

# TAX FREE BIKES FOR WORK CYCLEScheme POLICY

This document applies to all Council employees.

*This document may not be applicable to employees who transferred into LCC under TUPE legislation and remain on the terms and conditions of their previous organisation.*

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## **CONTENTS**

TAX FREE BIKES FOR WORK - CYCLEScheme .....	1
INTRODUCTION .....	1
PRINCIPLES .....	1
SCOPE .....	1
RESPONSIBILITIES .....	2
DIRECTORS AND ASSISTANT DIRECTORS.....	2
HEAD OF PEOPLE MANAGEMENT .....	2
MANAGERS.....	2
CYCLEScheme LTD .....	2
EMPLOYEES .....	2
PROCEDURE AND PROCESS .....	3
WHAT HAPPENS AT THE END OF THE HIRE PERIOD, OR IF EMPLOYEES ARE ABSENT OR LEAVE DURING THE HIRE PERIOD..	3
FURTHER INFORMATION AND SUPPORT .....	3
APPENDIX 1.....	4

[APPENDIX 2 Tax Free Bikes for Work Cyclescheme Hire Agreement](#)

[APPENDIX 3 Your Questions Answered](#)

# TAX FREE BIKES FOR WORK - CYCLEScheme

## INTRODUCTION

A tax free bikes for work scheme is a government led initiative to support green travel to work and environmental issues.

The scheme enables employees to save money on bikes and equipment through a salary sacrifice agreement i.e. they do not pay Income tax or National Insurance contributions on the part of the salary deducted for the bike hire. Cyclescheme Ltd are facilitating the scheme for County Council employees.

Please note: From the 1<sup>st</sup> November 2011, VAT is required to be paid by the employee due to HMRC legislation.

## PRINCIPLES

**Cyclescheme supports our:**

- People Strategy (employee wellbeing, recruitment & retention)
- Green Travel to Work Plan and environmental issues
- Local economy through using local bike shops as the providers

## SCOPE

The scheme applies to:

- all County Council employees (non-school) who are paid by our payroll provider Serco
- all employees in schools who have a Direct Service Agreement (formerly buy-back) with the Council for a payroll service delivered through Serco . Schools, where the governors are the employers, should advise the Scheme Administrator in the People Management team if they **do not** want to be included in the scheme.

The scheme can be used by employees who:

- are aged 18 or over
- have a contract which lasts for at least 12 months from signing the hire agreement
- have a salary which is above the national minimum wage after the loan repayment has been deducted/salary sacrifice.

Non Direct Service Agreement schools (own bank account /Prime Account) and/or schools which have separate agreements for payroll delivery either with Serco or other payroll providers may join Cyclescheme direct through their small client service and should discuss this option with their payroll provider and Cyclescheme Ltd.

The bike must be used mainly for commuting but staff are also entitled to use it for leisure as well. LCC cycle allowances are not claimable during the initial or extended Hire Agreement period i.e. until ownership is formally transferred to the employee.

Employees who have a contract car hire agreement may join the scheme if they can comply with the terms and conditions for their car as well as the above conditions including use of the bike for commuting, otherwise the tax benefits will be lost.

The value of the bike and equipment must not be over £1000.

## **RESPONSIBILITIES**

### **DIRECTORS AND ASSISTANT DIRECTORS**

- Ensuring that employees are made aware of the scheme e.g. during the recruitment process, through induction, notice boards etc.

### **HEAD OF PEOPLE MANAGEMENT**

- Reviewing and revising the policy.

### **MANAGERS**

- The cost of the bike package is paid from the department/school's budget upfront and is recovered via employee salary deduction over the one year hire period. (Note: employees may join the scheme at any time during the financial year).
- The department/school will retain the employer's national insurance contributions in proportion to the bike package to cover administrative costs (minimal) and any exceptional unrecoverable costs.
- Ensuring that when an employee resigns during the period of the cycle hire agreement a Leavers E-form in Business World On! is completed at the earliest opportunity and that this is indicated on the form.
- SERCO Administering the salary sacrifice scheme.
- Processing the invoice from Cyclescheme Ltd promptly to allow the voucher to be released by the company to the employee for collection of the bike and equipment.

### **CYCLEScheme LTD**

- Facilitating the scheme.
- Issuing the initial and extended hire agreements to employees.
- Issuing a secure voucher for employees to collect their chosen bike and equipment from a partner cycle shop.
- Transferring ownership of the bike at the end of the hire period.

### **EMPLOYEES**

- All employees applying for a bike and equipment through the scheme will be advised in the literature and application processes that they must inform their manager.
- Signing the non-cancellable hire agreement to confirm they meet the conditions set out under 'scope' above. Understand their responsibilities and liabilities for lost, stolen, defective or damaged equipment and their legal responsibilities and liabilities in the event of absence or leaving the Council's employment during the hire period.

## PROCEDURE AND PROCESS

Details of the process for obtaining a bike and equipment are shown in [Appendix 1](#).

The Hire Agreement sets out all the terms and conditions which an employee agrees to and is shown in [Appendix 2](#).

### WHAT HAPPENS AT THE END OF THE HIRE PERIOD, OR IF EMPLOYEES ARE ABSENT OR LEAVE DURING THE HIRE PERIOD

Cyclescheme Ltd will handle the transfer of the cycle to the employee on behalf of the Council.

At the end of the 12 month hire period the ownership of the bike and equipment may be transferred to the employee for a 'simplified valuation payment' in accordance with the tables of acceptable disposal values published by Her Majesties Revenues and Customs [HMRC].

As an alternative to these values employees may extend the hire period with a 'Modifying Agreement with Continuation Deposit' at no extra cost. More information is available on the [Cyclescheme website and in the FAQs](#).

The Hire Agreement – Appendix 2 paragraphs 8 and 9 - gives details of what happens if employees are absent e.g. due to sickness or maternity leave, or if they leave the Council's employment. Note all outstanding payments are recovered from pay when an employee leaves the employment of the Council.

### Additional support and solutions are available for disabled riders.

Mission Cycles [www.missioncycles.co.uk](http://www.missioncycles.co.uk) Tel: 01672 815678 or Team Hybrid [www.teamhybrid.co.uk](http://www.teamhybrid.co.uk) Tel: 01329 830117 have details of the types of cycles which may be suitable and can advise on which Cyclescheme partner stores they supply.

Alternatively the Cyclescheme helpline 0344 8795101 will advise.

## FURTHER INFORMATION AND SUPPORT

Go [www.cyclescheme.co.uk/d71c0c](http://www.cyclescheme.co.uk/d71c0c) for full details of the scheme, online application, an on-line savings calculator, and details of partner cycle shops.

### Or Email the Council's People Management Team

at [EmployeeBenefits@lincolnshire.gov.uk](mailto:EmployeeBenefits@lincolnshire.gov.uk) or on 01522 552300.

Or Ring the Cyclescheme Ltd helpline on 0344 8795101

Or Email Cyclescheme Ltd at [info@cyclescheme.co.uk](mailto:info@cyclescheme.co.uk)

Or By post -Cyclescheme Ltd. P.O. Box 3809, Bath BA1 1WX.

### [Appendix 1 Process Flowchart](#)

[Appendix 2 Hire Agreement](#) which gives information on salary sacrifice, the hire period, conditions which apply, details on leaving employment and absence from work etc.

[Appendix 3 Your Questions Answered](#) e.g. who owns the bike, insurance how to apply for a bike etc

## APPENDIX 1

### Process Flow Chart – Supplementary Process

