

CYCLE TO WORK SCHEME

INTRODUCTION

Tayside Contracts is committed to promoting healthier journeys to work for its employees and reducing environmental pollution. Cycling to work improves the environmental credentials of the organisation by actively encouraging employees to reduce their carbon footprint, which demonstrates Tayside Contracts' social responsibility.

With this in mind Tayside Contracts has introduced a Cycle to Work scheme, administered by Halfords' Cycle2work Scheme that fully complies with the HM Revenue & Customs Regulations, to allow employees to benefit from savings in Income Tax and National Insurance.

The Cycle to Work Scheme is a voluntary arrangement where eligible employees can exchange part of their pre-tax salary to hire a bicycle and associated/safety accessories from Tayside Contracts up to the value of £600 over a 12 month period.

Employees participating in the Cycle to Work Scheme will enter into a 12 month salary sacrifice agreement, during which the term of the agreement cannot normally be varied. The total purchase price of the bicycle and safety equipment will be paid by 12 or 13 equal instalments, depending on whether the employee is paid monthly or 4 weekly.

SCOPE AND ELIGIBILITY

The Cycle to Work Scheme is open to all Tayside Contracts employees who satisfy the eligibility criteria.

In order to participate in the scheme the employee must:

- I. Primarily use the cycle for all or part of their journey to work.
- II. Earn above the National Insurance Lower Earnings Limit
- III. Have an hourly rate which remains above the National Minimum Wage after the value of the repayment has been deducted from their pay.
- IV. Be employed on a permanent basis or have a temporary contract of more than one year.
- V. Be over 18 years of age or have an adult act as a guarantor.
- VI. Only enter into one agreement at any one time.

For the purpose of the Cycle to Work Scheme night working allowance, unsocial hours allowance, standby payments, overtime/additional hours or any other form of additional payment is not considered when calculating the National Minimum Wage eligibility criteria.

SCHEME PERIOD

The scheme will be opened for new applications during the period **11 May 2020 – 28 August 2020**.

Employees cannot apply to join the scheme if they are currently subscribing to a current scheme.

SCHEME AND EMPLOYEE BENEFITS

- Possible Income Tax and National Insurance Contribution savings
- Improved health and fitness
- Increased employee satisfaction and well being
- Lowering the carbon footprint and helping the environment
- Savings of up to 52% off the retail price of a new bicycle and accessories
- All Halfords in-store promotional prices included
- Bicycles can be sourced from any Halfords store or an approved local retailer
- Free assembly, fitting and safety check on every bicycle and a free weekly safety check
- Free Bike Care Plan worth over £100 of servicing and repair benefits (Halfords sourced products only)
- Free 25 point annual service, free labour on all maintenance and repairs (Halfords sourced products only)

CONDITIONS OF THE SCHEME

Eligible equipment includes cycles and cycle safety equipment. The tax exemption defines a “cycle” as a “bicycle, tricycle, or a cycle having four or more wheels not being in any case a motor vehicle” (192(1) of the Road Traffic Act 1988 (c52). An electronic assisted pedal cycle can be included in the scheme.

Eligible Safety Equipment Includes

- Cycle helmets which conform to European standard EN 1078
- Bell and bulb horns
- Lights, including dynamo packs
- 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 along with white front reflectors and spoke reflectors

APPLICATION PROCESS

Online Applications

To participate in the Cycle to Work Scheme employees should visit the Halfords’ Cycle2work Scheme website, <http://www.cycle2work.info>. Employees will be required to sign up to the scheme on the website, using Tayside Contracts scheme reference number TCC2W and their unique login will which will be sent to them directly from Halfords.

Employees then apply for their selected E-LoC (Electronic Letter of Collection) value online and complete a hire agreement. Once this process has been completed Tayside Contracts approves the application online which triggers an email to the employee containing their E-LoC. When in receipt of the E-LoC the applicant will be able to go and collect their bicycle and accessories from Halfords or the approved local retailer, almost immediately.

Telephone Applications

Employees who do not have internet access can apply by calling Halfords Helpdesk on 0345 504 6444. A telephone application will be completed and the Hire Agreement will be posted to the employee for signature.

Once the application has been signed by the employee it should be returned in the return envelope provided by Halfords. On receipt of the completed application, Halfords will forward it to Tayside Contracts by email, for approval.

Following approval, the Letter of Collection will be sent to the employee and should be received one day later.

RIGHT TO CANCEL

Under the Consumer Protection (Distance Selling) Regulations 2000, an employee will have a right to cancel the Hire Agreement within 7 working days beginning with the day you have received the goods. The employee may cancel the agreement within that period giving written notice to the employer.

RESPONSIBILITY OF THE EQUIPMENT

The employee will be responsible for keeping the cycle and its equipment in good working order and must ensure the safekeeping of the cycle and the cycle safety equipment.

It is a requirement of the scheme that the employee takes out adequate insurance to cover the cycle and equipment against theft, loss or damage. It may be possible to arrange cover under individual home contents insurance policies and employees should inform their insurance provider that their employer has an interest in the cycle.

If at any time during the hire period, the cycle or equipment is lost or stolen or damaged to the point of no longer being usable for commuting, the employee will still be responsible for any remaining payments due under this agreement but the tax exemptions will cease to apply. Where this happens, an employee will effectively be required to make the remaining payments out of their net salary.

OWNERSHIP

Under the Cycle to Work Scheme, the cycles and equipment are the property of Tayside Contracts until ownership has been transferred to Halfords and must not be sold.

TERMINATION OF EMPLOYMENT

If the employee terminates employment for any reason (resignation, retirement, dismissal etc) before the end of the hire agreement with Tayside Contracts, the bicycle and safety equipment becomes a taxable benefit and the remaining balance along with a transfer of ownership fee will be deducted from the employee's final pay, after tax has been deducted. If there are insufficient funds available to deduct the whole outstanding amount, the employee will be asked to pay this back in reasonable instalments which will not be less than the hire agreement amount.

COMPLETION OF THE HIRE PERIOD WITH TAYSIDE CONTRACTS

At the end of the hire agreement, Tayside Contacts will transfer ownership of the cycle to Halfords. Employees will enter into an extended hire agreement with Halfords until a cost neutral position has been reached. These rates are recommended by the HM Revenue and Customs.

ACCEPTABLE DISPOSABLE VALUE PERCENTAGE BASED ON ORIGINAL COST		
Age of Cycle	LESS THAN £500	MORE THAN £500
1 YEAR	18%	25%
2 YEARS	13%	17%
3 YEARS	8%	12%
4 YEARS	3%	7%
5 YEARS	Negligible	2%

Halfords will write to each employee at the end of the hire agreement with Tayside Contracts and ownership of the equipment will be passed to Halfords.

OCCUPATIONAL PENSION CONTRIBUTIONS

Where the employee is a member of the Local Government Pension Scheme all pension deductions will be made on the employee's full salary, before the deduction of Cycle to Work payment, meaning that an employee's pension contributions will not be affected by their participation in the scheme.

SALARY RELATED PAYMENTS/BENEFITS

Participating in a salary sacrifice scheme reduces an employee's net pay and the level of Income Tax and National Insurance contributions they pay. Entitlement to some statutory benefits is based on an employee's earnings and National Insurance Contributions and these may be affected by participation in Cycle to Work Scheme.

Participation in the Cycle to Work Scheme will not affect any non-statutory benefits or payments, such as Occupational Sick Pay, Occupational Maternity Pay, pay awards, standby etc.

However, statutory earnings-related benefits, such as Statutory Maternity or Statutory Paternity Pay and any other means tested benefits or **Universal Credits** will be affected as these are based on the employee's reduced salary (their original salary less their Cycle to Work payment and other deductions).

Employees should ensure they are fully aware of their own circumstances before participating in the Cycle to Work Scheme. Further information about salary sacrifice and how it may affect benefits is available online at http://hrmc.gov.uk/specialists/salary_sacrifice.htm

NO/REDUCED PAY PERIOD

If an employee commences a period of no pay or reduced pay (e.g. long term absence) there may be no or insufficient salary available to sacrifice during that period. If there is no/insufficient salary to sacrifice the payments will cease temporarily and the length of the hire will be extended accordingly. There will be a limit of 6 months temporary suspension of payments, however, if the employee is unable to return to work following this period, they will be billed for the outstanding amount.

SCHEME REVIEW

The Cycle to Work Scheme will be reviewed at three yearly intervals, or as required by legislative changes. HM Revenue and Customs regulations are out with the control of Tayside Contracts and may change in the future, which would directly impact on the running of the scheme.

Should you have any queries or require further clarification regarding any aspects of this policy or related policies please contact, HR Services on 01382 812721 or employment.policies@tayside-contracts.co.uk

If you would like this document translated into another language or in another format such as audio or large print then please contact Angie Thompson, Equalities and Communications Manager on 01382 834165 or angie.thompson@tayside-contracts.co.uk