

Driving on Company Business



January 2003

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Motoring organisation RAC supports its six million individual and business customers with breakdown cover and a wide range of other individual motoring solutions. The RAC Foundation for Motoring is an independent body established to protect and promote the interests of UK motorists. The views of each organisation should not be attributed to the other.

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The RAC Report on Motoring 2003 Driving on Company Business

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RAC Business Solutions

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January 2003

Foreword

On behalf of RAC Business Solutions, I am delighted to welcome the 2003 Report on Motoring – which this year puts the spotlight firmly on corporate responsibility and how it effects the company car driver, fleet manager and company director.

It is disturbing to see, however, that, despite the recognition of the need for increased safety, and the length of time that RAC has been highlighting safety for company car drivers, the application of appropriate policies to improve safety has not occurred.

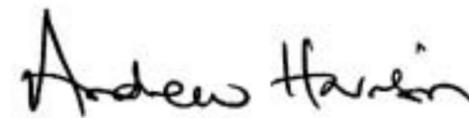
The question of just who is responsible for crashes caused by company car drivers has been on the political and motoring agenda for some time now. Driver training, safer vehicles and comprehensive risk management programmes are all available to help the fleet manager and company director ensure safer driving conditions for their drivers and other motorists.

But is this fair on the driver, who may be working under extreme time pressures imposed by management? Are they driving a safe vehicle? Have they had adequate driver training? If their vehicle is privately owned, but used for occasional work trips, should they have to incur higher insurance premium costs themselves?

This report shows overwhelmingly that the most effective, albeit least popular, method of improving safety would be to make fleet managers personally liable for the safety of their company car drivers – 68 per cent saying they would improve safety if made personally liable however they could face liability under current law.

Other measures that gained much greater support are, for example, for a reduction in the number of driving hours and the banning of hand-held mobile phones. However, it is difficult to know if this has been motivated by the proposed changes in EU law and the recent consultation on banning hand-held phones, or as the result of real consideration by companies of what continues to be a serious safety concern for fleets.

My hope is that fleet managers and company executives will make a commitment to absorbing RAC's calls for action, to understand the real implications to their company and to act accordingly.



Andy Harrison, Chief Executive
RAC plc

January 2003

Summary

- 11 million employees drive on company business. Three million have company funded cars (traditional “company cars”), with eight million using their privately owned car for work business.
- There is a range of legislation that requires companies to ensure that as much care is given to the safety of employees in their cars as is given in any other place of work. Work-related road safety has been driven up the agenda by proposed revisions to corporate manslaughter legislation. More than 6 in 10 fleet managers are aware of these potential revisions and a similar proportion of companies have now developed a company car safety policy of some kind.
- The issue is not just the safety of the traditional “company car” driver, but also the safety of employees driving their privately owned cars on company business – which now account for 45% of all mileage on work business:
 - Only 2% of fleet managers check private cars used on work-related journeys for technical safety and roadworthiness, despite these cars being significantly older than company funded cars and, on average, serviced less often.
 - Most private cars driven on work-related business are uninsured for this purpose. Over half of fleet managers incorrectly believe insurance policies for private cars cover work-related journeys and only 18% of drivers say their employer has asked them if they have the appropriate insurance cover.
- Three quarters of fleet managers and three fifths of motorists are supportive of the proposed legislation to ban the use of mobile phones when driving, but only a third of fleet managers have a policy in place that prohibits the use of mobile phones when driving.
- Company drivers are spending longer behind the wheel, with less than a quarter of companies issuing guidelines on good driving practice:
 - 300,000 employees drive more than five hours every single day of their working year on work-related business.
- Many company drivers are also taking few or no breaks during long journeys. This may be one of the factors behind the continued occurrence of “sleep-driving”:
 - 200,000 company drivers “sleep-drive” more than 10 times a year.
- Driver training continues to be the exception rather than the rule, although its importance on the company agenda is growing. Just under a third of companies offered driver training in 2002, compared with less than a quarter in 2000.
- Although most company car drivers believe they are “good drivers”, they also admit to poor driving practice and low concentration:
 - More than half admit to not always knowing “what happened to the last few miles”.
 - Over half admit to one or more instances of reading a map, using a hand-held mobile phone, or eating and drinking whilst driving.
- Most companies have fully embraced the use of outsourced organisations to help them manage the initial problems associated with breakdowns and accidents. Almost 90% of fleets are covered by insured breakdown services, with RAC leading the market with a 39% share.
- Fleet managers believe the way to improve safety is to impose restrictions on company car drivers rather than monitoring their driving behaviour:
 - Over three quarters of fleet managers supported the idea of fixing the maximum number of hours an employee could drive each day.
 - Only a third supported the introduction of a “Well Driven?” type scheme or the use of satellite systems to monitor in-car behaviour.
- The least popular method to improve the safety of corporate drivers would be to make fleet managers more personally liable. Under current Health & Safety legislation the “Company” through its directors is liable for the actions of all its employees, although in an instance of management neglect the fleet manager could also be liable. More than two thirds of fleet managers said they would do more to improve safety if they were personally liable.

Calls for action – corporate responsibility

Own car driver

54% of drivers use their own car for business trips, yet are either unaware of the insurance implications – or ignore them.

More than 80% of fleet managers say that they check all of their company cars on a regular basis for general roadworthiness and safety, but only 2% regularly check private cars that are used for work-related journeys.

Fleet managers should ensure that such vehicles have regular safety checks, while also making sure that the driver has the appropriate licence.

Insurance

Insurance policies that are arranged by an individual for a privately owned car should cover the individual for any work-related journeys. Fleet managers also need to ensure that their employees have additional cover for work related journeys.

Legislation

Fleet managers and company directors must make themselves aware of, and act upon, the existing and proposed legislation concerning corporate manslaughter, beginning with the introduction of a safety policy. Safety is not an optional extra.

Mobile phones

All companies should immediately ensure that their employees do not use hand-held mobile phones. They must also ensure that quality hands-free kits are fitted to each vehicle, and a mobile phone policy introduced where the rules governing the use of phones whilst in the vehicle are understood and signed off by existing and potential employees.

Time spent on the road

No matter what their fleet size, companies must introduce guidelines on the maximum number of hours their drivers spend on the road each day. They must also introduce a practical schedule that can be met without the driver having to speed or drive too far to meet. The guidelines must also include adequate breaks between journeys.

Driver training

Two thirds of companies currently offer no driver training to their employees. However, the cost benefit through reduced crash costs is a reality, and companies should begin by having a risk management audit of their current practices.

It should also be a condition of employment that drivers undertake driver training within one month of commencing employment.

Section 1 The impact of new corporate manslaughter legislation

Ensuring the safety of employees when driving on company business is an issue of great significance. In this section we examine current awareness and support for the potential revisions to corporate manslaughter legislation and look at how these proposals have affected companies' attitudes towards safety. We conclude the section by examining the different safety measures already undertaken by companies and use this as a basis for the remainder of the report, where we look at each of these areas in more detail.

Safety extends beyond the workplace

Safety policies are a common feature in most organisations, as companies have put in place practices to minimise the risk of employee accidents. This report examines whether these policies go beyond the building or factory in which employees work to the vehicles they drive on work-related business.

The issue is one of great significance with 3 million company car drivers and a further 8 million drivers who carry out work-related journeys in their privately owned cars.

Perhaps one of the common misconceptions is that companies are not currently governed by specific safety restrictions or legislation with respect to drivers on work-related business. The reality is that a range of legislation exists that can leave companies liable if the safety of a driver is put at risk by the action or inaction of the company. For example, the Health and Safety at Work Act (1974) instils a legal duty on the employer to take all reasonably practicable precautions to secure the safety of employees.

Allen Bewley, Head of Risk Management in RAC Business Solutions, believes companies need to see the issue as one of managing safety when on the road, rather than one about driving. He states: "Most businesses are extremely vulnerable to the legislation that already exists. What needs to be understood is that safety is not an optional extra."

Safety is being forced up the corporate and fleet agenda

To date few companies have actually been prosecuted under the current legislation and this has prompted consideration of a revision to the corporate manslaughter legislation. Proposed revisions are designed to make it easier to bring charges against individuals in larger companies in situations where it is currently difficult to establish direct responsibility.

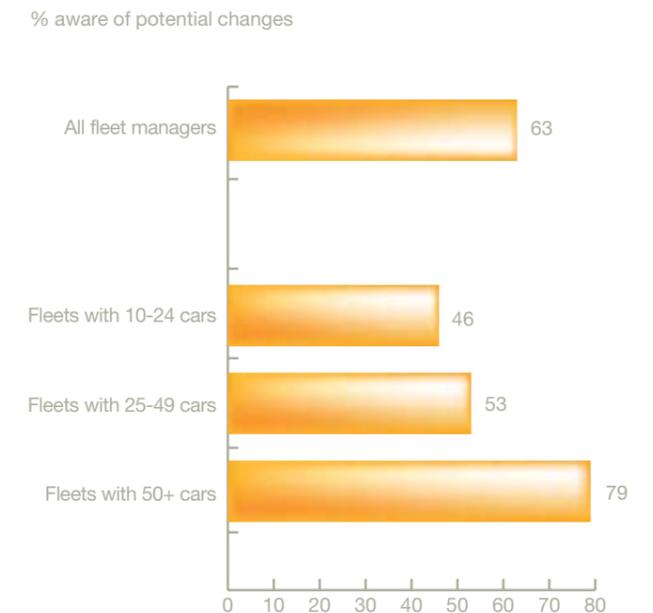
Although these revisions were not included in the Queen's Speech in 2002, the issue remains a manifesto commitment, with a spokesman for the Home Office recently stating: "We are committed to legislation on corporate manslaughter. It does not mean it has been dropped just because there was no mention of it in the Queen's Speech."

To understand the impact these revisions would have on companies, 250 fleet managers were interviewed for this report, as well as 750 private car drivers and 250 company car drivers.

Fleet managers play an important role in the safety of drivers on company business – not only because they need to ensure safety policies are enforced, but also because in the case of smaller companies they are often the decision makers setting the company's policy.

The issue of company liability is starting to penetrate corporate consciousness, with 63% of all fleet managers – rising to 79% in the largest fleets – saying they are aware of the potential changes in corporate manslaughter legislation.

Figure 1.1
Awareness of potential changes to corporate manslaughter legislation



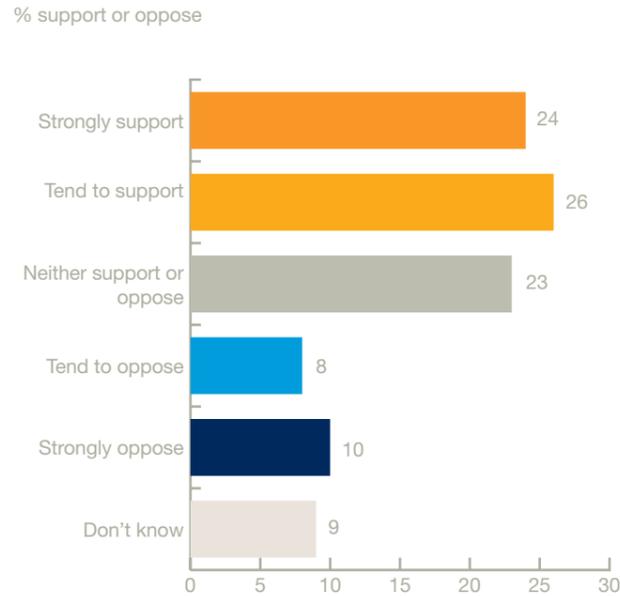
Base: All fleet managers
N.B. on sub-samples the base sizes are relatively small. However, the observed differences between large and small fleets are statistically significant
Source: RAC Report on Motoring 2003

The companies aware of these changes are wary of the implications – possibly driven by concerns regarding the impact on the cost base of the organisation.

However, Steve Green, Chief Constable of Nottinghamshire Police and ACPO's Operations Portfolio Holder for Road Policing states: "Cost should not be a primary factor in the safety equation. While there is undoubtedly going to be an overhead for investing in safety, the significant costs that can be incurred from an accident surely make the business case for this investment clear."

There is mixed support among fleet managers for revisions to the law (half support the idea) but a stronger sense of opposition from fleet managers within smaller companies (turnover of less than £10m) who may be more sensitive to the cost implications and the personal liability of directors.

Figure 1.2
Support for the potential changes to corporate manslaughter legislation



Base: All fleet managers
Source: RAC Report on Motoring 2003

Perhaps reflecting this awareness of new legislation, headline concern about safety continues to grow. Nearly two thirds of fleet managers are “very concerned” about the safety of their company car drivers (very few are unconcerned – 2%), with concern highest in larger organisations.

It may be expected that almost everyone would say they are concerned about the safety of their drivers, but what does this mean in practice?

4 in 10 fleets still have no formal safety policy, rising to nearly 7 in 10 among companies with fewer than 50 employees – possibly reflecting safety’s lower position on the small company agenda and the difficulties they experience keeping on top of new legislation.

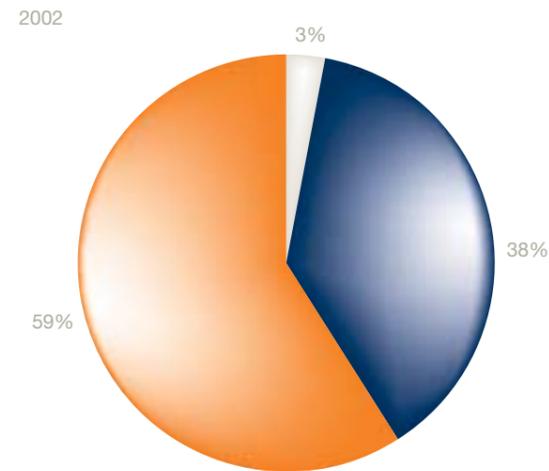
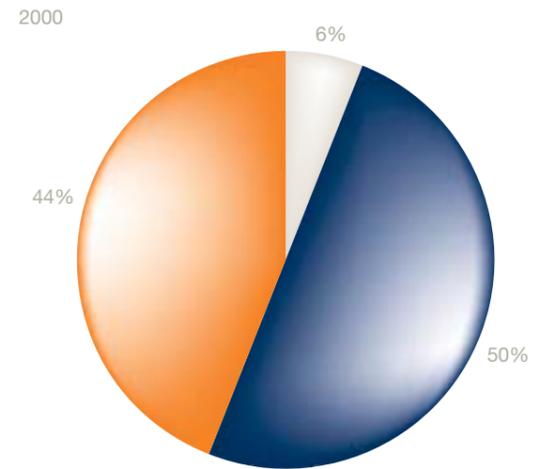
Allen Bewley of RAC takes the view that, in many cases, the lack of a safety policy is solely a function of a lack of awareness. “There is a significant lack of information surrounding exactly what responsibilities companies should bear. In my experience, once a company comes to understand these responsibilities they can’t do enough to fulfil them.”

Although 4 in 10 companies do not have a safety policy, this represents an improvement from 2000 when 5 in 10 fleets had no safety policy.

The presence or absence of a safety policy is strongly correlated with whether the decision-maker is a “professional” fleet manager. 7 in 10 professional fleet managers have a formal safety policy compared with just over 5 in 10 non-specialist fleet managers.

Figure 1.3
Incidence of safety policies among company car fleets

“Does your company have a safety policy with respect to your company car drivers?”



Yes No Don't know

Base: All fleet managers
Source: RAC Report on Motoring 2003 / LVL Report on Company Motoring 2000

The dimensions of corporate safety policies

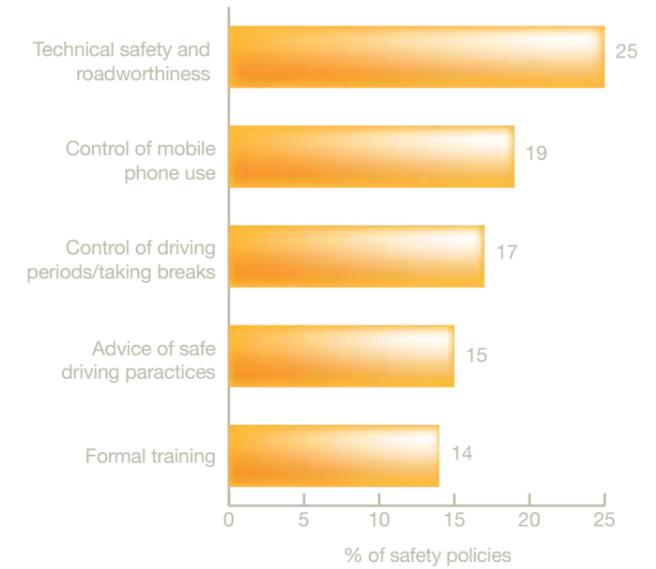
The formal policies adopted by those 6 in 10 companies that have a safety policy are a combination of measures which fall into four main areas:

- Technical safety and roadworthiness
- Control of mobile phone use
- Control of driving periods / taking breaks
- Advice on safe driving practices and formal training

Ensuring specific safety guidelines are in place in each of these areas is critical if companies are to minimise the risk of incidents while at work. The rest of the report deals with each of these areas in more detail and also considers how policy and practice can change to make the roads safer for drivers on company business.

Figure 1.3
The nature of safety policies among company car fleets

Top five responses % of safety policies



Base: Fleet managers who have a safety policy
Source: RAC Report on Motoring 2003

Section 2 The technical safety and roadworthiness of cars

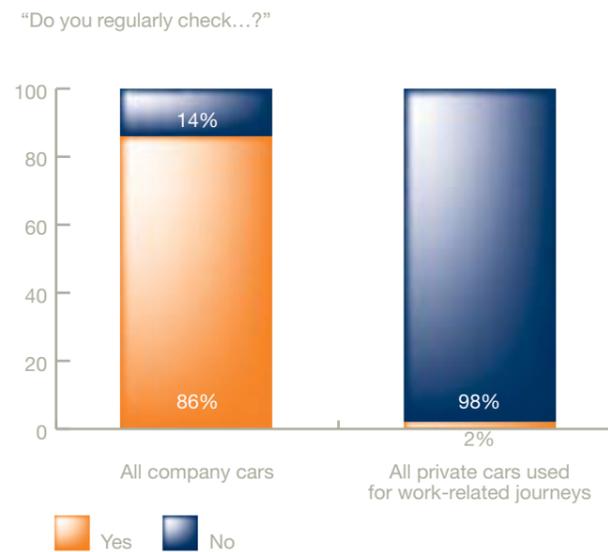
This section of the report examines current attitudes towards corporate motoring and, in particular, existing practices for ensuring cars used on company business are technically safe and roadworthy. The section places a specific emphasis on private cars used for work-related journeys and considers why it can be critically important to ensure these vehicles are regularly checked.

Privately owned cars are often overlooked when it comes to safety

The research for this report consistently shows that there is a skewed attitude to corporate motoring. For example, more than 80% of fleet managers say that they check all of their company cars on a regular basis for general roadworthiness and safety, but only 2% regularly check those private cars which are used for work-related journeys.

Mike Wear, Director of Fleet Operations, Ford Motor Company Limited, believes such safety checks should be a fundamental part of a company's safety policy toward their drivers. "What is perhaps astonishing is that in some companies even the most basic practices, such as checking a person's licence, go overlooked. In these instances, how can they be sure that the safety of a driver and their passengers are not at risk?"

Figure 2.1
The incidence of safety road checks among companies

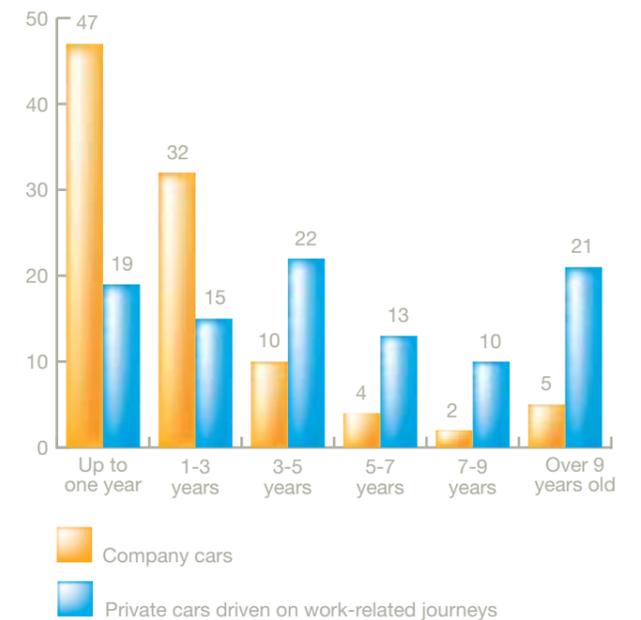


Base: All fleet managers
Source: RAC Report on Motoring 2003

However, there is both existing Health & Safety and Road Traffic legislation that places a responsibility on companies as well as drivers to ensure their vehicle (used for work business) is technically safe and roadworthy, for example; the Provision and Use of Work Equipment Regulations (1998) and the UK Road Traffic Act "Construction and Use of Vehicles and Equipment" (1998). Consequently, it would be possible for an employer to be prosecuted if an employee's private car used for work-related journeys was found to be unroadworthy.

This potential problem is significant. Some 31% of private car owners (or around 8 million cars) drive on work-related journeys at some time, averaging 8 hours a week on company business. They account for 45% of all corporate mileage, although individually they only average 4,400 miles a year on work-related business (compared with 14,500 miles a year for company car drivers). This problem is compounded by the fact that these private cars are, on average, significantly older than company cars and are serviced less often.

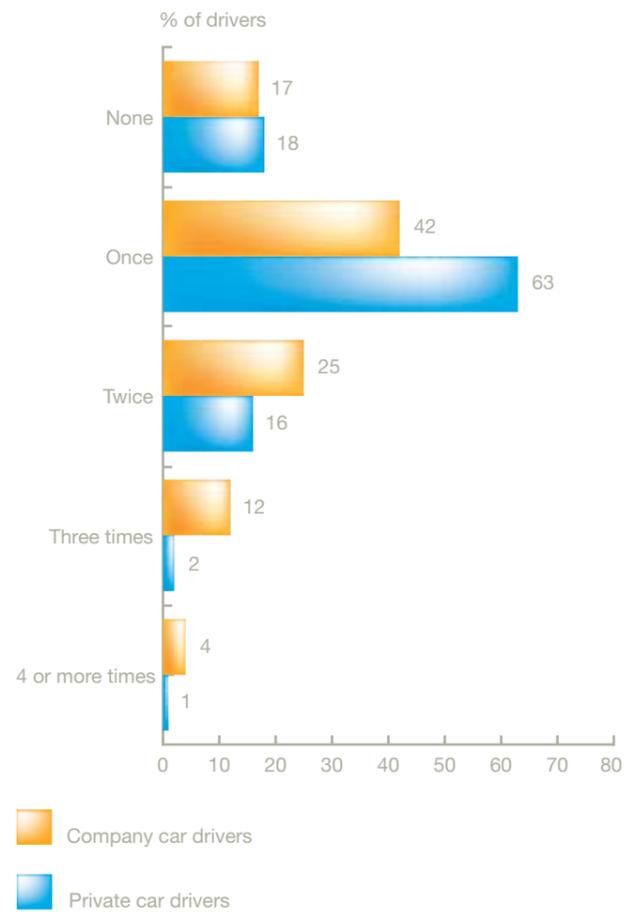
Figure 2.2
The age profile of cars



Base: All motorists
("Don't knows" excluded from figures to make company and private cars directly comparable)
Source: RAC Report on Motoring 2003

Figure 2.3
Frequency of servicing

"How many times has your car been serviced in the last 12 months?"



Base: All motorists
("Don't knows" excluded from figures to make company and private cars directly comparable)
Source: RAC Report on Motoring 2003

Most fleet managers do specify safety features on the company cars they buy – including airbags (80%) and ABS (73%). These are the most commonly specified company car features, along with security features such as an alarm (72%) and an immobiliser (75%). It is unlikely that many (or any) companies specify minimum safety features where private cars are driven for work purposes.

Section 3 Mobile phone use in cars

This section of the report examines the reactions of both fleet managers and motorists toward the announced consultation to restrict the use of mobile phones when driving. The research also looks at some of the current policies enforced by companies.

Widespread support for banning the use of mobiles when driving

Perhaps surprisingly, there is currently no specific law against using mobile phones while driving but drivers can be prosecuted for driving without due care and attention or for driving without being in proper control of the vehicle. In mid 2002 the UK's Road Safety Minister, David Jamieson, announced consultation on a proposal to ban the use of hand-held mobile phones when driving including some types of hands-free kits with an earphone and wire.

In addition, the proposals would apply to anyone who "makes someone drive" while using a mobile illegally – for example, an employer who had clearly required an employee to use a hand-held mobile phone when driving and not provided a hands-free kit for this purpose.

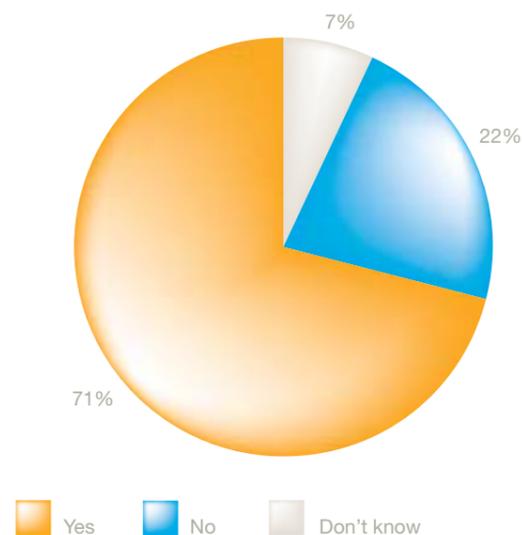
The Government proposal to ban mobiles when driving may in part have been stimulated by similar bans in other European countries, but also as a result of recent research proving the dangers of driving while using a mobile phone. The Royal Society for the Prevention of Accidents (RoSPA) highlights that a driver using a mobile phone is four times more likely to crash than those who do not use them.

With draft penalties of a £30 fixed fine (and associated penalty points), current Government estimates are that there will be around 100,000 fixed penalty notices issued each year and around 5,000 prosecutions in court if the legislation is introduced.

Three quarters (71%) of fleet managers support the proposed legislation to ban the use of mobile phones while driving. Research for the RAC Report on Mobile Phones published in November 2002 also showed that motorists support the ban (61%) – with 39% of motorists strongly supporting it.

Figure 3.1
Support for the proposed legislation to ban the use of mobile phones while driving

"Do you support the Government's moves to introduce legislation banning the use of mobile phones while driving?"



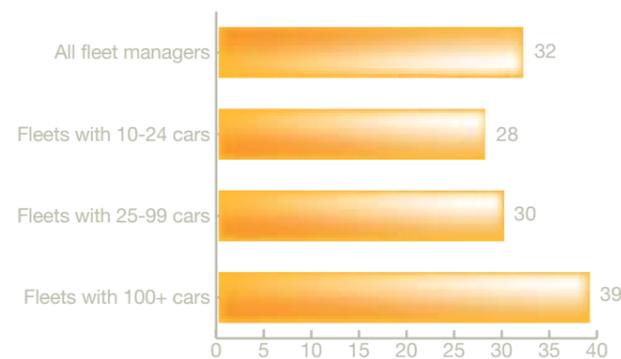
Base: All fleet managers
Source: RAC Report on Motoring 2003

Steve Green, Chief Constable of Nottinghamshire Police, is committed to tackling the use of mobile phones when driving: "We must clearly condemn the use of hand-held phones which pose the obvious danger of restricting a driver's ability to have both hands on the wheel. But what drivers also need to be aware of is the mental distraction the use of any mobile phone can have. While we understand there are some special circumstances, such as in the case of an accident, where the need to use a mobile phone may be necessary, we also believe it is an employer's duty of care to ensure employees are not put under pressure to make or receive calls when on the road."

Despite these findings, only a third of fleet managers say they have a formal policy in place which prohibits the use of mobile phones when driving and less than half of fleet managers say they issue their company car drivers with a hands-free kit. Reflecting their greater support for the proposed ban, mobile phone bans are more evident among larger fleets.

Lex Vehicle Leasing, the leading car and van contract hire company, has undertaken a full review of its own mobile phone policy, stating that, if an employee has to receive calls when driving, they must only do so using hands-free accessories. Jon Walden, LVL Managing Director comments: "We welcome the change in legislation in this area and call on companies to support this with an information campaign to ensure drivers understand the real danger in which they put themselves and other road users."

Figure 3.2
Incidence of policies prohibiting the use of mobile phones when driving



Base: All fleet managers
Source: RAC Report on Motoring 2003

Thus, although nearly all company cars have a hands-free mobile kit, research for the RAC Report on Mobile Phones showed that employees driving private cars are much less likely to have hands-free kits (38%) than those driving company provided cars (87%). Again this suggests polarity between employer attitudes to these two groups.

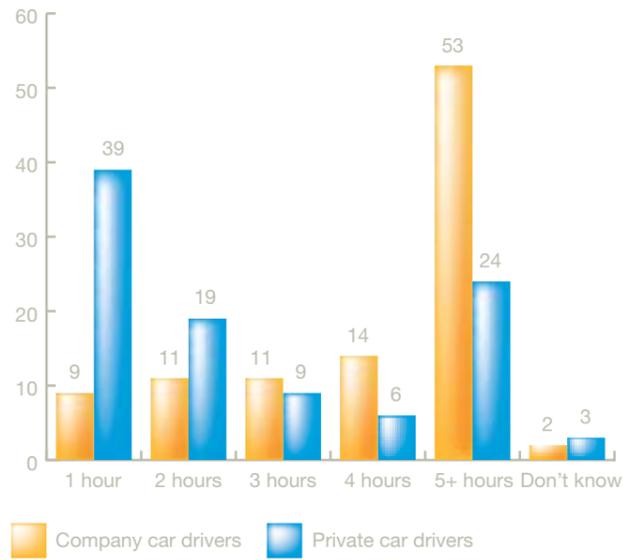
Section 4 The control of employees' driving periods

With working time regulations governing the commercial vehicle market tightening, there is increasing discussion about the number of hours employees drive their cars on company business. This section of the report looks at how long employees are currently spending behind the wheel, and examines company guidelines on the maximum number of hours employees should drive in any one day. The section concludes by looking at the current incidence of 'sleep-driving' on our roads.

Employees are spending more time behind the wheel

Those driving on work-related business (either private or company cars) state that on average they are being asked to drive up to a maximum of 3 hours a day by their employer. A third are being asked to drive over 5 hours in any given day – rising to more than half (53%) among those who drive company funded cars. Furthermore, 3% of drivers who drive on work-related journeys say they drive more than 5 hours every single working day – equivalent to more than 300,000 drivers.

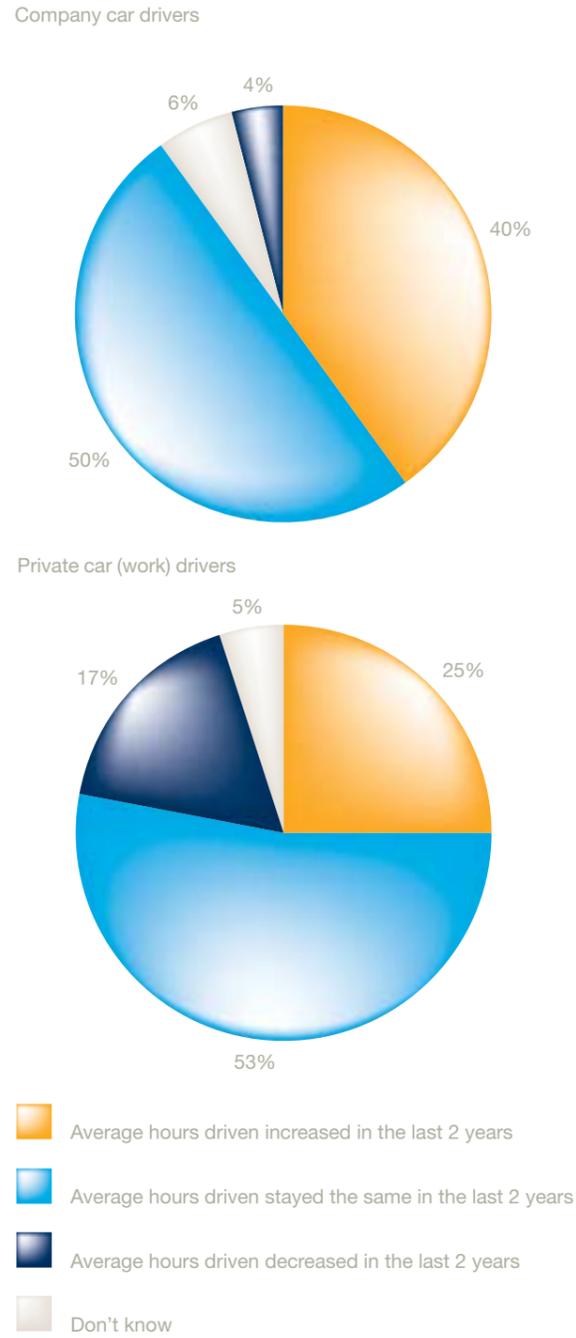
Figure 4.1
The maximum number of hours driven in a day on work-related business



Base: Motorists who drive on work-related journeys
Source: RAC Report on Motoring 2003

Many motorists who drive on work-related journeys also claim that there is increasing pressure for them to spend longer days at the wheel. 29% say the average number of hours they drive per day has increased in the past two years – rising to 40% among those who drive company funded cars – compared with 14% who say it has decreased and 52% who say it has stayed the same. Despite this, most enjoy driving, with 61% admitting they “like to get out of the office”.

Figure 4.2
Change in the average number of hours driven on work-related journeys



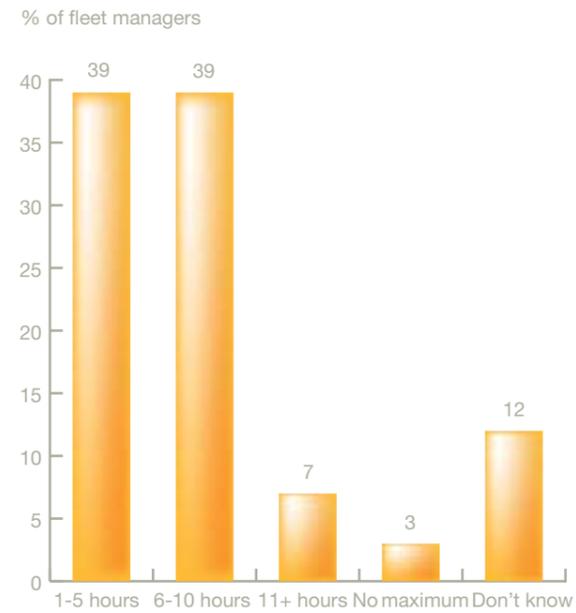
Base: Motorists who drive on work-related journeys
Source: RAC Report on Motoring 2003

Only a quarter of fleets issue guidelines on the maximum number of hours their company car drivers should spend in their car in any one working day. The Work Related Road Safety Task Group estimated that there are 1,000 road deaths a year, as well as thousands of injuries, that involve drivers on work-related journeys.

Richard Dykes, who chaired the Work Related Road Safety Task Group, states: “While I believe there is more that employers should be doing to manage drivers’ schedules, I think it would be very difficult to lay down a hard set of rules. What companies should be doing is putting themselves in the shoes of their employees to ensure schedules are practicable and can be met without driving too far or too fast.”

Of further concern is that, even where such guidelines exist, 39% of fleet managers say their company recommends a maximum of between 6-10 hours driving a day and a further 7% say they recommend a maximum of 11 hours or more.

Figure 4.3
Recommended maximum number of hours driving per day



Base: Fleet managers who issue guidelines on driving hours
Source: RAC Report on Motoring 2003

Breaks on long journeys are few and far between

Similarly, only a quarter (24%) of fleet managers offer guidelines regarding the maximum number of hours employees should drive before they take a break. Where guidelines exist, 60% of fleet managers say their company recommends taking a break after driving no more than two hours. As in many areas of policy, it is generally larger fleets that are taking the lead.

Figure 4.4
Incidence of guidelines regarding taking breaks when driving



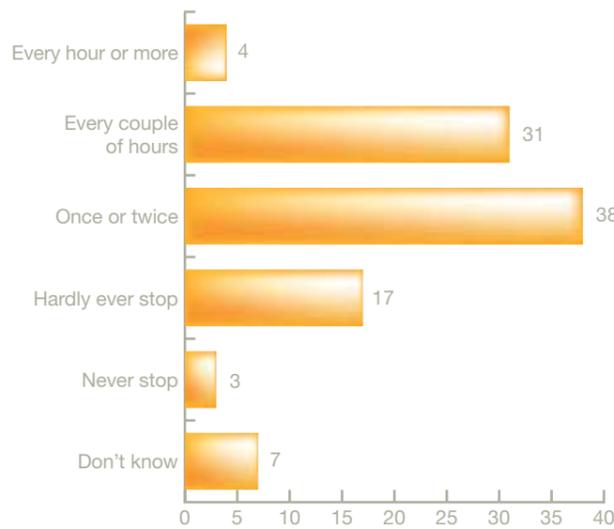
Base: All fleet managers
N.B. on sub-samples the base sizes are relatively small. However, the observed differences between large and small companies are statistically significant.
Source: RAC Report on Motoring 2003

The reality is that on a five-hour work-related journey, only 1 in 3 of either private or company car drivers take a break more than every two hours. When they do take a break, over 8 in 10 have something to eat or drink, while 1 in 6 take the opportunity for forty winks. Fortunately, only very few take no break at all.

Figure 4.5
Frequency of breaks when driving on work-related journeys

“How often do you take a break and rest when making work-related journeys of over 5 hours?”

% of motorists who take a break



Base: Motorists who drive on work-related journeys of over five hours
Source: RAC Report on Motoring 2003

200,000 regular corporate “sleep-drivers” are on our roads

Long working days and insufficient breaks may be one cause of “sleep-driving”, or nodding off at the wheel. A fifth of drivers who make work-related journeys admit to “sleep-driving” in the last 12 months – rising to just under a third among those in company funded cars. As was reported in previous RAC reports, there is a hardcore of regular “sleep-drivers”. 2% of those drivers who make work-related journeys admit to “sleep-driving” more than 10 times in the last 12 months – this is equivalent to 200,000 drivers.

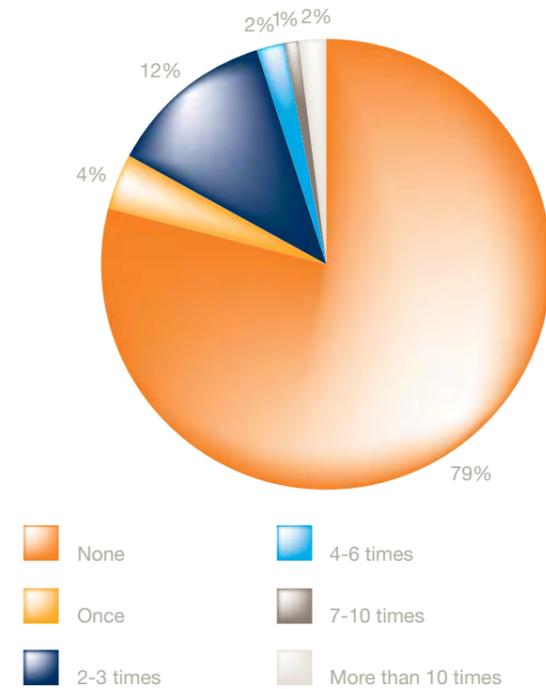
The danger of “sleep-driving” is highlighted by research from the University of Auckland that found that drivers who reported feeling sleepy were eight times more likely to end their trip in hospital than those who said they were not.

The results suggest that the DfT’s ‘Think!’ Campaign on driving when tired/taking breaks continues to be relevant to today’s motorist.

In December 2002 the Department for Transport announced their intention to encourage prosecution for dangerous driving over careless driving in an event of fatigue related road accidents, which could carry sentences of up to 10 years.

Figure 4.6
Frequency of “sleep-driving” among motorists on work-related journeys

“Approximately how many times have you felt yourself nodding off at the wheel in the last 12 months?”



Base: Motorists who drive on work-related journeys
Source: RAC Report on Motoring 2003

Section 5
The role of driver training

In this section of the report we examine the incidence of driver training among company car fleets. We also look into detail at those companies who already offer such training, assessing the types of training offered and how often employees receive such training. The need for training is also considered, with the section providing an insight into current driving standards and in-car behaviour of company car drivers.



Driver training remains the “exception” rather than the “rule”

Less than a third of companies offer some form of driver training and, even among larger fleets of 100 plus cars, less than half (45%) offer it. Nevertheless, the number of companies offering driver training has increased since 2000.

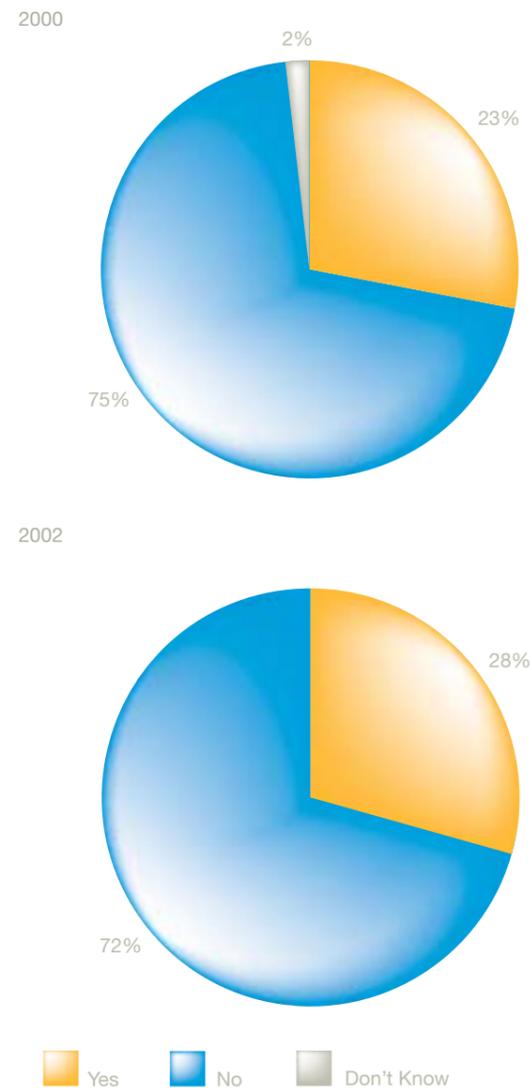
Company car drivers who have received some form of driver training are also in the minority. When asked, only 16% of company car drivers said they had received some driving training from their company.

This discrepancy between the number of fleets offering driver training and the proportion of drivers saying they have actually received driver training suggests that, where such training is offered, not all drivers choose to undertake it or it is not offered to all drivers.

However, Lex Vehicle Leasing believes driver training is an area where more fleets should be investing. Jon Walden, Managing Director, comments: “I believe driver training is an invaluable safety measure that all companies should embrace. In our experience such training not only equips drivers with the knowledge and skills to deal with today’s ever changing road conditions but also proves to be cost beneficial.”

Figure 5.1
Driver training among company car fleets

“Do you offer your company car drivers any form of driver training?”

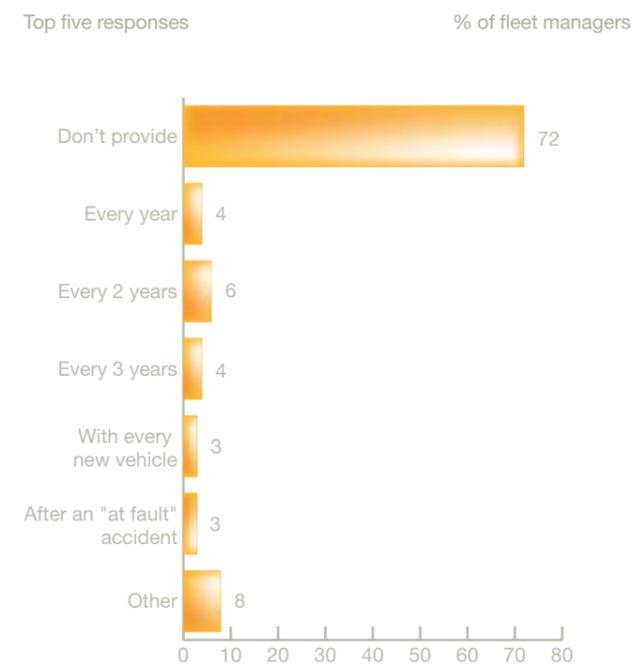


Base: All fleet managers
Source: RAC Report on Motoring 2003,
LVL Report on Company Motoring 2000

Where driver training is provided it is generally based around in-vehicle training such as advanced driving (83%), rather than classroom training on issues such as safety theory (24%), training through the use of interactive software such as risk assessment (13%) or management workshops (10%).

Figure 5.2
Frequency of driver training in company car fleets

“Which of the following best describes when you provide this training?”



Base: All fleet managers
Source: RAC Report on Motoring 2003

While more than two thirds (69%) of company car drivers believe they are a “good driver”, many also admit to poor driving standards – suggesting it could be beneficial for them to receive training. Drivers admit to:

- Low concentration: 49% of company car drivers admit to their attention wandering when driving
- Breaking speed limits: 56% do not always stick to the limit
- Driving on “auto-pilot”: 56% admit to not always knowing “what happened to the last few miles”
- Multi-tasking: over half admit one or more of reading a map, using a hand-held mobile phone or eating and drinking while driving.

Section 6 Managing the aftermath of an incident

There are three specific areas dealt with in this section of the report. First, we consider how outsourced organisations, such as roadside assistance and accident management firms, can help pay a role in managing the initial trauma following an accident. We then examine the issue of insurance and in particular, fleet managers and employees' understanding of insurance policies for private cars used on company business. Finally we provide insight into the actions taken by companies following an accident or motoring offence involving one of their drivers.

More can be done to minimise the risk of accidents

When an incident happens to a driver who is on company business, there are three key areas to consider:

- managing any immediate problems
- dealing with the insurance company
- establishing the causal factors and the action to be taken to reduce the probability of a future incident

"Incidents" range from an accident to being stopped by the police. With respect to accidents, 15% of drivers who drive on work-related journeys (either private or company) admit to having had an accident in the last 5 years while on work business. There is little significant difference in the proportion of drivers in company cars and those in private cars who have had an accident during this period.

Male drivers appear more likely to have had an accident during this period than female drivers. Although these conclusions are based on relatively small base sizes (264 and 120 respectively), the results are consistent with other surveys.

Figure 6.1
Incidence of accidents among drivers on work-related journeys

	Drivers who have had an accident in the last 5 years	Average annual business mileage
All drivers	15%	6,900
Male drivers	17%	8,200
Female drivers	10%	4,700
Drivers in company cars	16%	14,500
Drivers in private cars	14%	4,400

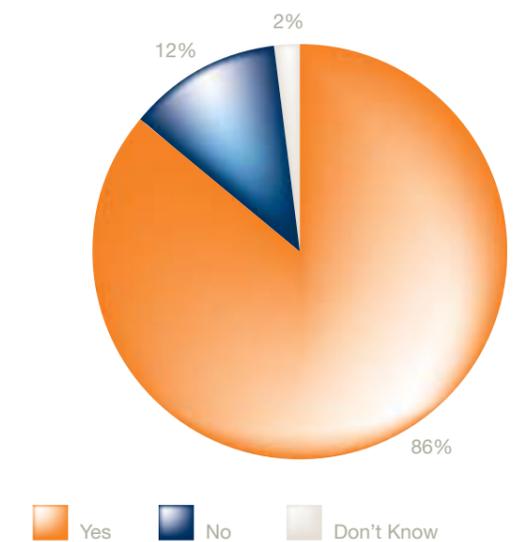
Base: Motorists who drive on work-related journeys
Source: RAC Report on Motoring 2003

Outsourced organisations play a key role in managing the initial trauma following an accident

The initial trauma is almost always managed by outsourced organisations, especially roadside assistance organisations. 86% of fleets have a roadside assistance supplier, among whom the research shows the two main suppliers are RAC (the market leader with a 39% share) and the AA. While 1 in 3 arrange this directly with the supplier, 2 in 3 organise it through a third party such as a contract hire provider or a fleet management company.

Figure 6.2
Roadside assistance among company car fleets

"Are the cars on your fleet covered by insured breakdown services such as RAC?"



Base: All fleet managers
Source: RAC Report on Motoring 2003

1 in 3 companies also outsource accident management, which links together roadside assistance, insurance and repair. Nearly 6 in 10 arrange this through their contract hire provider or fleet management company, with 2 in 10 arranging it themselves and the same proportion arranging it through their insurance company.

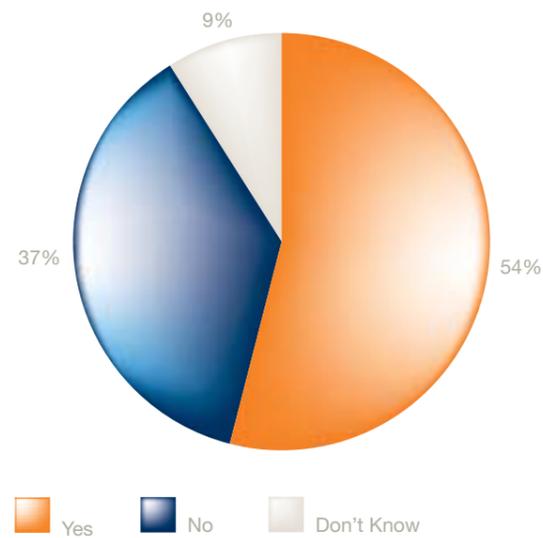
Insurance for privately owned cars is often overlooked

By far the most worrying concern with respect to insurance is that most employees driving in private cars on work-related business are not insured.

On the whole, insurance policies that are arranged by an individual for a privately owned car will not cover the individual for any work-related journeys unless specifically requested. Many fleet managers, however, appear unaware of this – just over half of fleet managers believe insurance policies for private cars do cover work-related journeys.

Figure 6.3
Level of understanding concerning private insurance policies

“Do insurance policies for privately owned cars generally cover work-related journeys?”



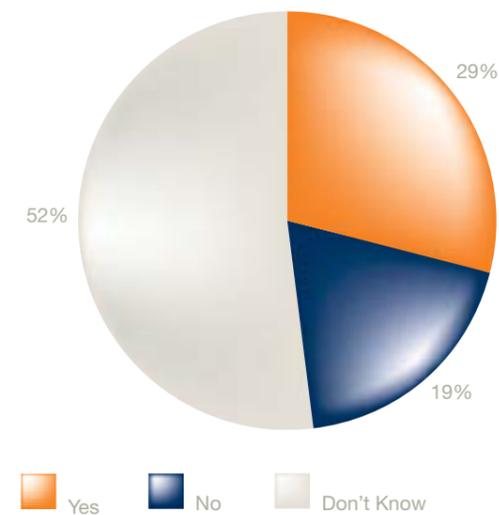
Base: All fleet managers
Source: RAC Report on Motoring 2003

41% of fleet managers say it is the company's responsibility to ensure that employees using a privately owned car for work-related journeys have additional business insurance while 42% say it is the driver's responsibility. Among those who would leave it to the driver, two thirds do not ask drivers to provide any evidence that their privately owned car is covered by additional business insurance for work-related journeys.

The misunderstanding among fleet managers with respect to private car insurance is also seen in those employees who drive their private cars for work. On average, 1 in 5 have specifically insured their cars for work-related journeys but among younger drivers (17-34 year olds) this falls to fewer than 1 in 5. This perhaps reflects the fact that the same proportion of all these drivers say their employer has asked them if they have additional cover for work-related journeys.

Figure 6.4
Insurance for private cars on work-related journeys

“Is your car specifically insured for work-related journeys?”



Base: Motorists driving private cars for work-related journeys
Source: RAC Report on Motoring 2003

Thus, out of the 8 million private cars used for work-related driving, it is estimated that 5.5 million cars, covering 20 billion miles per year (on work-related business), are not insured for these journeys. This suggests a widespread problem, as 14% of drivers using their private car on company business admit having had an accident while on work business in the last five years.

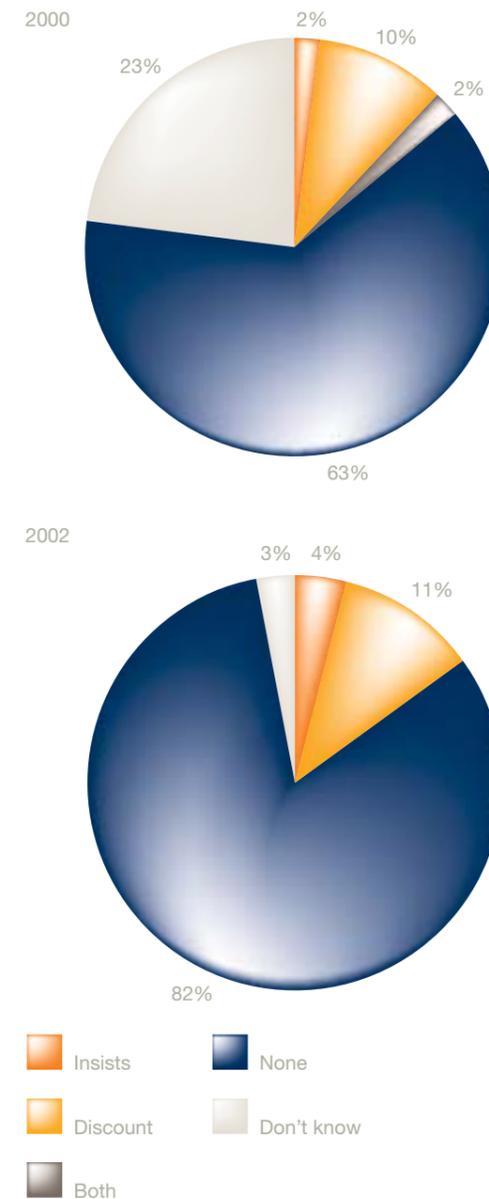
Driver training receives little incentivisation

Very few insurance companies are incentivising safer driving. Only 11% of fleets get a discount from their insurance company for providing training – an almost identical proportion to 2000 – and only 4% of fleet managers say their insurance company insists on driver training.

Richard Dykes, who chaired the Work Related Road Safety Task Group, believes that insurance companies are willing to do everything they reasonably can to encourage training among fleets. “Obviously there is no economic argument for insurance companies to start signing blank cheques but equally it is in their interests to reduce the accident rate among fleets. Although there is currently no specific financial commitment, I believe that as the focus on safety within fleets sharpens, insurance companies will be increasingly willing to play a role.”

Figure 6.5
Incentives for driver training

“Does your company car insurance insist on driver training, or give discounts for driver training?”



Base: All fleet managers
Source: RAC Report on Motoring 2003, LVL Report on Company Motoring 2000

Fleet managers take a hard line toward serious motoring offences

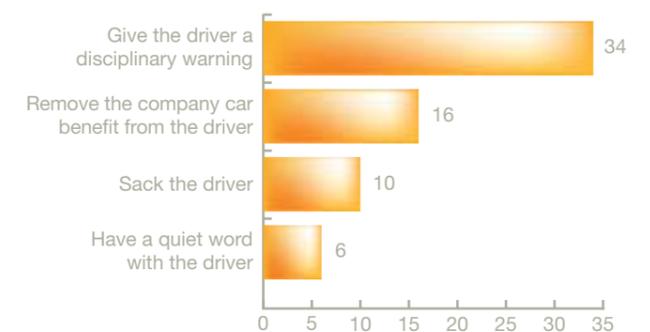
Fleet managers take the occurrence of motoring offences, such as dangerous driving or drink driving, among their company car drivers as a very serious matter and almost all take direct action of some sort.

The reaction varies from a formal warning to removal of the company car or even dismissal.

Of those fleet managers who say they would take some action if one of their company car drivers were convicted of dangerous driving or another serious motoring offence, 10% say they would sack the driver involved and just 34% would give some form of disciplinary warning. 16% of companies say they would remove the company car benefit from the driver.

Figure 6.6
Policies toward serious motoring offences

Top four responses % of fleet managers



Base: All fleet managers
Source: RAC Report on Motoring 2003

Companies are more lenient toward company car drivers who have an at-fault accident

In comparison, companies are more lenient in their approach toward company car drivers who have an at-fault accident than those convicted of a serious offence. A quarter of fleet managers say they would do nothing as a result, while 12% say they would issue some form of disciplinary warning and 10% would just have a quiet word with the driver. However, it is most common for companies to say they would make the driver pay for some or all of the damage concerned (33%). Drivers report that the reality is that in 85% of cases employers do nothing.

Drivers, however, do not necessarily see a need for such action, with over half of drivers who have been involved in an accident while driving for work saying it was “completely someone else’s fault”.

Allen Bewley, Head of Risk Management, RAC, feels this is a crucial stage of the risk management process and one companies often overlook. “Accidents should not be viewed as unavoidable. We need to change the mindset that such incidents are acceptable and that, when they do occur, we need to learn as much about the accident as possible to minimise the risk of it occurring again. It is worth remembering that when Concorde crashed and killed 113 people it led to the entire fleet of planes being grounded for almost a year. 1,000 drivers on company business die on the roads each year and there seems to be little or no investigation as to the cause.”

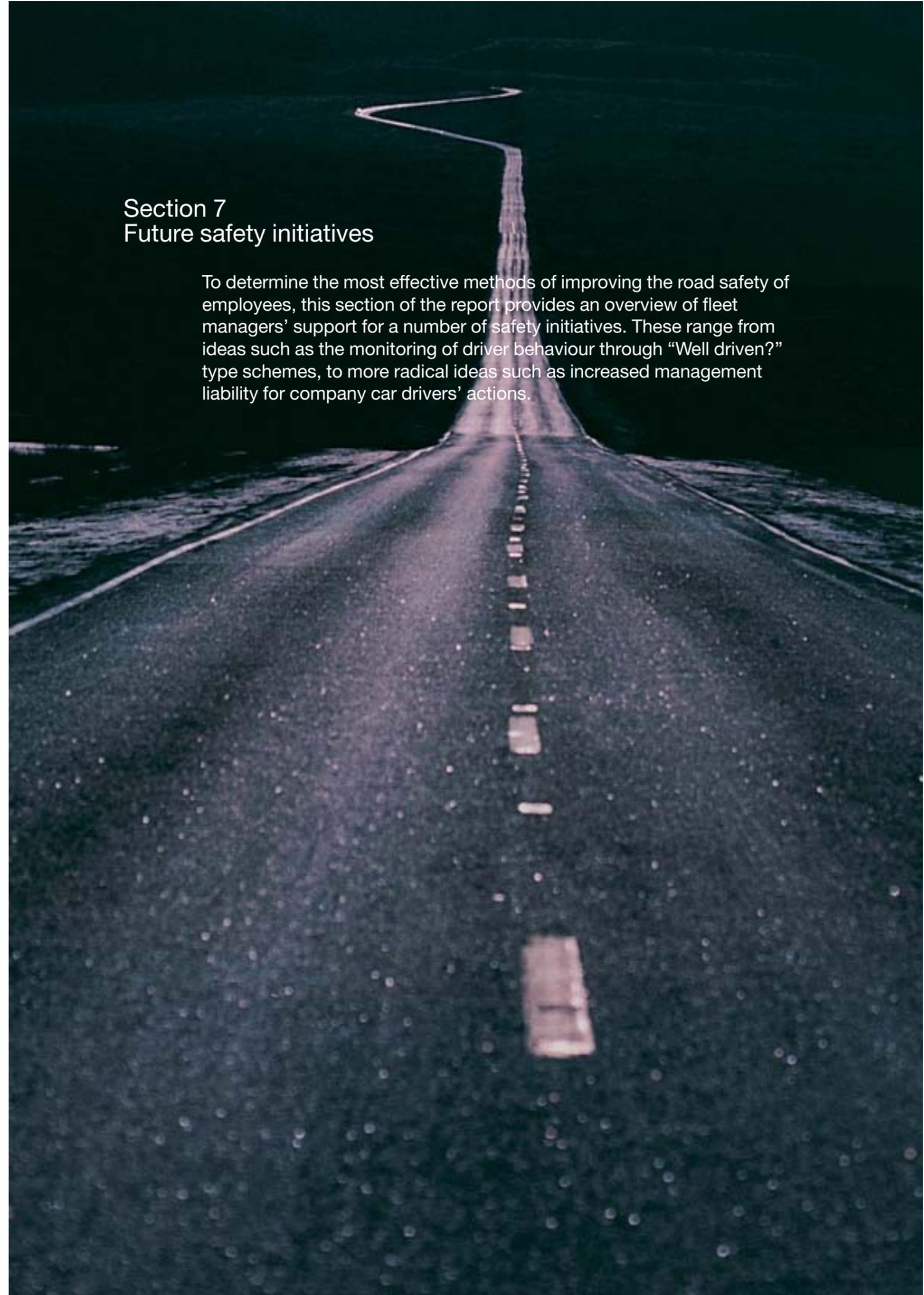
Figure 6.7
Policies toward at-fault accidents



Base: All fleet managers
Source: RAC Report on Motoring 2003

Section 7 Future safety initiatives

To determine the most effective methods of improving the road safety of employees, this section of the report provides an overview of fleet managers’ support for a number of safety initiatives. These range from ideas such as the monitoring of driver behaviour through “Well driven?” type schemes, to more radical ideas such as increased management liability for company car drivers’ actions.



Companies would welcome (a little) change

A number of ideas on ways to improve driver safety were put to fleet managers. The support for each is shown below, before each is looked at in more detail.

Figure 7.1
Support for future policy initiatives

	Agree	No opinion	Disagree
Company car drivers should only be allowed to drive for a certain number of hours per day	77%	9%	14%
Companies should be liable for company car driver accidents unless they can show that the drivers are adequately trained	42%	17%	41%
Companies should monitor their drivers' behaviour and in-car habits through devices such as satellite monitoring systems, tachographs and speed regulators	35%	18%	47%
It should be compulsory to have stickers on the back of company cars similar to "Well Driven?" with a telephone number to call	32%	22%	46%
It should be compulsory to have the company logo on the back of company cars with a telephone number to call	29%	12%	59%
Company car drivers should be required to pass additional examinations beyond or above a private car driver	22%	14%	64%
I would do more to improve the safety of company car drivers if I were personally liable	69%	9%	22%

Base: All fleet managers
Source: RAC Report on Motoring 2003

Regulating hours

The most popular initiative with fleet managers is to fix the maximum number of hours an employee can drive each day – as is currently the case with truck drivers.

A very clear majority (77%) of fleet managers support the idea of a similar restriction for employees driving cars on work-related journeys and 38% of fleet managers strongly agree with the idea.

Current domestic rules for HGVs limit driving to a maximum of 10 hours daily and a daily shift of 11 hours, while draft European legislation is proposing to reduce this to 9 hours driving per shift for professional drivers.

Linking liability to training

The second most strongly supported option is the principle of making companies liable for company car driver accidents unless they can show drivers are adequately trained, with 42% of fleet managers supporting the introduction of this policy. Alan Bewley, RAC comments: "While companies will rightly remain responsible for employees even when training has been provided, the research reflects the desire among many companies to take a responsible and balanced approach".

Despite these findings, which highlight the importance of drivers' safety in fleet managers' minds, support for such legislation has fallen from 2000 when almost two thirds (64%) of fleet managers supported the idea.

Techno-monitoring of behaviour

The third most popular idea is to monitor driver behaviour and in-car habits through devices such as satellite monitoring systems, tachographs and speed regulators. 10% already have some in-car monitoring in place and in total 35% of fleet managers support the use of such technology.

Mike Wear, Director of Fleet Operations, Ford Motor Company Limited, states: "As a manufacturer, the technology to provide such systems is available but to include these features as standard would leave us open to criticism. We have to consider the cost equation – who is willing to pay the additional cost for such features – as well as the view of the driver who still holds many concerns over the invasive nature of such technology."

"Well Driven?"

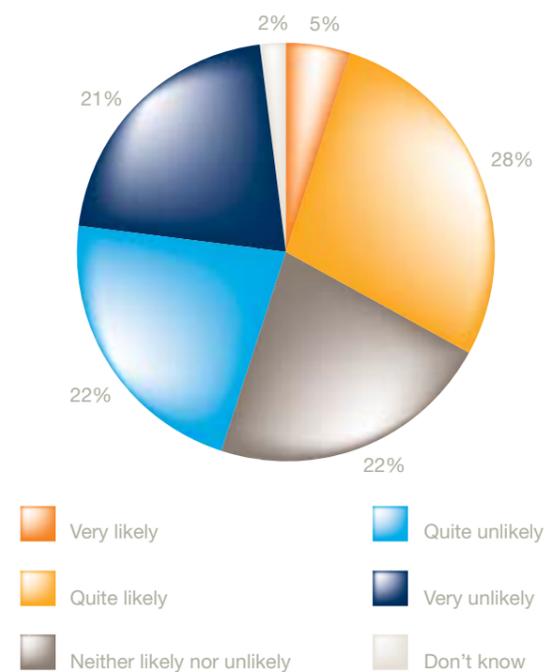
A less popular option is the idea of having a "Well Driven?" type sticker on the back of company cars. This would be similar to the scheme run by the Freight Transport Association for trucks. Nearly a third (32%) of fleet managers support the introduction of such a scheme, while nearly half (46%) oppose it. There was about the same level of support (29%) for having the company logo and telephone number on the back of every company car.

Currently around 7% of fleets mark their company cars in a similar way to the "Well Driven?" scheme. If a national voluntary scheme were introduced, 28% say they would be quite likely to implement the scheme – but only 5% would be "very likely" to. Thus there is a significant lack of support for the scheme even though just over half (56%) believe it would improve driving standards.

Steve Green, Chief Constable of Nottinghamshire Police, would welcome such an initiative and believes the commitment to introduce such a scheme by a national body or trade organisation would demonstrate a stronger sense of commitment toward driving standards: "Such schemes not only provide an opportunity for road users to report concerns about particular drivers' standards but they also invoke a moral pressure which I believe will be a key part in bringing about change."

Figure 7.2
Support for a national voluntary "Well Driven?" type scheme

"If a national voluntary scheme similar to "Well Driven?" was introduced for company cars, how likely would you be to implement the scheme across your company car fleet?"



Base: All fleet managers
Source: RAC Report on Motoring 2003

Figure 7.3
The effect of a national voluntary "Well Driven?" type scheme

"What effect if any, do you think such a scheme would have on the driving standards of company car drivers?"



Base: All fleet managers
Source: RAC Report on Motoring 2003

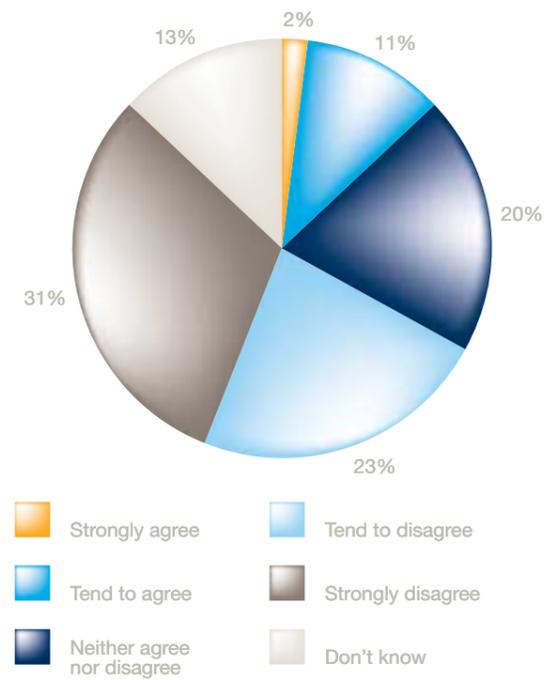
Company car drivers are ambivalent about such a "Well Driven?" type scheme. Only 14% of company car drivers whose cars are currently not branded say they think they would drive better if they had a "Well Driven?" logo on the back of their car.

15% of company car drivers have a logo on their cars but only 38% of these say it has had a positive impact on their driving.

Figure 7.4

The impact of company logos on driving standards

“I would drive more carefully if my company car had a logo on it”



Base: Company car drivers whose cars are not branded
Source: RAC Report on Motoring 2003

Additional driving exams

There is limited support (22%) among fleet managers for company car drivers being required to pass additional examinations beyond those for a private car driver.

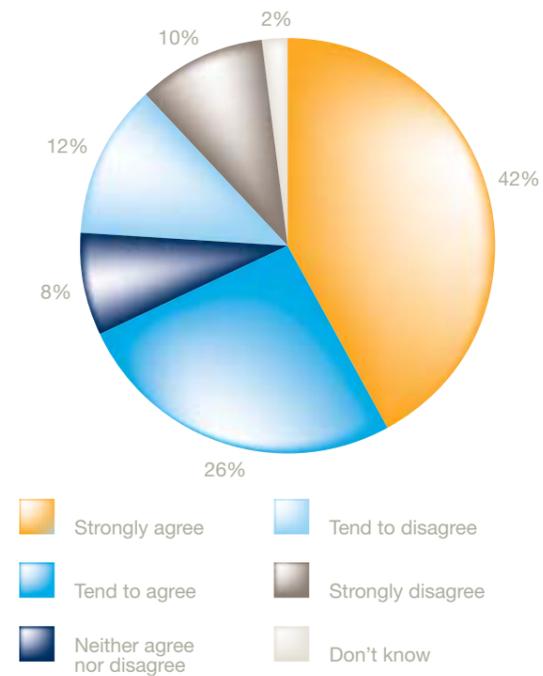
Fleet manager personal liability

Without a doubt the most effective (although probably the least popular) action to improve safety would be to make the fleet manager more personally liable for the safety of their company car drivers (although in theory they are currently liable if they can be shown to have been neglectful in their duties). 69% said they would do more to improve safety if they were personally liable. If they were free to determine safety policy, 39% would advocate more training courses, 11% would limit the amount of time drivers can spend at the wheel each day and 6% would ban the use of mobile phones while driving.

Figure 7.5

The impact of increased personal liability

“I would do more to improve the safety of company car drivers if I were personally liable”



Base: All fleet managers
Source: RAC Report on Motoring 2003

Appendices

Appendix 1 Research Methodology

Basis of the research

The RAC Report on Motoring 2003: Driving on Company Business, presents the analysis of two quantitative surveys conducted by Sample Surveys Limited and Swift Research Limited on behalf of RAC Motoring Services.

For the drivers' survey, Sample Surveys interviewed 1,000 regular drivers (defined as driving at least once a month) face to face at home between 4 October 2002 and 25 October 2002 in 100 constituency points in Great Britain. The sample included a boosted total of 250 company car drivers.

The data has been weighted to reflect the actual GB incidence of
a) company car drivers (whose car is provided by the company)
b) those who drive a car bought as a business expense and
c) drivers who bought their car privately.

Interlocking weighting factors have also been applied to reflect gender and residential region of GB car drivers.

For the fleet managers' survey, Swift Research Limited interviewed 250 fleet managers with responsibility for fleets of ten or more cars, over the telephone between 1st October 2002 and 16th October 2002. Quotas were set to ensure the views of different sized fleets were adequately represented. These results were compared with previous surveys conducted for The Lex Vehicle Leasing Reports on Company Motoring. These previous results were weighted to give comparable results.

It should be noted that the title of this report is "The RAC Report on Motoring 2003: Driving on Company Business". Up until 1999, the reports were called "The Lex Reports on Motoring" and from 2000 "The RAC Reports on Motoring". Despite these name changes, consistent research methods were used throughout.

Statistical reliability

Any figure taken from a sample can never be taken as a precise indication of the actual figures for the total population being sampled. The figures shown give an estimate, within a small margin of error, of the actual figures.

The error margin varies with the sample size: the larger the sample is, the lower the error will be. It also varies with the actual proportion answering, so that the error is lower for a 90/10 result than it is for a 50/50 result. In order to illustrate the use of varying sample sizes and their effect on the statistical significance of results, the table below outlines the degree of statistical error broadly associated with different sample sizes from the car drivers' survey.

Sample size	Percentage error 90/10 result	50/50 result
1,000	+/- 2	+/- 3
800	+/- 2	+/- 3
600	+/- 2	+/- 4
400	+/- 3	+/- 5
200	+/- 4	+/- 7
100	+/- 5	+/- 10

For example, from a sample of 1,000, if 50% answered in a particular way, we would be 95% confident that the true range is between 47% and 53%.

Appendix 2 Sources:

Royal Society for the Prevention of Accidents (RoSPA)
www.rosipa.co.uk

Work-Related Road Safety Task Group
www.hse.gov.uk

Department for Transport
www.dft.gov.uk

Freight Transport Association
www.fta.co.uk

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RAC Report on Mobile Phones
November 2002
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Lex Vehicle Leasing Report on Company Motoring
1995-2001
Lex Vehicle Leasing, Marlow

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Appendix 3

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Further information on some of the issues covered in this report can be found in the following RAC Reports on Motoring. The year in which the issue is covered appears in black followed by the relevant page number in grey.

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