

Cycle 2 Work FAQs

Key contacts:

Halfords on 0345 504 6444 (Monday-Friday 8am-7pm)

IPSA Payroll on 0207 811 6400, option 2 (Monday-Friday 9am-5pm)

www.cycle2work.info

Please note the following list is not exhaustive.

1. Can I purchase bikes from other organisations besides Halfords?

Yes! You can also shop at www.tredz.co.uk online by using your LOC number in the checkout process and www.E-bikesdirect.co.uk by browsing online and then calling us on 0345 504 6444 or emailing cycle2.work@halfords.co.uk to place an order.

You can also shop with over 800 independent bike shops who accept our Letters of Collection. Visit the Store Locator www.cycle2work.info/bikes/store-locator to see your local options.

2. How do I apply for the scheme?

Please go to the Cycle 2 Work website; www.cycle2work.info and click on Employee Sign Up.

3. What is IPSA's employer code?

IPSAC2W

4. What email should I register the scheme with?

You can use any, work or personal.

5. How long do I have to apply for the scheme?

The scheme is operating all year round – you can apply at any time.

6. How long will recoveries be made from my salary?

12 months.

7. How much will I save in tax and National Insurance contributions by joining the scheme?

Please refer to the Savings Calculator on the Cycle 2 Work website: www.cycle2work.info

8. Can I select more than one bike?

The legislation does not prohibit the selection of two cycles providing that both are used for commuting to work.

9. What if I don't use the bike every day to get to work?

It is OK to use the cycle to work scheme for a bike that you use 'when practical' to get to work.

10. What if I don't use it for my entire journey?

It is also OK to use the bike for part of a journey to work e.g. to get to the station.

There is no requirement for the cycle to be your main form of transport, or even a regular form of transport, to get to work. The only requirement is that the main use of the bike should be for home to work travel.

11. What if I also use the bike for other journeys?

You are welcome to use your Cycle 2 Work bike at any time for recreational use.

12. Do I have to keep records of when I use the bike to get to work?

No. There is no requirement to keep records.

13. What is a Letter of Collection (LoC)?

LoC stands for Letter of Collection of which you exchange for your chosen bike.

14. When can I collect my bike?

As you soon as you receive your Letter of Collection (LoC) you can go and collect your bike. The LoC will be emailed to you within 2 weeks of signing up.

15. What equipment is available?

Cycles and cyclist's safety equipment are included. 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 (c52.)). An electrically assisted pedal cycle can be included under the scheme. Cyclists' safety equipment is not defined in the legislation and a common sense approach should be taken when selecting it. This could include:

- Cycle helmets which conform to European standard EN 1078,

- Bells
- Bulb horns
- Lights including dynamo pack
- Mirrors and mudguards to ensure the riders visibility is not impaired
- Cycle clips and Dress guards
- Panniers, luggage carriers and straps to ensure luggage is carried safely
- Locks and chains to ensure cycle can be safely secured
- Pumps, Puncture repair kits, tool kits and tyre sealant to allow for minor repairs
- Reflective clothing, white front reflectors and spoke reflectors
- Child Seats

Accessories that are not available include forks, frames, Sat Navs, cycle computers, Gro Pro computers, turbo trainers and cycle racks. Items such as frames and forks are cycle components not safety equipment: safety equipment is something you add to the cycle or the cyclist to make cycling safer.

More details on HMRC guidance is available here; www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim21664

16. Is any care plan included?

Yes, you will receive a free one year bike care plan on all bikes. This includes an annual Silver service at the end of the plan and fitting on all parts and accessories bought from Halfords.

17. What happens if I do not use the bike for commuting after I have joined the scheme?

You will no longer qualify for the tax relief afforded to this benefit. In such circumstances you should contact the IPSA payroll department who will arrange for the remaining salary reductions to be taken from your net pay i.e. after tax and National Insurance have been deducted. You cannot return the cycle and have your salary re-adjusted.

18. I've only been employed as a member of staff for a short time or am a casual member of staff. Can I take part?

Yes, however you may be given alternate options to the salary sacrifice scheme. Please apply in the usual way: www.cycle2work.info

19. Can I take part in more than one scheme?

No, you can only apply for another cycle when your 12 month hire period has finished.

20. Who owns the equipment?

The legislation that governs a cycle to work scheme states that IPSA must own the equipment. There can be no automatic right for you to own the equipment at the end of the agreement. If you do,

there cannot be a claim for tax exemption. Therefore, a cycle to work scheme operates as a loan. IPSA is technically lending the equipment to you for a fixed-period of time. Although you do not actually own the equipment, you remain custodian of the equipment and are free to use it as you wish, providing it is mainly for cycling to work.

21. What is the maximum value of equipment I can obtain through cycle2work? / What is a Group Consumer Credit License?

The Office of Fair Trading has issued a Group Consumer Credit License allowing any employer to run a cycle2work scheme. The license allows you to hire equipment up to the value of £1,000 inclusive of VAT.

22. What if I am over state retirement age?

You will benefit from tax savings but not from any savings in National Insurance. Your employer will still save employer's National Insurance.

23. Can I get change from a Letter of Collection if I don't use it all?

No. You need to choose a LoC to the nearest £1 above the value of the bike and related equipment that you want to collect.

24. Can I participate if I am under 18?

Yes, however a guarantor form would need to be completed by your employer.

25. Is this a hire purchase agreement?

No. the bike is provided to you as a benefit under a salary sacrifice scheme. This means that you agree to a reduction in your salary and IPSA provides you with a bike for use to get to work.

26. Can I join if I am on the National Minimum Wage (NMW)?

Yes, however you will be given alternate options to the salary sacrifice scheme. Please however apply in the usual way, through www.cycle2work.info

27. What if I leave my employment or am made redundant?

If you leave before the end of the agreed repayment period, you must pay IPSA the balance of the amount still to pay and this will be deducted automatically from your final net pay. If your final salary does not cover the final balance owed, IPSA will write to you for the outstanding sum.

You may then have continued use of the equipment without further payment until the agreed repayment period expires, when you may be offered the opportunity to purchase the equipment for

its fair market value. However, this transfer of ownership is subject to a separate agreement and is not governed or influenced by the original agreement you signed as part of the scheme.

28. What if I already have another salary sacrifice benefit, childcare vouchers for example?

Being part of more than one salary sacrifice scheme is not an issue as long as the total amounts of the schemes do not take your salary below the National Minimum Wage. If your other scheme(s) i.e. Childcare vouchers, leave you above the National Minimum Wage, you can only salary sacrifice to the point where your gross salary remained at least the National Minimum Wage.

29. What if my bike gets a fault; or accidentally damaged; or is stolen?

You will receive a warranty with your bike, the length of this warranty is generally dependent on the brand. The responsibility for loss, damage, theft, roadworthiness and repair is yours for the duration of the scheme.

It is recommended that you obtain separate insurance, or check your bike is covered under your home contents insurance policy.

If your home contents insurer covers the bike, you must inform them that IPSA owns the bike.

Payments will not stop or be suspended due to loss or damage to the bike.

30. Can I use the scheme to obtain a bike for someone else?

No. it must be for you to use for at least part of your journey to work.

However if you participate in the scheme you will receive a 20% off the entire Apollo bike range for your family members.

31. Can I add my own money to the Letter of Collection value to get a more expensive bike?

No. You cannot “top up” or add to your Letter of Collection using your own funds because you don’t own the bike during the term and this would cause issues at the end of the hire period.

32. Why doesn’t my agreement show my actual savings?

The gross payment is the value before tax and National Insurance has been taken and is stated on your agreement and each of your payslips. The net payment is the true cost after your tax and National Insurance savings and varies from person to person. Your agreement will state a gross value as this will not change based on personal tax circumstances.

33. What happens at the end of the scheme?

When your cycle2work hire finishes, Halfords will be in touch with you to discuss your options relating to the “transfer of ownership”.

34. Will a salary sacrifice affect my entitlement to benefits?

Possibly, although in most cases the effect is likely to be small. However, you need to be aware of the implications of paying less National Insurance contributions and accepting a reduced salary. For a small number of employees a cycle to work scheme might not be appropriate. There may be an impact on:

- Entitlement to contribution-based benefits like the state pension, statutory sick pay, statutory paternity pay, statutory adoption pay, jobseeker's allowance, incapacity benefit, widowed parents allowance, bereavement allowance and bereavement payment. This is particularly likely if your salary after taking a salary sacrifice falls below the Lower Earnings Limit.
- Entitlement to earnings-related benefits like maternity allowance, the state second pension and statutory maternity pay, which are based on the actual gross pay you receive.

If you would like a fuller explanation of the effects of salary sacrifice on benefit entitlement, please contact HMRC.

35. What if I change my mind after I've collected the bike?

Once your Letter of Collection has been issued – you have a 14 day 'cooling off' period in which you are able to cancel the agreement.

36. Is Statutory Maternity Pay (SMP) affected?

SMP might very well be affected. SMP is based on the actual pay you receive and not your basic salary before any salary sacrifice. Therefore, if you choose to reduce your salary to benefit from cycle to work, the salary on which SMP is based would be reduced.

However if you qualify for occupational maternity pay, based on your length of service, this is calculated using your basic salary and would not be affected by this scheme.

37. What about other statutory entitlements?

If these are based on actual and not basic salary, these may also be affected.

38. Will Salary Sacrifice have any impact on an Attachment of Earnings Order (AEO)?

An AEO (issued by a court or local authority) provides that part of your net income (i.e. your pay after deduction of tax and national insurance) is deducted by your employer until the debt covered by the order is paid. Where an employee participates in a salary sacrifice scheme, the value of bicycle benefit is ignored for the administration of AEO's.

39. If I get any type of tax credits, are these affected?

You will need to check your individual circumstances at the time. As your salary will be reduced, your entitlement to tax credits may increase.

40. Will Salary Sacrifice have any impact on my Child Maintenance and Enforcement Commission payments/Child Support Agency payments?

Child maintenance payments to the Child Maintenance and Enforcement Commission are broadly calculated by reference to your net income i.e. your pay after the deduction tax and National Insurance contributions. The value of any bicycle benefits provided under salary sacrifice is not included in this calculation.

Further details can be obtained from the following website: <http://www.childmaintenance.org>.