



INSIGHT INTO GREY FLEET

A survey by CLM into the understanding, attitude and management strategies of UK businesses towards grey fleet



SOME 12 BILLION BUSINESS MILES ARE SAID TO BE DRIVEN EACH YEAR ON BRITAIN'S ROADS BY EMPLOYEE-OWNED OR 'GREY FLEET' CARS. THERE ARE ESTIMATED TO BE AROUND 14 MILLION IN NUMBER AND THEY COST EMPLOYERS MORE THAN £5.5BN A YEAR IN MILEAGE CLAIMS AND CAR ALLOWANCES.*

They have been shown to be more polluting than new company-provided cars and present more duty of care concerns, as they are unlikely to be so frequently serviced or as well maintained as company vehicles. Now, a new study by independent fleet management specialist, CLM, reveals how aware businesses of differing sizes are of the issues relating to the 'grey fleet' and how they approach them.

EXECUTIVE SUMMARY

Grey fleet makes up a sizeable proportion of the UK's business transportation but frequently this is with little visibility or control over the cost and significant risks. There are few other areas in any business which carry such a high tariff for failure - such as the potential for Corporate Manslaughter - yet are often without the formal processes required to mitigate this risk.

This research showed that almost three quarters of organisations allow their employees to drive their own vehicle for business and it was reassuring to see that many have policies in place which begin to address the risk and expense of grey fleet. However, the report raises questions regarding the suitability of these checks, the robustness of their implementation and lack of alternatives. The conclusion drawn is that to take control of the situation, grey fleet may require a higher profile at a senior level within most organisations.

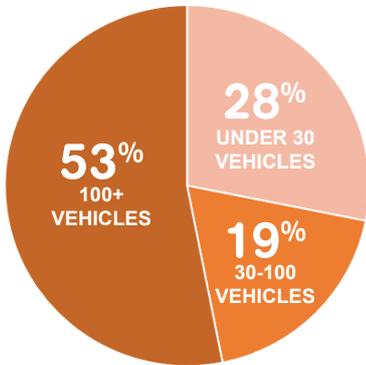
WHAT IS 'GREY FLEET'?

The term 'grey fleet' describes the use of an employee's own vehicle for business purposes. In return for using their own car, employees are reimbursed on a pence per mile basis.

Most businesses use the HMRC's Approved Mileage Allowance Payments (AMAPs) scheme, which allows grey fleet drivers to claim 45p per mile for the first 10,000 business miles they drive and 25p thereafter.

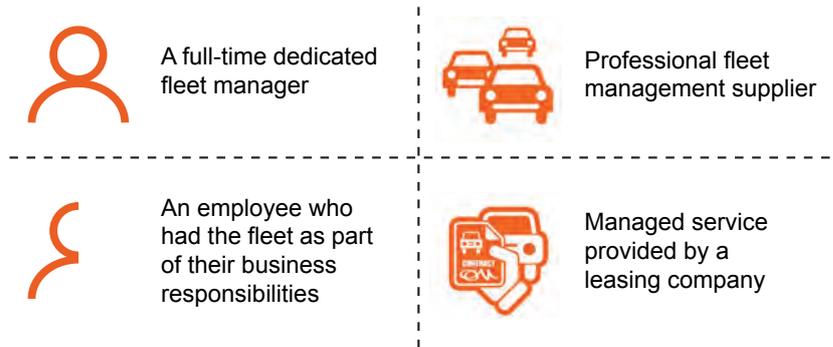
HOW BROAD WAS THE CLM STUDY?

The CLM research covered a wide range of organisations and this ensured respondents represented a variety of fleet sizes and fleet management styles.



Respondents by fleet size

The businesses surveyed fell into four categories:



The study revealed that the larger the fleet, the more likely the business was to have a full-time, dedicated fleet manager (50%), while smaller fleets of less than 30 vehicles tended to be looked after by someone within the organisation who had the fleet as part of their business responsibilities (72%).

The survey also found that a greater percentage of fleets of 100+ vehicles were more likely to be managed by a professional fleet management company (26%) than those of 30-99 vehicles (17%) and those of less than 30 vehicles (6%).

UNDERSTANDING OF GREY FLEET

The survey began by asking “**What do you understand about the term ‘grey fleet management’?**”

Some 10% of those who responded were unable to explain the term at all, while over 50% were able to offer an accurate description for the term. The remaining respondents showed some understanding but either had an element wrong or missing.

Replies included:

Grey fleet refers to vehicles of employees who choose to take a cash allowance instead of a company car and those who are not entitled to a company car but use their own vehicle for company business.

I have heard the term but don't know what it means.

Grey fleet describes when own vehicles used for company work.

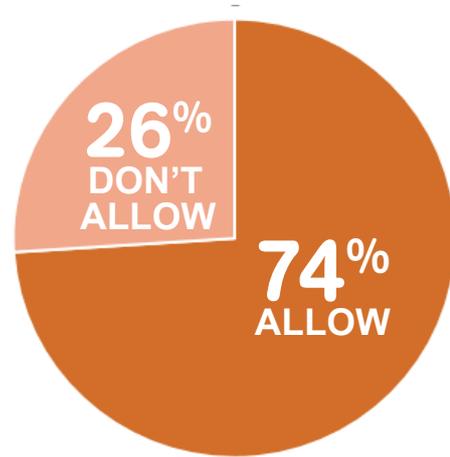
IS GREY FLEET ALLOWED?

Respondents were asked: “Does your organisation allow employees to drive their own vehicles for business related journeys?”

The overall response showed that almost three quarters of all organisations surveyed allowed employees to drive their own vehicle for business.

However, when comparing responses by fleet size, some significant differences were revealed.

The greatest percentage of positive replies was in fleets of less than 30 vehicles where 93% of businesses allowed employees to use their own vehicles. This compared with 66% in the 100-plus vehicle category and 50% in the 30-99 vehicle fleet category.



Average response across survey

When it comes to enforcing this decision it was encouraging to see that 30% of respondents were aware of at least one employee being prevented from driving for business.

DUTY OF CARE ISSUES

Current health and safety regulations stipulate that organisations need robust policies in place to ensure that every grey fleet car is fit for purpose, has a valid MOT, is insured for appropriate business use and that the employee has a valid driving licence.

Accordingly, respondents were asked: “Do you carry out checks to help mitigate risks associated with grey fleet?”

62%

said they carried out regular checks designed to mitigate the risks of using grey fleet vehicles

16%

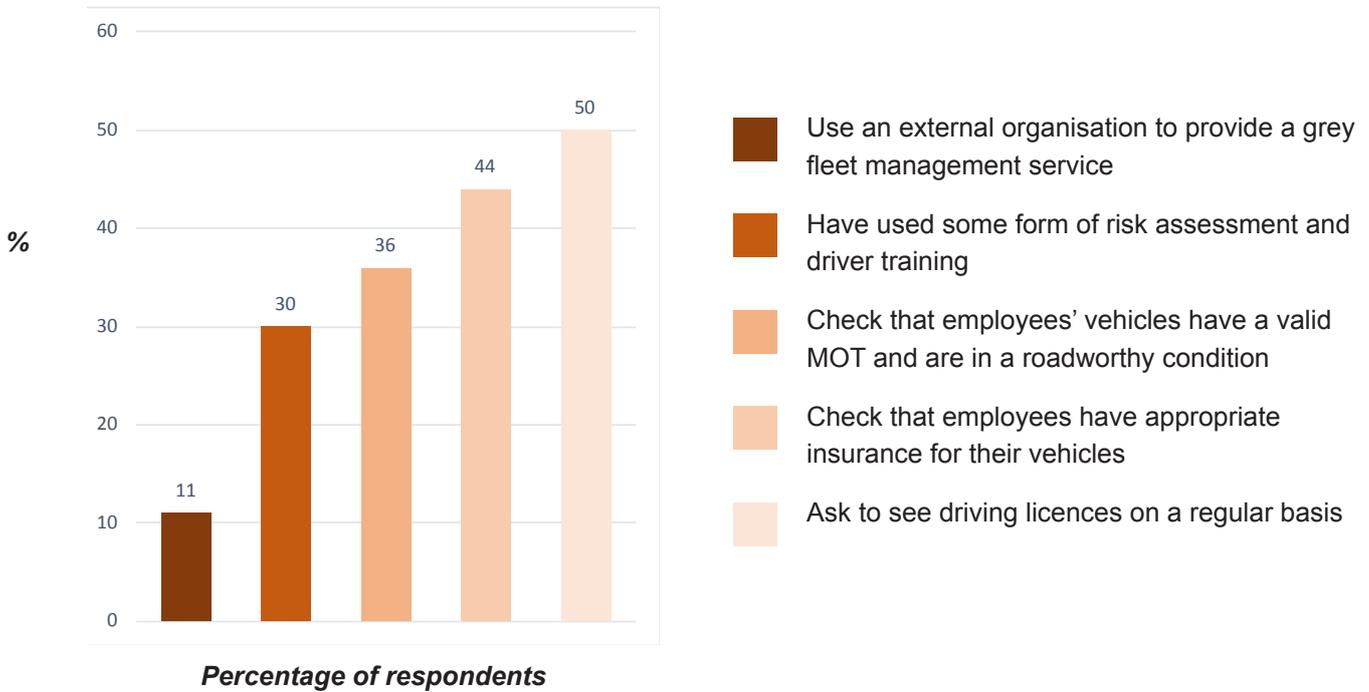
of employers that allow their employees to drive their own vehicle for business carried out no checks at all to mitigate the risks associated with grey fleet

Aside from any moral issues, it is in the company’s best interests to ensure its employees only use grey fleet vehicles that are fit for purpose, that are serviced regularly and on which regular condition checks are carried out. The reason for this is that the same penalties apply under the same legislation for grey fleet vehicles as those that are company-owned.

For example, under the Corporate Manslaughter Act 2007, companies that can be shown to have caused death through their own negligence or wilful act can face unlimited fines, remedial orders and publicity orders.

WHAT TYPES OF CHECKS?

When it came to the types of checks that respondents' organisations carried out, a small group of options were universally popular.



ABILITY TO NAME THE CHECKS CARRIED OUT?

The ability to name the types of vehicle condition checks that were carried out depended on the way the vehicle fleet was managed.

Of those fleets that employed a dedicated, full-time fleet manager, some 43% were unable to identify the types of checks carried out, 13% could identify one check, 13% could identify two checks, 26% three checks and 4% four checks.

Of those fleets that were managed on a part-time basis, some 57% were unable to identify the types of checks carried out, 10% could identify one check, 14% two checks and 19% three checks.

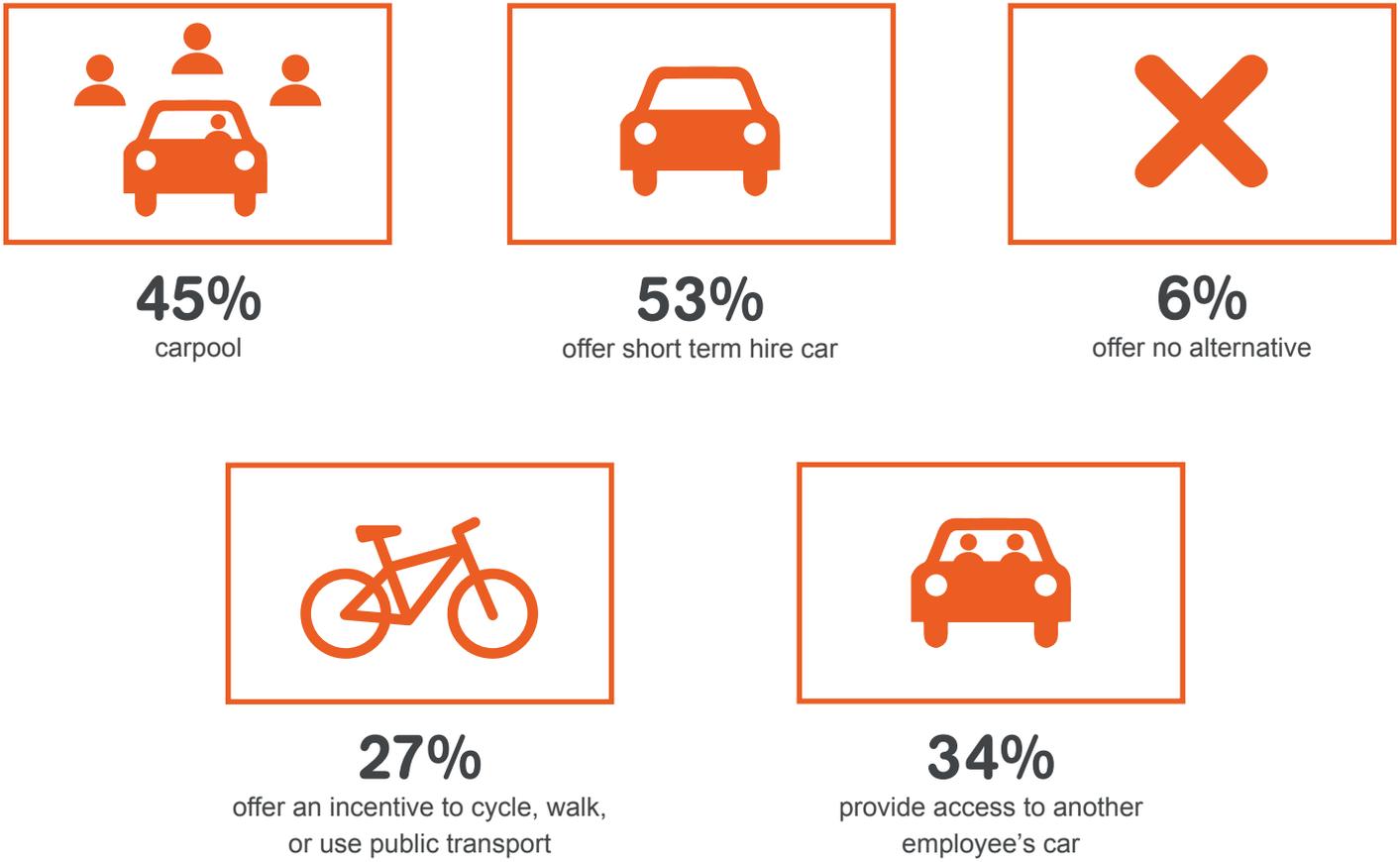
Of those that were managed by a professional fleet management company, some 42% were unable to identify the types of checks carried out, 17% could identify one check, 33% two checks, and 8% three checks.

Of those fleets that were managed by a leasing company, 63% were unable to identify the types of checks carried out, the highest in the survey, 25% could identify two checks, and 13% four checks.

This apparent anomaly suggests that while there is a need to do something about the management of the grey fleet, exactly what is required and carried out is not often well mapped out.

WHAT ALTERNATIVES ARE OFFERED TO GREY FLEET VEHICLES?

The study also looked at the alternatives that companies offered to employees instead of using their own vehicles on company business:



The popularity of these alternatives did vary greatly depending on how the fleet was managed. The reason for this is likely to be related to the difficulty, perceived or otherwise, of arranging some of these options.

Regardless of how the fleet is managed, the most popular option was found to be the provision of a short term rental car. Some 43% of businesses with a dedicated fleet manager offered a rental car as did 57% of those with a part-time fleet manager, 58% of those with an external fleet management provider, and 63% of those who employed a leasing company.

The second most popular alternative was the pool car. Almost 75% of companies with an external fleet management provider were able to offer this solution, compared to just 29% of those with a part-time fleet manager, 38% of those who use a leasing company, and 75% of companies with an external fleet management provider.

Overall, a small number of businesses offered the alternative of using another employee's car. However, again there were big variations in responses. Only 26% of businesses with a dedicated fleet manager offered this alternative compared with 42% with a professional fleet management company.

Some businesses offered incentives to use alternatives to the car such as cycling, walking or public transport. Some 26% of businesses with a dedicated fleet manager offered this alternative as did 19% with a part-time fleet manager, 33% with a professional fleet management company, and 38% that employed a leasing company.

Finally, 11% of respondents in the smallest fleet category offered no alternative to grey fleet drivers at all. This raised the question of how well the processes required to effectively manage grey fleet had been considered, especially if there was no viable alternative offered.

If you would like to discuss how CLM can help you manage your grey fleet more effectively, please get in touch or see our website www.clm.co.uk/greyfleet