

CYCLE TO WORK SCHEME



Employee Relations and Reward



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Title:	CYCLE TO WORK SCHEME
Approved by:	Director of Human Resources
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SECTION 1 - INTRODUCTION

1.1 Purpose

1.1.1 The purpose of the Cycle to Work Scheme is to provide staff with a means by which they can hire cycles and cycle equipment from the University, as a tax exempt benefit, to be used mainly for commuting to and from work.

1.2 Scope

1.2.1 The scheme is available to all staff except those on zero hours contracts, where the member of staff is not providing any services to the employer.

1.2.2 There is an alternative bike hire scheme which all staff can access, called 'U cycle', and details can be found at the following link: <http://www.ntu.ac.uk/ecoweb/Ucycle/index.html>.

1.3 Definitions

Word/Term	Definition
Salary sacrifice	A member of staff agrees to give up part of their gross salary due to them under their contract of employment, in return for the employer's agreement to provide them with a defined non-cash benefit. This benefit is exempt of income tax and National Insurance.

1.4 Legislative Context

1.4.1 The Cycle to Work Scheme is in accordance with relevant legislation.

Name
Income Tax (Earnings and Pensions) Act 2003

1.5 Equality and Diversity

1.5.1 This scheme will undergo a comprehensive Equality Impact Assessment to comply with the University's legislative responsibilities.

1.5.2 Statistical analysis on usage of the scheme will also be used to inform the University's Equality policies and procedures. The Equality and Diversity Team will monitor these statistics on an ongoing basis to identify any key areas of concern and will work with the local line management to mitigate any adverse impacts of the scheme on potentially vulnerable groups.

SECTION 2 – POLICY STATEMENT

2.1 The University is committed to promoting healthier journeys to work, protecting the environment and improving the health and wellbeing of staff. To demonstrate the commitment to these aims, the University has introduced the Cycle to Work Scheme, as a benefit for staff.

2.2 The University actively promotes sustainable travel, such as cycling, and aims to build on encouraging the numbers of staff who already cycle to work and reducing pressure on car parking.

SECTION 3 – GENERAL PRINCIPLES

- 3.1 Participating members of staff agree to the variation of their employment contract, such that they give up the right to an amount of salary which is (over the course of 12 months) equal to the cost of hiring a cycle from the University. The monthly amount of salary ('salary sacrifice') will not be subject to deductions of Tax and National Insurance.
- 3.2 Staff must use the cycle, hired via the scheme, mainly for qualifying journeys (where 'mainly' means at least 50% of the time). A qualifying journey for a member of staff means:
- Journeys between their home and workplace OR
 - Journeys between one workplace and another, in connection with their duties of employment OR
 - Part of those journeys (for example, to a train station).
- 3.3 Whilst a cycle obtained through this scheme can be used for business purposes during the working day, expenses for business trips made on the cycle cannot be claimed while it remains the property of the University.
- 3.4 The scheme does not require a record of mileage or journeys.
- 3.5 A maximum value of £1,000 (including VAT) is applicable for all cycles and equipment supplied through this scheme, subject to fund availability. The value of the cycle and safety equipment can be less than £1000 but where this is the case, there will be no reimbursement of the difference. Additional money, over and above £1000, cannot be contributed by staff to the total purchase price.
- 3.6 At the end of the 12 month hire period, the University may offer the option to transfer ownership of the cycle (and equipment, where appropriate) to the member of staff at a Fair Market Value, which will be established in accordance with HMRC guidance. This guidance can be found at the following link: <http://www.hmrc.gov.uk/manuals/eimanual/eim21667a.htm>.
- 3.7 All goods hired under the scheme which are subsequently purchased must be purchased in entirety.
- 3.8 During approved, unpaid leave, the hire period will be extended by the number of completed months when the salary was not paid, up to a maximum of 18 months.
- 3.9 More than one cycle can be applied for under this scheme, provided that they are both used mainly for qualifying journeys and the total cost for the cycles (and equipment) does not exceed the maximum £1000 value.
- 3.10 A subsequent Cycle to Work Scheme hire agreement can only be started once the first/previous agreement has ended.
- 3.11 Members of staff who participate in the scheme are responsible for ensuring that they are appropriately fit and trained to undertake cycling.

SECTION 4 – KEY FEATURES

4.1 Eligibility Criteria

4.1.1 To be eligible to participate in the Scheme, the following criteria apply:

- The member of staff must be paid via University Payroll;
- The member of staff must be a UK taxpayer;
- The member of staff must be over 18 years of age (to comply with Consumer Credit Act legislation) but staff under 18 can participate in the scheme, if the hire agreement is signed by a guarantor who is over 18 years old;
- The member of staff's salary must not fall below the National Minimum Wage, as a result of participating in this and any other salary sacrifice arrangement (where this would be the case and the member of staff could not, therefore, participate in this scheme, it should be noted that they can access the alternative University 'U cycle' bike hire scheme).

4.2 Eligible Equipment

4.2.1 Eligible equipment includes cycles and cyclists' safety equipment. The tax exemption defines a "cycle" as a 'bicycle, a tricycle, or a cycle having four or more wheels, not being in any case a motor vehicle' (192(1) of the Road Traffic Act 1988 (c.52)). An electrically assisted pedal cycle can be included under the scheme. In all cases, the cycle must be suitable for an adult.

4.2.2 Whilst cyclists' safety equipment is not similarly defined in the legislation, the following equipment could be included:

- Cycle helmets which conform to European standard EN 1078;
- Bells and bulb horns;
- Lights, including dynamo packs;
- Mirrors and mudguards to ensure rider's visibility is not impaired;
- Cycle clips and dress guards;
- Panniers, luggage carriers and straps to allow luggage to 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;
- Child safety seats.

4.3 Insurance

4.3.1 Whilst members of staff do not have legal ownership of the cycle during the hire period, they do have responsibility for its maintenance and security and this is agreed to when signing the loan agreement. Members of staff are strongly advised that insurance is taken out for both the cycle and cycle equipment and this insurance must cover business use and commuting to and from work. If the cycle is lost or stolen, this must be reported as soon as possible to Payroll; the member of staff will be treated as having left the scheme and will be required to make the 'Excess Payment' to the University (see 5.11).

4.3.2 The University can accept no responsibility for loss or damage to cycles and/or equipment.

4.3.3 If a replacement cycle and/or equipment is purchased following theft or loss of these items, which were originally obtained under this scheme, the replacement items will not be covered by the terms of the scheme.

4.4 Potential Savings

4.4.1 Staff who participate in the scheme agree to sacrifice an amount of salary each month for one year, equal to 1/12th of the cost to the University of the cycle. This is a 'salary sacrifice' arrangement and only the amount of salary after the sacrifice has been made, is assessed for income tax and National Insurance (NI); this reduces the amount of tax and NI paid. If ownership of the cycle/equipment is transferred to the member of staff at the end of the hire period (under a separate agreement), savings on the list price of the cycle and safety equipment may be made depending on individual circumstances (cost of cycle, personal tax band).

4.4.2 Examples of estimated savings can be found on the Cyclescheme website at www.cyclescheme.co.uk.

4.5 Benefit Entitlement

4.5.1 Salary sacrifice arrangements reduce a member of staff's gross pay, which in turn impacts on their income tax and NI. Entitlement to some state benefits is based on NI contributions, whilst others are based on earnings; participating in this scheme may therefore affect a staff member's current or future entitlement to a range of benefits, such as:

- Entitlement to contribution-based benefits like the second State Pension;
- Entitlement to earnings-related benefits like Maternity Allowance;
- Entitlement to work-related payments like Statutory Maternity, Paternity and Sick Pay.

4.5.2 Although the likelihood is that any effect will be small, staff should contact the Department of Work and Pensions (www.dwp.gov.uk) for further advice.

SECTION 5 – PROCEDURE

5.1 Members of staff should be certain that they wish to participate in the Scheme but should note that they do have the right to cancel the agreement within seven working days, beginning with the day after they have received the goods (refer to the hire agreement for full details).

5.2 Having decided to hire a cycle via this Scheme, in the first instance, staff will need to visit a cycle shop that is participating in the Scheme; a full list of shops can be found via the following link: <http://www.ntu.ac.uk/ecoweb/Ucycle/index.html>.

5.3 A cycle should be selected from a participating shop and if desired, cycle safety equipment, up to a maximum value (including VAT) of £1000. Any applications exceeding this amount will be rejected.

5.4 The shop will complete a quotation for the cycle/equipment which has been selected, retaining the original form and giving a copy to the member of staff.

5.5 The member of staff should enter the details from the quotation form online, using the following link: <http://www.ntu.ac.uk/ecoweb/Ucycle/index.html>.

STAFF MUST NOT SEND THEIR HARD COPY OF THE FORM TO PAYROLL - THIS IS FOR THEIR OWN RECORD.

- 5.6 At this point, the member of staff will sign an online hire agreement.
- 5.7 The online application is automatically sent to Payroll, who will check for eligibility and either authorise or reject the application. If the application is approved, Payroll will countersign the hire agreement.
- 5.8 A voucher will be sent to the member of staff and this should be taken to the relevant cycle shop; the cycle can be collected, once the member of staff has produced their NTU photo ID card to verify their identification.
- 5.9 The salary sacrifice begins on the first pay period after the hire agreement has been signed.
- 5.10 At the end of the hire period, Payroll will write to the member of staff to confirm that the hire period has ended and that the University may offer the option of transferring ownership of the cycle/equipment to them. If the member of staff does not wish to take this option, their contract of employment will revert to its original terms and collection of the cycle/equipment will be arranged. If the member of staff does wish to purchase the cycle/equipment, they may do so via the following options:
 - 1) Purchase the cycle/equipment by paying the University the relevant Fair Market Value (in accordance with HMRC guidance), by deduction from net pay; OR
 - 2) Purchase the cycle by having the Fair Market Value declared as a taxable P11D benefit and paying the tax due on this benefit.

Details of these options will be provided by Payroll.

- 5.11 If a member of staff leaves before the end of the hire period, they will be required to pay to the University the difference between the salary they have sacrificed to date, and the cost of the cycle to the University (the 'Excess Payment'). Any such sums will be deducted out of their final net salary. If the amount exceeds the remaining net salary payment, the member of staff will be required to pay the Excess Payment to the University within 30 days of receiving an invoice. On receipt of the Excess Payment, the University may offer the option of transferring ownership of the cycle/equipment to the member of staff (see 5.10).

SECTION 6 – DOCUMENT GOVERNANCE

6.1 Responsibility

Policy Owner	Director of Human Resources
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6.2 Version Control and Change History

Version Number	Approval Date	Approved by	Amendment
1.1	12/04/2012	Director of Human Resources	Amendment to purchasing options
1.0	31/01/2011	Senior Management Team	New policy

6.3 Document Review

- 6.3.1 The scheme will be reviewed by the Director of Human Resources in association with the trade unions, employee representatives (where appropriate) and managers in response to statutory changes, changes in University procedures or structures or as a result of the monitoring of the application of the scheme. In any event, the scheme will be reviewed every two years.