**Review of The Highland Council’s Grey Fleet – Redesign Board Workshop 19.12.17**

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| **1.** | **Executive Summary** |
| 1.1 | This report outlines emerging findings from a review of the Council’s grey fleet, as required by the Redesign Board. Members are invited to consider the findings and discuss the ideas and draft propsals in respect of grey fleet management to help the review team to finalise its work and prepare recommendations for the Board. |
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| **2.** | **Background & Context** |
| 2.1 | This review was undertaken by the grey fleet peer group which comprised of:  • Caroline Campbell, Head of Performance and Resources, Community Services  • Angela Mackenzie, Operations Manager, Payroll  • Keith Masson, Climate Change Officer  • Kateryna Zoryk, HR Business Partner  • Roy Cattle, TU Rep  • Councillor Jimmy Gray, Redesign Board  • Councillor Derek Louden, Redesign Board |
| 2.2 | Support and challenge was provided by Bill Alexander, Director of Care and Learning. |
| 2.3 | The Council’s grey fleet is all vehicles, 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. |
| 2.4 | This review was undertaken as grey fleet travel represents a substantial cost and risk to the Council. Despite the Council’s recent reduction in grey fleet mileage (see tables 1 – 3 below), the grey fleet still accounted for 82% of the Council’s travel costs in 2016/17. |
| 2.5 | 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. |
| 2.6 | The grey fleet peer group undertook an assessment and analysis of the Council’s grey fleet claims, policies and procedures, and identified various opportunities to reduce costs and carbon emissions whilst maintaining service levels and also lowering the risk profile associated with the grey fleet. This report summarises the review, and includes the following:   * How to reinforce the Council’s health and safety policies around grey fleet; * An outline and analysis of alternatives to grey fleet use; * Proposals and an action / implementation plan for future work around staff travel and reduction of grey fleet costs. |
| 2.7 | In order to inform the review, the peer review group engaged with a number of colleagues across all services, as well as external agencies including the Energy Saving Trust and NHS Highland. |
| **3.** | **Scope of Review** |
| 3.1 | The scope of the review was presented to Members of the Redesign Board on 10 October 2017. Members agreed the scope and requested that the following be considered as part of the review:   * The operation of the travel desk; * How to reinforce the messages around insurance cover required for business travel; * How to be more VC/Skype savvy when there are participants from more than one site; * Data on average length of journeys and vehicle hire costs; * Electric vehicle options; and * Electric bike for journeys of 5 miles and less. |
| 3.2 | In addition, during the peer group’s first meeting with the Director of Care & Learning, it was clarified that travel relating to delivery of a face-to-face services, e.g. those delivering a home care service, were out of scope. It is important that recommendations do not impact on service delivery, and if possible, that service delivery should be enhanced. |
| **4.** | **Current Situation** |
| 4.1 | The Council’s 3,200 grey fleet drivers (including Members) travelled nearly 6 million business miles in 2016/17 (see table 1 below – this figure excludes passenger miles to avoid double counting). This represents a 13% reduction in grey fleet mileage since 2012/13, in real terms. However, despite this progress, the remaining mileage:   * Cost the organisation over **£2.2 million** over the course of 16/17 in mileage claims; * Caused the emission of around **2,000 tonnes** of carbon dioxide by the Council’s grey fleet; and * Required staff (including passengers) to have spent around **144,000** hours in 2016/17 in vehicles which are out with the control of the organisation. This is equivalent to approximately **18,000 working days lost**, at an estimated cost to the organisation of **£2.34** million through lost productivity (based on Office for National Statistics average public sector salary and employment costs figures from December 2016). |
| 4.2 | The table below presents 2016/17 mileage and payments data for each directorate:  **Table 1**   |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | **Directorate** | **Claimants** | **Claims** | **Miles** | **Payments** | **Claims Ex. Passengers** | **Miles Ex. Passengers2** | **Payments Ex. Passengers** | | Care & Learning1 | 1,915 | 12,971 | 4,040,150 | £1,353,576 | 11,021 | 3,660,190 | £1,334,603 | | Chief Executive’s Office | 27 | 322 | 53,091 | £20,743 | 288 | 49,871 | £20,582 | | Community Services | 308 | 2,504 | 756,201 | £244,632 | 2,237 | 726,426 | £243,158 | | Corporate Development | 185 | 894 | 139,663 | £44,992 | 787 | 128,512 | £44,434 | | Development & Infrastructure2 | 544 | 3,435 | 926,802 | £299,478 | 3,035 | 872,341 | 296,771 | | Finance | 155 | 852 | 153,553 | £47,459 | 731 | 137,230 | £46,637 | | Members | 63 | 701 | 423,841 | £191,256 | 701 | 423,841 | £191,256 | | **Totals** | **3,197** | **21,679** | **6,493,301** | **£2,202,136** | **18,800** | **5,998,411** | **£2,177,441** |   Note:   1. Care & Learning figures include data in respect of ex-NHS staff (payroll code 65). The values of the data so apportioned are: 1,894 claims; 596,843 miles; and payments of £219,513 2. Community Services figures include some data which was coded into Integra as Housing Revenue Account rather than against a specific directorate. This data has been apportioned to Community Services following advice from Finance. The values of data so apportioned are: 1,020 claims; 309,466 miles and payments of £111,975. 3. When considering miles driven it is miles ex passengers (shaded column) which should be the primary measure to avoid double-counting miles. Payments, however, should be the unshaded column as this reflects the value of all mileage payments made. |
| 4.3 | Current Mileage and Payments Position for The Highland Council  Trend data at aggregate Highland Council level is presented in Tables 2 and 3 below for the period 2012/13 to 2016/17. This data is derived from Resource Link with grey fleet defined by a specific range of codes.  Table 2 – Highland Council Mileage   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **Category of Grey Fleet User** | **Mileage** | | | | | | | **2012/13** | **2013/14** | **2014/15** | **2015/16** | **2016/17** | **5-year  % Change** | | Staff (driver miles + passenger miles) | 7,062,922 | 6,468,532 | 6,175,216 | 5,861,331 | 5,472,617 | -23% | | Staff, ex-NHS Highland (driver miles + passenger miles)1 | 0 | 526,456 | 525,864 | 514,875 | 596,843 | +13% | | **Sub-totals** | **7,062,922** | **6,994,988** | **6,701,080** | **6,376,206** | **6,069,460** | **-14%** | | Members (driver miles) | 417,965 | 416,878 | 378,488 | 412,150 | 423,841 | +1% | | **Total Driver & Passenger Miles** | **7,480,887** | **7,411,866** | **7,079,568** | **6,788,356** | **6,493,301** | **-13%** | | Staff (passenger miles)2 | 695,709 | 575,183 | 519,278 | 491,777 | 470,471 | -32% | | Staff, ex-NHS Highland (passenger miles) | 0 | 9,616 | 23,482 | 25,789 | 24,419 | 168% | | **Sub-totals** | **695,709** | **584,799** | **542,760** | **517,566** | **494,890** | **-29%** | | Members (passenger miles) | 13,299 | 12,805 | 12,284 | 15,781 | 0 | -100% | | **Total Passenger Miles** | **709,008** | **597,604** | **555,044** | **533,347** | **494,890** | **-30%** |   1Former NHS Highland staff figures are identified separately as they became part of the trend in 2013/14.  2Passenger-related mileage is recorded to illustrate the mileage that can be considered as 'avoided' due to shared travel. These figures are not reported under the carbon management plan trend data to avoid double counting the miles. The payments associated with these miles, however, are 'real' and should be noted as part of grey fleet costs; albeit the costs incurred are lower than would be the case had independent travel been undertaken. Please see Table 3 for payment trends. |
| 4.4 | Table 3 – Highland Council Payments   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **Category of Grey Fleet User** | **Payments** | | | | | | | **2012/13** | **2013/14** | **2014/15** | **2015/16** | **2016/17** | **5-year  % Change** | | Staff (driver & passenger miles payments) | £2,687,538 | £2,444,860 | £2,313,203 | £1,926,281 | £1,791,367 | -33% | | Staff, ex-NHS Highland (driver & passenger miles payments) | £0 | £219,705 | £214,346 | £199,253 | £219,513 | 0% | | **Sub-totals** | **£2,687,538** | **£2,664,565** | **£2,527,549** | **£2,125,534** | **£2,010,880** | **-25%** | | Members (driver miles payments) | £188,084 | £187,145 | £170,140 | £185,263 | £191,256 | +2% | | **Total Driver Payments** | **£2,875,622** | **£2,851,710** | **£2,697,689** | **£2,310,797** | **£2,202,136** | **-23%** | | Staff (passenger miles payments) | £31,574 | £25,255 | £22,840 | £22,402 | £23,474 | -26% | | Staff, ex-NHSH (passenger miles payments) | £0 | £480 | £1,174 | £1,289 | £1,221 | 154% | | **Sub-totals** | **£31,574** | **£25,735** | **£24,014** | **£23,691** | **£24,695** | **-22%** | | Members (passenger miles payments) | £664 | £640 | £614 | £789 | £0 | -100% | | **Total Passenger Miles Payments** | **£32,238** | **£26,375** | **£24,628** | **£24,480** | **£24,695** | **-24%** |   Context for Trend Data  Tables 1 and 2 display trend data which illustrates a general decline in grey fleet mileage and payments. During the 2011/12 to 2016/17 period:   1. The Travel Desk and Travel Hierarchy were established. 2. The Travel & Subsistence Policy has been revised, retaining business mileage rates which have been in place since April 2011. 3. The agreement between Highland Council and NHS Highland was implemented. 4. The Council’s car lease scheme was closed. (Cars will, however, continue to run under this scheme until 2018/19). 5. Carbon Management Plan commitments (business travel being one of the six key areas scoped in to the plan) and reporting on these to Environment, Development & Infrastructure Committee and the Scottish Government. 6. No payroll data is available for Members’ passenger miles payments in 2016/17. This could be as a result of a coding issue. |
| **5.** | **Current Provision of Vehicles** |
| 5.1 | The Highland Council has a mixed economy in terms of the provision of vehicles for staff (excluding public transport). Depending on the specific need there are a number of ways in which staff can move around:   * Casual Car Hire – from an existing Procurement Framework specifically created to service the needs of Council staff across the Council area. All hires are administered by the Travel Desk who work from a ranked framework of companies across Highland based on cost per car group (where A is generally a small car and each group offers a larger car depending on the particular need of the hirer). Services are cross-charged directly for car hire usage for their own staff; * Grey Fleet – where staff members use their own vehicle and claim mileage based on their specific journey; * Pool Cars – where Fleet have provided a vehicle for use amongst staff members based within a specific location. Generally these vehicles are the subject of a contract lease/grant funding arrangement. |
| **6.** | **Current Policies and Practices** |
| 6.1 | Below provides some key information in respect of existing policies and practices, which we would recommend to be reviewed as part of a wider exercise following on from the current review. |
| 6.2 | The Council, at present, places no limit on the age of 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 through MyView; there is no opportunity to capture individual vehicle registration marks, and therefore, the Council cannot be certain that grey fleet vehicles have a valid MOT or meet EU safety and emissions standards. |
| 6.3 | Health & 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 & Safety at Work Act 1974 and the Corporate Manslaughter & Corporate Homicide Act 2007. In the event of a work-related road accident, an organisation can be prosecuted and significant penalties applied if it cannot demonstrate that it has taken “reasonably practicable” steps to manage its duty of care. As grey fleet vehicles are out with 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. |
| 6.4 | The current Travel & Subsistence policy was last updated in respect of business mileage rates (including car hire equivalent rates) in 2011. It would be prudent to now review these rates to ensure they are in line with other local authorities and to encourage and maximise staff uptake of alternative forms of transport. |
| 6.5 | Travel Desk involvement – the Travel Desk was established to arrange all business travel, excluding grey fleet. The survey and workshops undertaken throughout the review have fed back significant levels of dissatisfaction with Travel Desk processes, which encourages many staff to simply use their own vehicles instead. |
| 6.6 | Resource Link – in relation to the process for mileage claims, managers do not have an opportunity to challenge travel before journeys and claims are made; this therefore could present as the easiest option for many staff (although not the most cost efficient for the Council). In addition, when submitting claims, the car hire equivalent rate is not automatically calculated and must be entered manually, creating the risk of errors / overpayment. |
| 6.7 | Claim checking – the review has indicated that mileage claim checking is often not undertaken by managers prior to approving claims. Whilst difficult to quantify, the Energy Saving Trust estimates that 15-20% rounding up is not uncommon. Although this sounds high, rounding up an 8 mile journey to 10 miles equates to a 25% overclaim, and our current system does not auto-calculate mileages to mitigate against this risk. It is unclear whether grey fleet mileage claims have ever been audited. |
| **7.** | **Travel Hierarchy** |
| 7.1 | Through information gathering within staff groups and in conducting the survey, it has been recognised that whilst there is a broad, general level of understanding amongst staff about what the Travel Hierarchy is, it plays a relatively insignificant role in the choice of business travel. Most staff undertake journeys, regardless of type, in the way they consider most appropriate to deliver services. |
| 7.2 | However, there are many options that staff can use instead of travelling in grey fleet vehicles – for example, by avoiding the journey altogether by utilising audio or video conferencing facilities (in particular, Skype for Business – see para 11.3 below), or by carrying out the journey by a different mode of transport. There needs to be an awareness raising promotion in relation to the hierarchy in respect of the health, safety and welfare of staff, the code of conduct for employees and the cost to the Council. It should be enforced by managers and the Travel Desk, as well as embedded into appropriate policies e.g. Travel & Subsistence / Staff Travel policy. The order in which alternatives could be considered is outlined below. |
| 7.3 | 1. ***No Travel* - Does the meeting need to take place face to face, or at all?** If so, can it be done by tele/video conference/Skype for Business? 2. ***Active Travel* - Is the meeting close enough for you to walk or cycle?** If so, don’t forget that you can claim 20p per mile if you cycle. 3. ***Communal Travel* - Can you take public transport to the meeting?** Plan your door-to-door journey using Traveline Scotland - <https://www.travelinescotland.com/> 4. ***Shared Asset Travel* - Can you car share with other delegates going to the meeting?** Is there a delegate list? If so, do you all need to attend? Can you travel together? 5. ***Lower Carbon Travel* - If you have to use a car, can you schedule other meetings to maximise the benefit of the journey?** Could you consider taking a more economical car, such as one of the Council’s fleet vans or electric cars, or a car club car? 6. ***Unsustainable Travel* – If you have to travel on your own, is it closer to travel to your meeting from your home rather than your work base?** Don’t make unnecessary journeys, plan ahead, and take relevant documentation and equipment with you, if you can. |
| 7.4 | Developing a robust workflow diagram in respect of the above would leave staff in no doubt as to the type of travel to be undertaken. |
| 7.5 | An implementation plan in respect of a revised travel hierarchy can be produced by the team. |
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| **8.** | **Analysis of Data and Findings** |
| 8.1 | Methods of Staff Engagement  Various methods of staff engagement were undertaken throughout the course of the review. These included a staff survey, interviews, teleconferences and workshops. |
| 8.2 | Staff Survey  The survey was designed to gain a better understanding of staff travel for work purposes, and whether options such as improved IT, pool cars or car club cars could benefit both the organisation and its staff. The survey analysis is attached at **APPENDIX** **1.** |
| 8.3 | Interview & Workshop Results and Findings  In undertaking the grey fleet review, it was recognised that over and above gathering data through the staff survey, it would be important to directly engage with staff who travel in their own vehicle frequently in delivery of their duties; the team acknowledged at an early stage that any alternatives to grey fleet travel must not impact on delivery of services by staff, and if possible, enhance this. A series of interviews, workshops and conference calls were held with individuals and teams from across the Council to gain an understanding of how different staff deliver services and why there is such heavy reliance on private vehicles. An overview of the findings from a staff perspective can be summarised as follows:   * Whilst it may seem obvious, the Council covers a significant geographical area, which means that staff require travel flexibility in order to deliver services. This is particularly acute in more rural locations, where alternatives such as car hire and public transport are simply not viable. * 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. Clearly, officers who can proactively manage meetings and work away from the office are better placed to utilise alternatives to grey fleet than those staff who require immediate access to a vehicle to deliver essential face-to-face services. * Workshop groups recognise that there is likely to be scope for almost all staff to become more proactive in managing at least a portion of their workload, thus reducing grey fleet travel. * Car hire is a significant problem for staff and Members out with Inverness; not only is the booking process lengthy and time consuming (hidden costs), a longer, more costly hire is often required due to inflexibility around drop off and pick up times. It has been evidenced that single day car hire requirements (for early morning starts and evening returns) often results in the Council being charged for a 3 day hire as the vehicle is dropped off the day before and picked up the day after the required rental period. * In addition, many staff and Members experience difficulties booking a hire car in the summer months, due to increasing demand from visitors to the region. * There is recognition that improved tele and video conferencing facilities would reduce the need for some journeys, but not all. However, the current availability of video conferencing facilities (especially those in private rooms) is deemed poor, as is access to reliable teleconferencing options. Provision of equipment and training on best use across the organisation is inconsistent and does not support travel reduction at present. * There is some appetite from managers to be stricter with staff in respect of mileage claims. For example, some are willing to challenge staff if a private car is used when an alternative option was available. * Many staff across all services are required to take equipment with them to meetings and site visits – this often rules out taking public transport and makes use of private vehicles more convenient. * Many staff and Members are aware that the same journey (e.g. Dingwall to Inverness and return) is undertaken by multiple staff many times each day. However, at present, there is no means to identify opportunities for car sharing other than word of mouth. * There is a perception that existing provision of Council fleet vans / pool cars is unfairly distributed, and that a more equitable arrangement should be developed. * It has been recognised through engagement with teams and through the survey that there is appetite to trial alternative options to grey fleet, such as pool cars / car club vehicles. Staff generally feel that they are losing out by using their own car for Council business (and some even acknowledge / feel that they are subsidising the Council by doing so) but lack of options means grey fleet use is often essential. * Some locations may be unsuitable for alternatives such as pool cars / car club vehicles due to lack of parking provision – it is recognised that if alternative options are to be provided, staff should not have to walk more than 5 minutes to pick it up. * The perception of the Council in terms of physically delivering services could be improved through utilisation of its own, branded pool or car club vehicles – at present, the public have no visibility of staff delivering services through use of their own car, although in some cases it was stated that this would not be appropriate, depending on the service being delivered. * There is a lack of understanding amongst staff and Members of the cost (both financial and environmental) in respect of using their own vehicle. |
| **9.** | **Climate Change** |
| 9.1 | Climate change is now recorded as a corporate risk. In addition, The Council has a legal duty to assist Scotland achieve its national carbon emission reduction targets as mandated by the Climate Change (Scotland) Act 2009, to reduce emissions of greenhouse gases by at least 42% by 2020 and at least 80% by 2050. |
| 9.2 | The Council’s grey fleet mileage was responsible for ~2,000 tonnes of carbon dioxide emissions in 2016/17, representing around 3% of total emissions for the organisation. However, this figure is an estimate, based on DEFRA conversion factors. The Council converts miles travelled into carbon dioxide equivalents (CO2e) by using a specific conversion factor taken from DEFRA's “Environmental Reporting Guidelines for Company Reporting on Greenhouse Gas Emissions”. This method has been used as the Council does not capture registration marks of grey fleet vehicles, which would allow a more accurate emissions figure to be calculated. It is 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. |
| 9.3 | To this end, it is recommended that the Council begins to capture registration details for all grey fleet vehicles as a **priority action**. In addition, as part of any policy review, consideration should be given to the imposition of a maximum CO2e limit on grey fleet vehicles. The aim of such a policy would be to avoid the highest emitting, most inefficient vehicles, as well as reducing the risk of grey fleet vehicles not meeting satisfactory safety standards. This approach would clearly require advance notice and a grace period in order for staff to be able to comply, or alternatively, the provision of vehicles for staff travel by the Council. The Energy Saving Trust, through its work in reviewing the Council’s grey fleet data provided some options to consider including:   * A maximum age of around 5 to 8 years; * A maximum mileage of around 100 to 150,000 miles. * A CO2e cap of around 150 to 180g/km. |
| 9.4 | Safety criteria could also be included, such as a minimum of NCAP 4 star crash rating (the European New Car Assessment Programme (NCAP) provides consumer information on the safety of new cars. Safety ratings are determined from a series of vehicle tests which represent important real-life accident scenarios that could result in injured or killed vehicle occupants / other road users). It is suggested that vehicles not meeting these criteria should not be funded for business mileage, due to the unacceptable risk levels use of such vehicles pose to the organisation, and alternatives should be provided to staff to ensure they can undertake their duties safely. As with all standards, these should be subject to an annual review. Full records of the grey fleet should be kept and all driver and vehicle documents inspected and checked on-line. |
| **10.** | **Alternatives to Grey Fleet** |
| 10.1 | It is clear from the staff survey and the various workshops undertaken as part of this review that there is significant dissatisfaction with current arrangements in respect of staff travel, with many grey fleet users favouring an alternative as they only use their own vehicle out of necessity. However, at present, alternatives are generally not available, other than casual car hire, which cost the Council **£404,625** in 2015/16 and **£398,883** in 2016/17 (it is important to note that casual car hire poses its own problems for staff in rural locations, as previously stated – for example, it is often difficult if not impossible to hire a car, and in many cases, a bigger, more expensive vehicle is provided than is required). Together, grey fleet and casual car hire cost the Council **£2,715,421.87** in 2016/17, and **£2,601,019** in 2016/17. |
| 10.2 | The following provides an overview and outline costings in respect of two of the most cost effective options for replacing grey fleet and / or casual car hire journeys. |
| 10.3 | Pool Cars  Currently, the Council operates 9 pool cars, although this number is slowly growing. These are:   * Inverness – 1 Toyota Prius (hybrid); 1 Vauxhall Astra (diesel); 2 Nissan Leaf (fully electric) * Golspie – 2 Nissan Leaf * Portree – 1 Toyota Prius; 2 Nissan Leaf (one dedicated to Car Park wardens) |
| 10.4 | As areas of high spend are identified, the Transport & Logistics Manager is in consultation with staff identified to place pool cars with those users/within those locations to try to reduce spend on casual car hire and Grey Fleet where possible. |
| 10.5 | The issue with pool cars to date has been the lack of any robust management process in which to ensure availability where and when pool cars are needed and in the condition expected by staff from a shared resource. However, there has been a recent investment in the Fleet management System, *Tranman*, which will help to manage Pool Cars going forwards. |
| 10.6 | Analysis of the costs of Casual Car Hire and Grey Fleet for data from 2015/16 by the Procurement Unit has established that 100% adoption of the pool car model in replacing grey fleet journeys would deliver cost avoidance of almost **£650,000** per annum, based on 2015/16 figures (see **APPENDIX** **2**). |
| 10.7 | This model could provide a cost-efficient option for daily trips. The modern pool fleet, if well managed, can be a simple, cost effective, low emission and safe method of meeting the essential transport needs of staff. However, the vehicles in the pool fleet must meet a number of criteria:   * Affordable – target to operate at lower than the grey fleet rate of 45p/mile; * Fit for purpose – especially if required to carry equipment or clients; * Low or zero carbon – ideally below 95gCO2e/km which is the current threshold for 100% enhanced capital allowance; * Safe – meets recognised safety standards (NCAP) for the protection of the occupants; * Good for local air quality; and * Attractive, modern and comfortable – staff should want to drive the vehicles rather than take their own. |
| 10.8 | It should be recognised that pool cars do have some disadvantages, and may not be suitable for all staff. Some issues include:   * Responsibility for maintenance of the fleet would rest with the Council; the cost of staff time therefore needs to be factored in. * The Council would be responsible for managing the booking system and for ensuring that vehicles are available as and when required. Again, this could be time consuming, costly and burdensome to manage at a macro level. * Parking at many Council sites is limited; this would pose challenges for provision of pool vehicles at these locations. |
| 10.9 | Car Club Model  Another potential solution would be to adopt the car club model currently being employed in a number of other Local Authority areas, including Aberdeen, City of Edinburgh and Dumfries & Galloway. A car club provides its clients with quick and easy access to a car for short-term hire to be used for local journeys. Staff can make use of car club cars as and when required, and car club vehicles typically emit only 64% of the CO2e per kilometre of the average grey fleet car they replace. Car club operators are also well placed to respond to changes in demand, by either adding vehicles to journey-intensive locations or shifting underused cars to where they could be better utilised at short notice. |
| 10.10 | At present, the Council has an agreement in place with Enterprise Car Club and e-Car Club (a subsidiary of Europcar) for the provision of car club parking spaces in Inverness City Centre; they each have 8 allocated spaces across the centre of Inverness. This agreement runs until the end of January 2019. Both companies are keen to work with the Council in respect of entering a partnership where cars are available to staff from as little as a half-hour hire at attractive rates for Council use, and are both willing to implement a car club pilot for specific high grey fleet mileage teams to help better understand the potential savings employing such a model could deliver. |
| 10.11 | Indicative analysis by the Procurement Unit suggests that 100% adoption of the car club model in replacement of the grey fleet could realise an annual saving to the Council of nearly £600,000 **(see** **APPENDIX** **2**). |
| 10.12 | The Council’s duty of care to its staff is addressed by this model via:   * Provision of low emission cars, with savings estimated at 0.7t CO2e per user per year; * Regular safety/cleanliness checks/valeting (usually weekly or fortnightly); * Driver licences checked prior to inclusion in the scheme and then regularly by the operator; and * Business class insurance. |
| 10.13 | The potential benefits to the Council are:   * Less administration when processing expense claims and in booking car club travel – this would be organised by individual staff and would not require input from the Travel Desk; * Additional staff benefit if made available on a chargeable basis for private use; * Potentially, no longer essential for employees to drive to work – encourages use of car share / public transport and thus reduces any existing burden with regard to car parking; * Reduced carbon footprint; * Service to communities, especially in rural areas where other forms of public transport are limited - low emission, low cost cars readily available at evenings/weekends out with Council usage. * Opportunities to partner with other public bodies (including NHS / Housing Associations etc) to further reduce costs of operating the scheme. Many other local authorities in Scotland have either embraced or are looking at this as a model. The adoption of car clubs by local authorities usually comes in three phases: Phase 1 is roll-out of vehicles solely for Council employees’ use; Phase 2 involves partnering with other public sector bodies to maximise use of vehicles and reduce operating costs for each organisation; Phase 3 involves allowing the public to access vehicles out with core times – this can provide a valuable income stream to offset running costs. |
| 10.14 | However, it should be recognised that the car club model is unlikely to be ideal across the board. Potential issues include:   * Lack of available parking at certain sites; * Potentially uneconomical from an operators perspective in certain remote locations with few potential users. |
| 10.15 | Other Options  For short journeys, walking and cycling should be promoted to staff, in line with the travel hierarchy. The Climate Change team have recently been successful in securing funding for a pilot pool bike scheme (including push bikes and electric bikes) for Inverness and Dingwall, which will be launched in Spring 2018. Depending on uptake, it may be feasible to roll this out more widely across Highland. |
| **11.** | **IT as an Enabler** |
| 11.1 | Over the next two years there will be a number of technology upgrade projects, as part of an ICT Transformation Programme, designed to improve the ICT Service of the Council and our partners High Life Highland (HLH) and the Valuation Joint Board (VJB). This includes new computer equipment, more email and file storage, upgraded telephone and video conferencing facilities and upgraded collaborative and communications software. |
| 11.2 | The ICT Transformation Project will also provide new or improved Office 365 applications on existing computers. This includes Skype for Business, which allows users to send instant messages to colleagues and to make video and voice calls. Skype for Business will replace Microsoft Office Communicator and will come with new features. |
| 11.3 | Skype for Business will allow colleagues to work and communicate together without the need to be in the same location. Skype has the potential for increased efficiencies, by having a quicker response time than email, and reducing the time and money spent on travel. As well as sending instant messages and making voice and video calls, Skype can be used for other functions like delivering PowerPoint presentations to different people at the same time, scheduling meetings from the application, and allowing colleagues to see what documents or applications a user is working on in real time. |
| 11.4 | In parallel to the introduction of Office 365 and Skype, the Unified Communication (UC) Project is upgrading the telephony service of the organisation and has provided video conferencing (VC) facilities across a number of Council sites. Video conferencing has similar benefits to Skype as people are able to see and interact with colleagues spread over a large geographical area without the need to travel. ICT services has commissioned an external IT Trainer to deliver a series of training ‘webinars’ on the new software changes via the Council’s video conferencing facilities. These webinars negate the time and expense involved in traveling across the region to deliver face to face training. Staff will also be able to access these training webinars at their own desks via their own machine, which again reduces the need to travel. |
| 11.5 | The introduction of Skype for Business into the Council, and the Unified Communications project, has the potential to contribute to reducing the need to travel in the organisation, thereby contributing to increased efficiencies and reduced costs. ICT services will continue to promote the use of this new technology throughout its organisational change, communications and training activities thereby maximising the benefits accrued from the ICT Transformation Programme. |
| **12.** | **Log of Risks, Issues and Barriers to Change** |
| 12.1 | Throughout the course of the review, the following risks, issues and barriers to change have been identified. Mitigating actions are detailed for consideration in Table 4 below:  Table 4   |  |  | | --- | --- | | **Risk/Issue/Barrier to Change** | **Mitigation** | | Responsibility for/management of grey fleet isn’t clear - the grey fleet can and has been overlooked as responsibility for it has not been clearly assigned to an individual / Directorate within the organisation. | Ascertain from Executive Leadership Team and Redesign Board where central responsibility should lie. A Director, HR or health and safety manager who has a wide organisational influence may be appropriate. Accountability is key to implementation of new policy and ultimately reducing spend. The maxim “what gets measured gets managed” also applies here. | | Rates of mileage payments linked to national agreements | Advice from experienced HR and Legal Team advisers and Union Representatives as to merits of pursuing standardisation of rates. | | Working practices in approving travel | Regular reinforcement and understanding of key responsibilities and outcomes to be achieved. | | Working practices in embedding travel hierarchy across organisation | Regular reinforcement and understanding of key responsibilities and outcomes to be achieved. | | Preference for driving own car | Engage with staff to implement change management process as well as advising/reviewing effecting change utilising appropriate options. The staff survey and workshops have clearly indicated that staff don’t want to use own car; they do so out of necessity. | | Current telecoms and VC equipment and support of variable performance in supporting non-travel efforts | Improve effectiveness and usability - raise awareness on a regular basis of what is available and provide training and support of how best to use it. The roll-out of Skype for Business provides an ideal opportunity to embed the use of tele and videoconferencing across the organisation. | | Stakeholders are Council-wide with varying work requirements | Use Integra data to plot where high usage/cost is occurring and to support implementation of alternatives at these locations. | | Geographic scale of Highlands affects transport options | Engage with staff representing the different locations/services to fully understand the issues and implement appropriate solutions. | | Council redesign process underway – may afford excuse to avoid engagement with option appraisal | Change management process to be instigated, clearly explaining purpose. Continue with engagement - inviting teams to take part and be part of the redesign process can affect and improve their working environment. | |
|  |  |
| **13.** | **Emerging findings** |
| 13.1 | It is important to understand that this is a complex, multi-faceted issue. Grey fleet usage has become entrenched throughout the organisation, and there is no silver bullet in respect of reversing this trend. A range of approaches, including policy reviews, implementation of alternatives and more robust management of travel across the organisation will be required to achieve cost savings and meaningful behaviour change in respect of staff travel. |
| 13.2 | Over and above the potential for cost savings, there is an urgent need for the Council to address this issue given the unacceptably 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. |
| 13.3 | Due to the geography of the Highlands 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 Care and Learning, must be delivered face to face and service delivery is often reactive in nature. |
| 13.4 | However, the analysis undertaken has indicated that there are opportunities to reduce to the cost of travelling while still maintaining and potentially improving service delivery. |
| 13.5 | The current spend of £2.2m per annum can be most effectively be reduced by:   * Improved and better use of IT, with particular focus on the roll-out of Skype for Business as a key solution to avoiding unnecessary travel; * Implementation of pool car and car club options at suitable locations. This should be properly piloted in the first instance to ascertain accurate levels of savings which could be achieved from a wider roll-out. * Implementation of a new Staff Travel policy / a refreshed Travel & Subsistence Policy, ensuring that this is properly understood, embedded, measured and reported on. |
|  |  |
| **14.** | **Discussion points and emerging proposals** |
| 14.1 | The following points address the various objectives detailed in the scoping document, and the board is invited to consider and discuss these to help firm up the recommendations from the review team. |
| 14.2 | Directorate responsibility for travel (objective 6)   * At present, there is no clear responsibility for travel at the Highland Council; however, the Climate Change team does annually monitor and report on travel & grey fleet policies and performance through the Carbon Management Plan. * It is clear from the review that identifying a lead for reducing staff travel costs is vital to ensure accountability and continued scrutiny of performance. |
| 14.3 | Reduce the need to travel (objectives 1 and 3) – emerging proposals   * Reinvigorate, implement and embed the updated Travel Hierarchy * Promote and embed IT as an enabler, especially Skype for Business, for doing Council business. This will have the additional benefit of reduced accommodation costs. * Review methods of service delivery where travel is a key consideration |
| 14.4 | Where travel is necessary reduce the spend (objectives 1, 2 and 3) – emerging proposala   * Pool cars, car clubs, and active travel can all achieve this. Proposlas emerging are for 3 – 6 month pilots to be conducted with high grey fleet mileage teams in the first instance to identify accurate potential savings figures as well as best practice in embedding a new system. * Where grey fleet travel is the only option, a proposal is to develop the Travel and Subsistence policy whereby only cars which meet certain criteria (age, emissions etc) are able to claim mileage costs. * A proposal to reinforce the responsibility of managers to carry out regular licence, insurance and MOT checking procedure, and to record this. This reduces the risk to the Council of staff not having adequate cover or access to a safe vehicle. |
| 14.5 | Review Travel Desk (objective 4)   * A number of responses to the staff survey contained comments about the effectiveness of the travel desk. This included situations where advance notice of rail travel was provided but only booked within days of travel, thereby losing out on opportunities for advance booking discounts; where cheaper and better accommodation could be found or negotiated by staff member; staff are more likely to use their own car with cost to themselves than go through time consuming and ineffective outcomes they have experienced. These views were also expressed by Members. * Travel Desk staff express frustration at the lateness of many bookings which impacts on their ability to book travel with a longer lead in time and buy tickets at the lowest price. In Q2 2017/18, 62% of travel requests were submitted with 5 working days between request and travel, 45% were less than 3 days. * The Travel Desk has very recently moved from Corporate Resources to Community Services as part of an already agreed plan to enlarge the role of the team to incorporate hiring of vehicle, plant and equipment. * The role could be expanded to accommodate the proposal of pool cars being deployed across various areas of the Council. It is proposed that booking of any car club vehicles is self-serve so there will be no impact on the existing travel desk resource. * To manage the significant changes to the current Travel Desk model, an initial discussion has taken place with the TSP Project Manager about the benefits of carrying out a LEAN review of Travel Desk processes. |
| 14.6 | Review Policies (objective 5)   * Grey fleet responsibility could be reinforced through a Committee-approved policy, which would provide clear corporate goals as well as appropriate working practices. * 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 could be refreshed to take account of the outcomes of this review. The policy would be presented to all staff who are required to travel in the course of their employment along with a signed declaration offering the assurance that employees have read and understood the policy. Furthermore, if it is possible to link policies and procedures to employment contracts, this would require proactive management in relation to meeting the requirement of the contract. * Resourcelink – grey fleet journeys are approved after the event, and are often un-validated. All grey fleet journeys should be validated against an approved journey planning tool and this could be set out in a revised staff travel policy. * The car hire equivalent rate is not automatically applied when submitting mileage claims, although this is currently under review and discussion with Trade Union colleagues. This needs to be addressed to eliminate the risk of overpaying for grey fleet journeys and to simplify the online claim process. * Vehicle information is not currently captured when submitting claims. At a minimum, the claims system should be updated to capture the following data:  1. Registration date 2. MOT date 3. Date of last service 4. Vehicle CO2 emissions level (this can be captured from registration mark through DVLA check)  * The Health & Safety Executive recommends that employers check the validity of driving licences on recruitment and periodically afterwards if there is a requirement to use a car to meet role conditions. With drivers’ permission, licence checks can be made directly with the DVLA to determine eligibility, history, and endorsements. It is advisable that drivers who have a high-risk profile, and might consequently have a higher risk of losing their licence, are supported with for example regular health monitoring etc. * Revised policies could place the onus on grey fleet drivers to satisfy the Council that their motor insurance covers them for ‘business use’. Insurance certificate, licence, and MOT should be checked annually by line managers, or ideally, when insurance policies are up for renewal. See **APPENDIX 3** for more details on specific levels of insurance cover. |
| 14.7 | Age of Grey Fleet Vehicles (objectives 2 and 5)   * The vehicles used by grey fleet drivers may be old and poorly maintained – the organisation currently has no 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 under a new grey fleet policy, for example, along with a minimum Euro NCAP rating and safety systems, such as Electronic Stability Control (ESC) and Antilock Braking Systems (ABS). This can also be linked to the Council’s legal duty under the Climate Change (Scotland) Act 2009 to support Scottish Government carbon emission reduction targets as well as employers right to provide a safe working environment. * Grey fleet vehicles should also be maintained to minimum standards. Maintenance records from approved garages should be checked on a regular basis, ideally annually. In addition, drivers should be encouraged through regular Council communications to conduct frequent vehicle safety checks, including tyre tread and pressures, brakes, lights and indicators, oil, windscreen washers and wipers. * Any new staff travel policy should lay out the minimum standards for any vehicles to be used to undertake business mileage, with a grace period to enable staff to comply. These standards should include the following:  1. A maximum age of around 5 to 8 years; 2. A maximum mileage of around 100 to 150,000 miles; 3. A CO2e cap of around 150 to 180g/km; and 4. A current MOT |
| 14.8 | Implementation (objective 7)  A proposed implementation strategy is drafted below (table 5). Following successful engagement with staff throughout the review and the appetite for change that has become apparent, it is recommended that this continues throughout any implementation phase. In addition, an Equality Impact Assessment will require to be carried out ahead of implementation of any policy changes to ensure that the Council complies with the public sector equality duty. |
| 14.9 | In relation to rural impact, there may be a positive impact if the introduction of car clubs is taken forward. The cars used by Council staff during working hours could be made available for the public to use out with working hours and at weekends, and during periods where services are traditionally quieter such as school holidays. This may help rural communities where access to public transport is limited and expensive whilst reducing the requirement for many households to own two cars. |
| 14.10 | There may a similar benefit when considering the Poverty Impact Assessment and the possibility of improving access to training or employment by having car club vehicles available. |

**Draft Proposals for an Implementation Plan**

Table 5

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Objective | Action | Desired outcome | Priority | Action Owner | Target Date/timescale |
| Identify Directorate ownership for travel. | ELT is asked to agree ownership of travel related policies and practices, monitoring and reporting. | To ensure accountability, delivery of actions from the review and continued scrutiny of performance. | High | Executive Leadership Team | January 2018 |
| Annual report to Resources Committee on Service mileage and carbon reports. | To provide continual monitoring of mileage, cost and carbon and to monitor that reduction targets are being met. | Low | Climate Change Officer | Annually - August |
| Set targets to reduce travel costs and emissions. | Each Service to include a target reduction in mileage/travel costs and carbon emissions, in their Service Plan. Targets to reflect the introduction of VC and Skype. | Reducing travel costs becomes integrated when planning activities and staff are encouraged to take ownership.  Measure the proportion of grey fleet journeys displaced through use of tele and video conferencing / Skype for Business. | Medium | ELT | April 2018 |
| Working with Trade Unions, HR and Payroll to review Travel and Subsistence Policy and practices. | Expand the Travel and Subsistence Policy to include a section on grey fleet - vehicles, drivers and journeys.  Include a section outlining responsibilities of managers and staff in relation to business insurance, road and where appropriate, MOT.  Set out maximum CO2 criteria for grey fleet vehicles.  Review mileage rates. | Reduce the risk to the Council in terms of liabilities relating to staff using their own vehicles .  Provide a more holistic set of guidance covering travel hierarchy, preferred use of vehicle type and review rates payable. | High | Head of People and IT | April 2018 |
|  | Review mileage claims process and forms:  (it is acknowledged that any changes may need to be planned into the IT system future development roadmap)  (1) Incorporate procedures and spot checks to ensure that managers are not signing off grey fleet journeys that could be undertaken by active / public / shared transport, or were not required at all.  (2) Investigate auto route calculation opportunities and standardised mileages for certain journeys to de-risk over claiming.  Review online claims forms to capture more data :  (1) Tick box to confirm that insurance & licence and MOT certificate (where applicable) have been shown to manager within last 12 months.  (2) Vehicle registration number to capture more accurately carbon data. | Provide confidence that the T&S Policy is being implemented, managers and staff understand their responsibilities and risks across a range of issues is being managed. | Medium | Head of HR and IT. | July 2018 |
| Reinvigorate the Travel Hierarchy to promote lower cost and more carbon efficient methods and alternatives to travel. | Revise, reinvigorate and implement Travel Hierarchy Plan ensuring effective communication strategy developed alongside. | Embed low cost and low carbon travel practices throughout organisation. | High | Climate change Officer | Jun 2018 |
| Work with colleagues in ICT to align the roll out of Office 365 and Skype for Business with Travel Hierarchy principles. | Unless face to face service delivery, ICT becomes the alternative to travel. | High | Climate Change Officer/ICT Project Manager | Tie in with roll out plan from ICT Services |
| Alternatives to Grey Fleet. | Commence a trial of pool cars/car club with high mileage grey fleet user groups to identify opportunities for wider roll-out.  Evaluation of staff feedback and savings. | Where travel is necessary provide alternatives to using grey fleet. Vehicles will be hybrid or electric. | High | Head of Performance and Resources/Climate Change Officer | February 2018  June 2018 |
| Undertake a trial of electric and manual bikes in Inverness and Dingwall for journeys of 5 miles and less.  Evaluation of staff feedback and savings | Evaluate the usage of alternatives to cars in Inverness and Dingwall. Increase availability if staff feedback is positive. | Medium | Climate Change Officer | April 2018  July 2018 |
| Promote car sharing via a travel site or Facebook page where staff can share details of their journey and maximise opportunities for car sharing. | Reduce the number of single person journeys | Medium | Corporate Communications Manager | February 2018 |
| If external funding is available, currently part subsidised by Transport Scotland, deliver Fuel Efficient Driver training for fuel efficiency and environmental benefits. | Raise awareness of how changes in driving behaviour can assist in reducing fuel usage and emissions generally. | Low | Climate change Officer/Transport Manager | April 2019 |
| Review the operation of Travel Desk | Review the current practices to ensure value for money. Particular focus on:  (1) ensuring travelling is necessary and other options such as VC are not suitable or available.  (2) encouraging the use of public transport and, where eligible, using rail and bus passes to buy lowest price tickets.  (3) ensuring value for money when booking accommodtion | Review forms to promote alternatives to travel. Where travel is necessary promote lowest cost options. Ensure that if car hire is the most viable option for a trip, the most economical car is booked. | High | Head of Performance and Resources | February 2018 |

**Appendix 1**

**Staff survey results**

As part of our information gathering exercise a survey was sent to all HC staff PC users 5000 and members. 99% of respondents (1352) were HC employees with 1% (16) members.

Table 1 Breakdown by Service

|  |  |
| --- | --- |
| **Service** | **% Returns** |
| Care and Learning | 46%, with Education providing 24% and Children Health and Social Care 18%. |
| Chief Executive | 4% |
| Community Services | 14% |
| Corporate Resources | 15% |
| Development and Infrastructure | 21% |

Of all the responses 91% were required to travel for work, with 34% stating that they used their own vehicles on a daily basis followed by 22% stating that they used their own vehicles a few times per week.

A key factor for these staff when making the decision of what transport option they could use is ‘time and schedule’, with cost to the staff member a secondary consideration.

On an average day 53% of those who responded travelled up to 1 hour with 29.4% travelling between 1 and 2 hours, and 15% 2hrs or more.

With regards to choices staff felt they had, 54% stated that they were aware of the travel hierarchy but that that it did not affect their choice of travel, with 30% (highest response) stating that they always looked for alternatives, and 25% stating that alternatives were never considered.

Improved video conferencing/Skype was not seen as a viable alternative to travel but this may relate to the nature of key areas of work done by majority of grey fleet users as face to face contact would be a key requirement.

When questioned on their thoughts of using pool/club car 75% stated they would use this option and would only use their own vehicles because of a lack of appropriate and reliable alternatives.

In relation to their responsibilities when using their own vehicles 92% understood they were required to have business travel insurance. 99% stated they had valid driving licenses and 99% stated the vehicles they used had a valid MOT – which are worrying results as we would have expected 100% outcome but perhaps the questionnaire has raised awareness of requirement to ensure vehicle is fit for purpose .

A key outcome from the survey was the opportunity for staff to comment on the current requirement to use grey fleet and offer suggestions for alternatives. Two of the most noted suggestions were to have some form of leased car option or provide cars for ‘essential users’ if this was a more cost effective option for staff who are required to travel over X thousand miles per year; and pool /car club options that resulted in well maintained vehicles, suitable for terrain, that could be made available on the day, with user friendly systems for use.

**Appendix 2**

**THE HIGHLAND COUNCIL**

**BUSINESS STRATEGY DOCUMENT**

|  |  |
| --- | --- |
| **Business Area** | Analysis in to the use of Casual Car Hire, Grey Fleet, Car Club, Pool Cars within Highland Council |
| **Procurement Lead** | Fiona Conti, Category Manager,  Commercial & Procurement Shared Service |
| **Project Sponsor** | Caroline Campbell, Head of Performance & Resources,  Community Services |
| **Date** | 13/10/2017 |

# **Introduction**

The Commercial & Procurement Shared Service has undertaken an analysis of spend relating to the ad-hoc usage of vehicles within Highland Council. This was identified as an area for investigation as a result of high Casual Car Hire usage and related costs and Grey Fleet mileage costs.

# **Objectives**

An analysis was undertaken to benchmark alternative means of provision in terms of vehicle usage within Highland Council

* to understand what the cost to the Council is for vehicle usage;
* to check the extent of hire across the Council in terms of vehicle usage;
* to understand the current processes in place for staff movement and vehicle usage;
* to look at alternative delivery models to reduce budget pressures.

# **Current Contract Status**

The Highland Council has a mixed economy in terms of the provision of vehicles for staff. Depending on the specific need there are a number of ways in which staff can move around

* Casual Car Hire – from an existing Procurement Framework specifically created to service the needs of Highland Council staff across the Council area. All hires are administered by the Travel Desk who work from a ranked framework of companies across Highland based on cost per car Group (where A is generally a small car and each Group offers a larger car depending on the particular need of the hirer). Services are cross-charged directly for car hire usage for their own staff. ;
* Grey Fleet – where staff members use their own vehicle and claim mileage based on their specific journey;
* Pool Cars – where Fleet have provided a vehicle for use amongst staff members based within a specific location. Generally these vehicles are the subject of a Contract Lease/grant funding arrangement.

# **Spend Analysis Approach**

An approach was developed by the C&PSS to ascertain the budget spend on car hire and grey fleet -

* Suppliers were requested to provide management information for all car hires delivered to Highland Council in FY 2015/16 and quarters 1 & 2 (April to September) of FY 2016/17.
* an analysis was undertaken of car hire spend information available through Integra
* a cross-checking exercise followed to compare the information with that received from suppliers
* identifying areas of high levels of hire and/or spend
* comparing the costs of pool car provision against that of Grey fleet and Car Hire provision
* Looking at alternative delivery models eg Car Club provision

# **Initial findings**

This report is based on the analysis of information collated relating to Financial Year 2015/16. This period was chosen as the data available for both grey fleet and car hire was most complete.

Car Hire

Overall analysis of the management information from suppliers of car hire vehicles showed the following breakdown –

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Casual Car Hire** | £ | £ | £ | £ | £ |
|  | Total | Car | Minibus | Van | Misc |
| Hire | 722,671.19 | 263,441.56 | 9,186.25 | 450,043.38 | - |
| Fuel Costs | 113,510.59 | 110,105.00 | 1,850.94 | 1,554.65 | - |
| Delivery/  Collection Costs | 17,511.31 | 17,161.31 | 150.00 | 200.00 | - |
| Insurance | 5,841.38 | 5,819.38 | 10.00 | 12.00 | - |
| Damage/  Maintenance etc | 27,687.30 | 8,097.62 | - | 11,581.04 | 8,008.64 |
| \* Not Company 10 | 2,736.37 | - | - | - | - |
| **TOTALS** | **889,958.14** | **404,624.87** | **11,197.19** | **463,391.07** | **8,008.64** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Estimated Number of Hire Days | 42,977 | 6,883 | 142 | 35,952 | - |
| Estimated Cost per Hire only | 16.82 | 38.27 | 64.69 | 12.52 |  |
| Estimated Total Cost per Hire (excluding \*Company 10) | 20.64 | 58.79 | 78.85 | 12.89 |  |

\*Company 10 is the coding attributed to Highland Council direct spend. The figures identified above as not Company 10 was spend attributed to Civic Hospitality and Pathfinder North requirements.

Further analysis of the figures showed that the highest use of the casual car hire framework is as follows –

* Inverness City (65.59%),
* Wick (16.87%),
* Portree (5.89%) and
* Fort William (10.48%) areas.

Within these areas it has been identified that there are a number of regular car hire users who consistently require hire cars for blocks of days, for example, in the Portree area in FY 2016/17 (based on travel desk information) the following was found –

* 260 invoices raised for car hire;
  + 164 of these being for car hire by only 4 members of staff;
  + These 4 drivers drove 33,978 miles ( total miles for the year 58,299 from the Portree area);
  + 36 other Portree-based hire car users covered 24,321 miles during the same period
* An annual overall cost of £23,816.64 (including £7,597.99 fuel costs)

One driver in particular within the Portree area had ordered a car hire on 22 occasions during this period at a cost to the Council of £3270.31. This driver has since been allocated a Pool Car for use and to share amongst colleagues in the office. The Pool Car on Skye (Toyota Prius) costs the Council £89.31 per week.

Grey Fleet

This analysis was based on spend data for Financial year 2015/16 as this was the most complete set of data for casual car Hire and allows a better comparison in terms of other methods of travel for Council employees as required.

In 2015/16 the cost of grey fleet miles was £2,310,797 (Source: Business Case – Grey Fleet, Reduction in Grey Fleet Mileage and Payments)

Although in comparison to previous years (from 2011/12 onwards) business mileage had decreased, this still represents a significant investment for the Council in terms of spend, and does not account for the loss of productivity for those hours spent driving to and from meetings.

Together, Grey Fleet and Casual Car Hire cost the Council **£2,715,421.87 per annum** based on 2015/16 figures.

Pool Cars

Currently Highland Council operates only 9 Pool Cars although this number is slowly growing. These are –

* Inverness – 1 Toyota Prius (hybrid); 1 Vauxhall Astra (diesel); 2 Nissan Leaf (fully electric)
* Golspie – 2 Nissan Leaf
* Portree – 1 Toyota Prius; 2 Nissan Leaf (one dedicated to Car Park wardens)

As areas of high spend are identified the Transport & Logistics Manager is looking to

place Pool Cars with those users/within those locations to try to reduce spend on casual car hire and Grey Fleet where possible.

The issue with Pool Cars to date has been the lack of any robust management process in which to ensure availability where and when Pool Cars are needed and in the condition expected by staff from a shared resource. However, there has been a recent investment in the Fleet management System Tranman which will help to manage Pool Cars going forwards

# **Options**

As a result of analysis of the costs of Casual Car Hire and Grey Fleet, it has been ascertained that **151 Pool Cars** would be required to meet the current demand for Casual car hire and Grey Fleet usage. This would be at a cost to the Council of **£2,083,180.35 per annum** which includes an additional 30 cars (bringing the total pool car fleet to 181) for flexibility given the challenging geography of the Highland Council area. This figure is based on

* a weekly purchase cost of £90 per car (181 cars x £90 x 52 weeks)
  + Total of £847,080
* An estimation of fuel costs based on prevailing Grey Fleet Mileage rates and equivalent numbers of days of hire for 181 cars.
  + Total of £1,236,100.35
* Delivering cost avoidance to the Council in the region of **£632,241.52 per annum** based on 2015/16 figures.
* Pool Car costs are based on a Contract Lease/Hire model where the cars are

returned at the end of an agreed period with penalties in place for excess mileages above that which would have been agreed at the start of the hire contract.

Another potential solution would be to adopt the Car Club model currently being

enjoyed in a number of other Local Authority areas. At present Highland Council have an agreement in place with Enterprise and e-Car for the provision of Car Club parking spaces in Inverness City Centre and they have 8 allocated spaces each across the centre of Inverness. This agreement runs until the end of January 2019. Both companies are keen to work with the Council in respect of entering a partnership where cars are available to staff from as little as a 1-hour hire at attractive rates for Council use.

Based on a similar calculation as for Pool Cars, the **Car Club model** would cost the Council

* £22.80 per 24 hour period for a medium sized car
* The number of car hire days utilised through Grey Fleet and Car Hire calculations is 6,883 days per annum
  + Overall hire cost per annum would be **£374,779.35**
* Add a cost for Fuel (based on car hire and grey fleet levels)
  + An average of 211 miles per day
  + Total cost for fuel of £1,751,781.92 (based on current payment levels within Grey Fleet spend)
  + An overall cost of Car Club provision (for 100% adoption of this model) of **£2,126,561.27** per annum
* Delivering cost avoidance to the Council in the region of **£588,860.60 per annum** based on 2015/16 figures and assuming the same levels of vehicle usage for business travel.

The final option to be considered is where the Council could purchase the cars it needs to add to their Pool Car listing, the costs being estimated as follows:

|  |
| --- |
| **Estimates** |
| Vehicle Purchase Cost e.g. 1600 Astra | £11,662 | (Based on a 2nd Hand ex-demonstrator model with less than 5000 miles on the clock) |
| Running Costs p.a. | £600 | For provision of maintenance, tyres, MOT and Vehicle Road Tax when needed. |
| **Assumptions -** | |
| 25% Residual Value after 5 years | |
| Inflation 3% per year | |

**Estimates for the Provision of 181 Cars**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Year 1**  **£** | **Year 2**  **£** | **Year 3**  **£** | **Year 4**  **£** | **Year 5**  **£** | **Year 6**  **£** |
| Vehicle Costs | 2,110,822 | - | - |  |  | 2,447,021 |
| Running Costs | 108,600 | 111,858 | 115,214 | 118,670 | 122,230 | 125,897 |
| Mileage | 1,236,100 | 1,273,183 | 1,311,379 | 1,350.720 | 1,391,242 | 1,432,979 |
| Sale of vehicles | - | - |  |  |  | (527,706) |
| **TOTAL** | 3,455,522 | 1,385,041 | 1,426,592 | 1,469,390 | 1,513,472 | 3,478,191 |

|  |  |
| --- | --- |
| **Recharging Cars to Service** | |
| Cost minus residual over 5 years | £8,722,311 |
| Weekly Recharge to Service Depts | £185.34 | Based on 5 year cost split across 181 vehicles and broken down in to a possible recharge figure for service departments |

In year 1 of this approach there would be the transfer of funds from grey fleet and casual car hire spend for the funding of the required number of vehicles. As a result there would be a limited opportunity for initial savings. However, in Years 2 to 5 approx 50% of the current spend on grey fleet and Casual Car Hire could be avoided, delivering in the region of **£1.5m savings.**

# **Market Research**

There are a number of different approaches to the provision of vehicles for staff movement for business purposes.

**Aberdeen City Council** operates a Car Club whereby they went to market to procure a solution to meet their needs. A Social Enterprise company called Co-Wheels were successful and now provide this service across Aberdeen. Aberdeen City Council provide the cars used within Co-Wheels and the company then organise all the logistics around this and charge a management fee for doing so. They already had public Car Club operating in Aberdeen and they wanted to ensure they capitalised on this whilst utilising the Car Club model to manage the operation to ensure that cars were kept in a clean and road worthy state and were available at the locations where most needed.

Co-wheels operate a fleet of cars provisioned by the Council and exclusively for Council staff use during office hours. After office hours the cars can be booked by members of the general public. This helps Aberdeen City move towards its reduction in emissions target as less City Centre dwellers have a need for a personal vehicle as well as reducing the cost of car hire and more importantly Grey Fleet mileage.

**Moray Council** undertook an analysis of the cost of Grey fleet mileage and a decision was made to completely eradicate grey mile payments with the aim of reducing costs by £100,000 from the introduction of 100 pool cars as the result of Committee approval in June 2010. A ‘Big Bang’ approach was undertaken and actual savings achieved were £184k in 2012/13 and £191k in 2013/14. In 2017/18 Moray has now in excess of 150 Pool Cars and savings are continuing to be made. Grey mileage is only payable in exceptional circumstances.

# **Recommendations**

It is recommended that Highland Council:

* Set up an alternative to Casual Car Hire and Grey fleet usage, potentially looking at a mixed economy of Car Club and Pool Cars depending on specific geographical requirements.
* Look to potentially partner/share with other local public sector organisations who are also investigating the Car Club model
  + HiTrans
  + Police Scotland
  + NHS Highland

**Appendix 3**

**Insurance Cover**

There are generally five types of insurance cover:

1. Social, domestic & pleasure, excluding commuting.
2. Social, domestic & pleasure, including commuting.
3. Class one business use.
4. Class two business use.
5. Class three business use.

The first two types of cover do not cover staff for business travel of any description, but the differences and definitions are poorly understood.

**Types of Business Cover (essential for any grey fleet travel)**

* Class One: Covers the vehicle in connection with the driver’s job, for example driving to different sites away from their place of work.
* Class Two: The policy will usually cover both the policy holder and a named driver for business use, although many insurers will stipulate that both drivers must have the same occupation.
* Class Three: Provides business cover for the transportation of light goods (lap tops, equipment, etc).

It is important that **all** Council grey fleet staff understand the difference between business use and commuting and the exact type of business cover they need.

If a Council employee drives on Council business without the appropriate insurance cover, licence, MOT etc, there could be implications for the Council if that member of staff is involved in a serious accident which results in a legal case. The Council could be pursued for damages for approving travel without making the relevant checks.

Staff using their own cars are no different to those using fleet cars or vans; the Council needs to be able to demonstrate that it has taken reasonable steps to ensure the car is taxed, roadworthy etc.