Shropshire Council
Tax Free Cycle to Work Scheme
Frequently Asked Questions

**Application Periods:** For administrative reasons, there are two application periods each year during which you may apply for a bike and/or bicycle safety equipment.
The spring application period runs from 1 May to 10 June inclusive.
The autumn application period runs from 1 September – 10 October inclusive.

**Notes:**
To be eligible to apply for the scheme, you must be employed by Shropshire Council. Staff employed by academy status schools are not therefore eligible to apply through this scheme and should check if their employer runs a scheme.

Please note that you will not be able to apply earlier than the application start date and that if your request is received after the application period closing date then it will be deferred until the next application window.

*This document is issued as a guide.*

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>Introduction to Cycle to Work</td>
</tr>
<tr>
<td>1</td>
<td>3</td>
<td>Who is Eligible to Apply?</td>
</tr>
<tr>
<td>2</td>
<td>4</td>
<td>Applying for and Choosing a Bike and/or Safety Equipment</td>
</tr>
<tr>
<td>3</td>
<td>6</td>
<td>Bike and Safety Equipment Ownership and Insurance</td>
</tr>
<tr>
<td>4</td>
<td>8</td>
<td>The end of the Hire Period</td>
</tr>
<tr>
<td>5</td>
<td>9</td>
<td>Other Questions Answered</td>
</tr>
<tr>
<td>6</td>
<td>12</td>
<td>Who can help me if I have a query?</td>
</tr>
</tbody>
</table>
1 Introduction to Cycle to Work

What is the Tax Free Cycle to Work Scheme?
The cycle to work initiative enables employers to lease bicycles and/or bicycle safety equipment to their employees through 'salary sacrifice'.

What is a salary sacrifice arrangement?
A salary sacrifice 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/or related safety equipment.

Who are Cyclescheme?
Cyclescheme are the largest provider of tax free bikes under the Cycle to Work Initiative. They help employers, employees and bike shops participate in the government's Green Transport Plan. They also help administer the scheme for Shropshire Council. Further information can be found at www.cyclescheme.co.uk/6d40f2 (6d40f2 is Shropshire Council’s employer code).

As an employee, how do I benefit?
- Shropshire Council will purchase a bike and / or safety equipment of your choice from a nominated bike shop, on your behalf;
- The Council then loans the bike and/or safety equipment to you for a period of 12 months;
- During this period, a monthly deduction is made from your gross salary. As the deduction is made from your gross salary you will benefit from savings by paying lower income tax and National Insurance contributions;
- At the end of the 12 months you may be given the opportunity to purchase the bike/safety equipment, or to extend the use period with Cyclescheme;
- It's good for your general health and fitness.

How are savings made?
Savings are made because salary sacrifice reduces your gross salary - before any income tax or National Insurance has been deducted - so the amount of tax and NI you pay is less than usual. Savings can be equivalent to approximately 32–42% off the retail price of your chosen bike and safety equipment package, but the precise amount depends on your personal tax band and the condition of the equipment at the end of the hire period. If you pay tax at the higher rate, you will save more than someone who pays standard rate tax.
On the Cyclescheme.co.uk website, there is a calculator which shows how much you could save and the estimated monthly salary deductions.

Please note that the Cycle to Work Scheme is a Tax Free Scheme and is therefore subject to relevant HMRC tax regulations applying at the time.
Who is eligible to apply?

- The scheme is open to all Shropshire council staff. Staff on school-payrolls at Shropshire-maintained and voluntary-aided school staff are eligible to apply. Please note that should the school you work for move to academy status, this means that you will no longer be employed by Shropshire Council and therefore no longer eligible to apply for or to receive the benefit of the Shropshire Council Cycle to Work scheme; please refer to Section 5 of this document.
- You must earn more (based on your basic salary) than the National Minimum Wage after the salary sacrifice deduction. In exceptional circumstances the loan period may be extended up to 18 months, to enable employees who earn near the National Minimum Wage threshold to participate.
- You must have completed your probationary period.
- You must have a contract that does not end during the initial hire period. Therefore casual workers are not eligible to join the Scheme.
- Employees aged under 18 can join, as long as their parent/legal guardian acts as their guarantor
- There’s no credit check for employees wishing to join
- At least 50% of the bike’s use should be for commuting for work purposes. Likewise, if you make a “Safety Equipment Only” request, again at least 50% of the occasions when the equipment is used should be for commuting for work purposes.
  The bike and equipment can also be used for non-work purposes, but note that if the bike/equipment is mainly used for recreational non-work purposes, you may lose the tax exemption benefit.

How many times can I take part in the scheme?

Only one Cycle to Work hire agreement may be entered into at any one time. However you may enter into a further agreement on expiry or termination of an existing agreement, even if you extend the use period with Cyclescheme. If you have been through the scheme before and already have a bike, you can go back and get safety equipment only through the scheme.
2 Applying for and Choosing a Bike and/or Safety Equipment

When can I apply for a bike?
Each year the Council runs two application periods to apply for a bike - one in the spring and one in the autumn. Exact dates are given at the start of this document.

How much money can I spend?
Shropshire Council has agreed that each employee may spend any amount up to the maximum value of £1,000 inclusive of VAT on a bicycle and/or safety equipment. The minimum expenditure on a bike or on ‘Safety Equipment only’ is £100. For a bike loan, note that a complete bike must be purchased; the purchase of bike components is not permitted.

Can more than one bike be obtained on the same certificate?
It is possible to loan two bicycles - if for example, you needed a bike at either end of a train journey between your home and place of work. The total maximum expenditure is £1,000 and both bikes must be purchased at the same time on the same certificate.

What sort of bike can I get?
An employee can choose any sort of new bicycle including an electric bike, a bike for a disabled rider, a folding or a specialist bike, as long as it can be obtained from a Cyclescheme Partner shop and it is appropriate for the journey to work. Motor vehicles and second hand bikes are excluded from the scheme.

What safety equipment/related equipment can I buy?
As a guide, helmets which conform to the European Standard EN1078, lights (which are a legal requirement), mirrors, mudguards, cycle clips and dress guards, panniers, locks, bells, bulb horns, pumps, puncture repair kits, multi-tools, spoke reflectors and clothing designed for bicycle riding are all permitted. Child seats are also permitted. However, bike trailers and child pull-alongs are not permitted.

Can I get a bike or safety equipment for a family member?
No. This scheme is only available to Shropshire Council employees fulfilling the criteria.

Which bike shops can I use?
Over 1,900 partner shops are registered with Cyclescheme. A full list can be found on the Cyclescheme.co.uk/6d40f2 website - see the ‘Find a Bike’ search facility. You can choose a bike and safety equipment from any of the shops listed. If a bike is chosen that requires delivery with postage and package charges, these costs will need to be paid by you. The bike shop will provide a quote for the bicycle and safety equipment.

Return to Index
**How do I complete the Hire Agreement?**

Complete the Cyclescheme Hire Agreement online. The agreement can be found on the www.cyclescheme.co.uk/6d40f2 website. **(Note: This page is only live while the application periods are open).** Please be sure to include your 7-digit employee number (this is also known as the ‘Payroll Ref’ number given on your payslip) and to accurately include all the other details requested, as errors/omissions may delay your application.

For ‘Safety Equipment Only’ requests, follow Cyclescheme’s guide to the process: www.cyclescheme.co.uk/equipment-only

If you are aged under 18, then a paper version of the Hire Agreement, which also has a guarantor section, must be completed.

Paper copies of the agreements may be obtained from Cyclescheme. Please call Cyclescheme on Tel: 0844 879 5101 or email info@cyclescheme.co.uk, for advice on next steps.

**Will all applications be approved?**

If the eligibility criteria outlined above are not met, the Cycle to Work scheme administrator may decline your request and will notify you of the reasons. If the request is approved, Cyclescheme will issue the certificate to you. Please note that in a few cases, after the Cycle to Work scheme administrator approves a request, because of the necessary processing time, the initial salary sacrifice deduction may occur before the certificate is issued.

**How long does it take/when will I receive the certificate?**

Cyclescheme’s services are largely automated so certificate delivery can be very quick. However, Shropshire Council is required to approve the application online and pay an invoice, before the certificate or e-certificate is sent/issued by Cyclescheme. Turnaround is therefore around 3-4 weeks from applying online to receiving a certificate. The certificate will be sent by post to your home address or if you’ve requested, by e-certificate sent to your mobile.

**How long is the certificate valid for?**

Cyclescheme certificates/e-certificates are valid for 60 days from the date of issue. Remember however that the salary sacrifice arrangement will already be set up, so a delay in collecting your bike (and/or safety equipment) may mean that you start paying for it, before you receive it.

**Can the hire agreement be cancelled?**

As Distance Selling Regulations apply, you have a right to cancel the agreement within seven days from the day after you have received the equipment. Bear in mind that any monthly deductions already paid by you would only be refunded by the Council after Cyclescheme had confirmed and processed the cancellation.

**What is the hire period?**

The hire period is 12 months (or occasionally a maximum of 18 months) from the date of commencement of the initial salary sacrifice.
What happens if I change my 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 7-day cancellation period referred to above. You are therefore committed to making the salary sacrifice for the duration of the loan period. This means that you must be sure both of the terms of agreement you are entering into and of your choice of bike and/or safety equipment.

You are advised to read the Hire Agreement Full Terms and Conditions (accessible on the Cyclescheme website) before participating in the Scheme.

3 Bike and Safety Equipment Ownership and Insurance

Who Owns the Bike and/or safety equipment?
Shropshire Council owns the bike and safety equipment/related equipment during the hire period. At the end of the period, ownership is transferred to Cyclescheme who may give you the opportunity to purchase the bike, or to extend the hire period directly with them.

Whose responsibility is it to insure the bike?
The employee has responsibility for insuring the bike (and, if necessary, any safety equipment).
The Council strongly recommends that you insure the bike, either through House Insurance or via an alternative policy.

Please make sure that your insurance policy provides adequate and appropriate cover. Specify where and how the bike will be stored, both at home and away from home, to be clear that your insurance will suffice. You must inform your insurer that the Council has an interest in the bike and equipment.

Failure to properly insure the bicycle is at your own risk

If the bike and/or any safety equipment is lost/stolen/damaged, you will nevertheless be liable to pay the outstanding amount to the Council (without the Tax and NI exemptions applying).

The bike and any equipment remains the property of the Council and you may not profit from, transfer, sell or otherwise dispose of the bike or equipment.

During the hire period:

- You must retain possession of the bicycle and safety equipment package. You must use it mainly for commuting for your Council job, 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 bicycle and safety equipment / related equipment which subsequently occurs, except where this is caused by a defect in the equipment.

The Council 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 Council's negligence.

What will happen if the bike or safety equipment is lost, stolen or damaged?
If the bike or equipment is lost, stolen or damaged to the point of no longer being useable during the hire period, you are responsible and you will be liable to pay the Council the remaining hire payment amount in full. This amount will be without the tax and National Insurance exemptions, in other words, you lose this benefit. The Council shall not be under any obligation to provide replacement equipment. If equipment is purchased to replace the original equipment that was lost, stolen or damaged, the replacement equipment will not be covered by the terms of this agreement and the National Insurance and tax exemptions will not apply.

Who should maintain the bike?
You are responsible for maintaining the bike and any safety equipment in good working order in accordance with the manufacturer’s instructions. The bike shop that supplied the bike may provide the first service free of charge; further details may be obtained from the Partner Shop.

What if the equipment is defective?
Under the Council's arrangements with Cyclescheme, you are entitled to benefit from 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. 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.
4  The end of the Hire Period

What happens at the end of the hire period?
At the end of the initial hire period, ownership of the bike and any safety equipment reverts to Cyclescheme. Cyclescheme will contact you directly detailing the options. To continue using the bike/safety equipment, you’ll need to sign an Extended Use Agreement and pay a small refundable deposit.

What if I don’t want to keep the bike and/or safety equipment at the end of the hire period?
No problem, you will be able to return the equipment to Cyclescheme.

Why should I sign the Extended Use Agreement?
The Extended Use Agreement means that any valuation of the bike at the end of this period will be at substantially lower values than those shown in HMRC’s Valuation Table for a bike aged 12 months.

How long is the extended use period?
By extending the period with Cyclescheme by a further 36 months, your total use period will be four years and therefore the 4-year figures in the Valuation Table will apply.

For further details of the Valuation Table, go to the following page on HMRC’s website:
http://www.hmrc.gov.uk/manuals/eimanual/eim21667a.htm

Will I have to pay any more for the bike during the extended use period?
At the time you sign the Extended Use Agreement, Cyclescheme will ask you to pay a small refundable deposit in return for the continued use of the bike. There are no further salary sacrifice payments or hire charges due during the extended use period and no further action or payment is required if you wish to keep the bike.

How much is the refundable deposit?
For bikes or safety equipment costing less than £500 (inc. of VAT), the refundable deposit = 3%.
For bikes costing £500 or more (inc. of VAT), the refundable deposit = 7%.

What if I don’t want to keep the bike and/or safety equipment at the end of the extended use period?
No problem, you will be able to return the bike/safety equipment to Cyclescheme and, upon receipt of the bike/equipment, Cyclescheme will return your refundable deposit.

Can I participate in the Cycle to Work Scheme again whilst the extended use period is running?
Yes you can. The Extended Use Agreement is not a salary sacrifice arrangement and, apart from the refundable deposit, no further payments are required. This means you’re able to participate in the Scheme in the future.
5 Other Questions Answered

What happens if, during the hire period...

...I leave Shropshire Council?
...I am made redundant?
...My contract is terminated?
...I am transferred/TUPE’d to another employer?
...My school changes to academy status?

If your employment with the Council ceases for any reason during the hire period then you will be required to pay a termination fee to the Council equal to the total of all the outstanding payments under your hire agreement.

Under HMRC rules the termination fee does not benefit from the normal tax exemptions the scheme provides. The fee is payable as follows:

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

At this time, you will also need to discuss with the Council what is to happen to the equipment; please speak with the Cycle to Work scheme administrator.

What will happen to the personal data I have provided?
When you register with Cyclescheme, they will forward your request to the Cycle to Work scheme administrator at Shropshire Council, who will monitor your application and ensure that Human Resources and payroll services are notified. The administrator, Human Resources or payroll services may contact you during the Hire Agreement Period. They will not forward your details to anyone else.

How will salary sacrifice affect pension?
Your pension contributions are payable on your full salary. Consequently, your pension and related benefits are not affected by the sacrifice.

How will salary sacrifice 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 Council was not able to collect payments.
How will salary sacrifice affect sickness leave?
If you are absent from work during the hire period, salary sacrifice 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 Sacrifice reductions are legally permitted to be made, and
- your salary after salary sacrifice remains above the National Minimum Wage (‘Eligible Pay’)

If you are temporarily not in receipt of Eligible Pay, but remain an employee of the Council, 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 Council at the time or the Council may choose to suspend reductions for up to a maximum of six months. However in all circumstances:

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

How will salary sacrifice affect maternity, paternity, or parental leave?
Maternity Leave: Council employees on maternity leave can remain in possession of the bike and equipment for the full length of their maternity leave. However, as individual circumstances vary, please contact the Cycle to Work scheme administrator (in Shared Services) to establish how maternity pay and salary sacrifice will work.

Paternity Leave: As individual circumstances vary, please contact the Cycle to Work scheme administrator (in Shared Services) to establish how paternity pay and salary sacrifice will work.

Parental Leave: As Parental Leave is granted at full pay, salary sacrifice will continue to operate during this time.

How will salary sacrifice affect Childcare Tax Credit?
Current advice from the Inland Revenue suggests that individuals can still apply for Childcare Tax Credit whilst being in a salary sacrifice scheme. For more information check with the Inland Revenue Tax Credits helpline on 0845 300 3900.
How will salary sacrifice 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. Under salary sacrifice the total gross salary on which NI is paid will reduce, so the student loan repayments will reduce.

How will salary sacrifice affect Working Tax Credit?
The vast majority of staff will benefit from joining the scheme. However, 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 the Inland Revenue Tax Credits helpline on 0845 300 3900.

Will the reduced gross salary affect credit status, eg; when applying for a mortgage?
In replying to credit reference checks the Council will inform companies of the situation with regard to the 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 Council can make no guarantees.

Can I claim Mileage Allowance?
The bike can be used for business purposes during the working day, and mileage allowance in accordance with the current scheme can be claimed. Further information can be found on Ask HR on the intranet, or in the Employee Handbook on the Learning Gateway.

How often does the bike or safety equipment have to be used for work?
Neither you nor the Council are required to keep a mileage log. You are expected to use the bike or safety equipment mainly for qualifying journeys (that is between home and/or public transport link and workplace or between one workplace and another) and you may also use the bike and equipment for non-work related journeys. However, you may lose the tax exemption if you do not use the bike and/or safety equipment mainly for qualifying journeys.

What Safety Precautions should I take?
1. Be Safe and Be Seen
   - Protect your head with a good quality helmet
   - Buy suitable lights for your bike (this is a legal requirement)
   - Make sure you are seen by wearing reflective fluorescent clothing

2. Buy a good quality lock
   - Lock your bike to proper cycle stands where available
   - Make sure both the wheels and the frame are locked to stands. If you have a quick-release wheel, take it off and lock both it and the frame together using one lock. If your saddle is quick-release, remove it and take it with you.

Return to Index
6  Who can help me if I have a query?

<table>
<thead>
<tr>
<th>Name</th>
<th>Tel Number</th>
<th>Website or Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyclescheme</td>
<td>0844 879 5101</td>
<td>Cyclescheme.co.uk/6d40f2</td>
</tr>
<tr>
<td>HR Transaction Team – please ask for the “Cycle to Work scheme administrator”</td>
<td>01743 252190</td>
<td><a href="mailto:My.view.payroll@shropshire.gov.uk">My.view.payroll@shropshire.gov.uk</a></td>
</tr>
<tr>
<td>Sustainable Transport Team</td>
<td>01743 254940</td>
<td><a href="http://www.travelshropshire.co.uk">www.travelshropshire.co.uk</a> <a href="mailto:transport@shropshire.gov.uk">transport@shropshire.gov.uk</a></td>
</tr>
</tbody>
</table>

Return to Index