

MANCHESTER  
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The University  
of Manchester

The University of Manchester  
**Cycle to Work Scheme**  
**C2W**



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### **What is the Cycle to Work Scheme (C2W)?**

To promote healthier journeys to work and to reduce environmental pollution, the Finance Act 1999 introduced an annual tax exemption that permits employers to loan cycles and cyclists' safety equipment to their employees as a tax-free benefit. C2W encourages employees to cycle to work and allows employers to reap the benefits of a healthier workforce.

### **Why has the University implemented C2W?**

The University of Manchester has a Travel Plan\* which aims to encourage sustainable travel, such as cycling. C2W is an excellent measure to promote cycling and healthy living to employees. The University is keen to improve on the encouraging numbers of staff who already cycle to work and also to reduce pressure on car parking.

### **How are the savings made?**

In order to hire a bike, an employee agrees to a monthly reduction in earnings equal to 1/12 of the cost of the bike to the University for one year. This is a 'salary exchange' arrangement, so it is the amount of your salary after the exchange that is assessed for income tax and National Insurance (NI). This reduces the amount of tax and NI paid so that savings on the list price of the cycle and safety equipment can be made in the first year, according to your tax band.

### **Here is an example:**

The University agrees to loan you a cycle and safety equipment with a retail value of £600, and in return your gross salary is reduced by £50 per month for 12 months.

For a basic rate tax payer, the equivalent monthly net reduction in pay would be around £35 and for a higher rate taxpayer, around £30.

### **What is the maximum value?**

The maximum retail value for cycles and safety equipment is £1000.

### **How do I order a cycle and safety equipment?**

The University has teamed up with Cyclescheme [www.cyclescheme.co.uk](http://www.cyclescheme.co.uk). Cyclescheme has a network of over 1300 independent cycle stores nationwide so you can order a bike and safety equipment from any of them (use the 'bike shop finder' on Cyclescheme's homepage).



\* [www.sustainability.manchester.ac.uk/campus/travel](http://www.sustainability.manchester.ac.uk/campus/travel)

To order a cycle and safety equipment,

1. you first need to get a paper quote for the retail value of your chosen bike from your selected store. You will need the University's employer code which is: b01a32.
2. enter the paper quote for the retail value online at [www.cyclescheme.co.uk](http://www.cyclescheme.co.uk)  
Type in the employer code ('b10a32') on the homepage and click refresh or press return.
3. click on 'Request a voucher' in the bottom left hand corner and follow the instructions.

As you are signing an agreement under the Consumer Credit Act we recommend that you print a copy for your own records.

If you do not have access to the internet you can call Cyclescheme on 0844 879 5101 to register your quote.

Once registered, Cyclescheme will ask the University to accept or reject your application. You will be accepted provided you are eligible to take part.

### **What are the eligibility criteria?**

The scheme is open to all employees who are able to exchange the amounts needed for a period of 12 months. We must ensure that your salary would not fall below the national minimum wage as a result of you participating in this and any other salary exchange arrangement.

### **Approval**

Once your application is approved, the University will pay the full amount to Cyclescheme for your cycle and equipment. Cyclescheme will then send a voucher for the total amount to your home address for you to redeem at your cycle shop.

Your monthly salary will be reduced by 1/12 of the total cost starting from the payroll immediately following settlement with Cyclescheme.

Should we not be able to approve your application we will contact you immediately.

### **How long does this process take?**

After applying, this process usually takes around 3-4 weeks.

**What can I use my voucher for?**

Eligible equipment includes cycles and cyclists' safety equipment. The tax exemption defines a "cycle" as 'a bicycle, a 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 (c.52)). An electrically assisted pedal cycle can be included under the scheme.

Cyclists' safety equipment is not similarly defined in the legislation so a common sense approach should be taken to the equipment provided. This could include:

- Cycle helmets which conform to European standard EN 1078
- Bells 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

**What happens at the end of the 12 month agreement?**

During the initial 12 month period the cycle is 'loaned' to you by the University. At the end of this period, Cyclescheme takes ownership of the bike. You may be given the opportunity to transfer ownership to yourself by paying the fair market value of the cycle and safety equipment at this time. If you do not wish to retain the cycle and equipment, you can return it to Cyclescheme who will accept it once you have paid an administration fee.

**What will be the Fair Market Value (FMV)?**

HMRC permits employers to follow a simplified valuation approach for establishing FMV. It has published a table of acceptable FMV levels which vary according to the age of the bike and the original purchase price including equipment; for example, after one year the FMV of a cycle and equipment originally costing under £500 would be 18%, and after 4 years, 3%.

Please follow the link for the complete table and further information.

[www.hmrc.gov.uk/manuals/eimanual/EIM21667a.htm](http://www.hmrc.gov.uk/manuals/eimanual/EIM21667a.htm)

**Can I extend my hire agreement?**

If you do not want to own the bike at this stage, it may be possible to enter into a secondary agreement for a fixed period. You would be required to pay a one off continuation deposit with no further payments due during the extended hire period.

At the end of the extended hire period, you may be given the opportunity to become the owner of the bike, or return it to Cyclescheme. If you wish to own the bike, Cyclescheme will retain the continuation deposit.

For more details on the options after 12 months, please see:  
<http://emails.cyclescheme.co.uk/files/mvemployeefaqs.pdf>

**Can the University pass on VAT savings?**

As the University is not VAT registered and therefore can not reclaim VAT, no savings can be passed to you.

**What happens if I leave the University before the 12 month agreement has ended?**

The tax and NI concessions are available only whilst you are an employee. Therefore, on leaving the University, an amount equivalent to the salary you would have exchanged over the remaining term of the agreement will be due to the University and this will be taken from your final salary payment as a net pay deduction.

You may also be given the option of buying the bike at the end of the 12 month agreement, by following the FMV process described earlier.

**Does taking part affect my pension or any other entitlements?**

Obtaining a bike under C2W does not affect your University pension if you are a member of one of the following schemes - USS, UMSS or GMPF. For further information please see the PensionChoice area of StaffNet.

[www.staffnet.manchester.ac.uk/pensionchoice](http://www.staffnet.manchester.ac.uk/pensionchoice)

If you are a member of the NHS Pension Scheme, as your post exchange pay is pensionable, participating in a salary exchange arrangement will reduce both your pensionable pay and the amount of your pension contributions. So if you need to claim benefits either during the period of salary exchange or shortly afterwards, those benefits may be lower than they otherwise would have been. See [www.nhs.uk/Pensions.aspx](http://www.nhs.uk/Pensions.aspx)

Should you have any particular questions relating to this scheme and your pension membership, please email [pensions@manchester.ac.uk](mailto:pensions@manchester.ac.uk).

**Do I need to insure the cycle?**

Despite the cycle being 'loaned' the rules of the scheme clearly state the employee takes responsibility for the maintenance and security of the cycle. Therefore it is strongly advised that insurance is taken out for both at and away from home. We recommend that you also obtain an excellent quality lock to protect your bike, see [www.soldsecure.com](http://www.soldsecure.com).

**How often do I need to cycle to work, does it need to be the whole way and can I get more than one bike?**

Under the rules of the scheme, you should use the cycle to get to work for at least 50% of the cycle's usage. This can be for part of the journey, eg. to a train station. You can purchase two cycles at one time but they must both be needed for the work journey (eg. either end of a train journey), both be for yourself and the total retail value including safety equipment cannot exceed the £1000 limit.

**Changes to C2W**

The University has obtained approval from HMRC to offer C2W to its employees. If HMRC changes the rules that govern salary exchange arrangements such as C2W, the University reserves the absolute right to change, suspend or withdraw the scheme without notice.

**Any more questions?**

For any further queries please contact the University's Travel Plan Co-ordinator, who works in a part funded role:

Andrew Hough [a.j.hough@mmu.ac.uk](mailto:a.j.hough@mmu.ac.uk) 0161 247 1364

Please do also use Cyclescheme's website and contact them directly for further detail and general scheme queries:

[www.cyclescheme.co.uk](http://www.cyclescheme.co.uk) 0844 879 5101

Department of Transport guidance:

[www.dft.gov.uk/pgr/sustainable/cycling/cycletoworkguidance](http://www.dft.gov.uk/pgr/sustainable/cycling/cycletoworkguidance)

HMRC guidance:

[www.hmrc.gov.uk/manuals/eimanual/EIM21664.htm](http://www.hmrc.gov.uk/manuals/eimanual/EIM21664.htm)

University Travel Plan and Cycling:

[www.sustainability.manchester.ac.uk/campus/travel/cycling](http://www.sustainability.manchester.ac.uk/campus/travel/cycling)