



MERSEYSIDE WASTE DISPOSAL AUTHORITY

CYCLE TO WORK SCHEME

Cycle to Work Scheme

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1) Introduction

The Authority recognises that it has a responsibility to contributing towards tackling climate change, promoting greener travel methods and also to encourage its employees to improve their health and wellbeing through increased physical activity. The Authority has in place a Health & Wellbeing initiative which is available to all employees. The initiative aims to provide information and links for staff to enable them to make more informed choices about their diet and exercise habits.

Offering a cycle to work scheme supports these objectives. The scheme will allow employees to make financial savings on the purchase of a bicycle that will improve their level of fitness whilst reducing their carbon footprint.

This policy provides information about the scheme and how employees can apply for the scheme.

2) About the Scheme

The cycle to work scheme allows employees to visit a large number of participating bike shops to select a bike and safety equipment. The Authority pays for the bike and safety accessories at full retail price and then loans it to the employee for a period of 12 months. During this time the employee repays The Authority by way of a monthly deduction from their gross salary. At the end of the 12 months the employee can opt to buy the bike from The Authority for a Fair Market Value price, give the bike back or extend the hire period.

The scheme allows the employee to make savings by reducing their Income Tax and National Insurance. (Further details about salary sacrifice can be found in section 4).

3) Eligibility

The Cycle to Work Scheme is available to all permanent employees of The Authority.

To take advantage of the tax breaks that result from the salary sacrifice scheme an employee must:

- Be a UK Taxpayer
- Be over 18 years of age in order to comply with Consumer Credit Act Legislation
- Be earning more than the National Minimum Wage after the loan repayment has been deducted.

It is recommended that the bicycle be used to form part of the journey to and from the employees place of work but there is no specified mileage that must be undertaken and employees are not required to record their trips as part of the scheme agreement.

4) Financial Details

Salary Sacrifice

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 sort of non-cash benefit, in this case the loan of a bicycle and related equipment. The loan repayment is taken from the employees' gross rather than net salary and is over a period of 12 months. The table below shows an example of how the savings work assuming the following:

- Employee is paid monthly
- Employee is a standard rate tax payer requesting a £500 Certificate
- The hire period is 12 months
- The Employee's monthly gross salary is £1,200.00 (£14,400 per annum)

	Salary before scheme participation	Salary during scheme participation
Monthly Gross Salary	£1,200.00	£1,200.00
Bike value including VAT		£500.00
Gross salary sacrifice total		£500.00
MONTHLY GROSS SALARY SACRIFICE = £500 / 12 months (this amount appears on the hire agreement)		£41.66
Monthly Gross Salary after salary sacrifice	£1,200.00	£1,158.34
Monthly NIC contribution (12%)	£144.00	£139.00
Monthly income tax contribution (20%)	£240.00	£231.67
Net Salary	£816.00	£787.67
MONTHLY NET SALARY REDUCTION	£816.00 minus £787.67=	£28.33
MONTHLY SAVING	£41.66 minus £28.33 =	£13.33

So, because the participants pay less income tax and NIC their NET salary reduction is less than the GROSS salary reduction, and this is how savings are achieved. In this example, the employee makes a £41.66 contribution to the employer, but it only costs them £28.33, resulting in a saving of £13.33 per month.

Savings

The exact savings are dependent on the employees tax banding. An employee being taxed at the higher rate will save more than someone on the standard rate of tax.

Purchase Limit

Employees can spend up to £1000 to purchase a bicycle and associated safety equipment.

5) Salary Sacrifice Considerations

Unpaid leave

During approved unpaid leave such as additional maternity leave the hire agreement period will be extended for the number of months the salary was not paid and The Authority was not able to collect the money owed.

Maternity/Paternity/Parental/Sick Leave

- During maternity/paternity/parental/adoption/sick leave any calculations for pay during this period will be made on gross salary after the salary sacrifice.
- 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 that 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 Authority.

6) Application Process

- Complete the Application form found at the end of this document. It must then be signed by your Section Manager and the Director of Finance.
- Once approved access the third party provider's online application system and visit MRWA's dedicated link to register.
- Visit one of the participating bike shops to select the bike and equipment you want and you will be given a paper quote. Use the third party provider's online tool and apply for your chosen package by entering the details online and requesting a Certificate.
- Once you have requested a Certificate, The Assistant Corporate Services Manager can confirm eligibility and approve the request. The third party provider will send The Authority an invoice for the bike package, and a Hire Agreement is sent to you to sign.
- As soon as the bike is paid for, the Certificate is sent to you.
- You then need to contact your chosen bike shop to arrange collection.
- The cost of the bike is deducted from your monthly wages by way of a salary sacrifice scheme over a 12 month hire period. At the end of the 12 month hire period you can choose to purchase the bike from The Authority for a Fair Market Value payment (*details are shown in Section 7*), extend the hire period or give the bicycle back.

7) At the end of the Hire Period

HM Revenue and Customs have produced a set of guidelines for the valuation of bicycles at the end of the hire period. The table below set out what percentage of the original value the employee should pay should they choose to purchase the bicycle at the end of the 12 month hire period. The value is calculated according to the age and original value of the bicycle.

Age of cycle	Acceptable disposal value percentage – Original price of the cycle <£500	Acceptable disposal value percentage – Original price of the cycle >£500
12 months	18%	25%
18 months	16%	21%
2 years	13%	17%
3 years	8%	12%
4 years	3%	7%

Leaving the Organisation

If an employee leaves The Authority before the end of the hire period, they will be required to settle all outstanding debt before they leave. The outstanding balances will be deducted from their final net salary payment. The deductions are taken from net pay because once you leave The Authority you also leave the bike scheme and are no longer eligible for tax deductions.

Cancelling the agreement

Under the terms of the scheme it is not possible for the loan to be cancelled. This means that the employee is committed to making the salary sacrifice for the duration of the hire period. If employment is terminated during the 12 month hire period the employee is still liable for completing the payments.

8) Responsibility & Safety

Ownership

The Employee will choose the bike which the Authority will then purchase. The Authority will loan the bike and any safety equipment to the employee. They remain the property of The Authority until the hire period finishes at which point the third party provider will contact the Employee to discuss the options available.

The employee can choose to make a Fair Market Value payment to make the bike their own or they may choose to pay a small refundable deposit (3% or 7% of the equipment value*) and continue to use the bicycle for an extended period of up to 36 months.

At the end of this period, the third party provider will refund the deposit if the employee does not wish to keep the bicycle. The Authority would have the option to dispose with any unwanted bicycles as necessary under the Financial Instructions (disposal of surplus equipment).

No further action is required if they wish to keep the bicycle.

**the lower figure is for an equipment value of less than £500 and the higher one for equipment value of £500 or more. These figures include VAT.*

Storage

Secure bicycle storage cages are available for employees to use in the car park at Mann Island. The cages are for use during the day and must not be used for permanent overnight cycle storage. Merseytravel also offer secure cycle storage at a number of train stations across Liverpool and Wirral. Employees can request a key fob to access the security cages completely free of charge. The key fobs are programmed so that they only open the security cage at your chosen station(s). Again these secure cages must only be used during the day on which you are travelling and not for permanent overnight storage.

Insurance

If the bicycle is stolen during the hire period the employee is still required to complete the full payment. It is therefore important that the employee has the necessary insurance to cover the bike and relevant safety equipment to safeguard against loss. ***(Most home insurance policies provide cover for bicycles but employees are responsible for checking that their policy provides adequate cover and that there is no upper limit on a claim if they have chosen an expensive bike. If an employees' home insurance does not cover their bike, then there are specialist insurers available).***

Safety

Employees are responsible for ensuring their own safety whilst out an about. The Authority insists that employees follow the safety points below:

- **Wear a Properly Fitted Bicycle Helmet.**
- **Adjust Your Bicycle to Fit.** Stand over your bicycle. There should be 1 to 2 inches between you and the top tube (bar) if using a road bike and 3 to 4 inches if a mountain bicycle. The seat should be level front to back. The seat height should be adjusted to allow a slight bend at the knee when the leg is fully extended. The handlebar height should be at the same level with the seat.
- **Check Your Equipment.** Before riding, inflate tires properly and check that your brakes work.
- **See and Be Seen.** Whether daytime, dawn, dusk, foul weather, or at night, you need to be seen by others. Wearing white has not been shown to make you more visible. Rather, always wear neon, fluorescent, or other bright colours when riding day or night. Also wear something that reflects light, such as reflective tape or markings, or flashing lights. Remember, just because you can see a driver doesn't mean the driver can see you.
- **Control Your Bicycle.** Always ride with at least one hand on the handlebars. Carry books and other items in a bicycle carrier or backpack.
- **Watch for and Avoid Road Hazards.** Be on the lookout for hazards such as potholes, broken glass, gravel, puddles, leaves, and dogs. All these hazards can cause a crash.
- **Avoid Riding at Night.** It is far more dangerous to ride at night than during the day because you are harder for others to see. If you have to ride at night, wear something that makes you more easily seen by others. Make sure you have reflectors on the front and rear of your bicycle in addition to reflectors on your tires so others can see you.
- Many bicycle-related crashes resulting in injury or death are associated with the bicyclist's behaviour, including such things as not wearing a bicycle helmet, riding into a street without stopping, turning left or swerving into traffic that is coming from behind and riding the wrong way in traffic. To maximize your safety, always wear a helmet AND follow the rules of the road.

Rules of the Road – Bicycling on the Road

- Bicycles are considered vehicles, and cyclists have the same rights and the same responsibilities to follow the rules of the road as motorists. When riding, always:
- **Go With the Traffic Flow.** Ride on the left in the same direction as other vehicles. Go with the flow – not against it.
- **Obey All Traffic Laws.** A bicycle is a vehicle and you're a driver. When you ride in the street, obey all traffic signs, signals, and lane markings.
- **Yield to Traffic When Appropriate.** Almost always, drivers on a smaller road must yield (wait) for traffic on a major or larger road. If there is no stop sign or traffic signal and you are coming from a smaller roadway (out of a driveway or a bike path, etc.), you must slow down and look to see if the way is clear before proceeding.
- **Be Predictable.** Ride in a straight line, not in and out of cars. Signal your moves to others.
- **Stay Alert at All Times.** Use your eyes AND ears. Watch out for potholes, cracks, wet leaves, or anything that could make you lose control of your bike. You need your ears to hear traffic and avoid dangerous situations; don't wear a headset when you ride.
- **Look Before Turning.** When turning left or right, always look behind you for a break in traffic, and then signal before making the turn. Watch for left- or right-turning traffic.
- **Watch for Parked Cars.** Ride far enough out from the curb to avoid the unexpected from parked cars (like doors opening, or cars pulling out).

Maintenance

The upkeep and maintenance of the bicycle is the responsibility of the employee. Any bike shop should be able to provide assistance on the upkeep of the bike and employees should be familiar with performing general repairs such as punctures or refitting the chain.

The TravelWise Campaign (as part of Merseytravel) still offers free skills sessions for adults in both cycle training from learn to ride to urban road riding, and bike maintenance including fixing punctures. To find out more simply phone TravelWise on 0151 482 5700 or visit www.letstravelwise.org/cycling

MWDA**Cycle to Work Application Form**

I _____, declare that the bicycle to be purchased by my employer on my behalf as part of the Government tax incentive Cycle to Work scheme** is for my own personal use and will be used mainly for the purposes of qualifying journeys, where qualifying journeys are defined as whole or part (e.g. between home and train station) of a journey between an employee's home and normal place of work, or between his/her normal place of work and another place of work.

Cycle to Work Salary Sacrifice Form

I _____, Employee Number _____ agree to repay the cost of the bicycle via equal monthly instalments deducted from my salary as part of a salary sacrifice scheme in order to facilitate the purchase of a bicycle and/or cycle equipment as part of the Government tax incentive Cycle to Work scheme.

On termination of my employment for whatever reason I declare that I will repay in full any monies outstanding under this scheme.

I have read, understood and will adhere to Section 8 of this Policy which refers to my own safety and security of the bicycle.

Signed: _____ **Date** _____
(employee)

Signed: _____ **Date** _____
(Section Manager)

Signed: _____ **Date** _____
(Director of Finance)

* The period cannot be for more than 12 months, or cannot exceed the duration of the contract

** As defined in Section 7 of the Finance (No. 2) Act 2008

The Authority does not accept responsibility for any bicycle or equipment damaged or stolen.