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Fleet Matters

Best practice in fleet management

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ISSUE 08



Best practice in fleet management

Fleet Matters:
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We bring you the news that matters, selected for its impact on fleet management best practice. In this issue, we cover five subjects that could help or hinder your fleet operations. These include useful advice, a promising opportunity, a serious warning, a helpful guide, and a look to the future - all with recommended actions for fleet managers.



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Brexit – possible longer hours for trucks

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Following the Brexit vote and Theresa May's pledge to trigger Article 50, the Government is being urged to reconsider many of its laws once free from the European Union's. One of these concerns truck drivers' hours.

The current law about drivers' hours is based on the 1968 Transport Act mixed with more recent EU rule updates. This permits truckers to drive up to 56 hours a week, or 90 hours over two-weeks, with strict rest periods in between.

Many commercial fleet owners say these rules hamper 'local' hauliers, because their employees have to take a 45-minute break after driving for four and a half hours instead of taking several breaks throughout the day as dictated by their schedule.

This results in many UK truck drivers averaging five jobs a day, whereas 20 years

ago they averaged up to 10. Plus, these drivers are unable to work every Saturday under the current rules, even if their journeys are for just a few miles.

Yet much of their time is spent in traffic jams and not in covering tough long distances. On top of this, many other driving jobs such as taxis are permitted to work longer hours without such restrictions.

Lobbyists say that by amending the Transport Act, not only would the number of jobs undertaken each day increase but workloads could be adjusted so trucks are working when the roads are less busy – thus easing congestion on the roads too.

The Government is unlikely to wholly abandon the drivers' hours set at the level of European Union law, as there are elements of fair competition and road safety to consider as well as the professionalism of the industry.

However, a two-tier system could emerge establishing different rules for long distance truckers and short distance 'local' hauliers.

The question would then remain, what about truckers combining driving in Great Britain and Europe? This could simply cause more confusion and compliance problems.

Action Point:

Sudden changes are unlikely, but look out for updates that could help local hauliers while still, hopefully, protecting long-distance drivers.

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Mobiles – tougher laws when driving

Even though the number of drivers caught using their mobile phone while behind the wheel has halved in the past five years, road safety charity Brake says the number is still far too high.

Over 90,000 offenders were stopped by police in the UK last year, compared with 178,000 in 2012. Sadly, this is not due to improved behaviour; the National Police Federation said the drop mirrors the number of traffic officers being halved since 2000.

A [recent survey by the RAC](#) suggests nearly a third of UK motorists text, call and use apps at the wheel, with the number having risen since 2014. Of the 1,700 people questioned, 14% said they had even taken photos and made films while driving.

Although it is tempting to use a phone behind the wheel when your job involves driving all day, offenders face a minimum of three penalty points and a £60 Fixed Penalty Notice.

Under changes to [the rules](#) expected early in 2017, offenders could get a minimum six points on their licence and a £200 fine. If the matter proceeds to a Court hearing, the fine can be as much as £1,000 or £2,500* if you were driving an HGV – and a minimum six-month driving ban.

**Correct as at October 2016.*

[Department for Transport figures](#) published by Parliament show that drivers distracted by their phone contributed to 492 accidents in Britain in 2014, including 21 fatalities and 84 classed as serious, and serious cases lead to serious penalties.

When cyclist Lee Martin was killed in August last year by a van driver texting on the A31, the driver was sentenced to nine years in prison. A lorry driver who fatally crashed into an off-duty police officer's car in June 2014, shortly after he had looked at a text, has also recently been jailed.

Of course, the victims' family is left with a life sentence of grief.

The problem cannot be solved by enforcement alone. Businesses and individuals need to build awareness to make it socially unacceptable to use a mobile phone while driving.

Action Point:

Ensure that anyone driving for your business is using a legal hands-free system, and knows the penalties for not using it.

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Leasing – pros & cons of a flexible fleet

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Some form of leasing or financing is the most popular way to fund a fleet of vehicles in the UK. It can make good financial sense and save hassle, but identifying the right option can be tricky. To help you get started, here is an overview:

Business leasing

Advantages: Leasing payments are tax-allowable expenses which can help reduce your tax bill. VAT-registered businesses can reclaim 100% of the VAT (50% if the vehicle is also used privately). Leasing also helps save money that can be invested elsewhere.

Disadvantages: If you like your vehicles and wish to own them, you will need a PCP (a personal contract purchase) agreement. You also have to set and agree the annual mileage for each vehicle and if you want to end your leasing agreement instead of upgrading it, there is a cost.

Contract hire

Advantages: A fixed monthly sum for a fixed period, then the vehicle is returned. Service can be included, your fleet can be updated regularly, and payments are based on depreciation. 50% of VAT can be reclaimed on payments and 100% on maintenance.

Disadvantages: There are penalties for exceeding the agreed mileage, so you will need to predict distances accurately, there is no option to buy, and you need comprehensive insurance.

Contract purchase

Advantages: This lets you buy at the end. Payments are based on the expected depreciation, but a minimum guaranteed future value is calculated. You can then either buy at that value, refinance using that value, or hand the vehicle back (least cost-effective). Services can be included.

Disadvantages: VAT can only be reclaimed if the vehicle is used solely for business.

Sale and leaseback

Advantages: To release funds, you can sell your existing fleet to a leasing company, then rent it back again. A maintenance plan can be arranged.

Disadvantages: Leasing contracts have a fixed term, so you do not have the flexibility of ownership. Also, the asset value of your fleet is removed from the balance sheet.

Action Point: If you are considering one of the options above, be sure to seek expert advice first.

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Fuel – the uncertainty of prices

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Uncertainty of fuel prices is unsettling for anyone running a fleet of vehicles. Recent trends are not encouraging. Last month, UK drivers were hit by the highest costs for petrol and diesels costs this year as oil prices around the world continue to increase from the lower prices of 2015.

The cost of unleaded petrol and diesel has increased for the second month in a row, forcing the average price of diesel up to its highest point for this year, and to petrol its second highest.

RAC Fuel Watch figures reportedly showed that the average price of diesel on forecourts increased by 0.42p in September to hit the 113.34p per litre mark. At the same time, a litre of petrol was still 112.07p by the end of September, up 0.48p from the beginning of the month and only just below the year's highest price of 112.33p which it reached in August.

This recent trend of rising fuel prices follows the surging price of oil worldwide. In January, the price of oil was just \$28 per barrel. This has increased throughout 2016 to September's price which was just shy of \$50 per barrel.

The problem is that Britain is experiencing a double-hit: at the same time the pound is weakening due to fears about the economy's future after the Brexit vote, global oil prices are also rising. This places pressure on wholesale fuel prices, which is pushing the price further up at the pumps.

Following the pound's recent sudden plunge by 6%, hitting a 31-year low against the dollar, the wholesale price of petrol was more than 8p higher this month than it was at the beginning of August, while the wholesale price of diesel was nearly 10p higher.

More concerning is that the world's largest oil producers have reached an agreement to limit oil production in an attempt to bolster prices. This pushed the price of Brent crude beyond the \$50 mark; it is hard to forecast how this will affect prices in the longer term.

Action Point:

Contact Fuel Card Services for free advice on how to choose the right fuel card to manage your fleet costs as efficiently as possible.

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Duty of care – ready for winter?

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Although we are some weeks away from seeing the first snow fall, your duty of care is to ensure your drivers are adequately briefed and trained for winter conditions. Extreme weather, even in the UK, must never be underestimated.

The problem is one of complacency: business drivers get into their vehicle almost every day, and, except for some occasional heavy rainfall, expect their vehicle to simply work and the weather to stay largely ignorable.

You might think drivers will adjust naturally to severe driving conditions, but according to a [Highways Agency survey](#), 63% of drivers do not check their anti-freeze, water or oil before setting off on a journey in winter. More alarmingly, this survey cites an Annual Road User Satisfaction Survey (ARUSS) revealing

that almost half of drivers (45%) do not carry out any winter checks on their vehicle at all.

Yet it only takes a few minutes to carry out these checks. As well as looking after your vehicle, it is also well worth preparing an emergency kit in case of a breakdown. This may feel excessive now, but travelling with items such as spare warm clothing, a thermos, some food, and a torch, could be real comfort – if not a lifesaver.

Help your drivers to remember. Just three steps can make all the difference:

1. Prepare the vehicle

As well as the checks above, make sure they check tyres have at least 2mm of tread and are correctly inflated. Also that they check their washer fluid and wipers to ensure a clear view.

2. Plan ahead

Remind them to look ahead online to see if there is a chance of ice, fog, or snow. They should try to avoid travelling in extreme conditions, or stick to A-roads as these get gritted and cleared first.

3. Adjust driving for the conditions

Ensure they drive slower in bad weather and increase their stopping distance to significantly reduce the chances of a collision. Also, that they minimise distraction such as hands-free calls or loud music to help their concentration.

Action Point:

Anyone driving for your business needs to get into the habit of making winter checks now, so they're prepared if the weather gets worse.

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What help is available?

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Fuel Card Services has many years' experience in helping with cost-effective fleet management, gaining an invaluable depth and breadth of expertise. Its help is readily available to fleet managers through a widening range of specialist services and products.

Whatever the fleet management question, either Fuel Card Services or one of its expert, specialist partners is likely to have met the issue many times already. You can be assured of straightforward answers, based on deep fleet insight and long experience.

Its services include a [duty of care package](#), as part of its CompleteFleet range, helping your drivers stay safe on the roads. In addition, they can help with the [financing and acquisition of discounted new vehicles](#), through FCS Vehicle Solutions. There is also access to exclusive deals in such areas as tyres, insurance and more.



Action Point:

Contact Fuel Card Services with your fleet management issue. At the same time, ask for an illustration of how much money and time you could save, with solutions that exactly meet your specific refuelling and fleet management requirements.

Call 0844 870 9988



Contact us

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T: 0844 870 9988

E: enquiries@fuelcardservices.com

W: www.fleet-matters.co.uk

A: Fuel Card Services

The White Barn, Manor Farm

Wantage, Oxfordshire OX12 8NE

