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to find more

information about

Merrion Fleet and our

Team.

We also have an
interesting Driver
Section that is
constantly updated
with current news

WWW.MFM.IE

Welcome to the latest Merrion Fleet Management Newsletter



Merrion Fleet Management Team, Pictured left to right: Sarah Dunn, Graham Armstrong, Sarah Johnston, David Hurley, Marzena Golinska, David Wilkinson

The two most important topics for fleet managers and companies alike at the moment are reducing fleet costs and maximising health & safety in relation to driving for work.

Many organizations are unaware of their responsibility or 'duty of care' to ensure that their drivers are safe while they are driving for work.

At Merrion Fleet Management we offer our clients practical advice so that they fully understand their responsibilities, the steps they should take to manage and mitigate risk and also some of the benefits they can enjoy from running a safer fleet.

The purpose of this Newsletter is to keep you up-to-date with relevant information. Please feel free to contact us regarding anything you read or for any other fleet requirements.

David Wilkinson
Sales Director

The topics covered within this newsletter are:

[RSA & HSA Launch Driving for Work Guidelines](#)

[Managing Grey Fleets](#)

[Fleet Savings Guide](#)

Some Facts

'Around one in every
3 company cars will
be involved in an
accident each year'

– UK DFT Road Research
Report No 51

'The risk of dying in a
road accident while
driving on business is
significantly greater
than the risk of dying
in all other workplace
accidents'

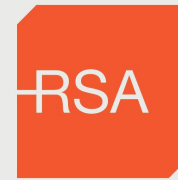
– UK DFT Driving For Work
Statistics

'Business Drivers
have collision rates
that are 30-40%
higher than private
drivers'

– UK DFT Driving For Work
Statistics

'72% of managers
don't know the real
cost to their business
of vehicle accidents'

– UK RAC Report on Motoring,
2007



RSA & HSA Launch Driving for Work Guidelines

The Road Safety Authority (RSA) and the Health & Safety Authority (HSA) have recently launched their new 'Driving for Work Guidelines'.

The guidelines were officially launched at an International Conference on 15th June in Dublin Castle on 'Road Safety at Work'.

According to Noel Brett, CEO, Road Safety Authority, "The development of driving for work guidelines, a requirement in the Government's Road Safety Strategy, will assist employers manage their staff's road safety. It provides an overview of legislation, how to carry out risk assessments and highlights the significant benefits for businesses and the wider community when work related road safety is managed effectively."

"Managing staff safety, while driving for work, makes good business sense, especially in the current economic climate as it protects staff and business profits. For example, for every €1 claimed on insurance, arising from work related road incidents, companies may have to pay a further €8 to €36 for uninsured losses." He said.

Mr. Martin O'Halloran, CEO, Health and Safety Authority, said, "All employers are required by health and safety laws to put proper measures in place to protect the safety of all their employees. Particularly concerning is that 42% of Irish businesses have no driving for work policy as part of their health and safety management system. A 2008 Health and Safety Authority survey of businesses also found that there was a lack of awareness of their duties to manage work related driving activities."

He added that, "As an employer, you should give your employees proper information and training to protect their safety, health and welfare. This duty extends to employees who drive for work. Not only will a proactive approach help to protect your workforce, it may also save your business significant amounts of money."

Where organizations do take steps to manage duty of care relating to driving for work, this can also bring a range of benefits;

- Reduced downtime
- Improved safety culture
- Improved public image and business performance
- Financial savings associated with lower insurance premiums, fewer repairs and lower costs of staff replacements and sick pay

The guidelines, published in CD Rom format are available free of charge from both the RSA and the HSA.

You can also click [HERE](#) for a downloadable version, along with details from the conference which include the agenda, speaker information and also copies of the presentations. Please select 'Driving for Work interactive CD-ROM' to view the guidelines.

We would be delighted to meet with you to explain how this guide impacts on your organization and advise on the steps that you need to take.

Managing Grey Fleets

In a recent survey carried out in the UK, 34% of organizations admitted that they do not have any basic procedures for checking the driving licences and insurance of grey fleet drivers – UK DFT

Road Research Report No 51.

We would expect this percentage to be a lot higher in Ireland

A Grey Fleet consists of vehicles that are driven on company business related journeys but are not provided by the company. These would include privately owned vehicles or vehicles funded through an allowance.



Employers owe the same duty of care under Health & Safety legislation to employees driving their own vehicles for work, as they do to staff driving company vehicles. Companies need to ensure that 'Grey Fleet' drivers are managed within the same policies and guidelines as if they were driving a company car.

Driving for work relates to journeys undertaken for any company business, between sites or driving to work other than your normal site or base. By allowing drivers to use their own private vehicle for these journeys does not get rid of the organizations duty of care responsibilities.

Written Policy

Make sure that you have a detailed policy document in place that includes clear advice regarding the levels of maintenance and safety checks that you expect drivers to follow for vehicles that are used for work.

Ensure that all drivers receive a copy of this document and that they understand what is expected of them.

Driving Licenses

It is important that the company checks driving licenses regularly to ensure that they are in date and free from endorsements. Companies should also insist that they are made aware of any penalty points, endorsements or convictions, e.g. a drink driving conviction.

Insurance

It is vital that employees have the correct level of insurance cover for at-work driving in their own vehicle under their own policy. Companies should request a copy of the insurance certificate.



Fuel Prices

The AA national average pump price for fuel for July 2009 shows a 27% drop for diesel and a 13% drop for unleaded petrol from the same month last year.

In July 2008 the national average pump price for diesel was €1.44 per litre and €1.34 per litre for unleaded petrol compared to €1.05 for diesel and €1.17 for unleaded petrol in July 2009

The cost of running a fleet is normally one of the biggest costs to a company after salaries and rent. It is now more crucial than ever to ensure that you are running the most cost effective fleet. There are a number of areas that companies can focus on to achieve savings. This newsletter should assist you in understanding where and how these savings can be made.

Whole Life Cost

Too often companies focus on the upfront cost of a vehicle rather than calculating what the actual cost of ownership will be over a given term in years and mileage.

A Whole Life Cost calculation will incorporate the following costs;

- o Depreciation & Cost of Financing
- o Depreciation
- o Service & Maintenance
- o Road Tax
- o Tyres
- o Fuel



The cost of fuel for a vehicle can account for up to 25% of the total cost of running a vehicle. It is therefore very important to include this cost when making policy decisions.

Car Grades / Limits

A Whole Life Cost will highlight the most cost effective vehicles that should be on your fleet and should be used when formulating Car Grades or limits. It will also highlight the most cost effective term in years and mileage. Depending on a vehicle's expected mileage, companies can reduce their costs by running vehicles over longer terms, i.e. 4 years instead of 3.

Your Car Grades / Limits should be reviewed at least quarterly to take account of new models or price changes. This information should be used whether you lease or purchase your vehicles.

CO2 Emissions

Vehicles choices can be restricted by CO2 emissions.



We would recommend that Car Policies should only allow vehicles that are within the A – C tax bands. Benefits to this are, with the lower CO2 emissions you have lower fuel costs, lower running costs, lower road tax and there are no additional BIK implications to the driver.

In addition you will also be able to avail of the partial VAT rebate if vehicles are within the A – C tax band. The Finance Bill now provides that a business engaged in fully VATable activities can claim an input credit of 20% (20% of 21.5% or a reduced amount for partially VATable entities) of VAT incurred on the purchase or hire of company cars that are used at least 60% for business purposes. The input credit will only apply to cars within the scope of Bands A, B or C for VRT purposes and which are registered on or after 1 January 2009. If the car is disposed of or ceases to meet the 60% business test within 2 years, some or all of the VAT reclaimed will be clawed back by Revenue.

Fuel

As fuel can make up such a large part of the cost of running a fleet it is a very important area to focus on.

In general, diesel vehicles are more fuel efficient than their petrol equivalents and will therefore cost less to fuel. In addition, companies that are VAT registered can reclaim the 21.5% VAT charged on diesel.

It is our recommendation to move to a diesel only fleet.

Fuel Cards will also control costs by restricting purchases to particular drivers and vehicles and in some cases the fuel provider will offer discounts and rebates.



Accidents

The true cost of an accident to a company is almost always higher than just the cost of the repair.

Some of the additional costs include;

- o Personal injury liabilities
- o Replacement vehicle costs
- o Insurance Premiums
- o Vehicle Wear & Tear
- o Vehicle down time
- o Corporate Image
- o Sick Days



Driver Assessment and Training is a critical part of any fleet policy. In addition to the cost benefit of reducing accidents, organisations have a legal responsibility to ensure that their employees are safe while they are at work which includes driving on business related journeys.



Driver training should reduce the number of accidents and fuel usage through better driving. This can lead to a reduction in Insurance premiums.

Organisations can also reduce the number of accidents by introducing a Penalty System to their Car Policy. In cases where an insured driver is deemed responsible for an accident, the driver will be asked to contribute to the repair of the damage. The costs to be paid will depend upon the circumstances of the accident and/or the previous accident history of the driver.

Driver Policy

It is essential that every company has a comprehensive Driver Policy that is constantly reviewed and updated. In addition to providing your drivers with useful information regarding safe driving and their responsibilities, a driver policy should include a schedule of vehicle checks which if followed will reduce avoidable repair costs.

Merrion Fleet can supply you with a comprehensive sample Driver Policy.

Contract Extensions

Due to the drop in second hand values, and hence residual values, the cost of running a new vehicle has increased over the past 12 months. Companies can therefore achieve savings by extending some of their existing vehicles as the current rental can be much lower compared to the cost of a new vehicle.

This needs to be reviewed on a case by case basis depending on vehicle, mileage and condition and because some manufacturers are offering additional registration bonuses so this can bring the cost of a new vehicle down.

Safety

It is important that companies do not compromise or neglect safety in order to reduce their fleet costs as they may end up spending more in the long run.

At Merrion Fleet we have extensive knowledge and experience in the fleet industry. We would be delighted to speak with you in relation to any area of your fleet and offer specialist advice.

Please feel free to contact us directly should you wish to discuss any topic covered within this newsletter in more detail.

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