

# Instant Cycle to Work Schemes

**Fair Care**  
Employee Benefits

**‘Fair Care Instant Cycle to Work Schemes are a fast, simplified version of our traditional schemes, allowing employees to save up to 50% off the retail value of bicycles and accessories through salary sacrifice.’**



**The Instant Cycle to Work Scheme is aimed at smaller organisations, or employers who want to enrol individuals on an ad-hoc basis (suitable for up to 5 applicants at any time).**

The scheme can be set up and processed on the same day, allowing participants to receive their cycle to work vouchers (from a choice of mainstream cycle retailers) within 48 hours - and often the next day.

A brief phone call is all it takes to activate a scheme. We will need to know the chosen retail values for each individual (from £250 up to £1,000) - Payment by credit or debit card is required, which will guarantee dispatch of cycle vouchers.

To ensure that your organisation complies with the scheme rules, we will issue you with a scheme pack, which will include all the necessary documentation.

**The Cycle to Work Scheme was originally launched in 1999, as part of the Government’s Green Transport Policy.**

**The scheme allows employers to provide their employees with bicycles and safety-related accessories, free of tax and national insurance. Payment by the employee is via salary sacrifice, typically over a 12 month period.**

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## Getting Started with Fair Care Instant Cycle to Work Scheme

Please read the **Employer Guidance** on page 3 and 4 of this pack to ensure that you are familiar with the rules of the scheme.

If you wish to proceed please contact us on **0800 652 4745**. We will then send you the following:

- **Employee guidance notes:**  
Please pass a copy of these on to the employee(s). They will need to understand the regulations of the scheme before they apply.
- **An application form:**  
Please be sure to have read all the information before you complete the form. The employee(s) will need to provide you with their voucher choices and address details for the agreement(s). By returning the application form you have agreed to accept our terms and conditions.

Once we have your application form we will produce for you a **Scheme Implementation Pack**. This will include:

- **The hire/salary sacrifice agreement(s):**  
Two copies of this combined hire/salary sacrifice agreement will need to be signed by the employee and yourself. One copy must be retained by the employee and one by yourself.
- **The deduction report:**  
This will give you the details of the amounts to be deducted through payroll.
- **The invoice:**  
For the value of the bicycles plus our documentation fee.

## Costs and Payment

Once you have received the **Scheme Implementation pack** from us please call us to make **payment by credit or debit card**. When we have received this from you we will arrange for the vouchers to be dispatched. Vouchers will be sent directly to you which you can issue to the employee(s) when they have signed the agreement(s). Payment will be required for the face value of the vouchers plus a documentation fee. (The document fee will be more than covered by your savings in Employer's National Insurance).

**To proceed with Fair Care Instant Cycle to Work Scheme**

Please speak to one of our consultants on:

**0800 652 4745**

## Employer Guidance

**Under the scheme, employees will receive a voucher for their chosen value (from £250 up to £1,000), which can be exchanged for a bicycle and accessories at one of a number of mainstream bicycle retailers.** The cost of the voucher is then reclaimed over the course of 12 months through gross payroll deductions through salary sacrifice (before tax and national insurance). If the company can reclaim VAT, this can also be passed on to the employee as a saving. Total savings can be up to 50% of retail value.

The vouchers cannot be exchanged for cash and need to be used in full. Accessories can only be purchased in conjunction with a bicycle. Employees cannot 'top-up' the amount spent by adding their own funds, so they will need to think carefully about the value they choose.

Under the Cycle to Work scheme, at least half of the journeys made using the bicycle should be between the scheme member's home and their place of work. (The use could cover a leg of your journey, for example, from home to their local train station). There are, however, no requirements for employers or employees to keep records of the journeys.

The employer's involvement will be limited to making payroll deductions, based-on the payroll reports provided by Fair Care.

In order to comply with HMRC, during the term of the agreement, the bicycle will remain the property of the employer and is technically under hire to the employee. Although employees do not own the bicycle (s) they must insure them, and if applicable note your interest. Following the end of the 12 month scheme period, ownership of the bicycle can be transferred to employees who can, thereafter, do what they like with the bicycles. The transfer value should reflect the second hand value at the time of sale but typically would not exceed 5% of the original cost.

If employees cease to be employed before the end of the 12 month period, they are obliged to repay the balance of the 'hire' and take ownership of the bicycle.

In order to meet the HMRC requirements, you must offer the Cycle to Work scheme to all employees, regardless of their employment status, age or position in the company. Please see the salary sacrifice guidance for how this will affect employees on minimum wage.

## Salary Sacrifice Guidance

A salary sacrifice is a variation to the terms of the contract of employment, which allows you to provide your employee with the bicycle and accessories, free of income tax and national insurance. Because employees are agreeing to a reduction in their salary for the duration of the scheme, their entitlement to certain benefits of employment may be affected. The effect is likely to be small but employees should consider the points on the following page and seek further advice if they have any questions.

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## Salary Sacrifice Guidance - Things to Consider:

**Pension** - Certain pension schemes may be affected (this may be important if employees are approaching retirement and are in a final salary pension scheme) If there are any concerns, they should ask the pension scheme administrators for further information, which will be specific to their circumstances.

**State Pension** - If employees have paid enough national insurance contributions on their income, their Basic State Pension will not be affected. If their earnings fall between the Lower Earnings Threshold and the Upper Earnings Limit, their entitlement to the State Second Pension may be affected. For advice regarding state pensions, they can visit your local Social Security Office or Pensions Centre or alternatively visit [www.thepensionservice.gov.uk](http://www.thepensionservice.gov.uk).

**Statutory Benefits** – When employees sacrifice part of their salary, the calculations for the higher rate of Statutory Maternity Pay, Adoption, Paternity or Statutory Sick Pay will be affected. This is because these statutory benefits are calculated on their salary after the salary sacrifice. Statutory benefits at the lower rates may remain unaffected. If you have any concerns regarding the effect of a salary sacrifice on your employees' benefit entitlements, you can either visit your local Social Security Office or you can visit the website [www.jobcentreplus.gov.uk](http://www.jobcentreplus.gov.uk).

**National Minimum Wage** – A salary sacrifice agreement cannot be entered into by any employee if the result is to take the hourly pay below the National Minimum Wage. The National Minimum Wage applies in bands for those aged 16 and over. The wage rates are revised on 1<sup>st</sup> October each year. The current rates can be seen at [www.hmrc.gov.uk/nmw](http://www.hmrc.gov.uk/nmw). Whilst employees may not be able to enter into a salary sacrifice agreement, you must offer them the option to participate in the cycle to work scheme. If you have any employees on or close to national minimum wage, please contact Fair Care on 0800 652 4745 for further advice.

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Fair Care Employee Benefits Limited  
1 Farnham Road, Guildford,  
Surrey GU2 4RG

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T: 0800 652 4745 F: 0845 241 0984  
E: [info@faircare.co.uk](mailto:info@faircare.co.uk)

[www.faircare.co.uk](http://www.faircare.co.uk)

### For More Information

Please speak to one of our consultants on:

**0800 652 4745**

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