Fleet Industry Manifesto 2015

Getting fleet fit for the future

FleetNews BVRLA acfo

FOREWORD

The UK's 245,000 miles of road are often described as the arteries of trade, facilitating the movement of people and goods around the nation.

If this is the case then the fleet industry is the lifeblood that feeds the vital organs of our economy. It is the trucks taking parts to our factories and stock to our supermarkets; the vans delivering parcels to our SMEs and plumbers to our houses; and the cars transporting salesmen to their customers and holidaymakers to their destination.

The fleet industry doesn't just enable economic activity, it makes a huge direct and indirect contribution to UK GDP through the millions of vehicles and engines it purchases and its activity in dealerships, garages and the used vehicle market. According to a recent report from Oxford Economics, the vehicle rental and leasing industry alone contributes around £25 billion per year to the UK economy, while recent figures from Sewells Research estimated that fleets spend £19.5 billion annually just on running their vehicles.

The sector also plays a key role in helping the Government to reach its environmental and safety goals. Fleet vehicles are newer, cleaner and safer than the average privately-owned vehicle. Nearly a quarter of company cars registered in 2013 emitted less than 100g/km of CO_2. Most fleets mandate that their vehicles have a minimum NCAP safety rating of 4 or above.

The fleet industry is a major success story that Government should spend more time focussing on and supporting.

This is easier said than done. The health of the fleet sector cannot be tracked in real time on the FTSE 100 index and there are no simple headline indicators that politicians and business leaders can keep track of. It is a diverse industry and there are many different policy levers that can be manipulated to tweak its performance and trajectory.

Our Fleet Industry Manifesto is the first attempt to do this. In collaboration, the BVRLA, ACFO and Fleet News have pulled together a diverse range of senior fleet industry representatives to produce a clear and concise set of policy suggestions. Some of these would have a huge impact on the strategic decisions fleets make – the number and type of vehicles they purchase or hire. Others could have dramatic influence on how fleets operate day-to-day – improving road safety, reducing congestion and boosting productivity.

We hope that this will be the start of some very productive discussions.

Stephen Briers,
Editor-in-chief, Fleet News

Gerry Keaney,
Chief executive, BVRLA

John Pryor,
National chairman, ACFO

CONTENTS

EXECUTIVE SUMMARY

Five years is a long time in politics, but it can seem even longer for fleet operators coming to grips with a range of issues.

Some things have improved – for example, fatalities and serious injuries as a result of road accidents have continued to fall. Others have either remained the same, and some have gotten worse.

The fleet sector – like other forms of business – has had to manage the additional demands of the recession and austerity-based tax increases. Technology is now having a huge impact on the automotive scene, with new developments threatening to completely revolutionise the experience of driving.

With a General Election a matter of months away, now is the time to take stock of these challenges and opportunities and highlight how the right policy interventions could benefit private and business road users while meeting a variety of Government targets.

Fleets, leasing companies and rental businesses came together with the industry's leading trade associations, the BVRLA (representing leasing and rental) and ACFO (representing fleet operators), plus the sector's leading trade publication Fleet News to agree a Manifesto on the key issues facing their businesses.

Each participating company was looking for ways to operate in a more efficient and effective way, and is calling on the next Government to support them in achieving these objectives, from reducing congestion to improving safety.

All the participants in this process recognise that policy recommendations will also be judged on their benefit to the wider population and their impact on government finances.

We believe that all of the measures put forward within this manifesto would pass this test by tackling one or more of our nation's most pressing needs – whether this is improving air quality, road safety and mobility, or reducing congestion and barriers to economic growth.

These policy recommendations represent a significant opportunity for the next Government to make progress in all of these vital policy areas.

CONTRIBUTORS

Representatives from almost 50 companies participated in one or more of the five Fleet Industry Manifesto meetings. The policy measures suggested in this Manifesto are a reflection of this input, but do not necessarily represent the official views of any of these organisations.

- AIRSO
- Alphabet
- Anglian Water
- Arcadia
- Arval
- Barclays Bank
- Bauer Media
- BT Fleet
- Carillion
- Car2Go
- Clancy Group
- Coca-Cola
- Diageo
- Enterprise Rent-a-Car
- Environment Agency
- Europcar
- Fleet Hire
- GE Capital
- Hertz
- Hitachi Capital
- Inchcape Fleet Solutions
- Innserve
- Lex Autolease
- LeasePlan
- Marshall Leasing
- Mears Group
- NHS Blood and Transplant
- Northern Powergrid
- Speedy Hire
- St Edmundsbury Borough Council
- Tusker Direct
- Royal Mail
- Zenith Leasedrive
- Zipcar UK

We are also grateful to the following organisations for providing background briefings:

- Automotive Council
- BCF Wessex
- Brake
- Driving and Vehicle Standards Agency
- Department for Transport
- FIGIEFA (International Federation of Wholesalers, Importers & Exporters in Supplies Automobiles)
- Highways Agency
- Institute of Advanced Motorists
- Parliamentary Advisory Council for Transport Safety
- PricewaterhouseCoopers
- Road Safety Markings Association
- Thatcham Research
- Traffic Penalty Tribunal

RED TAPE AND REGULATION

The Government launched the Red Tape Challenge shortly after its election in 2010, and it has already had some notable success in removing unnecessary and burdensome regulations. We offer the following recommendations for further measures that could help the fleet industry.

Motoring agencies and electronic services

The DVLA's move away from paper-based identifications and certifications to electronic services has the potential to save it and its customers a huge amount of administrative time and money.

There is a clear urgency for the DVLA to widen this programme, as highlighted by Mary Reilly's report about the current role and services of the DVLA[1]. We would encourage the next Government to follow her recommendations, while ensuring that they do not result in extra, unforeseen administrative burdens being transferred onto to the fleet sector.

Parking penalties and appeals

The current system of managing parking penalties and appeals is in desperate need of harmonisation. Bringing parking enforcement, penalties and appeals under a single authority or standards regime would provide greater clarity and consistency for customers.

We believe that the Government should explore the potential for appointing the DVLA as a central issuing and appeals authority.

Expansion of commercial vehicle testing facilities

While the introduction of new authorised testing facilities (ATFs) has been a success, the requirement that vehicle examiners must be directly employed by the DVSA is holding back the private sector's ability to provide a flexible, efficient testing service.

These issue could be addressed by adopting the MOT testing model currently available for private cars and light commercial vehicles, and enabling ATFs to use their own staff (accredited by the DVSA) to carry out the full range of services offered at DVSA test stations.

"The next Government should investigate a new intermediate driving licence between car and HGV"

Motoring agency communications

With both the DVLA and the DVSA undergoing a huge modernisation and change programme, it is vital that the agencies are given an adequate budget to publicise and provide guidance around key events such as the recent abolition of the paper tax disc or the impending removal of the paper driving licence counterpart.

Create a new, enhanced CPC standard for transport managers

In order for fleet operators to qualify for a Goods Vehicle Operator's Licence, they must demonstrate professional competency by attaining the Driver Certificate of Professional Competence (CPC). However, the exam required to achieve the CPC is identical regardless of the number of vehicles the transport manager intends to operate. It does not take into account the different skillsets required by the manager of a large fleet compared to the operator of a single vehicle.

We propose that the potential for a two-tier CPC standard is explored. The first could assess the competency of would-be transport managers to manage a small number of goods vehicles to the current standard. A more substantial competency test should be required to qualify to operate a large fleet.

LCV Driver Licencing

Around one in 10 of all vehicles is now a van and van traffic is predicted to rise at twice the rate of cars over the next couple of decades. The skills required to drive a fully-laden 3.5 tonne van are considerably more demanding than those required to drive a typical road car.

We propose that the next Government carry out a consultation to assess the requirement for a new form of intermediate licence to sit between the car and HGV ones.

1 Reilly, M.; A Review of DVLA; Department for Transport; October 2014, at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/283795/review-of-dvla.pdf

TAX AND EMISSIONS

The motoring and company car tax regimes have proven hugely effective in recent years, both in raising revenues for the Government and in providing a 'carrot and stick' tool for encouraging drivers to use vehicles that emit less CO_2.

Fleets are responsible for more than half of all new vehicles registered each year and, unlike many consumers, base their purchasing decisions on rational, cost-based criteria.

We believe that the following policy measures could have a major long term impact by securing government tax revenues while hastening the move towards ultra-low emission motoring.

Harmonise CO_2-based tax thresholds

The multiplicity of CO_2 bands and thresholds within the tax regime is confusing and misleading. Although the definition of what qualifies as an ultra-low emission vehicle will necessarily change over time as technology advances, the Government should attempt to produce a single guideline figure at any one time and apply this across the whole tax regime.

First-year allowances for ultra-low emissions vehicles

These allowances give corporate purchasers the ability to write-off the cost of low-emission cars against their taxable profits in the first year of ownership. Full electric and plug-in cars are more expensive than higher-emitting petrol and diesel and the allowances enable fleets to bridge this cost gap.

In April 2013, the Government removed the ability to claim 100% first-year allowances on low emission leased cars, while retaining it for direct purchasers. For the thousands of fleets that rely on leasing as an essential form of vehicle finance, this measure acts as a disincentive to operate lower-emitting cars.

We urge the Government to drop this discriminatory and unfair approach for an industry that purchases around 50% of all new vehicles registered each year, including more than 80% of UK-manufactured vehicles sold in the UK.

Company car tax incentives for ultra-low emission vehicles

To encourage greater take-up of low- and ultra-low emissions vehicles, we propose that the reduced Company Car Tax bandings for vehicles with emissions levels under 75 g/km CO_2 are extended to 2018, phasing them out gradually after this time.

In-life incentives for plug-in electric vehicles

The total cost-of-ownership of any fleet vehicle is based upon its operational costs (fuel, insurance, maintenance, etc.) and residual value (price achieved when the vehicle is sold-on to a second owner) as well as its initial price.

Until now, government incentives to boost uptake of plug-in electric vehicles have focused on subsidising the initial price of these cars and vans rather than making them more attractive to drive and operate for a first, second or third owner. We suggest that the Office for Low Emission Vehicles consider offering a similar range of in-life incentives to those that have proved so popular in Norway and California, including free parking, subsidised toll or congestion charges or use of 'green lanes' in heavily congested areas[2] .

Grey fleet and AMAPs

Unlike the rest of the Government's motoring tax policy, the current use of Authorised Mileage Allowance Payments (AMAPs)[3] gives employees no incentive to use lower emission vehicles or alternative, more sustainable forms of transport.

According to Government estimates[4], there were 2.5 million claimants of AMAPs in 2011/12 and the increase of the payment rate of AMAPs from 40p to 45p per mile in the 2011 Budget may have led to an even greater reliance on the grey fleet[11].

Grey fleet mileage is prevalent in the public sector, with many organisations making payments higher than the national AMAP rate. As well as being inconsistent with the Government's green agenda, this is a huge, inefficient and often unaccounted for waste of taxpayers' money.

The next Government should investigate current policy and regulation of AMAPs, and the potential impact they have on CO_2

"The Government should produce a single emissions guideline figure across the whole tax regime"

emissions standards and local air quality.

As part of this process, the Government should consider a full audit of local government transport policies, including levels of reimbursement, emissions and road safety. The results of this audit should inform further guidance for local Councils on their own transport schemes.

We propose that a new AMAP regime is considered, possibly providing greater payments for lower mileage in privately owned vehicles, but reducing payments as mileage increases. Local authorities should be encouraged to follow the lead of Croydon Council and Woking Borough Council, which have cut employee car use and travel by introducing corporate car clubs.

Road pricing

Fuel duty is responsible for around £25bn worth of tax revenue per year, but the income from this and other forms of emission-based taxation will reduce as vehicles become greener.

Road pricing is not a new concept, but the advent of cheaper, more advanced technology makes it simpler solution to this problem. A national road pricing system could target congestion by imposing higher charges for popular stretches of road at the busiest times, thereby giving some road users the opportunity to amend the times of their driving according to a balance of necessity and cost. Charging rates could also vary according to emissions standards, thereby maintaining the 'polluter pays' principle, and incentivising lower emissions vehicles.

Such a system would need to be a tax-neutral replacement for other fiscal sources of revenue.

2 This could be incorporated as part of a future Ultra Low Emissions Zone, such as that currently being considered for London. The use of green lanes would follow the example of California, which has operated a similar system of High-Occupancy Volume Lanes; Norway, which has also operated a similar system for several years; and Germany has also recently announced plans to allow zero emissions vehicles to use bus lanes in areas of high congestion.
3 AMAPs are tax-free mileage allowances which are paid to employees using their own vehicles for work (the grey fleet). At present, employees can be paid 45p per mile up to 10,000 miles, then 25p.
4 Source: Department for Work and Pensions; Family Resources Survey, at https://www.gov.uk/government/collections/family-resources-survey--2
The grey fleet includes vehicles which are owned by employees but whose use includes work-related journeys.

INTELLIGENT MOBILITY

Intelligent mobility is the term used to describe a range of new technologies that have the potential to tackle the key challenges facing road transport today and in the future by reducing congestion, cutting emissions and making roads safer.

These technologies include the latest developments in autonomous vehicles and telematics, but also refer to innovations outside the automotive world that have the potential to revolutionise road transport.

For example: the advent of almost unlimited bandwidth and computing power and the development of very sophisticated, integrated information and control systems.

The Government needs to ensure that regulation keeps pace with these changes and doesn't stifle innovation and competition. Its motoring agencies need to keep pace by delivering more of their services online.

Joined-up Government thinking and policy making

Different government departments have different agendas and targets. The success of the Office for Low Emission Vehicles (OLEV) has shown how the introduction of a cross-departmental team working towards a unified goal can have a very positive impact.

We recommend that the Government follows this blueprint by creating a similar structure to pursue the benefits of Intelligent Mobility.

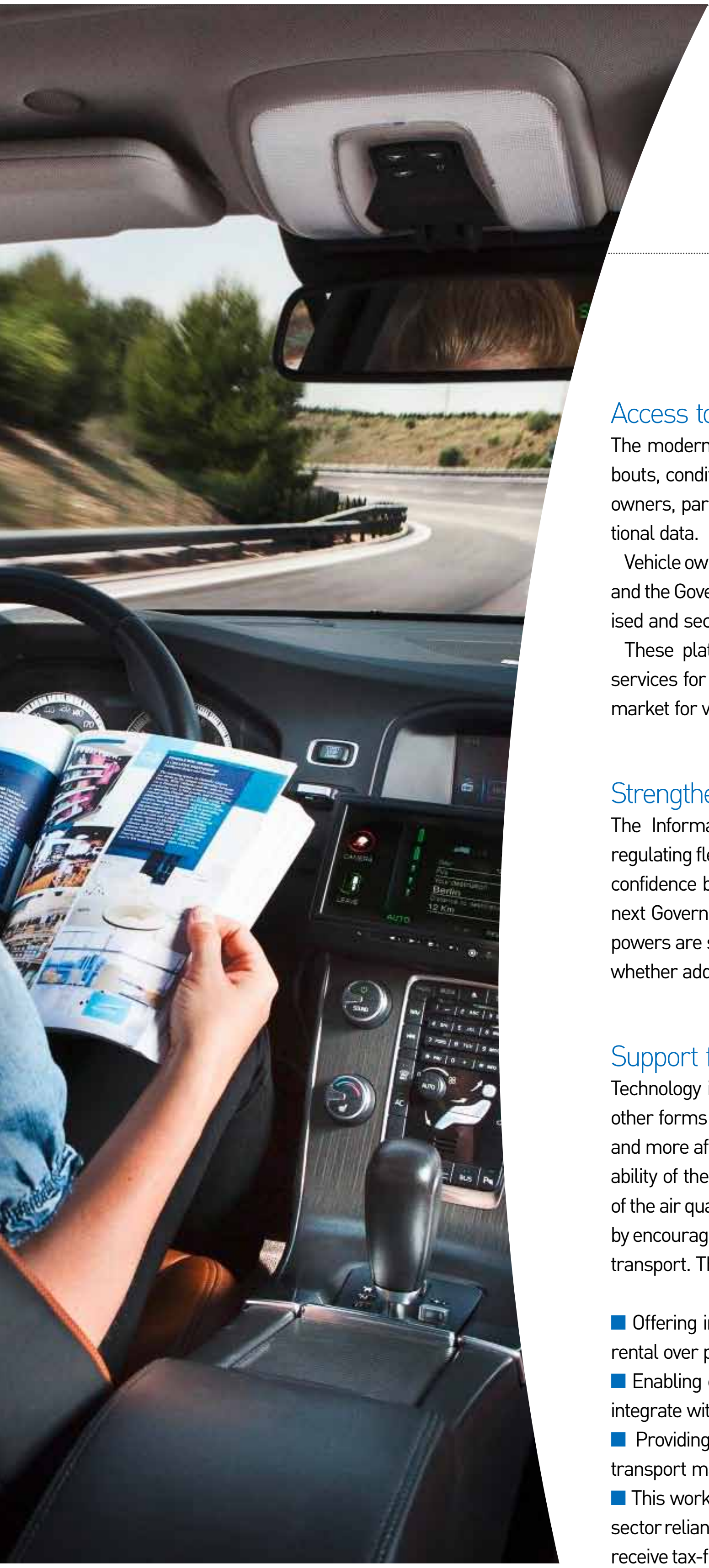
Creating the right environment for autonomous vehicles

The Business Secretary launched a consultation in August 2014 on the legislative and regulatory framework around driverless vehicles. To ensure that the UK automotive industry is prepared for these appearing on UK roads, legal certainty is required regarding the status of these vehicles and the responsibilities of their operators.

We urge the next Government to act swiftly in taking up the recommendations made in the current consultation, and to issue guidance and, where necessary, regulatory amendment as early as possible.

This will give manufacturers the confidence to develop autonomous vehicles for the UK market and help the country take a leading position in the adoption of this exciting new technology.

FleetNews BVRLA acfo



"Vehicle owners and drivers should be in charge of how their data is used"

Access to connected vehicles and their data

The modern car is increasingly able to transmit data about its whereabouts, condition, activities and use. This should be of huge benefit to car owners, particularly with emergencies and vehicle technical and operational data.

Vehicle owners and drivers should be in charge of how their data is used, and the Government needs to support the introduction of open, standardised and secure platforms to enable this to happen.

These platforms need to enable a variety of businesses to develop services for vehicle drivers and owners, ensuring a fair and open aftermarket for vehicle data.

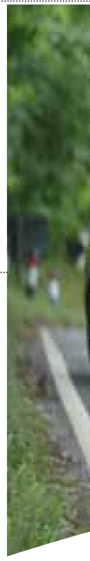
Strengthen the role of the Information Commissioner

The Information Commissioner should investigate the current rules regulating fleet and driver information with a view to improving consumer confidence by a further issuing of guidance. As part of this process, the next Government should consider whether the Commissioner's existing powers are sufficient in safeguarding the above data protection rights, or whether additional powers should be awarded.

Support for car clubs and mobility services

Technology is enabling a new generation of car clubs, car sharing and other forms of car rental to provide people with access to safer, cleaner and more affordable road transport on a pay-as-you-go basis. The availability of these new 'mobility services' is already helping to tackle some of the air quality and congestion issues faced by our urban environments, by encouraging people to rely less on cars and make greater use of public transport. The next Government should help develop this potential by:

- Offering incentives to encourage drivers to choose car clubs and car rental over private car ownership.
- Enabling car club and car rental booking and information systems to integrate with those of other public transport systems.
- Providing car club procurement advice for public sector fleet and transport managers.
- This work should be complemented by undertaking an audit of public sector reliance and expenditure on 'grey fleet' transport, where employees receive tax-free reimbursement for using their own vehicles for business.



ROAD SAFETY AND DUTY OF CARE

An estimated one-third of all road accidents are believed to be work-related, which would suggest that in Great Britain, 565 people were killed and 7,150 seriously injured in work-related collisions in 2013[5].

Millions of vehicles are used for work purposes every day and we believe that there are some clear actions that the next Government could take to reduce the risks associated with business-related road transport.

We propose the following policy recommendations.

Re-introduce government road safety targets

Since road safety targets were introduced in 1987, they have proven to be a success story in reducing the number of deaths and serious injuries on UK roads each year[6] and a useful yard-stick for judging progress. Despite the abolition of these annual targets in 2010, there remains a strong consensus within the road safety community that targets can continue to play a key role in reducing deaths and serious injuries on the road.

Modernise the current MOT

While the MOT test is intended to ensure that a vehicle meets required road safety and environmental standards, this requires regular review and amendment. The current MOT does not test areas which will impact on accidents or road deaths. For example, a car can fail an MOT due to a faulty light bulb over the number plate – yet vehicles can now easily be tracked using roadside cameras and other technologies.

Testing should focus on areas which are likely to reduce road accidents and casualties, and should be modernised to incorporate new and emerging vehicle safety technology.

Develop the role of the DVSA

There is a role for government agencies to play a role in addressing road safety through vehicle maintenance. For example, while the DVLA currently sends a written reminder to drivers in the month of car tax becoming due, no reminder is sent regarding the upcoming renewal date of an MOT.

Modern technology allows for this to be carried out easily, inexpensively and automatically – for example, through an automated text or email being sent on behalf of the DVSA to the registered driver. Alternatively, drivers could be alerted to an MOT becoming due via an alert from the car itself, similar to the annual service reminders which are already a feature of many current vehicles.

Re-design the Health and Safety Executive's 'Driving at Work' Guide

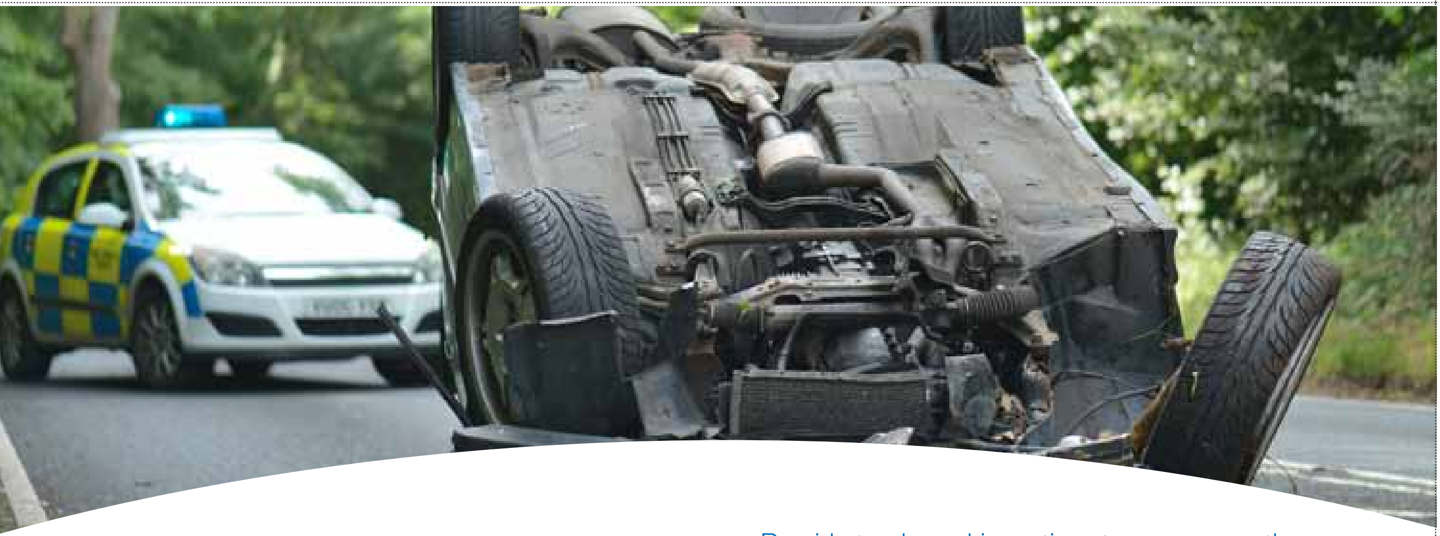
The current HSE 'Driving at Work'[7] publication is long and unwieldy. For purposes of accessibility, we propose that this is converted to a shorter, more direct version, and this is made more readily available in both print and online.

Report at-work vehicle crashes within RIDDOR

The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2013 places a duty on all employers and people in charge of work premises (the "Responsible Person") to report certain serious workplace accidents and dangerous occurrences (near misses) to the Health and Safety Executive. At present, injuries such as burns, fractures or head-related injuries must be reported. However, injuries caused to employees who are driving on work-related business but outside of work premises are not currently reportable under RIDDOR. While injuries sustained in car accidents must be reported to the police (who have primary responsibility for enforcing road traffic legislation), most injuries resulting from vehicle movement on public roads are not reportable to the HSE under RIDDOR.

At present, at-work drivers are 40% more likely to be involved in a crash, and 75% of work related deaths occur on the road[8].

We believe that injuries sustained in work-related traffic accidents should be included as part of RIDDOR reports – both listed under types of reportable injuries (regulation 4), and dangerous occurrences (schedule 2).



This would give responsible employers a greater incentive to improve their safety record (providing additional legal protection to those which do so), as well as making it easier to prosecute those with poor safety records which go unaddressed.

This would also provide a useful source of employment/driving statistics for the Government to examine and analyse when considering new roads policy.

Improve guidance on the use of private vehicles for work purposes

Given corporate responsibility for accidents and injuries to third parties involving employees' driving on work-related business, we believe that employers should be reminded of their rights in minimising the risk of such accidents. For example, when employees choose to use their own vehicles (as opposed to a company vehicle, or one rented or leased from a third party) while driving on work-related business, employers have the right to inspect this vehicle to check that it can be safely used for the particular task. Employers also have the right to review MOT and insurance certificates for such private vehicles, if business mileage is to be undertaken.

This should be issued in the form of guidance to employers, also highlighting legal rights and responsibilities concerning the use of private vehicles for business mileage.

Widen use of the Automatic Number Plate Recognition (ANPR) system for enforcement on driving licences and insurance

We propose that the remit for use of the ANPR system is extended from the current purpose of identifying vehicles for which road tax has not been paid, to also identifying those registered to drivers who either have not passed the driving test, or those who have been disqualified. To further protect pedestrians and other road users, we also propose that this system is used to identify drivers of uninsured vehicles.

Provide tax-based incentives to encourage the uptake of vehicle safety technology

Recent years have seen rapid advances in the development of automotive safety technology, including Electronic Stability Control (ESC), Blind Spot Monitoring and Autonomous Emergency Braking (AEB). Early versions of this equipment often only appear as standard-fit in high-end vehicles while being offered as optional extras on mainstream models. The next Government can assist in improving safety standards by introducing tax incentives for fleets and company car drivers who opt to include safety equipment on their cars and vans.

Thatcham Research[9], the insurance industry's automotive research centre, estimates that 1,220 lives and nearly 136,000 casualties could be saved over the next 10 years if the Government were to offer a £500 incentive for those choosing to buy a car with AEB fitted.

The huge success of the Government's CO_2-based company car tax regime in driving down average fleet emissions has already demonstrated the huge impact such incentives can have on purchasing policies.

Budgets for road safety campaigns should be restored and ring-fenced

Public advertising campaigns have been an important part of increasing road safety and reducing deaths and serious injuries. We believe that funding for these campaigns should be maintained and protected from future cuts.

5 Department for Transport: Reported Road Casualties in Great Britain: 2013 Annual Report; at https://www.gov.uk/government/statistics/reported-road-casualties-great-britain-annual-report-2013
6 The impact of targets on road safety are discussed in greater details in the following publication: Allsop R.E., Szeb N.N., and Wong S.C, (2011); An update on the association between setting quantified road safety targets and road fatality reduction; Accident Analysis and Prevention, 43 (2011) at 1279-1283.
7 HSE "Driving at Work" leaflet is available at: http://www.hse.gov.uk/pubns/indg382.pdf
8 BRAKE, at www.brake.co.uk. Drivers with over 80% work mileage have 53% higher risk of injury accident, with drivers who have 1- 80% work mileage have 13% higher risk, adjusting for annual mileage, proportion of motorway mileage, age and gender.
9 Thatcham Research, "Stop the Crash" campaign at: http://www.thatcham.org/news-and-events/news-and-press-releases-reader/items/stop-the-crash-goes-global

ROAD NETWORKS AND INFRASTRUCTURE

Spending on British roads has averaged £8.6bn a year for the past five years, but accounting for inflation, real spending has fallen by 22% between 2008/9 and 2012/13[10]. All the main parties have highlighted the vital need for increased investment on UK infrastructure. Responsible for 90% of all passenger miles in the UK, it is vital that the road network gets its fair share of financial and policy support.

We therefore recommend the following policy commitments toward improving the quality of the UK roads and protecting one of our nation's most important business assets.

Reform of the Highways Agency

We support the current restructuring of the Highways Agency as a publicly-owned, privately-operated model. We believe that the Agency should aim to provide continuity of road investment for motorists, using a long-term strategy free from short-term political pressures.

As part of this work, the Highways Agency should draft a strategic road network plan which ensures greater co-ordination between its activities and the work being undertaken by local authorities on their roads.

A 'prevention over cure' approach to be taken in road maintenance

According to a recent report published by the House of Commons Public Accounts Committee, only 30% of people described themselves as being satisfied with the condition of the roads and the speed and quality of repairs, the lowest level since 2008. While in 2010, the Department for Transport cut road maintenance budgets by £1.2 billion over the four years from April 2011, it has intermittently given £1.1 billion additional funding on nine separate occasions for various reasons, including in response to flooding or winter damage to the roads.

It costs in excess of £30 million to pay and process compensation claims from road users for damages arising from poor road conditions. We believe that prevention is better than cure. There are currently too many regional variations between local authorities, in terms of both planning and overall funding levels.

A piecemeal, stop-and-go approach to funding makes it difficult for highways authorities to plan ahead, with too much work carried out retrospectively (when damage to business has already been caused) and not enough preventative activity that saves money in the long-term.

While the Department for Transport is investigating ways to make funding more stable and predictable, there needs to be a greater focus on planning ahead, both centrally and regionally. We propose, therefore, that DfT should provide guidance to local authorities to help eliminate regional variations in the states of roads across the UK.

Role of the regulator

We support the creation of a 'Roads Monitor' to be operated by the Office of Rail Regulation (ORR). As part of the ORR's new remit, we propose that it should consider setting, monitoring and enforcing a set of standards for all English roads. This could include introducing minimum requirements for road markings, design and maintenance, as well as setting stricter guidance on the qualifications required for those undertaking the work.

"The DfT should provide guidance to authorities to eliminate regional variations in the states of roads across the UK"

10 RAC Foundation: Public Expenditure, Taxes and Subsidies – Land transport in Great Britain; October 2013; at: http://www.racfoundation.org/assets/rac_foundation/content/downloadables/Transport_finances_Bayliss_October_2014_final.pdf

Fleet
Industry
Manifesto
2015