HIGHLAND COUNCIL

Committee:	**Redesign Board**
Date:	**27th February 2018**
Report Title:	**Review of Grey Fleet**
Report By:	**Grey Fleet Review Team**

Purpose

This report outlines key recommendations from a review of the Council's grey fleet, as required by the Redesign Board. Members are invited to consider the findings and agree preferred options in respect of grey fleet management going forward. The review findings address cost and risk implications for the Council and they are aligned to staff feedback on their dissatisfaction with current arrangements.

Recommendations

Members are asked to agree the review recommendations detailed at section 14 to this report, in summary they are:

- To reduce the need to travel;
- Where travel is necessary, to reduce the spend and carbon emissions associated with it;
- To review the travel desk, including expanding its role to accommodate pool cars;
- To enable the use of car clubs where appropriate;
- To support active travel for short journeys;
- To review and implement new travel policies; and
- To adopt the implementation plan provided.

Members are asked to note that:

- the responsibility for reducing grey fleet travel costs following this review would sit with the Depute Chief Executive/Director of Corporate Resources;
- all recommendations are operational matters that can be taken forward as delegated powers to officers, apart from the recommendation to review and implement new travel policies which would need Committee consideration. Approval can be sought to undertake this work at the Council meeting in March if the Board agrees. If subsequent Committee consideration is needed that would be delegated to the Corporate Resources Committee.

Review of Grey Fleet

1.   Executive Summary
1.1   This report outlines key recommendations from a review of the Council's management of grey fleet, as required by the Redesign Board. Members are invited to consider the findings and agree options in respect of grey fleet management going forward.

2.   Background & Context
2.1   This review was undertaken by the grey fleet peer group which comprised of:
•   Caroline Campbell, Head of Performance and Resources, Community Services
•   Angela Mackenzie, Operations Manager, Payroll
•   Keith Masson, Climate Change Officer
•   Kateryna Zoryk, HR Business Partner
•   Roy Cattle, TU Rep
•   Councillor Jimmy Gray, Redesign Board
•   Councillor Derek Louden, Redesign Board

2.2   Support and challenge was provided by Bill Alexander, Director of Care and Learning.

2.3   Grey fleet can be defined as all vehicles, owned by an organisation's employees, which those employees use for business purposes. Grey fleet travel refers to mileage in employee-owned vehicles making journeys for business purposes.

2.4   This review was undertaken as grey fleet travel represents a substantial cost and risk to the Council. Despite the Council's recent reduction in grey fleet mileage (see Table 1 below and **Appendix 1**), the grey fleet still accounted for 82% of the Council's travel costs in 2016/17.

2.5   The Council has a legal duty of care to all grey fleet users; every mile undertaken on Council business is covered by work-related road safety (WRRS) legislation.

2.6   The grey fleet peer group undertook an assessment and analysis of the Council's grey fleet claims, policies and procedures, and identified various opportunities to reduce costs and carbon emissions whilst maintaining service levels and also lowering the risk profile associated with the grey fleet. This report summarises the review, and includes the following:

•   How to reinforce the Council's health and safety policies around grey fleet;
•   An outline and analysis of alternatives to grey fleet use;
•   Proposals and an action / implementation plan for future work around staff travel and reduction of grey fleet costs.

2.7   In order to inform the review process, the peer review group engaged with nearly 30 members of staff across all services, as well as external agencies including the Energy Saving Trust, HITRANS, NHS Highland and car clubs.   In addition a survey of 5,000 staff with PC use and Members was undertaken. A total of 1,368 responses were received. The views fed back have informed the review findings.

3.   Scope of Review
3.1   The scope of the review was presented to Members of the Redesign Board on 10 October 2017. Members agreed the scope and requested that the following be considered as part of the review:

•   The operation of the travel desk;

- How to reinforce the messages around insurance cover required for business travel;
- How to be more VC/Skype savvy when there are participants from more than one site;
- Data on average length of journeys and vehicle hire costs;
- Electric vehicle options; and
- Electric bike for journeys of 5 miles and less.

3.2 In addition, during the peer group's first meeting with the Director of Care & Learning, it was clarified that meeting the needs of staff whose travel relates to delivery of a face-to-face services, e.g. those providing services to families, would be challenging. It is important that recommendations do not impact on service delivery, and if possible, that service delivery should be enhanced.

4. Current Situation

4.1 The Council's 3,200 grey fleet drivers (including Members) travelled nearly 6 million business miles in 2016/17 (see table 1 below – this figure excludes passenger miles to avoid double counting). This represents a 13% reduction in grey fleet mileage since 2012/13, in real terms. However, despite this progress, the remaining mileage:

- Cost the organisation over **£2.2 million** over the course of 16/17 in mileage claims;
- Caused the emission of around **2,000 tonnes** of carbon dioxide; and
- Required staff (including passengers) to have spent around **144,000** hours in 2016/17 in vehicles which are out with the control of the organisation. This is equivalent to approximately **18,000 working days lost**, at an estimated cost to the organisation of **£2.34** million through lost productivity (based on Office for National Statistics average public sector salary and employment costs figures from December 2016).

4.2 The table below presents 2016/17 mileage and payments data for each directorate:

Table 1

Directorate	Claimants	Claims	Miles	Payments	Claims Ex. Passengers	Miles Ex. Passengers[2]	Payments Ex. Passengers
Care & Learning[1]	1,915	12,971	4,040,150	£1,353,576	11,021	3,660,190	£1,334,603
Chief Executive's Office	27	322	53,091	£20,743	288	49,871	£20,582
Community Services	308	2,504	756,201	£244,632	2,237	726,426	£243,158
Corporate Development	185	894	139,663	£44,992	787	128,512	£44,434
Development & Infrastructure[2]	544	3,435	926,802	£299,478	3,035	872,341	296,771
Finance	155	852	153,553	£47,459	731	137,230	£46,637
Members	63	701	423,841	£191,256	701	423,841	£191,256
Totals	**3,197**	**21,679**	**6,493,301**	**£2,202,136**	**18,800**	**5,998,411**	**£2,177,441**

Note:
1. Care & Learning figures include data in respect of ex-NHS staff (payroll code 65). The values of the data so apportioned are: 1,894 claims; 596,843 miles; and payments of £219,513
2. Community Services figures include some data which was coded into Integra as Housing Revenue Account rather than against a specific directorate. This data has been apportioned to Community Services following advice from Finance. The values of data so apportioned are: 1,020 claims; 309,466 miles and payments of £111,975.
3. When considering miles driven it is miles ex passengers (shaded column) which should be the primary measure to avoid double-counting miles. Payments, however, should be the unshaded column as this reflects the value of all mileage payments made.

4.3 Trend data at aggregate Highland Council level in respect of mileage and payments can be found in **Appendix 1**.

5. Current Provision of Vehicles
5.1 The Highland Council has a mixed economy in terms of the provision of vehicles for staff (excluding public transport). Depending on the specific need there are a number of ways in which staff can move around:

- Casual Car Hire – from an existing Procurement Framework specifically created to service the needs of Council staff across the Council area. All hires are administered by the Travel Desk who work from a ranked framework of companies across Highland based on cost per car group (where A is generally a small car and each group offers a larger car depending on the particular need of the hirer). Services are cross-charged directly for car hire usage for their own staff;
- Grey Fleet – where staff members use their own vehicle and claim mileage based on their specific journey;
- Pool Cars – where Fleet have provided a vehicle for use amongst staff members based within a specific location. Generally these vehicles are the subject of a contract lease/grant funding arrangement.

6. Current Policies and Practices
6.1 Below provides some key information in respect of existing policies and practices, which we would recommend to be reviewed as part of a wider exercise following on from the current review.

6.2 Details of grey fleet vehicles are largely unknown since the shift to online claims through MyView; there is currently no opportunity to capture individual vehicle registration marks for officers (this is not the case for Members, who do submit registration information as part of the claims process) and therefore, the Council cannot be certain that grey fleet vehicles have a valid MOT or meet EU safety and emissions standards.

6.3 Health & Safety – for most staff, driving is likely to be the most dangerous activity undertaken at work. The Council must ensure that appropriate procedures are put in place to cover its responsibilities under the Health & Safety at Work Act 1974 and the Corporate Manslaughter & Corporate Homicide Act 2007. In the event of a work-related road accident, an organisation can be prosecuted and significant penalties applied if it cannot demonstrate that it has taken "reasonably practicable" steps to manage its duty of care. As grey fleet vehicles are out with the Council's control, there is a significant risk to the organisation, should any of its grey fleet drivers be involved in an accident in which the condition of that vehicle could be deemed unsafe, especially if the Council cannot demonstrate that relevant documentation has been checked.

6.4 The current Travel & Subsistence policy was last updated in respect of business mileage

rates (including car hire equivalent rates) in 2011. It would be prudent to now review these rates to ensure they are in line with other local authorities and to encourage and maximise staff uptake of alternative forms of transport.

6.5   Travel Desk involvement – the Travel Desk was established to arrange all business travel, excluding grey fleet. The survey and workshops undertaken throughout the review have fed back difficulties with Travel Desk processes, which encourage many staff to simply use their own vehicles instead.

6.6   Resource Link – in relation to the process for mileage claims, managers do not have an opportunity to challenge travel before journeys and claims are made; this therefore could present as the easiest option for many staff (although not the most cost efficient for the Council). In addition, when submitting claims, the car hire equivalent rate is not automatically calculated and must be entered manually, creating the risk of errors / overpayment.

6.7   Claim checking – the new on-line system for claiming mileage introduced in 2015 automatically totals each full claim. This was previously checked manually. It is not clear the extent to which managers undertake any further checks prior to approving claims. Whilst difficult to quantify, the Energy Saving Trust estimates that 15-20% rounding up is not uncommon. Although this sounds high, rounding up an 8 mile journey to 10 miles equates to a 25% overclaim, and our current system does not auto-calculate mileages to mitigate against this risk. Since the new process for making mileage claims was implemented, the facility for spot-checks is in place. However, this does not appear to have been widely used.

7.   Travel Hierarchy
7.1   Through information gathering within staff groups and in conducting the survey, it has been recognised that whilst there is a broad, general level of understanding amongst staff about what the Travel Hierarchy is, it plays a relatively insignificant role in the choice of business travel. Most staff undertake journeys, regardless of type, in the way they consider most appropriate to deliver services.

7.2   However, there are many options that staff can use instead of travelling in grey fleet vehicles – for example, by avoiding the journey altogether by utilising audio or video conferencing facilities (in particular, Skype for Business – see para 11.3 below), or by carrying out the journey by a different mode of transport. There needs to be an awareness raising promotion in relation to the hierarchy in respect of the health, safety and welfare of staff, the code of conduct for employees and the cost to the Council. It should be enforced by managers and the Travel Desk, as well as embedded into appropriate policies e.g. Travel & Subsistence / Staff Travel policy. The order in which alternatives could be considered is outlined below.

7.3

Least sustainable   Most sustainable

1. *No Travel* - **Does the meeting need to take place face to face, or at all?** If so, can it be done by tele/video conference/Skype for Business?
2. *Active Travel* - **Is the meeting close enough for you to walk or cycle?** If so, don't forget that you can claim 20p per mile if you cycle.
3. *Communal Travel* - **Can you take public transport to the meeting?** Plan your

door-to-door journey using Traveline Scotland - https://www.travelinescotland.com/

4. *Shared Asset Travel -* **Can you car share with other delegates going to the meeting?** Is there a delegate list? If so, do you all need to attend? Can you travel together?

5. *Lower Carbon Travel -* **If you have to use a car, can you schedule other meetings to maximise the benefit of the journey?** Could you consider taking a more economical car, such as one of the Council's fleet vans or electric cars, or a car club car?

6. *Unsustainable Travel –* **If you have to travel on your own, is it closer to travel to your meeting from your home rather than your work base?** Don't make unnecessary journeys, plan ahead, and take relevant documentation and equipment with you, if you can.

7.4 Developing a robust workflow diagram in respect of the above would leave staff in no doubt as to the type of travel to be undertaken.

7.5 A draft implementation plan in respect of a revised travel hierarchy can be found at **Appendix 2**.

8. Climate Change

8.1 Climate change is now recorded as a corporate risk. In addition, The Council has a legal duty to assist Scotland achieve its national carbon emission reduction targets as mandated by the Climate Change (Scotland) Act 2009, to reduce emissions of greenhouse gases by at least 42% by 2020 and at least 80% by 2050. The review of grey fleet provides an opportunity not only to reduce organisational risk and costs, but to support emissions reduction across the region.

8.2 The Council's grey fleet was responsible for ~2,000 tonnes of carbon dioxide emissions in 2016/17, representing around 3% of total emissions for the organisation. However, this figure is an estimate, based on DEFRA conversion factors. The Council converts miles travelled into carbon dioxide equivalents (CO_2e) by using a specific conversion factor taken from DEFRA's "Environmental Reporting Guidelines for Company Reporting on Greenhouse Gas Emissions". This method has been used as the Council does not capture registration marks of grey fleet vehicles, which would allow a more accurate emissions figure to be calculated. It is widely accepted that most grey fleets include large numbers of older, higher emission vehicles which are neither as safe nor as efficient as their modern counterparts.

8.3 To this end, it is recommended that the Council begins to capture registration details for all grey fleet vehicles as a priority action.

9. Analysis of Data and Findings

9.1 Methods of Staff Engagement
Various methods of staff engagement were undertaken throughout the course of the review. These included a staff survey, interviews, teleconferences and workshops.

9.2 Staff Survey
The survey was designed to gain a better understanding of staff travel for work purposes, and whether options such as improved IT, pool cars or car club cars could benefit both the organisation and its staff. The survey feedback showed that:
- A key factor for these staff when making the decision of what transport option they could use is 'time and schedule', with cost to the staff member a secondary consideration.

- On an average day 53% of those who responded travelled up to 1 hour each day, with 29.4% travelling between 1 and 2 hours, and 15% 2 hours or more.

- With regards to choices staff felt they had, 54% stated that they were aware of the travel hierarchy but that that it did not affect their choice of travel, with 30% (highest response) stating that they always looked for alternatives, and 25% stating that alternatives were never considered.

- Improved video conferencing/Skype was not seen as a viable alternative to travel but this may relate to the nature of key areas of work done by majority of grey fleet users as face to face contact would be a key requirement.

- When questioned on their thoughts of using pool/club car 75% stated they would use this option and would only use their own vehicles because of a lack of appropriate and reliable alternatives.

- In relation to their responsibilities when using their own vehicles, 92% understood they were required to have business travel insurance. 99% stated they had valid driving licenses and 99% stated the vehicles they used had a valid MOT – which are worrying results as we would have expected 100% outcome but perhaps the questionnaire has raised awareness of requirement to ensure vehicle is fit for purpose.

- A key outcome from the survey was the opportunity for staff to comment on the current requirement to use grey fleet and offer suggestions for alternatives. Two of the most noted suggestions were to have some form of leased car option or provide cars for 'essential users' if this was a more cost effective option for staff with high travel needs; and pool / car club options that resulted in well maintained vehicles, suitable for terrain, that could be made available on the day, with user friendly systems for use.

9.3   Interview & Workshop Results and Findings
In undertaking the grey fleet review, it was recognised that over and above gathering data through the staff survey, it would be important to directly engage with staff who travel in their own vehicle frequently in delivery of their duties; the team acknowledged at an early stage that any alternatives to grey fleet travel must not impact on delivery of services by staff, and if possible, enhance this. A series of interviews, workshops and conference calls were held with individuals and teams from across the Council to gain an understanding of how different staff deliver services and why there is such heavy reliance on private vehicles. This engagement showed:

- Given that the Council covers a significant geographical area, staff require travel flexibility in order to deliver services. This is particularly acute in more rural locations, where alternatives such as car hire and public transport are simply not viable.

- There are distinct differences across services and teams in respect of the ability to programme work, and the need to be able to react at short notice. Clearly, officers who can proactively manage meetings and work away from the office are better placed to utilise alternatives to grey fleet than those staff who require immediate access to a vehicle to deliver essential face-to-face services.

- Workshop groups recognise that there is likely to be scope for almost all staff to become more proactive in managing at least a portion of their workload, thus

reducing grey fleet travel.

- Car hire is a significant problem for staff and Members out with Inverness; not only is the booking process lengthy and time consuming (hidden costs), a longer, more costly hire is often required due to inflexibility around drop off and pick up times. It has been evidenced that single day car hire requirements (for early morning starts and evening returns) often results in the Council being charged for a 3 day hire as the vehicle is dropped off the day before and picked up the day after the required rental period.

- In addition, many staff and Members experience difficulties booking a hire car in the summer months, due to increasing demand from visitors to the region.

- There is recognition that improved tele and video conferencing facilities would reduce the need for some journeys, but not all. However, the current availability of video conferencing facilities (especially those in private rooms) is deemed poor, as is access to reliable teleconferencing options. Provision of equipment and training on best use across the organisation is inconsistent and does not support travel reduction at present.

- There is some appetite from managers to be stricter with staff in respect of mileage claims. For example, some are willing to challenge staff if a private car is used when an alternative option was available.

- Many staff are required to take equipment with them to meetings and site visits – this often rules out taking public transport and makes use of private vehicles more convenient.

- Many staff and Members are aware that the same journey (e.g. Dingwall to Inverness and return) is undertaken by multiple staff many times each day. However, at present, there is no means to identify opportunities for car sharing other than word of mouth.

- There is a perception that existing provision of Council fleet vans / pool cars is unfairly distributed, and that a more equitable arrangement should be developed.

- It has been recognised through engagement with teams and through the survey that there is appetite to trial alternative options to grey fleet, such as pool cars / car club vehicles. Staff generally feel that they are losing out by using their own car for Council business (and some even acknowledge / feel that they are subsidising the Council by doing so) but lack of options means grey fleet use is often essential.

- Some locations may be unsuitable for alternatives such as pool cars / car club vehicles due to lack of parking provision – it is recognised that if alternative options are to be provided, staff should not have to walk more than 5 minutes to pick it up.

- The perception of the Council in terms of physically delivering services could be improved through utilisation of its own, branded pool or car club vehicles – at present, the public have no visibility of staff delivering services through use of their own car, although in some cases it was stated that this would not be appropriate, depending on the service being delivered.

- There is a lack of understanding amongst staff and Members of the cost (both financial and environmental) in respect of using their own vehicle.

10.   Alternatives to Grey Fleet

10.1   It is clear from the staff survey and the workshops undertaken as part of this review that there is significant dissatisfaction with current arrangements in respect of staff travel, with many grey fleet users favouring an alternative as they only use their own vehicle out of necessity. However, at present, alternatives are generally not available, other than casual car hire, which cost the Council **£404,625** in 2015/16 and **£398,883** in 2016/17 (it is important to note that casual car hire poses its own problems for staff in rural locations, as previously stated – for example, it is often difficult if not impossible to hire a car, and in many cases, a bigger, more expensive vehicle is provided than is required). Together, grey fleet and casual car hire cost the Council **£2,715,421.87** in 2016/17, and **£2,601,019** in 2016/17.

10.2   The following provides an overview and outline costings in respect of two of the most appropriate / cost effective options for replacing grey fleet and / or casual car hire journeys.

10.3   Pool Cars
Currently, the Council operates 9 pool cars, although this number is slowly growing. These are:
- Inverness – 1 Toyota Prius (hybrid); 1 Vauxhall Astra (diesel); 2 Nissan Leaf (fully electric)
- Golspie – 2 Nissan Leaf
- Portree – 1 Toyota Prius; 2 Nissan Leaf (one dedicated to Car Park wardens)

10.4   As areas of high spend are identified, the Transport & Logistics Manager is in consultation with staff identified to place pool cars with those users/within those locations to try to reduce spend on casual car hire and Grey Fleet where possible.

10.5   The issue with pool cars to date has been the lack of any robust management process in which to ensure availability where and when pool cars are needed and in the condition expected by staff from a shared resource. However, there has been a recent investment in the Fleet management System, *Tranman*, which will help to manage Pool Cars going forwards.

10.6   Analysis of the costs of casual car hire and grey fleet for data from 2015/16 by the Procurement Unit has established that 100% adoption of the pool car model in replacing all grey fleet journeys would deliver cost avoidance of almost **£650,000** per annum, based on 2015/16 figures). It should be recognised that this level of saving can only be achieved through a combination of effective communication, support and challenge by managers leading to culture change in respect of business travel throughout the organisation, and wide-scale provision of pool cars as an alternative means of business travel.

10.7   This model could provide a cost-efficient option for daily trips. The modern pool fleet, if well managed, can be a simple, cost effective, low emission and safe method of meeting the essential transport needs of staff. However, the vehicles in the pool fleet must meet a number of criteria:

- Affordable – target to operate at lower than the grey fleet rate of 45p/mile;
- Fit for purpose – especially if required to carry equipment or clients;
- Low or zero carbon – ideally below 95gCO_2e/km which is the current threshold

for 100% enhanced capital allowance;

- Safe – meets recognised safety standards (NCAP) for the protection of the occupants;
- Good for local air quality; and
- Attractive, modern and comfortable – staff should want to drive the vehicles rather than take their own.

10.8   It should be recognised that pool cars do have some disadvantages, and may not be suitable for all staff. Some issues include:

- Responsibility for maintenance of the fleet would rest with the Council; the cost of staff time therefore needs to be factored in.
- The Council would be responsible for managing the booking system and for ensuring that vehicles are available as and when required. Again, this could be time consuming, costly and burdensome to manage at a macro level.
- Parking at many Council sites is limited; this would pose challenges for provision of pool vehicles at these locations.

10.9   <u>Car Club Model</u>
Another potential solution would be to adopt the car club model currently being employed in a number of other Local Authority areas, including Aberdeen, City of Edinburgh and Dumfries & Galloway. A car club provides its clients with quick and easy access to a car for short-term hire to be used for local journeys. Staff can make use of car club cars as and when required, and car club vehicles typically emit only 64% of the CO_2e per kilometre of the average grey fleet car they replace. Car club operators are also well placed to respond to changes in demand, by either adding vehicles to journey-intensive locations or shifting underused cars to where they could be better utilised at short notice.

10.10   At present, the Council has an agreement in place with Enterprise Car Club and E-Car Club (a subsidiary of Europcar) for the provision of car club parking spaces in Inverness City Centre; they each have 8 allocated spaces across the centre of Inverness. This agreement runs until the end of January 2019. Both companies are keen to work with the Council in respect of entering a partnership where cars are available to staff from as little as a half-hour hire at attractive rates for Council use, and are both willing to implement a car club pilot for specific high grey fleet mileage teams to help better understand the potential savings employing such a model could deliver.

10.11   Indicative analysis by the Procurement Unit suggests that 100% adoption of the car club model in replacement of the grey fleet could realise an annual saving to the Council of nearly £600,000 . It should be recognised that this level of saving can only be achieved through a combination of effective communication, support and challenge by managers leading to culture change in respect of business travel throughout the organisation, and wide-scale provision of car club vehicles as an alternative means of business travel.

10.12   The Council's duty of care to its staff is addressed by this model via:
- Provision of low emission cars, with savings estimated at 0.7t CO_2e per user per year;
- Regular safety/cleanliness checks/valeting (usually weekly or fortnightly);
- Driver licences checked prior to inclusion in the scheme and then regularly by the operator; and
- Business class insurance.

10.13   The potential benefits to the Council are:

- Less administration when processing expense claims and in booking car club travel – this would be organised by individual staff and would not require input from the Travel Desk;
- Additional staff benefit if made available on a chargeable basis for private use;
- Potentially, no longer essential for employees to drive to work – encourages use of car share / public transport and thus reduces any existing burden with regard to car parking;
- Reduced carbon footprint;
- Service to communities, especially in rural areas where other forms of public transport are limited - low emission, low cost cars readily available at evenings/weekends out with Council usage.
- Opportunities to partner with other public bodies (including NHS / Housing Associations etc) to further reduce costs of operating the scheme. Many other local authorities in Scotland have either embraced or are looking at this as a model. The adoption of car clubs by local authorities usually comes in three phases: Phase 1 is roll-out of vehicles solely for Council employees' use; Phase 2 involves partnering with other public sector bodies to maximise use of vehicles and reduce operating costs for each organisation; Phase 3 involves allowing the public to access vehicles out with core times – this can provide a valuable income stream to offset running costs.

10.14   However, it should be recognised that the car club model is unlikely to be ideal across the board. Potential issues include:
- Lack of available parking at certain sites;
- Potentially uneconomical from an operators perspective in certain remote locations with few potential users.

10.15   Other Options
For short journeys, walking and cycling should be promoted to staff, in line with the travel hierarchy. The Climate Change team have recently been successful in securing funding for a pilot pool bike scheme (including push bikes and electric bikes) for Inverness and Dingwall, which will be launched in Spring 2018. Depending on uptake, it may be feasible to roll this out more widely across Highland.

11.   IT as an Enabler
11.1   Over the next two years there will be a number of technology upgrade projects, as part of an ICT Transformation Programme, designed to improve the ICT Service of the Council and our partners High Life Highland (HLH) and the Valuation Joint Board (VJB). This includes new computer equipment, more email and file storage, upgraded telephone and video conferencing facilities and upgraded collaborative and communications software.

11.2   The ICT Transformation Project will also provide new or improved Office 365 applications on existing computers. This includes Skype for Business, which allows users to send instant messages to colleagues and to make video and voice calls. Skype for Business will replace Microsoft Office Communicator and will come with new features.

11.3   Skype for Business will allow colleagues to work and communicate together without the need to be in the same location. Skype has the potential for increased efficiencies, by having a quicker response time than email, and reducing the time and money spent on travel. As well as sending instant messages and making voice and video calls, Skype can be used for other functions like delivering PowerPoint presentations to different people at the same time, scheduling meetings from the application, and allowing

colleagues to see what documents or applications a user is working on in real time.

11.4   In parallel to the introduction of Office 365 and Skype, the Unified Communication (UC) Project is upgrading the telephony service of the organisation and has provided video conferencing (VC) facilities across a number of Council sites. Video conferencing has similar benefits to Skype as people are able to see and interact with colleagues spread over a large geographical area without the need to travel. ICT services has commissioned an external IT Trainer to deliver a series of training 'webinars' on the new software changes via the Council's video conferencing facilities. These webinars negate the time and expense involved in traveling across the region to deliver face to face training. Staff will also be able to access these training webinars at their own desks via their own machine, which again reduces the need to travel.

11.5   The introduction of Skype for Business into the Council, and the Unified Communications project, has the potential to contribute to reducing the need to travel in the organisation, thereby contributing to increased efficiencies and reduced costs. ICT services will continue to promote the use of this new technology throughout its organisational change, communications and training activities thereby maximising the benefits accrued from the ICT Transformation Programme.

11.6   Work is underway with the Head of People and ICT to expedite the roll-out of the ICT refresh in areas where the biggest reduction in mileage can be achieved.

12.   Log of Risks, Issues and Barriers to Change
12.1   Throughout the course of the review, the following risks, issues and barriers to change have been identified. Mitigating actions are detailed for consideration in Table 4 below:

Table 2

Risk/Issue/Barrier to Change	Mitigation
Rates of mileage payments linked to national agreements	Advice from experienced HR and Legal Team advisers and Union Representatives as to merits of pursuing standardisation of rates.
Working practices in approving travel	Regular reinforcement and understanding of key responsibilities and outcomes to be achieved.
Working practices in embedding travel hierarchy across organisation	Regular reinforcement and understanding of key responsibilities and outcomes to be achieved.
Preference for driving own car	Engage with staff to implement change management process as well as advising/reviewing effecting change utilising appropriate options. The staff survey and workshops have clearly indicated that staff don't want to use own car; they do so out of necessity.
Current telecoms and VC equipment and support of variable performance in supporting non-travel efforts	Improve effectiveness and usability - raise awareness on a regular basis of what is available and provide training and support of how best to use it. The roll-out of Skype for Business provides an ideal opportunity to embed the use of tele and videoconferencing across the organisation.
Stakeholders are Council-wide with varying work requirements	Use Integra data to plot where high usage/cost is occurring and to support implementation of alternatives at these locations.
Geographic scale of Highlands	Engage with staff representing the different

affects transport options	locations/services to fully understand the issues and implement appropriate solutions.
Council redesign process underway – may afford excuse to avoid engagement with option appraisal	Change management process to be instigated, clearly explaining purpose. Continue with engagement - inviting teams to take part and be part of the redesign process can affect and improve their working environment.

13. Conclusions

13.1 It is important to understand that this is a complex, multi-faceted issue. Grey fleet usage has become entrenched throughout the organisation, and there is no silver bullet in respect of reversing this trend. A range of approaches, including policy reviews, implementation of alternatives and more robust management of travel across the organisation will be required to achieve cost savings and meaningful behaviour change in respect of staff travel.

13.2 Over and above the potential for cost savings, there is an urgent need for the Council to address this issue given the unacceptably high risk profile currently associated with grey fleet travel; the organisation has significant exposure to claims arising from not having robust vehicle and driver checks in place.

13.3 Due to the geography of the Highlands and the wide range of services the Council delivers, there will always be a requirement to travel. Many of our key services, especially in Care and Learning, must be delivered face to face, and service delivery is often reactive in nature.

13.4 However, the analysis undertaken has indicated that there are opportunities to reduce to the cost of travelling while still maintaining and potentially improving service delivery.

13.5 The current spend of £2.2m per annum can be most effectively be reduced by:

- Implementation of pool car and car club options at suitable locations. This should be properly piloted in the first instance to ascertain accurate levels of savings which could be achieved from a wider roll-out.
- Implementation of a new Staff Travel policy / a refreshed Travel & Subsistence Policy, ensuring that this is properly understood, embedded, measured and reported on. Communication as to the importance of this to the organisation in terms of safe-guarding jobs will be vital.
- Improved and better use of IT, with particular focus on the roll-out of Skype for Business as a key solution to avoiding unnecessary travel;

14. Recommendations

14.1 The following recommendations address the various objectives detailed in the scoping document, take into account Board member feedback in Redesign workshops and the Board is asked to consider and agree these.

14.2 Assign Directorate responsibility for travel

- The ELT have agreed that the Depute Chief Executive / Director of Corporate Resources would be the lead in respect of reducing grey fleet travel costs – this will ensure accountability and continued scrutiny of performance.

14.3 Reduce the need to travel

- Reinvigorate, implement, promote and embed an updated Travel Hierarchy.

- Promote and embed IT as an enabler, especially Skype for Business, for doing Council business. This will have the additional benefit of reduced accommodation costs.
- Review methods of service delivery where travel is a key consideration

14.4   Where travel is necessary reduce the spend

- Pool cars, car clubs, and active travel can all achieve this. Roll-out of pool cars and car club vehicles will be concentrated in areas of high grey fleet mileage in the first instance to maximise savings at the earliest opportunity.
- Reinforce the responsibility of managers to carry out regular licence, insurance and MOT checking procedure, and to record this. This reduces the risk to the Council of staff not having adequate cover or access to a safe vehicle.

14.5   Review Travel Desk

- The Travel Desk has very recently moved from Corporate Resources to Community Services as part of an already agreed plan to enlarge the role of the team to incorporate hiring of vehicles, plant and equipment.
- The role will be expanded to accommodate the recommendation of pool cars being deployed across various areas of the Council. It is proposed that booking of any car club vehicles is self-serve under a contract with chosen operator(s) so there will be no impact on the existing travel desk resource.

14.6   Review & Implement New Travel Policies

- Grey fleet responsibility can be reinforced through a Committee-approved travel and subsistence policy, which would provide clear corporate goals as well as appropriate working practices.
- It is recognised that many staff are using their own vehicles to meet the requirements of their post (often at cost to themselves) as no alternative means of transport is provided. This can be addressed through a new policy and implementation of recommendations.
- To support employees and fulfil our duty of care as an employer where grey fleet travel is essential, the Council's driver safety handbook should be refreshed to take account of the outcomes of this review.
- Resourcelink – grey fleet journeys are approved after the event, and are often un-validated. All grey fleet journeys should be validated against an approved journey planning tool and this should be set out in a revised staff travel policy.
- The car hire equivalent rate is not automatically applied when submitting mileage claims, although this is currently under review and discussion with Trade Union colleagues. This needs to be addressed to eliminate the risk of overpaying for grey fleet journeys and to simplify the online claim process.
- Vehicle information is not currently captured when submitting claims. At a minimum, the claims system should be updated to capture the following data:
  i.   Registration mark
  ii.   Confirmation of valid MOT
  iii.   Confirmation that appropriate insurance cover is in place.
- The Health & Safety Executive recommends that employers check the validity of driving licences on recruitment and periodically afterwards if there is a requirement to use a car to meet role conditions.
- Revised policies should place the onus on grey fleet drivers to satisfy the Council that their motor insurance covers them for 'business use'. See **Appendix 3** for more details on specific levels of insurance cover.

14.7   Implementation

An implementation plan is detailed below (table 3).

14.8   In relation to rural impact, there may be a positive impact if the introduction of car clubs is taken forward. The cars used by Council staff during working hours could be made available for the public to use out with working hours and at weekends, and during periods where services are traditionally quieter such as school holidays.   This may help rural communities where access to public transport is limited and expensive whilst reducing the requirement for many households to own two cars.

14.9   There may a similar benefit when considering the Poverty Impact Assessment and the possibility of improving access to training or employment by having car club vehicles available.

15   Implications

15.1   Resource – Should the recommendations contained within this report be implemented timeously, it is anticipated that around £500k of savings can be realised per annum, against the baseline spend in 2016/17. Achieving these savings will require a series of projects and actions to be delivered over the short, medium and long term, as detailed within the recommendations and implementation plan. Some of these will likely have an associated cost (for example, expansion of the pool car fleet), but should be treated as spend-to-save initiatives.

15.2   Legal - The Council must ensure that appropriate procedures are put in place to cover its responsibilities under the Health & Safety at Work Act 1974 and the Corporate Manslaughter & Corporate Homicide Act 2007. The recommendations outlined in this report will ensure that the Council's duties under this legislation are more robustly met.

The Council has a legal duty to assist Scotland achieve its national carbon emission reduction targets as set out by the Climate Change (Scotland) Act 2009. As of financial year 2015/16, the Council is required to mandatorily report to the Scottish Government on action taken to tackle climate change. The reporting covers action taken within the Council's own estate, but also action taken by the Council to work with its partners and communities to tackle climate change. The recommendations set out will help the Council reduce its carbon footprint in line with requirements under legislation.

15.3   Community (Equality, Poverty and Rural) – Potential legal, equalities and rural implications vary due to the wide range of recommendations proposed undertaken and will be considered on a project-specific basis as an integral part of the project assessment process.

15.4   Climate Change/Carbon CLEVER - the recommendations outlined in this report will help support carbon emission reduction across the Highlands, and within the Council's own estate. Action will further support the ambitions of the Carbon Management Plan 2013-2020 as well as the *Local Voices, Highland Choices* priority to work with communities and partners to mitigate against and adapt to climate change whilst raising awareness around sustaining and improving our natural, built and cultural environment.

15.5   Risk – risk implications are considered on a project-specific basis as an integral part of the project assessment process. Climate change is now recognised as a Corporate Risk, and it is therefore important that efforts are made to reduce its impacts - the projects and initiatives detailed within this report will do so.

15.6   Gaelic – there are no Gaelic implications arising from this report.

        Designation: Grey Fleet Review Team

        Date: 16th February 2018

        Authors: Caroline Campbell
                            Kateryna Zoryk
                            Keith Masson

Implementation Plan
The Depute Chief Executive & Director of Corporate Resources will be responsible for the implementation and roll-out of the following plan. Various workstreams will be set up to deliver the objectives.

Table 3

Objective	Action	Desired outcome	Priority	Action Owner	Target Date/timescale	Operational / Committee Approval Required
Identify Directorate ownership for travel.	ELT is asked to agree ownership of travel related policies and practices, monitoring and reporting.	To ensure accountability, delivery of actions from the review and continued scrutiny of performance.	High	Executive Leadership Team	January 2018 - completed	Operational
Set targets to reduce travel costs and emissions.	Each Service to include a target reduction in mileage/travel costs and carbon emissions, in their Service Plan.	Reducing travel costs becomes integrated when planning activities and staff are encouraged to take ownership as part of the change management process.	Medium	ELT	April 2018	Operational
	Annual report to Resources Committee on Service mileage and costs.	To provide continual monitoring of mileage and cost and to monitor that reduction targets are being met.	Low	Depute Chief Executive & Director of Corporate Resources	Annually - August	Committee
Working with Trade Unions, HR and Payroll to review Travel and Subsistence Policy and practices.	Review the Travel and Subsistence Policy to include a section on grey fleet - vehicles, drivers and journeys.	Reduce the cost of travel and risk to the Council in terms of liabilities relating to staff using their own vehicles.	High	Head of People and IT	Dec 2018	Committee
	Review mileage claims process and forms:	Provide confidence that the T&S Policy is being	Medium	Head of People & ICT.	July 2018	Operational

	(it is acknowledged that any changes may need to be planned into the IT system future development roadmap)	implemented, managers and staff understand their responsibilities and risks across a range of issues are being managed.				
Reinvigorate the Travel Hierarchy to promote lower cost and more carbon efficient methods and alternatives to travel.	Revise, reinvigorate, promote and implement Travel Hierarchy Plan ensuring effective communication strategy developed alongside.	Embed low cost and low carbon travel practices throughout organisation.	High	Climate change Officer	Jun 2018	Operational
	Work with colleagues in ICT to align the roll out of Office 365 and Skype for Business with Travel Hierarchy principles.	Unless face to face service delivery, ICT becomes the alternative to travel.	High	Climate Change Officer/ICT Project Manager	Tie in with roll out plan from ICT Services	Operational
Alternatives to Grey Fleet.	Commence implementation of pool cars/car club with high mileage grey fleet user groups.	Where travel is necessary provide alternatives to using grey fleet. Vehicles will be hybrid or electric.	High	Depute Chief Executive & Director of Corporate Resources	February 2018	Operational
	Undertake a trial of electric and manual bikes in Inverness and Dingwall for journeys of 5 miles and less.	Evaluate the usage of alternatives to cars in Inverness and Dingwall. Increase availability if staff feedback is positive.	Medium	Climate Change Officer	April 2018	Operational
	Promote car sharing via a travel site or Facebook page where staff can	Reduce the number of single person journeys	Medium	Corporate Communications Manager	February 2018	Operational

	share details of their journey and maximise opportunities for car sharing.					
	If external funding is available, (currently part subsidised by Transport Scotland), deliver Fuel Efficient Driver training for fuel efficiency and environmental benefits.	Raise awareness of how changes in driving behaviour can assist in reducing fuel usage and emissions generally.	Low	Climate Change Officer/Transport Manager	April 2019	Operational
Review the operation of Travel Desk	Review the current practices to ensure value for money. Particular focus on: (1) ensuring travelling is necessary and other options such as VC are not suitable or available. (2) encouraging the use of public transport and, where eligible, using rail and bus passes to buy lowest price tickets.	Review forms to promote alternatives to travel. Where travel is necessary promote lowest cost options. Ensure that if car hire is the most viable option for a trip, the most economical car is booked.	High	Head of Performance and Resources	March 2018	Operational

Appendix 1

Current Mileage and Payments Position for The Highland Council
Trend data at aggregate Highland Council level is presented in the Tables below for the period 2012/13 to 2016/17. This data is derived from Resource Link with grey fleet defined by a specific range of codes.

Table 1 – Highland Council Mileage

Category of Grey Fleet User	Mileage					
	2012/13	2013/14	2014/15	2015/16	2016/17	5-year % Change
Staff (driver miles + passenger miles)	7,062,922	6,468,532	6,175,216	5,861,331	5,472,617	-23%
Staff, ex-NHS Highland (driver miles + passenger miles)[1]	0	526,456	525,864	514,875	596,843	+13%
Sub-totals	**7,062,922**	**6,994,988**	**6,701,080**	**6,376,206**	**6,069,460**	**-14%**
Members (driver miles)	417,965	416,878	378,488	412,150	423,841	+1%
Total Driver & Passenger Miles	**7,480,887**	**7,411,866**	**7,079,568**	**6,788,356**	**6,493,301**	**-13%**
Staff (passenger miles)[2]	695,709	575,183	519,278	491,777	470,471	-32%
Staff, ex-NHS Highland (passenger miles)	0	9,616	23,482	25,789	24,419	168%
Sub-totals	**695,709**	**584,799**	**542,760**	**517,566**	**494,890**	**-29%**
Members (passenger miles)	13,299	12,805	12,284	15,781	0	-100%
Total Passenger Miles	**709,008**	**597,604**	**555,044**	**533,347**	**494,890**	**-30%**

[1]Former NHS Highland staff figures are identified separately as they became part of the trend in 2013/14.
[2]Passenger-related mileage is recorded to illustrate the mileage that can be considered as 'avoided' due to shared travel. These figures are not reported under the carbon management plan trend data to avoid double counting the miles. The payments associated with these miles, however, are 'real' and should be noted as part of grey fleet costs; albeit the costs incurred are lower than would be the case had independent travel been undertaken. Please see Table 3 for payment trends.

Table 2 – Highland Council Payments

Category of Grey Fleet User	Payments					
	2012/13	2013/14	2014/15	2015/16	2016/17	5-year % Change
Staff (driver & passenger miles payments)	£2,687,538	£2,444,860	£2,313,203	£1,926,281	£1,791,367	-33%
Staff, ex-NHS Highland (driver & passenger miles payments)	£0	£219,705	£214,346	£199,253	£219,513	0%
Sub-totals	**£2,687,538**	**£2,664,565**	**£2,527,549**	**£2,125,534**	**£2,010,880**	**-25%**

Members (driver miles payments)	£188,084	£187,145	£170,140	£185,263	£191,256	+2%
Total Driver Payments	**£2,875,622**	**£2,851,710**	**£2,697,689**	**£2,310,797**	**£2,202,136**	**-23%**
Staff (passenger miles payments)	£31,574	£25,255	£22,840	£22,402	£23,474	-26%
Staff, ex-NHSH (passenger miles payments)	£0	£480	£1,174	£1,289	£1,221	154%
Sub-totals	**£31,574**	**£25,735**	**£24,014**	**£23,691**	**£24,695**	**-22%**
Members (passenger miles payments)	£664	£640	£614	£789	£0	-100%
Total Passenger Miles Payments	**£32,238**	**£26,375**	**£24,628**	**£24,480**	**£24,695**	**-24%**

Context for Trend Data

Tables 1 and 2 display trend data which illustrates a general decline in grey fleet mileage and payments. During the 2011/12 to 2016/17 period:

1. The Travel Desk and Travel Hierarchy were established.
2. The Travel & Subsistence Policy has been revised, retaining business mileage rates which have been in place since April 2011.
3. The agreement between Highland Council and NHS Highland was implemented.
4. The Council's car lease scheme was closed. (Cars will, however, continue to run under this scheme until 2018/19).
5. Carbon Management Plan commitments (business travel being one of the six key areas scoped in to the plan) and reporting on these to Environment, Development & Infrastructure Committee and the Scottish Government.
6. No payroll data is available for Members' passenger miles payments in 2016/17. This could be as a result of a coding issue.

Appendix 2

Revised Travel Hierarchy – Draft Dissemination Plan

| **G** | = Completed or delivery on target | **A** | = progress with some slippage | **R** | = No significant progress | **P** | = To be programmed |

	Action	Time Frame	Status	Comment
1.	'Green Corporate Travel' web pages added to **highland.gov.uk** website.	April 18	G	Links to travel hierarchy etc.
2.	Encourage staff who took part in grey fleet review & workshops to volunteer as Eco Officers for Travel.	April 18	G	Recruitment of new Eco Officer team was completed in December 2017.
3.	Grey fleet review members to add link to Green Travel pages to their email signatures.	April 18	G	
4.	Report on Green Corporate Travel to Environment, Development & Infrastructure Committee.	Aug 18	G	Update Members on outcomes from grey fleet review and recommendations.
5.	Send All Users Email to staff – with Skype for Business/ Video Conferencing / Tele Conferencing & Web Conferencing message and new Travel Hierarchy as solution.	Aug 18	G	Can do this in conjunction with ICT refresh team.
6.	Appoint a Member Champion for Green Travel.	Aug 18	G	Could seek volunteer at EDI Committee.
7.	Report on Travel Desk performance to Senior Management Team – to ensure top-down promotion.	Quarterly	G	
8.	Business travel miles, CO_2 and costs by Service are to be reported quarterly to WBM, new climate change and energy policy development group, annually to EDI Committee and then made available on the council web pages.	Ongoing	G	Important for continued scrutiny of performance and to keep on agenda.
9.	Support Line Managers to perform against new carbon reduction targets under revised Carbon Management Plan.	Dec 18	G	Climate change team to lead on this.
10.	Update Council Screensaver with Travel Hierarchy message.	Aug 18	G	
11.	Have Travel Hierarchy posters prepared and distributed to all council sites.	Apr 18	G	Eco Officers to then promote.
12.	Cascade Line Manager responsibility information via Team Briefings.	Aug 18	G	New policy should clarify line management responsibility and this should be presented at team briefings.
13.	Encourage Managers to have Green Travel & Travel Hierarchy to be items in departmental & team meetings.	Ongoing	G	Important to keep this on the agenda.

		Time frame	Status	Comment
14.	New / updated staff travel policy & guidance to be hosted on Green Travel web pages, as well as HR microsite.	Aug 18	G	
15.	Attend Senior Management Briefings & email follow-up info to attendees	Bi-annually	G	Important to reinforce message and update on performance.
16.	Feature Green Travel & the Travel Hierarchy in In Brief / Service Newsletters.	Ongoing	G	Scope-out timetable of each service newsletter and arrange inclusion.
17.	Feature Green Travel & the Travel Hierarchy in Corporate Newsletter.	Quarterly	G	
18.	Hold a series of events aimed at raising awareness amongst staff, ideally through new Eco Officer network.	Ongoing	G	Eco Officer programme of events to be developed with all staff to be invited.

STAFF TRAINING & DEVELOPMENT				
	Action	**Time frame**	**Status**	**Comment**
a)	Attend Management Development Training	2018	G	To be covered by CMP action
b)	Build Green Travel & Travel Hierarchy guidance into staff induction training	2018	G	To be covered by CMP action
c)	Build Green Travel & Travel Hierarchy into ERD process, linking to the training opportunities on offer for staff.	2018	G	to be covered by CMP action
d)	Programme of training opportunities for Eco Officers.	Ongoing	G	Potential to deliver this through RES / EST.

Appendix 3

Insurance Cover

There are generally five types of insurance cover:

1. Social, domestic & pleasure, excluding commuting.
2. Social, domestic & pleasure, including commuting.
3. Class one business use.
4. Class two business use.
5. Class three business use.

The first two types of cover do not cover staff for business travel of any description, but the differences and definitions are poorly understood.

Types of Business Cover (essential for any grey fleet travel)

- Class One: Covers the vehicle in connection with the driver's job, for example driving to different sites away from their place of work.

- Class Two: The policy will usually cover both the policy holder and a named driver for business use, although many insurers will stipulate that both drivers must have the same occupation.

- Class Three: Provides business cover for the transportation of light goods (lap tops, equipment, etc).

It is important that **all** Council grey fleet staff understand the difference between business use and commuting and the exact type of business cover they need.

If a Council employee drives on Council business without the appropriate insurance cover, licence, MOT etc, there could be implications for the Council if that member of staff is involved in a serious accident which results in a legal case. The Council could be pursued for damages for approving travel without making the relevant checks.

Staff using their own cars are no different to those using fleet cars or vans; the Council needs to be able to demonstrate that it has taken reasonable steps to ensure the car is taxed, roadworthy etc.