

Why manage your grey fleet?

Your Duty of Care

The 'Driving at work – managing work-related road safety' guidelines, published by the Department for Transport (DfT) and Health & Safety Executive (HSE) in 2003, make it clear that an organisation has the same Duty of Care towards all its employees making work-related journeys regardless of vehicle ownership, so the grey fleet needs to be managed in exactly the same way as the owned or leased fleet. This, as you might expect, raises a number of challenges that we examine below.

In practice, this means that the Health & Safety at Work Act, and all the relevant daughter legislation, applies to employees making work-related journeys, including the grey fleet, and that organisations need to manage the driving activities appropriately. This, together with the Association of Chief Police Officers (ACPO) Road Death Investigation Manual 2007¹, and the recent Corporate Manslaughter and Corporate Homicide Act 2007, mean that the police and the HSE have a selection of legislation that they can use whenever an organisation is suspected of being negligent in the management of its employees making work-related road journeys – typically after a serious collision has occurred.

In reality, the chances of any investigation and prosecution are very low, but the consequences to the organisation, especially in terms of large fines and reputational damage, are very serious, so it is imperative that organisations have a robust set of policies and procedures together with a strong audit trail.

The financial argument²

It is common to find fleet and risk managers focusing on the insured costs and easily identified uninsured costs, such as the 'accidental damage' (if this is not covered by their policy) and direct costs associated with any excess or deductible associated with their policy, as well as easy to measure issues such as hire costs.

In terms of business impact, the 'hidden' uninsured losses, such as those associated with absenteeism and reputational damage, are for more important.

The International Loss Control Institute say that for every £1 paid out by an insurer, there are between £8.00 – £53.00 in uninsured losses, depending on the severity of the incident.

¹ For more information refer to Appendix 1 on p.21.

² For more information refer to Appendix 2 on p.21.

These 'hidden' uninsured losses associated with collisions do not, of course, differentiate between vehicle ownership, so they will be the same for someone in the grey fleet as for an employee in an owned or leased vehicle. It follows that it makes good business sense, regardless of any legal requirement, to manage all employees, regardless of vehicle ownership, to minimise these 'hidden' uninsured losses and contribute towards the profitability of the organisation.

The other financial risk associated with the grey fleet is where an employee is making a work-related journey is involved in a collision and is found to have either the incorrect insurance (i.e. they do not have the appropriate business cover) or an invalid licence – both of these issues invalidate any insurance in place. The employee is committing a specific offence, and will be prosecuted accordingly, but in the event of a serious collision, the probability is that any claimants will look to the organisation in any civil action, as they had a duty to manage the employee and, most significantly, they have 'deeper pockets'.

Carbon footprint

There is increasing focus on what organisations do to manage their carbon footprint, and there is currently a lot of focus on driving, both nationally and also at a fleet management level. It is relatively easy to change vehicle selection criteria to ensure that employees using owned or leased vehicles have choice limited to vehicles that meet defined CO₂ emissions (and, equally importantly, meet pre-defined safety standards, as discussed later), but much more challenging to dictate vehicle choice for those employees using their own vehicle for making work-related road journeys, which need to be included in any overall carbon-usage calculations.