

Salary Sacrifice Cycle to Work Scheme - Terms

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ELIGIBILITY

- a) You must be a member of staff on PAYE payroll. Please note that those engaged either on a 'zero hours' contract or on a casual/temporary basis for a period not exceeding three weeks will not be eligible to join.
- b) The Salary Sacrifice cannot take you below the National Minimum Wage/National Living Wage.

ADJUSTMENT TO REMUNERATION PACKAGE

You agree that your gross salary will be reduced as stated in the Salary Sacrifice arrangement with your employer and that your remuneration will include the provision of the bicycle and/or safety equipment to you.

Salary Sacrifice

When entering into a Salary Sacrifice arrangement you should be aware that you waive your rights to automatically return to your original salary at the end of the term. However, your employer confirms that your salary will increase by the amount of your former salary sacrifice at the end of the term.

Employment Benefits

This agreement may affect those benefits linked to salary such as Maternity Pay, Sickness Pay and NHS Pension.

UNPAID LEAVE

Life Events

Events such as Maternity Leave and Sick Leave are defined as "Life Events" by your employer and are evaluated on a case by case basis.

In the event of a "Life Event" where your salary decreases or stops altogether, your employer will review the agreement with you and decide with you the appropriate course of action. This could be, but is not limited to:

- a new agreement being put in place;
- giving you the option of opting out of the agreement and paying any outstanding balance;
- continuing to provide the benefit.

Maternity Pay Calculation

Your maternity pay is calculated on your "average weekly earnings" during weeks 17-25 of your pregnancy. For the purpose of calculating your maternity/ pay your lower salary (after all salary sacrifice reductions) will be used. This will have a direct impact on your level of maternity pay.

Other Unpaid Leave

If a change in your circumstances prevents you from continuing with the Salary Sacrifice, your employer will discuss with you ways in which the financial commitment can continue to be met.

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ORDERING

Ordering

Your employer will have the sole decision whether or not to accept and proceed with your order for the provision of a bicycle and/or safety equipment. All orders need to be completed and received by the closing date or your order will not be processed.

YOUR GENERAL OBLIGATIONS

Reduction of amounts due

You agree that all amounts due will be paid by reduction in your salary. You must pay VAT at the rate from time to time in force on each salary reduction.

Permitted uses of the bicycle and/or safety equipment

The bicycle and/or safety equipment is supplied to encourage you to ride to work and aid in reducing congestion and pollution. The bicycle and/or safety equipment must be used mainly (more than 50% of its usage) for your commuting to work, although there is no requirement for you to keep a record of work journeys. However, if you do not use the bicycle and/or safety equipment for its intended purpose you may lose the benefit of the tax exemption. The bicycle and/or safety equipment can also be used for recreational use as you wish.

TOTAL LOSS

If the bicycle and/or safety equipment is lost, stolen or cannot be economically rectified (a "Total Loss") your salary reductions will continue for the duration of the salary sacrifice arrangement and the disposal fee will also be deducted. It is your responsibility to make provision for insurance for the bicycle and/or safety equipment.

TERMINATION OF EMPLOYMENT

If your employment terminates with your employer for any reason whatsoever, then in such event you shall be obliged to pay the amount set out in the section titled "Your Liability on Termination". This will be deducted from your final net pay, and if this is insufficient, you must pay the shortfall within 7 days of leaving your employer.

YOUR LIABILITY ON TERMINATION

On termination of employment you shall become liable to pay your employer the following amount by such time as your employer may specify by due notice to you:-

The amount stated as the total reductions under the Salary Sacrifice Arrangement LESS the amount of all salary reductions applied up to the date of termination PLUS an administrative charge equal to the disposal fee.

This payment will be deducted from your net, not gross, final salary because upon termination you are no longer able to receive the tax benefits of the Cycle to Work Scheme.

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COLLECTION/DELIVERY

If ordered through the mail order facility the bicycle and/or safety equipment can be delivered to you. Deliveries will take place at an unspecified time between 8am - 6pm on a day arranged with you (Monday to Friday only). If ordered through a local bike shop you will need to collect the bicycle and/or safety equipment direct from the shop personally.

Mail Order Bike Exchange

You can exchange the bicycle ordered through mail order after receiving it, but only if the bicycle is in brand new condition, has not been used and is repackaged securely in the original packaging. You will be charged an additional £50 fee to cover collection of the first-choice bicycle and delivery of a new bicycle. To avoid this fee, it is important that you order the correct frame size and ask for advice when contacted to arrange delivery, if there are any concerns.

Delivery Time

You will be contacted to arrange delivery (if by mail order) or collection (if from local bike shop) of the bicycle and/or safety equipment after orders have been authorised by your employer. This is usually within four weeks of receipt of order. Supply of your bicycle and/or safety equipment is conditional on availability from the supplier or manufacturer at the time of order. Bespoke bicycles often have extended manufacturing times. Please note that payroll reductions will commence as scheduled regardless of whether the bike has been supplied to you by that time.

Place of Delivery

The bicycle and/or safety equipment will be delivered to the address as stated on your hire agreement.

Receipt of the Package

You must ensure that someone is available to receive the bicycle and/or safety equipment on the agreed delivery date. You may be required to arrange separately with the courier for re-delivery.

Confirmation of Receipt

When the bicycle and/or safety equipment is delivered to you or collected by you, you must sign the necessary documentation to confirm receipt. If there are any items missing when the bicycle and/or safety equipment is delivered according to the courier's paperwork or if there is any damage to the packaging, you must clearly write this on the courier's documentation.

Delays

Your employer will not be liable for any delay in supplying the bicycle and/or safety equipment to you or for failing to provide a bicycle and/or safety equipment at all, if that delay or failure is due to any event or circumstance beyond reasonable control. This includes where SME HCI Ltd cannot get supplies of the bicycle and/or safety equipment. If it is not possible to obtain the bicycle and/or safety equipment, then your Salary Sacrifice arrangement and Hire Agreement may be cancelled by your employer and SME HCI Ltd respectively without any liability to you.

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Inspection

You must inspect and test the bicycle and/or safety equipment as soon as you receive them and notify SME HCI Ltd promptly of any defects or other problems with the bicycle and/or safety equipment. If you do not notify SME HCI Ltd within 7 days of receipt, the bicycle and/or safety equipment will be assumed to have been delivered free from any defects or problems that you could have discovered by reasonable inspection and operation of the bicycle and/or safety equipment within such 7-day period.

Withdrawing from the Tax-Free Cycle to Work Scheme

You will have a 14-day period after creating your order in which you can withdraw from the scheme, whilst your order is processed.

WARRANTY

Manufacturer's Warranty

The bicycle and/or safety equipment will be supplied with the benefit of a manufacturer's warranty as stated in the item description. You should complete and return immediately any registration card or other form or carry out any other action required to validate such warranty.

NHS Pension Scheme

Impact of Salary Sacrifice arrangements on Occupational (NHS) Pension with effect from 1st April 2015

With effect from 1st April 2015 the impact of salary sacrifice on occupational pension varies according to which section of the NHS Pension Scheme you are a member of.

1995 Section

If you are in the last 3 years of employment before retirement and you are a member of the NHS pension scheme (1995 section), taking part in the scheme will have an effect on your NHS pension benefits. Upon retirement, NHS pension benefits are calculated on the best of the last 3 years Pensionable Pay. As your Pensionable Pay will decrease by the amount of the Salary Sacrifice, this will have an effect on your benefits if you retire during or soon after the end of the arrangement.

2008 Section

If you are in the last 10 years of employment before retirement and are a member of the New NHS Pension Scheme (2008 section), taking part in the scheme may have an effect on your NHS Pension benefits, depending if/when you plan to wind down your commitment and earnings in your last years of employment. Upon retirement, NHS Pension benefits are calculated on the average of the best three consecutive year's Pensionable Pay in the last 10 years of working. As your Pensionable Pay will decrease by the amount of the Salary Sacrifice, this may have an effect on your benefits.

2015 Section (new NHS Pension Scheme)

The introduction of the 2015 NHS Pension Scheme has important implications for members participating in or considering salary sacrifice arrangements. This is because the 2015 NHS Pension Scheme is a Career Average Revalued Earnings (CARE) pension scheme. In a CARE scheme your pension is based on your pensionable pay right across your career. The pension you earn is based on your pensionable pay in that year and is revalued by a set rate linked to inflation, known as revaluation, each year up to retirement or leaving the scheme.

Entering into a salary sacrifice arrangement reduces gross pensionable pay thereby reducing the benefits that are built up for that period. This means that the occupational pension you receive when you retire will be lower than the amount you would have received had you not participated in the salary sacrifice arrangement.

All staff in the 2015 NHS Pension Scheme, including those on tapered protection, will need to consider the impact that participating in a salary sacrifice scheme may have on their NHS pension against the savings and benefits afforded through the salary sacrifice arrangement.

For further information contact Pay & Pension Services.