her below National Minimum Wage and so she was turned away.

"I'm disappointed to say the least, and have no idea if I can get a bike. It seems to me the scheme isn't open to all workers but only higher earners."

Candace
NHS worker



Additionally, lower earners that are older workers or who have physical impairments may need access to an e-bike or specially adapted cycle, which tend to come at a greater cost. There is no reason why these employees should be priced out of the scheme.

Whilst alternatives to the Cycle to Work scheme are available for employees that do not meet the requirements, our regular conversations with employers highlight time and time again that **the scheme is the proven, tested and preferred** mechanism for encouraging their employees to take-up cycling to work.

- Employers do not want to be burdened with the financial and time cost needed to implement and maintain a workplace cycle pool model – with no guarantee that employees will opt to use it.
- Loan schemes do not offer the same benefits and are therefore not always a viable alternative. They may require the employer to seek FCA-authorisation for lending, and ultimately employees are left unable to access the tax-saving benefit of salary sacrifice.

One member of the Alliance runs a separate initiative alongside the Cycle to Work scheme which is aimed at ensuring the lowest paid employees within an organisation don't miss out.

They've teamed up with a cycling retailer to secure a 20% discount on bikes costing between £150 and £350. Bikes costing between £250 and £350 are also eligible for interest free finance. Employees pay for the bike from their NET pay.

This is a great initiative that helps open up cycling by making it more affordable to thousands more employees. However, there are several drawbacks. The savings aren't as good as they would be through the Cycle to Work scheme, the range of bikes on offer is limited and employees pay the balance off in a maximum of six instalments, rather than over the 12 months typical of a Cycle to Work scheme.

Our recommendation:



We believe that, in order for the Cycle to Work scheme to support those on low wages, government should introduce a specific exemption for the Cycle to Work scheme, allowing employers to enter staff into a salary sacrifice arrangement for the specific purpose of obtaining a bike and safety accessories through the scheme, even if it brings their take-home pay below National Minimum Wage.

The Alliance welcomes the recent changes in policy regarding salary sacrifice for low earners, which has created some flexibility for employers. However, the government should be fully endorsing the scheme, ensuring that all employees, regardless of their income, can benefit from regularly cycling to work.

As scheme providers, we would work closely with employers and HMRC to ensure this was delivered responsibly and due consideration was given in terms of employee affordability.

Chapter 4: The self-employed

As it stands, only PAYE employees are able to benefit from salary sacrifice schemes. The current scheme guidance explicitly prohibits self-employed workers from accessing the Cycle to Work employee benefit.

This is despite the fact that self-employed and gig workers, who also pay taxes on their income, make up a significant – and growing – proportion of the country’s workforce, accounting for around 4.5 million people in the UK, up from 3.2 million at the turn of the millennium.⁸

The self-employed workforce has also contributed significantly to employment growth in the labour market, and self-employed people represent more than 15% of employment, up from 12% in 2000.⁹ These numbers are also set to grow, given the increasing number of workers who make up the so-called ‘gig economy’ – who are often young, and frequently on low or unpredictable incomes.

A 2015 report by Citizens Advice showed that self-employment in low-skilled roles had increased alongside skilled, managerial and professional roles.

There are around 4.5 million self-employed workers in the UK.

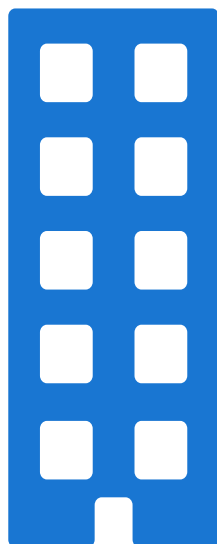
Turned away

Self-employed workers, like their PAYE peers, often need to commute to a place of work or travel between meetings. Unlike PAYE employees, however, cycling to that destination can be a far less realistic option, as they are mostly unable to access the scheme.

The providers who form the **Cycle to Work Alliance** receive thousands of enquires every year from self-employed workers who want to access the scheme. Unfortunately, however, they aren't in a position to help them, and the existing scheme guidance means they must turn them away.

Top 5 self-employed industries (by number of employees)

942,000



621,000



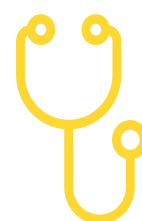
399,000



382,000



346,000



- Construction
- Prof, scientific, technical activities
- Wholesale, retail, repair of vehicles
- Admin and support services
- Health and social work

Exceptions to the rule

There are some minor exceptions to this rule, which do provide a work-around under some limited circumstances.

Self-employed workers who operate as the sole director of a limited company are able to benefit from the scheme. Where these individuals pay themselves a salary through PAYE, they can access the benefit in this way.

However, this type of worker accounts for less than 15% of the total self-employed workforce. As such, the scheme remains out of reach for the majority. In practice, an employee is unlikely to change the way they structure their work in order to access the scheme, because of the perceived administrative burden involved.

Sole traders form the bulk of the self-employed workforce, and account for around 4.6 million individuals.¹⁰ Unfortunately, they are not in a position to pay themselves a salary and as they are not on payroll, they are locked out from the scheme and unable to participate.

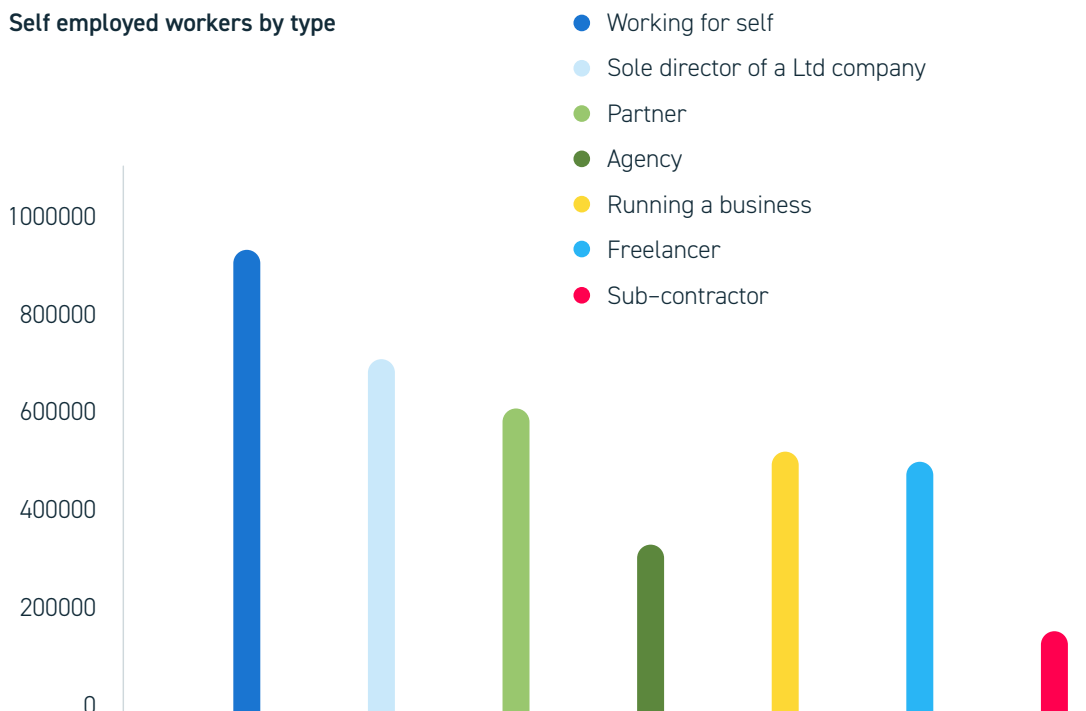
Self-employed workforce disparity

Self-employed workers face many of the same challenges that PAYE employees do. Soaring public transport costs, congested roads, and a desire to stay active, to name but a few. Despite wanting to make responsible commuting choices, the benefits that encourage this behaviour aren't so readily available to the self-employed.

This disparity is unfair, and not being able to access the scheme discourages millions of self-employed workers from cycling to work.

Given its success in encouraging positive behaviour change and modal shift towards cycling, the government should be doing all it can to unlock access for this key section of the workforce.

Self employed workers by type



"Self-employed workers, like all employees, want to be making safe, responsible and active commuting choices to play their part in the post-Covid recovery. Extending the Cycle to Work scheme to the self-employed now is a timely change we actively support, helping ensure the scheme is fit for the future.

As we move past the pandemic, cycling to work needs to be a choice available to all, including the self-employed. The scheme will be just the solution many are looking for to help them get back to business. It will not only benefit them, but the economy and the environment too."

Andy Chamberlain

Director of Policy at IPSE (the Association of Independent Professionals and the Self-Employed)



"The Cycle to Work scheme has been an extraordinary policy success, improving the nation's physical and mental health at the same time as benefitting our environment and taking pressure off public and private transport.

At FSB, we hope that Ministers listen to these solid policy recommendations from the Cycle to Work Alliance. These will expand the scheme's success to more of the 5.9 million small businesses and the self-employed, removing barriers and helping the government's mission to level-up, tackle the fitness impacts of Covid-19 and improve transport in our local communities."

Craig Beaumont

Chief of External Affairs at the Federation of Small Businesses (FSB)



How it would work:



- HMRC currently publish a list of allowable expenses for self-employed workers. These include office, travel, and uniform costs, for example.
- To enable self-employed sole traders to benefit from the scheme, this guidance should be updated to include the Cycle to Work scheme as a permissible expense under travel costs.
- The Department for Transport should also remove the current statement which explicitly states that self-employed people cannot participate.
- Self-employed workers would then include the purchase of a bike under their allowable expenses, just as train tickets and fuel are currently.
- Scheme providers could work with the self-employed to process the administration behind the salary sacrifice benefit, and as with all employers, get to work in engaging and activating cycling to work in their mindset.

Chapter 5: Small and medium-sized businesses

From small businesses to big businesses

As providers of the Cycle to Work scheme, we work with companies of all sizes, in a vast range of sectors, and across all parts of the UK.

We think that all employees should benefit from cycling to work, and employers, regardless of their size, have a lot to gain from encouraging their staff to cycle to work.

In the UK, Small to Medium Enterprises (SMEs), those with fewer than 250 staff, account for a staggering 99.9% of businesses and employ almost 12 million people.¹¹

However, we know from our experience as scheme providers that far fewer SME employees are able to participate in the scheme. This is despite aims by Alliance members to provide the scheme to employees through businesses of all sizes.

Outdated myths

Our members often receive feedback from prospective employers – in particular from **SMEs who might have many competing pressures on their time – that they are hesitant to offer the scheme to staff due to a perception that it can be admin-intensive and the application time-consuming.**

There are around 12 million employees of SMEs in the UK.

Even for some larger businesses with dedicated accounts and HR teams, the Cycle to Work scheme can sometimes appear complicated and not worth the hassle.

We know this is not representative for all employers of this nature, and **we regularly hear feedback from SMEs who are delighted with the overall impact the scheme has on their organisation and workforce.**

2 in 3

employers offering the scheme said their main reason for doing so was to improve staff wellbeing by encouraging active travel



8 in 10

employers said the Cycle to Work scheme was either an important or very important benefit to their employees



7 in 10

employers said offering the scheme had improved employee health, and more than a third said it had increased staff engagement



Creating a simple process

Cycle to Work scheme providers play an important role in simplifying the process for employers – including handling all of the administrative burden so employers can focus on the benefits. Through a scheme provider like the Alliance members, employers normally only need to complete a short application before their staff can begin the process of cycling to work.

Our members also go beyond simply helping employers to setup the scheme, but work with them to become cycle-friendly employers that embed a cycle to work culture in the workplace.

Despite our efforts as providers of the scheme, lots of SMEs are resistant to offering it due to outdated perceptions the scheme will be a drain on their already limited resources.

Case study

Paul Griffith, a Partner at RCR Partnership which is a small marketing consultancy, set out how he was keen to offer the scheme to employees, but advice from their accountant soon discouraged this:

"As a small business with fewer than five members of staff, offering the scheme to our employees seemed like a no-brainer to start with! But when we looked into it, our accountant suggested it was overly complicated and an administrative hassle to run. We also work closely with a number of self-employed freelancers who wouldn't have been able to join, and we wanted to avoid creating a disparity in the workforce between those who could join, and those who couldn't.

If the government was able to simplify the rules and make it easier for more small businesses like mine to participate, we'd certainly have more members of staff routinely cycling to work– this would be a big win for our staff, our company and our community."

Room to grow

We are proud that so many employers view the scheme as integral to their employee wellbeing and benefits package, but we want more small businesses to enjoy these benefits too.

Our focus as providers is on encouraging more SMEs to participate, so that all businesses, regardless of size, can promote cycling to their employees and move towards sustainable, active travel choices.

While our efforts to encourage SMEs to join the scheme is working, there is plenty of room to grow. **We want to reach the SMEs that are yet to realise the benefits of encouraging cycling to work.**

Promoting the scheme to the small business community



- The Alliance, alongside government and the small business community (represented by groups like FSB and FPB as well as local chambers of commerce and local enterprise partnerships) should work together to encourage participation in the scheme.
- Proactive campaigning should dispel myths that offering the scheme is resource-intensive or challenging for employers to understand.
- Alliance members would highlight their role in handling administration, enabling small businesses to focus on their role as employers and business leaders, helping to build healthier, happier and more productive workforces.
- Ultimately, it would help our goal of improving accessibility to the scheme for SMEs, and enable more of their employees to cycle to work.



Chapter 6:

Helping government achieve its ambitions



This report's recommendations will help unlock the scheme for groups currently excluded or limited from participating, including around 15 million self-employed workers, SME employees, or low paid workers so they too can benefit from cycling to work.

As providers of the scheme, this will ensure we can continue our objective of getting more people cycling to work, finding those "interested but concerned" cyclists, encouraging them to try, and supporting them as they change their behaviour for the better.¹²

Opening the scheme to excluded groups could help the government realise its broader priorities on public health, decongestion and decarbonisation, and employees' mental health.

1. Improving the nation's health

The government's Obesity Strategy unveiled a package of new measures that are aimed at helping people lose weight. Covid-19 has shone a light on the importance of being active and eating better – with research finding a link between obesity and Covid-mortality.

As the Gear Change strategy highlighted, **cycling can prevent and manage more than 20 chronic conditions and diseases** like cancers, heart disease, Type 2 diabetes and depression.

Now, more than ever, government should be looking to the Cycle to Work scheme as a proven mechanism for helping people to ditch a polluting commute for an active one.¹³

Our report provides a blueprint for delivering a scheme fit for the future, which can ensure workers who have among the most to gain from cycling to work can access the scheme. The Alliance hopes this report can support government in the development of future active travel policy, and we look forward to supporting government to unlock access to the scheme for all.



2. Decarbonising the nation

The government has committed to achieving Net Zero by 2050. As part of their decarbonisation plans, they have announced plans in their recently published Ten Point Plan and Energy White Paper to **invest in the increased uptake in cycling as a way of reducing the nation's emissions.**

Plans include the construction of over one thousand miles of segregated cycle networks by 2025 in every town and city in England. Cycling training will be made available to every school child and adult who wants it with the aim of doubling cycling rates from 2013 levels.

The Cycle to Work scheme will play a key role in supporting government to achieve these ambitious targets.¹⁴

3. Reducing the cost of living

A key priority for the government is exploring how to reduce the cost of living, particularly for marginalised groups in society, and 'level-up' left-behind areas and forgotten communities.

As it stands, the existing cycle to work policy currently prohibits employees at or near National Minimum Wage from participating in the scheme. This locks out a key segment of the population who arguably have the most to gain.

To support this agenda and help the UK "build back better" from the coronavirus pandemic, **enabling everyone access to the scheme – regardless of their income – is key.**



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