

# cycle work

**the UK's leading cycle to  
work scheme provider**



**TRAVEL SMART &  
STAY SAFE**

## INTRODUCING CYCLE2WORK

As the fastest growing cycle to work provider in each of the past four years, we at **Cycle2Work** want to share our passion for commuting by bike, whilst offering businesses and employees alike, the very best in choice, value and service.

Our customers are at the heart of everything we do, keeping us focused on delivering the ultimate cycling journey. Via our unique scheme, we're proud to offer a solution that's suitable for everyone, making it easier than ever to live a fitter, healthier lifestyle.



## WHAT IS CYCLE TO WORK?

Cycle to work is a government initiative that was introduced in 2001 to encourage more people to commute to and from work by bike, enabling people to make healthier choices and reducing the UK's carbon footprint.

The initiative also allows employees to make Tax and National Insurance savings on the cost of a new bike and safety accessories. These savings are achieved via salary sacrifice which is managed by their employer.



## A CYCLING REVOLUTION

Cycle2Work is a founding member of the Cycle to Work Alliance ("**CTWA**"), a group that aims to promote the benefits of commuting by bike, and that works closely with government and the wider policy-making community to encourage more people to cycle. The CTWA campaign for cycling inclusivity - and it is their work that has pioneered the recent changes to the guidance for employers.

That's why we, at Cycle2Work, are happy to support these changes which mean that everyone from fair weather riders to hardcore cyclists can now get whatever they need to commute by bike, irrespective of their budget.

## WHAT CHANGES WERE MADE TO THE SCHEME IN 2019?

Previously, employees hired their bike from their employer. This was made possible by the Financial Conduct Authority ("**FCA**") exemption that allowed employers to loan a cycle and associated safety equipment to their staff up to the value of £1,000.



However, this maximum limit has now been removed in instances where a third party with pre-existing FCA authorisation (such as Cycle2Work) hires the goods directly to the employee, even though the cost is still recovered by the employer through salary sacrifice deductions.

This £1,000 maximum will also not apply if the employer is authorised by the FCA for another separate regulated activity.

## THE CHOICE IS YOURS

In response to these legislative changes, we at Cycle2Work have updated our contract agreements so that we can use our authorisation to agree any limit on your cycle to work scheme. So now everything from the newest e-bikes to high-end specialist accessories are available, giving employees the best choice possible.

But of course, if an employer wishes to remain with the £1,000 limit, this is completely their decision.

It's important to note however, that regardless of scheme limit, from 16th September all new client schemes will introduce the Hire Agreements between Cycle2Work and the employee. This new approach offers clear commercial gains for employers by way of increased National Insurance savings and the removal of FCA authorisation fees (if they are already authorised for the purpose of having a higher limit).

The Department for Transport has also clarified that it is no longer acceptable to 'add funds' (also known as 'topping up'). This means that any employee in need of a bike or package worth £1,000 or more must go through the new process.

## WHAT ADMIN IS INVOLVED?

To ensure that employees continue to benefit from great Tax and National Insurance savings through Cycle2Work, they will be required to enter into a salary sacrifice agreement at point of application. Once their application is submitted, all the employer must do is authorise their request and implement the deductions over an agreed period of time (most commonly 12-18 months). It's as easy as that!

## WILL THE EMPLOYER & EMPLOYEES STILL MAKE SAVINGS?

Absolutely! Employers will still make savings of **13.8%** when running Cycle2Work, and benefit from **0.5%** savings on the apprenticeship levy.

Employees will also continue to make up to **47%** tax and National Insurance savings on the cost of the bike and safety accessories, dependent upon the level of tax they currently pay.

See the tables opposite for examples of savings made by both the employer and employee.

### EMPLOYEE SAVINGS

	£1,000	£1,750	£2,000
Basic rate tax payer saving	£320	£560	£640
Higher rate tax payer saving	£420	£735	£840
Additional rate tax payer saving	£470	£822.50	£940

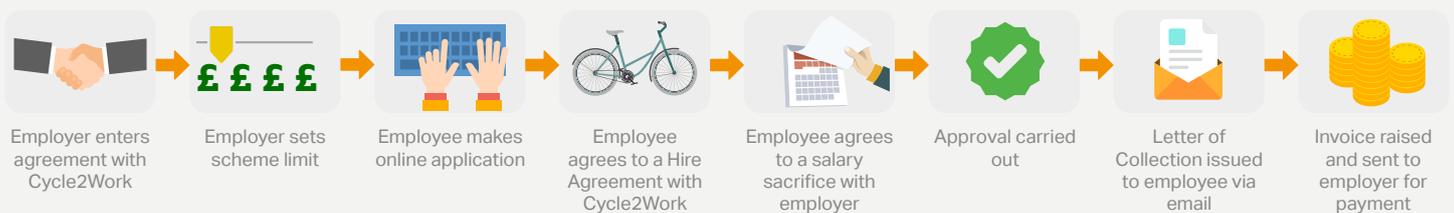
\*Above calculations are based on cost of cycle and safety accessories after Tax and Ni savings.

### EMPLOYER SAVINGS

£1,000	£1,750	£2,000
£138	£241	£345

\*Above savings based on 13.8% NIC savings

## SO WHAT IS THE PROCESS?



## WHERE CAN EMPLOYEES REDEEM THEIR LETTER OF COLLECTION?

Cycle2Work is supported by a wide range of specialist bike dealers, catering to everyone regardless of their needs, budget, location or journey to work! This includes:

**halfords**

Browse in-store at Halfords or online at [halfords.com](http://halfords.com)

**tredz**

Browse in-store at Tredz or online at [tredz.co.uk](http://tredz.co.uk)

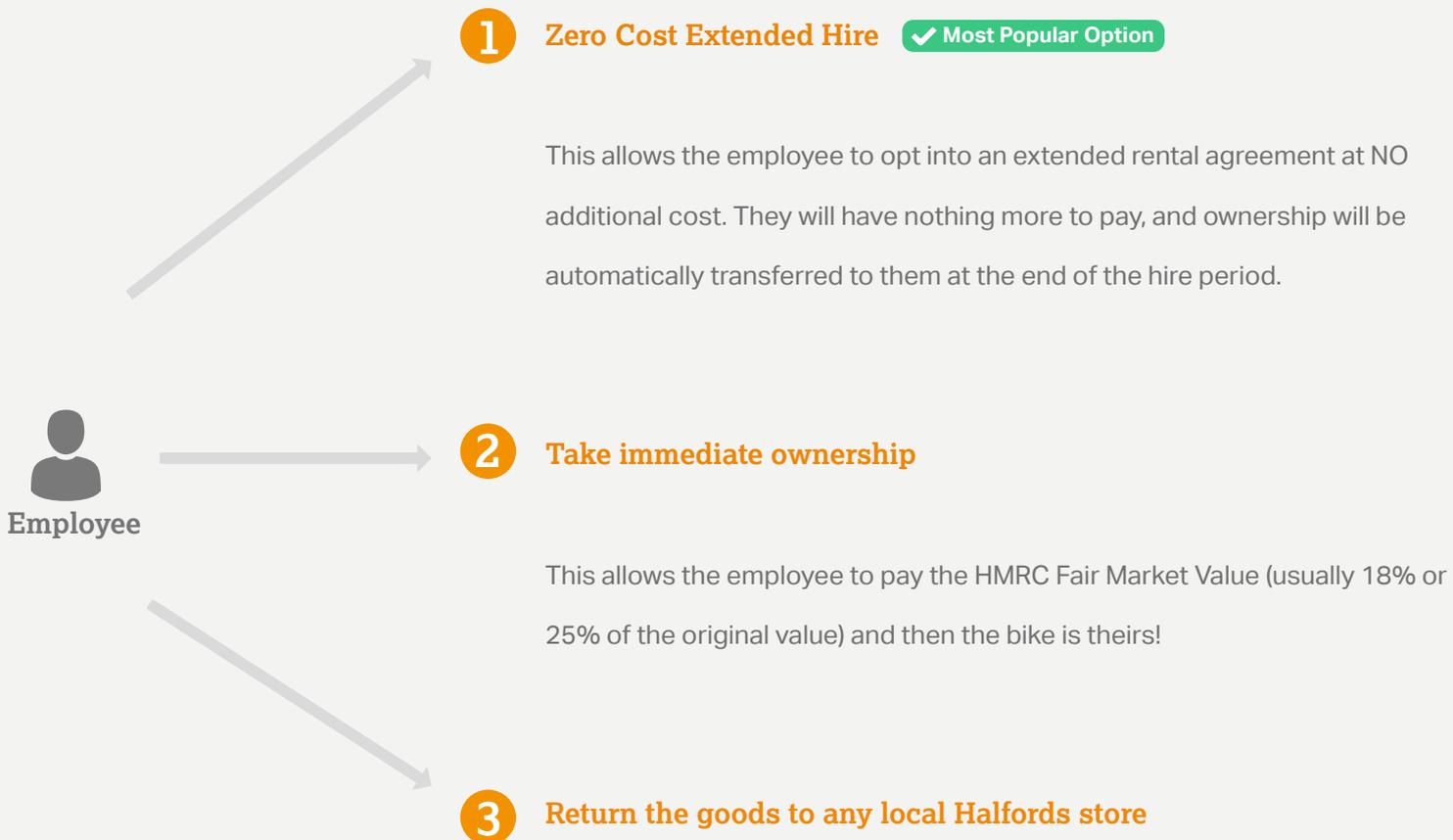
**Independent Bike Shops**

Visit our store locator on [www.cycle2work.info](http://www.cycle2work.info) to see your local options

What's more, employees can also benefit from regular discount offers at Halfords or Tredz - saving them even more on their perfect bike and accessories!

## WHAT HAPPENS AT THE END OF THE INITIAL HIRE PERIOD?

Cycle2Work offers three end of hire options:



## ARE THERE ANY ADDITIONAL BENEFITS TO EMPLOYEES?

**Of course!** When employees enrol onto the Cycle2Work scheme, they will have access to the following fantastic benefits:

- Free helmet voucher worth **£25**
- **10% off** cycling essentials at Halfords for 12 months
- Unlimited Lifetime **Safety Checks** on all cycles obtained through the scheme
- Lifetime **Guarantee** on Halfords brand cycles
- Access to all **sale and promotional prices** at Halfords and Tredz
- 8 weeks' free cycle **insurance**

### Introducing Scheme Protection

Early leavers is one of the biggest pain points for employers when looking to implement a salary sacrifice benefit. Here at Cycle2Work we have created Scheme Protection which ultimately protects employers against that risk, meaning if an employee were to leave the business and insufficient funds were available within their final salary then Halfords will pick up the deficit. It is important to note that there is a 5% admin charge for this service which we recommend is funded through the 13.8% NIC savings by running a Cycle2Work scheme. With this solution in play employers have full peace of mind that there is no financial risk to the business by launching the scheme.

