



## Cycle to Work Policy 2022-24

**Document:** Cycle to Work Scheme 2022-24

**Responsibility:** Executive Director of Finance and Resources

**Approved by:** SLT

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**Review date:** December 2024 or sooner if regulation changes

## **Cycle to Work Policy**

### **1. Introduction**

Sandwell College is committed to the health and wellbeing of its employees and to sustainability. 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. Overview of the Scheme**

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

The Cycle to Work Scheme is a tax-exempt scheme which allows all College employees who meet the conditions outlined in Section 3 to hire cycles and cycle safety equipment on a tax free basis. The tax exemption relates to the tax charge which would otherwise apply to cycles and cycle equipment loaned to employees.

The tax exemption 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 you are 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 the College providing the cycle and cycle equipment.

### **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 the salary sacrifice being applied, the employee's gross pay does not reduce below the National Minimum Wage (NMW) – the college reserves the right to apply a reasonable additional margin above NMW where this is deemed appropriate by the Executive Director of Finance and Resources
- the employee has a contract of employment which outlasts the duration of the 12 month salary sacrifice period. This does not include individuals on a variable hours contract where monthly salary may vary and therefore not facilitate the deductions required to support the scheme.
- the employee is aged 18 years or over
- 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 employee is responsible for their safety when using the cycle and should ensure they have cycle safety equipment. This may include:

- Helmets
- Bells and horns
- Lights
- 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

#### 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 cycle and cycle equipment hired.

The agreement entered into is regulated by the Consumer Credit Act 1974.

The maximum spend for any cycle and cycle equipment hired under the agreement is £4,000 (inclusive of VAT), although a lower limit will be set where required to meet NMW criteria (see section 3, Eligibility for the Scheme). The hire agreement lasts for a period of twelve months and payments will be made via a salary sacrifice arrangement commencing at the next available pay date following the purchase of the cycle which the College agrees to hire to the employee.

The cycle and any cycle equipment hired under the scheme remains the property of Sandwell College until the end of the twelve month hire period, when the title transfers to Cyclescheme.

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.
- 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 bike 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 twelve 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 bike or remove it from the UK during the hire period.
- Any cycle or cycle equipment must be suitable for travel to and from work.

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

- buy the bike and equipment at a fair market value "ownership fee"
- enter into an extended use agreement with Cyclescheme for a period of a further 3 years for a refundable deposit of either 3% or 7%, depending on the original price of the cycle
- return the bike and equipment.

Fair Market Value – ownership fee

Age of Cycle	Original price under £500	Original price over £500
12 months	18%	25%
18 months	16%	21%
2 years	13%	17%
3 years	8%	12%
4 years	3%	7%

## **5. 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.

To join the scheme the below steps need to be followed:

1. The employee visits the Cyclescheme website ([cyclescheme.c.uk](http://cyclescheme.c.uk)), entering Sandwell College as the Employer name. Employee follows directions, including selecting equipment and choosing a partner shop.
2. The employee applies for a certificate authorising the relevant partner shop to release the selected equipment to the employee (the "Certificate").
3. This certificate request is assessed by the Estates Manager and the College Finance department for compliance with Eligibility criteria (as listed above in section 3).
4. If the College is satisfied with the application it will enter into a hire agreement with the employee in respect of the selected equipment
5. The College will then authorise Cyclescheme to issue the Certificate
6. Cyclescheme will issue the Certificate to the employee
7. The employee presents the certificate to the partner shop together with such photographic evidence of identity and collects the equipment.

## **6. Withdrawal from the Scheme**

Under the Consumer Credit Act 1974 you may withdraw from the scheme within 14 days of receiving the agreement or under the Consumer Protection (Distance Selling) Regulations 2000 within 7 days of collecting your 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 twelve month period. Employees must ensure that they are satisfied when entering the scheme on the terms outlined above and with their choice of cycle and cycle equipment.

If an employee ceases employment with the College before the end of the twelve month hire period they are obliged to pay the outstanding balance of the agreement from net pay, i.e. without any tax exemptions. This amount will be deducted from the last pay, or if this is not possible, e.g. the amount exceeds the last net pay, within 14 days of the leaving date.

## **7. Facilities**

The College provides cycle parking facilities on campus for the storage of employees' cycles.

## **8. More Information**

More information is available on the college staff Sharepoint site or via the Cyclescheme website.