



Cycle to Work Scheme

Procedure and rules of the scheme

Guidance for all DCC employees, including elected Members and those employed with DCC maintained schools.

Guidance Date: 20 September 2013
Version date: 1st March 2020

HR ONE

1.0 Introduction

Devon County Council (DCC) has joined up with [Cyclescheme](#) to allow employees the use of a bike tax free. As part of DCC's sustainable travel plan, climate change strategy, and to encourage a healthier workforce, the scheme is designed to encourage employees to commute to work by a more sustainable means of transport.

DCC will provide a bike and accessories/safety equipment as a tax-free benefit, by way of a salary sacrifice arrangement over a 12 or 24 month period.

HR ONE's Payroll Services are responsible for the administration of the scheme for DCC.

Any information the employee provides to Cyclescheme when registering for the scheme and on an on-going basis must be honest and accurate. If the employee is found to be acting fraudulently in any aspect of their cycle scheme membership, their membership may be revoked, and the employee may be subject to disciplinary action which could result in dismissal from their job. The employee would also be liable for any tax or national insurance arising.

2.0 How does the scheme work?

An employee is able to select a bike and appropriate equipment of their choice from a participating cycle shop up to a **maximum** value of £3,000 and will have full use of the bike and any safety equipment and accessories during the 12 or 24 months, but ownership of the bike remains with DCC. The employee agrees to DCC reducing their gross salary as part of a salary sacrifice scheme by making appropriate monthly deductions from pay. Under the Consumer Contracts Regulations, the employee is required to sign a Hire Agreement to cover the salary sacrifice agreement. **Ensure you read this thoroughly before entering the agreement.**

At the end of the Hire Agreement ownership of the bike and equipment will pass to Cyclescheme who will contact the employee to discuss what is to happen next. For more information on the end of hire process, please [contact Cyclescheme directly](#).

If the Hire Agreement is terminated during the hire period, the employee is still liable to repay any outstanding amounts as identified in the hire agreement. This means that an employee must be sure they are happy entering the scheme and with the cycle selection they have made.

3.0 Eligibility

The scheme is open to all DCC employees, elected Members and those employed within schools maintained by the Local Authority.

If an employee is less than 18 years of age then an adult must sign the agreement as a guarantor.

It is not possible for DCC to allow a salary sacrifice arrangement to reduce an employee's income below the National Minimum Wage. Employees who may fall into this category will be able to discuss alternative options with Cyclescheme. The same rules will apply to the National Living Wage.

4.0 How does an employee join the scheme?

Employees wishing to participate in the scheme visit a local Cyclescheme Partner Store to choose their bike, and if required, safety equipment/accessories, up to a total maximum value of £3,000. To search for a store see www.cyclescheme.co.uk/partners

When the employee has their quotation for the bike and/or safety equipment/accessories they must then request their certificate on the Cyclescheme website, at
<https://www.cyclescheme.co.uk/>

If an employee's application is approved, then DCC informs Cyclescheme and the employee will be issued an e-certificate which is emailed directly to them. The e-certificate is then redeemed in the cycle shop and exchanged for the bike package. The salary sacrifice then commences over the 12 or 24 month agreement period.

5.0 Savings

Because a salary sacrifice scheme reduces an employee's gross pay, Cycle to Work Scheme participants may make savings on the amount of Income Tax and National insurance Contributions (NIC) deducted from their pay.

6.0 Safety equipment and accessories

An employee can apply for just safety equipment and accessories without the need to include a bike in their request to participate in the scheme. If an employee submits a safety equipment-only request this is subject to a £100 minimum spend.

To submit a safety equipment-only request, please follow the Cyclescheme guide at:
www.cyclescheme.co.uk/equipment-only

Equipment and accessories include the following:

- Cycle helmets
- Lights, including dynamo packs
- Bells
- Mirrors and mudguards
- Cycle clips and dress guards
- Panniers, luggage carriers and straps
- Locks and security devices
- Pumps, puncture repair kits, cycle tool kits
- Reflective and waterproof clothing.

7.0 Personal safety

DCC recommends that employees participating in the scheme wear an approved cycle helmet for all journeys, make themselves familiar with the Highway Code rules for cyclists and obtain training and support to ensure that they are competent in the use of their bicycle.

8.0 Insurance, repairs and maintenance

The employee is responsible for maintaining the bike. Cyclescheme Partner Shops will be able to advise about maintenance and servicing depending upon how the bike is used and participating stores offer a free first service. If the bike is damaged, lost or stolen the employee will still be subject to the salary sacrifice agreement and will no longer be eligible for the tax savings, so will have any outstanding monthly payments taken from their net salary.

It is strongly recommended that scheme participants insure their bike and safety equipment as soon as they collect it from the store and ensure that it covers the bike and will pay for a replacement in the case of a total loss.

All insurance, repairs and servicing costs are the employee's responsibility and none of these costs can be claimed back from DCC.

9.0 Business mileage

An employee cannot be re-imbursed any mileage allowance for the use of the bike on official DCC business during the 12 or 24 month agreement. This is because DCC owns the bike.

10.0 Personal use of the bike

Employees should use the bike mainly for commuting to and, if relevant, between work places. At least 50 % of the bike's use should be for work purposes. If this does not happen then the employee may no longer be entitled to the tax exemptions. The bike can also be used for non-work purposes and there is no need for employers to monitor individual usage or for employees to keep a mileage log.

11.0 Leaving employment

By participating in the scheme, an employee is agreeing that, in the event that their employment ends for any reason during the 12 or 24 month period, including redundancy, resignation, retirement, ill health, dismissal or for elected members if they leave office, the hire of the cycle will end immediately and the employee will pay DCC a termination fee equivalent to the amount of salary sacrifice agreement outstanding. Cyclescheme would then be in contact directly to offer end of hire options.

If an employee leaves DCC for a position at another Local Authority then the conditions above still apply.

If an employee changes jobs within DCC then the terms of the current hire agreement will continue to apply, subject to the conditions at 3.0 above continuing to be met.

12.0 Unpaid leave

If unpaid leave is granted, then DCC will cease making deductions when pay is at zero, until the month in which the employee returns to work. The hire period is extended by one whole month for each whole month that no payment is made up to a maximum of 6 months. In the event that any unpaid leave results in the employee not returning to work then the provisions in paragraph 11 will apply. Any amounts outstanding 6 months after the originally agreed end-date of the agreement will be required to be paid in full and will not be subject to the tax exemptions of the salary sacrifice agreement.

13.0 Sickness absence

In the event of long-term sickness absence, the employee will continue to make hire payments until such time as they no longer have enough salary to sacrifice. At that time deductions will cease until the month in which the employee returns to work and is in receipt of pay. The hire period will be extended by one whole month for each whole month that no payment is made up to a maximum of 6 months. Any amounts outstanding 6 months after the originally agreed end-date of the agreement will be required to be paid in full and will not be subject to the tax exemptions of the salary sacrifice agreement.

14.0 Earnings-related benefits and borrowings

Sacrificing cash pay in return for a benefit that is exempt from National Insurance Contributions (NICs) means the earnings on which the employee pays NICs is reduced. As entitlement to some benefits is based on the amount of NICs that is paid and others on the amount of earnings, entering into a salary sacrifice scheme may affect current or future entitlement to a range of benefits e.g. statutory maternity pay, state pension, working tax credit, child tax credit.

The employee should contact their local HM Revenue and Customs office to determine how participation in this scheme might or might not affect their ability to claim. This will be dependent upon individual personal circumstances.

Participation in a salary sacrifice scheme may also affect the size of mortgage that an employee can take out.

15.0 Statutory and contractual maternity/adoption/additional paternity pay

As loan payments reduce the employee's cash pay through salary sacrifice, any salary sacrifice entered into will reduce entitlement to statutory maternity, adoption and shared parental pay. However, employees will be eligible to continue within the scheme whilst they are absent, with the cycle continuing to be available throughout the child related leave period. Hire payments will cease during child related leave, until the month in which the employee returns to work and is in receipt of pay. The hire period will be extended by one whole month for each whole month that no payment is made up to a maximum of 6 months. Any amounts outstanding 6 months after the originally agreed end-date of the agreement will be required to be paid in full and will not be subject to the tax exemptions of the salary sacrifice agreement. Should the employee not return to work, the full outstanding amount would have to be paid, as per the terms and conditions of the scheme.

16.0 Pension

- **Local Government Pension Scheme** - If you are a member of the Local Government Pension Scheme (LGPS), please note that your agreement to the salary sacrifice arrangement constitutes a pensionable emolument as part of your contract of employment, which means that the remuneration you sacrifice under this arrangement remains pensionable in accordance with the 2014 LGPS Scheme and therefore will not reduce your pension benefits.
- **Teachers Pension Scheme** - The notional salary, that is the pre-sacrifice level of pay, will be used to calculate an employee's Teachers Pension contributions and pension entitlement will therefore be unaffected.
- **NHS Pension Scheme** - contributions are calculated on the reduced salary figure and entitlement to pension will therefore be reduced by entering into a salary sacrifice scheme.

- **State Pension** - Provided the employee pays the minimum requirement for NIC, participation in this scheme should not affect basic State Pension, however, it might have a small effect on the Second State Pension. Further information is available from the local HM Revenue and Customs office.

17.0 Useful information / contacts

Cyclescheme Email: info@cyclescheme.co.uk

Phone number: **0844 879 5101**

[frequently asked questions](#)

Cycle Devon Website for information on cycle routes and training available

Highway Code A copy of the rules for cyclists

Inland Revenue www.hmrc.gov.uk

DOCUMENT HISTORY

Document Date	Summary of change	Contact	Version/ Implementation Date	Review Date
20/09/13	Published as part of the re-introduction of the Cycle to Work Scheme		1	
14/7/14	Updated to reflect 2014 LGPS pension scheme rules and Consumer Contracts regulations		2	
21/10/15	Minor update to make reference to introduction of the National Living Wage from 1/4/16	HR Strategy		
26/06/2017	Amendment to paragraph 15 to clarify the position	Employee Services		
22/08/2019	Links checked/updated Employee Privacy notice added to footer.	HR Direct	22/08/2019	
01/03/2020	Amendment following increase of loan to £3,000 and loan period to 12 and 24 months	HR Strategy		

Cycle to Work Scheme Guidance and Rules. Version date 1st March 2020

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For the current version please refer to [Inside Devon](#).

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