

MANCHESTER
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The University of Manchester

SIXWAYS
to wellbeing

be *active*

Cycle to Work Scheme

Scheme Update 2020



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Scheme update 2020

Since 2010 our Cycle to Work Scheme has offered staff a way to a bike up to £1,000 to use for commuting to work payable over 12 monthly instalments. Over the past few years there has been a growing sustainability and wellbeing agenda at the University and we wished to support the growing demand for eBikes and mobility bikes, which in general exceeded our £1,000 scheme limit.

The Cycle to Work Alliance issued a statement in 2018 that the current cost of a good quality electric bike is often beyond the reach of those who would benefit the most, including those with disabilities and older workers.

New Government guidance enables our Cycle to Work Scheme provider Cyclescheme, to now offer higher priced bikes to our staff via their FCA registration. This change dramatically increases the value staff can lend to £2,820 (or 5% of gross salary) to purchase a bike or safety equipment in line with our Annual Season Ticket Loans Scheme.

What is the Cycle to Work Scheme?

To promote healthier journeys to work and to reduce environmental pollution, the Finance Act 1999 introduced an annual tax exemption that permitted employers to loan cycles and cyclists' safety equipment to their employees as a tax-free benefit. Until recent government changes, employees hired their cycling gear from an employer. You could do this because of the Financial Conduct Authority's (FCA) exemption allowed employers to loan their staff cycling gear worth up to £1,000. The new government guidance allows University employees to hire their bike directly from Cyclescheme. As Cyclescheme has their own FCA Authorisation, you can hire bikes, components and accessories up to £2,820.

Sustainability and the Cycle to Work Scheme?

Our environmental sustainability vision is for the University to use its full range of knowledge and influence to support a world that is environmentally sustainable. The University of Manchester has a Sustainable Travel Plan which aims to encourage sustainable travel, such as cycling. Cycling to Work 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. The University has been implementing sustainable travel initiatives for over 15 years. We have received a gold accreditation from Transport for Greater Manchester for our work and an additional Champion of Champions' award for excellence in promoting sustainable travel. View our Travel Plan:

<http://www.sustainability.manchester.ac.uk/travel/staff/>

Wellbeing and the Cycle to Work Scheme?

The University's Wellbeing Strategy wants to enable more staff to feel healthy. A study in 2017 of 250,000 UK commuters revealed that cycling to work on a regular basis can almost halve their risk of heart disease and cancer. Regular cycling isn't just good for your physical health: it also benefits your mental wellbeing. Aerobic exercise can reduce your levels of cortisol (the 'stress hormone'); stimulate the release of endorphins (the 'feel good hormones') which can help reduce anxiety; promote mindfulness which can be a break from negative thoughts and generally can boost your mood. Regular exercise (three or more times per week) also reduces your risk of becoming depressed and increases self-esteem which can help you withstand stress better.

How are the savings made?

In order to hire a bike and/or equipment, an employee agrees to a monthly reduction in earnings equal to 1/12 of the cost 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 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.

Can I place an order above £2,820?

The University can only approve orders of up to £2,820 (or 5% of gross salary) subject to eligibility and affordability checks.

What are the eligibility criteria?

The scheme is open to University of Manchester employees who are on a contract of employment that should have regular hours and not be scheduled to end before the hire payment period of 12 months. In addition your salary will be checked to ensure it will not fall below the National Minimum Wage as a result of you participating in this and any other salary exchange arrangement.

How do I order a cycle and/or safety equipment?

Cyclescheme has a network of over 2000 independent cycle stores nationwide so you can order a bike and/or safety equipment from any of them:

<https://www.cyclescheme.co.uk/retailers>

To order a cycle and/or safety equipment:

1. First get a paper quote for the retail value of your chosen bike and/or safety equipment from your selected store. You will need the University's employer code which is: UOM.
2. Enter the paper quote for the retail value online at www.cyclescheme.co.uk
3. Type in the employer code (UOM) on the homepage and click 'let's get started'.
4. Scroll down and click on 'Request your certificate' and follow the instructions.
5. 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.

Which bikes and safety equipment are eligible?

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
- Bells
- 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
- Child safety seats

- 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
 - Excluded: Bicycle components such as frames etc. are not permitted.

Approval

Once your application is approved and completed by HR Services, the certificate will be emailed out to the individuals by Cyclescheme and will be effective immediately. Your monthly salary will be reduced by 1/12 of the total cost starting from the next available payroll following completion by HR Services. Should your application not be approved, you will be contacted as soon as possible.

How long does this process take?

After approval, this process should take up to three days.

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 (without Tax and NI savings). 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.

What happens at the end of the 12 month agreement?

If you do not want to own the bike and/or equipment 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 and/or equipment, or return it to Cyclescheme. If you wish to own the bike and/or equipment, Cyclescheme will retain the continuation deposit.

For more details on the options after 12 months, please see:

<https://help.cyclescheme.co.uk/article/42-what-is-an-ownership-fee>

Or this short video explaining the options:

<https://www.cyclescheme.co.uk/get-a-bike/how-it-works>



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/or 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

Can the University pass on VAT savings?

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

Does taking part affect my pension or any other entitlements?

Obtaining a bike with the Cycle to Work Scheme 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 Pensions area of StaffNet.

<http://www.staffnet.manchester.ac.uk/human-resources/current-staff/pensions/>

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.nhsbsa.nhs.uk/Pensions.aspx Should you have any particular questions relating to this scheme and your pension membership, please email pensions@manchester.ac.uk or tel: 0161 275 2043 (internal 52043)

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. It is strongly advised that insurance is taken out for your bike, for home and away usage. We recommend that you also obtain an excellent quality lock to protect your bike. The University has a subsidised lock scheme: <http://www.sustainability.manchester.ac.uk/travel/staff/cycling/>

How often do I need to cycle to work?

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. Cyclescheme advises: At least 50% of the bike and/or accessories use should be for work purposes. For example, if you used the bike 10 times in a year, at least 5 of those journeys must be work-related. <https://help.cyclescheme.co.uk/article/44-do-i-have-ride-to-work-everyday>

Can I get more than one bike?

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) and both be for yourself. Please note that the £2,820 (5% of gross salary) salary exchange limit still applies.

Changes to Cycling to Work

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

Contacts

Cyclescheme <https://www.cyclescheme.co.uk/help/contact-us>. You can call Cyclescheme for free* on 0344 879 5101. (* for free or at your standard network rate).

HR Services: hrservices@manchester.ac.uk 0161 275 4499

Pension Team: pensions@manchester.ac.uk Tel: 0161 275 2043 (internal: 52043)

Useful information

Cyclescheme help pages:

FAQs <https://help.cyclescheme.co.uk/collection/27-employee-answers>

<https://www.cyclescheme.co.uk/help>

How end of hire works (video):

<https://help.cyclescheme.co.uk/article/42-what-is-an-ownership-fee>



University Cycling Facilities (including showers)

<http://www.sustainability.manchester.ac.uk/travel/staff/cycling/>

UMBUG is the University of Manchester Bicycle Users' Group, supporting all cyclists at the University.

<http://umbug.manchester.ac.uk/get-more-involved/>

Cycle registration scheme and subsidised lock scheme:

<http://www.sustainability.manchester.ac.uk/travel/staff/cycling/>

Serious Cycle Scheme

<https://www.staffnet.manchester.ac.uk/human-resources/benefits/discounts/uni-discounts/home/serious-cycle-scheme.htm>

Fitness and outdoor UniDiscounts (including cycling related):

<https://www.staffnet.manchester.ac.uk/human-resources/benefits/discounts/uni-discounts/fitness--outdoors/>

