

Grey Fleet Best Practice

June 2008



Developed by the Grey Fleet Stakeholder Forum, as part of the Fleet Collaborative Pilot

Organisations that have contributed include:

Office of Government Commerce

Department for Work and Pensions

Department for Transport,

Department for Children, Schools and Families

HM Revenue and Customs,

Department for the Environment, Fisheries and Rural Affairs

Met Police

Environment Agency

Central Buying Consortium

NHS Purchasing & Supply Agency

What is grey fleet?

Grey fleet travel refers to mileage in employee-owned vehicles - a grey area, where millions of hidden miles are travelled each year and often overlooked by employers and employees alike.

In the public sector, evidence indicates that grey fleet makes up around 57% of total road mileage. Across the whole of the sector, this could add up to as much as 1.4 billion miles every year!

Why tackle grey fleet?

“We have to do our utmost to push the message that driving for work can, and should, be managed like any other part of the business.”

Road Safety Minister Jim Fitzpatrick

The management of grey fleet travel plays an important part in supporting three key policy areas of health and safety, environmental sustainability and financial efficiency. It is about removing unnecessary mileage and transferring travel to more environmentally efficient and cost effective alternatives like public transport and hire cars, as well as minimising the risk where employees do use grey fleet for work.

Health & Safety

- ▶ Up to one in three road crashes involves a vehicle being driven for work
- ▶ Every week, this results in around 200 work-related deaths or serious injuries
- ▶ For the majority of people the most dangerous thing they do at work is drive on the public highway
- ▶ Over 34% of organisations admitted in a recent survey that they do not have basic procedures for checking the driving licences and insurance of grey fleet drivers.

(Department for Transport, HSE and Arval statistics¹)

Managing the duty of care to employees driving for work is a legal requirement, and this includes employees driving their own vehicles for work.

- ▶ The Health & Safety at Work Act 1974 states that:

“It shall be the duty of every employer to ensure, so far as is reasonably practicable, the health, safety and welfare at work of all employees.”

This means that:

- Both management and employees can be prosecuted for road traffic crashes involving work-related journeys, even when the driver is using their own vehicle

¹ DfT Road Research Report No. 51; Health and Safety Executive Statement, 1996; Arval, 'The Grey Fleet', August 2007

Part I - What is grey fleet and why tackle it?

3

- Under HSE regulations, there is a requirement for any organisation employing five or more people to have a written policy statement on health and safety, and this should cover work-related road safety
- In the case of a work-related road incident, organisations will need to provide evidence that they have taken 'reasonably practicable' steps to manage their duty of care.
- ▶ The Corporate Manslaughter and Corporate Homicide Act 2007 came into force in April 08 and creates a new offence where death is caused by a gross breach of duty of care by senior management. This means that:
 - Crown immunity will no longer apply in the case of the outlined offence, and it will therefore apply alike to all government departments, NHS bodies, corporations, police forces and prisons
 - Where it can be proved that senior management are responsible for a gross breach of duty of care relating to an employee driving for work and that death has resulted from this breach, penalties can be applied including unlimited fines and publicity orders.

All public sector organisations need to consider the implications of these Acts and question whether they are taking reasonable steps to manage duty of care for all employees driving for work, including the hidden grey fleet drivers.

Where organisations do take steps to manage duty of care relating to driving for work, this can also bring a range of benefits:

- ▶ Reduced downtime
- ▶ Improved safety culture
- ▶ Improved public image and business performance
- ▶ Financial savings associated with lower insurance premiums, fewer repairs and lower costs of staff replacements and sick pay (it is estimated that the full cost of every road accident might be £8 to £36 for every pound paid on the insurance claim).

Environmental

- ▶ 400,000 tons of CO₂ are emitted, on average, from grey fleet cars over 1.4 billion public sector miles
- ▶ This is an annual carbon profile that would take 550,000 UK trees their whole lifetimes to offset.

In June 2006, the Prime Minister launched revised targets for Sustainable operations on the government estate. All central government departments are expected to meet these targets, which include a commitment to:

“Reduce carbon emissions from road vehicles used for Government administrative operations by 15% by 2010/11, relative to 2005/2006 levels.”

Part I - What is grey fleet and why tackle it?

This means that:

- ▶ With an average of 57% of public sector road mileage travelled in the grey fleet, the reduction of emissions from employee-owned vehicles will be key to achieving the Government targets for sustainable operations
- ▶ This will require the gathering of solid management information on grey fleet travel, as well as the implementation of policy changes to reduce grey fleet mileage, or transfer it to lower emitting forms of travel
- ▶ Studies conducted on a sample of public sector organisations indicate that the average age of an employee-owned car used for business is 6.7 years. Changes in the manufacturing industry over the last decade have meant that carbon emissions levels on new vehicles are constantly being cut. For example, a Ford Escort (1.8 TCi) bought in 2000 would produce carbon emissions 27% higher than its 2008 Ford Focus equivalent. This shows that there are significant environmental benefits available from moving grey fleet drivers both into public transport, and also into newer leased cars or hire cars (on average 18 and 6 months old respectively).²

Financial

- ▶ An organisation travelling 10 million grey fleet miles a year will be spending £2.5 to £4 million per year - or more where annual cash alternative payments are made to grey fleet drivers
- ▶ Most central civil government departments pay mileage at 40p/mile higher rate and 25p/mile public transport rate, though there are examples of organisations paying 81p/mile and higher
- ▶ Evidence from two departments shows that an average of 84% of all claims are at the higher rate, although there may be justification for many of these being paid at the public transport rate.

Often grey fleet is not the most cost effective method of transport available to an employee, but may be preferred for a range of reasons, including:

- The employee may not be aware of the other, more cost-effective, alternative methods of transport that are available
- Effective journey planning may not be being undertaken - grey fleet is easy
- In some cases, the mileage rates offered by departments may act as an incentive for people to drive their own vehicles.

Without appropriate demand management measures, this can lead to rising mileage in employee-owned cars, as well as rising mileage costs.

Obviously, the choice of transport is dependent on the type of journey being undertaken and overall annual driving patterns, but here are some sample direct cost comparisons:

² GFleet Services Ltd

Part I - What is grey fleet and why tackle it?

5

Method	Grey fleet	Public transport	Hire car ³	Lease car
Explanation	40p/mile	Standard rail, booked in advance	Astra-sized, petrol, delivery/collection	£2,000 for 10,000m, 12p/m
Miles	240 mile round trip between London and Bristol			
Cost	£96	£49	£60	£76
Saving	-	£47	£36	£20

Where organisations have taken steps to manage grey fleet travel financial savings have been achieved, both direct and indirect:

- ▶ Based on the experiences of OGC and Environment Agency, a 20% reduction in organisational grey fleet mileage of 10 million miles could generate an annual net saving of over £1 million
- ▶ 10million miles at an average speed of 40mph would take up 250,000 hours. Assuming an average hourly cost of £15, this would represent £3.8 million of indirect costs, which could be reduced through eliminating unnecessary journeys and using alternative forms of transport like the train.

³ Spot hire cost of £60 based on one-day rental, but even where the journey is spread over two days, the spot hire cost would be £84 and a £12 reduction on equivalent grey fleet cost

Three essential steps for managing grey fleet travel

1. Set the policy

Develop a policy on driving for work, which includes statements on driving your own vehicle for work

In compliance with health and safety legislation and the HSE's *Driving at work* guidance, the policy should include statements relating to the vehicle, the driver and the journey.

The vehicle

- the employee is responsible for ensuring their own vehicle complies with [Road Traffic Law](#), is in a safe and roadworthy condition and fit for purpose if used for business purposes
- the employee is responsible for keeping up-to-date MOT, insurance cover and servicing documentation, and for producing these for regular checks by management
- the employer requires minimum vehicle standards to be met by employee-owned cars used for business, which cover [NCAP ratings](#), emissions levels, required safety features and essential breakdown cover.

The driver

- the employee is required to evidence appropriate driving standards
- the employee is responsible for holding a current driving licence, with up-to-date information on endorsements, and for producing this for regular checks by management.

The journey

- each department is responsible for taking steps to assure itself that the vehicle and driver are fit for purpose for each business journey undertaken.

2. Use the policy to tackle key issues

The policy on driving for work should cover the relevant issues relating to financial and environmental responsibilities, as well as health and safety

- Necessity for travel

In order to reduce the risk to safety, as well as the environmental and financial impacts, the policy should seek to eliminate all unnecessary business journeys. It should state that the following assessments must be undertaken before each journey regarding the necessity for travel:

- whether the need for the journey, or task, can be carried out equally well using video or audio-conferencing facilities, telephone or e-mail
- whether the meeting or need for the journey can be postponed until a later date, or brought forward and then be combined with an additional requirement to travel, to reduce overall travel costs
- whether the journey has been approved in advance by the line manager or appropriate authority.

Part II - Essential steps for managing grey fleet and making it work

- Decision making on travel

To further minimise the impacts of grey fleet travel, the policy should highlight the requirements for employees to use the most economic and efficient method of travel, taking into account the cost of travel, environmental impact and timing factors. This may include setting required methods of transport for certain journeys, such as:

- public transport should be used for all journeys between city centres
- public transport, hire, pool or lease cars should be used for all journeys over a specified distance.

- Restrictions on grey fleet journeys

Planning safer, more efficient and economic journeys may also mean restricting the use of grey fleet to journeys below a certain distance. Getting employees into newer lease or hire cars, with their added safety features, or, better still, into public transport, will help reduce risk, emissions and spend.

3. Implement and review the policy

The policy needs to be implemented, managed and reviewed

- Implement the policy

Ensure that employees know about the policy and that they understand what is expected of them:

- at employee-level, this includes responsibility for journey planning, safe driving and ensuring fitness for purpose of grey fleet vehicles
- at line manager level, this includes responsibility for challenging travel choices of employees and assessing risk related to specific journeys (driver and vehicle).

A key test will be whether employees and managers know what they should be doing in relation to journey planning and grey fleet travel.

- Make the policy manageable and easy to follow

Employees need to understand how to follow the policy and organisations need to make it easy for them to make the right travel choices, through:

- practical guidance on journey planning and ensuring the fitness for purpose of grey fleet vehicles will help people to follow the policy
- provision of audio and video-conferencing facilities and training of employees to use them can support elimination of unnecessary journeys
- enabling easy access to approved deals for booking public transport and spot hire cars will make these acceptable alternatives to grey fleet.

- Review the policy regularly

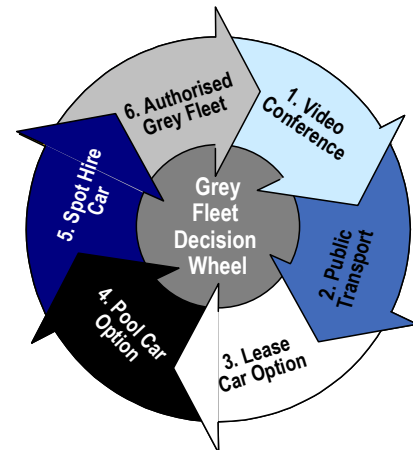
The policy needs to be reviewed on a regular basis (preferably at least annually), to ensure that it is kept up-to-date and improved where possible. This should particularly focus on ensuring that appropriate management systems are in place and that all risks are being controlled.

Part II - Essential steps for managing grey fleet and making it work

8

Case Study - Environment Agency

- Policy set requiring employees to review alternatives to using their own vehicle, and justify the transport choices they make.
- Starting with the option of not making the journey in the first place (and using video- or audio-conferencing), the employee is then prompted to consider the options of public transport, lease car, pool car or spot hire car in each case.
- Line managers are responsible for challenging employees on their travel choices to ensure the hierarchy is observed in practice.



Critical success factors - making the policy work

Communication

Communicating the key messages of the policy will be crucial for ensuring that employees and managers are aware of their responsibilities and understand how they can meet these in the most efficient way. Communication may take place through:

- Policy documents
- Practical guidance packs
- Driver handbooks
- Decision trees
- Newsletter articles
- Induction packs
- Briefing sessions
- Intranet webpage

It may be effective to set up an intranet site, as a one-stop-shop for information on driving for work and journey planning. This could include policy documents and guidance, as well as links to the relevant booking sites for audio and video-conferencing, public transport and vehicle spot hire.

Case Study - Department for Transport (DfT)

- One stop-shop intranet webpages established on Sustainable Travel.
- These webpages include the DfT business travel decision tree and information on cycling, car sharing, green taxis and car hire.
- The site also provides links to National Rail, Transport Direct and video-conferencing and hire car booking sites. This makes it easier for employees to make sustainable travel choices and to use the optimal alternative to grey fleet travel in each instance.

Sustainable travel

Information relevant to your commute to work and to business travel

The screenshot shows a webpage titled 'Sustainable travel' with a sub-header 'Information relevant to your commute to work and to business travel'. The page is organized into several sections: 'About this site' with links for 'Our aims', 'How you can make a difference', and 'Business travel decision tree'; 'Video conferencing' with a link for 'Booking a video conference' and a small image of a person on a video call; 'Cyclists' with links for 'Cycle to work', 'Cycle facilities, lockers & showers (London)', 'Cycle facilities (Ashdown House, Hastings)', and 'Lockers & showers (Ashdown House, Hastings)'; 'Rail travel' with a link for 'National Rail'; 'Transport for London' with a link for 'Oyster card'; 'Cars' with a link for 'Car sharing' and sub-links for 'What is Liftshare?', 'Liftshare', and 'Green taxis'; 'Car hire' with links for 'Government Car & Despatch Agency', 'Car hire', 'If you need to use a car', 'Car hire policy', 'Car hire contract', and 'Driving at work: policy statement'; 'Related links' with links for 'DfT travel plan', 'DfT travel services', 'Travel centre in GMH', 'Transport Direct', and 'Transport for London'; 'Maps' with links for 'London HQ buildings' and 'Ashdown House, Hastings'; and 'Contacts' with a link for 'Names & numbers'.

Part II - Essential steps for managing grey fleet and making it work

Senior-level support

Engaging senior management support for any new policies or arrangements is crucial for achieving effective change:

- appoint a senior-level sponsor for grey fleet, who will have ownership for this area and any changes within it
- set key performance indicators or targets on business mileage, and in particular grey fleet mileage, so that senior managers are regularly measured on their performance in reducing mileage within their teams
- increase emphasis on line management advance authorisation and active demand management to help control mileage levels (i.e. is this journey really necessary, and, if so, is this the best method of travel?).

Case Study - Agencies of the Department for the Environment (Defra)

- Environment Agency achieved strong support from Chief Executive and Director level in championing a reduction in business mileage, and in particular grey fleet mileage. This enabled a huge 40% reduction in grey mileage in 07/08, as compared with the baseline year 05/06.
- The Rural Payments Agency has also taken advantage of strong senior level support for improving organisational sustainability, to introduce a number of updates to its grey fleet policy.

Gathering information

Data should be gathered on all methods of transport, including public transport, badged, leased and spot hired vehicles, and grey fleet, as well as audio- and video-conferencing. This will help to monitor mileage and risk levels and identify any patterns, such as increasing business mileage. Where grey fleet mileage is cut, it will also allow measurement of the reduction in mileage and spend net of any increase in usage of other methods of travel. Standard data requirements that should be considered for grey fleet (and other travel) are:

- total business mileage per journey
 - total cost per journey (and mileage rate for grey fleet)
 - journey information: journey date; journey reason; starting point and destination postcodes
 - driver information: home postcode; driver licence number; licence endorsements
 - vehicle information: engine size; vehicle registration; age; insurance number and date of last MOT
- In order to ensure health and safety requirements are met, the following information may also be needed:
- record of last documentation or vehicle checks
 - incident reporting: accidents and damage-only incidents when driving for work

Part II - Essential steps for managing grey fleet and making it work

10

Case Study - NHS Trusts

- North Lincolnshire and Goole NHS Trust has developed an intranet site that acts as a central point for booking a cross-site shuttle bus and managed courier service. This site also gathers data on eliminated grey fleet journeys, to help track mileage and cost reduction.
- Tees, Esk and Wear NHS Trust is using another online system to gather information on grey fleet drivers, including vehicle type, accident history, and typical journey patterns. It also requires employees to declare they have the appropriate business insurance, up-to-date MOT and driver licence, before it processes their mileage claims. This supports improved risk management and monitoring of grey fleet travel in the organisation.

Establish control measures

Control measures for grey fleet travel can also be used to reduce business journeys and thereby minimise risk and financial and environmental impacts.

These include:

- Specifying appropriate vehicles for grey fleet journeys, with minimum standards based on environmental and health and safety criteria: for example, minimum NCAP rating or maximum carbon emissions
- Carrying out documentation checks on driving licences, insurance cover and MOT certificates before allowing employees to drive their own vehicle for work, and then repeating these at regular intervals to ensure standards
- Setting restrictions on acceptable journey distance in grey fleet vehicles, so that longer journeys are transferred to safer methods of travel
- Using travel and subsistence systems to hold back payment of mileage claims where appropriate data has not been provided (vehicle, driver, journey), where acceptable journey distance has been exceeded or where required documentation checks have not taken place.

Case Study - Department for Work and Pensions (DWP)

- A number of public sector organisations have already taken steps to restrict the maximum number of miles employees are permitted to drive in their own vehicle in a single round trip or in a single financial year. These organisations include DWP, Environment Agency, Rural Payments Agency, OGC and DfT.
- In the case of DWP, this means:
 - an daily limit for grey fleet usage of 100 business miles
 - an annual limit for grey fleet usage of 1,000 business miles per financial year
 - for all journeys that exceed the mileage limits, prior written authorisation must be obtained from a senior manager, and the reasons for granting permission clearly documented and copied to the DWP Travel Team.

'reasonably practicable'

According to the Health and Safety at Work Act 1974:

"It shall be the duty of every employer to ensure, so far as is reasonably practicable, the health, safety and welfare at work of all employees."

It is down to the individual organisation to assess the risks in each case and to make a judgement on what is 'reasonably practicable', or what actions it is reasonable to take to manage the risks in the specific circumstances.

Crown immunity

This is a long established legal doctrine that means that Crown bodies (e.g. government departments) cannot be prosecuted. The Corporate Manslaughter Act (Section 11 (1)) makes it clear that this principle does not apply to prosecutions under the new Act.

Sustainable operations on the government estate (SOGE)

The new, outcome-focused SOGE targets came into effect for the reporting year 06/07 and apply to all central government departments, executive agencies, and non-departmental public bodies (NDPBs). The targets set a common agenda for central Government on a number of priority areas for action, such as energy and fleet. They aim to drive a significant step-change improvement in the way Government manages its land and buildings.

Road Traffic Law

The Road Traffic Act 1988 covers laws concerning a driver's responsibilities and liabilities on the UK roads. It includes the legal requirement for tests of satisfactory condition of vehicles, or MOTs.

NCAP ratings

The European New Car Assessment Programme's (Euro NCAP) ratings have been in common use since 1997 and have become internationally recognised as a reliable indicator of independent consumer information about car safety. NCAP allocates a rating of up to five stars linked to tests of vehicle safety for adults, children and now pedestrians.

Health & Safety Executive (HSE)

www.hse.gov.uk

[Health and Safety at Work Act 1974 \(Sections 2 and 3\)](#)

[The Management of Health and Safety at Work Regulations 1999](#)

[Driving at work: Managing work related road safety](#)

Royal Society for the Prevention of Accidents (ROSPA)

www.rosipa.co.uk

[Driving for Work: Own Vehicles](#)

Association of Chief Police Officers (ACPO)

www.acpo.police.uk

[Road Death Investigation Manual](#)

Government Sustainable Development Commission (SDC)

www.sustainable-development.gov.uk

[Sustainable operations on the government estate targets](#)

Ministry of Justice (MOJ)

www.justice.gov.uk

[The Corporate Manslaughter \(and Homicide\) Act 2007](#)

[The Road Traffic Act 1988](#)