Equality Impact Assessment Report

**NES Electric Vehicle Salary Sacrifice Scheme – pilot launch for all core NES employed staff (trainees to follow in a phase 2)**

Owned by **Finance Directorate, in partnership with Workforce Directorate**

Date Report Completed: **18/6/23**

# Introduction

Equality Impact Assessment is a process that helps us to consider how our work will meet the 3 parts of the Public Sector Equality Duty. It is an important way to mainstream equality into our work at NES and to help us:

* Take effective action on equality
* Develop better policy, technology, education and learning and workforce planning solutions for health, social care and a wide range of our partners, stakeholders and employees
* Demonstrate how we have considered equality in making our decisions.

**Overview of Electric Vehicle Salary Sacrifice Scheme**

* A car salary sacrifice scheme is where an employee gives up an amount from their gross salary in exchange for a non-cash benefit, in this case a fully maintained and insured car.
* The scheme will not allow any employee to go below National Living wage (plus 10% to ensure some flex for change during the period), therefore eligibility criteria will be clearly identified before any application is approved.
* No costs are associated with joining the framework, other than limited NES time and resource required to administer and manage.
* Employees can receive a ‘no obligation’ quote from the supplier’s portal whereby the vehicle which is competitively tendered against several suppliers (demonstrating value for money for the staff member).
* Minimal input required by NES in setting up the process.
* No minimum number of leases required to enter Scheme.

**Aims and outcomes**

This is a new initiative to NES and has been developed with input from Finance, Procurement and HR colleagues.

* The introduction of this initiative will strengthen NES organisational focus on sustainability and climate change to achieve carbon efficiency, contributing to net zero carbon target.
* Improved staff benefit offering, to sit alongside existing benefits.
* Additional savings for employees and NES: until April 2025, electric vehicles that emit no emissions will attract a 2% Benefit in Kind rate. Ultra-Low Emission Vehicles will also attract generous tax breaks further reducing lease values. Staff can expect to make savings over the duration of the agreement with possible fuel savings on top. Even if staff don’t opt for a pure electric vehicle, hybrid cars offer some of the lowest emissions on the market all of which will be carbon offset.
* The employee saves on income tax, NIC and superannuation contributions but also pays a benefit in kind tax on the car. For electric cars, the business saves Class 1 NIC on the salary that has been sacrificed and will pay lower employer superannuation payments for all types of car. Whilst the car is considered a taxable benefit (meaning company car tax is payable on the benefit) the Government is trying to encourage adoption of ultra-low and zero emission cars and therefore electric cars pay the lowest company car tax.
* With no deposits, upfront payments or credit checks, employees can choose a car on a flexible mileage and term, automatically include fully comprehensive insurance (including business use, servicing, maintenance, no quibble replacement tyres and accident management) all for a fixed monthly amount taken from the employee’s gross salary.
* Employees will be made aware that pension contributions will reduce as result of entering this salary sacrifice arrangement.
* In this first phase all eligible core employees may join the scheme – it will be launched to trainees in a second phase. This decision was reached due to the desire to introduce this benefit as seamlessly as possible, as well as taking cognisance of the lead employer model arrangements for trainees as there are complex and will require further consideration once early learning is taken from the launch of the pilot launch.

**NES Equality Outcomes**

The introduction of this initiative is not relevant to any of the existing equalty outcomes: [equality-outcomes-and-mainstreaming-report-2021-25.pdf (scot.nhs.uk)](https://www.nes.scot.nhs.uk/media/yiednjfj/equality-outcomes-and-mainstreaming-report-2021-25.pdf?id=/sites/1nes/Shared%20Documents/Equality%20and%20Diversity/Equality%20outcomes%202017-21/NESD0692%20Equality%20Outcomes%20and%20Mainstreaming%20Report%202017%20FINAL.pdf&parent=/sites/1nes/Shared%20Documents/Equality%20and%20Diversity/Equality%20outcomes%202017-21), but it does form part of the NES aim to be a diverse, inclusive and equitable organisation in terms of accessibility to all eligible employee groups.

Potential for reducing inequalities or improving outcomes for any group? N/A

# Evidence

* Careful consideration has been given to ensure NES implementation alignment to the third party scheme parameters to result in robust internal processing and monitoring and that as many employees as possible are eligible to subscribe to this benefit.
* NES eligibility checks aim to mitigate any risk of an employee falling into financial hardship as a result of subscribing to the scheme and the quoting system will not allow unaffordable cars to be offered.
* The hourly rate will be calculated using the National Living Wage (as opposed to the Minimum Wage), plus 10% to allow for changes in national policy.
* The same eligibility checks also take into account potential financial liability risk to NES which could otherwise arise in the event of employee financial hardship.
* Lifestyle Protection also provides NES with the peace of mind that in the event of pay levels falling to statutory amount, NES payments into the scheme will be reimbursed up to agreed levels. This therefore ensures that all employees can be offered the opportunity and certain groups do not suffer discrimination (e.g. maternity/sickness/disability.)
* There is also additional insurance cover for employees with a terminal illness or disability (with no initial exclusion period).
* Employees may also purchase as family car to enable another member of the family to drive it, enabling e.g. employees unable to drive for health or disability reasons to access the scheme.
* HR, Finance, Procurement stakeholders have reviewed the scheme parameters and considered suitable and appropriate internal processing which takes into account different contractual status of different employees – different agreement durations will enable the widest possible number of fixed term contract holders to benefit.
* Benchmarking has taken place with other organisations who have implemented a similar scheme.
* Advice and guidance has been obtained from the third party supplier who operated this across multiple organisations and have shared their experience with NES to ensure a seamless launch.
* NES will be one of the first NHS bodies in Scotland to implement this pilot initiative and learning from it is to be expected.

# Assessment

We have considered how this work will impact on the Public Sector Equality Duty. This includes how it might affect people differently, taking account of protected characteristics and how these intersect, including with poverty and low income. This is important as a national NHS Board in our work to address health inequalities.

The bullet points below are the 3 parts of the Public Sector Equality Duty:

* How will it progress equality of opportunity for people who experience inequalities?
* How will it eliminate discrimination, victimisation or harassment or other unlawful conduct?
* How can it promote good relations between people who share a protected characteristic and those who do not? For example, think about how we can tackle any prejudice or stigma.

**Findings:**

* Permanent and fixed term contract employees are all eligible to join the scheme, subject to a check to ensure that any fixed term contract is of longer duration than the electric vehicle agreement which can be between 2 and 4 years in length, plus the lead in time for vehicle delivery.
* Lifestyle Protection Insurance is standard and this enables employees who resign or are on maternity leave, shared parental leave, paternity leave, adoption leave or long term sick leave to continue to have their payments covered, even though their pay may have been impacted by their absence. (Note there is an initial 3 month exclusion period before this cover is applicable).
* There is also additional insurance cover for employees with a terminal illness or disability (with no initial exclusion period).
* No employee will fall below the National Living Wage as a result of a salary sacrifice.

This is a wide reaching initiative which many employees (with the exception of trainees at this initial pilot phase and a small number on agenda for change band 2 or lower band 3 roles, and some employees on fixed term contracts) may apply for. The exclusions are due to the need reduce inequalities arising from financial detriment.

The scheme enables employees with protected characteristics (disability/maternity) to apply due to the insurance protection.

There is also additional insurance protection cover for employees with a terminal illness or disability (with no initial exclusion period).

The pilot will be reviewed to allow any learnings to be incorporated into the scheme as will the additional complexity of the Lead Employer model be impact assessed before introducing NES employed trainees.

The provider continues to work to introduce lower end cars to the scheme to make it as inclusive as possible for all salary brackets.

Uptake is however expected to be low, due to the impact on pension and the potential high costs involved. 6% to10% of head count is typical in other organisations. The scheme will be immediately available to 1148 staff, subject to meeting the eligibility criteria. A further 1185 trainees will be invited to join in the second phase.

# Next Steps

The Equality Impact Assessment has informed the following actions:

The evidence shows that there is no potential for unlawful discrimination and we have built in actions to advance equality of opportunity and foster good relations.

Monitoring and Evaluation

For the first 6 months interest in the initiative, and any applications will be monitored to gauge level of interest and patterns emerging from different groups across the organisation.

The early learning from the process will be considered and will inform a second phase to include the trainee cohort.

A further impact analysis will take place for the trainee cohort.

# Sign-off

Director of Finance: Jim Boyle

Associate Director of Workforce: Patricia Matheson

Date: 27/6/23