

Cycle to Work Scheme



Frequently Asked Questions

Please note, the following questions are only a guide and you are advised to read the terms of your hire agreement in full before participating in the scheme. If you have any further questions please call the Cyclescheme Helpline on 0344 879 5101 or email info@cyclescheme.co.uk.

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1. What is the cycle to work scheme?

The cycle to work initiative enables employers to lease bicycles and associated safety equipment to their employees through what's called salary exchange. This means that you can receive income tax and National Insurance savings that can be equivalent to up to 40% of the retail price of the chosen bike and safety equipment package.

2. Who are Cyclescheme?

[Cyclescheme](#) is an independent, limited company created to help employers, employees and bike shops participate in the government's Green Transport Plan and associated tax concessions. Cyclescheme use their industry experience and trade contacts to get you riding to work on a bicycle of your choice from a range of local participating bike shops.

3. What is a salary exchange arrangement?

A salary exchange takes place when you agree to give up the right to receive part of your pay in return for your employer providing some form of non-cash benefit, in this case the loan of a bicycle and related safety equipment.

4. How are savings made?

Savings are made because salary exchange reduces your gross salary—before any tax or NI has been deducted—so the amount of tax and NI paid is less than usual.

5. What are the savings?

Typical savings tend to be 25% to 29% for a lower rate taxpayer, increasing to 35% to 39% for higher rate tax payers. precise amount depends on your personal tax band.

For generic examples of savings, please see the [savings calculator](#).

6. How long is a voucher valid for?

Certificates do not expire, however your salary deductions will commence shortly after you receive your certificate so you are encouraged to redeem the certificate expediently.

7. Can vouchers be cancelled?

Once the hire agreement is signed you have a right to cancel the agreement within 14 days beginning with the day after you have received the equipment. If you wish to do so, please

contact payroll.enquiries@admin.cam.ac.uk quoting the certificate reference number, and requesting the cancellation.

8. How long does it take to get a voucher through the scheme?

Cyclescheme's services are largely automated so certificate delivery can be very quick. However, it is worth bearing in mind that the University is required to approve the application online before the certificates are sent by Cyclescheme so this process can take around a week to ten days.

9. How do I get my certificate?

All certificates are sent by email to the email address provided at the point of application – this can be a work or personal email.

10. What happens if I leave the University, am made redundant or my contract is terminated during the hire period?

If your employment with the University ceases for any reason during the first 12 months of the hire period you will be required to pay a termination fee to the University equal to the total of all payments under the hire agreement yet to be made. This fee will not benefit from any tax exemptions and will be payable as follows:

- if the fee is less than any remaining net salary payments due to you, the University will seek to deduct it from those remaining payments
- if this is not possible for any reason, or the fee exceeds your remaining net salary payments, you will be required to pay the fee (or any outstanding balance) to the University within 14 days of the date on which your employment ceases

Cyclescheme will contact you regarding the end of hire as normal (see below)

If your employment with the University ceases during the extended hire period it will not affect your participation in the scheme and you will be able to maintain use of the bike.

11. Who actually owns the bike?

The bike and equipment remain the property of the University throughout the initial 12-month hire period. Thereafter it is owned by Cyclescheme Ltd, who will enter into separate end of hire arrangements with you.

It is your responsibility to obtain specific insurance for the equipment and you are strongly advised to do so, or otherwise to ensure it is covered by your home contents insurance policy. Cyclescheme participants can get 15% off cycle-specific insurance by visiting www.cycleguard.co.uk/cs. You must inform your insurer that the University has an interest in the equipment.

12. How long is the hire period?

The initial hire period is 12 months from the date of commencement of the salary exchange during which time 10 monthly salary exchange payments will be due in total.

13. Why is the salary exchange period 10 months while the initial hire period is 12 months?

Cyclescheme, our partners, operate on the basis that all participants sign an initial 12 month contract. However, as a significant number of staff in the University are employed on 12 month contracts, a 10 month salary exchange period increases the possibility of these staff being able to participate in the scheme.

14. What happens at the end of the initial 12 month hire period?

Cyclescheme will contact you to discuss your options. You will be presented with three options, however it is recommended that you extend the hire period with Cyclescheme for a further 36 months in order to make the maximum savings through the scheme.

By extending the hire period any valuation of the bike at the end of this period in respect of transferring of ownership will be at substantially lower value than those shown in HMRC's Valuation Table for a bike aged 12 months. See table below:

Age of bike	Original price (less than £500)	Original price (greater than £500)
1 year	18%	25%
2 years	13%	17%
3 years	8%	12%
4 years	3%	7%

15. Will I have to pay any more for the bike during the extended hire period?

You will be asked to pay a Continuation Deposit of 3% or 7% (in line with the 4-year value of the bike) in return for the continued use of the bike at the point you sign the Extended Agreement. There are no further salary exchange payments or hire charges due during the extended hire period. The continuation deposit is fully refundable if you do not take ownership of the bike at the end of the extended hire period. If you wish to take ownership of the bike at the end of the extended hire period the market value fee payable will be offset against the Continuation Deposit already paid. This means that there would be no additional payments due in order to gain ownership of the equipment at the end of the extended hire period.

16. What if I don't want to keep the bike at the end of the extended hire period?

You will be able to return the bike to Cyclescheme and upon receipt of the bike Cyclescheme will fully refund the Continuation Deposit you have already paid.

17. Can I participate in an additional scheme the University whilst the extended hire period is running?

Yes, you can. The extended hire agreement is not a salary exchange arrangement and, apart from the Continuation Deposit, no further payments are required from you during the extended hire period. This leaves you free to participate in future schemes.

18. How often does the bike have to be used for work?

Neither you nor the University are required to keep a mileage log. The bike can be used out of work but at least 50% of the bike's use should be for qualifying journeys (between home and workplace or between one workplace and another). You may lose the tax exemption if you do not use the bike mainly for qualifying journeys.

19. Can the bike be used for local trips during the day?

The bike can be used for business purposes during the working day, although no mileage allowance can be claimed on these trips during the hire period as the bike belongs to the University.

20. Is there a minimum or maximum spend?

Yes, there is a minimum spend of £100, and a maximum spend which is currently £6,000 inclusive of VAT.

21. What if I already have a bike and just need equipment?

You can submit a request for safety equipment only in the same way as you would for a bike – there is minimum spend of £100 for such requests and a maximum of £6,000.

As a guide, helmets, lights (including dynamos), mirrors, mudguards, cycle clips and dress guards, panniers, locks, bells, pumps, puncture repair kits, multi-tools, reflective clothing, spoke reflectors and child seats are all permitted.

22. Who is responsible for maintaining the bike?

By signing the hire agreement you are agreeing to maintain the bike in accordance with the manufacturers instructions.

23. Whose responsibility is it to insure the bike?

It is your responsibility to insure the Equipment - Cyclescheme participants can get 15% off cycle-specific insurance by visiting www.cycleguard.co.uk/cs

The equipment remains the property of the University during the initial 12-month hire period and thereafter it is owned by Cyclescheme Ltd. You may not profit from, transfer, sell or otherwise dispose of the equipment. During the hire period:

- You must retain possession of the equipment and use it mainly for Commuting, although use for other secondary purposes is permitted.
- Once collected from the Cyclescheme Partner Shop, you will be responsible for any loss of or damage to the equipment which subsequently occurs, except where this is caused by a defect in the equipment.
- You must also ensure the equipment is used safely and maintained properly in accordance with any instructions provided by the manufacturer(s) of the equipment and/or by the relevant Cyclescheme Partner Shop.
- The University shall have no liability for any loss injury or damage caused by your use of the bicycle other than in the course of your employment, save for any personal injury or death caused by the University's negligence.

24. What if the equipment is defective?

Under the University's arrangements with Cyclescheme, you are entitled to the benefit of the normal warranties given by the relevant manufacturers (or their importers) of the equipment, as well as by any additional warranties that apply under the general law and nothing in this agreement affects the rights that you have under the general law.

If any equipment is damaged when you go to collect it from the Cyclescheme Partner Shop, or if any defects or other warranty issues subsequently come to light, please contact the relevant Cyclescheme Partner Shop in the first instance.

25. What if the equipment is lost, stolen or damaged?

If your bike is stolen or damaged beyond repair, as long as you replace the bike and continue to use it mainly for commuting purposes, the University can continue to take the salary sacrifice reductions from gross salary. This means that you can still take advantage of the Income Tax and National Insurance savings.

If the bike is stolen before it has been paid for, and it is not replaced, this unfortunately constitutes the end of your hire agreement and any outstanding salary sacrifice repayments will be taken from your net pay. For this reason, Cyclescheme strongly recommends that scheme participants insure the bicycle and safety equipment as soon as they collect it from the store.

If your bike has been stolen, please email 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 Salary Sacrifice reductions being taken from Net salary?

Cyclescheme offers free auto-enrolment to [Bike Register](#), which can assist with the recovery of your bike if it is stolen.

26. Can more than one bike be obtained on the same voucher?

It is possible to loan two bikes if, for example, you needed a bike at either end of a train journey between their home and place of work, but the maximum is currently £6,000 (inclusive of VAT).

27. Are electric-assist bikes allowed in the scheme?

Yes.

28. Are bikes for disabled people available on the scheme?

Yes.

29. Can second hand bikes be obtained through Cyclescheme?

No.

30. What happens if someone changes their mind after joining the scheme?

It is not possible for you to cancel your loan once the hire agreement has been signed, subject to the 14 day period referred to above. You are therefore committed to making the salary exchange for the duration of the initial hire period. This means that you must be sure of the terms of agreement you are entering into and with the selection made.

31. Is there a credit check?

No.

32. Can special-order bikes be obtained or must existing stock be selected?

Partner Shops can order bikes and accessories but may wish to either take a deposit or have any carriage fees covered to prevent them from being left with a special-order bike or paying extra carriage fees. Any deposits taken on a credit card will be credited back when the voucher is redeemed. Please note that Cyclescheme does not insist on deposits being taken and all such transaction requests are at the discretion of the bike shop or at your request.

33. What happens when there is a pay award?

You will receive any relevant pay awards based on your unreduced salary.

34. How will salary exchange affect pension?

USS and CPS pension schemes

Your pension contributions are payable on your full salary. Consequently, your pension and related benefits are not affected by the exchange.

NHS Pension Scheme

A salary exchange scheme permits you to give up part of the 'cash benefit' due under your contract of employment, usually in return for some form of 'non-cash benefit'. The exchange is achieved by varying your terms and conditions of employment relating to pay and results in savings on national insurance contributions and income tax. Please note that the value of the non-cash benefit is not pensionable in the NHS Pension Scheme. Your pension scheme contributions will only be based on the reduced salary. This means that benefits (including those payable following death in service) may be significantly reduced if claimed during a period when salary is exchanged.

35. How will salary exchange affect approved unpaid leave?

During approved unpaid leave, the hire agreement period may be extended by up to a maximum of six months to cover the period when the salary was not paid and the University was not able to collect payments.

36. How will salary exchange affect sickness leave?

If you are absent from work during the hire period, salary exchange payments will continue to reduce any pay you receive during the period of absence, as long as and to the extent that:

- the pay is of a kind against which salary exchange reductions are legally permitted to be made, and
- your salary after salary exchange remains above the National Minimum Wage ('Eligible Pay')

If you are temporarily not in receipt of Eligible Pay, but remain an employee of the University, then one of two options may apply—either the payments will need to be made via an alternative arrangement and will be agreed with the University at the time or the University may choose to suspend reductions for up to a maximum of 6 months. However in all circumstances:

- the Hire Period will not be extended for more than 6 months beyond the initial 12-month hire period
- if after 18 months from the start of the initial hire period, any payments under this agreement have yet to be made, the full balance (i.e. the total of all payments yet to be made) will become payable to the University. The University may seek to deduct this from any future net salary payments due to you or, if the University decides otherwise, you may be required to pay the outstanding balance to the University within 14 days of request. In either case, you will no longer be entitled to the tax exemptions.

37. How will salary exchange affect maternity, paternity, or parental leave?

Employers now have to provide non-cash contractual benefits for the whole of the Maternity Pay Period (MPP)—this covers Ordinary Maternity Leave (the first 26 weeks) and Additional Maternity Leave (the following 26 weeks). However salary exchange deductions cannot operate during a period of Statutory Maternity Pay as SMP cannot be reduced under any circumstances.

University employees on [maternity leave](#) can therefore remain in possession of the bike and equipment for the full length of their maternity leave. However, the underlying salary exchange arrangement can only operate against their period of Enhanced Maternity Pay (the first 18 weeks when staff remain on full pay) and not against the remainder of the maternity leave (up to 34

additional weeks). Salary exchange reductions will therefore re-commence when the employee returns from maternity leave if the hire period has not expired. If the employee does not return to work they will be considered an early leaver, and while the University will not claim any lost reductions, any remaining balance left if the hire period has not expired shall be paid by the participant within 14 days of employment ceasing.

Paternity Leave: Salary exchange deductions will therefore continue to operate during this time.

[Parental leave](#) is unpaid, therefore please see question above—how will salary exchange affect approved unpaid leave.

38. How will salary exchange affect student loan payments?

Student loan repayment is based on a percentage of earnings over an allocated amount. This will alter as the trigger point is based on the salary on which the individual is liable to pay National Insurance Contributions (NICs). Under salary exchange the total gross salary on which NI is paid will reduce, so the loan repayments will reduce.

39. What do I do if my contact details change during the hire period?

If your contact details change you should inform Cyclescheme immediately to enable them to contact you at the end of your hire period to discuss your options. You will be able to update your details using your own 'MyCyclescheme' online account. Alternatively, you can email Cyclescheme at info@cyclescheme.co.uk.