

# GREY FLEET ON THE RISE

A report into how COVID-19 has intensified Grey Fleet risks and how businesses can mitigate them



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## Foreword

Earlier this year, the Association of Fleet Professionals (AFP) held a webinar with the British Vehicle Rental and Leasing Association, based on a report they had produced on the company car sector. It was a fascinating discussion but, for me, one statistic jumped out: for every mainstream company car, there are around six grey fleet equivalents.

Grey fleet has been, for as long as I can remember, the elephant in the room for our industry. Every fleet professional knows that employee-owned cars need the same degree of control and compliance as any other vehicle used for business, and those same professionals know that often doesn't happen, with employers either unaware of their legal responsibilities or simple unwilling to face up to them.

The pandemic has probably made this situation more complex. Feedback we receive from our members indicates that there is already some confusion over such simple distinctions as whether, for example, an employee who is now home-based and drives to the office is undertaking a business journey.

We welcome this new research developed by Trakm8, one of our valued members at the AFP, as this is an area where there is a shortage of quality information available. This credible research will not only help stimulate debate and increase awareness of fleet responsibilities, but also provide the industry with vital insight into the solutions available.

For more information:  
Tel. **01625 664509**  
Email [administration@theafp.co.uk](mailto:administration@theafp.co.uk)



Paul Hollick, chair, Association of Fleet Professionals

# State of the industry



From relocating to a home office to the growth of online meeting platforms, the Coronavirus pandemic has made an indelible mark on how we work, including how we commute and drive for business.

Although recent research shows there is an estimated 14 million grey fleet vehicles on UK roads (\*BVRLA), this number looks set to swell as people become less inclined to travel on public transport moving forward.

The starting point for this research was to try and determine the impact COVID-19 has had on businesses when it comes to grey fleet. Our research demonstrates that 30% of businesses have been moderately or significantly impacted by the pandemic regarding grey fleet.



**14 million**

grey fleet vehicles on UK roads



**30% of businesses**

have been moderately or significantly impacted by the pandemic regarding grey fleet



**50% of fleets**

are made up of grey fleet vehicles



**18% of businesses**

don't know how many grey fleet vehicles they have in their fleet

“

As a result of more employees doing less mileage, some members of staff are having to switch from a company car to a personal vehicle with car allowance.

”

By itself this figure is not particularly illuminating until we asked how many grey fleet vehicles businesses had in their fleets. Our research revealed that in a quarter of all businesses, grey vehicles account for more than 50% of the fleet mix.

More worryingly, 18% of businesses don't know how many grey fleet vehicles they have in their fleet. To effectively manage the safety of a grey fleet, a company must first identify the number and type of vehicles there are and what the vehicles are being used for.

With such a large proportion of business fleets dominated by grey fleet vehicles, a figure that looks set to increase as the full effect of the pandemic is felt, it has never been more prevalent for businesses to understand the crucial role effective grey fleet management plays in respect of financial efficiency, environmental sustainability, and duty of care obligations.

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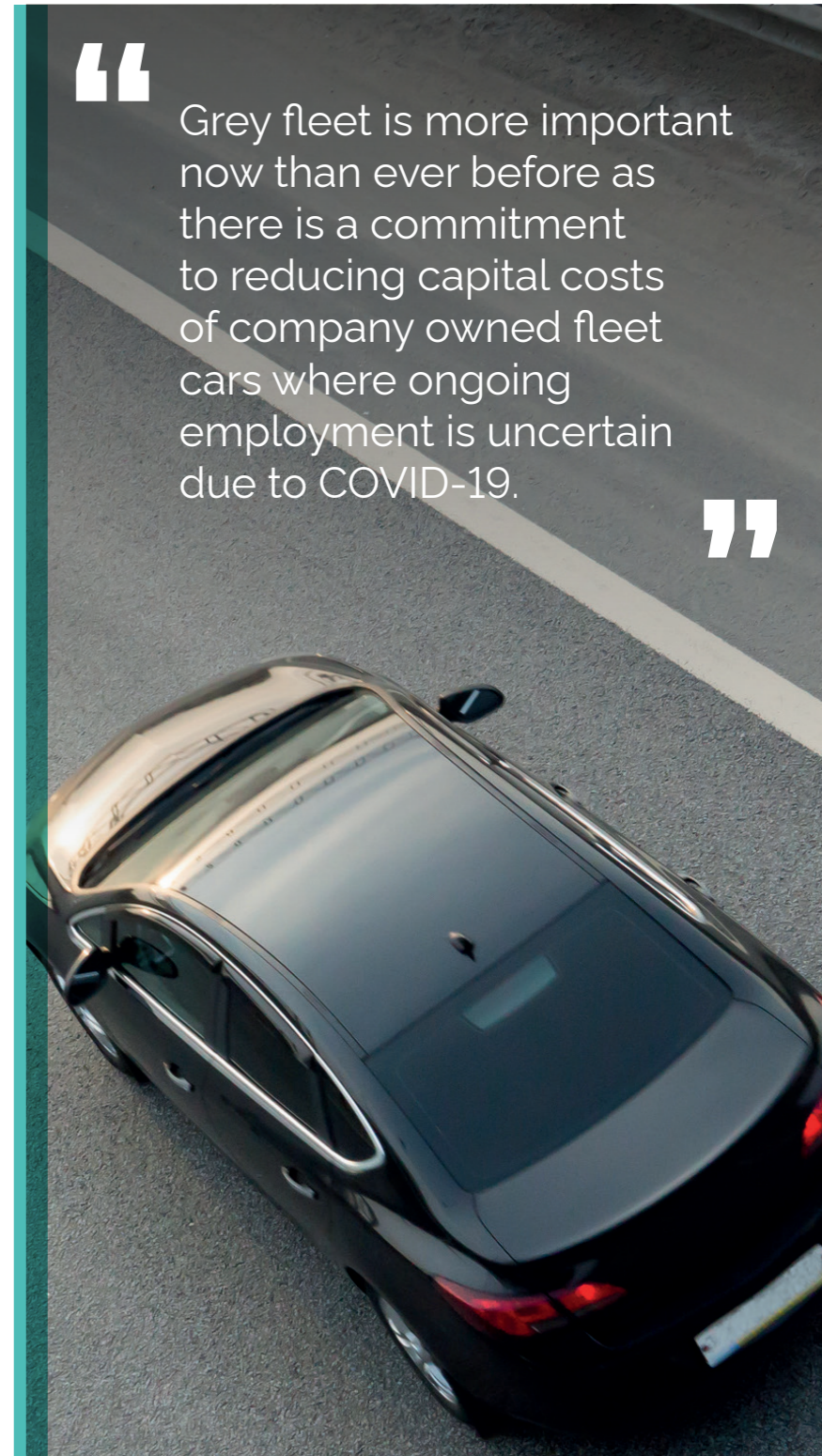
Grey fleet is more important now than ever before as there is a commitment to reducing capital costs of company owned fleet cars where ongoing employment is uncertain due to COVID-19.

”

“

More employees are considering opting out of company owned/ leased vehicles and considering the move to grey fleet solution.

”



# Responsibility



**more than 50%**

of businesses are unaware when a personal vehicle is being used for business purposes

Historically, one of the key reasons grey fleet issues are often overlooked is because of a lack of awareness of where fleet accountability lies within the business.



**58% of fleets**

are managed by non-fleet professionals

Our research has proven this still to be the case as 14% of businesses don't know who grey fleet management responsibility lies with, as well as more than 50% being unaware when a personal vehicle is being used for business purposes.



**14% of businesses**

don't know who grey fleet management responsibility lies with

An essential starting point for the implementation of a cohesive grey fleet management strategy is to ensure that responsibility for the grey fleet is assigned to an individual or team. An appointment that should be communicated effectively across the business.

In businesses that have a Fleet Manager position, this is most commonly the individual that is responsible for managing anything grey fleet related, however our research also uncovered that 58% of fleets are managed by non-fleet professionals, covering various different job titles. Wherever it falls in your business, it is essential that the person responsible understands what it means and how to manage it.

Businesses that operate effective grey fleet management processes generally spread the responsibility among various departments, particularly HR, accounting and health and safety.

Engaging with senior members of the business in developing the overall grey fleet strategy ensures employers are considering their duty of care obligations, which are not limited to just company car drivers.

This means fully understanding their own responsibilities, communicating clearly what is required of grey fleet drivers, and having the right systems in place to ensure these requirements are met.

For example, although important areas of focus for company car vehicles include roadworthiness, driving standards and insurance cover, these are generally overlooked for personal vehicles, highlighting just how important it is that duty of care responsibilities are upheld and enforced for grey fleet drivers.

Failure to uphold these duty of care responsibilities can have serious consequences.

When dealing with a business road accident, employers need to be able to demonstrate that they have put reasonable measures in place to protect the wellbeing of their employees, including grey fleet drivers.

The penalties for not doing so include significant fines and even custodial sentences for management failures.



# Legislation



**34% of respondents**

not aware of current grey fleet legislation

There is a host of legislation pertaining to effective grey fleet management which can sometimes feel difficult to navigate.

This was reflected in our survey, with 34% of respondents saying they were not aware of current grey fleet legislation.

There are a number of key legislative measures that businesses need to be aware of to ensure compliance. Key ones include:



## Health and Safety at Work Act 1974

states that it 'shall be the duty of every employer to ensure, so far as is reasonably practicable, the health, safety and welfare at work of all employees.'

## The Management of Health and Safety at Work Regulations 1999

requires every employer to carry out an assessment of the risks to the health and safety of their employees while they are at work.

## Corporate Manslaughter Act 2007

means companies can be prosecuted for the death of drivers resulting from work-related journeys where negligence is proven.

## HSE Driving at Work Guidance

dictates that any grey fleet policy should include statements relating to the vehicle, the driver and the journey.

## The Road Traffic Act 1988

makes it a criminal offence under section 87(2) for an employer to 'cause or permit another to drive on the road a motor vehicle otherwise than in accordance with a licence authorising that person to drive.'



# Training and policy



## 22% of businesses

do not have a driving for work policy



## 44% of businesses

do not include specific training



## 50% of businesses

don't offer ongoing driver training opportunities



## 200 road deaths

or serious injuries per year directly involving somebody driving in the line of work



The implementation of a successful grey fleet programme is reliant on by-in from both businesses and employees. Organisations that take a proactive approach to engaging with their workforce on grey fleet regimens are more likely to realise the inborn benefits that such a programme can deliver.

As part of our research, we asked businesses if and how they integrate protocols surrounding the grey fleet into their wider staff training. Almost half (44%) of all businesses that have some element of grey fleet requirements said that they do not include specific training on it when on-boarding a new member of staff, while 50% of businesses worryingly don't offer ongoing driver training opportunities to personnel using grey fleet vehicles.

Businesses that operate the most successful grey fleet provision are those that make it an integral part of training for new and existing staff. Ideally, if a new

starter is expected to drive their own vehicle for work purposes, expectations, processes and responsibilities – both for business and employee – should be laid out during the induction process.

Some businesses also include guidelines regarding grey fleet vehicle usage in key company literature, such as new starter handbooks or driving for work policies.

Indeed, for any organisation that expects some degree of business driving from its employees, a driving for work policy is essential.

While many businesses may already have a driving for work policy within their health and safety policy, it is crucial to ensure it is reflective of any significant changes to the fleet structure (such as a shift towards more grey fleet vehicles) and contains all of the relevant information which may be required by employees.

According to our research, just under a quarter of the businesses surveyed (22%) do not have a driving for work policy in place.

Implementing an effective driving for work framework is essential for managing risk and safeguarding employees – a vital consideration when you consider there are around 200 road deaths or serious injuries per year directly involving somebody driving in the line of work.

For businesses looking to create or update their driving for work policies, there are a number of resources available online which provide best-practice guidance.

These include the Department for Transport's 'Driving For Work' hub and [www.highways.gov.uk](http://www.highways.gov.uk)



# Moving forwards



## 29% of organisations

regarded the implementation of effective grey fleet protocols as a high priority issue

The onset of the COVID-19 pandemic undoubtedly hastened the rise of the grey fleet, engendering significant changes in business driving over the past year.

But in such a challenging period, when businesses have had to radically change ways of working, just how critical a consideration is the grey fleet?

Perhaps unsurprisingly, the insights gleaned from our survey suggests that implementing an effective grey fleet strategy has grown in importance for businesses since the start of lockdown. Of the organisations surveyed, 29% regarded the implementation of effective grey fleet protocols as a high priority issue, while a further 37% viewed it as an issue of at least moderate primacy.

Looking at the report in closer detail, it is clear that UK fleet operators believe the shift towards the grey fleet is now irreversible – and should be viewed as a more urgent priority.



## 37% of organisations

viewed it as an issue of at least moderate primacy

Indeed, of those surveyed, nearly half (48%) believe grey fleet should be a higher priority for British businesses.

Such figures indicate a clear appetite among fleet professionals for a managed move towards the grey fleet model. But how sustained is this change?

As the UK looks ahead to a future where the Coronavirus is more effectively contained, what challenges – and opportunities – lie ahead for businesses looking to roll-out the grey fleet?

Respondents to our survey identified four clear areas that, they believe, are likely to have the biggest impact on grey fleet take-up in life beyond the pandemic. 40% of businesses asked believe that the rise of hybrid-working is here to stay and will have a significant impact on how fleets are structured. Linked to this, a further 42% indicated that financial decisions – such as belt tightening in the wake of a



## 59% of respondents

identified this as the single biggest challenge facing the grey fleet sector

challenging 18 months – could see businesses selling company vehicles in favour of a more expansive grey fleet offering.

This shift does seem likely. With more workers than ever before working from home and government guidance still advising a mix of office and home-based working, the instances of employees using their own vehicles for work – either through necessity or choice – will surely increase in years to come.

However, our survey found that the biggest perceived impact on the roll-out of grey fleet across the next decade will be the emergence of low or zero emission zones across UK cities.

Indeed, 59% of respondents identified this as the single biggest challenge facing the grey fleet sector, while a further 21% believed the introduction of further sustainability legislation would have the most profound impact.



## 59% of respondents

identified low carbon emission zones as single biggest challenge facing grey fleet sector

From London and Bath, to Birmingham and Greater Manchester, the past decade has seen major urban areas nationwide roll-out so-called clean air zones – designated roadway on which older or diesel-fuelled vehicles must pay a hefty fee to use.

While some businesses have committed to full or partial electrification of their fleet in recent years, it is much harder to ensure compliance with clean air zones when employees are using their own vehicles.

That's why a clear driving for work policy, as referenced in section four, is critical to ensure drivers – and businesses – aren't left open to costly repercussions.



## 21% of respondents

believe the introduction of further sustainability-focused legislation will have most profound impact on sector

# The Trakm8 solution



With the shift towards grey fleets seemingly irrevocable, the thoughts of fleet managers nationwide will be turning to the solutions available to help best manage that transition.

For many, that solution will be found in technology. This is corroborated by our report findings, in which the vast majority of respondents (85%) said intuitive vehicle technology will play some role in their grey fleet roll-out strategy.

The good news is that vehicle technology specialists have long anticipated the move towards the grey fleet and have pioneered systems to manage this change most effectively.

Here at Trakm8, our Connect 200 device has been designed with flexibility front of mind, making it the ideal telematics solution for fleets having to adapt to new ways of working.

Providing 100% compatibility and requiring just a 12v Aux socket for full connectivity, the solution is able to provide unparalleled levels of support for the grey fleet market, as it can be easily removed and reinstalled for business travel only, the device's button can be pressed to designate journey types, or the device can be switched easily between vehicles.

Alongside its adaptability, the Connect 200 can also help bolster driver safety – always a critical concern for fleet managers. The system comes with real time vehicle tracking,



## 85% of respondents

said intuitive vehicle technology will play some role in their grey fleet roll-out strategy

via Trakm8's Insight Portal and iOS/Android apps, which can also provide a driver behaviour score on a number of key metrics, including acceleration, braking, cornering and speeding.

The data accumulated here can then be used by fleet managers to identify training opportunities for their drivers, reducing the risk of accidents and vehicle downtime.

# Conclusion



Jim Hill  
Marketing Director at Trakm8

At the beginning of the pandemic, few, if any, in the fleet sector could have predicted the scale of COVID-19's impact on driving for business.

Organisations had to act fast, sometimes literally over night, to meet the extreme challenges engendered by the crisis; from supermarkets rapidly scaling up their fleet size to meet extraordinary spikes in demand, to cost-cutting measures which saw businesses dramatically reduce their fleet capabilities. The rise of the grey fleet, while long anticipated by many in the sector, was greatly accelerated by the pandemic.

As this report demonstrates, many businesses were well placed to meet this change – testament to the adaptability and resourcefulness for which the fleet sector is rightly renowned.

As we look ahead to life beyond the pandemic, it is clear that the grey fleet is here to stay. The findings from this report are a source of significant encouragement to me, that many businesses are considering now how to best manage this change.

The role of technology in leading this change should not be underestimated. At Trakm8, we are privileged to sit at the very heart of the fleet supply chain, proving our sector-leading expertise and solutions to fleets of all sizes – from 10 vehicle SMEs to mammoth 500+ vehicle powerhouses.

This, coupled with our expertise in developing fleet-focused telematics solutions, affords us unique insight into the challenges and opportunities facing businesses in terms of fleet.

I am heartened to see so many respondents to this survey recognise the vital role technology will play in transitioning to the grey fleet.

At Trakm8, we have made continued investment into our grey fleet telematics solutions for businesses and are committed to standing shoulder-to-shoulder with them as they manage this transition, whatever scale that might be.





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**Trakm8 Limited**  
Head Office, Roman Park  
Roman Way, Coleshill  
West Midlands, B46 1HG

**Email:** [info@trakm8.com](mailto:info@trakm8.com)  
**Call:** +44 (0) 330 311 5157  
**Web:** [www.trakm8.com](http://www.trakm8.com)

