Cycle To Work Scheme
Policy and Procedure

Purpose

The purpose of this policy is to promote healthier journeys to work and reduce environmental impact by encouraging employees to cycle to work. This policy outlines the rules and benefits of participating in the Cycle to Work Scheme, in line with HMRC and Department for Transport guidelines.

The Cycle to Work Scheme is a government-backed initiative that allows employees to hire a bicycle and/or cycling safety equipment through salary sacrifice.

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 is taken from your gross salary (before tax) which means that you will pay less Income Tax and National insurance.

Employees can save money by spreading the cost over 12 months and benefiting from tax and National Insurance savings.

Scope

This policy applies to all eligible employees of Artic Building Services who have a permanent or fixed-term employment contract and receive salary via PAYE.

An Ownership Fee will be due at the end of the Hire Period. This is to avoid tax liability and to ensure ownership of the bike is smoothly and effectively transferred from Cyclescheme to the employee.

Eligibility

The applicant must:

- Be employed with Artic building services and have a fixed term contract.
- Be over 18 years of age.
- Remain employed at Artic Building Services Ltd with a contract that lasts beyond the hire period.
- Earn at least the National Minimum wage after the salary sacrifice deductions have been taken from their pay.

What Can Be Included?

- Bicycles (including e-bikes)
- Safety equipment such as helmets, lights, locks, panniers, and reflective clothing

Exclusions

GPS ride trackers and navigation devices, bike racks for cars, cameras, turbo trainers or rollers, gift cards, nutritional products and foodstuffs.

Employees can use the Cyclescheme calculator to check how much you can be saved.

https://www.cyclescheme.co.uk/calculator

How It Works

1. Choose a bike and equipment from an approved supplier. (use the Cyclescheme retailer finder to select a local store or online retailer to purchase from)
2. Request a quote and submit it through the company's cycle scheme provider.
3. Send an item list to ESG Manager / Sustainability team for review
4. Once agreed, Sign a hire agreement.
5. Monthly salary deductions will begin over a 12-month period.
6. At the end of the hire period, you may have the option to purchase the bike at a fair market value or extend the hire.

If the employee chooses to visit a high street retailer, they should take advantage of the opportunity to receive expert one-to-one advice. If opting to shop online, the employee is responsible for conducting thorough research, checking reviews, and ensuring they select the correct bike size.

Artic Building Services Ltd reserves the right to decline any application submitted under the Cycle to Work scheme at its discretion. Approval is not guaranteed and may be subject to eligibility criteria, operational requirements, or other internal considerations. The company is under no obligation to provide reasons for a declined application

For more information visit:

https://help.cyclescheme.co.uk/category/33-how-does-it-work

Salary Sacrifice Implications

- Your gross salary will be reduced, resulting in lower income tax and National Insurance contributions.
- It may affect your entitlement to benefits based on your gross salary (e.g., pension, statutory payments).
- This is not a credit agreement, so no credit checks are required.

End of Hire Period

At the end of the hire agreement, the applicant will be presented with three options:

- **Own it later (recommended option) -** Extend the hire at no further cost for a set period

  This method of transferring ownership could save a minimum of 23% and a maximum of 39% (some may save more due to deals or offers).
  For Cyclescheme packages valued under £500 (excluding VAT), the employee will pay a 3% transfer fee based on the original value.
  For packages over £500 (excluding VAT), a 7% fee applies—for example, a maximum of £70 on a £1,000 package.
  Following the end of the initial hire period, the bicycle remains under a 'hire' agreement for an additional 36 months, during which no further monthly payments are required. After this extended period, ownership of the bicycle can be officially transferred to the employee at no additional cost.

- **Own it now -** Purchase the equipment at a fair market value set by HMRC guidelines

The 'Own It Now' fee allows the employee to take immediate ownership of the bike at the end of the hire period. However, this option incurs a higher cost.
For Cyclescheme packages under £500 (excluding VAT), an 18% fee based on the original value applies.
For packages over £500 (excluding VAT), the fee is 25%—for example, a maximum of £250 on a £1,000 package.
Ownership is officially transferred at the point of payment, with no further costs incurred.
Please note: there is minimal financial benefit to selecting this option. For this reason, it is recommended that employees choose the 'Own It Later' option, which offers significantly greater savings.

- **Return the bike -** Return the equipment

If, for any reason, the employee does not wish to keep the bike at the end of the Hire Period, the employee may return it directly to Cyclescheme at no additional cost. No further payments or charges will apply, and your participation in the scheme will end at that point.

Cycle scheme will contact the employee after the 12 month agreement to discuss these options in detail.
For more information visit: https://help.cyclescheme.co.uk/collection/27-employee-faqs

Early Termination
If you leave the company or are made redundant before the hire period ends, the remaining balance will be deducted from your final net salary, and no tax savings will apply.

Do I have to ride to work everyday?

The employee does not have to commute by bike daily but is expected to use the bike and/or accessories mainly for commuting to and, if relevant, between workplaces.

The employee is responsible for ensuring that at least 50% of the use of the bike and any accessories is for work-related purposes. For example, if the bike is used 10 times in a year, a minimum of 5 of those journeys must be for commuting or other work-related travel.

Data of distance will be collected and used to show carbon reduction on both the contract and calculated in Scope 3 emissions for the company.

This is in line with company environmental guidelines within ISO 14001, 50001 and PAS 20/60 and in line with company policy set out in our carbon reduction plan and Net Zero Targets.

Responsibilities

Employees who commit to the cycle to work scheme are responsible for:

- The safe use and storage of the bicycle and equipment
- Maintenance and repair of the equipment
- Ensuring they have appropriate insurance (optional but recommended)

Theft or Loss of Cycle to Work Scheme Bikes

In the event that a Cycle to Work scheme bike is stolen or damaged beyond repair, the employee must be aware that the scheme involves financial commitments with third parties, including the employer. As such, a strict process must be followed. While the employer is sympathetic to those affected by theft or damage, the value of the bike cannot be written off under any circumstances, and the employee remains responsible for fulfilling the financial obligations of the scheme

Applicants are encouraged to arrange adequate Insurance cover from the start of the agreement.

If Your Bike Is Stolen or Damaged Beyond Repair:

- **If employee replaces the bike and continues to use it mainly for commuting**, salary sacrifice deductions can continue from your **gross pay**, meaning you still benefit from Income Tax and National Insurance Contribution (NIC) savings.
- **If the bike is not replaced**, this marks the end of your Hire Agreement. Any outstanding balance will be recovered from your **net pay**, and you will lose the associated tax and NIC savings.

If the bike under the hire scheme has been stolen, please email info@cyclescheme.co.uk with the following information:

- Date of the theft
- Police Station Reported to
- Crime Reference number
- Is the bike insured?
- Has the employer been notified?

Although the employee may not technically own the bike for the duration of the Cycle to Work Scheme agreement, it is, for all practical purposes, in their care and for their use. Therefore, the employee is responsible for ensuring the bike is properly maintained throughout the agreement period.

Bike Ownership and Resale Responsibilities

The employee must not sell the bike under the following circumstances:

- If they are still within the initial Hire Period;
- If they are currently in an active ‘Own It Later’ agreement;
- If they have not completed an official transfer of ownership through Cyclescheme or their employer.

The employee may only sell the bike if:

- They have completed the Hire Period and selected either the ‘Own It Now’ or ‘Own It Later’ option and fulfilled all associated requirements; or
- They have formally transferred ownership through Cyclescheme or their employer.

Until the official transfer of ownership has been completed, the bike remains the property of Cyclescheme or the employer. As such, resale by the employee is strictly prohibited

Policy Review

This policy will be reviewed annually and updated to reflect changes in legislation or business needs.

Colin Trowell

Managing Director

Artic Building Services Limited

May 2026