Mobility survey
Car is king for UK business as mobility takes a back seat

Latest Fleet200 Strategy Network research shows clear bias towards cars as a way for employees to travel for work purposes, especially for big fleets and those in the private sector. Stephen Briers crunches the numbers.

Despite all the travails of the company car, battered from years of rising benefit-in-kind tax, pounded by alternative mobility solutions, damned for polluting the environment and fouling local air quality, it appears the car is, in fact, still king; at least for the majority of UK businesses.

The latest Fleet200 Strategy Network research compiled by Fleet News reveals that more than half (55%) of respondents say their ‘business policy’ towards the use of company cars is ‘encouraging’; just 20% say it is ‘discouraging’. According to the Fleet200 research, they remain very much a secondary consideration for many businesses when asked about alternative forms of travel option, such as club cars, ride/lift share and public transport.

The most popular decision by far – accelerated during the pandemic - is to encourage their employees to use public transport. Almost everyone is operating some form of hybrid working system and the situation is unlikely to change much over the company 12 months, according to the survey findings.

The commitment to car schemes is also reflected in the current low popularity for alternatives to the company car. Just 14% of fleets encourage the use of car clubs, with the largest companies more supportive (18%) than the smallest (7%). The vast majority (64%) have no policy. However, asked to consider their position in 12 months’ time (table 2) and a more positive picture emerges, with almost a quarter (25%) of respondents expecting to have an encouraging approach to car clubs. Again, the greatest support comes from the larger companies (36%) compared to small businesses (11%).

More than half of fleet decision-makers (54%) still believe their company will gain a foothold in the UK other than limited trials. What are the alternatives to the company car? Mobility solutions are popular elsewhere in Europe, notably Germany and Netherlands, but have failed to take a back seat to office-based working.

This optimism rises as the fleet size increases, with 58% of companies operating more than 500 cars in a positive mood compared to 47% of those with fewer than 100 cars. However, those smaller businesses are most likely to have no clear guidance (44%) with just 12% saying they were being discouraged from using company cars (26% for the biggest organisations).

There is a big difference between the policies of public and private sector fleets. More than half (55%) of private sector organisations are encouraging the uptake and use of the company car, with just 19% discouraging; however, for public sector organisations, the proportion encouraging company cars is much lower, at 33%, while 28% are discouraging. In both cases, the remainder have no clear policy.

Many employers have installed preferential parking positions closer to their offices for ride share drivers while others have started to use software which allows staff to input their travel plans and link up with others making the same journeys. Some offer a financial incentive to car sharing drivers.

Given their views on alternative forms of travel, it’s perhaps not surprising that just 39% of companies offer their employees a mobility budget in lieu of a company car (table 1). More than half of big companies (54%) do, but just a quarter of small fleets take the same approach. Private sector companies are far more predisposed to offering a mobility budget out of favour. Gazing ahead would suggest that, while the pandemic may have sparked a downturn in attitudes towards public transport, it is becoming an entrenched view for some. Asked to consider their company position in a year’s time, respondents’ replies showed only a slight rise in the propensity to encourage staff to use public transport.

It is also likely that smaller businesses, with fewer staff, feel greater need to bring teams together; it also depends on industry segments, with a clear divide between public and private sectors.

Many employers have installed preferential parking positions closer to their offices for ride share drivers while others have started to use software which allows staff to input their travel plans and link up with others making the same journeys. Some offer a financial incentive to car sharing drivers.

Considering their company’s position in a year’s time, 43% expect to be encouraging the use of ride/lift share, a rise of eight percentage points (60%) for the biggest companies.

Big business is also leading the way when it comes to the use of public transport, with 72% expressing an encouraging attitude to their staff using buses and trains for work purposes, 19 percentage points higher than the average (53%). However, just one-third of companies operating up to 100 vehicles say they encourage their employees to use public transport. Is this a hangover from Covid-19 when public transport passenger numbers plummeted amid fears of close contact to other people?

More than three-quarters (78%) of fleets in the public sector encourage staff to use public transport compared with just 49% in the private sector.

FELIX 200 STRATEGY NETWORK: MOBILITY SURVEY

WHAT WILL YOUR COMPANY POLICY BE IN 12 MONTHS’ TIME TOWARDS THE FOLLOWING:

- **Company cars**: The use of digital communication tools by the bigger companies is reflected in the likelihood that staff will not be commuting to the office for three or more days per week; conversely, smaller companies have seen a far larger return to office-based working.

  - 10% of respondents say at least half their staff are now regularly in the office (with a 10 percentage point difference between private and public sector – 55% to 45%), of which 14% say their entire workforce is office based (table 2). Just over a third (36%) have the bulk of staff working from home for most of the week, with 9% unsure of their figures.

  - For businesses with up to 100 vehicles, 72% say at least half of their staff are spending most of their week in the office, compared to 44% of companies with more than 500 vehicles.

  - Almost everyone is operating some form of hybrid working system and the situation is unlikely to change much over the company 12 months, according to the survey findings.

  - The commitment to car schemes is also reflected in the current low popularity for alternatives to the company car. Just 14% of fleets encourage the use of car clubs, with the largest companies more supportive (18%) than the smallest (7%). The vast majority (64%) have no policy. However, asked to consider their position in 12 months’ time (table 2) and a more positive picture emerges, with almost a quarter (25%) of respondents expecting to have an encouraging approach to car clubs. Again, the greatest support comes from the larger companies (36%) compared to small businesses (11%).

  - More than half of fleet decision-makers (54%) still believe their company will gain a foothold in the UK other than limited trials. What are the alternatives to the company car? Mobility solutions are popular elsewhere in Europe, notably Germany and Netherlands, but have failed to take a back seat to office-based working.

  - Almost everyone is operating some form of hybrid working system and the situation is unlikely to change much over the company 12 months, according to the survey findings.

  - The commitment to car schemes is also reflected in the current low popularity for alternatives to the company car. Just 14% of fleets encourage the use of car clubs, with the largest companies more supportive (18%) than the smallest (7%). The vast majority (64%) have no policy. However, asked to consider their position in 12 months’ time (table 2) and a more positive picture emerges, with almost a quarter (25%) of respondents expecting to have an encouraging approach to car clubs. Again, the greatest support comes from the larger companies (36%) compared to small businesses (11%).

  - More than half of fleet decision-makers (54%) still believe their company will gain a foothold in the UK other than limited trials. What are the alternatives to the company car? Mobility solutions are popular elsewhere in Europe, notably Germany and Netherlands, but have failed to take a back seat to office-based working.

  - Almost everyone is operating some form of hybrid working system and the situation is unlikely to change much over the company 12 months, according to the survey findings.

  - The commitment to car schemes is also reflected in the current low popularity for alternatives to the company car. Just 14% of fleets encourage the use of car clubs, with the largest companies more supportive (18%) than the smallest (7%). The vast majority (64%) have no policy. However, asked to consider their position in 12 months’ time (table 2) and a more positive picture emerges, with almost a quarter (25%) of respondents expecting to have an encouraging approach to car clubs. Again, the greatest support comes from the larger companies (36%) compared to small businesses (11%).

  - More than half of fleet decision-makers (54%) still believe their company will gain a foothold in the UK other than limited trials. What are the alternatives to the company car? Mobility solutions are popular elsewhere in Europe, notably Germany and Netherlands, but have failed to take a back seat to office-based working.
budget, with 41% having introduced this holistic travel option, compared with just 17% of public sector organisations.

Several big organisations are developing mobility strategies, but progress has been delayed by the pandemic. Among them are National Grid and Environment Agency, with both now launching schemes, but they are playing catch-up as shown by the fact that 26% of larger fleets offer schemes to all employees compared to just 7% of small firms.

Seven per cent of respondents offer staff an employee car ownership scheme (they are now complex to operate without the tax benefits of old), rising to 12% for small companies, while the same proportions offer a personal contract hire option. PCH is a relatively new addition to some leasing companies’ product portfolios, but the enthusiasm to adopt appears to be low among employers. Least popular are affinity schemes, offered by just 5% of companies.

In summary, company policy remains wedded primarily to the car for work purposes, although some other options are being explored into the business policy. However, the UK is noticeably behind other European countries when it comes to the introduction and adoption of a full mobility as a service proposition, and many are now questioning whether this really is the future in a country where transport services and data access remain so disjointed.

TAX BENEFITS OF SAL/SAC SCHEME

Salary sacrifice has been accelerating in popularity over the past couple of years as companies seek ways to offer staff access to vehicles as a benefit by taking advantage of the widening range of low taxation electric vehicles. While most offer a scheme in addition to a company car scheme, some organisations have replaced their company scheme with salary sacrifice and have experienced strong demand from staff.

Willmot Dixon took this decision at the start of last year, in part to tackle the high number of cash takers (just over 1,000 versus 450 in the company scheme), as it targeted a move to a full electric fleet by 2030.

In the first six months, more than 175 employees opted into the salary sacrificed schemes, many of which were cash takers.

Chief financial officer Graham Dundas told Fleet News: ‘A lot came from the grey fleet where average emissions are much higher than the company fleet – around 154g/km versus 106g/km. Average emission on the vehicles being selected under the new scheme are just 19g/km’. Just over one-fifth of survey respondents (22%) offer company car drivers access to a salary sacrifice scheme, with 17% making it available to all employees. It is far more popular in the public sector, though, with a third of organisations introducing a scheme compared to 20% of private sector companies.

Salary sacrifice used to be seen as the preserve of larger companies as it is far more likely to be offered to employees at private firms, however, with almost half (48%) offering this option compared to just 17% of public sector organisations.

Perhaps echoing the lack of appetite for mobility budgets, just 7% of companies offer cash allowances to all employees for business travel. Other forms of funding access to cars are being used by very small numbers of employers, though interestingly, they are slightly more popular among the small organisations.

DOES YOUR COMPANY CURRENTLY OFFER THE FOLLOWING TO ELIGIBLE COMPANY CAR DRIVERS?

<table>
<thead>
<tr>
<th></th>
<th>Overall</th>
<th>1-100</th>
<th>101-500</th>
<th>500+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary sacrifice</td>
<td>22%</td>
<td>14%</td>
<td>27%</td>
<td>26%</td>
</tr>
<tr>
<td>Cash allowance</td>
<td>45%</td>
<td>19%</td>
<td>44%</td>
<td>76%</td>
</tr>
<tr>
<td>Employee car ownership scheme</td>
<td>7%</td>
<td>12%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Personal contract hire</td>
<td>7%</td>
<td>12%</td>
<td>7%</td>
<td>2%</td>
</tr>
<tr>
<td>Affinity scheme</td>
<td>5%</td>
<td>2%</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>None of those</td>
<td>39%</td>
<td>49%</td>
<td>32%</td>
<td>16%</td>
</tr>
</tbody>
</table>