

# Co-operative flexible benefits

Delivered by The Midcounties Co-operative



# cycle to work

encouraging employees to leave their car at home

Delivered in partnership with **halfords**

A guide for employers



## Welcome to Cycle to Work

Cycle to Work is one of the UK's fastest growing and most sought after employee benefits. Cycle to Work schemes allow your employees to make savings on a brand new bike and permitted accessories. Savings are made through a tax exemption as part of the Government's Cycle to Work initiative which supports The Midcounties Co-operative's commitment to promote healthy living and reduce pollution. More and more employers are adding it to their benefits portfolio and enjoying the significant advantages it brings to everyone.

## How the scheme works

Co-operative Flexible Benefits' Cycle to Work scheme is offered in partnership with Halfords. Halfords has invested heavily to ensure the scheme is fully HMRC compliant, and we have also been independently audited by KPMG for additional reassurance. We commit to communicate any changes in legislation to you, and evolve our systems and processes to minimise the potential impact on you and your employees.

Cycle to Work schemes are usually implemented via a salary sacrifice arrangement whereby employees agree to a regular reduction from gross salary to cover the cost of the benefit, therefore making tax and National Insurance savings. Bikes and safety accessories are initially purchased by you and then leased back to the employee over a fixed hire term, usually 12 or 18 months.

The tax exemption only applies where the employee is using the bike mainly for commuting to work (mainly is generally accepted as at least 50% of the bike's use). This can include part journeys such as travelling to or from a railway station during a commute.

Your employees may obtain a bike and/or safety accessories up to a value of £1,000 without the need for you to have any special permission or license, as it is covered by a central license held by the Office of Fair Trading.



## What happens at the end of the hire period?

At the end of the hire term you have the option to transfer ownership of the bike to the employee for its 'fair market value'. There are a number of HMRC-approved methods of managing this process, on which we can advise and guide you.

## Simple to administer

Cycle to Work is easy to set up and manage on our website and what's more, it is free for your organisation. There are no administration charges or set up fees and your first election window could be open in a matter of days!

Your Regional Account Manager will provide ongoing support, free marketing materials and documentation as required. We will also support you with on-site roadshows, employee presentations or other promotional activity to increase employee awareness.

Our freephone Helpdesk is available to answer all employer and employee queries. Tel: 0800 458 7929

## Savings Explained

LOC Value	£50	£100	£200	£300	£400	£500	£600	£700	£800	£900	£1000
Gross Monthly Reduction *	£4.17	£8.33	£16.67	£25.00	£33.33	£41.67	£50.00	£58.33	£66.67	£75.00	£83.33
<b>BASIC RATE TAXPAYER</b>											
Tax Savings **	£0.83	£1.67	£3.33	£5.00	£6.67	£8.33	£10.00	£11.67	£13.33	£15.00	£16.67
National Insurance Savings ***	£0.50	£1.00	£2.00	£3.00	£4.00	£5.00	£6.00	£7.00	£8.00	£9.00	£10.00
Net Cost Per Month	£2.83	£5.67	£11.33	£17.00	£22.67	£28.33	£34.00	£39.67	£45.33	£51.00	£56.67
Total Cost Over 12 Months	£34.00	£68.00	£136.00	£204.00	£272.00	£340.00	£408.00	£476.00	£544.00	£612.00	£680.00
<b>Total Savings Made</b>	<b>£16.00</b>	<b>£32.00</b>	<b>£64.00</b>	<b>£96.00</b>	<b>£128.00</b>	<b>£160.00</b>	<b>£192.00</b>	<b>£224.00</b>	<b>£256.00</b>	<b>£288.00</b>	<b>£320.00</b>
<b>HIGHER RATE TAX PAYER</b>											
Tax Savings ****	£1.67	£3.33	£6.67	£10.00	£13.33	£16.67	£20.00	£23.33	£26.67	£30.00	£33.33
National Insurance Savings *****	£0.08	£0.17	£0.33	£0.50	£0.67	£0.83	£1.00	£1.17	£1.33	£1.50	£1.67
Net Cost Per Month	£2.01	£4.03	£8.06	£12.08	£16.11	£20.14	£24.17	£28.19	£32.22	£36.25	£40.28
Total Cost Over 12 Months	£29.00	£58.00	£116.00	£174.00	£232.00	£290.00	£348.00	£406.00	£464.00	£522.00	£580.00
<b>Total Savings Made</b>	<b>£21.00</b>	<b>£42.00</b>	<b>£84.00</b>	<b>£126.00</b>	<b>£168.00</b>	<b>£210.00</b>	<b>£252.00</b>	<b>£294.00</b>	<b>£336.00</b>	<b>£378.00</b>	<b>£420.00</b>

\* Based on a 12 month repayment period

\*\*Assumes 20% Tax Rate \*\*\*Assumes 12% Employee NIC Rate \*\*\*\*Assumes 40% Tax Rate \*\*\*\*\* Assumes 2% Employee NIC Rate

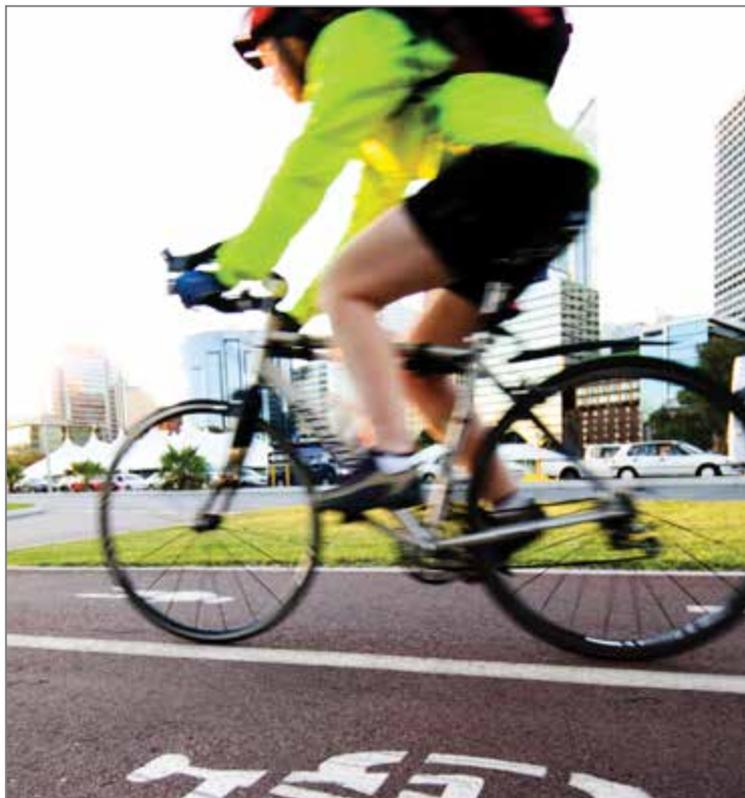
The bike will remain your property during the hire term. At the end of the hire term, you may offer your employee the opportunity to buy the bike for 'fair market value'.

## Cycle to Work - benefits for your organisation

- **Employee wellbeing.** Your employees will be fitter, healthier, have more energy and you'll get more value from them by lifting their morale, and reducing absenteeism.
- **Social responsibility.** Adding Cycle to Work to your environmental policies will demonstrate your commitment to reducing your carbon footprint, and supporting the green agenda.
- **National Insurance savings.** You do not pay employer's NI contributions on the value sacrificed by employees; the overall savings can be significant.
- **Reduced demand for on-site parking.** Parking is a major issue for most workplaces, so reducing demand will be appreciated by all.

## Cycle to Work - benefits for your employees

- **Significant savings.** Employees can make substantial savings on the cost of a new bike and safety accessories, including child seats.
- **Further savings.** Employees are able to take advantage of any in-store promotions, making their savings go further.
- **Even further savings.** Cycling to work could save employees money on fuel, public transport, congestion charges, parking or possibly even cancelled gym membership!
- **Wide range of bikes.** The widest range of top brand bikes and accessories are available locally from their nearest Halfords store.



## 7 Easy steps...

### 1 Employer Registration

Contact your Regional Account Manager to discuss your requirements or call our Helpdesk team on 0800 458 7929. We will then set up a bespoke scheme based on your needs.



### 2 Promotion

We'll help you spread the word, delivering a free marketing campaign that suits your business. To ensure your Cycle to Work scheme makes an impact with your employees, we recommend that you run schemes on an election window basis (eg once or twice a year) with scheme enrolment lasting for 2-4 weeks.



### 3 Product Selection

Employees sign up to the scheme online and using their unique log-in details decide how much they want to spend on a new bike (to a maximum value of £1,000).



### 4 Application

Employees use our secure website to order a Letter of Collection (LoC) for their chosen amount to cover the value of the bike and safety accessories they require. The employee then completes a Hire Agreement, which is passed to your Human Resources team for approval.



### 5 Collection

Letters of Collection are issued by Halfords within a week of the closure of your election window. Employees redeem their LoC at their local Halfords store for their chosen bike and accessories. 97% of the population lives within 30 minutes of a Halfords store (460+ stores nationwide open every day of the year except Christmas Day). Every bike is collected in ready-to-ride condition - assembled, safety checked\* and fitted to the rider by Cytech trained Halfords staff - the nationally recognised cycle industry accreditation.



### 6 Reconciliation

Co-operative Flexible Benefits will invoice you at the same time as the LoCs are issued to your employees. Our system provides the information your payroll team requires to make the appropriate salary reductions.



### 7 Transfer of Ownership

At the end of the hire term, employees may be given the opportunity to buy the bike for a fair market value. Co-operative Flexible Benefits can support this process.

# Co-operative Flexible Benefits and Halfords

It is our vision to provide employers with a compelling and trusted range of products and services for employees that is truly 'good for everyone'.

"Our mission is for every employee at a client business to be able to take advantage of at least one of our benefits for themselves and/or their family." Co-operative Flexible Benefits is taking an innovative approach to the benefits market in delivering a unique solution and a true alternative to the traditional commercial package available from other providers. Our commitment is to deliver excellence in everything we do, from the Customer Service Advisors on our Helpdesk, to the support from your dedicated Regional Account Manager, or the production of bespoke marketing material to ensure maximum employee engagement.

All of our services and procedures are independently audited by KPMG to ensure HMRC and employment law compliance, so you can be reassured that the faith and confidence you put in one of the UK's most trusted brands is truly validated. We believe in working together to achieve benefits for all to make our communities better places to live and work.

We believe in working together to achieve benefits for all to make our communities better places to live and work. Halfords is the UK's no.1 nationwide cycle retailer and is a trusted brand. Working with Halfords to provide the bikes we will set up your scheme with unrivalled simplicity and compliance, making your Cycle to Work scheme the UK's most compliant scheme - Guaranteed!

## Halfords Cycle to Work scheme:

- is compliant with all legislation including the Consumer Credit Act, NMW legislation, relevant anti-discrimination, employment and general law and the Consumer Protection (Distance Selling) Regulations
- offers a choice of unique compliant options for employees on or close to NMW, under 18's and probation/short term contracts
- controls and monitors compliance across all stores, including independent partner stores
- offers a choice of fully HMRC compliant options for transfer of ownership at the end of the hire term.

and a fantastic range of brands to choose from...



## For more information

-  Call us on 0800 458 7929
-  Visit us at [www.flexiblebenefits.coop](http://www.flexiblebenefits.coop)
-  Email us at: [info@flexiblebenefits.coop](mailto:info@flexiblebenefits.coop)