

OGC: Saving money on 'grey fleet' travel

'Grey Fleet' refers to business miles driven by employees in their own vehicles, and claimed back at a fixed mileage rate.

Evidence suggests that a significant proportion of the mileage travelled in the public sector is driven in the 'grey fleet'. These vehicles are often older than lease or hire vehicles, meaning that they may have higher emissions levels than newer equivalents and fewer safety features. For departments seeking to achieve travel efficiencies, comply with duty of care legislation and reduce emissions levels, the grey fleet is an important area to target.

The OGC cut grey fleet mileage and is on track to save around £30,000 a year by changing its travel policy and better managing the mileage expense claims process.

How the OGC Tackled Grey Fleet

The OGC is an independent office of the Treasury and currently employs 417 full time equivalents. It is important for employees at the OGC to be able to get around easily to visit other public sector departments and suppliers, and in 2004/05, mileage looked like this:

- 185k business miles in employee-owned vehicles
- 100% of grey fleet mileage claimed at higher rate of 40p/mile
- £74k annual spend on grey fleet mileage (and £27k annual spend on spot car hire)

Action Timeline

2004/05

- OGC Internal Health and Safety Audit recommended tighter control over employees using their own vehicles to make business journeys, including implementing driver licence and insurance checks and changing policy to mandate use of hire cars for journeys over 100m.

2005/06

- August 2005, OGC Corporate Services passed a policy that, where a car was the right travel option, all return journeys expected to exceed 100 miles return should be undertaken using a hire car rather than a privately-owned vehicle.
- This resulted in a 12% reduction in grey fleet mileage in the last six months of 2005/06.

2006/07

- April 2006, this policy was re-issued with the amendment that line managers were no longer authorised to approve use of private vehicles for return trips over 100 miles. Authorisation was now required from the Planning & Finance Director or his appointed representative.
- OGC Finance also implemented a process for more rigorous checking of expenses claims, to identify instances of non-compliance and challenge payments over the 100 mile threshold.

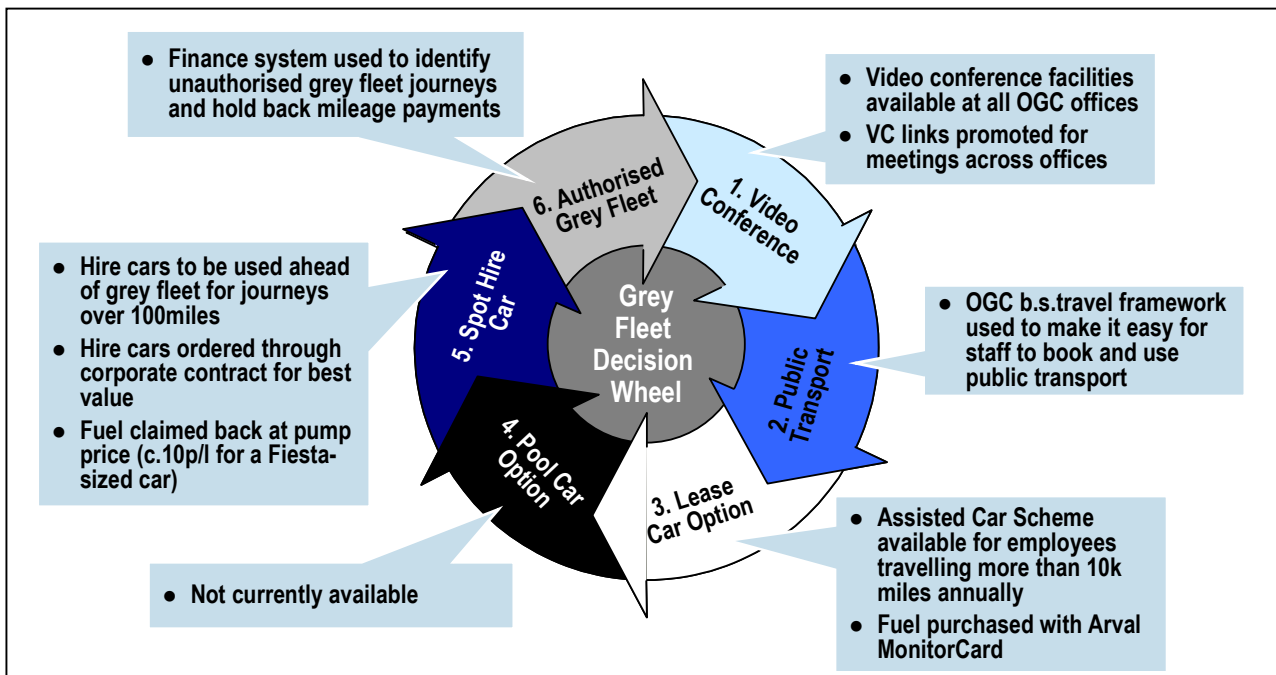
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Travel Options

The OGC has used two methods to reduce grey fleet travel:

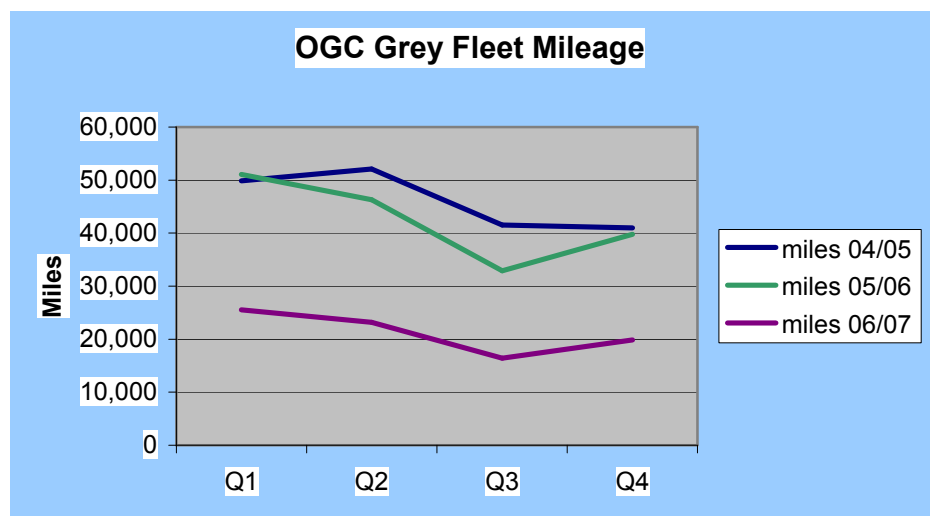
- Making the route to using a grey fleet vehicle for business purposes more difficult;
- Making it easier for employees to use alternative forms of transport and actively promoting these.



What are the Benefits?

Benefits

- The change in policy effected in April 06 resulted in a 50% reduction in grey fleet mileage (26,000 miles) in the first quarter of the financial year
- Hire car usage rose only 30% on a low baseline, indicating that some mileage was removed completely from the system



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Emissions Reduction

- Assuming an average vehicle carbon emission of 243g/mile (Vauxhall Astra), for every 1,000 grey fleet miles removed from the system, carbon emissions went down by 240kg.
- For those miles transferred from older employee-owned vehicles to newer spot hire vehicles, carbon emissions per mile will also have been reduced

Health & Safety Benefit

- The OGC has also achieved health and safety benefits in moving employees from their own vehicles to newer hire cars with up-to-date safety features (air bags, ABS) and transferring responsibility for vehicle maintenance to hire car companies

Direct Cost Saving

- The reduction in grey fleet miles in the first quarter resulted in a saving at 40p/mile of £10k
- Hire car costs in this period went up by £1k on 2005/06, leaving a net saving of £9k
- Extrapolated using the trend line from the previous year, this would mean a total reduction of 85,000 grey miles and a net saving in 2006/07 of £29k.

Lessons Learned

- Identifying key internal stakeholders and engage them in the process of policy change.
- Establishing clear roles and responsibilities for stakeholders:

Health & Safety, Finance and HR	Planning & Finance Director	Line Manager	Employee	Finance Team
Policy setting and ownership	Authorisation of expenses claims over 100 miles	Authorisation of claims under 100 miles	Compliance with Travel Manual policy	Checking claims to spot non compliance

- Implementing demand management measures to challenge the requirement for employees to make a journey in their own vehicle, such as authorisation processes involving managers
- Ongoing monitoring of compliance and implementing consequences for non-compliance, including rejecting expenses claims for unauthorised grey fleet journeys

How you can tackle grey fleet

Any department or authority can take some steps to achieving benefits in this area through:

- Presenting the impacts of grey fleet travel to senior managers and highlighting potential benefits, including cost savings, to encourage their support for action;
- Setting Travel Policy to restrict grey fleet usage and promote other forms of transport;
- Gathering management information on miles travelled in private vehicles to help comply with duty of care legislation and prompt employees to justify the requirement to use their own car.

The OGC has produced a paper of Grey Fleet Impacts and Policy Recommendations that may be useful in presenting the issues to senior managers. There are also several other OGC Case Studies explaining what departments have already done in this area and providing suggestions for other organisations. If you wish to discuss the Grey Fleet Initiative further and understand how the OGC might be able to support you in moving forward, please contact Clemmie Sheppard at clemmie.sheppard@ogc.gsi.gov.uk or 0207 271 1416.