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## **Place Scrutiny Committee - 31st March 2021**

### **Report of the Acting Director of Public Realm**

#### **Housing Maintenance Grey Fleet**

##### **Purpose**

1. The report aims to update Place Scrutiny Members of progress to date regarding the replacement of the grey fleet of vehicles utilised by the Councils Housing Maintenance team.

##### **Recommendations**

2. It is recommended that:
  - (a) Members note the contents of this report regarding replacement of the grey fleet.
  - (b) Support the measures being undertaken to further improve the service through the effective management of vehicles used by trade operatives.

##### **Background**

3. The grey fleet of vehicles referenced in this report relates to Housing Maintenance trade operative vehicles (mainly vans), owned by its employees, which those employees use for business purposes. Grey fleet travel refers to mileage in employee-owned vehicles making journeys for business purposes.
4. Grey fleet travel represents a substantial cost and risk to the Council. Grey fleet accounted for £142K of Housing Maintenance Team's travel costs in 2019/20 in addition to £21K per month in spot hire arrangements for grey fleet breakdowns.
5. The Council has a legal duty of care to all grey fleet users; every mile undertaken on Council business is covered by work-related road safety (WRRS) legislation.
6. This report acknowledges that the reduction in grey fleet vehicles reduces cost and carbon emissions; and also lowers the risk profile associated with the grey fleet.

## Current Provision of Vehicles

7. Housing Maintenance has 111 grey fleet drivers across its service area and a mixed economy in terms of the provision of vehicles for trade staff (excluding public transport). Operatives generally spend 7 hours per day working from vehicles which due to the private nature of them are out of the control of the Council. Depending on the specific need there are two ways in which trade staff can move around:
- Grey Fleet – where staff members use their own vehicle and claim mileage based on their specific journey; and
  - Vans supplied by DMBC – where the Fleet Team have provided a vehicle for use by trade staff members. Generally, these vehicles are the subject of a contract lease arrangement with the Councils Fleet Management Team.

## Current Policies and Practices

8. The Council, at present, places no limit on the age of a van/car which can be used for grey fleet travel through any of its policies. In addition, details of grey fleet vehicles are largely unknown. Since the shift to online claims, there is no opportunity to capture individual vehicle registration marks in respect of specific mileage claims, and therefore, the Council cannot be certain that grey fleet vehicles have a valid MOT or meet EU safety and emissions standards.
9. Health and Safety - for most staff, driving is likely to be the most dangerous activity undertaken at work. The Council must ensure that appropriate procedures are put in place to cover its responsibilities under the Health and Safety at Work Act 1974. As grey fleet vehicles are out of the Council's control, there is a significant risk to the organisation, should any of its grey fleet drivers be involved in an accident in which the condition of that vehicle could be deemed unsafe, especially if the Council cannot demonstrate that relevant documentation has been checked.
10. Claim checking - Whilst difficult to quantify, the Energy Saving Trust estimates that 15-20% rounding up is not uncommon. Although this sounds high, rounding up of an 8-mile journey to 10 miles equates to a 25% overclaim. The provision of a Council owned vehicle would eliminate this issue.

## Grey Fleet Issues

11. Privately-owned vehicles used by employees whilst 'at work' are difficult to manage in terms of safety and the environment. Measures need to be in place to ensure that grey fleet vehicles are 'fit for the purpose', roadworthy, properly maintained, taxed and insured. Potentially, therefore, the grey fleet is a problem waiting to happen.
12. Overall, there are three main reasons for replacing grey fleet, health and safety, cost savings and the environment.

13. **Health and Safety** - The two main pieces of current legislation to be mindful of in meeting duty of care responsibilities are the Health and Safety at Work Act 1974 and the UK Corporate Manslaughter and Corporate Homicide Act (England, Wales and Northern Ireland) 2007.
14. The Health and Safety at Work Act 1974 requires employers to ensure the health and safety of all full and part-time workers whilst 'at work', as is reasonably practicable. The Act covers all work-related journeys including drivers in company vehicles, using their own vans for business use, including temporary drivers, freelance drivers and agency or contract workers.
15. The 'Driving at Work: Managing work related road safety guide highlights the legal responsibilities of employers to comply so far as is reasonably practicable with the Health and Safety at Work Act, stressing the benefits of managing work-related road safety and suggesting how it should be managed and road risks assessed.
16. Employers need to consider driver competency and training; driver health; knowledge of basic vehicle checks; vehicle suitability, condition and maintenance; a valid MOT certificate if required; and safety equipment. Other considerations include adequate travel time allowance and proper route planning.
17. The Health and Safety Executive (HSE) guide extends to the use of privately-owned vehicles on business trips. Employers can be liable if employees use an un-roadworthy vehicle on company business. Employers have a duty of care to ensure they have checked employees hold a valid driving license, are monitoring the maintenance history of the vehicle and that the vehicle insurance also covers business use.
18. Besides conducting a professional risk assessment audit of both vehicles and staff, employers need to have an agreed comprehensive 'driving at work' risk management strategy and ensure it is complied with. In the unfortunate event of an 'at work' road accident, employers need to be able to provide evidence that they have taken 'reasonably practicable' steps to manage their duty of care responsibilities to their employees including grey fleet drivers.
19. Following an accident, employers failing to act on the guide run the risk of facing significant fines under the Health and Safety at Work Act 1974. Senior Management can also face large fines and even possible prison sentences. The UK Corporate Manslaughter (England, Wales, and Northern Ireland) makes it possible for an employer to be prosecuted as a result of the failings.
20. Under the Health and Safety at Work Act 1974, the fine will be seldom less than £100,000 and more likely several hundred thousand pounds. Under the UK Corporate Manslaughter and Corporate Homicide Act (England, Wales, and Northern Ireland) 2007, a work-related road death will result in an organisation being fined rarely less and significantly more.

21. **Cost Savings** – The Housing Maintenance Team have reviewed what grey fleet drivers are paid to use their own vehicles and have concluded that the mileage rates are not sustainable where grey fleet drivers are covering high mileage.
22. Previously it was concluded that a practical ceiling for requiring employees to use a daily rental vehicle rather than their own privately-owned vehicle might be a maximum daily distance of 100 miles at the standard rates. Above 100 miles, it may cost more for the Council to reimburse a grey fleet driver.
23. **The Environment** - Given that the UK Government is committed to halving carbon emissions, the resultant CO2 emissions-based vehicle taxation regime has resulted in an astonishing choice of vehicles available with CO2 emission levels below 120g/km.
24. Against this backdrop, employers looking to significantly reduce their CO2 emissions as part of their corporate social responsibilities (CSR) can easily operate a carbon neutral transport policy as a first step towards running a greener fleet. The only obstacle in the way is the grey fleet.
25. The majority of grey fleet vehicles are older than company vehicles and therefore are higher polluters. In the public sector, the average age of a privately-owned vehicle used 'at work' is 6.7 years. In comparison, the average age of a company van is around 18 months based on a five-year lease period

#### Replacement Vehicle Programme/Consultation

26. In accordance with the above, measures have been taken to reduce and replace the grey fleet with Council vehicles to mitigate the risk to Dudley Metropolitan Borough Council (DMBC). Further to this, the replacement vehicle programme is not intended to impact on delivery of services by staff, but to enhance it. A series of discussions were held with individuals and teams from the Housing Maintenance Team to gain an understanding of how the various trades staff deliver services.
27. Items of note included -
  - The Council covers a significant geographical area, which means that trade staff require vehicles to deliver services. This is particularly acute in more rural locations.
  - There are distinct differences across services and teams in respect of the ability to programme work, and the need to be able to react at short notice.
  - Many staff across all services are required to take plant and equipment with them to meetings and site visits.
  - It was recognised through the engagement process with teams that there is appetite to replace the grey fleet with Council owned vehicles. Staff generally feel that they are losing out by using their own van/car for Council business (and some even acknowledge that they feel they are subsidising the Council by doing so) but lack of options means grey fleet use is often essential.

- The perception of the Council in terms of physically delivering services will be improved through utilisation of its own, branded pool vehicles – at present, the public have no visibility of staff delivering services through use of their own van, although in some cases it was recognised that this would not be appropriate, depending on the service being delivered.
- There is a lack of understanding amongst trade staff of the cost (both financial and environmental) in respect of using their own vehicle.

### Climate Change

28. Climate change is now recorded as a corporate risk. In addition, the Council has a legal duty to assist the UK to achieve its national carbon emission reduction targets as mandated by the Climate Change Act 2008, to reduce emissions of greenhouse gases by at least 80% by 2050.
29. The Council's grey fleet mileage has been responsible for an unknown amount of carbon dioxide emissions. The Council does not capture the specific details of grey fleet vehicles, which would allow a more accurate emissions figure to be calculated. It is however widely accepted that most grey fleets include large numbers of older, higher emission vehicles which are neither as safe nor as efficient as their modern counterparts.
30. To this end, this report supports the decision by the Council to replace the oldest and most inefficient grey fleet vehicles as a priority action.

### Advantages of replacing the Grey Fleet

31. A modern fleet provided by the Council, if well managed, can be a simple, cost effective, low emission and safe method of meeting the essential transport needs of staff. The procurement process has set specification criteria:
- Affordability - target to operate at lower than the spot hire rate offered by leasing companies.
  - Fit for purpose - especially if required to carry equipment.
  - Low or zero carbon - ideally below 188g/km which is the current threshold for emissions.
  - Safe - meets recognised safety standards for the protection of the occupants.
  - Racked out (fitted out) for optimum service delivery and safety; and
  - Attractive, modern, and comfortable - staff should want to drive the vehicles rather than take their own.
32. It should be recognised that Council owned vans do have some disadvantages, but these are minor and generally outweigh the risks presented by the grey fleet.

## Conclusions

33. It is important to understand that this is a complex, multi-faceted issue. A range of approaches, including policy reviews, implementation of alternatives and more robust management of travel across the Housing Maintenance Team will be required to achieve cost savings and meaningful behaviour change in respect of trade staff travel.
34. Over and above the potential for cost savings, there is an urgent need for the Council to address this issue given the unacceptable high risk profile currently associated with grey fleet travel. The organisation has significant exposure to claims arising from not having robust vehicle and driver checks in place.
35. Due to the geography of the Borough and the wide range of services the Council delivers, it is clear that there will always be a requirement to travel. Many of our key services, especially in repairs and maintenance, must be delivered within the home and service delivery is often reactive in nature.

## The Way Forward

36. It is clear that identifying a method for reducing staff travel costs is vital to ensure accountability and continued scrutiny of performance. These measures include:-
  - A review of methods of service delivery where travel is a key consideration.
  - Reinforcing the responsibility of managers to carry out regular licence, insurance and MOT checking procedures, and to record this. This reduces the risk to the Council of staff not having adequate cover or access to a safe vehicle.
  - Review of Policies - It is recognised that many staff are using their own vehicles to meet the requirements of their post (often at cost to themselves) as no alternative means of transport is provided. To support employees and fulfil our duty of care as an employer where grey fleet travel is essential, the Council's driver safety handbook is periodically reviewed and refreshed.
  - Age of Grey Fleet Vehicles. The vehicles used by grey fleet drivers may be old and poorly maintained – the Council currently has limited control over this. The Council must ensure that vehicles are fit for purpose and meet minimum safety standards. A minimum vehicle age and mileage could be stipulated.
  - The Council will continue to progress its programme to replace the grey fleet in Housing Maintenance with cost efficient Council vehicles.
  - Future Council vehicles will need to consider both hybrid and electric alternatives in addition to suitable infrastructure for regular charging.



## **Finance**

37. Replacement of grey fleet vehicles will increase the number of Council vehicles on the fleet by approx. 20% and will therefore allow overheads to be split across a greater number of vehicles which will improve the unit cost of each vehicle.
38. The vehicles will continue to be procured via a framework contract to maximise discounted unit costs and will be financed via Prudential Borrowing which attracts favourable costs of financing. An annual fee will be applied by the Councils Transport team to cover financing, maintenance, tyres, road tax and overheads less the expected residual value of the vehicle based on an open book arrangement to reflect transparency of costs.
39. A soft market exercise was conducted to demonstrate that operating the Fleet internally would be cost effective and this will continue to be reviewed periodically.
40. Annual costings for financing a vehicle over 5 years are expected to be in the region of £6,300 each and are subject to a reconciliation between expected residual value and actual residual value at the end of the 5-year period. As the vehicles will be owned, there will be the opportunity to retain the vehicles beyond the 5 year period if desired.

## **Law**

41. Health and Safety at Work Act 1974 – Responsibility for staff and for visitors to our premises and sites.
42. Under Section 111 of the Local Government Act 1972, the Council is empowered to do anything which is calculated to facilitate, or is conducive to, or incidental to the discharge of its functions.

## **Equality Impact**

43. There are no direct equality implications associated with this report, however Housing Maintenance is provided for all residents with Council Housing stock.

## **Human Resources/Organisational Development**

44. There are no direct human resource or organisational development issues associated with this report.

## **Commercial/Procurement**

45. All plant, equipment and materials used in the delivery of the service are procured in accordance with council standing orders and financial regulations.

## **Health, Wellbeing and Safety**

46. There are indirect health, wellbeing and safety implications associated with this report in that the reduction of the grey fleet with replacement Council vehicles will provide for a better managed and maintained fleet of vehicles in accordance with transport guidelines and regulations.



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