

### **Q. What is the Cycle to Work scheme?**

A. The Cycle to Work Scheme is a government approved scheme, that enables your organisation to provide you with a bike and/or cyclist safety equipment to use for your commute to and from work in return for a reduction in salary (salary sacrifice). The scheme includes the hire of a bike for a certain period specified in your agreement and your reductions will be collected by your organisation. At the end of the scheme, there is a payable End of Agreement Fee which is taken from your net pay and is determined by your organisation as a set percentage value or how long the initial hire period is for. Bikes may be sold for a Fair Market Value at the end of the hire period under a separate agreement, although this cannot be guaranteed. The End of Agreement Fee paid may be offset against the Fair Market Value due.

### **Q. How does salary sacrifice work?**

A. A salary sacrifice is where an individual gives up the right to receive part of their cash pay due under their contract of employment. In the case of the Cycle to Work Scheme the individual agrees to accept a lower amount of salary in return for the organisation providing a bike and/or cyclist safety equipment for their commute to and from work. The Gross Salary reductions and End of Agreement Fee deduction at the end of the scheme will be made direct from your salary through Payroll.

### **Q. How do I make savings?**

A. As the salary sacrifice reduction is taken from your gross salary, you will save Income Tax, National Insurance and Pension Scheme contributions (if you are a member of Pension Scheme) on the amount of salary sacrifice you pay. Payslips will show the gross salary reduction amount and savings will depend on your own personal tax situation. The HMRC website can be used for further information Cycle to work scheme implementation guidance for employers - [GOV.UK](https://www.gov.uk).

### **Q. What is the maximum value that I can order through the scheme?**

A. Your organisation has set a maximum value limit for Cycle to Work purchases. The combined order value of bikes and/or cyclist safety equipment cannot exceed this maximum value limit at any one time. When purchasing a bike and/or cyclist safety equipment on our website, this limit will be displayed at the top of the page whilst you are browsing and only bikes and/or cyclist safety equipment within this limit will be displayed for you to select from. If you choose to place an order using a quote from a bike shop, the maximum value limit set by your organisation will display when you add the quote value. Please note that the salary sacrifice cannot take you below National Minimum Wage/National Living Wage, so the amount you have available may be lower than this limit.

### **Q. Can I top up and pay the balance personally if I want a bike and/or cyclist safety equipment over the limit set by my organisation?**

A. No. The bike and/or cyclist safety equipment value cannot exceed the limit set by your organisation and no top ups are permitted.

### **Q. What agreements need to be in place to participate in the scheme?**

A. You will enter into a combined hire agreement and salary sacrifice arrangement with your organisation for the provision of a bike and/or safety equipment.

**Q. What can the bike and/or cyclist safety equipment be used for?**

A. The bike and/or cyclist safety equipment must be used mainly (over 50% of its usage) by you for qualifying commuting journeys. Qualifying journeys include business journeys, commuting between your home and workplace, or part of those journeys, or for journeys between one workplace and another. There is no requirement for you to keep a record of work journeys, but if you do not use the bike and/or cyclist safety equipment mainly for qualifying journeys, you may lose the benefit of the tax exemption. The bike and/or cyclist safety equipment can also be used for recreational purposes.

**Q. Can I order more than one bike through the scheme?**

A. You can order up to two bikes through the scheme, but they must both be used for you to commute to and from work. For example, you may get a train to work and require a bike at either end of the train journey, to cycle between your home and place of work. Please note, **The combined total value cannot exceed the limit set by your organisation at any one time.**

**Q. If I order a mail order bike can I exchange it if I order the wrong frame size, don't like the bike I ordered or change my mind once I have received it?**

A. You can exchange and / or return the bike ordered through mail order within 14 days of receiving it, but only if the bike is in brand new condition, has not been used and is repackaged securely in the original packaging. You will be charged an additional £50 fee to cover collection of the first-choice bike and delivery of a new bike. To avoid this fee, it is important that you order the correct frame size and ask for advice when contacted to arrange delivery, if there are any concerns.

**Q. When will I receive my bike and/or cyclist safety equipment?**

A. All orders **must** be authorised by your organisation. Authorisation usually occurs within 4 weeks of submitting an order, although this may vary dependent on your organisation. Once approved the order will be placed with the supplier within one working day. Supply of your bike and/or safety equipment is conditional on availability from the supplier or manufacturer at the time of order. Bespoke bikes often have extended manufacturing times.

**Q. When do the salary reductions start?**

A. Salary reductions will begin the month after your order is submitted, which may occur before your items are received.

**Q. Who is eligible to join the scheme?**

A. All individuals on PAYE payroll are eligible to apply. Salary reductions must not take you below National Minimum Wage/National Living Wage or exceed your organisations scheme limit. Please note that those engaged either on a 'zero hours' contract or on a casual/temporary basis for a period not exceeding three weeks will not be eligible to join.

**Q. What can I include as cyclist safety equipment?**

A. Examples of items that count as cyclist safety equipment include:

- cycle helmets which conform to European standard EN 1078
- bells, bulb horns and lights including dynamo packs.
- mirrors and mudguards.
- cycle clips and dress guards.
- panniers, luggage carriers and straps to allow luggage to be safely carried.
- child safety seats.
- locks and chains to ensure the cycle can be safely secured.
- pumps, puncture repair kits, cycle tools kits and tyre sealant to allow for minor repairs.
- replacement parts to keep a cycle roadworthy.
- adaptations for disability/mobility issues.
- reflective clothing or reflective cycle equipment eg. spoke reflectors.

**Q. What can't I include as cyclist safety equipment?**

A. Examples of items that do not count as cyclist safety equipment include:

- cycle computer, GPS system
- cameras
- waterproof clothing that is not reflective clothing
- cycle training

**Q. What happens if the bike gets stolen, lost or damaged before the end of the agreement?**

A. **It is important that you make suitable provision to safeguard the bike** against loss damage or theft. You may take a specialist insurance policy, but it is often easier to add the bike to your usual household policy. If you are making a claim, some specialist insurance companies may ask for proof of ownership. It is important at the time of taking insurance that you make the insurance company aware the bike is a hire and who the owner of bike is (you will find this information on your hire agreement). If the bike is stolen, lost or damaged, your salary sacrifice **will** continue until the end of the agreement and the End of Agreement Fee will be deducted.

**Q. What happens if I leave my job before my organisation has recovered the bike cost through salary sacrifice?**

A. Under the terms of the salary sacrifice agreement you will agree to settle all outstanding monies before you leave. The outstanding balance will be deducted from your final net salary payment, after tax and national insurance contributions. This is because you will no longer be riding your bike to your original workplace meaning you are no longer eligible for the tax saving. Subject to payment for the minimum period of hire, there is also the option to return it to your ex-organisation Please note, it is not possible to transfer the agreement from one organisation to another.

**Q. Will the cycle to work scheme affect my Tax credits?**

A. As everybody's circumstances are different, we recommend you contact HMRC on 0845 300 3900 if you are unsure.

**Q. What are the benefits of participating in the scheme?**

A. You can save on Tax, National Insurance and Pension Scheme contributions (if member of Pension Scheme). You can spread the cost of your bike and safety equipment. You can choose from any make or model available from a wide range of retailers including local bike shops. You can improve your health and fitness. You can reduce your carbon footprint.

**Q. Can I use the scheme to get a bike for a family member, partner or friend?**

A. No - the bike must be used by you and mainly for the purpose of commuting to work.

**Q. Will I own the bike and/or cyclist safety equipment?**

A. No. The Cycle to Work Scheme is a hire agreement with no right to ownership.

**Q. What is the End of Agreement Fee for?**

A. The End of Agreement Fee is the charge for the collection and disposal of the bike at the end of the hire period as there is no right to ownership through the Cycle to Work Scheme. Bikes may be sold for a Fair Market Value at the end of the hire period under a separate agreement, although this cannot be guaranteed. The End of Agreement Fee paid may be offset against the Fair Market Value due.

**Q. What is the difference between the End of Agreement Fee and the Transfer of Ownership Fee?**

A. The End of Agreement Fee is a mandatory fee taken directly from your Net pay at the end of the initial hire period. Whereas the Transfer of Ownership Fee is an optional fee which is paid via bank transfer if you decide to take ownership of your bike at the end of the initial hire period.

**Q. What happens at the end of the hire period?**

A. We will contact you at the end of the hire period to detail your options which, under a separate agreement, could include:

- Extending the hire period duration.
- Taking ownership for fair market value.
- Returning the bike.

Other information to be made aware of:

No guarantee of offer of ownership can be given to individuals at any point before or during the hire period.

For additional information, visit this link -

<https://assets.publishing.service.gov.uk/media/5dc9475440f0b64251080457/cycle-to-work-guidance.pdf>

## **The Rules**

To apply for this benefit, there are a few rules that apply. They are:

- You must be a member of staff on PAYE payroll. Please note that those engaged either on a 'zero hours' contract or on a casual/temporary basis for a period not exceeding three weeks will not be eligible to join.
- You must be over 18 years old, or you need to have an advocate sign the Hire Agreement
- The salary reductions cannot take you below the National Minimum Wage/National Living Wage.
- If you leave your organisation for any reason during the hire period, you will be required to pay any outstanding amounts and the End of Agreement Fee. This total amount will be taken from your final net salary and is not subject to any tax-free benefit.