

# STAFF CYCLE TO WORK SCHEME POLICY

ORIGINATOR: Christopher Wilson  
SLT LINK: Stuart Williams



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## 1. INTRODUCTION

Rutland and District Schools' Federation is committed to the health and wellbeing of its employees and to a sustainable environment. To this end, the Cycle to Work scheme aims to address both these issues by providing a mechanism to promote healthier journeys to and from work whilst at the same time contributing to the reduction in environmental pollution.

## 2. SCHEME OVERVIEW

Rutland and District Schools' Federation works with an external supplier, Cyclescheme Ltd, to provide and administer the Cycle to Work scheme. Full details of the scheme particulars are available from the Cyclescheme Ltd website at [www.cyclescheme.co.uk](http://www.cyclescheme.co.uk).

The Cycle to Work scheme allows all Federation employees who meet the conditions outlined in Section 3 to hire cycles and cycle safety equipment on a tax advantageous basis. Hire payments are made from gross salary and are deductible for tax and NI purposes.

The tax benefit is dependent on the following conditions being met:

- the equipment hired must be a bicycle, bicycle-related safety equipment or both;
- the employee must remain in employment for the duration of the agreed hire period;
- the employee must use the equipment mainly for commuting, although the employee is entitled to use it for other purposes as well.

The Cycle to Work scheme operates on the basis of a salary sacrifice. The employee, in entering the scheme, agrees a contract variation to accept a lower salary in exchange for Cyclescheme Ltd providing the cycle and cycle equipment. The Federation funds the purchase of the cycle and receives the repayments from the employee.

## 3. ELIGIBILITY FOR THE SCHEME

To participate in the Cycle to Work scheme the following conditions must be met:

- the employee is a UK tax payer via the PAYE system;
- following all salary sacrifice payments being applied, the employee's gross pay must not reduce below the National Minimum Wage (NMW);
- the employee must complete at least 6 months continuous employment with Rutland and District Schools' Federation before joining the scheme;
- the employee must have a contract of employment which outlasts the duration of the 12-month salary sacrifice period;
- the employee must be aged 18 years or over;
- the employee must be attending work at the point of application;
- the equipment must be used mainly for qualifying journeys i.e. journeys (in whole or in part) between home and work or journeys between workplaces;

- the maximum spend on the cycle and cycle equipment is capped at 20% of the employee's gross salary.

#### 4. TERMS OF THE SCHEME

By participating in the Cycle to Work scheme employees are agreeing to vary their terms and conditions of employment by reducing their gross contractual salary by the value of the hire agreement repayments. The hire agreement is between the employee and Cyclescheme Ltd.

The repayments are between the Federation as the employer and the employee. The agreement is for a period of twelve months and payments are made via a salary sacrifice arrangement commencing at the next available pay date following the purchase of the cycle and equipment. The salary sacrifice arrangement represents a formal variation to the employee's contract of employment.

The agreement entered into is regulated by the Consumer Credit Act 1974 and Cyclescheme Ltd is registered to offer consumer credit.

The maximum spend on the cycle and cycle equipment is capped at 20% of the employee's gross salary. This is to support the affordability of repayments.

The cycle and any cycle equipment hired under the scheme remains the property of Cyclescheme Ltd until the end of the 12-month hire period. After this the employee will have options with Cyclescheme Ltd to own the cycle and equipment, to hand it back or to hire for an extended period.

An employee entering into the scheme must be aware of the following:

- Employees are responsible for ensuring that the cycle and cycle equipment hired under the scheme is insured against theft, loss or damage. Replacement equipment is not provided under the scheme but agreed deductions will still be taken.
- If the bike is lost or stolen, under the terms of the agreement the employee must replace the items at their own expense. They then can continue to be part of the salary sacrifice scheme, paying the outstanding payments from their gross salary. If they do not replace the cycle and cycle equipment the salary sacrifice agreement ends and the outstanding payments will be taken from their next month's net pay.
- Employees are responsible for maintaining the cycle and equipment during the 12-month hire period.
- Employees must not hire out, transfer or otherwise dispose of the cycle or cycle equipment.
- Employees must not make alterations to the cycle or cycle equipment or remove it from the UK during the hire period.
- Any cycle or cycle equipment must be suitable for travel to and from work.

- To take part in the scheme, the employee must enter into a separate salary sacrifice arrangement with the Federation to allow deduction of the repayments. This represents a variation to the employee's contract of employment.

At the end of the 12-month hire period Cyclescheme Ltd will contact the employee and offer three options. The employee can either:

- enter into an extended use agreement with Cyclescheme Ltd for a period of a further three years. This is the default option and there is more information on the advantages to the employee of this option on the Cyclescheme website.
- return the cycle and equipment.
- buy the cycle and equipment at a fair market value.

## 5. HIRE AGREEMENT

The hire agreement is between the employee and Cyclescheme Ltd. An employee entering into the scheme must read the agreement in full and be aware of the terms.

## 6. JOINING THE SCHEME

An eligible employee can join the scheme at any time of the year providing they have either never participated in the scheme before or participated in the scheme but finished paying off their last instalment of their previous hiring agreement. The employee should visit Cyclescheme Ltd's website and use the Employer Code for the Federation (938d10) to make an application.

## 7. LEAVING THE SCHEME

Under the Consumer Credit Act 1974 an employee may withdraw from the scheme within 14 days of receiving the agreement or under the Consumer Protection (Distance Selling) Regulations 2000 within seven days of collecting the bike.

After this time, it is not possible to withdraw from the scheme during the twelve month hire period. When choosing to opt into the scheme employees commit to the hire agreement for a 12-month period. Employees must ensure that they are satisfied when entering the scheme of the terms outlined above and with their choice of cycle and cycle equipment.

## 8. ENDING EMPLOYMENT WITH RUTLAND AND DISTRICT SCHOOLS' FEDERATION

If an employee ceases employment with the Federation before the end of the 12-month hire period they are obliged to pay the outstanding balance of the agreement from their final net pay, i.e. without any tax or NI benefit. This is to comply with HMRC rules. The outstanding balance will be deducted from the employee's final pay.

If it is not possible to deduct the full balance from their final pay, e.g. the amount exceeds the last net pay, the employee must reimburse the Federation for the remaining balance within 14 days of their leaving date.