

FAQ



Royal Borough of Windsor & Maidenhead (RBWM) Cycle2work scheme Frequently Asked Questions (FAQ)

1) What is Cycle2Work?

Cycle2Work allows you to enter into a salary sacrifice scheme for a period agreed by RBWM, as a result of which, you'll be provided with the use of a bicycle of your choice and (if you choose) safety equipment (the “Goods”) to meet your specific commuting and private needs. In this context, “commuting” means journeys made between the home and workplace, or part journeys (e.g. to the station), or journeys between one workplace and another.

Whilst participating in the scheme, the Goods will remain the property of Cycle2Work, and you may not profit from, transfer, sell or otherwise dispose of them.

2) Am I eligible to apply?

Cycle2Work is governed by HM Revenue & Customs (“HMRC”) and is open to all permanent employees (excluding those on probation). Fixed term employees may participate providing the end date of the hire period is before the expected termination date of their contract. Cycle2Work and RBWM reserve the right to decline a request to participate in the scheme, although participation will not be unreasonably withheld. Each request will be subject to authorisation by RBWM and/or the schools, and Cycle2Work will only process orders suitably approved.

3) When can I apply?

You can apply all year round after completing the probation period.

4) How do I apply for the Cycle Benefits Scheme and how does it work?

Here are the application steps:

- a) Explore bike options and decide the value you would like to apply for.
- b) Submit your application on the [Cycle2work platform](#) to request a Letter of Collection (LoC) for the specific value.
- c) Complete the [Application eForm](#) on the intranet to obtain approval from your Assistant Director (or above) or Headteacher/Bursar for school employees.
- d) Once your request is fully approved. You will enter into the Hire Agreement and you will receive an email with the LoC attached.
- e) Take the LoC to the shop and collect your bike.

5) How do I know what value to apply for?

Your spending limit is £1,800. You will not be able to apply for an amount that would take you below National Minimum Wage or National Living Wage.

IMPORTANT: You should select an LoC value that covers the exact price of your chosen Goods. If you spend less than the value of your LoC, your salary sacrifice will still be for the full value of the LoC and it is not amendable.

6) How will I pay for the bike and/or safety equipment?

Once your application has been approved on the Cycle2work platform and the LoC is issued. The payments will be spread over 12 months through salary sacrifice and the first payment will be taken from the next available payroll subject to when your application is approved. Please refer to Question 20 for more details about salary sacrifice.

7) What safety equipment is available through Cycle2Work?

Permitted safety equipment includes cycle helmets conforming to European Standard EN 1078, bells, bulb horns, lights including dynamo packs, mirrors and mudguards, cycle clips and dress guards, panniers, luggage carriers and straps, locks and chains that safely secure your cycle, pumps and puncture repair kits, tool kits and tyre sealant to allow for minor repairs, child seats, reflective clothing and reflectors.

Accessories that are not available include forks, frames, Sat Navs, cycle computers, Go pro cameras, turbo trainers and cycle racks.

8) From where can I get my bike and/or safety equipment?

You can get from:

- Halfords instore or Click and Collect online (www.halfords.com)
- Tredz instore or online (www.tredz.co.uk)
- Selected independent bike shops - Visit our store locator on www.cycle2work.info to see your local options, or check with your local independent bike store

IMPORTANT: Please ensure you complete the application process outlined in question 4 to obtain approval before making any purchase. Remember, you can take advantage of promotions or sales prices when selecting a bike from Halfords or Tredz. However, if you are a member of British Cycling, your discount cannot be applied when redeeming your LoC.

9) What is a Letter of Collection?

Once you enter into the Hire Agreement, you will be provided with a Letter of Collection (**LoC**) for the agreed monetary value. This document allows you to obtain your bike and/or safety equipment from the store of your choice. The LoC cannot be used for any other purpose and may not be redeemed by anyone else, with or without authorisation. Once issued, the LoC cannot be returned or have its value modified. You must use the entire value of the LoC in one transaction, as it is single-use, and the amount you applied for will be the amount that you pay even if you spend less. The LoC must be used within four calendar months of its issue date. Halfords and RBWM reserve the right to change the LoC values available during the Cycle2work scheme.

10) What is a Hire Agreement and Hire Period?

Your Hire Agreement is the document you sign to say you want to join the scheme, which is essentially the 'terms and conditions' of the Cycle2work scheme. Your Hire Period is how long the agreement is valid for – this is the 12-month period in which you will pay your salary sacrifice.

11) Once I sign the Hire Agreement, can I change my mind?

Yes, there is a fourteen (14) day cooling-off period from when you electronically sign your hire agreement.

12) I'm paid close to the National Minimum Wage. Can I still take part?

Yes, although your wage may limit the value of the bike and/or safety equipment available to you as your gross basic pay cannot fall below the applicable National Minimum Wage or National Living Wage at any time during your employment.

13) Can I choose more than one bike?

No. You may only have one bike per hire agreement.

14) What if I don't use the bike for commuting?

If you don't use the bike for commuting, you'll no longer qualify for the tax relief. If so, payroll team will arrange for the remaining salary reductions to be taken from your pay.

15) Can I use my LoC to get a bike for a family member, partner or friend?

No. The bike must be used by you, mainly for commuting to work.

16) How can I collect the bike and/or safety equipment?

As soon as you receive your LoC, you can go and collect your bike and/or safety equipment. If they're in stock at your chosen retailer, simply surrender your LoC and present a form of ID (e.g. ID card, passport, driving license, birth certificate). If they aren't in stock, ask for them to be ordered, and then present your LoC and ID on collection.

17) Once I've picked up my bike and/or safety equipment, do I own them?

No, Cycle2Work will still own the items. Technically, they are being loaned to you for a fixed term.

18) What if my bike is stolen or accidentally damaged?

We recommend you get bike insurance or check if your bike is covered under your home contents insurance policy. If your home contents insurer covers the bike, you must inform them that Cycle2Work owns the bike. Alternatively, you may wish to take advantage of the 8-week free insurance offer provided by Cycleplan as part of your Cycle2Work Hire Agreement. Whichever option you choose, please be reminded that your salary sacrifice will not stop or be suspended due to loss or damage.

19) What happens at the end of the Hire Period?

There's no automatic entitlement for you to take ownership of the bike and/or safety equipment at the end of the Hire Period. However, you may be contacted and requested to decide from the following options. This will include **Option 1** - extend the hire of the bike at no additional cost until HMRC deem the value to be negligible.

- **Option 1 – Extend the hire at no cost until HMRC considers the value negligible**

You may keep the bike and/or safety equipment on a cost-free extended hire for 4 years (in total) if your LoC was less than £500, or for 6 years (in total), if your LoC was £500 or more. To exercise this option, select **Option 1** and complete the modifying agreement and Halfords will take over your hire agreement from RBWM. Once this agreement has finished you will become the rightful owner!

- **Option 2 – purchase at the fair market value at that time (plus VAT)**

Halfords will transfer the ownership to you at a value of **18% or 25%** of the LoC value, deducted from your net salary as a one-off payment per the HMRC matrix below. If you decide to change ownership before the Hire Agreement ends due to leaving your employment with RBWM and/or the schools, you must repay the outstanding pre-tax balance of your Hire Agreement, in addition to the transfer payment.

Age of Bike	Acceptable Disposal Value Percentage	
	Original price of the bike (<£500)	Original price of the bike (£500+)
1 year	18%	25%
18 months	16%	21%
2 years	13%	17%
3 years	8%	12%
4 years	3%	7%
5 years	Negligible	2%
6 years +	Negligible	Negligible

- **Option 3 – Return the bike and/or safety equipment to Halfords**

20) How does the salary sacrifice work?

Broadly speaking, salary sacrifice allows you to exchange part of your taxable salary for a specific benefit (i.e. the Cycle2Work scheme), which is exempt from tax and/or National Insurance (NI) contributions. While your taxable salary will decrease when you join the scheme, you receive an equivalent benefit that is not subject to these deductions.

In practical terms, after you enter the Hire Agreement, your gross salary will be reduced by the monthly salary sacrificed amount. This reduction starts with the first salary payment after receiving your LoC and will remain in place for the hire term. At the end of this period, your salary will revert to its original level subject to any adjustments that have occurred since e.g. pay rises, promotions.

21) Will my Hire Agreement show my tax and National Insurance (NI) savings?

No. Your Hire Agreement will only display a gross value before tax and NI deductions. The net payment is the true cost after tax and NI savings, varies for each individual and therefore cannot be shown in the documentation.

22) Will joining Cycle2Work affect my pension or other benefits?

Potentially. The Cycle2work scheme will not affect pension arrangements for LGPS, TPS or AVC contributions. However, it may affect other benefits such as statutory maternity or paternity pay, statutory sick pay and working tax credits, as these are calculated on your actual earnings.

For more details, please check with the payroll team before signing up. Alternatively, more information about salary sacrifice and the impact on benefits are available on the HMRC website at [Salary sacrifice for employers - GOV.UK](https://www.gov.uk/salary-sacrifice)

23) Do these arrangements change anything else about my employment?

No. The variation to your employment terms and conditions relates only to the agreed reduction in gross salary and the provision of the benefit described; your employment terms will otherwise remain unchanged.

24) Is there any limit to the amount of salary I can choose to sacrifice?

Yes. As described in Question 5 and 12, you cannot sacrifice your salary to an extent which will cause your earnings to fall below the applicable National Minimum Wage or National Living Wage.

25) Can I withdraw from the scheme and revert to my original salary at any time?

You are generally expected to enter the Cycle2Work scheme for a period of 12 months. However, in certain personal circumstances such as the birth of a child or a divorce, you may be permitted to withdraw earlier.

If this is a concern for you, please speak to RBWM Human Resources at pay.benefits@rbwm.gov.uk

26) What if I am away from work for some time?

If you're absent from work during the period covered by the Hire Agreement, your salary reduction will remain in place and will be deducted from any pay you receive (e.g. sick pay or maternity pay).

If you're temporarily not in receipt of salary payments for whatever reason (e.g. statutory sick or statutory maternity) but remain an employee, your Hire Agreement will remain in place but it will be extended until either (i) you revert to receiving salary payments or (ii) you leave employment, whichever comes first.

27) What if I leave employment early or I'm made redundant?

If you were to leave your employment before the end of the Hire Period, the outstanding balance (salary before tax) of your Hire Agreement will be taken from your remaining/final salary payments (net pay), and you can continue to use the bike and/or safety equipment until the Hire Period ends. You'll then be given the opportunity to transfer the ownership to you for their fair market value. However, this is the subject of a separate agreement and isn't governed by the Hire Agreement.

IMPORTANT: If the outstanding balance of your Hire Agreement cannot be fully deducted from your remaining/final salary payments, you must pay the remaining balance to RBWM or the schools.

28) Can these arrangements be challenged?

No. The scheme has clearance from both His Majesty's Revenue and Customs ("HMRC") and the Financial Conduct Authority ("FCA"). If you have any concerns, we recommend that you seek external advice.

29) Do I have to file anything with HMRC to join the scheme?

No. Your tax affairs will be dealt with as previously through PAYE and, if applicable, your own self-assessment return.



**If you have any questions,
please email
pay.benefits@rbwm.gov.uk.**