



QUANTOCK

EDUCATION TRUST

Cycle To Work Scheme Policy

DATE: March 2025

POSTHOLDER RESPONSIBLE: Director of Finance & Operations

TRUSTEES/GOVERNORS COMMITTEE: Finance, Operations & Audit Committee

AUDIENCE: Staff

STATUS: Ratified

DATE RATIFIED: March 2025

DATE OF NEXT REVIEW: March 2027

Contents

1. Introduction.....	3
2. Scheme Overview.....	3
3. Scheme eligibility.....	3
4. Terms of the Scheme.....	4
5. Salary Sacrifice Considerations.....	5
6. What happens at the end of the hire agreement?.....	6
7. Leaving the Organisation.....	6
8. Further Information.....	6
Appendix 1 – QET Cycle to Work Application.....	8

1. Introduction

- 1.1 Quantock Education Trust (QET) recognises it has a responsibility to contribute towards a sustainable environment and to encouraging its workforce to improve their health through increased fitness.
- 1.2 QET has identified that by offering a cycle to work scheme to employees it is supporting both these aims along with offering employees a benefit that allows them to make a financial saving on a purchase.
- 1.3 Any decision to authorise a cycle to work application will be made considering all relevant factors including the finances of the academy. The Trust reserves the right to refuse or defer any application having considered risks.

2. Scheme Overview

- 2.1 Cyclescheme has been chosen by the QET to provide and administrate the cycle to work scheme. Full details of the scheme including a comprehensive Frequently Asked Questions section can be found at the following link [The UK's Most Popular Cycle to Work Benefit - Cyclescheme](#).
- 2.2 Cyclescheme work with employers under this arrangement, to ensure that Hire Agreement terms and conditions are written in full compliance with the Office of Fair Trading, HM Revenue & Customs, Trading Standards and the Department for Transport regulations.
- 2.3 The Cycle to Work Scheme allows all Trust employees who meet the conditions outlined below to hire cycles and cycle safety equipment on a tax advantageous basis. Hire payments are made from gross salary and are deductible for tax and NI purposes. **All employees should familiarise themselves with the terms of the scheme and the implications of early termination prior to signing any agreement.**
- 2.4 The tax benefit is dependent on the following conditions being met:
 - The equipment hired must be a bicycle, bicycle related safety equipment or both.
 - The employee must remain in employment for the duration of the agreed hire period.
 - The employee must use the equipment mainly for commuting, although the employee is entitled to use it for other purposes as well.
- 2.5 The Cycle to Work Scheme operates on the basis of a salary sacrifice. The employee, in entering the scheme agrees a contract variation to accept a lower salary in exchange for Cyclescheme Ltd providing the cycle and cycle equipment. The trust funds the purchase of the cycle and receives the repayments from the employee.
- 2.6 The hire agreement is between the employee and Cyclescheme Ltd. An employee entering into the Scheme must read the agreement in full and be aware of the terms.

3. Scheme eligibility

- 3.1 The scheme is open to all Trust employees who have successfully completed their probation period or completed 6 months of service with the Trust. Employees can be full or part time but must have a contract of employment which extends beyond the period of hire (12 months).

- 3.2 The maximum spend on the cycle and cycle equipment **is capped at 10% of the employee's gross salary inclusive of VAT capped at a maximum of £3,500**. This is to support affordability of repayments. Employees may wish to purchase cycle packages that exceed the cap but will have to fund the difference themselves.
- 3.3 The employee must be attending work at the point of application.
- 3.4 To take advantage of the tax breaks that result from salary sacrifice please note:
- You need to be a UK taxpayer and be paid through PAYE by the Trust.
 - You need to be over 18 years of age to comply with Consumer Credit Act legislation;
 - You need to be earning more than the National Minimum Wage after your loan repayment has been deducted
 - A bike purchased under the scheme should be used for at least part of 50% of the journeys an employee travels to and from work. However, there are no requirements for the employee to cycle to work for a specified number of days throughout the year and there is no requirement from HM Revenue & Customs for employees to record their journeys. Employees can use the bike for leisure at other times.
- 3.5 Dependent on uptake across the Trust the impact on cashflow and/or reserves will be monitored and as such the Trust reserves the right to 'pause' the scheme to ensure that any one school is not adversely affected by high numbers of applicants.

4. Terms of the Scheme

- 4.1 **Salary Sacrifice.** A salary sacrifice is a system whereby an employee gives up the right to receive part of their pay due to them under their contract of employment in return for the employer's agreement to provide some form of non-cash benefit, in this case the loan of a bicycle and related equipment. The loan repayment is taken from the employee's gross, rather than net, salary for the 12 months of the hire period.
- 4.2 The loan repayments are between the trust as employer and the employee. The agreement is for a period of twelve months and payments are made via a salary sacrifice arrangement commencing at the next available pay date following the purchase of the cycle and equipment. The salary sacrifice arrangement represents a formal variation to the employee's contract of employment.
- 4.3 By participating in the Cycle to Work Scheme employees are agreeing to vary their terms and conditions of employment by reducing their gross contractual salary by the value of the hire agreement repayments.
- 4.4 The hire agreement is between the employee and Cyclescheme Ltd. The agreement entered into is regulated by the Consumer Credit Act 1974 and Cyclescheme Ltd are registered to offer consumer credit. Employees must read the agreement in full and be satisfied they understand the terms of the agreement. The bike and goods remain the property of Cyclescheme until the hire period finishes.
- 4.5 All employees wishing to participate in the scheme must be aware of the following:
- 4.5.1 Under the terms of the Hire agreement and the Credit consumer Act, the agreement is not cancellable. If the bike is stolen during the hire period, the employee will still be required to complete the full payment from Salary until the hire period finishes. The

employee should ensure that they have insured the bike and use the appropriate safety equipment to safeguard against loss, damage or theft of the bike.

- 4.5.2 The employee is responsible for maintaining the bike for their own use. Any local bike shop will be able to provide advice about servicing depending on how the bike is used. It is often the case that a first free service will be offered by the vendor.
- 4.5.3 Employees must not hire out, transfer or otherwise dispose of the cycle or cycle equipment.
- 4.5.4 Employees must not make alterations to the cycle or cycle equipment or remove it from the UK during the hire period.
- 4.5.5 It is the employee's responsibility to insure their bike throughout the hire period. Household policies are usually much cheaper than specialist policies, but employees must ensure that the insurer covers their bike when in storage away from their home. Employees also need to check there is no upper limit on a claim.
- 4.5.6 If an employee's home insurance does not cover their bike, then there are specialist insurers available. Cyclescheme recommend Cycleguard for insurance and Fetch for free services. Fetch will expedite an employee's claim and ensure that they are able to replace their bike using the bike shop of their choice:

- <http://www.cycleguard.co.uk> Telephone: 02476 851 000
- <http://www.fetchinsurance.co.uk> Telephone: 0870 460 8167

5. Salary Sacrifice Considerations

- 5.1 An employee's pension contribution is payable on their full gross salary and at present (March 2022) both the LGPS and TPS schemes have confirmed that this would be unaffected by a salary sacrifice scheme. However, those paying Additional voluntary contributions or who contribute to another pension scheme may be affected by a salary sacrifice arrangement. If you have any queries about pension implications, particularly if you are considering retirement in the next five years, you should contact your relevant scheme for advice.
- 5.2 During approved unpaid leave, such as maternity leave, the Hire Agreement period may be extended by the number of months when the salary was not paid and the QET were not able to collect payments.
- 5.3 An employee's reduced income may have an effect on the following:
 - (b) During maternity/paternity/parental/adoption/sickness leave: any calculations for pay during this period will be made based on gross salary after the salary sacrifice.
 - (c) The employee will continue to have the bike and equipment on loan during their absence. The employee will continue to have deductions made from any payments they are receiving and / or will accrue a debt that will be recovered as soon as they return to work and receive a payment from the Trust.
- 5.4 Employees making student loan repayments via deduction from payroll will be affected. Under salary sacrifice the employee's total gross salary on which National insurance is paid will reduce, so their loan repayments will reduce.

- 5.5 Current advice from the HMRC suggest that employees can still apply for Childcare Tax Credit whilst being in a salary sacrifice scheme. Employees are advised to check with the HMRC tax credit advice line.
- 5.6 The vast majority of staff will benefit from joining the cycle scheme. However, some employees' personal circumstances may mean that it is not beneficial. This is most likely to be the case for those on low income affected by Working Tax Credit, which may cancel out the savings made on Income Tax and National Insurance contributions. Please seek advice from the HMRC tax credit advice line.

6. What happens at the end of the hire agreement?

- 6.1 At the end of the twelve-month hire agreement period Cyclescheme Ltd will contact the employee and offer three options. The employee can either:
- enter into an extended use agreement with Cyclescheme Ltd for a period of a further 3 years. This is the default option and there is more information on the advantages to the employee of this option on the Cyclescheme website.
 - return the cycle and equipment.
 - buy the cycle and equipment at a fair market value.
- 6.2 Full details of the hire agreement termination options are available on the website [The UK's Most Popular Cycle to Work Benefit – Cyclescheme](#).

7. Leaving the Organisation

- 7.1 If the employee leaves Trust employment before the end of the hire period, they will be required to settle all outstanding monies before they leave. The outstanding balances will be deducted from their final net salary payment. Settlement is from net pay because once the employee leaves the Trust, they also leave the cycle scheme and are no longer eligible to benefit from the Income Tax savings.
- 7.2 If the employee leaves the Trust during the extended hire period following the end of the salary sacrifice period, no further action will be taken. The Modifying Agreement is between the participant and Cyclescheme, so even if their employment ceases, the extended hire period will continue to run.
- 7.3 Cancelling the agreement. Under the terms of the cycle scheme, it is not possible for the loan to be cancelled. Therefore, the employee is committed to making the salary sacrifice for the duration of that agreement. If the employment is terminated during the 12-month hire period, the employee is still liable to complete payments identified in the hire agreement and monies owed will be recouped from Net pay. The employee must have read and understood the terms of the salary sacrifice scheme and the hire agreement with Cyclescheme before proceeding with the cycle selection.

8. Further Information

- 8.1 Employees can use their bike for business purposes during the working day. However, they cannot claim expenses for doing so whilst in the hire period due to tax issues.
- 8.2 Cyclescheme's partner shops are capable of supplying bike packages by mail order from their shops, under the Government's green travel plan. However, there are distinct advantages when buying from your local bike shop, specifically with regard to obtaining advice, servicing, after sales and warranty.

- 8.3 Staff wishing to take advantage of the scheme should complete the form at Appendix 1 in the first instance and return to the Trust HR Team. The Trust HR Team will then confirm the amount inclusive of VAT available for a voucher and the employer code (to access the Cyclescheme portal).
- 8.4 The employee should then identify the package required and obtain a quote a copy of which should be sent to the payroll team.
- 8.5 The employee then goes to the Cyclescheme extranet/portal and completes an online voucher request form.
- 8.6 When the request is approved by the finance team the voucher is authorised. The hire agreement can then be securely downloaded from the portal by the employee for completion and signature.
- 8.7 When released by Cyclescheme the vouchers can be redeemed at the chosen bike shop/supplier and the employee can receive his bike and equipment.
- 8.8 The salary sacrifice begins and continues for a period of 12 months.
- 8.9 At the end of the Hire period and the salary sacrifice arrangements, Cyclescheme will contact the employee to explain their options with regard to ownership of the bike.

Appendix 1 – QET Cycle to Work Application



Name (Print):	School:	
Payroll number (if known):	Contact Details Email: Phone:	
I confirm I wish to hire the following equipment and submit with this application a detailed quotation from my chosen vendor (please circle).		
Bicycle/Ebike	Bicycle/Ebike & Safety Equipment	Safety Equipment Only
<p>Please alter the terms and conditions of my contract to forego / sacrifice £_____ of my annual salary in lieu of the provision of a bicycle / bicycle safety equipment by Quantock Education Trust. I realise that this arrangement will operate for a period of a maximum of 12 months or to the end of my current contract (whichever is shorter) and that the salary sacrifice/reduction will be reflected in my payslips over that period. This amount does not exceed 10% of my gross salary subject to a cap of £3,500.</p> <p>I agree that, should my employment terminate for any reason prior to the expiry of this agreement, all outstanding monies will be recouped from my final salary / wage or from any other monies due to me. In the event of insufficient monies being available to meet the repayment in full, I agree to personally reimburse Quantock Education Trust.</p> <p>I _____, declare that the bicycle / bicycle safety equipment to be purchased by my employer on my behalf as part of the Government tax incentive scheme is for my own personal use and will be used mainly for the purposes of qualifying journeys, where qualifying journeys are defined as the whole or part of a journey between employee's home and normal place of work, or between his or her normal place of work and another place of work.</p> <p>I understand that the hire agreement is between Cyclescheme and myself and that I have read and understood the terms and conditions.</p> <p>Quantock Education Trust accepts / assumes no liability or responsibility under Employer's Liability Policy for any loss or injury sustained by employees that choose to participate in this scheme or whilst using bicycles / equipment purchased via this scheme.</p> <p>I have read, understood and accept the terms and conditions of the 'Cycle to Work Scheme' as outlined in the policy document.</p>		
Signed:		
Date:		

Payroll Team use only

Eligibility Check Yes/No	Voucher No/ref	Monthly deductions	Deduction start date
-----------------------------	----------------	--------------------	----------------------