Cycle to Work Scheme
With effect from 4 July 2011
(amended 6 October 2015)

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Cycle to Work Scheme

Please read the information provided in this document and on the website, in conjunction with the sample Hire Agreement and Terms and Conditions, before requesting a certificate.

Background to Cyclescheme

The University has appointed Cyclescheme, an independent company, to help the University make the most of the Green Transport Initiative and associated tax concessions (where applicable) offered by the Chancellor.

Cyclescheme customers are not limited to any particular bike or accessory brand and therefore can choose the best for quality and value-for-money. This results in the best package of bike and accessories (safety equipment). However the purchase must be made from a “partner shop” ie the cycle shops in the area who are partnering with Cyclescheme and Newcastle University. For a list of local “partner stores” and other general information please visit http://www.cyclescheme.co.uk/

Cyclescheme work with Newcastle University, under this arrangement, to ensure that Hire Agreement Terms and Conditions are written in full compliance with the Office of Fair Trading, Her Majesty’s Revenue and Customs, Trading Standards and the Department for Transport Regulations.

Cyclescheme will also offer support for handling any queries and advice on your choice of bike and safety equipment (Equipment). The partner shops will also be your local contact for test riding etc. Once the bike package is purchased these local bike shops will also handle servicing and any warranty issues.

How do I apply?

- Visit a partner store to choose a bike and safety equipment (if required). You will be provided with a written quotation, a copy of which **must** be sent by email to alex.green@ncl.ac.uk Alternatively please post your quotation to the HR Policies and Projects Team, Level 4, King’s Gate.

- Enter the detail onto the Cyclescheme extranet (www.cyclescheme.co.uk/) using our Employer Code ‘b4443’. At this stage you will also be required to sign an On-Line Hire Agreement (if aged 18 or over). Alternative arrangements apply to applicants under the age of 18.

Please ensure any safety equipment requested is in accordance with the guidelines on page 7. Your application will automatically be declined should the safety equipment not comply.
• The University is notified of your request and either accepts or declines your application.

Cyclescheme and the University reserve the right to decline a request to issue a certificate and participate in this Agreement. Each request for a certificate will be subject to authorisation by the University, and Cyclescheme will only process orders suitably authorised by the University.

• Within 3-4 weeks the University pays for all approved orders and shortly after you will receive a certificate direct from Cyclescheme to your home address.

• On receipt of your certificate you return to the chosen Partner Shop to redeem the certificate and receive your equipment. If your subsequent purchase is for a lesser amount you must inform the University of the change to your order, however no reimbursement will be made. Suitable photographic identification is required at this stage eg Employee ID Smartcard, passport or driving licence.

• The monthly reductions from your salary will commence as soon as possible after the certificate has been issued to your home address. The commencement date will be as notified on your payslip.

| During the hire period the bike and safety equipment remain the property of Newcastle University. |
| As and when the hire agreements end (either at the end of the hire period or earlier due to some other reason) the University will automatically transfer the ownership of the bike and safety equipment to Cyclescheme. |

Cyclescheme will contact you directly to discuss further options which may include taking ownership of the bike for a Market Value in accordance with HMRC Guidance or extending the “hire period”.

No guarantee of offer of ownership can be given to you at any point before, during or immediately after the hire period has ended.

Can I join the scheme?

All regular employees, whether full or part time, are entitled to join the scheme and can benefit from obtaining a bike and safety equipment.

In addition:
• You need to be a UK taxpayer via the PAYE system.
• You must hold a regular contract of employment with the University of Newcastle for the duration of the Hire Agreement (normally 12 months).
You must receive regular monthly salary instalments. (Employees who do not meet this requirement should contact their local HR Manager to request an annualised contract of employment before proceeding).

You must not have another Cycle to Work Hire Agreement in force with Newcastle University.

The majority of employees can access the scheme through a salary sacrifice arrangement. The maximum certificate value that can be obtained under this arrangement is £1000 (including VAT).

Employees participating in one or more salary sacrifice scheme with Newcastle University must ensure their gross salary remains above the National Minimum Wage (ie £6.70 per hour (age 21 and over) wef 1 October 2015) after all salary sacrifice deductions have been made.

Employees who cannot fulfil the terms of a salary sacrifice arrangement (eg where earnings are near or below the national minimum wage) may be allowed access to the scheme through a Hire Agreement with deductions being taken from net pay. The maximum certificate value that can be obtained under this arrangement is £200 (including VAT). Employees must contact Elma Alexander, HR Rewards Manager on 0191 208 8284 to discuss the options available before proceeding.

Employees under the age of 18 are legally unable to sign the online Hire Agreement, which is regulated by the Consumer Credit Act 1974, and must contact Elma Alexander, HR Rewards Manager on 0191 208 8284 for further information before proceeding.

Employees signing a Hire Agreement are not subject to credit reference checks.

What is a salary sacrifice arrangement and how are savings made?

A salary sacrifice happens when you give up your right to receive part of your pay in return for the employer's agreement to provide some form of non-cash benefit, in this case the hire of a bicycle and safety equipment. You are paying back the hire on your goods from gross, rather than net pay for the hire period – hence allowing you to benefit from income tax and NI relief.

Your reduced salary is known as “Reference Salary” (referred to as “Monthly Salary” on your payslip) which refers to your pay before taking account of any salary sacrifice adjustment. Your payslip will appear differently after salary sacrifice. The Reference Salary is the amount used to calculate your other salary-related benefits including salary increases, bonuses and overtime. It is also the amount used in personal official correspondence eg mortgage letters, loan applications or job references etc and will the figure typically quoted in pay scales.

Under the salary sacrifice arrangement, precisely how much can I save?
Typical savings range between 30.4% and 52% of the order value depending on the employee’s personal tax bands. Newcastle University cannot reclaim VAT in the normal way so the savings are not as great as with a company who can reclaim VAT. To get an indication of the savings you can make visit the Cyclescheme on-line calculator. Please note that at present this calculator does not take account of any other salary sacrifice commitments you may have or the reduced National Insurance contributions payable by an employee, on a salary of less than £40k, as a member of a University pension scheme.

I do not have sufficient salary to sacrifice, how do I benefit?

As outlined above employees who cannot fulfil the terms of a salary sacrifice arrangement (eg where earnings are near or below the national minimum wage) may be allowed access to the scheme through a Hire Agreement with deductions being taken from net pay.

Such an arrangement must be “of benefit” to the individual employee and therefore a discount on the purchase value of the bike of 10% will be applied.

I receive out of hours payments on top of my basic salary, will these be affected?

No. In calculating all other payments to you such as out of hours payments, your total unreduced pay will be used.

What happens when there is a pay award?

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

What happens if I am on maternity / paternity / parental / adoption / sickness leave?

Although salary sacrifice can reduce the amount of Statutory Maternity Pay (SMP) a woman is entitled to, for those who have more than 52 weeks service at the Qualifying Week, the University ensures that participating employees are no worse off by paying Occupational Maternity Pay (as defined in the Maternity Policy).

For employees with more than 26 but less than 52 weeks service as at the Qualifying Week, participation in salary sacrifice could result in a reduced SMP payment for the first 6 weeks of your maternity leave. This is because SMP is calculated on the amount of average weekly earnings during the 8-week period, fifteen weeks prior to the expected date of childbirth. By participating in salary sacrifice there is a reduction salary for NI purposes during this period which can then reduce entitlement. In these circumstances the University will ensure there is no detriment to any employee with salary sacrifice arrangements by paying a “top-up” payment equal to the amount you would have received if you were not participating in salary sacrifice.

If you are receiving SMP and maternity pay at present you should contact the Payroll and Pensions Office on extension 86487 to find out whether you are receiving sufficient income to enter into a “salary sacrifice” arrangement after taking into account your other financial commitments which are deducted at source whilst on maternity leave.
Please note that under legislation you are not permitted to sacrifice against any part of your Statutory Maternity Pay (SMP).

During maternity/paternity/parental/adoptive leave you will continue to have the bike and equipment on loan during your absence with your gross salary still at the reduced level according to the salary sacrifice arrangements. You will continue to have deductions made from any payments you are receiving and/or will accrue a debt that will be recovered when you return to work and/or receive a payment from the University. It is not intended that any debt is recovered as a lump sum payment but through regular monthly deductions as outlined in the Hire Agreement, the end date of which will be extended accordingly by agreement.

Will salary sacrifice affect my University pension and State Pension?

For University pensions this depends on which pension scheme you are currently a member of:

Universities Superannuation Scheme (USS) and Retirement Benefits Plan

If you are a member of either of the above schemes the answer is no. Your pension benefits and contributions are based on your pensionable salary, also known as “Reference Salary” to employees participating in salary sacrifice, which is not affected should you elect to join the scheme.

For further advice about pension issues, please contact Val Wall, Payroll Manager on extension 85102.

National Health Service Members

If you are a member of the NHS Pension Scheme please contact your NHS Pensions Advisor for more information http://www.nhsbsa.nhs.uk/pensions

State Pension

This scheme should not affect your basic state pension as long as you ensure you pay the minimum requirement for NI payments.

There may, however, be a small adverse effect to your second state pension if you are not a member of the University pension scheme because you are reducing the amount of NI contributions for a limited period of time. For further information please contact The Pension Service https://www.gov.uk/contact-pension-service

Will the repayments affect student loan payments?

Student loan repayments are based on your total gross salary. Your total gross salary will be reduced by the amount specified in the hire agreement if you participate in salary
sacrifice, therefore your student loan repayment will be reduced to reflect this and may take longer to repay in full.

**Does it affect Child Tax Credit and Working Tax Credit?**

Current advice from HM Revenue & Customs suggests that you can still apply for Child Tax Credit whilst being in a salary sacrifice scheme.

The vast majority of staff will benefit from joining the scheme, however your personal circumstances may mean that it is not beneficial. This is most likely to be the case for those on a low income affected by Working Tax Credit which may cancel out the savings made on Income Tax and National Insurance Contributions. Please seek advice from HM Revenue & Customs Tax Credits [https://www.gov.uk/browse/benefits/tax-credits](https://www.gov.uk/browse/benefits/tax-credits)

Although I will be better off financially, my gross salary will be less. How will this affect my credit status eg when applying for a mortgage?

In replying to credit reference checks we will inform companies of the situation with regards to your total remuneration package. On the grounds that you are actually better off under this scheme, it can be seen that you should not be disadvantaged. However all lending companies are different and the University can make no guarantees.

**Information applicable to all applicants**

**What safety equipment can be purchased under the scheme?**

Safety equipment can include the following but the total value must not exceed the value of the bike:

- Cycle helmets
- Bells and bulb horns
- Lights including dynamo packs
- Mirrors and mudguards
- Cycle clips and dress guards
- Panniers, luggage carriers and straps (to allow luggage to be carried safely)
- Locks and chains (to ensure cycle can be safely secured)
- Pumps, puncture repair kits, cycle tool kits, tyre sealant
- Reflective clothing and white front reflectors and spoke reflectors.
- Child safety seats but not a trailgator towbar or kit.
- Gloves

Items that cannot be purchased under the scheme include: cycle computers, waterproof clothing that is non-reflective, trailgator towbar or kit, spares eg inner tubes, chains. This list is not exhaustive.

Any application detailing items not permitted will automatically be declined.
How long is the hire period for and what happens if I voluntarily leave the University?

The hire period will normally be for a period of 12 months for employees joining on a salary sacrifice basis. This period may be extended for employees paid at or near the national minimum wage. The hire period is determined by the University and is non-negotiable. The start date of the hire period will be from the commencement of your salary sacrifice / net salary deductions.

Under the terms of the Hire Agreement and the Consumer Credit Act, the agreement to pay your employees' loan is non-cancellable following a cooling-off period of 7 working days after collection of the goods.

However this does not apply to applicants aged under 18 where the Hire Agreement is signed on-site at Newcastle University.

If you leave the University during the hire period you will be required to settle all outstanding monies before you leave. The outstanding balances will be deducted from your final net salary payment as a termination fee, because once you leave; you also leave the bike scheme and are no longer eligible for tax deductions. At this time the ownership of the bike and equipment will automatically be transferred to Cyclescheme.

What happens if I go on unpaid leave?

During approved unpaid leave such as extended maternity leave or career break, up to a maximum of six months, the Hire Agreement period may be extended by the number of months when the salary will not be paid and the University will be unable to collect payments. In these circumstances please contact the HR Policies and Projects Team to make the necessary arrangements. The Hire Period will not normally be extended for more than 6 months beyond the initial 12 month period.

If you voluntarily take unpaid leave for a period of more than 6 months during the period of this Agreement, you will be treated as voluntarily terminating this agreement and must pay all outstanding monies.

What happens if I am made redundant or my contract is terminated?

Employees with sufficient service and who meet certain other conditions may be entitled to statutory payments on redundancy. If you leave the University before the final deduction has been made from your salary you will be obliged to pay the remaining amount in full. It is possible, though unlikely, that any outstanding monies may be deducted, if necessary, from your redundancy payment.

How many times a week do I have to use the bike for work?

A bike purchased under the scheme should be ridden for at least 50% of time during trips you make to / from work and / or between workplaces. The bike may also be used for part journeys eg cycling to the train station and from your destination station to workplace.
There is no requirement for you to cycle to work for a specified number of days throughout the year and there is no special requirement for you to record your trips or to keep a record of mileage. However the obligation to prove that the equipment is being used for the purpose intended will fall on the employee, if requested.

As Newcastle University owns the goods you cannot claim mileage for business trips made by bike until the end of the hire period.

Employees should also ensure that they have adequate insurance cover for third party and theft during these trips.

Should the bike not be used for the purpose intended under the scheme, this may result in the withdrawal of the tax efficient benefits for both the employee and the University.

What happens if the bike gets stolen, or damaged beyond repair, before I've paid for it?

Since you can no longer cycle to work then you have effectively left the scheme. The Hire Agreement will normally be terminated early and you will need to pay all outstanding monies from your net salary.

However, if you can replace the bike following a claim to your insurance company, the University will continue to take the salary sacrifice reductions from your gross salary. The bike will however remain the property of Newcastle University. Please contact Jane Elliott-Simm in Human Resources to discuss further (0191 208 6311).

It is therefore very important to insure the bike and any goods fitted to the bike, to safeguard against the losses following theft. You can obtain safety equipment from partnering shops, where you can ask for Home Office approved “Sold Secure” D-locks and cable locks to conform to insurance companies’ requirements.

Whose responsibility is it to insure and maintain the bike?

As specified in the Hire Agreement it is the responsibility of the employee to insure and maintain the bike.

Newcastle University will not accept any liability for any damages, injury or loss, howsoever caused, to the equipment or by the equipment to the employee, either on or off University property.

Household policies are usually much cheaper for insurance than specialist policies but you must ensure that the insurer covers the bike when in storage away from home. You also need to check that there is no upper limit on a claim (if you have a reasonably expensive bike).

If your bike cannot be covered on your home insurance Cyclescheme recommend Cycleguard (tel:0333 0043444) for insurance.
Your local shop will be able to advise you about necessary servicing depending on how you use your bike.

**Can I get a bike through Cyclescheme via a mail order specialist?**

Cyclescheme’s partner shops are capable of supplying bike packages mail order from their shops, under the government’s green travel plan. However there are distinct advantages when using your local bike shop that will be the first port of call for advice, servicing, after sales and warranty. Please note that because of this deficiency, some mail-order specialists are not part of the Cyclescheme partner network.

**Does Newcastle University need a Consumer Credit Licence?**

The government has issued a blanket consumer credit licence to all participating employers getting bike packages up to £1000 including VAT. When you sign the Hire Agreement the resulting relationship is defined under the terms and conditions of the Consumer Credit Act.

At this time Newcastle University are not permitting purchases over the £1000 limit. Under the terms of this scheme you must not pay the partner shop an extra amount to purchase a bike greater than £1000 in value.

**Does anyone need to tell HM Revenue & Customs about this benefit?**

The Cycle to Work scheme is a government-sponsored initiative that has been set up so the majority of employees do not have to pay tax on items bought under this agreement. There is no need for you to contact HM Revenue & Customs.

**What facilities are available for cyclists at the University?**

The University has a number of facilities for cyclists including bike racks, individual bike lockers and shower facilities. For more information please see the Estates Support Services webpage [https://newcastle.sharepoint.com/hub/estates/Pages/cycling.aspx](https://newcastle.sharepoint.com/hub/estates/Pages/cycling.aspx)

Please be advised that this scheme may be amended or withdrawn at short notice.

Document prepared by the HR Policies and Projects Team (HRPPT), Human Resources, Level 4, King’s Gate, Newcastle University in conjunction with Cyclescheme.

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