

## PRE-CONTRACT INFORMATION

### Introduction

You're required to read the information below before accessing your Cycle2Work Hire Agreement.

### 1. The Hire Agreement

#### a) What is Cycle2Work?

Cycle2Work allows you to enter into a salary sacrifice scheme for a period agreed by your employer, as a result of which, you'll be provided with the use of a bicycle of your choice and (if you choose) safety equipment (the **"Goods"**) to meet your specific commuting and private needs. In this context, "commuting" means journeys made between the home and workplace, or part journeys (e.g. to the station), or journeys between one workplace and another.

Whilst participating in the scheme, the Goods will remain the property of Cycle2Work, and you may not profit from, transfer, sell or otherwise dispose of them.

#### b) Am I eligible to apply?

Cycle2Work is governed by HM Revenue & Customs (**"HMRC"**) and is open to all employees. Nevertheless, Cycle2Work and your employer do reserve the right to decline a request to participate in the scheme, although participation will not be unreasonably withheld. Each request will be subject to authorisation by your employer, and Cycle2Work will only process orders suitably approved.

#### c) Once I sign the Hire Agreement, can I change my mind?

Yes, there is a fourteen (14) day cooling-off period.

#### d) I'm paid close to the National Minimum Wage. Can I still take part?

Yes, although your wage may limit the value of the Goods available to you as your gross basic pay cannot fall below the applicable National Minimum Wage or National Living Wage at any time during your employment. However, you can still take advantage of a loan bike from your employer. Apply for Cycle2Work in the normal way, and your employer will contact you with your options. If you have any queries, please call us on 03455 046444.

#### e) Can I choose more than one bike?

Yes. You can select two bikes as long as both are used for commuting. For example, you may have a summer route and a winter route to work, both needing different things from a bike. However, some employers only allow employees to select one bike, so if this is essential for you, it's worth checking before you apply.

#### f) What if I don't use the bike for commuting?

If you don't use the bike for commuting, you'll no longer qualify for the tax relief. If so, your Payroll Department will arrange for the remaining salary reductions to be taken from your pay.

#### g) What if I decide not to take advantage of the scheme now - can I join later?

The information provided by your employer about the scheme will detail the dates between which you can apply - the 'window'. Different employers run different application windows. Your Human Resources team is best placed to advise you.

**h) What is my Letter of Collection?**

Once you've entered into the Hire Agreement, you'll be provided with a Letter of Collection ("LoC") for the agreed total value. This is the mechanism by which you can obtain your Goods from the store of your choice. The LoC is not redeemable for any other purpose and may not be redeemed by any other person with or without authority. The LoC will be issued for a specific fixed monetary value. Once the LoC is issued, it cannot be returned, nor its value altered. The LoC must be redeemed within four calendar months of its issue. Halfords and your employer reserve the right to change the values of LoC on offer during the life of the Cycle2work scheme.

**i) Can I use my LoC to get a bike for a family member, partner or friend?**

No. The bike must be used by you, mainly for commuting to work.

**j) How do I know what value to apply for?**

Your spending limit will be displayed during the application process and will also be included in information provided by your employer about the scheme. You should select an LoC value that covers the value of your chosen Goods. If you spend less than the value of your LoC, your salary sacrifice will still be for the full value of the LoC.

**k) What safety equipment is available through Cycle2Work?**

Permitted safety equipment includes cycle helmets conforming to European Standard EN 1078, bells, bulb horns, lights including dynamo packs, mirrors and mudguards, cycle clips and dress guards, panniers, luggage carriers and straps, locks and chains that safely secure your cycle, pumps and puncture repair kits, tool kits and tyre sealant to allow for minor repairs, child seats, reflective clothing and reflectors.

Accessories that are not available include forks, frames, Sat Navs, cycle computers, Go pro cameras, turbo trainers and cycle racks.

**l) From where can I get my Goods?**

You can get your Goods from:

- Halfords instore or Click and Collect online ([www.halfords.com](http://www.halfords.com))
- Cycle Republic instore or online ([www.cyclerepublic.com](http://www.cyclerepublic.com))
- Tredz instore or online ([www.tredz.co.uk](http://www.tredz.co.uk))
- selected independent bike shops - visit the Store Locator on our website for details

And don't forget that you can take advantage of promotions or sales prices when selecting a bike from Halfords, Cycle Republic or Tredz. However, if you're a member of British Cycling, you cannot use your discount when redeeming your LoC.

**m) Collecting your Goods**

As soon as you receive your LoC, you can go and collect your Goods. If they're in stock at your chosen retailer, simply surrender your LoC and present a form of ID (e.g. ID card, passport, driving license, birth certificate). If they aren't in stock, ask for them to be ordered, and then present your LoC and ID on collection.

**n) Once I've picked up my Goods, do I own them?**

No, Cycle2Work will still own the Goods. Technically, they are being loaned to you for a fixed term.

**o) What if my bike is stolen or accidentally damaged?**

We recommend you get bike insurance or check if your bike is covered under your home contents insurance policy. If your home contents insurer covers the bike, you must inform them that Cycle2Work owns the bike. Alternatively, you may wish to take advantage of the 8-week free insurance offer provided by Cycleplan as part of your Cycle2Work Hire Agreement. Whichever option you choose, please be reminded that your salary sacrifice will not stop or be suspended due to loss or damage.

**p) What happens at the end of the hire period?**

There's no automatic entitlement for you to take ownership of the Goods at the end of the hire period. However, you can either enter our zero-cost extended hire arrangement, or purchase the Goods at the fair market value at that time (plus VAT). Alternatively, you can return the Goods to a Halfords store. However, the circumstances and terms of the disposal of the Goods are not governed by the Hire Agreement, and any arrangements that may be made after the Hire Agreement will be the subject of a separate agreement.

**q) Can I take part in more than one scheme?**

Technically, you can apply each time your employer runs a scheme. However, your employer may decide to prevent you from joining another scheme until your first hire period has ended.

**r) I live in Jersey or Guernsey, does this make a difference?**

Residents of Jersey or Guernsey are required to pay a Goods Service Tax at 5% on all Goods over the value of £240.

## 2. Salary Sacrifice

### a) How does the salary sacrifice work?

Broadly speaking, you are being offered the opportunity to exchange some of your taxable salary for a specific benefit (the Cycle2Work scheme) that can be provided to you free of tax or National Insurance contributions, or both. Thus, although your taxable salary will be reduced once you have joined the scheme, you will receive benefit of an equivalent value which has the advantage of not being subject to tax (and/or National Insurance).

In practical terms, once you have entered into the Hire Agreement, your gross salary will reduce by the monthly gross salary sacrificed amount. This reduction will commence on the first salary payment after receiving your Letter of Collection and will remain in place for the hire term. At the end of this period, your salary will revert to its original level subject to any adjustments that have occurred since e.g. pay rises, promotions.

### b) Will my Hire Agreement show my tax and national insurance savings?

No. Your Hire Agreement will show only a gross value before tax and national insurance have been taken. The net payment is the true cost after tax and national insurance savings, and will vary from person to person, so cannot be shown in the documentation.

### c) Will joining Cycle2Work affect my pension or other benefits?

Potentially. Salary sacrifice reduces gross salary so this may affect pension arrangements and/or other benefits such as statutory maternity or paternity pay, statutory sick pay and working tax credits, as these are calculated on your actual earnings. Cycle2Work are not tax, pension or legal advisors, so if you'd like more detail, please check with your employer before signing up. Alternatively, more details on salary sacrifice and the impact on benefits are available on the HMRC website at [www.hmrc.gov.uk/specialist/salary\\_sacrifice.pdf](http://www.hmrc.gov.uk/specialist/salary_sacrifice.pdf)

### d) Do these arrangements change anything else about my employment?

No. The variation to your employment terms and conditions relates only to the agreed reduction in gross salary and the provision of the benefit described; your employment terms will otherwise remain unchanged.

### e) Is there any limit to the amount of salary I can choose to sacrifice?

Yes. As described in section 1d), you cannot sacrifice your salary to an extent which will cause your earnings to fall below the applicable National Minimum Wage/National Living Wage.

### f) Can I withdraw from the scheme and revert to my original salary at any time?

You are generally expected to enter the Cycle2Work scheme for a period of one year. However in certain personal circumstances such as the birth of a child or a divorce, you may be permitted to withdraw earlier. If this is a concern for you, please speak to your Human Resources team.

### g) What if I am away from work for some time?

If you're absent from work during the period covered by the Hire Agreement, your salary reduction will remain in place and will be deducted from any pay you receive (e.g. sick pay or maternity pay).

If you're temporarily not in receipt of salary payments for whatever reason but remain an employee, your Hire Agreement will remain in place but it be extended until either (i) you revert to receiving salary payments or (ii) you leave employment, whichever comes first.

**h) What if I leave employment early or I'm made redundant?**

If you leave your employment before the end of the hire term, the outstanding balance of your Hire Agreement will be taken from your remaining salary payments, and you can continue to use the Goods until the hire period ends. You'll then be given the opportunity to buy the Goods for their fair market value. However, this transfer of ownership is the subject of a separate agreement and isn't governed by the Hire Agreement.

If however the outstanding balance of your Hire Agreement cannot be taken from your remaining salary payments, or the liabilities exceed the remaining salary payments, your employer will require settlement within 14 days of your employment ceasing.

**i) Can these arrangements be challenged?**

No. We have clearance from both Her Majesty's Revenue and Customs ("HMRC") and the Financial Conduct Authority ("FCA"). If you have any concerns, we recommend that you seek external advice.

**j) Do I have to file anything with HMRC to join the scheme?**

No. Your tax affairs will be dealt with as previously through PAYE and, if applicable, your own self-assessment return.