



## FREEDOM OF INFORMATION REQUEST



**Request Number:** F-2011-02028

**Keyword:** Human Resources

**Subject:** Bike 2 Work Scheme

### Request and Answer:

This is to inform you that the Police Service of Northern Ireland (PSNI) has now completed its search for the information you requested and the answers to your questions are as follows.

### Question

It's my understanding that the Police have a bike2work scheme in place for its employees.

This is in keeping with the Green Transport initiative intended to encourage commuting by bicycle because of the wide ranging associated benefits to all.

I would like you to send me details of the scheme/process used to implement the scheme and detail the overall cost of implementation.

### Answer

Please find below on pages numbered 1 - 4 details of the scheme in use within the PSNI.

I have been advised with regard to the overall cost of implementation that all correspondence with the employee and the supplier is by electronic means. The scheme is cost neutral and administered using a Microsoft Excel based computer programme developed at minimal cost in-house by the PSNI as part of a finance pilot project called Procurement Two Pay.

If you have any queries regarding your request or the decision please do not hesitate to contact me on 028 9070 0164. When contacting the Freedom of Information Team, please quote the reference number listed at the beginning of this letter.

If you are dissatisfied in any way with the handling of your request, you have the right to request a review. You should do this as soon as possible, or in any case within two months of the date of issue of this letter. In the event that you require a review to be undertaken, you can do so by writing to the Head of Freedom of Information, PSNI Headquarters, 65 Knock Road, Belfast, BT5 6LE or by emailing [foi@psni.pnn.police.uk](mailto:foi@psni.pnn.police.uk).

If following an internal review, carried out by an independent decision maker, you were to remain dissatisfied in any way with the handling of the request you may make a complaint, under Section 50 of the Freedom of Information Act, to the Information Commissioner's Office and ask that they investigate whether the PSNI has complied with the terms of the Freedom of Information Act. You can write to the Information Commissioner at Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF. In most circumstances the Information Commissioner will not investigate a complaint unless an internal review procedure has been carried out, however the Commissioner has the option to investigate the matter at his discretion.

Please be advised that PSNI replies under Freedom of Information may be released into the public domain via our website @ [www.psni.police.uk](http://www.psni.police.uk)

Personal details in respect of your request have, where applicable, been removed to protect confidentiality.



## **Occupational Health & Well-being are pleased to confirm the relaunch of the PSNI Cycle2Work Scheme**

**(Announcement Document Version 0.7  
8<sup>th</sup> March 2011)**

### **1.0 How does the scheme work?**

1.01 The employer purchases a bicycle and/or safety equipment for the employee and then hires the equipment to the employee over a 12 month period through a salary sacrifice.

1.02 The employee takes delivery of the bicycle/safety equipment for their exclusive use, provided the use is primarily for 'qualifying journeys' i.e. commuting to and from work.

*Note: There are no limits on the number of qualifying journeys and no requirement to maintain a log.*

1.03 At the end of the 12 month hire period, in line with HMRC guidance, the employer may offer the bicycle for an extended loan period of up to five/six years (depending upon the original purchase value of the bicycle) at no extra cost. As the bicycle is deemed to be of negligible commercial value at the end of this period ownership will automatically transfer to the employee with no additional personal tax liability. The safety equipment is for the employee to keep at the end of year one at no extra charge.

1.04 This procedure is subject to a standard PSNI administration charge of £20 plus VAT, which will be taken in the first month of the hire period.

1.05 No income tax or national insurance will be paid on the administration and hire charges.

1.06 Employees can enter the scheme and purchase safety equipment only, without purchasing a bicycle, provided the items are used to cycle to work on a privately owned bicycle. This also applies to employees who have previously been in the scheme, but do not wish to purchase another bicycle.

1.07 If an employee decides to re-enter the scheme within the extended loan period HMRC guidance EIM21667a refers. HMRC Table One below is used to calculate the market value of the bicycle.

**Table One:**

Age of cycle	Acceptable disposal value percentage	
	Original price of the cycle less than £500	Original price £500+
<b>1 year</b>	18%	25%
<b>2 years</b>	13%	17%
<b>3 years</b>	8%	12%
<b>4 years</b>	3%	7%
<b>5 years</b>	Negligible	2%
<b>6 years &amp; over</b>	Negligible	Negligible

(Table One Source: HMRC reference EIM21667a)

1.08 The original price of the bicycle is the price as invoiced to the employer. Safety equipment (such as helmets or reflective clothing) is not included.

1.09 For example, if the original price net of VAT was £400, then with the VAT rate at 20%, the acceptable market value at 2 years old will be £62.40.  $((£400 \times 13\%) + (\text{VAT at } 20\% \times £52) = £52 + £10.40 = £62.40)$ .

1.10 Before an employee may enter into another hire arrangement this charge will be deducted from salary. Income tax and national insurance will be taken on this amount.

1.11 If the employee leaves the employment of the PSNI during the first year of the hire period the outstanding amount owed at that point will be taken from salary and will not attract an income tax or national insurance benefit. It is the employee's responsibility to inform HMRC that they have received the benefit of ownership of the bicycle.

1.12 If the employee leaves the employment of the PSNI after the first year of the scheme, having accepted the extended no cost hire period it is the employee's responsibility to inform HMRC that they have received the benefit of ownership of the bicycle.

## **2.0 Who is eligible to apply for the scheme?**

2.01 Any serving police officer (excluding police officer part-time) and all police staff (excluding agency staff). Police officer part time are not permitted to join the scheme as it has the potential, based on their contracted hours, to result in their salary falling below minimum wage, which is a criminal offence for an employer. Agency staff are also excluded as the PSNI cannot manage a salary sacrifice scheme for this group as they are employed through a third party.

2.02 Employees are not permitted to enter the scheme if it is the intention to leave the employment of the police service within 12 months of the date of applying to join the scheme.

### **3.0 How do I apply?**

3.01 Email to **zcycle2work** and ask to join the scheme. A Scheme Registration Number and a Hire Agreement will be emailed by return.

### **4.0 How do I choose goods?**

4.01 When the signed Hire Agreement is received by the C2W Team approval to spend up to £2000 (inc VAT) on any bicycle and approved safety equipment will be granted. Present this document together with supporting photographic identification to the PSNI supplier Bikedock located on the Ravenhill Road, Belfast. The items can be taken on the day of purchase.

4.02 This transaction will be discounted from between 5 to 10% depending on the model of bicycle chosen. The full 10% discount applies to all safety equipment. If any item has already been discounted the 5 to 10% discount will not apply.

*Note: Under no circumstances should it be suggested to the supplier that a bicycle and safety equipment costing more than the £2000 (including VAT) should be processed through the scheme. Staff are reminded they are bound by the PSNI Code of ethics and the NICS Staff Handbook – Code of Conduct.*

4.03 If there is a balance remaining on the £2000 limit, it is NOT permitted to choose additional goods after the suppliers receipt has been signed.

*Note: If modifications have been made to the bicycle at your request, or you use the bicycle and/or safety equipment a refund cannot be considered.*

4.04 As of the 17<sup>th</sup> August 2010 the hire of more than one bicycle per individual in any one hire period will not be permitted, unless a full explanation and request for approval is received in writing by the Cycle 2Work Team (C2W Team) prior to the issue of a Scheme Registration Number (SRN). The PSNI supplier has been instructed not to issue more than one bicycle to any one individual unless written approval has been received from the PSNI.

### **5.0 What constitutes safety equipment?**

5.01 The following list of safety equipment approved by HMRC must be strictly adhered to:

- Bells and horns.
- Cycle clips and dress guards.
- Cycle helmets, which conform to European standards EN 1078.
- Reflective protective clothing.
- Lights, including dynamo packs.
- Locks and chains to ensure cycle can be safely secured.
- Mirrors and mudguards to ensure riders visibility is not impaired.
- Panniers, luggage carriers and straps to allow luggage to be safely carried.
- Child safety seats
- Motor vehicle cycle carriers.
- Pumps, puncture repair kits, cycle tool kits and tyre sealant to allow for minor repairs.
- White front reflectors and spoke reflectors.

*Note: Her Majesty's Revenue and Customs do not permit the purchase of cycle computers or sun glasses and require all protective clothing to have reflective qualities.*

## 6.0 A worked example of the scheme

- Jim, a basic rate taxpayer, chooses to have the loan of a bicycle retailing at £500, which will cost £450 (assuming 10% discount).

*Note: the PSNI supplier will discount selected bicycles from between 5 to 10% to staff registered in the scheme only.*

- PSNI reclaims the VAT (at 20%) – further reducing the cost to £375.00.
- An administrative fee of £24.00 (£20 +VAT at 20%) will be deducted along with the first monthly hire payment.
- In the first month the monthly hire deduction of £31.25 will be taken together with the £20.00 administrative fee and £4.00 VAT .
- This will be followed by 11 further monthly deductions of £31.25. In some cases, where the total is not divisible by 12, the final 12<sup>th</sup> deduction may be a few pence less than other months due to rounding.
- In month 1 the net monthly cost to Jim will be approximately £21.50 on the standard monthly deduction of £31.25 and £14 on the administrative charge of £20.00 because he doesn't pay tax or national insurance on the pre-taxed values of £31.25 and the £20.00, plus £4.00 VAT from net salary. (Calculation based on 20% tax saving and 11% national insurance – savings will vary due to individual tax circumstances – for higher rate tax payers the tax saving would be 40%)
- In months 2 – 12 the monthly net cost to Jim will be approximately £21.50 again because he doesn't pay tax or national insurance on the gross pay (£31.25) that he has sacrificed.
- At the end of the 12 month period there will be no further charges.

The cost to Jim is:

- Net salary given up approximately £21.50 x 12 months = £258.
- Net Admin charge is approximately £14.
- VAT charge is £4 at current rate of 20%.
- Approximate total cost to Jim is £276 (hence just over 55% of the original value of £500)