

## Middlesex University Cyclescheme

Middlesex University has partnered with Cyclescheme Ltd to offer staff savings on the cost of a new bike . The scheme will be administered through a salary sacrifice and a hire agreement, allowing staff to spread the cost over 12 months and make savings by paying less income tax and national insurance contributions (NIC).

### How does it work?

As part of the UK Government 'Green Transport Plan' the Cycle to Work Scheme was introduced which allows an employee to save income tax and NIC on the cost of a new bike to be used for commuting to and from the workplace. Staff are able to obtain a bike and/or accessories of their choice from any of the 2,000+ retailers on [Cyclescheme](#) by applying for a Certificate to cover the cost of your gear up to a maximum value of £3,000 incl. VAT. At the end of the hire agreement and salary sacrifice period, staff will be given the option to purchase the bicycle by paying a small ownership fee.

### Who is entitled to use Cyclescheme?

Under this agreement, salaried PAYE employees of Middlesex University and MU Services Ltd who:

- Have a contract of employment that outlasts the duration of the salary sacrifice period of 12 months.
- Are UK taxpayers.
- Are over 16 years with pay exceeding the National Minimum Wage (NMW).
- Need to use a bicycle mainly for travelling to work.

### Who are Cyclescheme?

Cyclescheme Ltd is an independent company created to help both employers and employees make the most of the Green Transport Plan Initiative and associated tax concession offered by the Chancellor.

Middlesex University has chosen to partner with Cyclescheme Ltd as the arrangement offers University staff access to 2,200 local independent and big name retailers either in store or on line. Staff can choose their retailer here:- [Cyclescheme shop](#)

### How do I get a bike through the scheme?

There are just three steps to go through to get your bike You will need to apply for an eCertificate to redeem against your gear when you go to collect it from your Cyclescheme shop.

To obtain your eCertificate you need to:

1. Pick your package and apply:
  - a. If you are a Middlesex University employee: <http://www.cyclescheme.co.uk/6b3e1a>
  - b. If you are a MU Services Ltd employee: <https://www.cyclescheme.co.uk/b314f1c>
2. Get your gear
3. Choose your ownership option

### Can I also purchase accessories through the scheme?

Yes, you can get whatever you need to cycle commute regularly. Cyclescheme offer three types of packages: - Just a bike, a bike and accessories or just accessories. There are some scheme exceptions so refer to the information for what is allowable gear.

### **Will I own the bicycle immediately?**

The bicycle and equipment are technically the property of Cyclescheme Ltd but the employee is fully responsible for the bicycle during the 12 month loan hire period. At the end of the loan hire period, Cyclescheme will write to you with your ownership options.

### **Who is responsible for insurance, warranty and maintenance?**

The employee is responsible for all liabilities arising in the event of bike loss/theft; Middlesex University or Cyclescheme will bear no liability in these events. It is therefore strongly recommended to insure the bike, and any accessories fitted to the bike, to safeguard against the losses following loss/theft. Household insurance policies may be cheaper than specialist bike insurance policies but you must ensure that your insurer covers the bike when in storage away from your home and any other eventuality that may occur. You also need to check that the upper limit on a claim is appropriate in light of the cost of the bike. .

The employee is responsible for maintaining the bike during its use and agrees to this when signing the hire agreement. All Cyclescheme bikes come with a warranty for the duration of the hire period. Your retailer will be able to advise you about necessary servicing, depending on how you use your bike. They are also likely to give your bike a first free service once you have bedded it in.

### **How much will I be saving?**

The scheme operates as a 'salary sacrifice' employee benefit. This means that you agree to give up part of your salary in exchange for a benefit – in this instance the benefit is a bike and/or accessories. The salary sacrifice (your loan hire payment) is taken from your gross (not net) salary (before tax is calculated) which means that you will pay less Income Tax and NIC.

The amount of Income Tax and NIC typically saved range between 28% and 47% of the original cost of the bike, depending on your rate of personal tax, NIC status and your choice of ownership option. Refer to the online savings calculator on the Cyclescheme website: <https://www.cyclescheme.co.uk/calculator>

### **How many times a week do I have to use the bike for work?**

There is no requirement for you to cycle to work for a specified number of days throughout the year and there is no special requirement for you to record your trips. You can also use the bike for leisure at weekends and on holiday, although a bike purchased under Cyclescheme should be used for at least 50% of the trips for commuting and where relevant between workplaces.

### **Do I have to keep a record of my commuting mileage?**

There is no need to keep a log of your mileage or journeys.

### **Can I use the bike for local trips during the working day?**

Yes, you can use your bike for business purposes during the working day, although no mileage allowance can be claimed on these trips during the hire period as the bike belongs to Cyclescheme. You are however encouraged to use the bicycle for local trips as its use is directly related to the University's interest in running a Cyclescheme.

### **What happens if I leave my job before I've finished paying for my bicycle?**

Under the terms of the Hire Agreement and the Credit Consumer Act, the agreement to pay your loan hire is 'non-cancellable'. This means that you will need to settle all outstanding monies before you leave. The outstanding balance will be deducted from your final net salary payment. Settlement will be from net pay because once you leave the University; you also leave the Cyclescheme, and are no longer eligible for income tax and NIC exemptions.

### **Does the University or Cyclescheme need a Consumer Credit Licence?**

You are hiring your gear directly from Cyclescheme. This is because they have Financial Conduct Authority (FCA) authorisation to hire bikes, components and accessories up to £3,000 including VAT.

### **Can I use my own money over £3,000 to get a more expensive Bike?**

The scheme does not allow for a cash contribution from an employee to top up the voucher beyond £3,000 as this will cause a shared ownership issue, which is disallowed.

### **How will salary sacrifice affect my pension?**

Salary sacrifice under the Governments 'Cycle to Work Scheme' is recognised by both of the University workplace pension schemes, Teachers Pension (TP) and Local Government (LGPS) schemes. Consequently, your pension contributions and related benefits are not affected by the salary sacrifice as your pension contributions are payable on your full salary i.e. on your "notional" gross pay before salary sacrifice. MU Services Ltd employees in the Scottish Widows pension will have their pension contributions calculated on the "notional" pay as well.

### **What happens if I am on unpaid leave?**

During approved unpaid leave such as maternity leave, the Hire Agreement period will be extended by the number of months when the salary was not paid and the University was not able to collect payments.

### **What happens if I am on maternity, paternity, parental or sickness leave?**

During periods of paid leave you the bicycle hire and deductions will continue in accordance with the hire agreement. Deductions will be made from any payroll payments you receive during your absence and/or will accrue a debt that will be recovered as soon as you return to work and receive a payroll payment from the University.

### **Does it affect Childcare Tax Credit?**

There may be implications on Child Tax Credit for employees in a salary sacrifice scheme. For more information on your individual circumstances check with the HM Revenue and Customs advice line on 0845 300 3900.

### **Do I need to tell HMRC about this benefit?**

The Cyclescheme is a government-sponsored initiative that has been set up so that you do not have to pay tax on items bought under the agreement. There is no need for you to contact HMRC.

**Is the scheme open to students?**

Unfortunately, due to the mechanism through which it is administered (salary sacrifice), the scheme is only available to employees of Middlesex University or MU Services Ltd.

**Where can I get more information about Cyclescheme?**

If after reading this policy and information on the [Cyclescheme](#) website you have any queries on the scheme then please contact the University Cyclescheme administrator :-

Payroll Team  
Town Hall Annexe  
[finpayroll@mdx.ac.uk](mailto:finpayroll@mdx.ac.uk)