

THE BUSINESS OF... **SAFETY AND RISK**

Don't ignore the legal, financial and moral obligations of running a fleet



THE CASE FOR MANAGING RISK

Driving is often the most dangerous work activity an employee will do. Businesses have an important part to play in helping to keep them safe – for legal, financial and moral reasons

The latest road casualty statistics from the Government make for grim reading. In 2016 (the last reported full-year) around 44,000 people were killed or injured in collisions involving a driver or rider driving for work.

More than 500 people were killed – the equivalent of 10 people every week – and 5,000-plus were seriously injured.

That's almost 30% of all road deaths and 22% of all serious casualties – roughly in line with the oft-quoted statistic that between a quarter and a third of road crashes involve someone driving for work. Often it is other road users and passengers of an at-work driver who are killed or injured. In 2016 they made up around 85% of those killed and almost 70% of casualties in work-related crashes.

Road safety charity Brake believes that the number of road crashes involving someone driving for work could be much higher than Government figures suggest due to "under-reporting of 'purpose of journey' by police".

Under the Health and Safety at Work Act 1974 and the Corporate Manslaughter and Corporate Homicide Act 2007 businesses have a legal obligation and duty of care to their drivers to make sure that they are as safe as possible.

If an employee is killed while driving for work and there is evidence that serious management failures resulted in a 'gross breach of a relevant duty of care', the company could be prosecuted under the Corporate Manslaughter Act.

Organisations with a turnover of more than £50 million could face fines of up to £20m.

Since the decision to link fines to the turnover of the company in February 2016 there has been a dramatic increase in fines, according to DriveTech, part of The AA.

The biggest fines range from £750,000 to £2m – the latter the result of a customer being run over by a Travis Perkins vehicle on its premises.

THE 'TRUE COST' OF AN INCIDENT

Ross Moorlock, business development director at Brake, says that vehicle damage and write-off costs are "just one

30%
of all road deaths in 2016 involved a driver or rider driving for work

£2m
biggest penalty handed out since fines were linked to turnover

"While the reported cost of the collision is £3,000, the total cost is likely to be at least £6,000"

Ross Moorlock, Brake



The most up-to-date statistics (2016) show 44,000 people were killed or injured in incidents where someone was driving for work

small portion of the 'true cost' of the incident". There are many other factors that need to be considered including additional vehicle costs, such as recovery and storage, downtime, reduced resale value; driver costs, such as loss of expertise, lost productivity, personal injury; third-party costs, including vehicle and/or property damage, loss of earnings and legal costs; and other costs, including missed sales, damaged or lost stock, business reputation and management and administration time.

Moorlock says: "Consider this example: your company vehicle hits another from behind, causing £1,000 of damage to your vehicle, £1,000 of damage to the other one and an injury claim for the other driver of £1,000. While the reported cost of the collision is £3,000, the total cost is likely to be at least £6,000. If your organisation makes a 10% return on sales, to cover this collision it would require £60,000 of revenue. If your organisation makes 50p per sale, it's the equivalent of 120,000 unit sales. The question companies need to ask is: is it easier to sell 120,000 extra products, or be more proactive in preventing collisions?"

Investing in a training programme can bring significant financial savings. Initial results for one of DriveTech's clients with a large fleet (more than 250 vehicles) found an 85% reduction in the number of collisions in the first six months post-training. The average collision cost per driver went from £385 to £41 while total collision costs reduced by nearly 90%.

Applying these statistics to a fleet of 100 cars, DriveTech believes a company could achieve payback on their investment after five months.

THE MORAL ARGUMENT

Brake points out that organisations also have moral and social responsibilities to manage road risk.

It says if a driver is involved in a crash, it may harm their physical and emotional wellbeing, lead to lost working time, cause distress to colleagues and damage the organisation's reputation locally. If someone is killed or injured in a crash this has a devastating effect on families and the community. So bear in mind the 'human stories' behind the statistics.

MODEL OF COLLISION COSTS

Item of cost	Sample data \$££
Own damage costs	1,000
Third-party vehicle damage costs	1,000
Third-party injury costs (e.g. whiplash)	1,000
Reported cost of collision	3,000
Total cost of collision (inc hidden costs at two times reporting costs)	6,000
Revenue required to fund a single collision at 10% return on sales	60,000
Unit sales required to fund fleet safety costs, where organisation makes 0.50 \$££ per sale	120,000

Source: Brake

ROAD SAFETY RISKS: TRENDS TO WATCH OUT FOR

1 Driver distraction
Cars are getting safer but the overall risk isn't necessarily reducing as drivers are distracted at the wheel.

Keith Bell, RoSPA Fleet Safety manager, says: "The largest risk for most workers who drive for work is while driving. This is

because the road is the most dynamic environment they work in and therefore the least manageable in terms of risk.

"Although modern vehicles have a greater number of ways of protecting the driver and passengers, the rise in the number of distractions which can

now affect a driver mean that the risk is still as great."

Brake suggests that businesses aren't doing enough to reduce driver distraction such as mobile phone use, in-vehicle technology, eating and drinking, smoking and grooming.

Its survey of more than 350

fleets (the majority of whom were from the UK) found more than a quarter (26%) don't run any driver education/awareness sessions (either face-to-face or online) aimed at the topic of driver distraction and of those that have driver distraction policies in place, less than a third

(32%) include restrictions on the use of hands-free phones.

2 Electric and hybrid vehicles
The rapid growth of pure electric vehicles (EVs) and plug-in hybrid electric vehicles (PHEVs) could present employers with new risks if they don't adequately prepare their drivers.

David Richards, head of marketing at DriveTech, part of The AA, says: "Not only do many (EVs and PHEVs) have state of the art technology that many drivers won't fully understand – through no fault of their own – but drivers will need a new driving style to be safe," he says.

"Different manufacturers use different suppliers and

technologies so it's unwise to assume all EVs are the same to use, or to drive."

3 The grey fleet
Drivers using their own vehicles for business could result in greater exposure to risk if businesses don't have the right checks in place. The AA estimates that one

million drivers drive without insurance. Richards asks if fleet managers are sure their grey fleet drivers have the correct insurance or even fully legal driving licences?

"With increases in vehicle insurance (costs), there is likely to be a risk that more people drive without insurance," he says.



Why fleet duty of care compliance simply isn't the whole story...



The Road Traffic Act 1998 Section 87 says that it's an offence to "cause or permit another person", such as an employee, to drive a vehicle without a valid licence. So, if you want to start your journey and ensure you're legally compliant, it's a great place to start.

Indeed, if you have a small fleet, your drivers can now give you authorisation, through a DVLA coding process, to check their details for free directly against the DVLA database. It becomes trickier with more than a handful of vehicles as the admin overheads start to grow not only for the first round of checks but re-checks also. That's when licence checking providers, like DriveTech, can offer a fast and efficient service so you can manage your drivers' licence with minimum hassle; "electronically-signed" data protection mandates are the norm these days. But is that it?

Well, the game changer was in February 2016 when sentencing guidelines for Health and Safety fines changed to one that takes into account the turnover of the company involved. Almost immediately the fines have dramatically increased to the extent that, **Travis Perkins TCL were recently fined £2,000,000 with £115,000 costs** when a customer was killed by a company vehicle on their premises.

Health and Safety legislation, arguably more than Corporate Manslaughter legislation, is now what fleet managers should be most concerned about.

The Health and Safety at Work Act 1974 requires employers to take appropriate steps to ensure the health and safety of their employees and others who may be affected by their activities when at work. "This includes the time when they are driving or riding at work, whether this is in a company or hired vehicle, or in the employee's own vehicle."

The Management of Health and Safety at Work Regulations 1999 requires "the risk assessment to be reviewed periodically to ensure it remains valid. Employers should consider the risks to employees on the road in the same way as for those in a workplace."

As a result, more companies are looking to risk assess all staff who drive for work; under legislation, commuting is excluded. But, as the DfT Road Casualties show, the number of commuters and the number of 'at work' drivers killed each year is nearly the same. All staff are at risk.

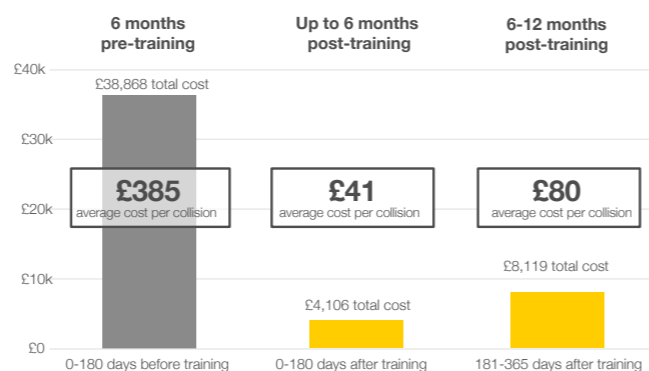
But, as fleet managers know, assessments are closely linked to training... but how do you prove that driver training works and gives a good return on investment, as that's what will be needed to get the training PO signed by leadership.

DriveTech has investigated this in depth, in two white papers, and shown that driver training not only improves driver behaviour – by looking at collision stats and telematics data before and after training – but reduces costs too.

Number of collisions before and after driver training



Cost of collisions before and after training



Initial results for one client found an 85% reduction in the number of collisions in the first six months post-training, the average collision cost per driver went from £385 to £41 while total collision costs reduced by nearly 90%.

Compliance is only the start; the real business benefits come from implementing a complete road risk programme.

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 web: drivetech.co.uk



10 STEPS TO EFFECTIVE RISK MANAGEMENT



1 UNDERSTAND HSE GUIDELINES

Download a copy of *Driving at Work: Managing Work-Related Road Safety*, from the Health and Safety Executive (HSE) website.

This paper sets out an employer's legal responsibilities and provides guidance on how to manage risk.

In the event of a serious incident involving a company car driver this policy is likely to form the basis of any legal challenge. Be mindful that the guidance is currently being reviewed by the Department for Transport.



2 GET STAKEHOLDER BUY-IN

Don't start work on a risk management programme before key people within the business (such as representatives from legal, health and safety, HR, finance, insurance and, most importantly, the board) are involved.

This will make it quicker and easier to implement, and senior management support will show drivers that road safety is being taken seriously.



3 HAVE A CLEAR AND COMPREHENSIVE POLICY

A driver handbook or driving-at-work policy should outline the responsibilities of the driver and the fleet manager.

Areas typically covered are: driving licence requirements, risk assessment and training, eyesight checks, health/medical issues, vehicle checks, journey planning/breaks, seatbelt use, smoking in company vehicles, speed limits, mobile phone use, alcohol and drug use, incident/near miss/vehicle breakdown/theft, fines/charges/tolls, towing, overloading, overseas travel, fuel, hire/pool vehicles, and use of private vehicles.

Make sure staff sign to say they have read and understood the document. You could check this by getting staff to complete a multiple-choice quiz about the driver handbook/policy or by holding a workshop.

Bear in mind that the policy is not a one-off document. It will need updating regularly. For instance, when legislation changes.

Back up the policy with regular communication such as leaflets, posters and information in company newsletters or on the intranet. For instance, tips on winter driving.



4

FIT SAFETY TECHNOLOGY

As well as manufacturer-fit safety technology, such as autonomous emergency braking (now standard on a quarter of new cars), consider aftermarket solutions, such as telematics and in-cab cameras – potentially driver-facing as well as forward-facing.

Telematics systems that focus on driver behaviour rather than just vehicle tracking will typically score each driver on key indicators such as speeding, harsh braking/accelerating/cornering, and produce a table of the worst performers.

Drivers that score poorly can be offered on-the-road training to help them hone their driving styles and improve safety.

Some telematics systems will give drivers real-time feedback on their driving via a series of LED lights on the dashboard, an audible noise in the vehicle or a smartphone app, meaning that the driver has the chance to improve their behaviour there and then. This approach has been criticised by some driver behaviour experts, as they deem it distracting, but many fleet operators report positive improvements.

Cameras can be used in conjunction with telematics. If a driver has an incident, you will be able to review the footage to establish if it was an at-fault accident. For instance, the in-vehicle footage may show whether the driver was distracted at the time of the incident.

Also consider speed limiters – either factory-fit or aftermarket.

5

PERFORM LICENCE CHECKS

Under the Road Traffic Act 1988 it is an offence for a driver to drive without a valid licence, but it is also an offence for a person to permit a driver to drive without a valid licence so licence checks are essential.

Perform a check at the recruitment stage and periodically afterwards – generally every six months or annually.

Drivers with a high number of points on their licence will need to be checked more often. This can be done online using the DVLA's Share Your Driving Licence system. The driver logs in with their licence number and National Insurance number and generates a code which they share with you to enable you to perform a licence check. Alternatively, you can use a supplier to carry out licence checks for a fee.

6

ASSESS RISK

A common way of assessing risk is by getting drivers to complete an online risk assessment, which is provided by a driver training or risk management company. This should be carried out at the recruitment stage and at least every 12 months.

The risk assessment can be a multiple-choice test which looks at areas such as the driver's accident history, the number of miles they drive and their knowledge of the highway code. Some may test a driver's hazard perception through a series of videos or assess a driver's attitude to risk with a psychometric-based test.

At the end of the test, drivers will be given a risk rating, – usually low, medium or high. The risk management provider should offer advice on how to address the training needs of low, medium and high risk drivers. For example, it may be appropriate for low- and medium-risk drivers to attend a workshop or do online training and for high risk drivers to do an on-the-road training course.

You could choose to have an on-road assessment as well as, or instead of, an online one but bear in mind that drivers might be on their best behaviour behind the wheel.

The most sophisticated way of assessing risk is to use a fleet management software or a risk management system that brings together different sets of data such as online/on-road risk assessment results, collisions and near-misses records, telematics data, insurance claims, the number of points on a driver's licence, fuel economy figures, maintenance spend on the vehicle and tyre replacement to create a driver profile.

This will give you a complete picture of risk and also make you aware which drivers are costing you the most money.

You could issue a 'permit to drive', essentially a company driving licence, which is only given to drivers when they meet certain criteria and can be revoked if necessary.

7

TAKE ACTION

It is vital that, having identified risks, you act on them. This could include on-the-road training by a driver training provider or in-house if you have qualified instructors, workshops, toolbox talks, online modules and simulators.

The training should be tailored to individual requirements, using data from telematics, risk assessment or licence endorsements to identify their performance shortcomings.

Use telematics data to monitor driver performance after the training to make sure it remains effective.

Consider introducing a rewards scheme or a 'driver of the year' competition to help motivate drivers.

Also consider introducing a 'travel hierarchy' – essentially a series of options that drivers must consider before driving a company or private vehicle such as holding a tele/video conference instead of travelling or walking, cycling or using public transport if the journey is essential.

Journey planning should also consider whether drivers are under pressure to complete unrealistic schedules.

To help create a road safety culture consider taking part in activities such as Brake's Road Safety Week.

8

CHECK THE GREY FLEET

Don't forget that duty of care applies to employees using their own vehicle for business journeys, not just company vehicles. Get drivers to sign a declaration when they submit their expenses, stating that their privately-owned vehicle is serviced in line with manufacturers' recommendations, has a valid MOT certificate and is insured for business use (not leisure and commuting).

Ideally, you should check these documents, particularly as drivers are likely to take out the cheapest form of insurance which might not have sufficient cover for business use.

9

MAINTAIN VEHICLES

Vehicles must be serviced according to manufacturers' recommendations. Make sure drivers know how to carry out basic checks to ensure their vehicle is roadworthy, including checking tyres, lights, oil, coolant, fluid and brakes. CV drivers are required to complete a daily walkaround check. Any defects should be reported and acted upon. Consider not issuing any job sheets until van drivers have performed their checks. For car drivers, carry out spot checks.

10

REVIEW AND BENCHMARK

Consider setting up a safety committee made up of key stakeholders (identified in step two), who meet regularly to review the safety performance of the fleet.

If you are using third party providers such as leasing, fleet management or risk management companies, see if they are able to benchmark your fleet's performance anonymously against other customers who operate in a similar line of work.

You could also do this informally by networking with other fleet managers at industry events.

There are a number of accreditation schemes you can join, such as the Freight Transport Association (FTA) Van Excellence scheme and the Fleet Operator Recognition Scheme (FORS), as well as safety organisations such as Brake Professional and Driving for Better Business.

SPONSOR'S COMMENT

By Chris Thornton, Sales Director, DriveTech



FLEET MANAGERS VOTE FOR COMPULSORY DRIVER TRAINING

Fleet News' February online poll asked, "Should driver training for business drivers be compulsory?" The resounding

answer was YES... with 75% of the voters agreeing. This clearly demonstrates that the professionals, who run fleets, believe driver training is so important it should be mandatory. Just like Driver CPC training is for bus, coach and truck drivers.

But there may be more behind this answer than meets the eye. By making it compulsory, fleet managers know that this would make it much easier to get their organisational leadership to sign-off the driver training budget.

Getting leadership to understand the real benefits of driver training has often been a challenge for the fleet manager. I've attended many fleet conferences over the years and at virtually every one, there is a strong feeling of preaching to the converted. Fleet managers get driver training – they see the safety benefits every day. What they often find hard to do, is to get their leadership on board.

Often leadership teams are number-driven. That's why, at DriveTech, we have spoken with some of our clients, crunched the numbers and produced a white paper on the ROI of driver training. It provides compelling evidence and real examples of successful training programmes – helping fleet managers to achieve their goal without the need to wait for mandatory training to come in.

For copies, go to <https://www.drivetech.co.uk/news-and-information/effect-of-driver-coaching>





Driving a better business

Minimise your risk through integrated Fleet Risk Management

At DriveTech, we have developed a holistic approach to fleet risk management that we've called the 'Journey'. It means our programmes will meet your duty of care needs, reduce your fleet costs and keep your drivers safer.

- Fleet audit
- Licence validation
- Driver assessment
- Driver training
- Management reporting



Start your journey today...

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