



# Cycle to Work Scheme

## Frequently asked questions

Below are some questions and answers that you may find of interest when considering whether to participate in our Cycle to Work scheme.

### 1. What is the Cycle to Work scheme?

The Government allows employees to hire bikes and certain related safety equipment on a tax-free basis known as a salary sacrifice scheme. The Cycle to Work scheme helps to promote healthier journeys to work and reduce environmental pollution. The University works with our Cycle to Work Scheme provider, Cyclescheme, in order to make the scheme available to staff.

Government guidance allows University employees to hire their bike directly from Cyclescheme. As Cyclescheme has their own Financial Conduct Authority (FCA) registration, you can hire bikes and accessories up to the value of £3,000.

### 2. What is a salary sacrifice scheme?

Under a salary sacrifice arrangement an employee gives up the right to part of their salary and receives a non-cash benefit from the employer in return which will not be subject to tax or national insurance deductions. Further details about salary sacrifice are available on the HMRC website at: [http://www.hmrc.gov.uk/specialist/salary\\_sacrifice.pdf](http://www.hmrc.gov.uk/specialist/salary_sacrifice.pdf)

### 3. How does the scheme work?

You can take advantage of Cyclescheme in three simple steps:

#### 3.1 Pick your package and apply:

Visit the Cyclescheme website specifically dedicated to University of Leeds staff; [www.cyclescheme.co.uk/91132fe](http://www.cyclescheme.co.uk/91132fe). Choose the Cyclescheme package that suits your needs. You can decide on the participating retailer (online or physical shop) that you would like to shop at before applying or afterwards (deciding before means that everything is organised, deciding later offers you more flexibility). Request a Cyclescheme Certificate from the website for the amount that you're happy to sacrifice from your annual salary.

#### 3.2 Get your gear:

The University will review your application and, if approved, will pay for your package. Cyclescheme will then send an eCertificate direct to your inbox. Use this online or in-store with your chosen Cyclescheme retailer to get your new cycle to work kit.

Your Hire Agreement and repayments will now begin. The repayments come directly from your gross salary (the amount before any other deductions are made). This means you pay less tax and National Insurance contributions than normal during this time.

### **3.3 Choose an ownership option at the end of the hire period:**

Once your Hire Agreement is complete, after 12 months, you need to choose an ownership option. You can choose to:

Own it later – pay a one off deposit to Cyclescheme to carry on using your package and own it later. The deposit will become your ownership fee when your package is 4 years old.

Own it now – pay the HMRC ‘fair market value’. If your bike cost under £500 this will be 18% of the cost, over £500 it’s 25%. Pay this and your bike and / or cycle accessories are yours straightaway.

Return the bike – send the bike back to Cyclescheme.

### **4. How long is the hire period?**

The hire period is fixed for a period of 12 months. Deductions from your monthly salary will, where possible, start from the first salary payment after you have signed the hire agreement. There will be 12 equal monthly deductions.

Please note, once the Hire Agreement is signed, salary deductions will start from the next available payroll, even if you fail to use your eCertificate immediately.

### **5. How much will I save?**

For a breakdown of the savings you could make, use Cyclescheme’s own calculator at <https://www.cyclescheme.co.uk/>.

### **6. Am I eligible to join the scheme?**

You must have been an employee of the University of Leeds for at least 3 months and you must be aged over 18. Your current contract of employment should have regular hours and not be scheduled to end before the final hire payment of 12 months. In addition your salary will be checked to ensure it will not fall below the National minimum wage as a result of you participating in this and any other salary sacrifice arrangement.

If you would like to take advantage of the Scheme and think that it may take you below the NMW please contact [staffbenefits@leeds.ac.uk](mailto:staffbenefits@leeds.ac.uk)

### **7. When can I order my bike and safety equipment?**

The scheme is available all year round. You can participate as soon as you have been employed for more than 3 months.

### **8. What are the conditions of hire?**

You will be required to sign a hire agreement, which is the key legal agreement, with Cyclescheme. It has been written to comply with Consumer Credit Law. Whilst we hope there aren’t any, for legal reasons, the terms of this agreement prevail over any inconsistencies that there may be with this document.

### **9. Who owns the bicycle?**

Although you will have full use of the bike for the period of the hire, in order to obtain the tax advantages it is a requirement that ownership of the bike remains with Cyclescheme until the end of the hire period.

## **10. Can I use the bike for other purposes than commuting?**

Government guidance states that at least 50% of the cycle's use must be for 'qualifying journeys', i.e. commuting to work purposes.

You may also use your bike for making other journeys and this is encouraged to support wider environmental, health & wellbeing benefits of active travel.

## **11. What equipment will be available to me for hire?**

The purchase must include a bike. This should be suitable for journeys to and from work. You may also add cyclists' safety equipment from the following list:

- helmets (European standard EN 1078),
- bells and bulb horns,
- lights, including dynamo packs,
- mirrors and mudguards to ensure riders visibility is not impaired,
- cycle clips and dress guards,
- panniers, luggage carriers and straps to allow luggage to be safely carried,
- locks and chains to ensure cycle can be safely secured,
- pumps, puncture repair kits, cycle tool kits and tyre sealant to allow for minor repairs,
- reflective clothing along with white front reflectors and spoke reflectors.

## **12. How much can I spend?**

There is a maximum spend of £3,000 on the combined value of bike and safety equipment. The voucher cannot be exchanged for cash and change cannot be given should the value of the equipment be less than the amount stated on the eCertificate. If you are asked to pay a deposit, include this deposit amount within your certificate value.

## **13. What happens if I want a bike that costs more than £3,000.00?**

The maximum spend for bike and equipment is £3,000. You cannot contribute personally towards the cost. The terms of the Scheme are that the eCertificate must be used to purchase the bike and equipment outright.

The view of HMRC (Inland Revenue) is that if an employee was to contribute towards the value of a bike or equipment, this would be deemed shared ownership and the hire would not be covered by the tax exemption.

## **14. What do I do if I experience problems with the bike or accessories?**

Maintenance of the bike and safety equipment is your responsibility and you must keep it in good working order. The University Bike Hub can offer further guidance and support; <https://sustainability.leeds.ac.uk/sustainable-transport/bike-hub/>

## **15. What happens if the bike or equipment is damaged, lost or stolen?**

It is your responsibility to insure the bike. If it is lost, stolen or damaged, you will still have to complete the hire payments.

Bikes may be covered by your household contents insurance and treated like any other possession. Check your insurance's policy and make sure it covers the bike nationwide and that it pays for a replacement in case of a "total loss". There are many specialist cycling insurance providers too.

To reduce the risk of having your bike stolen, please ensure that you use an appropriate lock. A number of proprietary marking and tagging systems are also available.

Cyclescheme strongly recommends that scheme participants insure the bicycle and safety equipment as soon as they receive it.

If your bike has been stolen, please email [info@cyclescheme.co.uk](mailto:info@cyclescheme.co.uk) with the following information:

- Date of the theft
- Police Station Reported to
- Crime Reference number
- Is the bike insured?
- Has your employer been notified?
- Are any outstanding hire payments due?

Please note: Cyclescheme offers auto-enrolment to Bike Register as one of our active benefits. The purpose of Bike Register is to assist with the recovery of your bike if it is stolen. You can also enrol with Bikmo for bicycle insurance and take advantage of the 10% off.

Cyclescheme run a 14 day free Bikmo trial for all employees. This will be sent to you via email.

Cyclists' Touring Club (<https://www.cyclinguk.org>) members benefit from a free third party liability cover and legal advice.

## **16. Where can I park the bike on campus?**

Cycle storage facilities are available across campus. Open and covered Sheffield stands are available for staff, student and public access. Locked cycle storage shelters are also available to Staff and postgraduates. A refundable deposit applies and capacity is limited. For further information, please contact [bikehub@leeds.ac.uk](mailto:bikehub@leeds.ac.uk).

## **17. What happens to the bike and equipment at the end of the hire period?**

At the end of the 12 month hire period, Cyclescheme will contact you to discuss the options available.

Please refer to 3.3 above for further details.

## **18. What if I leave the University before I have repaid the full amount?**

If your employment with the University terminates for any reason before the end of the hire period of 12 months, the amount outstanding from the loan will be deducted from your final pay (which includes salary, holiday pay, overtime, commission and bonus payments). In the event that your final pay is insufficient to recover the total outstanding loan amount, you will also be required to make a separate payment for any outstanding amount. You may also be liable to an end of hire market value payment relevant to the age of the bike.

Any outstanding amounts outside of the agreed instalment arrangement will no longer be subject to the tax and national insurance savings.

If the loan is not repaid in accordance with the agreement, the University may take legal action to recover the amount outstanding

## **19. What if I wish to pay the final market value before the end of the hire period?**

It is possible to pay the final market value before the end of the hire agreement. The value would be calculated based on the age and purchase price of the bike. You may wish to consider this, for example, if you wish to purchase a new bike under the cycle to work scheme.

## **20. What happens if I am absent from work for a long period or deductions have not been made for other reasons?**

If you are absent from work for long periods, for example on maternity leave, paternity leave or sick leave or any other extended leave, you will continue to have the bike and equipment on hire during your absence and your payments will continue as normal.

If you are not being paid at all, and you start earning again within the 12 months, deductions from salary, including recovery of outstanding amounts, will immediately re-commence.

If you are on reduced pay, deductions will continue to be taken from the monthly salary. If the amount in your salary is insufficient to meet the required payments, deductions from the amount available may continue. If the monthly salary increases again beyond the fixed monthly deduction, further deductions will be made to recover outstanding amounts.

Regardless of whether deductions have been made, for whatever reason (relating to absence or otherwise), you must repay the full hire fee within the 12 months or the shorter duration of the hire agreement in certain circumstances (e.g. leaving the University's employment before the end of the 12 months).

## **21. What is the tax position if you do not pay instalments exactly as agreed under the hire agreement?**

If for any reason you have not made all 12 monthly payments in the amount and pattern of instalments required at the beginning of your hire agreement, the University understands that in accordance with HMRC rules, you will no longer be entitled to the tax benefits on any outstanding payments.

## **22. Will work-related pay benefits be affected?**

Yes, there may be an impact on your entitlement to benefit payments such as statutory maternity or paternity pay, statutory sick pay and working tax credits, as these will be calculated on your reduced salary. There may also be an impact on your pension depending which pension scheme you are in. You are advised to consider carefully the effect that a reduction in pay may have before you decide to join the scheme.

More details on salary sacrifice and the impact on benefits are available on the HMRC Website at [http://www.hmrc.gov.uk/specialist/salary\\_sacrifice.pdf](http://www.hmrc.gov.uk/specialist/salary_sacrifice.pdf)

## **23. Will participating in the scheme affect my pension?**

The implementation of salary sacrifice arrangements for the cycle to work scheme may have to be taken into consideration where you are also a pension scheme member. If there are any queries in relation to the impact of the Cycle to work Scheme and pension scheme benefits, please contact the Pensions Department.

### **USS, PAS and TPS members**

The employee and employer contribution will continue to be based on the employee's pre-sacrifice salary. The pensions department will use a notional, pre-sacrifice, salary for pension benefit purposes, so there will be no impact on pension benefits in this period.

### **NHS**

The employee and employer contribution will be based on the reduced, post-sacrifice salary. This will have the effect of reducing the pensionable pay, which could impact on any benefits such as ill-health retirement, death benefits or leaving service benefits which become payable in this period, or become payable within a year of receipt of these vouchers.

## **24. Mileage allowance**

Cycling mileage allowance for business trips cannot be claimed by staff using a bike obtained via the Cycle to work scheme.

### **Important contact information;**

Staff Benefits e-mail address:

[Staffbenefits@leeds.ac.uk](mailto:Staffbenefits@leeds.ac.uk)

Staff Benefits Website:

<http://www.leeds.ac.uk/hr/benefits/travel.htm>