



# Profit through Safety

A Boardroom Plan for Action

Peter N C Cooke  
Centre for Automotive Industries Management  
Nottingham Business School

**Price £99**

---

---

---

## Foreword

The United Kingdom has seen a steady decline in the number of fatalities on its roads for several years, but those fatalities are still much too high.

Recently there has been a welcome new impetus to reducing accidents and increasing visibility and awareness of the risks of driving.

There are three groups within the business who are charged with making the new initiatives work; the board of directors; the fleet executive and the business car driver.

The board have the role of determining policy and monitoring performance. The fleet executive has responsibility for ensuring board strategy is implemented and monitored. While the driver on business has the ultimate role.

Kwik-Fit has long been dedicated to reducing accident rates and has worked with a number of organisations, agencies and institutions in terms of promoting the ‘better driving’ message.

The current publication, the second commissioned from Nottingham Trent University, examines the promotion – and economic benefits – of best practice in terms of fleet management.

Equally important, the research presented in the report suggests that board of directors may need to review their relationships with the vehicles used on business by their organisations and ensure there is a robust strategy and reporting protocol in place.

I commend the publication to you.



A handwritten signature in black ink, appearing to read 'Trevor Chinn'.

*Sir Trevor Chinn CVO  
Chairman  
Kwik-Fit*

---

---

## Profit through Safety

# Table of Contents

1.	Executive Summary	Page 4
2.	Introduction	Page 6
3.	The Status of Fleet Safety	Page 8
4.	Role of the Board in Fleet Safety	Page 12
5.	Role of the Fleet Executive in Fleet Safety	Page 19
6.	A Sustainable Model to Manage and Monitor Fleet Safety	Page 27
7.	Implications, Actions and Conclusions	Page 30

---

---

## Profit through Safety

-1-

# Executive Summary

Fleet safety needs rapidly to rise up the agenda of the board of directors of many organisations. Guidelines for the better management of business are beginning to take on sanctions for boards that fail to conform. Business cars appear to be one area that has been singled out for special treatment.

The principal findings of the report can be summarised as follows:

- 'Profit through safety' is possible. 47% of respondents to a survey commissioned for the report feel they have been able to reduce costs through a more safety conscious attitude to fleet operations.
- The range of legislation impacting on the business vehicle continues to grow; however, there would appear to be some confusion regarding the current status of corporate manslaughter and the business car and the board of directors.
- The Turnbull Report, HSC Guidelines and the findings of the Work-related Road Safety Task Group – WRRSTG – all provided guidance regarding the role of directors and the business car. That role is getting more direct; however, there are a number of reporting tools the board might consider to keep itself well informed with regard to the business car.
- Additional research for this report into the role and status of the board of directors and the business car found that 17% of respondents did not consider the business car to be a board issue. A further 21% never discussed issues associated with the business vehicle. Similarly, a quarter of respondents have no board reporting of incidents involving business related vehicles.
- The role of the fleet executive too is changing with a greater responsibility being given to the person in that role. The fleet executive has a special role in that the business car picture is being confused by a proportion of employees providing their own cars for use on business. Such vehicles are the responsibility of the organisation if they are being used on business, so it is important that the fleet executive has a firm grip on them – and the authority to stop them being used on business.

- 
- 
- The survey undertaken for the report indicates that many fleet executives are not aware of, or have not read some of the seminal material available on fleet safety. The research does suggest however that driver training is the most effective way of improving fleet safety.
  - A basic sustainable reporting and monitoring structure is suggested for the organisation to be able to monitor the safety performance of the fleet and to report to the board as well as to relevant managers, so, if necessary, remedial action can be taken among drivers to enhance fleet safety.

In summary, there would appear to be a paucity of knowledge of fleet operations and a delegation of the responsibility to the fleet executive, or another middle manager. Given the new ethos of care and the business car, such an attitude may need to change quickly. It is totally unacceptable on behalf of the organisation and it is important that the business establishes an over arching strategy to develop and implement and monitor business driving use.

Brief illustrations from businesses that have positioned themselves at the leading edge of fleet safety management are presented at the ends of chapters two, three and four.

# Introduction



Georges Clemenceau claimed, almost a century ago that ‘War is much too serious a thing to be left to the military’; one might ask today if ‘fleet safety is too serious to be left to the fleet executive.’ Quite simply, the management of work-related road safety has become a critical part of the role of the fleet executive but, as important, responsibility now, more than ever before, rests with the board of directors of the business.

Exclusive research for this report reveals that only one in five fleets has a car fleet risk management strategy either in place, or planned. This is in spite of the fact that within the fleet industry over the last 18-24 months, there has been a constant stream of discussion and new publications addressing the importance of fleet safety and safe driving.

Ultimate responsibility for fleet safety lies with the board of directors. The fleet executive might be described as a middleman in the situation, responsible to the board for the communication and implementation of the fleet safety strategy, but having to rely on line managers and drivers – whether using company provided and expensed cars, or their own, on company business.

Near draconian legislation is in place regarding the business car, whether as part of the duty of care, working hours directive, various pieces of health and safety legislation as well as the directly focused legislation, so the authorities have a wide range of sanctions that can be used against the recalcitrant business.

While it has been assumed that the majority of larger fleet organisations have taken active steps to develop and implement fleet safety policies, research presented in this report shows some disturbing gaps in board awareness of fleet safety. In the case of medium and smaller organisations, the implementation of fleet safety policies is too often lacking.

---

---

The mushrooming of quality advice and checklists regarding fleet safety means there is ample guidance available for the fleet executive and for the board. Perhaps the Achilles' heel now is the lack of published frameworks within which to fit that advice to build a sustainable and measurable fleet safety strategy – and implement it. That is the prime focus of this report, to establish the link between the driver using a car on business, fleet safety, the organisation and ultimately the board of directors.

### **Publication Objectives**

To help create a 'joined up relationship between the board, the fleet executive and the user of a car on business,' this report is structured as follows:

- Chapter three reviews the current status and the main concerns associated with fleet safety and driving for work and identifies some of the key publications and guidance available for fleet operators.
- Chapters four and five examine the strategic issues associated with fleet safety and the roles of the board of directors, the fleet executive and those driving on business.
- Chapter six suggests a sustainable model for developing and managing fleet safety to link the board, the fleet executive and user of the car on business.
- The final chapter presents a summary of the implications, conclusions and recommended actions arising from the analysis.

### **Cost Reduction and Avoidance – A Compelling Business Case**

The title of the publication might puzzle some readers – 'profit through safety' could almost be deemed an oxymoron by contradicting itself. Not so. Some surveys may have suggested that a 'duty of care' might reduce flexibility and efficiency, or create additional, unnecessary administration, while others feel there will be 'no impact' on the fleet.

Yet almost half of the respondents in this research have indicated that fleet safety contributes positively to lower costs. This is indeed 'profiting through safety.'

### **CD-Rom Support**

To assist with the analysis and implementation of the issues and policies raised in this report, the author has developed a CD-Rom featuring a Fleet Safety Management and Monitoring model. It can be applied to any size of fleet and is available free of charge by contacting Kwik-Fit Fleet (address details on back cover).

# The Status of Fleet Safety

When one examines fleet safety statistics it is not difficult to see why the issue has gained such importance. It is accepted wisdom that about one third of all road traffic accidents involve company cars; however, company cars only represent about 14% of the total car parc. That represents about twenty fatalities and 250 serious injuries every week. The company has responsibility for both the cars and employees using cars on business – not only for cars provided by the organisation, but also cars used on its behalf on business, however small might be the amount of use on business.

## The Estimated Cost of At Work Car Accidents

The government launched its road safety strategy in 2000, at that time some 320,000 people a year – drivers, passengers, cyclists, pedestrians, bystanders – were involved in incidents; some 40,000 were injured and there were about 3,400 fatalities per year. One further statistic is that there were an annual 2.5 million damage only incidents.

In the UK there are perhaps three million business cars and a further five million privately owned cars – 20% of the parc – are used to some extent on business. There are various estimates too that suggest some 65% of company cars are typically involved in an incident during a year, and, from the financial side the estimated cost to industry of at work road incidents is put at £2.6bn-£2.9bn per year.

On an individual unit basis, a typical repair cost can be between £750 and £4,500 per claim. However, the indirect costs associated with the incident could multiply that figure several times.

## Government Policy for Road Safety

The government has three headline objectives with regard to road safety to be achieved by 2010. Those objectives are:

- Reduce by 40% the number of deaths and serious injuries on roads.
- Cut by 50% the number of children killed or seriously injured.
- Reduce by 10% the number of minor road accident casualties.

The savings, both in human and economic terms from the successful pursuit of such a policy would be significant indeed.

---

---

## Principal Road Safety Legislation

A range of background legislation is in existence with regard to the car but will not be considered in this report as it is widely reviewed and interpreted elsewhere. The principal sets of guidelines regarding the duty of care as it applies to cars used on business might be considered to be fourfold, although there are many other relevant guidelines.

- **Turnbull Report;** business risks are many and varied but a generic strategy to manage them was published as the Turnbull Report in September 1999. The report, published by the Institute of Chartered Accountants in England and Wales, was designed to assist finance and other directors to ensure their internal controls satisfy the needs of the company's business objectives, while safeguarding shareholder investments and company assets.

The full title of the report – 'Internal Control; Guidance for Directors on the Combined Code' is somewhat misleading. One of the three principal declarations is that a company's internal control system should;

*'be able to respond to changing risks within and outside the company'*

Such a statement can be taken to embrace company cars and personal mobility assets used on behalf of the organisation.

One of the key areas identified by Turnbull was health and safety, and the report states that businesses should review, at least annually, their systems of control and risk management.

- **HSC Guidelines;** The Health and Safety Commission – HSC – is regarded as probably one of the most powerful watchdogs in the UK. It has produced a number of documents that are highly relevant to the fleet industry and in particular the business car. Two publications in particular are germane to business related driving;

*Directors' Responsibility for Health and Safety* published in August 2001, provides guidance for board members and senior managers on the effective management of health and safety at work. It has had wide exposure in the fleet industry and, while its guidance is neither a legal requirement nor compulsory, the HSC did state that if organisations follow the guidelines, they would *'normally be doing enough to comply with the law.'*

---

---

**Driving at Work; Managing work-related road safety** published in September 2003 is a 24-page document targeted at the UK company car and van fleets with the objective of encouraging them to implement comprehensive occupational driving risk management policies. This is a more draconian document 'Prosecution risk for fleets that fail to act on the 60-point checklist.' has been one specialist group's interpretation. The document has been issued to some 720,000 fleets to enable them to adopt best practice fleet risk management policies. The document is based on best practice in a wide range of fleets and it highlights numerous issues to be reviewed. A challenge is whether the organisation should seek to undertake the review in house or bring in the professional fleet management consultant to advise and help implement the recommendations. The standard of risk assessment required is high; maybe it is prudent to bring in the specialist.

- **Work-related Road Safety Task Group [WRRSTG] Recommendations;** this task group, appointed by the HSC and ministers in 2000 reported in 2001. Its recommendations were published in the guide referred to above – 'Driving at work; Managing work-related road safety.' This is compulsory reading for the industry. I mention it twice as it has been seen in various guises but is the benchmark for the industry.
- **Association of Chief Police Officers – Road Death Investigation Manual;** in the event of a fatal or serious injury accident, acts as a guide to police officers who now investigate all road deaths as if they are unlawful killings – with all that implies. In the event of an accident involving an employee driving on business, the police will be looking at such issues as – why was the vehicle at the scene? Mechanical condition of the vehicle; physical condition of the driver; legalities associated with the vehicle. Thus an audit trail is important to show the policy for employees driving is based on best practice.

## **The Duty of Care**

Under the 1974 Health and Safety at Work Act, employers have a duty of care towards their employees for their safety on work journeys.

The rules apply to full, part time or temporary staff whether using vehicles provided or hired by the organisation or the employee's own car. Their road safety is the concern of the company.

For a business to comply with the duty of care, the employer must:

- Have a comprehensive road safety policy supported by management in writing.
- Have road safety management procedures in place, including risk assessment and implement safe practices that eradicate or minimise identified risk.
- Ensure employees are given relevant information, training and supervision to be safe on the road.

- 
- 
- Regularly audit the safety of journeys and amend policies and procedures accordingly if new risks are identified.

Failure to comply could lead to a prison sentence or an unlimited fine. The target within the company for any prosecution might be a senior director or the company secretary, but other managers may be involved too.

A company could commit a range of serious offences including corporate manslaughter; reckless killing; killing by gross carelessness; corporate killing.

### **Best Practice Illustrations: The Cost Savings**

- Carlsberg Tetley was not only one of the first firms to respond to rising fleet motor premiums, the brewer has also been a pathfinder in the development of a risk management solution to the problem. Group risk manager, Tim Proctor, commented: “In common with many large fleets our motor insurance premiums had been rising for a number of years. It eventually became imperative to bring in massive cost savings when our deductible, or ‘excess’ for each single incident grew to £75,000.” The company has now turned over its entire accident management process to an insurance claims management specialist and is also working with a third party provider to carry out a comprehensive risk assessment for all of its company drivers. “Our target is no less than a saving of £250,000 from the budget for accident damage and insurance premiums in the first year with the same level of saving carried on in the longer term.”
- Another company that has no doubts about the wisdom of instituting a risk assessment policy is Yorkshire Water. Fleet manager, Howard Hughes, said: “It’s not just the direct cost of the repairs which fall below the policy excess, there’s also the indirect cost of the claim, which is the effect it will have on next year’s premium. And that’s not all. You also need to count the hidden costs, such as the vehicle and employee downtime and the cost of failed deliveries and customer dissatisfaction. We calculate that the ratio of damage repair to the total cost of an accident is around 1 to 5. If you’re not totally convinced of the case for risk management, I suggest you multiply your accident repair costs by five and see how you feel then.”

## Role of the Board in Fleet Safety

The role of the Board of Directors in any organisation has come under considerable scrutiny in the last few years whether it is from the viewpoint of ‘fat cat’ pay rises, protecting their own interests when the organisation is in financial difficulties, or through the ever growing issues of corporate governance. Equally, there are decisions in terms of how closely they should be involved in the day-to-day management of the business rather than focusing on policy and strategy, delegating the implementation of those strategic decisions to others within the organisation.

The only truism at present is that the role of the board director is becoming more onerous, as are the responsibilities and the sanctions if those duties are not performed in a satisfactory manner. This chapter reviews first; the role of the board with regard to the car used on business and second, presents the findings of a survey of board practice toward the car used on business.

Conventionally, the role of the board of directors is as noted in figure 4[1] below.

### Figure 4[1]: Role of the Board

To ensure the business works successfully and within the law of the land.

To establish and monitor business objectives to achieve the intentions of the business.

To protect and enhance shareholder value through the skilful use of assets entrusted to the business.

To ensure employees are protected and treated properly in response to the tasks they undertake for the organisation.

To ensure management and employee succession to continue the business as a going concern.

To protect the organisation’s clients and the general public and the environment.

One might easily add a dozen secondary roles, but those are the prime responsibilities of the organisation at a high level. Thus, the thought that the board of directors, both executive and non executive, should have a greater role in the management of the business vehicle fleet and the provision of personal business mobility through employees providing their own cars might well be a topic they would prefer to avoid.

The rules simply do not allow that abrogation of board responsibility.

---

---

## Board Actions Regarding Company Cars

The board of directors has an overall role of planning policy and strategy and then monitoring its implementation and the results. In the case of the business car, there are a number of tools the board has at its disposal to keep itself informed, monitor the situation – and take remedial actions if required.

One has to bear in mind at all times that the board is the highest authority in the organisation and its directives should be assumed to be implemented across the company.

There are three principal tools that the board commonly has at its disposal to be able to monitor fleet safety without getting bogged down in detail or spending excessive time examining the issues and implications. Consider them:

- **Risk Register;** under various codes of best practice, every organisation is advised to have a risk register which identifies key issues of concern regarding the successful and safe management of the business. Typically the issues identified may be divided into three categories, the highest priority items are those that could stop the business and the second and third categories are of lesser importance.

While fleet safety is important, depending on the number of units it might be classed as a category 2 or 3 issue. The importance of the risk register is that the items included in it should be reviewed at least annually and findings reported to the board. It is a means of ensuring an issue such as fleet safety is flagged up at least annually.

Given the sanctions associated with the business car, it may be promoted to Category 1.

- **Board Reporting;** a report might be made to the board of directors at each regular meeting of the safety performance of the fleet and cars provided by employees and used on business. In the same way that an accident report may be made, so might a parallel report highlighting the fleet and any incidents. The report need be little more than a single sheet of paper set out to identify incidents, drivers concerned, the type of incident and actions taken and, at a later date, results of the action taken.

While the report may be but a single sheet and may even be taken as a board paper for information, the psychological impact on drivers that their transgressions – and names – will be reported at board meetings, may be a powerful incentive to take that little bit of extra care.

An annual report by the fleet executive at a regular board meeting is also beneficial. Such an annual board item can also review the level of vehicle provision and fleet policy. It need be little more than a few minutes but will show drivers on business that the board is watching.

- 
- 
- **Nominated Director;** organisations should nominate a specific director to have responsibility for health and safety and the fleet and, as such, one assumes, this is the director who would be held responsible in any corporate manslaughter or lesser trial.

Other tools exist that the board might employ to give it a clear handle on the fleet and as such be able to monitor fleet safety across the organisation.

On the other side of the equation, it is important that there is encouragement from the top of the organisation to ensure positive motivation to employees to treat their driving with caution. A carrot and stick approach, provided it is continuously monitored, is important.

## **Directors' Involvement: The Current Situation**

Given the responsibility of the board for the duty of care, the attitudes and expectations of boards were surveyed for this report regarding involvement with cars on business.

### **Survey Parameters**

The web-based survey asked board directors, principally finance directors, for their attitudes towards a series of basic questions.

The questions were run over two successive weeks and responses of just under a hundred were achieved.

The bulk of responses were from medium and larger businesses and partnerships. While the responses are not cross-analysed against a range of other issues, the answers do provide an interesting 'order of magnitude guide' to status and expectations regarding the business car.

### **Survey Responses**

Responses to the questions posed, with some short comments, and possible implications, are noted below;

#### ***When was company car policy last formally discussed at a board meeting?***

A question anticipated to give an indication of board awareness with regard to the fleet policy, expenditure and the strategy being implemented. Results are shown in Figure 4[2]:

**Figure 4[2] When was company car policy last formally discussed at a board meeting?**

Not considered a board issue:	17%
Within last three months:	23
Within last six months:	15
Within last year:	24
Never:	21
<b>Total:</b>	<b>100</b>

Essentially there are three responses to the question – ‘never’, ‘not a board issue’ and ‘at some time within the last year.’

38% of respondents – those who do not consider it a board issue and those never discussing it – are letting car policy and the associated risks pass them by. Certainly the policy could be established and reviewed by a sub committee, but there is no formal board awareness of one of the major cost items in many organisations.

***Which director – if any – has nominated responsibility for the company car fleet?***

The responses to the question indicated a wide spread of nominated executives as shown in Figure 4[3] below. Further analysis suggested the managing director/deputy managing director category was, in a significant number of cases, the smaller company respondents.

**Figure 4[3] Which director [if any] has nominated responsibility for the company car fleet?**

Managing director/deputy managing director:	40%
Finance director:	8
HR director:	4
Operations director:	3
Planning/strategy director:	3
Other director:	5
Company secretary/legal director:	6
No nominated director:	31
<b>Total:</b>	<b>100</b>

While a proportion of the ‘no nominated director’ category is composed of smaller organisations, the message is clear. Almost one third of businesses have not nominated a director for fleet responsibility. The guidance from both Turnbull and HSE noted in the previous chapter suggested this is highly desirable. Are those organisations that plan to do nothing leaving themselves open to a wider charge?

---

---

*How are company car operations recorded on your businesses strategic risk register?*

It was suggested earlier in the report that recording car operations on the business strategic risk register would be an effective means of ensuring the business car is reviewed by the board on a regular basis. The results are interesting in that little more than a quarter of respondents actually identify company car operations as a strategic risk.

**Figure 4[4] How are company car operations recorded on your business strategic risk register?**

Separate item:	11
Included in employee risk assessment:	16
Not identified as separate issue:	73
<b>Total:</b>	<b>100</b>

Given that driving a car on business is rated as being as dangerous as working in quarrying or a coalmine, this is a low level of strategic risk register recording. A major incident could be both time consuming and impact on image – or be very expensive if self-insured.

*How are company car safety/accidents recorded at board level?*

While the organisation may hope that it will never have incidents and has a totally safe fleet, some degree of monitoring is clearly beneficial. If there is no reporting to the board of the fleet accident rate this does not present a positive safety message to drivers.

**Figure 4[5] How are company car safety/accidents reported at board level?**

Not at all:	25%
Regular incident reports presented to the board:	22
Ad hoc basis:	53
<b>Total:</b>	<b>100</b>

The message here is that a quarter of boards in the survey have no monitoring mechanism with regard to the safety – or otherwise – of the fleet driving quality or accident rates and, by implication, the board has no formal reporting mechanism.

---

---

***Has your organisation compiled a car fleet risk management strategy?***

A key part of fleet safety is to develop a risk management strategy and publish it, ensuring that everybody who receives a company car, and indeed everybody who uses a car on business, has a copy and is fully aware of what it means and the implications.

The responses to the question are noted below.

**Figure 4[6] Has your organisation compiled a car fleet risk management strategy?**

No:	79%
Plan to compile one:	17
Published and implemented:	4
<b>Total:</b>	<b>100</b>

79% of organisations without a policy is a most alarming statistic. While some specific items might be published – for example strategy and consequences of drug or alcohol abuse – there is a wide range of risk management issues that need to be driven from the top of the organisation. Those should be brought to the notice of drivers and indeed of the personnel involved in day-to-day managing of fleet drivers other than the fleet executive.

Risk management is a key strategic tool to assist the fleet manager in reducing over time the number of incidents by analysing incidents and learning from those incidents.

**Board Awareness – An Area for Action?**

The message from responses to this section of the research is that boards generally are not well informed or involved in the business car fleet or provision of personal business mobility by individuals using their own cars.

Organisations need a formal reporting structure so the board is aware of the business car situation. Figure 4[7] highlights some of the actions the board should consider to improve its knowledge and understanding of the fleet and fleet operations.

**Figure 4[7] Actions to Improve Board Fleet Awareness and Safety Monitoring**

Formally undertake a company car policy review annually at board level
Nominate a board director to take responsibility for fleet
Develop/report a strategic risk register for the business car
Establish a board level policy regarding employee provided cars on business
Record/report car safety incidents at board level on a regular basis
Establish key performance indicators for the fleet executive
Ensure there is a sustainable reporting and monitoring mechanism regarding the business car
Board communication to all company/business mobility car users

---

---

## Best Practice Illustrations: Leading from the Top

- “Every driver, regardless of age, gender or experience is exposed to some degree of risk. Carlsberg-Tetley has responsibility to all employees and their welfare and also to the general public.” Colin Povey, chief executive, Carlsberg-Tetley Brewing.
- “Each year I make the point that while financial performance is important, it is not our only measure of success. I make no apologies for stating that safety remains our highest priority. No manager can be content if anyone is hurt in the process of doing business.” Tony Isaac, chief executive officer, BOC Group.
- “It is the responsibility of all good employers to ensure that employees are well trained in all aspects and tools of their trade ... the use of a car is no different. To do so demonstrates the Pfizer core values, respect for staff, other road users and the environment. A comprehensive risk assessment and driver training programme saves lives, reduces injury and makes business sense, particularly if it is an integral part of a process that includes best practice fleet management, accident management and investigation and a clear focus on risk reduction.” Richard Crow, director – special projects, Pfizer UK.
- “In the current climate, with corporate manslaughter the burning issue, there seems to be no choice but to go all the way to ensuring that the company is fully protected, not to speak of the safety of the drivers. This has always been the principle concern of any fleet manager, only now, with the development of risk management strategies, we know a lot more about how to ensure that safety.” Howard Hughes, fleet manager, Yorkshire Water
- “In my experience few companies understand the true cost of running a vehicle fleet and the level of risk exposure their drivers face every day out on the roads. Only on gaining a full understanding of their current situation can they make informed choices for measured improvement.” Chris Howell, chairman, DriveTech (UK).

# Role of the Fleet Executive in Fleet Safety

The role of the fleet executive has, over the last couple of years changed almost out of all recognition with the growing recognition of the duty of care the business has to its employees, clients and the wider community, with regard to its cars and light commercial vehicles. Not all organisations have yet formally recognised those changes.

## Developing Role of the Fleet Executive

The emerging role of the fleet executive still embraces the issues highlighted in the foregoing paragraph, but they have now taken on a broad range of fleet safety and risk management duties as well. In addition to vehicle related issues human resources, monitoring and management elements have risen considerably. The fleet executive role now includes ensuring the vehicles selected are fit for purpose. Driver checking – in terms of documentation – insurance and licences – has become a part of the role.

Management of an ever more transparent audit trail to protect both the company's funds and prove it is actively complying with an increasingly onerous proactive reporting and monitoring environment has also been handed to the fleet executive.

One further change that has started to emerge is the role of the fleet executive as 'personal business mobility co-ordinator', advising employees on the most cost and time effective means of making company funded journeys. It requires a whole new portfolio of skills.

## Role of the Fleet Executive in Fleet Safety

The developing role of the fleet executive in the field of fleet safety might, on a strategic analysis, be classified as 'four Ms' – namely:

- Managerial
- Motivational
- Mentoring
- Monitoring

They are worth examining in more detail.

- 
- 
- Managerial; the traditional role of the fleet executive extended to embrace vehicle suitability for the role.
  - Motivational; a role that has developed from the historic function of the fleet executive but now enhanced to embrace and encourage issues such as safer driving, stopping employees using phones while driving as well as encouraging them to seek the most suitable routes to minimise time and mileage driven.
  - Mentoring; regarded by some as a controversial role for the fleet executive, but there is a developing mentoring role with drivers that may mean acting as a sounding board not only with regard to the type of vehicle they might drive, but also to be able to listen to those drivers, advise them on driver related stress and road rage as part of keeping them driving sanely and safely.
  - Monitoring; perhaps the newest element in developing fleet safety is the growth in monitoring to establish and maintain transparent audit trails in case of incidents to be able to show the organisation and the driver were doing everything requested of them both before, at and after the incident. For the smaller organisation this is probably the greatest burden of all. There may be few incidents and they have, historically at least, been handled on an ad hoc basis. New powers granted to the police and the CPS could lead to the necessity to monitor ever more data – ‘just in case’. Equally important, the key issues from such monitoring need to be reported to senior management, to ensure they are appraised of the ongoing situation.

The net result of these changes is the need for a close link between the fleet executive and the board. Remember, while ‘it may never happen in your organisation’ the HSC and CPS will watch fleet operations ever more closely – and the fines, let alone the adverse publicity, could be significant indeed for serious transgressors.

## **The Special Case of Employee Provided Cars**

The Achilles’ heel of fleet safety within its new broad context of duty of care could well be the employee provided car used on business. The fleet executive will be right at the forefront of any such developments.

The broad spectrum of duty of care includes all vehicles used on behalf of the organisation, whether they are provided by the business itself, hired in on a leasing or daily rental arrangement or provided by the employee.

The organisation needs to be able to monitor the employee provided vehicle on an ongoing basis to ensure the car provided is not only roadworthy but is of an appropriate quality to represent the business and appropriately insured for the business role in which it will be used. Such an arrangement may require a disproportionate amount of time and effort.

---

---

Consider the very least that is required:

- Vehicle inspection; possibly including unit cleanliness
- Road fund tax
- MoT certificate
- Insurance documentation

Each of those steps requires a physical review and the administrative effort required to undertake such an exercise for a number of units is significant.

No wonder some organisations are moving away from cash for car into new variants that might bring car provision more closely under the control of the business and utilise employer nominated insurance programmes.

## **Driving Licences**

A new and growing issue of fleet safety and corporate liability is driving licences. With 4,500 speed cameras around the country, road congestion and ever-tighter work schedules there is a steadily increasing risk of field-based employees accumulating penalty points. Twelve points may sound a lot, but it only represents four fixed penalty offences – potentially even less under the revised rules announced recently.

Then there is the risk that an employee accumulating the twelve points will not tell his employer, and continue to drive despite being disqualified. The practical result might be nothing; the worst case could be an incident relating to that vehicle – or even another speeding offence – and the vehicle technically is being driven uninsured.

While the organisation might well lay down rules regarding the reporting of points on licences, such schemes take up considerable management time and a tight discipline that not every organisation might possess. The question is ‘who should check the licence; how often and what form should the check take?’

Checks also need to be run for employees who drive their own cars on company business or for whom the organisation will rent cars for business.

Driving licence checks, and that includes family members allowed to drive company cars, also has to be seen as an essential part of fleet safety.

## **Driver Training**

Survey responses outlined later in the chapter suggest that driver training is considered to be the most effective way of enhancing fleet safety. However, not all drivers care to participate in such programmes so it is all too easy for the organisation to arrange training and then participants have ‘more important things to do’ and so waste it. While the fleet executive may be able to bully and cajole some potential candidates into attending such sessions, senior management backing may be important – and that could also mean senior management leading by example. Surveys elsewhere suggest that organisations are loath to make attendance at driver training compulsory but one might ask, what does that say for the corporate ethos of fleet safety?

---

---

## Fleet Executives' Involvement: The Current Situation

Conventional wisdom with regard to fleet executives suggests that issues of safety are given more attention among larger fleets than among their smaller brethren.

The second survey for this report sought to establish fleet executives' awareness towards a spectrum of health and safety issues – as well as seeking their opinion on the effectiveness of managing fleet safety.

### *Are you aware/have you read the 2003 HSE Guide 'Driving at Work; Managing work-related road safety'?*

This document, it might rightly be claimed, is the benchmark, the seminal plan, for work related road safety. It is free, readily available, can be downloaded and has been widely quoted and publicised. It is not a large or complex document and includes a lot of practical, helpful thoughts and ideas. In essence, it is essential reading.

Figure 5[1] below highlights respondents to the question noted.

**Figure 5[1] Are you aware/have you read the 2003 HSE Guide; 'Driving at Work; Managing work-related road safety'**

Read the guide:	27%
Aware of the guide:	35
Not aware of the guide:	38
<b>Total:</b>	<b>100%</b>

Further analysis suggests it is smaller rather than larger fleet operations that are unaware of the guide. However, there is a very powerful message in the responses both for the industry itself, 'read and understand the key document' – and for the relevant government departments – 'you have not been doing a good job with regard to getting over the basic message of fleet safety.'

### *Were proposals for corporate manslaughter legislation included in the Autumn 2003 Queen's Speech?*

The answer to the question is 'no' but the government has indicated there will be a corporate manslaughter Bill presented to Parliament in time. Although this could be called a trick question, the responses would suggest that some fleet executives are confused as to the development of corporate manslaughter.

**Figure 5[2] Were proposals for corporate manslaughter legislation included in the Autumn 2003 Queen's Speech?**

Yes:	38%
No:	21
I don't know:	41
<b>Total:</b>	<b>100</b>

---

---

While accuracy of the answer is not the critical issue, the responses are symptomatic of some of the confusion in the fleet industry with regard to safety and the sanctions for failing to satisfy the rules.

***Does your organisation provide driver training?***

Such a question produces a wide range of responses but the norm, depending upon the fleet size mix of respondents, typically comes in at about a third of respondents' organisations provide some form of training. In the current survey 34% provide driver training.

However, the more interesting response was to the second question – 'If yes, for whom do you provide driver training?' The results are shown in Figure 5[3] below.

**Figure 5[3] For whom does the organisation provide driver training?**

Field/service staff:	3%
Senior management:	0
All company car drivers:	15
On selected at risk basis:	16
Not applicable:	66
<b>Total:</b>	<b>100</b>

Two thirds of respondents do not provide driver training and no respondent provides driver training specifically for senior executives, although they may be included in the 'all company car drivers' or 'on a selected at risk basis.' The concern however, is senior executives, finance directors, might be brilliant at what they do professionally, but just how competent are they when given a high-powered car?

Formal guidance recommends fleets evaluate drivers and provide training support where necessary.

***What single issue do you think contributes most to vehicle safety?***

While every fleet operator is looking for the 'magic bullet' to cover all fleet safety procedures, there is a diversity of opinion as to what might be the most effective single issue contributing to fleet safety. Fleet executives were given a list of eleven and asked to nominate the one they considered to be most effective. Cost of provision was not mentioned in the question.

The responses shown in Figure 5[4] are dominated by 'driver training' at 38% – more than twice the response of the second highest – 'code of safety' at 16% and then scheduling at 14% of responses.

**Figure 5[4] What single issue do you think contributes most to vehicle safety? [Please select only one]**

Driver training:	38%
Code of safety:	16
Driver schedules/meeting planning:	14
Vehicle maintenance:	11
Vehicle specification:	9
Vehicle checking:	9
Licence checking:	1
Policies covering alcohol/drug abuse	1
Insurance/accident claim analysis	1
Driver medicals/eye tests	0
Restricting drivers to employees only	0
<b>Total:</b>	<b>100</b>
<i>Note: There has been rounding in the smaller numbers:</i>	

An evaluation of the responses suggests that the most popular items – training, code of safety and driver schedules, meeting/mileage/journey planning – might all be classified as ‘driver awareness’ or ‘how to’ types of activity. The implication in turn, from such a case is that a key role of the fleet executive in fleet safety has to be one of creating awareness and communication to drivers and employees using a car on business. One might take that one step further in terms of asking whether the board needs a greater role in the ‘joined up approach’ to fleet safety and lead the communications to drivers.

***Do you consider you have reduced fleet costs through managing fleet safety?***

Perhaps this might be called the ‘\$64,000 question’. If fleet safety can be shown to contribute to a reduction in costs then it has a doubly significant place in car fleet management.

Respondents to the question, with the results presented in Figure 5[5] are pretty evenly divided as to whether they have generated cost savings. However, even if 47% indicated positive savings that is a powerful argument for focusing on the issue and seeking further cost reduction. Indeed, any such programme could well become more than self funding.

**Figure 5[5] Do you consider you have reduced fleet costs through managing fleet safety?**

Yes:	47%
No:	53
<b>Total:</b>	<b>100%</b>

---

---

## Further Actions

The research indicates there is some confusion regarding awareness of the state of fleet safety and, perhaps more concerningly, a significant proportion of respondents to the survey have not read, or are not aware, of the HSE's guidelines for fleet safety.

The actions noted in Figure 5[6] below are immediate actions for the fleet executive that can be identified as offering support in developing a more safety conscious fleet operation.

### Figure 5[6] Actions for the Fleet Executive to Improve Fleet Safety

Download the HSE guide and study it for inspiration – and implementation.

Get up to date/stay up to date regarding changes in fleet safety issues – and communicate them to management and users.

Communicate regularly with all drivers/create fleet safety awareness.

Evaluate the effectiveness of driver training – focus on the most at risk groups if insufficient budget to include all drivers.

Prepare a priority of actions to improve fleet safety/awareness – and implement.

Develop the financial case for fleet safety – and present to management.

Develop and implement a monitoring programme for fleet safety – implement and report regularly to management.

Ensure management is fully aware of the implications or them, of duty of care and the business vehicle fleet.

Take a high profile regarding fleet safety.

---

---

## Best Practice Illustrations: Operational Fleet Management

- Fortnightly safety checks are being carried out on the 900-strong Inland Revenue pool car fleet.
- The Royal Mail's day long driver training courses consist of both theory and on-road tuition and include driving licence and eyesight checks.
- 35 Carlsberg-Tetley managers were trained as risk management assessors so they could supervise employees while they undertook a CD-ROM risk assessment.
- Several fleets have now introduced company driving 'licences' whereby employees are regularly assessed as fit to drive and sign a compliance agreement to abide by a safe driving policy.
- BOC Group's Corporate Centre driver training is made available to all drivers – whether or not they have a company car – as well as to the partners of company car drivers.
- Half-day workshops run on behalf of BT explain to managers how they can make a difference by applying health & safety management techniques to occupational road risk issues. They can also access advice and guidance on a variety of issues including mobile phone policy, licence checking, use of hire cars, fatigue, driving hours and vehicle checks and maintenance, from a specially-designed website to back up what they learn from the workshops.

# A Sustainable Model to Manage and Monitor Fleet Safety

The three previous chapters suggest strongly that we could be heading towards a potential disaster with regard to fleet safety in the UK – let alone looking to ‘profit through safety.’ Quite simply, we have three interested parties that appear to be out of step with each other.

- Government legislation with regard to health and safety and duty of care as applied to the car used on business is becoming ever more complex, and all embracing. At the same time the sanctions associated with it are being increased and being placed firmly at the feet of the board of the business.
- The survey suggests that few boards of directors are aware of the status of the cars used on business within their organisations and do not have regular, formal board level reports as to the ongoing status of that business mobility. At the same time, responsibility for business vehicle non-performance is being placed at their feet.
- The fleet executive, on the other hand, is receiving a considerable amount of guidance and instruction as well as new legislation, best practice and rules with regard to the management of cars used on business yet, by implication, in many cases, the ‘buck stops there’ and awareness of fleet issues is not passed to the board, either for awareness or for comment and action. He or she is being given a lot of operational advice to build into a strategic management situation.

An exaggerated statement of the position? I think not. We have three elements – one external, one internal, pursuing business vehicle safety but a second internal element, the board, with whom ultimate responsibility lies, apparently out of touch.

Such a situation cannot, or should not be allowed to continue, not only in the best-managed organisation, but also in any business. The legal requirements have been put there for a specific purpose and it is the role of the board to ensure those rules are followed and to have an audit trail that shows they are being followed with diligence.

## Requirements for a Sustainable Fleet Safety Management Model

The requirements for a fleet safety model can be split into the three constituent elements in the equation:

- 
- 
- Board of directors; have the role of taking advice on best practice and then endorsing business car policy and strategy. They need formally to monitor the situation – a formal board paper, whether for information or discussion – will stress the importance across the organisation and provide the fleet executive with the derived authority to act on their part. A nominated director may have day-to-day responsibility.
  - Fleet executive; supports the board with professional expertise regarding policy and strategy. The fleet executive then communicates the operational issues associated with business car use and drivers on business to the relevant personnel. The fleet executive also monitors performance of the fleet; a summary of that performance is presented to the board of directors and any critical issues highlighted. That summary should also highlight remedial actions taken to minimise risk and resolve driving or documentation issues. The fleet executive also communicates best practice to drivers and collects feedback.
  - Business car users and drivers on business using their own car accept, as part of their job description, the company rules regarding monitoring and best practice – and remedial actions as necessary. They have an obligation to report incidents to the fleet executive.

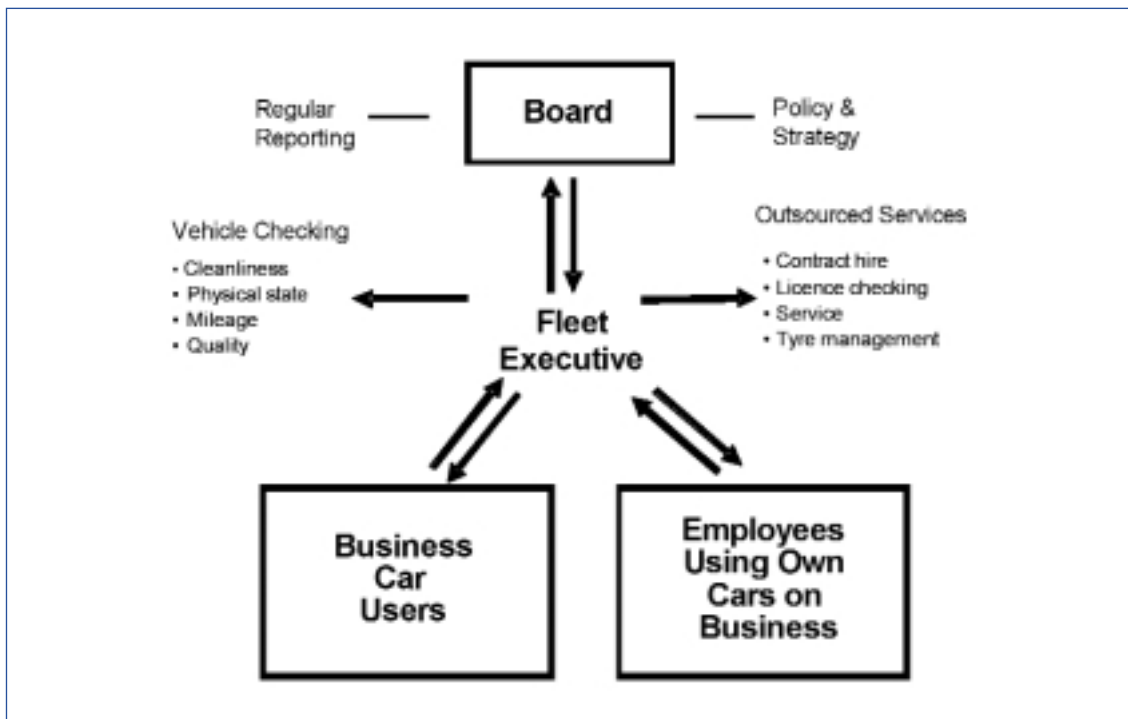
Thus, the three players in the equation are balanced and communicate with each other with management awareness and remedial actions to correct problems built into the equation.

## **A Sustainable Model for Profit through Safety**

The sustainable business model is based on discipline and a flow of data, its analysis and actions based on the information. Equally, it is important that actions taken are carefully monitored and the experience fed back into the system. This is a classic risk management model.

Figure 6[1] illustrates the model with the board at the top of the pyramid. As with many operational issues, discipline is the critical concern; the constant monitoring and repetition of the exercise with the devil being in the detail – and the challenge of regular monitoring following incidents or transgressions.

**Figure 6[1] A Sustainable Fleet Safety Management and Monitoring Model**



Initially, one suspects, the information produced for the board by the fleet executive might err on the side of excess, but over time that can be balanced. It is of course important that there is a nominated director with responsibility for the fleet and that person would be briefed to respond to questions raised at the board.

In addition to the regular submission of a paper within the overall board papers, it is strongly recommended that the whole fleet policy, application and performance – with follow up on incidents – be reviewed at least annually. Equally important, the model must take account of both company provided vehicles and those provided by employees because the organisation has responsibility for cars used on its behalf.

The model can be expanded to include the reporting of bought in services, whether licence checking, maintenance or full contract hire arrangements.

Certainly no system is foolproof, but a robust, overarching model such as the one suggested here will assist the organisation in remaining inside the law. The model here has, deliberately, been kept separate from any financial model associated with the fleet. It is a truism that ‘safety is beyond price’.

Perhaps the most important issue with the proposed model is that the fleet executive is moved from being on the fringe of the action, as would happen if there were no board reporting, to the middle of the information structure. Such a position puts the fleet executive more firmly in control of the situation and with support from a higher level if necessary.

# Implications, Actions and Conclusions

Introducing a strategy of fleet safety and looking for profit through safety will not alter the organisation overnight. Any improvements in business vehicle operations will need to be worked at constantly. Equally important, they will need to be worked at by all levels in the organisation – and that does not simply mean a one off high profile meeting or note from the chairman. Any sustainable programme will need to be refreshed and users reminded of its importance on a regular basis.

While the board reporting model outlined previously is a keystone, it still has to be supported by both data and procedures.

It is critical to ensure that business vehicle safety does not become devalued through ‘safety fatigue’. New ideas, occasional, but interesting, reports and statistics should be produced and put on wide circulation. The sort of snippet that people will read and will stick at the back of their minds and be remembered in a traffic jam.

## A Fleet Safety Action Plan

The suggested fleet safety action plan has been split into three elements, but all driven by the fleet executive. There is one element involving the board of directors and the fleet executive; a second involving company car users and the fleet executive, and a third involving employees who use their own cars on business.

### Figure 7[1] Action Plan for Board and the Fleet Executive

Board to nominate a director to have responsibility for the fleet – if one not already nominated.

Fleet executive to develop and propose to the board a fleet safety reporting structure.

The structure to require monthly/quarterly report on fleet safety/incidents and remedial follow up actions taken.

Remedial/follow-up to be re-reported/progress shown in three months time.

The board accident report to be cascaded to senior managers for information – and if repeated, offenders will be asked for comment/remedial action.

Fleet executive to make an annual report to the board – preferably written and verbal – and data compared over past years.

---

---

The process suggested is designed to create board awareness without cluttering the agenda with non-core, non-strategic issues.

### **Figure 7[2] Fleet safety Programme; Business Provided Cars**

Fleet executive to develop a 'safety awareness plan' which is a charter for good driving; to be endorsed by the board and distributed to all company car drivers.
Establish a small budget to be able to undertake surveys and some internal PR as well as seek external recognition for fleet safety.
Develop an internal marketing plan for fleet safety both to create awareness and highlight individual areas for improvement.
Focus on a specific safety issue for 1–2 months through internal marketing report progress and change programmes regularly.
Establish procedure for driver documentation monitoring – possibly using an outside agency – and ensure there is no fear among drivers in reporting transgressions.
Have a policy created regarding recruitment – if it does not already exist – that licences have to be produced before new appointments can be formalised.
Establish a small but interesting statistical review of the fleet – including safety – that will be updated and made available to interested parties at least quarterly; its role is as a conversation piece and to create awareness.

Such a programme is simply an internal marketing and awareness programme – but it has to be kept fresh and the results have to be monitored and actions taken with failures.

### **Figure 7[3] Safety Programme for Cars used on Business**

Establish/publish rules regarding the quality, age and acceptability/eligibility of employee provided cars to be used on business.
Establish a routine for checking the insurance status of ALL privately owned vehicles used on business; repeat on a quarterly basis.
Make regular, but random checks on employee cars used on business; if necessary publish a list of items that will be checked. Have the authority to refuse permission for a specific vehicle to be used on business pending resolution of issues raised by the fleet executive.
Check the driver documentation of employees who drive occasionally on business – check at least quarterly.

Once again, a simple list of actions to be monitored and to be reported both internally and to the board so it can keep an eye on company versus employee provided cars.

---

---

## **Further Developments**

From the fleet executive viewpoint, tighter adherence to the duty of care will, while potentially creating more work, also offers the opportunity to rebuild their role into that of business mobility executive; a much more powerful role than it may have been historically.

If there is any fear of significant sanctions being taken against the senior executive or the organisation, it will put the fleet executive in a powerful role.

## **Fleet Safety – An Ongoing Need**

Fleet safety is an issue that is here to stay. Certainly the best-managed fleets have followed a strategy of fleet safety, whether consciously or subconsciously, for many years. However, new laws and guidelines have been introduced; others are being considered; new ones will follow.

It is the role of the board of directors to work with the fleet executive to plan how fleet safety might be enhanced, and to transmit that message to business car users, whether they drive a company car or provide their own for work.

Government has introduced sanctions for poor fleet safety that can be both time consuming and costly – as well as uncomfortable.

It is the role of the three parts of the organisation to work together to make the fleet operation safer – and, if done properly – reduce costs as well.

*Peter N C Cooke*  
*September 2004*