

MANCHESTER
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The University
of Manchester

The University of Manchester
Cycle to Work Scheme
C2W



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What is the Cycle to Work Scheme (C2W)?

To promote healthier journeys to work and to reduce environmental pollution, the Finance Act 1999 introduced an annual tax exemption permitting employers to loan cycles and cyclists' safety equipment to their employees as a tax-free benefit. C2W encourages employees to cycle to work and allows employers to reap the benefits of a healthier workforce.

Why has the University implemented C2W?

The University of Manchester has a Travel Plan which aims to promote sustainable travel, such as cycling. C2W is an excellent measure to promote cycling and healthy living to employees. The University is keen to build on encouraging numbers already cycling to work and reduce pressure on car parking.

How are the savings made?

An employee agrees to a reduction in earnings equal to 1/12 of the cost to the University of the bike each month for one year. This is a 'salary exchange' arrangement, so the amount of your salary after the exchange is assessed for income tax and National Insurance (NI). This reduces the amount of tax and NI paid so that savings of around 25%-35% on the list price of the cycle and safety equipment can be made, depending on your tax band.

Here is an example:

The University provides you with a cycle and safety equipment with a retail value of £600, and in return your salary is reduced by £50 per month for 12 months.

For a basic rate tax payer, the equivalent monthly net reduction in pay would be around £35 and for a higher rate taxpayer, around £30.

What is the maximum value?

The maximum retail value for cycles and safety equipment is £1000.

How do I order a cycle and safety equipment?

The University has teamed up with Cyclescheme www.cyclescheme.co.uk Cyclescheme has a network of over 1300 independent cycle stores nationwide so you can order a bike and safety equipment from any of them (use the 'bike shop finder' on Cyclescheme's homepage).



To order a cycle and safety equipment,

1. you first need to get a paper quote for the retail value of your chosen bike from your selected store. You will need the University's employer code which is: b01a32.
2. enter the paper quote for the retail value online at www.cyclescheme.co.uk
Type in the employer code ('b01a32') on the homepage and click refresh or press return.
3. click on 'I want to register' in the bottom left hand corner and follow the instructions.

As you are signing an agreement under the Consumer Credit Act we recommend that you print a copy for your own records.

If you do not have access to the internet you can call Cyclescheme on 01225 448933 to register your quote.

Once registered, Cyclescheme will ask the University to accept or reject your application. You will be accepted provided you are eligible to take part.

What are the eligibility criteria?

The scheme is open to all employees who are able to exchange the amounts needed for a period of 12 months. We must ensure that your salary does not fall below the national minimum wage as a result of you participating in this and any other salary exchange arrangement.

Then what happens?

Once your application is approved Cyclescheme will invoice the University and the University will purchase the cycle and safety equipment via Cyclescheme. Your salary will be reduced by an equivalent monthly amount starting from the next possible payroll.

Cyclescheme will then release a voucher which is sent to your home address and can be redeemed at the cycle shop for your order.

Should we not be able to approve your application we will contact you immediately.

How long does this process take?

After applying, this process usually takes around 3/4 weeks.

What can I use my voucher for?

Eligible equipment includes cycles and cyclists' safety equipment. 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 (c.52)). An electrically assisted pedal cycle can be included under the scheme.

Cyclists' safety equipment is not similarly defined in the legislation so a common sense approach should be taken to the equipment provided. This could include:

- Cycle helmets which conform to European standard EN 1078
- Bells and bulb horns
- Lights, including dynamo packs
- Mirrors and mudguards to ensure riders' visibility is not impaired
- Cycle clips and dress guards
- Panniers, luggage carriers and straps to allow luggage to be safely carried
- Locks and chains to ensure cycle can be safely secured
- Pumps, puncture repair kits, cycle tool kits and tyre sealant to allow for minor repairs
- Reflective clothing along with white front reflectors and spoke reflectors

What happens at the end of the 12 month agreement?

During the 12 month period the cycle is 'loaned' to you by the University. At the end of this period you will be given the opportunity to transfer ownership to yourself by paying the fair market value of the cycle and safety equipment at this time. If you do not wish to retain the cycle and equipment, you can return it to the University who will accept it once you have paid an administration fee.

What will be the fair market value?

The fair market value cannot be established in advance but is generally around 5% (+ VAT on the 5%) of the original cost.

Can the University pass on VAT savings?

As the University is not VAT registered and therefore can not reclaim VAT no savings can be passed to you.

What happens if I leave the University before the 12 month agreement has ended?

The tax and NI concessions are available only whilst you are an employee. Therefore, on leaving the University, an amount equivalent to the salary you would have exchanged over the remaining term of the agreement will be due to the University and this will be taken from your final salary payment as a net pay deduction.

Alternatively, you also have the option of buying the bike on leaving the University. The purchase price will be an amount equivalent to the salary you would have exchanged over the remaining term of the agreement plus 5% of the original cost to the University plus VAT.

Does taking part affect my pension or any other entitlements?

Obtaining a bike under C2W does not affect your University pension if you are a member of one of the following schemes - USS, UMSS or GMPF. For further information please see the PensionChoice area of StaffNet.

www.staffnet.manchester.ac.uk/pensionchoice

If you are a member of the NHS Pension Scheme, as your post exchange pay is pensionable, participating in a salary exchange arrangement will reduce both your pensionable pay and the amount of your pension contributions. So if you need to claim benefits either during the period of salary exchange or shortly afterwards, those benefits may be lower than they otherwise would have been. See www.nhsbsa.nhs.uk/Pensions.aspx

Should you have any particular questions relating to this scheme and your pension membership, please email pensions@manchester.ac.uk

Do I need to insure the cycle?

Despite the cycle being 'loaned' the rules of the scheme clearly state the employee takes responsibility for the maintenance and security of the cycle. Therefore it is strongly advised that insurance is taken out for both at and away from home. We recommend that you also obtain an excellent quality lock to protect your bike, see www.soldsecure.com

How often do I need to cycle to work, does it need to be the whole way and can I get more than one bike?

Under the rules of the scheme, you should use the cycle to get to work for at least 50% of the cycle's usage. This can be for part of the journey, eg. to a train station. You can purchase two cycles but they must both be needed for the work journey (eg either end of a train journey), both be for yourself and the total retail value including safety equipment cannot exceed the £1000 limit.

Any more questions?

For any further queries please contact the University's Travel Plan Co-ordinator, who works in a part funded role:

Andrew Hough a.j.hough@mmu.ac.uk 0161 247 1364

Please do also use Cyclescheme's website and contact them directly for further detail and general scheme queries:

www.cyclescheme.co.uk 01225 448933

Full Department of Transport guidance:

www.dft.gov.uk/pgr/sustainable/cycling/cycletoworkschemeimplementat5732?page=1#a1000