



CustomFleet

part of Element Fleet Management

A step-by-step guide to writing your fleet policy

A step-by-step guide

to writing a fleet policy

Any organisation with a company vehicle fleet knows that its day-to-day operation raises a myriad of issues. They must consider how vehicles are used, who is allowed to drive them, along with any legal responsibilities and environmental considerations.

The job of a fleet policy document is simply to put a centrally-agreed infrastructure in place that covers as many of these areas as possible, from setting out the objectives of the policy through to guidelines and rules which apply to the driver population.

Contents

1	PART ONE – Why do you need a fleet policy?	04
	Where to start	05
	Identifying stakeholders	05
	Deciding on policy objectives	06
	Benchmarking	06
	Timelines	06
2	PART TWO – What are your policy objectives?	08
	Vehicle eligibility, allocation and choice	09
	Fringe Benefits Tax (FBT)	12
	Your legal responsibilities	13
	Driver responsibilities	15
	Keeping the vehicle in good condition	16
	The environment	17
	Alternatives to company vehicles	18
3	PART THREE – Writing and agreeing the policy	20
	Don't be afraid to ask for help	21
4	PART FOUR – Keeping your policy up-to-date	22

Why do you need a fleet policy?



Where to start

Most companies already have a fleet policy of some kind. However, in our experience, most of these were written many years ago, and have been updated only infrequently and in a piecemeal fashion.

In some cases, the best thing to do when writing a fleet policy is to start from scratch. This guide paper is designed to steer you through the process of constructing a completely new fleet policy, prompting the questions that you might need to consider.

Identify your stakeholders

A fleet policy will only work in practice if there is support for it within your organisation, so you need to involve stakeholders from the very start and throughout the process of its production.

The stakeholders involved will vary widely from company to company but are likely to include your Operations team, Human Resources department, Health and Safety experts, your Financial and Procurement Directors and, last but by no means least, drivers.



Deciding on your policy objectives

Once you have gathered the views of your stakeholders, you can start to list the objectives of your fleet policy. Some of these will be compulsory, such as legal compliance, while others will depend very much on your company, the sector in which it operates and its day-to-day requirements. For example, in some organisations, the vehicle choice policy will be generous and very much geared up to employee attraction and retention; in others, the car will effectively be a transport tool that the employee needs for their job and little choice offered.

Find relevant benchmarking partners

You will want your fleet policy to be strong and effective. To do this, you have to measure it against others and the best way is to benchmark against similar organisations to your own, both from within and outside your sector.

Finding benchmarking partners is not always easy and is one of the key areas in which external expertise from a company such as Custom Fleet can help.

Put a process timeline in place

Like any large internal project, writing a fleet policy can easily suffer from scope creep. Part of your initial preparation should be to put a timeline in place, setting deadlines by which you aim to complete the process of writing and implementation.





A photograph of a woman with dark hair, wearing a white button-down shirt, sitting in the driver's seat of a car. She is smiling and looking towards the camera. Her hands are on the steering wheel. The background shows green foliage and a clear sky. The text "What are your policy objectives?" is overlaid in white on the right side of the image.

What are your
policy objectives?

This section covers the areas which you are likely to need to include in your fleet policy and looks at what you might want to achieve within each, suggesting key questions that you may need to consider. It is designed to act as an agenda with which to prompt detailed and productive discussions with your stakeholders.

Note: Because some issues – especially regarding safety and CO₂ – cut across different areas of fleet decision making, some questions may be posed more than once.

Vehicle eligibility, allocation and choice

Eligibility

In most organisations, entitlement to a company vehicle falls into two key categories:-

- 1) Essential users who need a vehicle for their job, and
- 2) Status users who receive one as part of their benefits package.



Ask these questions:

Who needs a vehicle to do their job effectively?

NOTES

Are we having difficulty attracting and retaining employees? Is our company car offering to existing and potential staff competitive?

NOTES

Is our benefits package competitive within our industry?

NOTES

Is there a business mileage threshold where a company vehicle becomes a mandatory option e.g. 20,000km per annum?

NOTES

Allocation

Drivers should only be considered eligible for a company vehicle if they can fulfil certain conditions.



Ask these questions:

Is their vehicle essential to perform their role or does it form part of their benefits package?

NOTES

Do they have a full and valid driving licence? Do they have demerit points and represent a risk management issue?

NOTES

Do they have any illnesses or disabilities that may prevent them from driving safely? Is their health regularly assessed?

NOTES

Do they agree to adhere to our fleet policy, especially in terms of taking responsibility for their vehicle and behaviour behind the wheel?

NOTES

Vehicle, Choice and Services

Most fleets will have a structured vehicle choice policy that is tied very closely to financial, taxation, safety and environmental considerations. However, you will also need to consider its perception by drivers and its benefits implications.



Ask these questions:

Is the car choice structure clear, easily understood, and accepted as workable by drivers?

NOTES

Are any types of vehicles excluded from the choice list (for example, luxury vehicles and convertibles) and should they be?

NOTES

Should our policy include mandatory options and/or vehicle types?

NOTES

Are we considering mandatory additional services to drivers such as accident management, telematics and duty of care programmes to ensure productivity and compliance?

NOTES

Are drivers allowed to trade up the choice list by adding their own contribution from salary or to trade down and take an additional cash benefit?

NOTES

Are drivers allowed to forego a company vehicle altogether for a cash payment and use their own vehicle on business? What are the implications of this? How should the amount of the cash alternative be calculated?

NOTES

Should our policy be restricted by manufacturer to maximise rebates or discounts?

NOTES

What is our policy on business mileage reimbursement?

NOTES

The question of 'cash allowance' can be an especially difficult one and requires a large amount of detail in your policy to ensure that the vehicle used on company business is suitable and that the cash compensation amount offered is fair from both an employee and employer viewpoint, and that relevant policy requirements are in place to ensure safety – see the section on “Alternatives to company vehicles”.



Fringe Benefits Tax (FBT)

A fringe benefit is a 'payment' to an employee, but in a different form to salary or wages.

According to the fringe benefits tax (FBT) legislation, a fringe benefit is a benefit provided in respect of employment. This effectively means a benefit is provided to somebody because they are an employee. The 'employee' may even be a former or future employee.

A car fringe benefit commonly arises where you make a car you own or lease available for the private use of an employee.

Ask these questions:

Do we make cars or other vehicles owned or leased by the business available to employees for private use, including a car garaged at the employee's place of residence?

NOTES

Do any of our employees have a salary package arrangement in place?

NOTES

Do we have any vehicles on hire for longer than three months that are available for employee use?

NOTES

Do we have adequate processes to measure the private vs business use of our vehicles, under the statutory, or operating cost methods?

NOTES

Do we understand the implications of the provision of Novated lease arrangements to our employees?

NOTES

Do we have processes in place to capture annual fuel and oil declarations?

NOTES



Your legal responsibilities

As an employer, almost all of your legal responsibilities surrounding company vehicles are linked to safety, duty of care and insurance. You have a duty of care to ensure that drivers are appropriately fit and skilled to drive, that they are not being asked to spend unreasonable amounts of time behind the wheel, and that the vehicles with which they are provided are fit for purpose and properly maintained. Importantly, from a legal point of view, you must have an audit trail in place so that you can prove, in the event of a potential prosecution, that you have fulfilled your legal responsibilities.



Ask these questions:

Do you have an in-house resource that provides an understanding, infrastructure and audit trail for fleet health and safety responsibilities?

NOTES

Are drivers properly checked to ensure that they have the right driving licence for the type of vehicle they are being asked to drive, especially for commercial vehicles? Are licences regularly re-inspected?

NOTES

If a driver has penalty points on their licence, are they appropriately assessed as a risk to the company? Is remedial action needed to improve their skills?

NOTES

If a driver loses their licence and has a job need to drive, is a process in place whereby they can be reallocated or dismissed?

NOTES

Is there an audit trail in place to show that your vehicles are properly maintained to manufacturer recommended standards?

NOTES

Are managers advised of the importance of not asking drivers to undertake amounts of driving that might be considered excessive? Are drivers advised to rest if they are tired or have been driving for a long time?

NOTES

Are drivers also made aware of their responsibilities in terms of regularly checking the safety of vehicles (for example, tyre pressures and tread depths)? Is this also auditable?

NOTES

Is there a minimum safety standard set for the vehicles that are used on our fleet (for example, minimum five star ANCAP rating)?

NOTES

Are there guidelines in place and communicated on our chosen minimum tyre tread depth?

NOTES

Is there a periodic risk assessment and training process in place whereby drivers agree to participate in learning and training?

NOTES

An area that needs especially close attention is mobile phone use behind the wheel. Requirements between states vary however all states require that phones are operated entirely hands-free for calls and must be held in a cradle if used as a GPS.

Even under these circumstances some fleets may consider banning all phone use while driving because of the high distraction factor.



Ask these questions:

Are drivers aware of their legal responsibilities regarding mobile phone use behind the wheel?

NOTES

As an employer, should we put a rule in place that drivers should not make or take calls while driving even if a hands-free kit is fitted? Will they be disciplined if this rule is broken?

NOTES

These legal responsibilities can be difficult to negotiate and may be one of the areas of writing a fleet policy where external help from an expert such as Custom Fleet, may be of benefit.



Driver responsibilities

Safety responsibilities

When you allocate a company vehicle to a driver, you are giving them responsibility for a high value asset as well as one that can lead to injury or even death if it is used without care.

It is important that the driver understands their responsibility to drive safely and in accordance with the road rules, as well as ensuring their vehicle is adequately maintained.

If an employee owned or cash allowance vehicle is being used for company business the same obligations may apply.

 **Ask these questions:**

Is the driver aware of their general responsibilities in terms of ensuring that the vehicle is maintained and serviced in line with manufacturer recommendations?

NOTES

Are they also aware of, and capable of making, regular checks on key safety items such as tyres, brakes, lights and fluid levels? Is there an audit trail in place to verify this?

NOTES

Is there a relevant breakdown service available to the driver? Is advice provided on what to do in the event of a breakdown to minimise risks to personal safety?

NOTES

Are drivers aware of the restrictions regarding who can drive their allocated company vehicle under the terms of your insurance policy?

NOTES

Accident Management

It is also important to put in place policy decisions regarding the driver's responsibilities in the event of an accident – an area in which you may want to take advice from your insurer.

 **Ask these questions:**

Is advice provided to your drivers about what to do in the event of an accident? What facts should they gather? How quickly do they need to notify you as their employer?

NOTES

Are drivers expected to make a contribution towards the policy excess in the event of an at-fault accident? Have they been made aware of this?

NOTES

Do we have a post-accident process in place and, where applicable, do we have an escalation process in place for repeat offenders?

NOTES

Driving behaviour

Another key area of driver management is how employees behave behind the wheel. Staff need to be made aware that there is no ambiguity over your attitude towards driving within the law.



Ask these questions:

Are drivers made aware that you, as an employer, expect them to comply with all laws regarding motoring while driving a company vehicle?

NOTES

If a driver commits an offence, what systems are in place to ensure that they pay the fine promptly and without question?

NOTES

If any demerit points result from the offence, what impact may this have on their ability to carry out the role for which they are employed?

NOTES

Are policies in place regarding the possibility of using company vehicles for purposes such as towing? Are employees aware of these?

NOTES

What measures do you have in place to ensure that drivers do not drive whilst under the influence of alcohol or drugs; and what are the consequences if any driver is found to have driven whilst under the influence of alcohol or drugs?

NOTES

Keeping the vehicle in good condition

In allocating a company vehicle, you are handing a driver a high value asset. However, the resale value of that asset will be severely affected if it is not properly cared for. You must make drivers aware of their responsibilities in terms of caring for the vehicle.



Ask these questions:

Are drivers made aware of the need to follow manufacturer servicing and maintenance requirements in line with company purchasing and provision of these services?

NOTES

What information should drivers receive about keeping the vehicle in the best possible condition? What do we expect in terms of cleaning and presentation?

NOTES

Should vehicles be periodically inspected for minor damage and other issues? Who should carry this out? What principles should apply?

NOTES

What procedures should be in place to deal with minor vehicle damage? What contribution should employees be expected to make towards this?

NOTES

The Environment

Attitudes about the importance of the environmental impact of your fleet will vary widely from company to company, dependent on your corporate culture and the industry in which you operate.

This is an area of your fleet policy that may need regular updating as a wider range of hybrid vehicles become available for practical fleet applications, and also as mainstream electric cars and vans start to arrive on the market.



Ask these questions:

Is our fleet policy aligned with our organisation's overall target on emissions reduction and consequently measured within this framework?

NOTES

Should we set an overall per vehicle CO₂ limit for our fleet (for example, 160 g/km) and reduce this limit on an annual basis going forward. Should we set lower limits subject to driver grade?

NOTES

Should we look at environmental measures other than CO₂? Should we, for example, also look at the L/100km figure for a vehicle?

NOTES

As an organisation, should we make a specific commitment to reducing our fleet CO₂ footprint over time? What should our target be? How should we measure it?

NOTES

Is there a system in place, such as a fuel card and km capture, that facilitates monitoring the fuel consumption performance of individual drivers and vehicles? Should targets and penalties be set?

NOTES

Should we specifically encourage the use of very low CO₂ vehicles such as electric or range extended hybrid cars? Should they be added to the choice list?

NOTES

Do divisions over a certain size have to be measured on CO₂ output and reduction?

NOTES

Custom Fleet has extensive experience of setting environmental fleet policies and providing the means to measure fleet carbon footprints.

Alternatives to company vehicles

A fleet policy tends, of course, to look at the running of company vehicles, it is also important to make provision for some of the alternatives. This section may cover everything from rail and air business travel to “grey” fleet issues.

Grey fleet may refer to employees who are not eligible for either a company car or a cash allowance, but occasionally drive their own vehicles for business purposes. In addition grey fleet may also refer to drivers who receive a cash allowance in lieu of a company car. In practical terms, this is one of the most difficult areas of writing a fleet policy because all of the legal responsibilities that apply to your own company vehicles also apply here.



Ask these questions:

In what circumstances should an employee use their own vehicle on company business?

NOTES

How do we ensure that their vehicle meets all our legal responsibilities in terms of our duty of care?

NOTES

Through what mechanism do we reimburse costs to the driver, and how are these costs calculated?

NOTES

Have we considered the provision of a daily rental vehicle for occasional business trips? Could this prove more efficient and safer from a “duty of care” perspective?

NOTES

Have we considered the impact on corporate image in terms of employees using their vehicles on company business in considering choice, fitness for purpose and general appearance?

NOTES

How do we check that the driver is safe and qualified to drive on company business?

NOTES

Another important area is if drivers of fleet vehicles wish to use other transport options as an alternative to company cars and vans.



Ask these questions:

In what circumstances do we allow or encourage drivers to use the train, plane or bus as an alternative to their fleet vehicle?

NOTES

How do we manage the cost of these transport options? How do they impact on other aspects of our fleet performance, such as the environment?

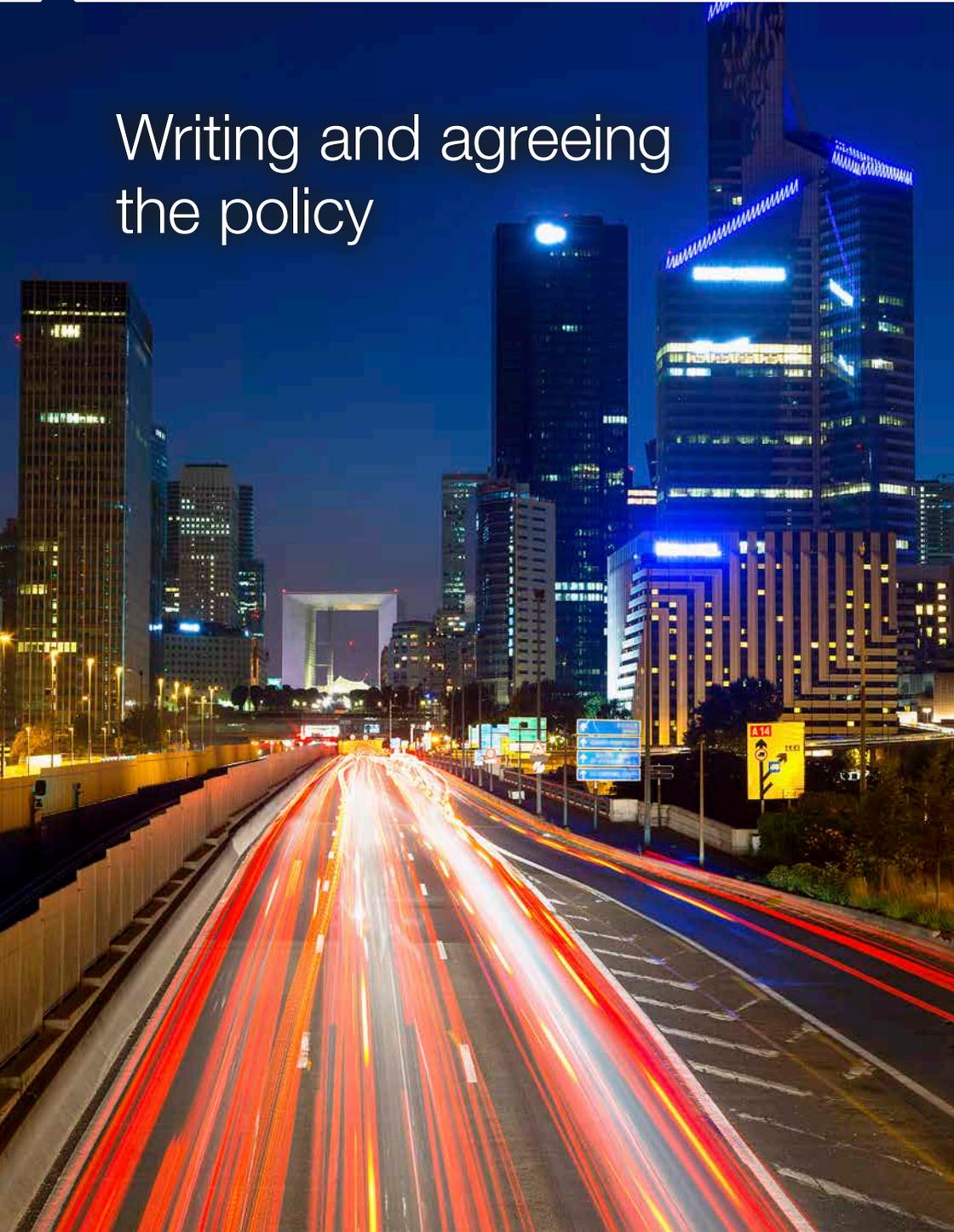
NOTES

Is there a process in place to manage permission to drive in company business through periodic validation of safety checks, insurance and driving licences?

NOTES



Writing and agreeing the policy



Having made decisions about the key points and compiled your list of fleet policy objectives, your next step is to actually write the policy.

As a document that will be used widely across your company, it needs to be sensibly structured, carefully written and clearly understood, as well as presented in a format that can be easily communicated. Importantly, it should also be as concise as possible; a document that runs into hundreds of pages will simply not be read by drivers or their managers.

Once you have completed a first draft, the policy can be reviewed by stakeholders and changes negotiated. Within the timeline mentioned at the start of this guide paper, you should make sensible provisions for a timely revision process.

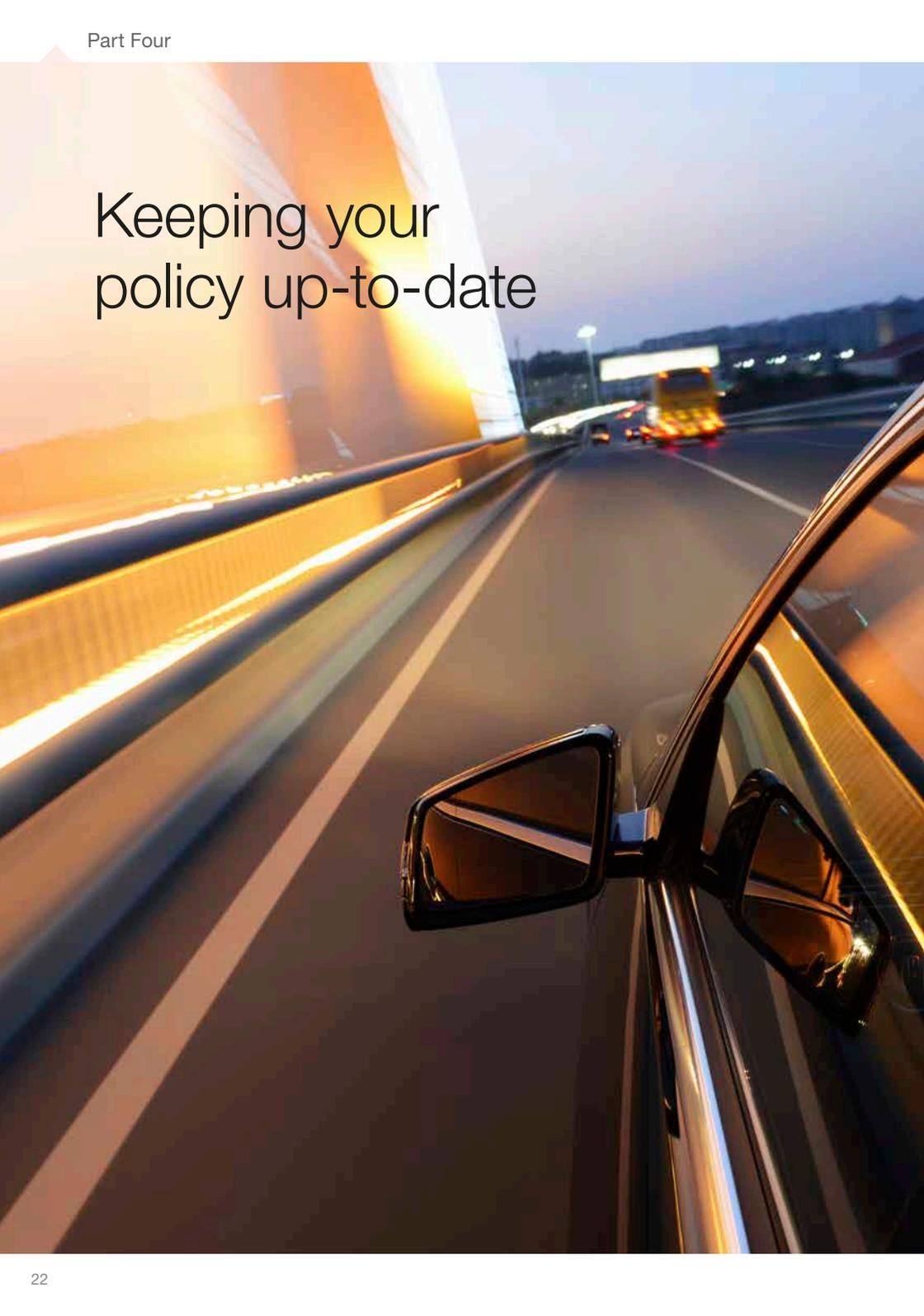
The final version of the document, agreed by all, should be distributed to all existing employees with company vehicles, who must sign to acknowledge that they have read and understood the policy, and that they agree to it. The same terms should apply to all new employees who are allocated a vehicle.

Don't be afraid to ask for help

Writing a fleet policy requires a wide range of skills and getting it right can be difficult. There are a number of sources that can offer practical assistance. You could try:

- Your Relationship Manager
- The Strategic Consulting team
- Industry bodies such as AFMA (Australian Fleet Managers Association)

Keeping your policy up-to-date



The conditions under which a fleet operates – from the macroeconomic climate to the legislation that applies to it – change continually.

Your fleet policy needs to take account of this. We recommend that the document is examined in some detail at least every six months, with a complete review taking place once a year. As before, this process should include your stakeholders and be clear and transparent.

These are areas that should be considered:

- Measure and monitor – make sure that you collect data to present an accurate picture of how your fleet is performing in important aspects such as costs and employee retention.
- Benchmarking – this was mentioned at the outset of this guide and is a key part of keeping your policy up to date, helping you to ensure that your policy continues to perform at the highest level.
- Conduct regular internal reviews – “pulse” your drivers and stakeholders to see if their fleet needs are changing and how these can be met.
- Run a programme of ongoing communications – including guide papers to make drivers aware of issues such as safer motoring and more economical driving.
- Link with motor manufacturers to hold “drive day” events – to raise awareness about changing vehicle technology in key areas such as safety and the environment.
- Keep abreast of new ideas – fleet thinking changes all the time. Talk to other fleet managers and read the fleet media to find out about the latest innovations.
- Consider areas for on-going driver education such as mobile phone guidance and the benefits of cash versus car and vice-versa.



For more assistance contact your
Strategic Consulting Team at
strategicconsulting@customfleet.com.au

Custom Service Leasing Pty Ltd. ABN 60 073 245 084.

The information contained within this "Fleet Policy" document is general in nature and is intended as a guide only. It does not take into account your personal objectives, circumstances or financial needs. You should seek your own independent legal, financial and taxation advice in drafting your own fleet policy.



HB1_042016_V1A