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THE BIG PICTURE

Views vary on the magnitude of a comprehensive public charging infrastructure in the fleet and consumer journey to electric. If you are fortunate to have off-road parking and, therefore, the capacity for home charging, a national public network may be more about perception than need.

So, what about the 25-30% of people that do not have the means to charge at home (note that falls to around 15% in rural areas, but rises to 60% in city centres)? Some will be able to rely on workplace charging for the majority of their driving. But, there will be a sizeable proportion of the population who can't charge at home, and it's these that the Government's new infrastructure strategy seeks to address (see news p6). But do the sums add up?

The Society of Motor Manufacturers and Traders claims we need 2.3 million charge point connectors, while the Government is targeting 300,000 charge point locations by 2030, which could mean around 500,000 connectors. We currently have 30,000 devices across the UK with 51,000 connectors, according to Zap-Map.

However, 500,000 is eight times the number of petrol/diesel fuelling stations (which average around 7.5 for each of the 8,300 forecourts = 62,250). Are the EV aims excessive? It feels like it.

While the proportion of ultra-rapid chargers is tiny, greater focus is being put on installing these in high traffic areas, coinciding with the rise in the number of vehicles that are capable of charging at those speeds – around 10-15 minutes for an 80% charge.

Continued developments are expected to bring those times down even further, potentially to below five minutes – not much longer than a diesel fill.

As the UK's 37 million vehicles transition to electric over the next couple of decades, I'd argue that we are vastly over-inflating the number of public chargers required.

What will be more important than pure numbers will be the right geographic spread, ability to accommodate large vans and near 100% reliability – all of which are far from the case today, although the Government's EV infrastructure strategy will demand 99% reliability.

Now, consider the fact that the number of people without a driveway is heavily weighted to city centres. Are these the ones to approach with kerbside charging solutions?

Not necessarily: these are also the people that the Government wants to get out of cars and onto alternative forms of travel, from ride share to public transport to active travel options. The aim is to reclaim the streets by removing congestion.

In England, 20% of households have no car; in urban conurbations that increases to almost 35%, while in London it's more than 45% (and rising). Some of that is undoubtedly down to wealth, but it is also an outcome of better (cheaper, cleaner, quicker) alternatives and local government policy.

So, will technology advances and a rising number of home/work/destination charging options risk leaving us with a white elephant public charging network?

Come 2040, perhaps we'll know.

Stephen Briers, group editor, *Fleet News*

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Burning question:
Is there a song that always gets you out on the dance floor?

EDITORIAL

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Not sure about "dance" floor, but *Touch me I'm sick* by Mudhoney or *Where's me jumper* by Sultans of Ping FC were always crowd favs
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Time Warp (from *Rocky Horror*). I used to know all the moves – sad, huh? Or Van McCoy's *The Hustle*. Or, more up-to-date, *Uptown Funk* featuring Bruno Mars
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Model shown New Grandland Plug-in HYBRID-e Ultimate with optional metallic paint. The fuel consumption, CO_2 emissions and range figures mentioned comply with the WLTP test procedure, on the basis of which new vehicles are type approved from 1 September 2018. The fuel consumption, CO_2 emissions and range figures may vary depending on actual conditions of use and on different factors such as: charging frequency, driving style, speed, specific equipment, options, class of tyres, outside temperature and thermal comfort on board the vehicle. Please contact your Vauxhall Retailer for further information. *2022/2023 tax year. Correct at time of publication.

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Reports give new impetus to roll-out of public charge points

Government targeting local authorities support to help in set-up of vital charging infrastructure

By Gareth Roberts

Councils will be expected to work closely with fleets to ensure their needs for public charging infrastructure are taken into consideration, the Government says.

The Electric Vehicle Infrastructure Strategy, which was published by the Department for Transport (DfT) in March, commits £1.6 billion to the creation of 300,000 public charge points by 2030, as well as placing new legal responsibilities on charging providers covering means of payment and other factors.

It also recognises the diverse charging needs of company car and van fleet operators, and the key role local and highways authorities must play if the roll-out is to be a success.

WELCOMED BY AFP

Welcoming the focus on fleets in the new strategy, chair of Association of Fleet Professionals (AFP), Paul Hollick, said: "We need more chargers of the right type in the right locations to support the massive EV roll-out of cars and vans to which the fleet sector is committed.

"It's an area in which we have been campaigning heavily, including conversations with the Government, and we are pleased to see that most of what we have been asking for is covered in the new announcement.

"The challenge now is to ensure that the roll-out that the strategy promises happens at the right pace, matching the development of the EV parc in terms of both numbers and location of charge points."

HELP FOR COUNCILS

The Government acknowledges that the roll-out of public charge points across the country is "too slow" and there is "insufficient local leadership and engagement" in some places.

It says local authorities can lack the "experience and capacity" to develop strategies and apply for funding, with the resulting lack of infrastructure dissuading prospective EV owners.

This point was highlighted in a Freedom of Information request by campaign group FairCharge, which revealed that just 28% of local authorities have published EV transition strategies. A further 23% were in the process of devising a strategy.

This is despite being encouraged to do so by the Government and the Local Government Association (LGA).

To combat the problem the Government has launched a £500 million local infrastructure support programme, which includes a £450m Local EV Infrastructure (LEVI) Fund to help local authorities scale-up infrastructure provision and to negotiate good commercial terms.

A pilot scheme for the LEVI fund, which was launched to coincide with the publication of the strategy, will allow local authorities to bid for a share of £10m in funding.

It will test how the Government can most effectively support local authorities procuring charge point deployment by trialling different delivery mechanisms, business models and technologies.

The Government says it recognises many local authorities face "challenges" in developing local charging infrastructure approaches, but insisted it was committed to ensuring they have the tools and resources required to identify and address their specific local issues.

The LEVI Fund includes up to £50m to fund local delivery support across the country, and provide training, tools and knowledge sharing.

It says it will also focus on upskilling areas which are behind in planning and delivering charge points and it is in the process of launching a local government knowledge hub on gov.uk, with guidance for local authorities on EVs and charging infrastructure.

Furthermore, an EV infrastructure guide for local authorities will be published in partnership with the Institution of Engineering and Technology (IET) to assist with the transition to zero emission vehicles.

DATA KEY TO ROLL-OUT

Hollick says that it's imperative the right type of charge points are available, especially those with larger bays

> "WE NEED MORE CHARGERS OF THE RIGHT TYPE IN THE RIGHT LOCATIONS TO SUPPORT MASSIVE EV ROLL-OUT OF CARS AND VANS"
>
> **PAUL HOLLICK, AFP**

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Many more public charge points are needed to aid EV take-up from those who don't have room to charge at home

that can handle larger electric vans. "This is something that is essential for fleet adoption of these vehicles," he said.

The AFP's Kerbside Charging Group is due to report soon on its work into the creation of a national 'heat map' showing where driver demand for kerbside charging is required.

"We've drawn in data covering something like 70,000 drivers of company cars and vans who live in apartments or terraced housing, don't have the option of installing off-road charging and need access to kerbside facilities," explained Hollick.

"The aim of the Kerbside Charging Group is to ensure there is a safe and secure kerbside facility within a five-minute walk of their homes.

GOVERNMENT TO WORK WITH OFGEM TO MITIGATE COSTLY CONNECTIONS

The infrastructure strategy recognises that the cost, timeframes and complexity of connecting charge points to the electricity system can be a barrier to deployment.

To help mitigate the problem, which is commonly faced by fleets, the Government says it is committed to ensuring charging infrastructure can be rolled out at the pace required by working with the energy regulator Ofgem.

The Government's electricity networks strategic framework, it says, will set out the "numerous" actions being taken to improve the affordability of connections, reduce connection timescales and improve customer experience.

Ofgem is also proposing to reduce the cost of new grid connections where upgrades to the existing network are required, from April 2023.

Increasing competition in connections will also reduce both costs and timescales, says the Government, and Ofgem has challenged distribution network operators to include actions to facilitate competition in their business plans for the upcoming price control for electricity distribution.

The Department for Transport says it will continue to review evidence on connection costs and timings and work closely with Ofgem to ensure these do not significantly delay EV uptake, particularly at inflexible locations with high demand such as depots.

By 2035, electricity demand from the transport sector is projected to rise to 55 TWh per year by 2035 making up 14% of total UK demand (equivalent to the electricity consumed by 18 million homes).

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"The creation of the heat map is a significant step in this process, we believe, and we will be sharing the data with national and local government as well as charge point operators.

"Our intention is that the new information is fed into the new government strategy and used as a detailed guide to where charging provision is most urgently needed."

The Government says it recognises that data sharing plays a vital role in the successful deployment of charging infrastructure.

To coincide with the launch of infrastructure strategy, the Geospatial Commission – a Cabinet Office expert committee that promotes the best use of data – announced a project to explore how location data can be better utilised to support planning and delivery of charge points by local authorities.

Dr Steve Unger, commissioner at the Geospatial Commission, said: "Location data will play a key role in planning the UK's transition to electric vehicles and help make net zero a reality.

"By working together, we will be able to unlock the potential for data-driven innovation in transport."

LOCAL AUTHORITY WORKSHOPS

The Geospatial Commission project includes workshops with 10 local authorities to identify challenges and opportunities for better use of location data in the roll-out of EV charge point infrastructure.

Councillor Helen Hayden, executive member for infrastructure and climate from Leeds City Council, which is taking part in the scheme, said: "With figures showing that the number of plug-in vehicles in Leeds has doubled over the past year, it is vitally important that we understand how best to expand and improve access to charging infrastructure for drivers on the go or without private parking."

RAPID CHARGING HUBS

A new report from the EV Energy Taskforce – *Charging the Future: Drivers for Success 2035* – launched to coincide with the Government's EV infrastructure strategy, has identified key conditions that will create the 'sweet spot' for success, driving uptake and enabling an efficient and successful transition to electric vehicles.

By 2035, electric cars and vans are expected to account for 74% of vehicles on the road, says the taskforce.

To provide drivers with the confidence to buy EVs and the means to charge them, near-home charging provision will be a critical part of the mix.

As many as half of all public charge points will need to provide charging for drivers in homes that lack dedicated parking spaces.

The taskforce – representing a collaboration between the UK's energy, infrastructure and transport industries – believes that local rapid-hub charging could provide a key part of this mix.

Higher energy throughput gives such installations the potential to offer better economic returns than on-street charging and, importantly, be price competitive for users, it says.

The report says capturing consumer preferences and understanding fleet requirements will be essential to providing charging solutions that are usable, accessible and investable.

Philip New, chief executive of the Energy Systems Catapult and the EV Energy Taskforce chair, says that a key challenge in making the UK's ambition to electrify road transport deliverable is to define the "type and scale of infrastructure" that the UK will need and how that is achieved.

Increased focus on the importance of near-home charging

ANDY EASTLAKE
CHIEF EXECUTIVE OF ZEMO PARTNERSHIP AND DEPUTY CHAIR OF THE EV ENERGY TASKFORCE

With sales of electric vehicles (EVs) booming (despite the supply challenges the new car market is experiencing) it's becoming ever clearer that an EV is the obvious choice for company car and van drivers with access to off-street parking.

However, the challenges faced by those without access to a dedicated home charger are now coming into sharp focus.

There's no doubt that public charging needs to be further developed, but deciding how many chargers of what type and speed are needed – and when and where to place them - is the conundrum facing Government, industry and investors.

Some proponents are calling for millions of public chargers to be installed and for a 'right to charge' mandate but, in common with all such infrastructure, low utilisation can actually cause more problems than it solves. So, the publication of the Government's EV Infrastructure Strategy, closely followed by the EV Energy Taskforce, could not have come at a more important time.

As you would expect, given the wide and deep collaboration which informed them, these documents share common themes and compatible recommendations.

Home charging is seen as the main solution for the car sector with en route rapid charging hubs (backed by the £950 million Rapid Charging Fund) supporting longer journey needs. But the near-home needs of drivers without access to their own facilities, is becoming a hotbed of innovative solutions. From a variety of apps enabling home charge points to be shared (for payment), to lamp post or ingenious kerbside solutions, or local rapid charging hubs where you charge your car while (sometimes) filling your shopping basket, the options are growing.

Users, too, are realising that there are different ways to charge effectively and conveniently, be that overnight, at their workplace, or on the way home.

What's clear from the two publications is that all the options can – and should – co-exist but the business models and investment opportunities can be highly complex.

One key conclusion is that local solutions must have significant local input and control, so we see Government funds (such as those earmarked for local EV infrastructure through LEVI) now directed towards local support for both charging hardware and energy infrastructure, together with the skills to plan them.

With energy prices still in the headlines, perhaps one of the most important pieces of analysis from the EV Energy Taskforce looks at what drivers may have to pay for a charge and how that may influence how the infrastructure develops.

The combination of infrastructure cost and energy throughput will determine minimum charging prices, tending to drive provision towards local rapid charging hubs. However, users will have a vital say in how near-home provision develops and will decide how much more they're willing to pay for convenience. Smart charging at public facilities should also have a part to play on prices.

For the EV transition to fully succeed, we'll need accessible, near-home public charging provision available to users at a cost as close as possible to that of home charging. That will mean ensuring the assets we install should have robust business cases, enabling the supply of electricity at reasonable cost. There are many ways to achieve this, but driving down connection and hardware costs and complexity, while driving up utilisation – and aiming to build just ahead of need – is likely to deliver the infrastructure needed to energise the EV market for all.

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Figures shown are for comparability purposes; only compare fuel consumption, CO_2 and equivalent all electric range figures with other vehicles tested to the same technical procedures. These figures may not reflect real life driving results, which will depend upon a number of factors including the accessories fitted (post-registration), variations in weather, driving styles and vehicle load. Data correct at March 2022.

*Multivan eHybrid has lower emissions while driving versus an internal combustion engine. Vehicle shown is a Multivan Style with optional two tone paint, 19" 'Halmstadt' Alloy Wheels and 90% tinted glass. Not UK specification.

Zeti creates pence per mile PAYG finance package for ULEV fleets

Fleets can now fund their full electric and plug-in hybrid cars and vans on pay-per-use model

By Stephen Briers

A start-up FinTech organisation claims to have solved the conundrum of pay-per-mile finance for fleet operators with a new proposition targeting ultra-low emission vehicles (ULEVs).

Zeti (originally an acronym of Zero Emission Transport Investment) was founded by former Octopus investment director Dan Saunders in June 2020. It initially offered its services to private individuals in the Hackney Carriages taxi sector, but expanded to become a full business-to-business operation last year and is rapidly closing in on 1,000 funded vehicles.

Fleets can choose from two funding options – leasing or loan – with the finance or repayment based on a pence per mile calculation.

Pay-per-use has been mooted by a number of leasing companies in recent years, but none has managed to finesse the technology.

These are some of the 100 Teslas Zeti has delivered to vehicle-as-a-service provider Breathe intended for hire drivers in London

> "WE HAD DEMAND FOR PAY-AS-YOU-GO FINANCING (AT OCTOPUS) BUT WE NEEDED ACCESS TO MORE FUNDS"
>
> **DAN SAUNDERS, ZETI**

However, Saunders was the architect of a similar model at Octopus, which trialled in 2018 with Heathrow Airport. It was calculated on the cost of the total investment, divided by the operating cycle and the anticipated annual mileage.

Octopus has since dropped the offering and is now one of the organisations financing the Zeti proposition.

"We had demand for pay-as-you-go financing (at Octopus) but we needed access to more funds," said Saunders. "The technology is also key as it connects the data from the vehicle with the money."

The key enabler, which allowed Zeti to "crack this old chestnut of pence per mile", according to Dave Kennon, director of automotive partnerships, was matching the technology to the finance, buoyed by the growing interest in ESG (environmental, social and governance) funding.

"We have repositioned transport as an ESG asset class to access pools of capital that don't normally come into the automotive sector," Kennon said.

The pricing formula is based on a fleet assessment of the mileage of each individual vehicle which is pooled into a portfolio to set the fixed pence per mile rate. This approach enables fleets to maximise their utilisation without having to shuffle vehicles to balance out mileage.

"There are no excess mileage charges," Kennon added. "And if they don't drive as many miles in a year as they thought, it brings the effective cost of finance down because they will pay less for the vehicle."

Each vehicle – Zeti funds cars and vans, but restricted to full electric and plug-in hybrid – is fitted with telematics which tracks daily mileage and triggers the monthly bill.

Zeti is also building a new platform called Zero which will interpret the data to create fleet management reports on driver behaviour and CO_2/NOx emissions for the customer.

"While we have both leasing and ownership propositions, we are finding ownership (via the loan facility) is the most popular route because of the tax breaks available," Kennon said. "It means a positive cashflow in year one because of the 100% writing down allowance."

The pricing proposition is being used by several private hire firms, but Saunders believes it will be of interest to any fleet that has business-critical vehicles and for whom cashflow is important.

"The feedback from fleets is that the key is cash optimisation and transparency," he said. "The majority of fleets don't know how they will be using their vehicles from one day to the next or from month-to-month, and this keeps costs low and gives them flexibility."

Kennon also believes it will be of significant interest to last-mile delivery companies, particularly as city centres embrace clean air zones.

And he welcomes conversations with vehicle manufacturers that have customers who are unable to get a finance solution for ULEVs.

"Our pay-per-mile model stacks up well against traditional leasing," Kennon said. "We find the pools of capital, but we don't ratchet up the interest rate for commission; we give the end user the lowest rates we can. We only get paid when the end user pays their monthly bill, and we take a small percentage of those payments."

Contracts terms are flexible and, so far, vary from two-to-10 years, while financing demand from fleets has already topped £200 million. The funding model is not restricted by mileage; it works equally as well for high mileage operators.

Saunders anticipates rapid growth over the next 18 months to 4,000 vehicles with van fleets providing the catalyst as more electric light commercial vehicles (e-LCVs) enter the market.

However, the proposition isn't limited to vehicles.

"We have figured out how to finance the vehicles and we can now package this for other elements; for example, charging infrastructure as per mile or per kWh. We are already in talks with fleets about this," Saunders said.

Insurance is also a possibility, most likely in partnership with an insurance company, as is energy supply and pence per mile daily rental.

"There are lots of options to tailor the service," he added.

Strategy switch sees Hyundai make inroads into the true fleet heartland

Hyundai Business revamps relationships, while ULEVs put manufacturer on more choice lists

Ioniq 5 is one of the models leading Hyundai's true fleet sales surge

By Stephen Briers

New electric products and a new corporate end user business strategy saw Hyundai true fleet registrations almost double last year, enabling the company to dramatically tone down its presence in the short-cycle rental market.

Pre-pandemic, Hyundai freely admits it was obsessed with "chasing volume", resulting in corporate end user accounting for just 8% of its fleet sales. The rest was tactical, short-cycle business.

Official Society of Motor Manufacturers and Traders (SMMT) figures reveal that 15% of Hyundai's total registrations were to the rental market in 2018, markedly ahead of the industry average of 9%.

"We were not in control of our own strategy," said Tim White, who was appointed fleet director in May 2021.

Last year, Hyundai revamped its outlook with the launch of Hyundai Business. It refreshed its website with a new fleet section incorporating wholelife cost calculators, benefit-in-kind (BIK) tools and competitor comparisons, and introduced a clearer, more defined journey for enquiries from drivers and fleets.

Hyundai Business also acted as the catalyst for an improved customer terms agreement engine and leasing company portal which creates automated terms with instant approval, plus live agreement updates.

"These systems put the fleet and leasing customer at the centre of everything we do," White said.

Aligned with the launch of new full-electric and plug-in hybrid products that seized the zeitgeist for the era of fleet sustainability, including the Ioniq 5 and Tucson PHEV, Hyundai has seen its true fleet sales rise a staggering 104%, with its share of the market increasing from 1.8% to 3.2%. Corporate end user business now accounts from 26% of fleet sales.

In contrast, rental last year dropped to 7% of total sales, against an industry average of 8.6% insert, and has fallen to just 5% in the first quarter of 2022.

"The launch of Hyundai Business was the start of our journey into fleet. It's about how we talk to the marketplace and the consistent communications needed as we grow our database," White said. "It's gives us a clear brand identity."

He adds: "We see a universe of 3,000 fleets with 25-plus vehicles. We are engaged with a third, we know another third and there is a third we don't know yet. Our fleet database has grown 65%."

The corporate end user strategy is the culmination of a two-year journey to fast track back office functions, processes, teams, communications and lead generation databases. The foundations were laid during the Covid pandemic and resulted in a surge in new agreements during 2020, the results of which started to be felt in 2021 and, particularly, this year.

> "WE ARE ENGAGED WITH A THIRD (OF FLEETS), WE KNOW ANOTHER THIRD AND THERE IS A THIRD WE DON'T KNOW YET"
>
> **TIM WHITE, HYUNDAI**

It has helped Hyundai's total order take to exceed 2,500 per week, substantially ahead of the business plan, and puts its Vision 2025 strategy of more than 100,000 registrations and a 4% market share well in sight.

Meanwhile, in the space of just two years – 2019-2021 – Hyundai has seen its fleet mix switch from 70% ICE/30% ultra-low emission (ULEV) to 70% ULEV/30% ICE. And, of the ULEV mix, half are full electric.

Its order take this year in the true fleet market clearly shows the direction of travel, with full electric accounting for 70%.

Hyundai has a product launch plan of 11 full EVs by 2030, with new architecture coming in 2025. New models will push the brand further in the premium sector – it describes it as "premium volume" – with electrification encouraging businesses to re-evaluate their manufacturer partners.

A full interview with Tim White and Hyundai managing director Ashley Andrew will appear in the May edition of *Fleet News*.

Mileage reimbursement figures out of date within days of issue

HMRC stresses mileage rates are 'advisory' as they fail to reflect costs

ISTOCK.COM/ BLUEBAY2014

By Gareth Roberts

Latest figures issued by HMRC for reimbursing fuel expenses incurred by company car drivers have left employees short-changed within days of being published, *Fleet News* analysis suggests.

The advisory fuel rates (AFRs) were published just before diesel and petrol prices reached record highs in March.

Reviewed quarterly by HMRC, the different mileage rates, according to fuel type and engine size, are based on the latest pump prices.

However, within days of the new AFRs taking effect from March 1, Government figures used to calculate them quickly looked out of date.

The average price of a litre of unleaded fuel was, on average, 14% more than the figure used by the Government to set its rates.

A litre of diesel had surged even higher, driven in part by the Russian invasion of Ukraine, with forecourts charging 19% more than the pence per litre (ppl) cost employed by the Government department.

> "WE'VE NEVER WITNESSED SUCH EXTREME RISES IN PRICES OVER SUCH A SHORT PERIOD"
>
> **SIMON WILLIAMS, RAC**

HIGHER MILEAGE RATES

AFRs are used by many companies to reimburse their drivers. If a company pays a mileage rate at or below the AFR, it avoids having to pay Class 1A National Insurance.

The existing AFRs for petrol company cars are based on a 147ppl, and 151.1ppl for diesel. They are not due to be reviewed until June 1.

The average price of diesel increased by just more than 22ppl in March, peaking at 179.9p on the 23rd of the month, according to figures from the RAC.

This was three times the size of that recorded in May 2008, the previous worst month for diesel price rises, when the cost of a litre went up by around 8p.

The average cost of a litre of unleaded, meanwhile, went up by just in excess of 11ppl – the largest increase the RAC has recorded in a single month – hitting a new record-high price of 167.3p on March 22.

At the time of going to press, almost a month later, diesel was, on average 176ppl; petrol 162ppl.

RAC fuel spokesman Simon Williams said: "Over the 22 years we have been monitoring pump prices, we've never witnessed such extreme rises in prices over such a short period.

"To describe the current situation facing drivers at the forecourt as 'bleak' is therefore something of an understatement."

If HMRC had set the mileage rates just days later, drivers would have expected a 2-3p per mile (ppm) increase on the current AFRs.

It would have meant a driver claiming mileage on a 1.8-litre diesel company vehicle, for example, would be receiving 16ppm, instead of the 13ppm advised by the tax office.

For an employee in a 1.6-litre petrol company car, the increase would have been less, but not insubstantial, with a drivers expected to receive 17ppm rather than the existing suggested rate of 15ppm.

ENERGY PRICE HIKE

It is a similar situation for drivers of electric company cars, with the advisory electricity rate (AER), also published by HMRC, failing to reflect rising energy costs.

The energy price cap for household bills, set by the regulator Ofgem, increased by 12% in October 2021, and by 54% this month (April).

The current AER was increased from 4ppm to 5ppm in December 2021 – the first time since it was introduced in 2018 – and is currently only reviewed annually. It is calculated using electrical price data from the Department for Business, Energy and Industrial Strategy (BEIS) and electrical consumption rates from the Department for Transport (DfT) in addition to company car sales figures.

With energy prices rising, the cost of charging an electric vehicle (EV) on the public network is also increasing.

As of mid-March, the average cost of ultra-rapid and rapid charge was 44p per kWh, according to Zap-Map. This equates to around 13ppm based on average EV efficiency of 3.5 miles per kWh.

HMRC stressed that the mileage rates, for both internal combustion engine (ICE) and electric company vehicles, were "advisory", with fleets able to pay a higher rate and still avoid tax if they could demonstrate the additional costs incurred.

A HMRC spokesman also told *Fleet News* that, while the AER is only reviewed annually, as with all taxes and allowances, the Government keeps the rates "under review".

The single month increase in fuel prices is the largest recorded by RAC

FUEL DUTY CUT

Campaigners and fleets have been calling for a reduction in the rate of VAT for public charge points to match the 5% rate domestic use attracts.

Electricity supplied at public EV charging points is subject to standard rate VAT at 20%.

However, the Government has appeared to rule out the potential of a cheaper on-street charging any time soon.

Treasury minister Helen Whately declared that her the department had "no plans" to review the current rate of VAT applied to charging EVs (fleetnews.co.uk, March 30).

Chancellor Rishi Sunak did, however, attempt to take the heat out of pump prices in the Spring Statement by announcing a 5ppl cut in fuel duty (fleetnews.co.uk, March 23).

Around a third (34%) of the pump price for a litre of diesel is made up of the wholesale cost, 10% is from the biofuel content, 6% for delivery and retailer margin, 33% is down to fuel duty and a further 17% is from VAT.

Fuel duty has been frozen at 57.95ppl since 2011, but, with businesses and consumers facing mounting costs, the Chancellor said he hoped the fuel duty cut would offer some relief.

The respite for fleets was short-lived, however, with wholesale prices continuing to increase and some retailers accused of not passing on the Treasury saving (fleetnews.co.uk, March 30).

Williams said drivers might well be feeling "aggrieved" that the Chancellor's 'historic' fuel duty cut announced in the Spring Statement has done nothing to protect them from price increases.

"A 5p cut in duty should, in theory, have led to a 6p cut in prices at the pumps as a result of the Government taking less VAT – but that is on the basis that wholesale prices stay still, which is hardly ever the case, and retailers passing on their reduced costs to driver fairly," he explained.

Petrol prices have only come down by an average of 3.73p since March 23, with diesel down even less – by just 2.61p on average.

AFP Association of Fleet Professionals

FLEET STREET

A monthly look at the big topics in fleet

By Lorna McAteer, board director, Association of Fleet Professionals (AFP)

Q: Should I wait to see what hydrogen LCVs are like before committing to battery electric?

A: Many fleet managers looking at adopting battery electric vans are quickly identifying difficulties that are not easily resolved. Range, recharging and payload are all issues that require compromise.

Against these considerations, hydrogen looks a strong alternative, promising zero emissions at the tailpipe and refuelling on a similar basis to petrol or diesel. There is even be a panel van from Vauxhall available soon.

However, our feeling at the AFP is that hydrogen is really a non-starter for almost all fleets.

First, there are only 15 filling stations in the whole of the UK, with entire swathes of the country having none at all. Unless you are willing to install your own refuelling facilities and operate entirely from a centralised depot, hydrogen adoption is extremely difficult.

Secondly, vehicle availability is likely to be low for the foreseeable future. We're effectively looking at a one-model market with limited production and few signs of change in the short-to-medium term.

Lastly, obvious support by Government for hydrogen use in vehicles is lacking, which helps to explain points one and two. The Government's policy boils down to "let the market find its way" and contrasts heavily with some other countries, notably Germany, where there are comparatively proactive measures in place.

The bottom line is that, while battery electric van adoption looks difficult, it is really the only viable option. At the AFP, we are working to identify ways to manage the compromises these vehicles require and ultimately, most fleet operators are finding a way through.

For further details about AFP, visit www.theafp.co.uk.

The past month's news headlines from fleetnews.co.uk

MAR 23 | 24 | 25 | 28 | 30 | APR 1

CHANCELLOR'S FUEL DUTY CUT TO COUNTER HIGH PUMP PRICES

Fleets received some respite at the pumps thanks to a 5 pence per litre cut in fuel duty, which was announced by the Chancellor in the Spring Statement on Wednesday, March 23.

NEW MOBILE PHONE RULES COME IN

Fleets were warned it will be illegal to use a handheld mobile while driving under virtually any circumstance as new rules come into force.

Drivers will be breaking the law if they use a handheld mobile behind the wheel for any use, including to take photos or videos, scroll through playlists or play games.

GOVERNMENT TO DELIVER 300,000 CHARGERS BY 2030

The Government will spend £1.6 billion to build a network of 300,000 electric vehicle chargers by 2030. The pledge, in the Electric Vehicle Infrastructure Strategy, represents an increase of around 10 times the current number of publicly available chargers.

ARI FLEET UK REBRANDS AS HOLMAN

ARI Fleet UK became Holman from Monday, March 28, following a global rebrand and reorganisation. The move will see the entire global organisation, including retail dealerships, vehicle up-fitters and fleet management, come under the Holman name.

50,000 EV CHARGERS TO BE INSTALLED AT SCHOOLS, COLLEGES AND UNIVERSITIES

Energy services company eEnergy, in partnership with EO Charging, plans to create the UK's largest public sector charging network, making a contribution towards the Government's 2030 target of 300,000 charge points in the UK by 2030.

FMG BUYS BLUELIGHT SPECIALIST GRG PUBLIC RESOURCES

FMG has acquired GRG Public Resources – a specialist in call handling for vehicle removal and emergency boarding of premises for the bluelight services – for an undisclosed sum. The acquisition aims to help it expand and evolve existing services in the bluelight sector.

2 4 5 7 12 13

BRITISH GAS HEAD OF FLEET STEVE WINTER LEAVES CENTRICA

Former *Fleet News* fleet manager of the year and head of fleet at British Gas, Steve Winter, has announced his departure from Centrica, paying tribute to the fleet team he had led since 2017.

KIA REVEALS POWERTRAIN DETAILS FOR 2022 NIRO

Kia will offer three electrified powertrains for the all-new Niro, which will go on sale later this year. It will be offered with a hybrid, plug-in hybrid and fully electric options, like its predecessor.

HERTZ TO BUY UP TO 65,000 POLESTAR EVs

Hertz has struck a deal to purchase up to 65,000 Polestar electric vehicles over the next five years, with cars joining its European fleet this spring and operations in north America and Australia later in 2022.

GOVERNMENT LAUNCHES CONSULTATION ON ZERO EMISSION VEHICLE MANDATE

The Government has launched a consultation on the design of the UK's zero emission vehicle (ZEV) mandate for cars and vans. The ZEV mandate will force manufacturers to sell a certain proportion of electric vehicles in the lead up to 2030.

FLEETS FACE DISRUPTION AT THE PUMPS AS FUEL PROTESTS CONTINUE

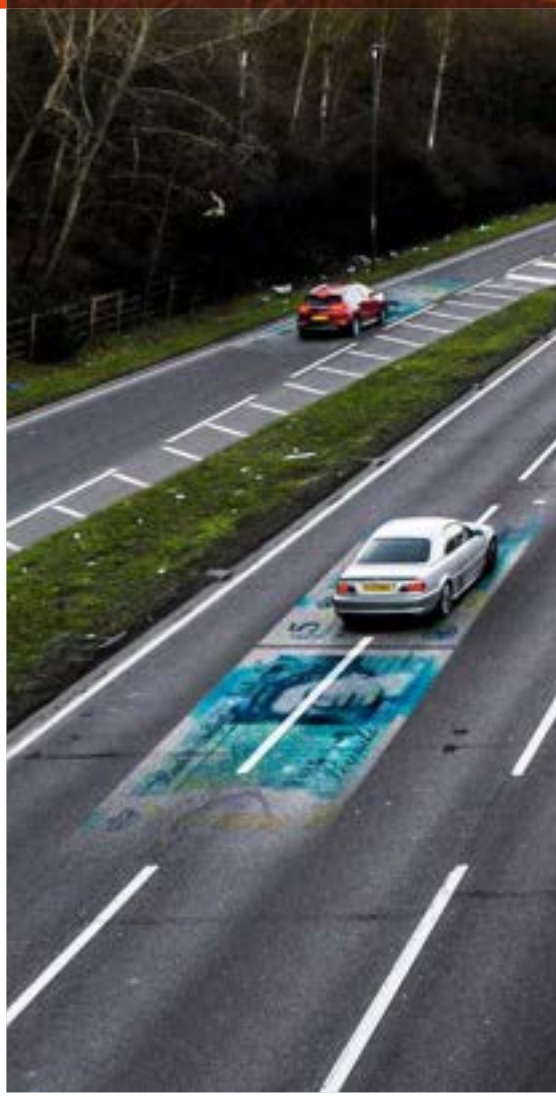
Fleets were warned to expect further disruption at the pumps over the bank holiday weekend as fuel protesters vow to continue action impacting deliveries of petrol and diesel. Protesters from Just Stop Oil and Extinction Rebellion have been targeting oil depots around the country.

KEYLESS CAR THEFT REACHES ALL-TIME HIGH IN 2021

Keyless car theft accounted for 94% of all vehicles recovered by Tracker last year, reaching an all-time high. Thieves take the vehicles using relay technology to receive the signal from a key inside a house and transfer it to a portable device, allowing them to unlock and drive the car.

Road pricing explained

As income from motoring taxes falls, the possibility of a national charging scheme has risen in prominence. *Andrew Ryan* looks at where we are, how we got here and what happens next.



Earlier this year, London mayor Sadiq Khan revealed he is considering a road user pricing scheme for the capital.

The system could abolish all existing road user charges – such as the congestion charge and ULEZ (ultra-low emissions zone) – and replace them with a scheme where drivers pay per mile, with different rates dependent on how polluting their vehicles are, localised congestion and access to public transport.

It could be introduced in as little as eight years as London looks to achieve net-zero carbon emissions by 2030.

Could this also be a blueprint or test pilot for other cities or even a national road pricing scheme?

Q What is road pricing and how does it work?

A Road pricing simply entails charging motorists for when and where they drive based on usage.

It is not a new concept, but the advent of cheaper, more advanced connected vehicle technology offers a simpler solution. A national road pricing system could target congestion by imposing higher charges for popular stretches of road at the busiest times, thereby giving some road users the opportunity to amend the times of their driving according to a balance of necessity and cost.

Charging rates could also vary according to emissions standards, thereby maintaining the 'polluter pays' principle, and incentivising lower emissions vehicles. Such a system would need to be a tax-neutral replacement for other fiscal sources of revenue.

Road pricing is already used to cover particular stretches of road or areas for specific reasons.

For example, there has always been a charge to use the Dartford Crossing over and under the Thames linking Kent and Essex. This was primarily introduced to cover the construction costs.

Although the sum for building was fully recovered in 2003, the toll has been retained and rebranded as a congestion pricing scheme.

Other road charging schemes have also covered local areas and introduced for a particular reason. For example, London introduced a congestion charge in 2003 with the aim of reducing traffic in and around the charging zone. More recently, we have clean air zones (CAZs) intended to improve local air quality by charging non-compliant vehicles.

In 2015, the Government announced plans to improve local air quality through a variety of measures, including the implementation of CAZs.

A full breakdown of operational and planned schemes is available at fleetnews.co.uk/caz.

National road pricing was first suggested in the Smeed Report of the mid-1960s, but has been hampered by a lack of suitable technology and the political will to do it.

It has always been regarded as too unpopular to implement.

Democratically-elected politicians are painfully aware that advocating the introduction of new taxes, however well intentioned, is unlikely to gain general popularity.

Fifteen years ago, for example, a petition against the introduction of road pricing attracted more than one million signatures.

However, falling tax revenues caused by the decline of petrol and diesel vehicles and the rise of the electric vehicle (EV), have seen the prospect of national road pricing regain momentum.

And there is growing acceptance, certainly by fleet operators.

Matt Hammond, fleet director at Altrad, says: "Road pricing is the only way forward. The geographic toll-based system looking at specific roads is the best way. That way the people who have invested in EVs and do limited mileage on less congested roads won't pay as much as someone doing 30,000 miles a year."

Q Where are we now?

A The amount of revenue the Government takes from fuel duty, VAT on fuel duty, vehicle excise duty (VED) and company car tax – the big four taxes associated with the provision of cars – was £35 billion in the 2020/2021 tax year.

This breaks down to £21bn in fuel duty, £4.2bn in VAT on fuel duty, £7bn in VED and £2.5bn in company car tax.

"As we see EVs increasingly replace petrols and diesels on our roads, what does that mean? What's going to happen to that money?" asks Harvey Perkins, director at HRUX.

"Obviously, the fuel duty and the VAT on fuel duty is directly linked to putting petrol and diesel in your tank. One of the advantages of having an EV is not needing to go to a petrol station and pay that money."

Perkins says 1% of the cars on UK roads are now EVs. This proportion is set to increase dramatically in the coming years as the 2030 ban on the sale of new petrol and diesel cars and vans draws closer.

He adds the shortfall could be addressed by increasing VED rates for EVs or by an increase in the benefit-in-kind (BIK) tax rates on the zero-emission technology.

"But how politically acceptable is that?" queries Perkins. "How soon would it be acceptable to increase taxes on EVs? As early as 2025? I think it may be later in the decade for any serious increases, but who knows?"

He adds: "If you can't increase company car tax rates, if you can't tax the fuel because it's electricity and it's linked with domestic electricity rates, then where are you going to go to raise the revenue?"

A group of MPs on the Transport Select Committee

Telematics may provide the answer if the Government wishes to introduce a system of road pricing taxation

(TSC) has suggested there is no viable alternative to the introduction of a national road pricing scheme.

"The Government must set out a range of options to replace fuel duty and vehicle excise duty. These options should be revenue-neutral and not cause drivers, as a whole, to pay more than they do currently," says the TSC.

"One of those options should be a road pricing mechanism that uses telematics technology to charge drivers according to distance driven, factoring in vehicle type and congestion.

"If motoring taxation is linked to road usage, the committee has not seen a viable alternative to a road pricing system based on telematics."

The TSC says the Government could implement a range of other policy responses to make up the shortfall in tax income.

For example, it could allow those duties to decline. However, that would mean non-drivers subsidising drivers and might result in significant increases to other taxes or reduced public services.

Alternatively, a way may be found to price electricity used by vehicles differently. That could be done by introducing a surcharge on electricity used to charge vehicles.

However, this would require potentially costly new infrastructure because there is currently no mechanism that allows an electricity supplier to know if a householder is using a washing machine or charging their car.

Professor Philip Booth, director of the Vinson Centre at the University of Buckingham, says road pricing is the best way to ensure "road users are charged for the costs they impose on the system... and the costs they impose on other road users".

Advances in technology make a national charging scheme viable. Local road charging initiatives, such as at the Dartford Crossing, rely on a network of automatic number plate recognition (ANPR) cameras mounted on gantries which monitor the traffic which passes through.

While this technology is fine for these applications, it is impractical for a scheme that would cover the entire country and every public road.

The TSC has identified telematics – a technology familiar to many fleet decision-makers – as the ideal solution for a national road pricing scheme.

"Anything that, politically, is realistic to design, the technology can deliver already," says senior fellow at the Foundation for Integrated Technology Phil Goodwin.

> "IF YOUR DUTY STARTS TO GO BY THE WAYSIDE, THE TREASURY'S GOT TO FIND SOMETHING TO REPLACE THAT WITH"
>
> **BUSINESS MINISTER PAUL SCULLY**

It remains to be seen if road pricing concessions would be made for people living in remote areas

This includes enabling a system where charges vary dynamically based on the road being used and the time of travel.

However, this isn't a favoured option for fleets.

Hammond says: "I don't see a dynamic rate working. I know the theory is it moves people's pattern of driving, but too many people have to be on the road at those times. It's not a balanced approach."

A consistent, simple system makes most sense, according to Duncan Webb, head of fleet at ISS.

"Road pricing is there to raise money for the Government," he says. "The system today is simple, it's fair, everyone pays their share relevant to how far they go. I think we are risk of making it super complicated – I'd want a simple scheme that raises money for the Government."

Chris Connors, fleet manager at Countryside Properties, adds: "It has to be a simple solution that people can understand. I'm not a fan of time-based. We do need to consider the difference between personal and business journeys. It needs to be done collaboratively. We have to keep people and goods moving the right way, so having a solution to do this efficiently as well as getting the revenue back is the ideal outcome."

TSC believes that, in designing a replacement for fuel duty and VED, "the Government must examine how an alternative road pricing mechanism can use price as a lever for change while still subjecting motorists to fair levels of taxation".

It says: "To that end, it may seek to make concessions in the interests of societal fairness, such as providing an annual allowance of free travel miles or gearing the system to support vulnerable groups, such as those with mobility issues and people who reside in the most remote areas.

"The introduction of an alternative road charging mechanism that supported motoring and motorists might work against the Government's ambition for half of all journeys in towns and cities to be walked or cycled by 2030.

"The Government must ensure that any road pricing scheme does not undermine progress towards its targets on active travel and public transport modal shift."

Q What happens next?

A The TSC has suggested that, in order to fulfil their respective and connected responsibilities for managing congestion and maintaining the public finances, the Department for Transport and Treasury must jointly establish an arms-length body to evaluate its preferred options to replace fuel duty and VED.

"The body should consult experts on road planning, taxation and telematics technology," the TSC adds.

"It should be tasked with recommending an alternative road charging mechanism to replace fuel duty and VED by the end of 2022."

There does seem to be a shift in attitude towards national road pricing.

A snap *Fleet News* poll last month found 55% of respondents backed a road-pricing system on miles driven, while one West Midlands council, as part of its strategy to cut car use and encourage motorists to cycle, walk and use public transport, committed to lobby the Government to introduce a nationwide road pricing scheme.

Behind the scenes, it appears the Government accepts that introducing a road pricing scheme makes sense in the current circumstances.

"A lot of people involved in company car tax and company car tax policy are bemused that the Government is not yet having this conversation with us publicly," says Perkins.

A spokesman for think-tank Social Market Foundation adds: "We know senior politicians privately recognise that road pricing is sensible and inevitable. The time is coming for them to have the courage and honesty to bring the public into that conversation."

However, the Government has yet to respond to the TSC's report, so it is unclear if and when the much-talked about measure will become a reality.

Back in 2014, Stephen Glaister, a member of the advisory panel to the 2004 Road Pricing Feasibility Study, said: "It has become a standing joke that even if any UK politician is unable to deny the logic of the case for some form of road pricing, they are never willing to implement it within the next 10 years – by which time they will be long gone."

Roll the calendar forward eight years to March this year and Business Minister Paul Scully told Times Radio: "I think (road pricing) needs to be really worked through. It's not something I'll be keen on now.

"But if you're looking at electric cars in 10 years' time then, obviously, if your duty starts to go by the wayside, the Treasury's got to find something to replace that with.

"But I suspect (there'll be) lots of debate before we get anywhere near that."

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Which?

Ts&Cs apply.

COMPANY: OCU Group
HEAD OFFICE: Stockport
HEAD OF PLANT AND TRANSPORT: Stephen Jackson
TIME IN ROLE: nine years
FLEET SIZE: 1,000 – 250 cars, 600 vans, 150 trucks
FUNDING METHODS: spot hire, outright purchase

Stephen Jackson is a firm believer in the value of accreditation

Keeping 'the wheels turning and the fleet compliant'

These are the priorities for OCU Group's Stephen Jackson as he and his team oversee 1,000 vehicles and 3,500 items of plant. *Stephen Briers* reports

Fleet decision-makers are rarely underworked. Most would admit they have plenty to keep them occupied during the week simply managing the drivers of their cars, vans and/or trucks. But, in utilities, the role frequently comes with the added complexity of plant.

At OCU Gropup, a family-owned contractor based in Stockport, this means assuming responsibility for everything from cars to £3 million directional drilling rigs, and from light commercial vehicles (LCVs) to 80-tonne low loaders.

Stephen Jackson, OCU Group head of plant and transport, is the man tasked with ensuring the business runs smoothly and efficiently, by keeping the vehicles on the road and the plant functional.

This objective is, he says, his "number one priority", supported by a team which includes a plant and transport manager, a fleet manager plus assistant, hire desk manager, process manager, assistant plant and transport manager, breakdown manager, directional drilling specialist and six regional managers who act as the "eyes and ears" of his department within the operational centres.

"My priority is to keep the wheels turning and to keep the fleet compliant," he says. "If every team member is in a van and working safely, I'm meeting expectations. Everything else is icing on the cake."

He is a firm believer in the benefits of accreditation and is a member of both Logistics UK's Van Excellence and FORS (Fleet Operation Recognition Scheme), where the company has attained silver membership.

"FORS has taken us to a higher level of compliance and given us guidance on where we need to be operationally," he says. "It's about the controls and measurements, such as having robust deadlines on truck testing every six months. We also need FORS to be able to tender on bigger contracts, such as HS2, but it's more than that – it's a badge of honour."

The transient nature of a utilities workforce means OCU Group leans towards spot hire as its primary funding method for cars and vans.

Via Arnold Clark Vehicle Management, it rents 90% of its 250 job-need cars, with the funder providing an outsourced fleet management service.

Jackson brought in Arnold Clark when he joined the business and has negotiated pricing for spot hire that he believes is on a par with leasing.

"The issue with leasing is tying yourself into a three-year contract; with spot hire, we have no commitment," he says.

"A selling point for the business, when recruiting, is that starters always get a new car, not one that has been reallocated."

Rental periods range from 24 hours (some starters don't turn up for their first day) to a maximum of two years, nine months, which ensures the vehicles return to Arnold Clark before the first MOT is due.

It's a reciprocal arrangement; Arnold Clark wants the cars back at that time to feed into its dealer network.

OCU Group's 600 vans are split 70:30 – 70% are rented via Dawson Group, 30% are bought outright by the company.

The 180 owned vans are all specialist vehicles undergoing conversions; for example, for the fibre splicing engineers, which carry an £8,000 fit-out bill.

Operating cycles for the standard rental vans, which are typically ply-lined, are similar to cars to prevent the cost of MOTs, although the current vehicle supply shortages are forcing OCU Group – like many fleet peers – to keep its vehicles for longer.

"The potential issues we're seeing are a rise in breakdowns, having to MOT the vehicles and the impact on the company's image if the vans suffer from more bangs and bumps," Jackson says.

"Although we are facing an element of downtime, we do mobile maintenance on site via Dawsons which helps to reduce any off-road time."

He also utilises the CheckedSafe defect ↻

Spot hire is the primary funding route for OCU Group's vans

reporting app which feeds directly into Dawsons' maintenance department for seamless and immediate action.

The company owns all its 150 trucks, which range from 7.5-tonne dropsides and tippers to those 80-tonne low loaders, used to transport the big plant assets. They are generally kept for a maximum of five years, a much shorter lifecycle than the fleet industry average.

"It's not an easy life; these vehicles are not high mileage, but road works are harsh and we wouldn't want to keep them for much longer," Jackson says.

"We sell them on via auction houses and private sales and, because we look after them with regular maintenance, they are good purchases."

Legislation is another driver of OCU Group shorter operating cycles: clean air zones, and anticipated move towards zero emission zones and congestion charging are all valid reasons to keep up with the latest engine technology.

All assets, from cars to plant, are fitted with trackers to capture mileage, misuse and fuel efficiency and to prevent theft and aid recoveries.

The vans and trucks also have slab locks installed to prevent theft and Jackson has resumed fitting steering locks as a visible deterrent. "A van could be full of equipment worth £10,000, so we are very security conscious," he says. "These steps have helped to reduce the number of thefts."

> "AS THE FLEET GROWS, YOU HAVE TO GROW THE TEAM TO THE SIZE OF THE TASK AHEAD"
>
> **STEPHEN JACKSON, OCU GROUP**

Safety and compliance are also high on the agenda. The induction programme for all new starters includes education about the FORS scheme and a 45-minute on-the-road driver assessment.

The group partners with Ignition for its driver training, a reactive approach that tackles repeat offenders in terms of load safety and public complaints. It has more recently put its regional team on 'train the trainer' courses to facilitate the induction training and to be more proactive with targeted training.

The regional team also carries out drug and alcohol testing on anyone involved in an incident, as well as random driver checks, while the central team supports with stand-down days, toolbox talks and mailshots reminders on key safety issues.

For the past three years, OCU Group has been deploying cameras across its truck and van fleet. The trucks get a full five-camera set up of front, rear, near side, offside and in-cab driver-facing, while the vans get the front and driver-facing units.

The live feed has many benefits. Seeing the driver identifies any distractions which helps with training, while the systems have also exonerated drivers from potential at-fault incidents and false claims.

They have helped OCU Group to reduce its incidents by 20%, a good return on the £2,000 investment for the trucks and £600 for vans.

"We had help from our insurance partner Axa," Jackson says. "They put money into the

pot to help us fund the cameras and we are also now getting a lower premium."

The cameras have also had an unexpected benefit: the police have approached us to view evidence "about something not related to our drivers because they can see that we have the cameras".

He adds: "We monitor everything: cameras, trackers, CheckedSafe, fuel usage via Allstar – we monitor daily, and we follow up anyone who is not compliant."

Jackson joined OCU Group nine years ago (see panel, right) when the business was turning over £60 million and operated 300 vehicles; today he is responsible for 1,000 vehicles and 3,500 items of plant.

"This is where plant and transport come together – we need the transport to move the plant," he says.

Further growth is expected, including possible acquisitions (it bought Wigan-based telecom installation service experts FKS in February), which will result in an expansion of the fleet. Jackson has been there before while at Balfour Beatty Group.

"As the fleet grows, you have to grow the team to the size of the task ahead," he says. "I tend to operate a people matrix spreadsheet to plot the team, while treating everyone with respect as there is often uncertainty during change. It's important to learn from all the fleets and to do a 'gentle' integration."

With a sizeable division of the company – Instalcom, acquired in 2002 – operating in London, Jackson has been piloting electric vehicles with LEVC in anticipation of tightening regulations in the capital.

"We also have a dozen electric cars with Instalcom and we are seeing growing interest when we are recruiting, so we are going into contract hire with them because it makes better financial sense," he says.

For electric vans, he has run into several limitations over range and their lack of towing capability. There is also some driver acceptance to overcome, not least as the vans go home not back to base and many employees do not have driveways for home charging.

"We are at the start of our journey, but we are trialling them with our Instalcom business in London before going out to the rest of the business in the medium term," Jackson says. "There are challenges but, as with everything in plant and transport, we will overcome them."

JACKSON ON...

...red diesel

With the rules on usage of red diesel now preventing companies such as OCU Group for deploying it in plant, Stephen Jackson is considering ways in which he can minimise the resultant rise in cost from using standard 'white' diesel.

"We have to more closely monitor usage and how we get fuel to sites, which used to be in drums or via an on-site bowser," he says.

"We are trialling buying the fuel in full tanks which works out at 3p per litre cheaper and will roll this out across our 12 regional sites if it works.

"We also fit anti-siphoning systems in our vehicles, which helps to prevent theft, while all our drivers have fobs which are matched to the vehicle."

A GOOD GROUNDING IN PLANT

Stephen Jackson began his career as an assistant plant and transport manager at DJ Ryan & Sons. While the work appealed to him, the big selling point was "their corporate image, which was green!".

At the same time, he was studying for a Nebbs accreditation in road haulage.

The local business offered the ideal grounding – "a good basic apprenticeship" – and he stayed for 18 years, becoming plant and transport manager after five years.

Following a 12-month stint as fleet engineer at Standish Self Hire, Jackson returned to the utilities industry as the plant and transport manager at Kenton Utilities. After its acquisition by Balfour Beatty, he supported the transition before leaving to go self-employed.

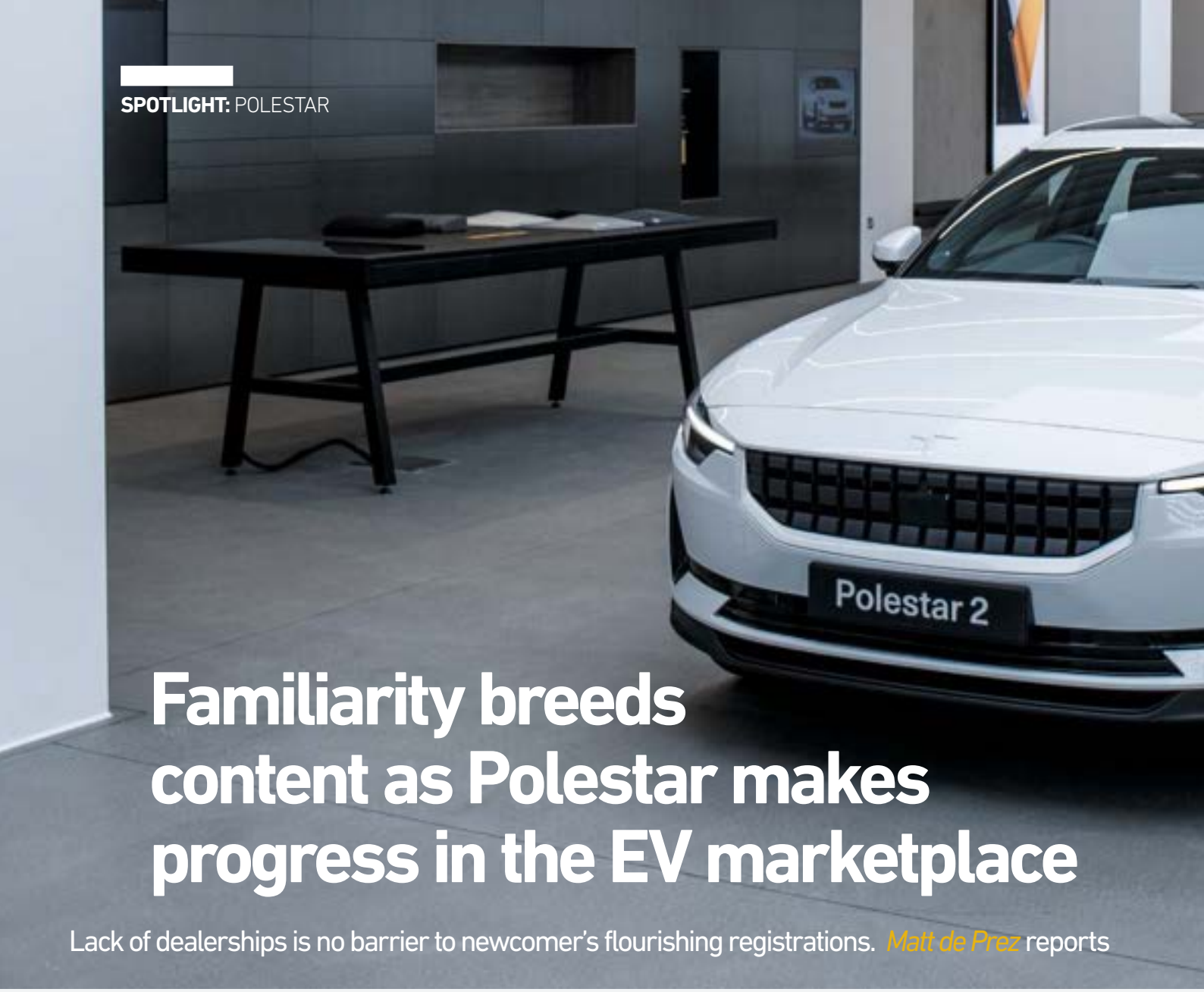
"Going from a small private company to a large plc was a different world," he says.

"I learnt a lot and grew with the business, but it was less flexible and unable to make decisions as quickly as I'd been used to."

While working at Buckhurst Plant Hire as operations director, he was approached by OCU Group to become head of plant and transport.

That was nine years ago, when the business was turning over £60 million; it is now at £300m with ambitious growth aspirations under a new chief executive that will see Jackson's fleet expand in the coming years.

"Utilities is never boring," he says. "It operates at a fast speed and every day is busy from 7am to 6pm. There is always something to achieve and you often have to think on your feet while doing the job."



Familiarity breeds content as Polestar makes progress in the EV marketplace

Lack of dealerships is no barrier to newcomer's flourishing registrations. *Matt de Prez* reports

A digitally-led Scandinavian brand that's best known for tuning up Volvos, has no dealerships and wants to interact with all its customers via a mobile app might not seem like one that would resonate well with the fleet industry, but factor in the words "electric car" and Polestar's recent success with corporate customers makes a lot more sense.

Having launched in 2020, the Polestar 2 – currently the brand's only model – has exceeded all expectations. Registrations have grown from 850 in the first year to more than 4,000 during a tumultuous 2021. This year, Polestar is expecting to deliver around 7,500 2s and thinks it could do a lot more.

Where are these sales coming from? Well, 75% of Polestar 2 customers are company car drivers.

Attracted by its simplicity, performance and exclusivity, the car, which was initially designed as a Volvo concept, has helped Polestar to eclipse the likes of Alfa Romeo, DS and Subaru in the annual registrations rankings and puts it on track to become a key player in the premium electric car segment.

Polestar head of sales Matt Hawkins says: "A lot of people have been hesitant about switching because a lot of electric vehicles (EVs) on the market have been built deliberately to be very different to their internal combustion engine (ICE) counterparts. With the Polestar 2, the car was always built to be an EV, but it still looks and feels as you'd expect. If you've come out of a traditional diesel or petrol saloon and get into a Polestar, it doesn't feel other worldly, it's still got a proper door handle, you've still got a gear selector that sits in the middle of the centre console, it's still got an instrument binnacle. It feels very familiar as a car."

These attributes, along with strong residuals and competitive running costs, enabled the Polestar 2 to score the Best Zero Emission Car title at the 2021 Fleet News Awards.

The car's range of up to 299 miles, combined with its rapid charging speeds and smart Android-based infotainment system, has won over drivers, despite costing £50,000.

Since its launch, Polestar has expanded the line-up with two new single motor derivatives. The entry-level car is priced from £40,900, making it far more accessible to drivers with leasing costs closely aligned to familiar German diesel saloons.

Hawkins says: "Bringing in the single motor and making the Pilot Pack and the Plus Pack optional extras allowed us to bring the price point right down. The single motor variants were really well received by the fleet market. I think the other thing that helps as well as from a cost point of view is the duty of care element. A lot of businesses that had their company car drivers driving around in a diesel saloon car with 150hp for the past 15 years don't suddenly want to put them into a 400PS all-wheel drive performance car."

The more modest Polestar 2 Standard Range serves up 230PS and can cover 294 miles per charge, while the Long Range version is good for 336 miles.

"We launched our retail PCP (personal contract purchase) finance offering at the end of January and that's been extremely successful. But the percentage of retail is still staying around about the same. And that's purely because of the growth in fleet. So, even though retail is growing significantly, it's not growing its share of our overall order take, even though the absolute volume is growing, because the fleet volume is growing so much," Hawkins adds.

Since joining the brand last year, alongside head of fleet sales Debbie Hunt, Hawkins has expanded the UK fleet sales team to five people and he says that will shortly grow to six.

"Fleet has always been at the front of my mind in terms of where we need to build Polestar," he explains.

Polestar's corporate structure is focused around leveraging the weight of the brand and the growing amount of demand and awareness about it.

Hawkins adds: "We're trying to make sure that we're as efficient as possible by leveraging the relationships that we have with leasing companies. Rather than trying to find every single business that

> "FLEET HAS ALWAYS BEEN AT THE FRONT OF MY MIND IN TERMS OF WHERE WE NEED TO BUILD POLESTAR"
>
> **MATT HAWKINS, POLESTAR**

HEAD OF SALES:
MATT HAWKINS
HEAD OF FLEET SALES:
DEBBIE HUNT
HEADQUARTERS:
GOTHENBURG, SWEDEN
KEY FLEET MODEL:
POLESTAR 2

wants to buy electric vehicles, we want to dovetail with existing relationships that leasing companies have with end users."

Polestar is largely reliant on marketing and events to raise awareness of its vehicles. The brand is opening a number of Polestar Spaces, which allow people to interact with no sales pressure. There are currently three, located in London, Manchester and Solihull.

Hawkins says you can enter a Polestar Space as a retail driver, a company car driver, a salary sacrifice taker, a fleet manager, or as somebody from a leasing company and expect the same experience.

Those that opt for a Polestar can expect a 'VIP experience', which includes a face-to-face handover and an automated aftersales process. Working with logistics provider BCA and the Volvo retail network, Polestar has established a new way of operating without its own dealerships.

However, as a new brand, building awareness remains a challenge for Hawkins and his team.

He says: "Polestar has been very well received as a brand by all of the people who know what Polestar is and who are connected to the industry. But, I'm still really conscious of the fact that a lot of company car drivers aren't necessarily car people. They see Polestar on their choice list, but a lot of them will just skip past it because they don't know what it is."

The Polestar Precept concept car was launched in 2020

DEMAND OUTSTRIPPING SUPPLY

Vehicle supply issues have been an overarching theme in the automotive sector during 2020 and 2021. While some of the component shortages begin to ease into 2022, many manufacturers are still quoting lead times for some new vehicles of more than a year.

Polestar has suffered similar supply constraints, but they have mainly come from the capacity of its factory rather than a shortage of parts.

Lead times currently stand at four-to-five months, driven almost exclusively by high demand.

Hawkins says: "Demand is such at the moment that the longer people are waiting to place orders, the longer they're going to be waiting for the cars because the orders are coming in faster than the factory can build them.

"It's a lovely position to be in from our point of view. But, we're really conscious that we don't want to disappoint customers."

Polestar is planning to launch a new car every year for the next three years, starting with Polestar 3, and plans to increase its presence to at least 30 global markets by the end of 2023.

Polestar 4, a smaller electric performance SUV coupé, is expected to follow in 2023. In 2024, the Polestar 5 electric performance four-door GT is scheduled for launch as the production evolution of Polestar Precept – the manifesto concept car that Polestar released in 2020 which showcases the brand's future vision in terms of design, technology, and sustainability.

Hawkins says: "I think that the next models we bring out, particularly the 3 and 5, they are far more niche. Because there'll be bigger, more expensive cars, I think they'll sit, from a corporate point of view, in the high-end management grades. They won't be mainstream company cars like the 2.

"Polestar 3 will be a large SUV, so that's going to be mainly retail and I think that helps to facilitate the growth of the brand because we're actually going to be appealing to different demographics."

Fleet alliance chief executive Andy Bruce says lack of confidence is holding some businesses back from going down the electric vehicle route

ICE cars thaw as EV orders start to soar

Businesses and their employees seeking to go green are proving a boon for Fleet Alliance. *Mike Roberts* reports

An appetite among smaller businesses to reduce their carbon footprint is helping to fuel the growth of Glasgow-based vehicle funding and fleet management company Fleet Alliance.

A growing number of small-to-medium-sized enterprises (SMEs) are exploring the opportunity of providing low-emission cars to their employees, who seem equally as keen to do their bit for the environment, through salary sacrifice schemes.

These key trends have been identified by Fleet Alliance, which has seen orders for pure electric vehicles (EVs) and plug-in hybrid electric vehicles (PHEVs) exceed for more than half (52%) of all new car orders over the past 12 months for the first time.

The vehicle funding and fleet management specialist was started more than 20 years ago in Scotland's largest city by Allen and Marjory Flynn.

As part of its ambitious growth plans, last year it recruited former Lookers duo Andy Bruce and Nigel McMinn, as chief executive officer (CEO) and as chief operating officer (CEO) respectively, while managing director Martin Brown moved up to chair in a more strategic role.

Bruce believes his and McMinn's background will help Fleet Alliance to achieve 'substantial' growth.

"We bring a few things to the Fleet Alliance table and put the company on a bigger stage in the wider automotive world," he says.

"I spent 15 years with OEMs at the start of my career and spent the past 20 years at Lookers, which became a substantial business, so, between us, we have a good list of contacts."

On joining Fleet Alliance, Bruce is revisiting some of those old auction company and trade contacts. He adds: "We won't bring any silver bullets, but we can increase the pace of the business and broaden its reach. Martin and his team have built a fantastic business."

SIZE AND VALUE OF FLEET

Currently, the company manages a fleet of 30,000 vehicles worth more than £1 billion and Bruce says: "We're right in the middle of developing a five-year plan and we haven't settled on numbers yet. But growth will be substantial."

Expansion will come partly from Fleet Alliance's

new salary sacrifice scheme, which focuses on offering zero-emission cars to SMEs.

Although available to companies of all sizes, Fleet Alliance bosses believe its advantages of lower leasing costs, full maintenance, fully comprehensive insurance and the option to tailor lifestyle protection offer particular value to SMEs.

Salary sacrifice had been declining in popularity since 2017 when the Government introduced the optional remuneration arrangements (OpRA) legislation which, effectively, removed its tax and national insurance contribution (NIC) efficiency as it meant an employee would be taxed on the greater of the value of the benefit or the salary they gave up.

However, an exemption for vehicles with 75g/km of CO_2 or less – and the increasing numbers of EVs and PHEVs which fit into this category – has made it an attractive proposition again.

In December, Fleet Alliance appointed Mark Roberts to the newly-created position of salary sacrifice product manager.

Roberts joined from Zenith Intelligent Vehicle Solutions where he was, most recently, customer relationship director, responsible for both corporate and salary sacrifice sales.

"Pure EVs and PHEVs together accounted for 52% of all new car orders for the whole of last year – and that's the first time they've been in a majority," Bruce says. "In our corporate business, it was 59% of new car orders."

Fleet Alliance also caters for the retail sector with its separate Intelligent Car Leasing and Intelligent Van Leasing businesses.

Bruce strongly believes a growing number of companies and individuals are keen to embrace a green agenda as well as meet the Government's 2030 ban on the sale of new petrol and diesel-powered cars and vans.

"I'm hearing companies talk about ESG (environmental, social and corporate governance) more and more," he says. "They're embracing the spirit of EVs, rather than just the letter of them and actively want to do the right thing for the environment. EVs are clearly a tangible demonstration of that."

A WIN-WIN SITUATION

This growing green appetite coupled with the attractive benefit-in-kind (BIK) rates for EVs is boosting the popularity of salary sacrifice, which Bruce describes as a "win-win situation" for both employer (with NIC savings and staff retention) and employees (who could save thousands of pounds a year compared with funding their own vehicles through a personal lease).

"It's going viral; it just seems to have hit the wave. And it's absolutely in our sweet spot, which is great," says Bruce.

One issue for fleets embarking on electrification is not knowing how BIK taxation tables will look beyond 2024/25. The Government has been urged to reveal these around concerns that businesses and employees are entering into a four-year cycle with no indication of what the end rates will be.

Bruce remains optimistic rates won't rise considerably, suggesting such a move would "throw a grenade into the Government's whole policy".

"My view is that they will go up," he says, "but I think it will be gradual. I think it'll play out over a long period of time and will be digestible."

Bruce believes it's a lack of confidence that's preventing many businesses from starting on the journey to fleet electrification.

"It's a lack of confidence based on a lack of information," he says. "We find that once we sit down with them and drill into the details of what it could look like, then you can overcome that lack of confidence and get businesses to commit. Everyone I speak to who has an electric car says that fears of running out of charge are unfounded. They don't even think about that now, it's about planning and doing things in a different way.

"I believe we'll get ranges of 600-700 miles within five years and EVs will go beyond what petrol and diesel engines can offer."

Fleet Alliance works with the British Vehicle Rental & Leasing Association (BVRLA) to lobby Government on areas such as a public infrastructure, company car tax rates, grants available to business to help with buying EVs and charging facilities.

It has also signed up to the Climate Group's EV100 initiative (a global coalition of businesses dedicated to providing zero-emission fleets by 2030) and to the Eco Three Partnership, which provides companies with a platform to manage their sustainability agenda.

Another area for growth could be forming partnerships or collaborations with other players in the industry, perhaps for subscription-based services.

> "MY VIEW IS THAT THEY (BIK TAX RATES) WILL GO UP. BUT I THINK IT WILL BE GRADUAL. I THINK IT'LL PLAY OUT OVER A LONG PERIOD OF TIME AND WILL BE DIGESTIBLE"
>
> **ANDY BRUCE, FLEET ALLIANCE**

Bruce explains: "Nigel and I are used to such partnerships in our previous roles. And things are changing – the lines between leasing, rental and usership are beginning to blur. The concept of mobility is changing and this type of business model can sit right in the middle of that."

However, he notes some confusion around what sort of subscription-based models can work in the automotive world.

"There's work to be done on what some of these things mean. What is a subscription? And how does it differ from a lease or a rental? They're shades of the same colour and we've yet to properly define its meaning," he adds.

"Also, how do you price a subscription? Cars have a predictable depreciation curve, which is most heavy is year one, and less so in years two and three. It's quite easy to set a three-year rental because you know what it costs new, and you know what it's likely to be worth at the end of year three. It's these things we need to investigate."

COMPONENT SHORTAGES

On the subject of current vehicle supply problems caused by global semiconductor and component shortages, Bruce says: "We expect the shortage to continue throughout 2022 and impact on new vehicle supply. But recent discussions with a number of manufacturers suggest they should ease from around the middle of the year, before returning to something approaching normality at the start of 2023."

However, he believes the situation has helped fuel the growth of EVs as manufacturers focus their attention on models which would most help them hit their carbon targets.

Bruce says: "As a result, we have seen a dramatic increase in the EVs now available and coming onto the market as manufacturers move away from internal combustion engine (ICE) technology."

For some customers, contracts have been formally extended by a year and for others they are rolling over informally on a month-by-month basis.

While Bruce accepts there are leasing brokers in the market that perform the same role as Fleet Alliance, but believes the company differs in that it also "offers full services that a major leasing company would, in terms of fleet management and consultancy".

It offers its own cloud-based fleet management and reporting system called e-Fleet.

WINNER: NORTHGATE VEHICLE HIRE

COMPANY: Northgate Vehicle Hire
HEAD OFFICE: Darlington
SALES AND MARKETING DIRECTOR: Neil McCrossan
TIME IN ROLE: five years
RENTAL FLEET SIZE: c50,000 vans; c1,000 job-need cars (4x4s, pick-ups, estates)
NUMBER OF CUSTOMERS: 5,000
SERVICES: rental/flexi-rent, fleet management, accident management, SMR, telematics, SafeDriver, EV charge points

Northgate Vehicle Hire UK head of sales Adam Naylor (seated), with team members after collecting the award

Seeking customers' feedback gives Northgate the edge

A transformation has seen company over the line after years of being in the hunt for top rental award, *Stephen Briers* reports

Northgate has long been the bridesmaid at the Fleet News Awards, but finally it claimed the title of rental company of the year at the 2022 ceremony.

Over the past couple of years, it has undergone something of a business transformation, launching a suite of new products and services that, it says, are pitched perfectly to meet the needs of its customers. How does it know? It asks them.

A recent fleet survey revealed that safety was a major concern. Consequently, last month Northgate launched SafeDriver, a risk assessment and training programme, complemented by compliancy checks and insight dashboards, all bundled together into one handy package.

Northgate prides itself on offering a full fleet management service, including aftersales and accident management, all managed in-house.

It's a unique business proposition, says sales and marketing director Neil McCrossan: "We have our own workshops, our own EV charge point company, our own driver training and our own telematics. The principle is: we do the fulfilment, not a third party."

Fleet News: Northgate is a rental company that has increasingly moved into longer-term contracts via flexi-rent. What's the benefit to fleets?

Neil McCrossan: The majority of our vehicles are now on flexi-rental plans and an increasing proportion are on our 12-month-plus product (McCrossan declines to give an exact percentage other than "it's a significant proportion of our vehicle parc, but less than 50%").

Our traditional flexi product meant fleets could return the van at any time with no penalty. However, the majority kept them for long periods of time. We created our 12-month product as an alternative to contract hire – it is more flexible and is competitively priced. The contract is for a minimum of 12 months, but customers can still return the vehicle early, if necessary, without a large penalty.

They can keep the vans for four years, sometimes five, but the typical cycle is three.

FN: Does this service include fleet management and SMR?
NMcC: Yes, it's a standard part of the package. All the SMR is done through our own workshops. We also sell these services for customers' non-Northgate vehicles – including cars – and an increasing number are taking it up. We beefed up the product proposition by developing our systems to provide the support information such as data dashboards and key performance indicators (KPIs).

FN: How has Northgate been affected by the supply issues and how are you supporting your customers?
NMcC: We see it carrying on for at least another year. We have been upfront with our customers about the delays; they have to order vehicles earlier, especially if they are specialised and they want significant quantities. But they also have to accept that they may not get them when they want.

Transparency is important. Customers are increasingly accepting stock vehicles where previously they always wanted new. The reality is our fleet has aged – we used to dispose at 42 months, now it's 46, possibly 48 months and rising – because, while we are still in-fleeting thousands of vans, we can't get as many as we'd like. But the demand is there, so we have to stretch the lifetime of our existing vans.

Where previously we might've replaced a van twice during a lifecycle, now it's once or 1.5 times. Time will tell if we go back to where we were, but the model has changed. Companies need to recognise that their fleet will age and think about SMR and support services.

FN: With the supply shortages, manufacturers are becoming more selective about their sales channels. Might rental companies be affected?
NMcC: We buy the majority of our vans, but everything will be governed by production levels and the channels. Manufacturers are looking at their rental volumes and the terms – those are moving elements. We have long-term relationships, and we will continue to be a major procurer of vans, but these are challenging times.

FN: How are you switching the emphasis away from a commodity-price customer relationship?
NMcC: Rental is no longer just about the van; it's about the whole value package and the pricing applies to that. Customers get more than just a vehicle; we can offer them a comprehensive package and it's all in-house with our own workshops. We have been working hard to add new services to the portfolio and not just be a provider of vans.

Customers used to choose suppliers; now, with the supply shortage, suppliers are almost choosing the customers. We want long-term relationships with customers we can work in partnership with, that understand the challenges, so we can come through this together.

FN: Where are Northgate's growth opportunities?
NMcC: There is no shortage of opportunities; the challenge is choosing the ones we want to take advantage of while we have supply issues. We intend to continue growing our vehicle parc. Extending the life of our existing vehicles releases the incoming stock to do new business with.

> "WE HAVE OUR OWN WORKSHOPS, OUR OWN EV CHARGE POINT COMPANY, OUR OWN DRIVER TRAINING AND OUR OWN TELEMATICS. WE DO THE FULFILMENT, NOT A THIRD PARTY"
>
> **NEIL McCROSSAN, NORTHGATE**

FN: Your latest initiative is SafeDriver – tell us about the programme.
NMcC: We commissioned some research which showed that customers are concerned about staff welfare and retention/recruitment.

They had a requirement for driver training, support and compliance. SafeDriver includes checks, such as licence and vehicle inspections, which give customers that degree of protection. It also improves driver quality and fleet efficiency through online risk assessment tests that build a portfolio which identifies where training would benefit the driver and the company. Training options include: online, face-to-face classroom and on-the-road.

SafeDriver brings together all the elements, including grey fleet, salary sacrifice and telematics, in one place with good data and KPIs that can be used for compliance and reporting. Over the next 18 months, we hope that 30-40% of our customer base will take it up.

FN: Last year, you bought EV charge point company Charged EV. How do you see that market developing?
NMcC: We are still in the early adopter phase for vans. Customers are nervous and there is a lack of knowledge, especially when it comes to charging infrastructure for work, home and public networks, speed of charging and reimbursement for home and public charging.

Many customers feel it's just too hard, but we see it as our job to help them through. Charged EV gives us access to specialist advice and experience and means that we are the ones to fit the charge points to customers' depots, offices and homes.

The business is already five times the size from when we bought it in terms of installations, and we expect that growth rate to continue.

Northgate has strong take-up of its ancillary services. Previously, customers were often buying from multiple sources, whereas with Northgate, it's one point of contact, one relationship. And that extends to fleets who don't use Northgate's rental services; some only invest in its telematics offering or accident management, for example.

"We want to make it easy for fleets to solve any problem by offering them all the tools," McCrossan says. "We can look after their fleet; we can increasingly look after their drivers as well."

FleetNews AWARDS 2022 WINNER

Mary Dopson-Taylor, customer service director of award sponsor The Grosvenor Group, presents the award to Adam Naylor, UK head of sales, Northgate Vehicle Hire

SPONSOR'S COMMENT

We're delighted to have sponsored the Rental Company of the Year award for the sixth time. Congratulations to Northgate Vehicle Hire for winning this extremely competitive category.

The Grosvenor Group has been serving fleets for more than 40 years, and the Fleet News Awards reflect the range of incredible businesses and people in our sector.

As a group, we have an award-winning contract hire company (Grosvenor Leasing) and an award-winning fleet management specialist (Interactive Fleet Management). We also offer a market-leading personal leasing solution for drivers opting for cash.

Our panel of experts offers advice on all aspects of vehicle operation. 0Zone is our groundbreaking green solution to help companies move towards ultra-low emission vehicles (ULEVs) and electric vehicles (EVs), and we have an in-house software team developing fleet management systems and apps.

Lee Brown, managing director, Grosvenor Leasing and Interactive Fleet Management

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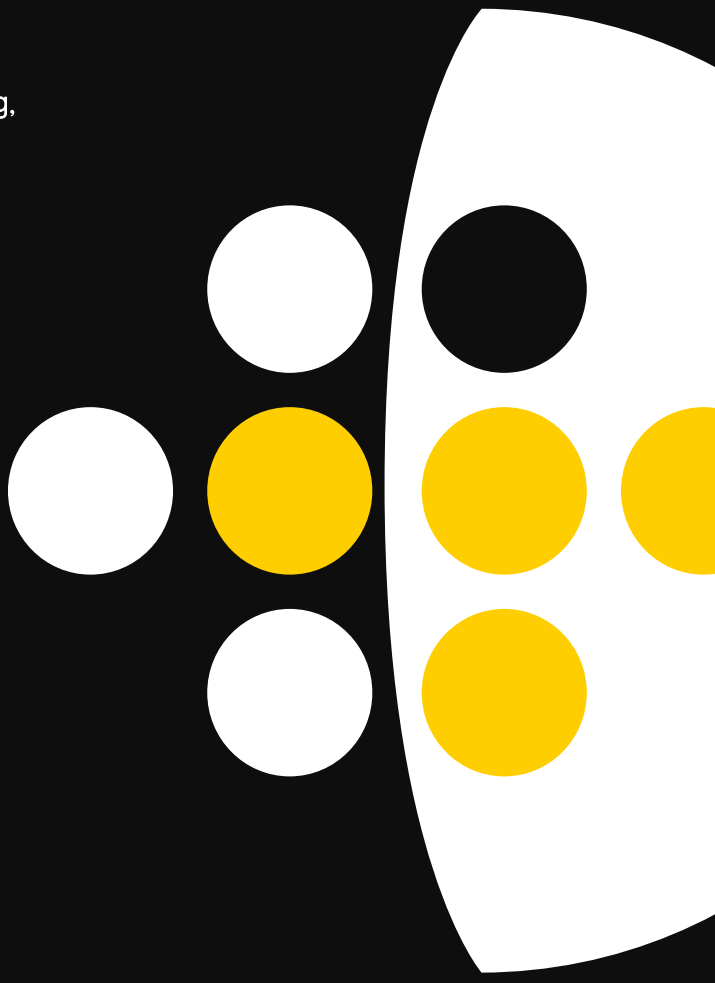

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HOW TO THINK ABOUT... ELECTRIC VEHICLES

Electrification is near the top of most fleets' agendas as the need to cut emissions and the Government's 2030 ban on the sale of new petrol and diesel vehicles edges closer. But operating the zero-emission technology brings with it many different benefits and challenges compared with traditional internal combustion engine vehicles.

Over the next 24 pages, we look at some of the sector's hottest issues, how they affect fleets and company vehicle drivers and how to tackle them

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HOW TO THINK ABOUT...

ELECTRIC VEHICLE TAX/INCENTIVES

By Sarah Pemberton*

As the tax cost of providing petrol and diesel company cars increases significantly year-on-year, employers are being encouraged to implement electric fleets through low benefit-in-kind (BIK) rates for plug-in vehicles.

BIK rates for a fully electric vehicle (EV) will remain at 2% until the end of the 2024/25 tax year, offering significant savings from an income tax and employer national insurance contributions (NICs) perspective when compared with petrol and diesel internal combustion engine (ICE) vehicles.

Now is the opportune time to take advantage of these rates to offer attractive benefits to your employees, to support them with the transition to full electric motoring and to help employers work towards their own net zero targets.

Under current tax rules, employees can take advantage of a fully-maintained and insured car for an extremely competitive price, particularly when the qualifying car is offered to employees via a salary sacrifice arrangement (see tax tables).

Electric cars registered from April 6 2020		Tax year		
CO_2 (g/km)	Electric range (miles)	2022 /23	2023 /24	2024 /25
0	N/A	2%	2%	2%

Ultra-low emission hybrid cars registered from April 6 2020		Tax year		
CO_2 (g/km)	Electric range (miles)	2022 /23	2023/ 24	2024 /25
1-50	>130	2%	2%	2%
	70-129	5%	5%	5%
	40-69	8%	8%	8%
	30-39	12%	12%	12%
	<30	14%	14%	14%

CLOCKING UP BUSINESS MILEAGE IN AN EV

Employer-provided electricity for private mileage completed in a company EV does not create an additional BIK (where provided directly by the employer rather than reimbursed via expenses), and, as such, can be offered as an attractive and tax-efficient benefit to employees.

Employers can make tax-free reimbursements of business mileage to company EV drivers at a rate of 5p per mile (ppm).

Where the actual cost to the employee is more than 5ppm, work can be done to review this rate and provide for an uplift where there is evidence to support the increased cost.

Care should be taken where employers reimburse electricity costs to employees for home and public charging when in a company EV.

Technically, this reimbursement is taxable via the payroll. So, other methods of provision should be considered in the first instance (see provision table).

GRANTS AVAILABLE

Further Government support of low emission vehicles is evident in various grants. These include:

- **Government plug-in car grants, extended to 2022/23**

Grant is limited to £1,500 for each qualifying car. This is reflected in the list price of the car by the dealer, so reduces the BIK value for employees.

- **Workplace charge points installations**

Available to qualifying employers, who will receive a grant of up to £350 for each socket up to a maximum of 40 across all of their sites.

- **The Electric Vehicle Homecharge Scheme, which provides a grant towards the cost of a charging unit installation at home**

Now only available for homeowners who live in flats and people in rental accommodation (flats and single-use properties).

The combination of available grants, tax-free business mileage reimbursements and BIK rates for EVs has created a favourable employment tax landscape.

Employers who take up today's unique opportunity are able to provide tax-efficient EVs for employees. With some incentives due to phase out in a few years' time, employers must ask themselves, why delay?

> "WITH SOME INCENTIVES DUE TO PHASE OUT IN A FEW YEARS' TIME, EMPLOYERS MUST ASK THEMSELVES, WHY DELAY?"

*** Sarah Pemberton is an employment tax advisor in Deloitte's Global Employer Services practice.**

Provision	Company car made available for private use	Employee car used for business
Employer allows cars to be recharged from a vehicle charging point at work	No taxable benefit – electricity does not sit within the meaning of fuel so the Fuel Benefit Charge does not apply	From April 6 2018, no taxable benefit where qualifying conditions are met
Employer pays for a vehicle charging point to be installed at the employee's home	No taxable benefit	Taxable benefit based on cost to the employer
Employer pays for charge card of £100 per year to allow individuals unlimited access to local authority vehicle charging point	No taxable benefit	Taxable benefit based on cost to the employer
Mileage allowances	Advisory Electricity Rate	Authorised Mileage Allowance Payments (AMAPs) and, if the employer pays less than the published rates, may claim tax relief under Mileage Allowance Relief (MAR)

Source: HMRC website, EIM23000

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SPONSOR'S COMMENT

By Scott Hamilton-Cooper, managing director of AX Automotive, AX

It's fair to say that fleet operators would prefer not to have to worry about accident management. While it's the hope that accidents aren't a common occurrence, it's an area that, inevitably, must be efficiently dealt with to avoid costly repercussions.

With electric vehicle (EV) adoption in focus across the fleet sector, questions have been raised regarding how electrification affects accident aftercare.

Based on our recent white paper research, many remain uncertain about the possible implications. There are new challenges that need to be tackled, but the transition to EVs does not need to be as daunting a prospect as it first appears.

Many pressures of the transition can be alleviated if businesses reach out for support. Fleet operators should seek a bespoke offering that caters for the nuances of an electrified fleet.

When it comes to accident management, this means being able to provide an appropriate replacement vehicle as well as an efficient repair process.

An accident management partner that can offer a full end-to-end solution inclusive of an EV-for-EV replacement guarantee for non-fault incidents – an offer that 70% of EV drivers now expect – provides continuity for fleet operators and their drivers.

Access to a repair network that can offer a suitably qualified repairer to carry out EV repairs to a high standard and in a timely manner is a must for reducing downtime.

And, as many fleet operators will agree, that's the key: reducing downtime.

Despite the challenges associated with electrification, operators must ensure it's as close to 'business as usual' as is possible. Choosing the right accident management partner will help with that.

For more information please call: 0121 412 1055
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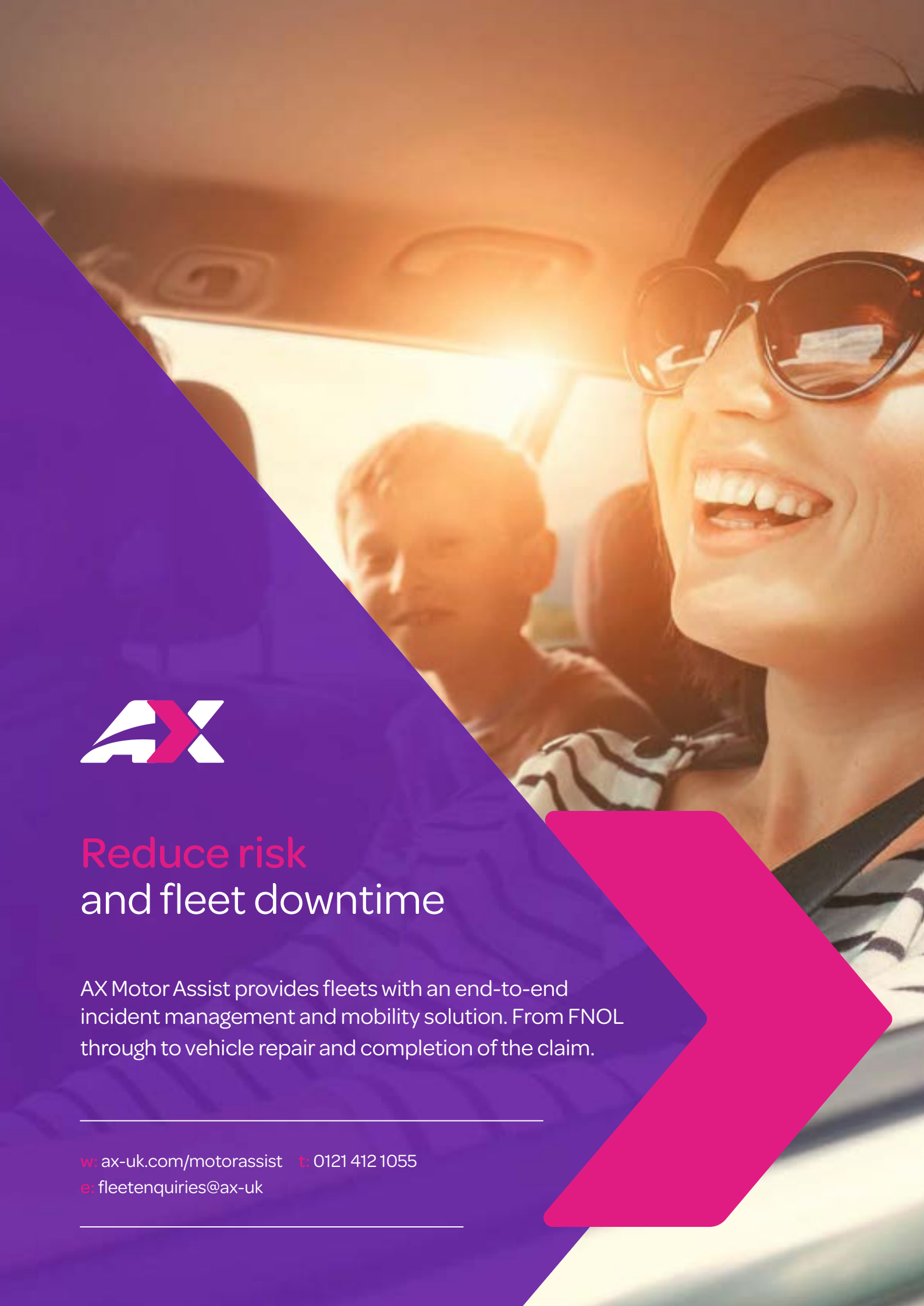

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HOW TO THINK ABOUT...
TOTAL COST OF OWNERSHIP (TCO)

By David Branch*

One of the biggest challenges for employers looking to switch their fleet to electric vehicles (EVs) is the perceived price premium EVs carry when compared with petrol and diesel alternatives.

If an employer takes a traditional 'list price' or 'lease rental' approach to measuring vehicle costs, then EVs will often appear more expensive.

But, by looking beyond the more visible, upfront costs of vehicle ownership, employers can make more informed decisions that will support a switch to an electrified fleet.

Taking a total cost of ownership (TCO) approach not only shows that EVs are often cheaper over their lifetime, but it also facilitates better financial management of a car scheme.

TCO, as one would expect, captures all direct and indirect costs associated with buying and using a car over its expected lifetime.

It includes the more visible and obvious costs, such as vehicle funding costs (including lease rentals, finance payments, depreciation etc.), maintenance costs (including tyres, servicing, MOTs etc.) and motor insurance.

However, TCO also takes into consideration the less visible costs.

These, typically, include the cost of 'filling up' – be that battery charge or traditional fuel – or mileage reimbursement provided, direct and indirect taxes including VAT, corporation tax, National Insurance Contributions (NICs), ad-hoc costs such as insurance, the impact of known future changes in tax rules and rates, plus other financial considerations.

Integrating these elements enables employers to make better informed judgements on the financial implications associated with switching to EVs.

Example: Hatchback	ICE	EV	Difference (£s)	Difference (%)
List price	£31,275	£36,550	£5,275	17%
More visible/obvious costs				
Lease rentals	£18,348	£20,422	£2,074	11%
Maintenance	£2,076	£1,830	(£246)	-12%
Motor insurance	£2,100	£2,100	£0	0%
Sub-total	£22,524	£24,352	£1,828	8%
Less visible/obvious costs				
Employer Class 1A NICs	£3,954	£330	(£3,624)	-92%
VAT recovery	(£1,875)	(£2,007)	(£132)	-7%
Corporation tax relief	(£5,138)	(£5,221)	(£83)	-2%
Sub-total	(£3,059)	(£6,898)	(£3,839)	-125%
Total cost of ownership (TCO)	£19,465	£17,454	(£2,011)	-10%

Calculation assumptions: The example is based on a company car acquired in April 2022 and leased on a 36-month term with a contract mileage of 60,000 miles. It is assumed the employer pays corporation tax at the main rate and can recover VAT.

WHY TCO IS IMPORTANT FOR EVs

Measuring vehicle costs with a traditional approach does not take account of key differences between EVs and internal combustion engine (ICE) vehicles.

A large part of the financial support introduced to incentivise EV adoption is delivered through the tax system.

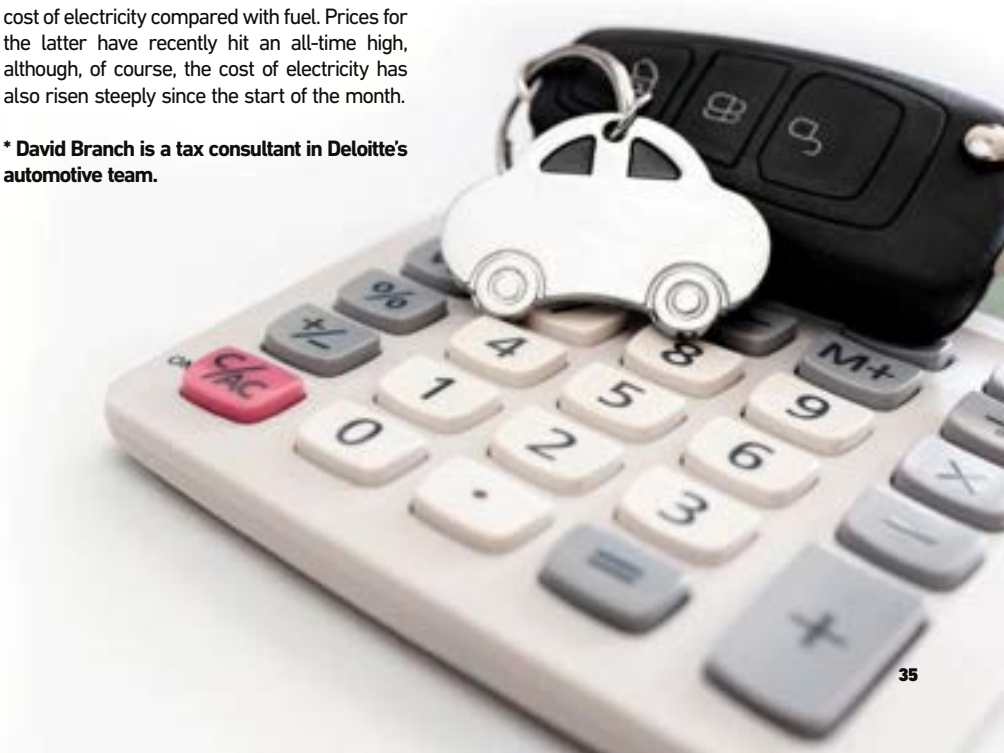
This might be through low benefit-in-kind (BIK) rates, salary sacrifice opportunities, or corporation tax reliefs (see example right).

As shown, the EV is more expensive if you only consider the list price or the obvious costs.

However, the ICE vehicle is much more expensive when incorporating the less visible costs; the greatest difference being the employer NICs.

Further, if business mileage costs are included, additional savings can be realised due to the lower cost of electricity compared with fuel. Prices for the latter have recently hit an all-time high, although, of course, the cost of electricity has also risen steeply since the start of the month.

*** David Branch is a tax consultant in Deloitte's automotive team.**



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+ Carbon counting & reduction
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HOW TO THINK ABOUT... WORKPLACE CHARGING

By Jonathan Manning

Rarely has Kevin Costner's famously misquoted line from *Field of Dreams* proved so true... "if you build it, they will come"*.

Employers who install workplace charge points for electric vehicles (EVs) soon find utilisation rates exceeding expectations, according to James McKemey, head of policy and public affairs for Pod Point.

The company forecasts that workplace charging will eventually account for about 30% of all UK EV charging, serving both company cars and vans as well as EVs owned privately by the entire employee base (especially those without home chargers).

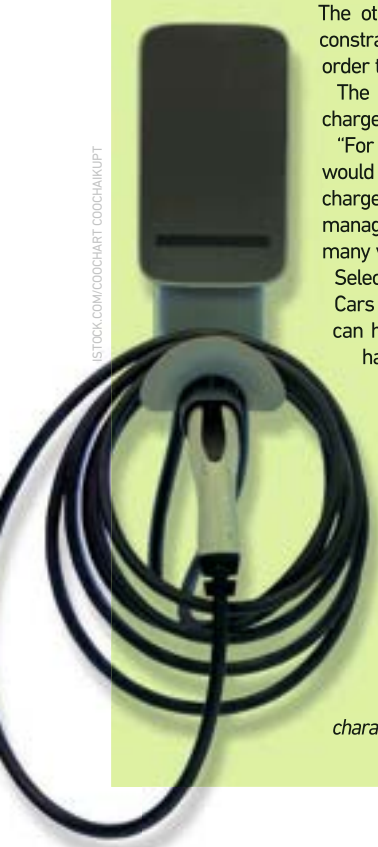
With commuting emissions counting towards businesses' Scope 3 greenhouse gas emissions, there are compelling corporate social responsibility reasons for companies to invest in workplace chargers as well as positive HR benefits.

This investment can be significant, however, so it pays to plan ahead in order to future-proof the infrastructure. Key questions to address include:

- **How many chargers will be required?**
- **What speed of charger should be installed?**
- **Who will have access to them – fleet drivers, all employees, visitors, general public?**
- **Will users have to pay for the electricity they use and, if so, how much?**
- **Who will be responsible for maintaining the chargers?**

One of the first steps is to ensure that any civil engineering work, such as digging trenches and laying cables, is only done once, even if its potential capacity far exceeds the initial number of chargers to be installed.

"With civils functions, maximise your provision from day one. You can install sub-surface ducting even if you don't use it the first time around. It's still much cheaper than retrenching your car park," says McKemey.



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The other key factor is to understand the power capacity and constraints at the site, given that any upgrade to the local grid in order to increase power supply can be prohibitively expensive.

The available electricity dictates the number and speed of chargers that it's possible to install.

"For example, if a site has a 100 amp, three-phase supply, that would be enough to support one 50kW DC charger, three 22kW chargers, or 27 7kW chargers with load management (which manages the power available to each charger dependent on how many vehicles are plugged in at any one time)," says McKemey.

Selecting the speed of charger is governed by vehicle dwell time. Cars that are parked all day, or vans parked at a depot overnight, can have a meaningful charge from a 7kW charger, whereas a hard-working van fleet might want to invest in higher cost, fast chargers because of the productivity gains available through minimising charging downtime.

Employers must decide whether to charge staff for plugging in their cars at work and, while early adopters have tended to offer the facility for free, McKemey cautions businesses that HMRC has made it clear that the benefit is zero rated; in effect, acknowledging that it is a benefit, and therefore one for which employers are likely to need to account for or, perhaps, charge for in future.

Finally, charge points are not indestructible, meaning businesses need to consider a maintenance contract to keep chargers operational.

** The line is actually "*he *will come" and the James Earl Jones character says "*people *will come".*

SPONSOR'S COMMENT

By Mike Potter, managing director, DriveElectric

DriveElectric believes the road to an all-electric fleet should be a smooth one. Inevitably though, there are always bumps in the road.

Challenges can often be industry-specific. But, even similar businesses often have differing needs and requirements from their fleet.

Whether your business is simply considering making the switch, or is phasing out the last few diesel vans, seeing another organisation's electrification journey can be hugely informative and reassuring.

Several businesses, at various stages of going electric, have shared their experience: from planning the switch, to their driver's being full converts of electric vehicles. All while keeping cost and viability in mind.

The best bit though, is flicking through new van brochures and researching upcoming models that may fit the bill.

There's already a whole host of brilliant battery-powered vans; from household names like Peugeot, down to brand disruptors like Maxus. All offer nippy SWB options, all the way up to LWB heavy lifters.

Manufacturers are constantly adding to their model line-ups, introducing numerous variants of their most popular diesel counterparts. So, even if there's not something currently on the market that meets your business's specific requirements, it's likely an all-electric version is currently in the works. *Fleet News* has picked out the most exciting offerings being launched over the next 12 months.

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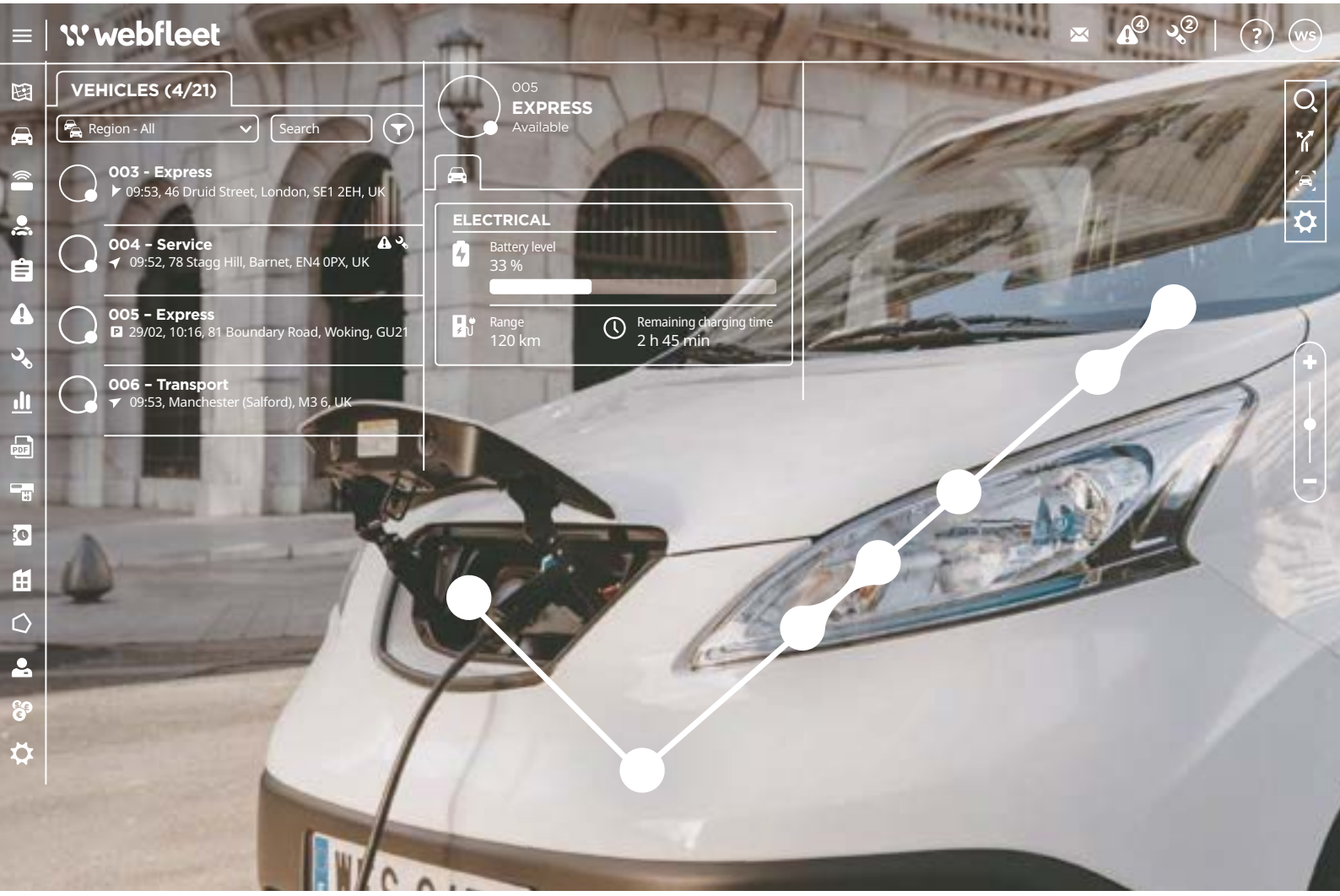

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HOW TO THINK ABOUT... PUBLIC CHARGING

By Jonathan Manning

The day-by-day tally of electric vehicle (EV) charging stations on Zap-Map's website spins forward like the drum of a fruit machine.

New charge points are being added daily – 678 in the 30 days prior to writing this article.

This growth is set to accelerate further as the Government last month announced it would spend £1.6 billion to build a network of 300,000 EV chargers by 2030 (see news, page six).

This swift expansion is good news for company car and van drivers. Public charge points may account only for a small percentage of UK charging, but they are an essential facilitator for the electrification of the nation's vehicle parc, the glue between home and work-place chargers.

Viewed nationally, the 16,855 fast chargers (7-22kW) dominate the public charging land-scape, followed by 7,814 slow (3-5kW) chargers. The headline-grabbing 4,030 rapid (25-99kW) and 1,412 ultra-rapid (100kW+) chargers account for only one-in-six devices.

The fastest chargers come closest to mirroring the convenience of combustion engine vehicles, driving around and refuelling when required, but a smarter approach is to recharge when a vehicle is scheduled to be idle and not during the 10% of time when it's being driven, says James McKemey, head of policy and public affairs for Pod Point.

Slower charging also helps fleet budgets, with a clear correlation between speed of charger and energy tariff.

The average price per kWh for Connected Kerb's roadside chargers – typically 7kW-22kW – ranges from 23p-to-25p, whereas Instavolt costs twice as much, 50p/kWh, for its 50kW-plus DC chargers.

For fleets, the ideal scenario is to have employees charge EVs outside working hours, with the most convenient solution for drivers without a home charger (potentially as many as 70% of van drivers) being kerbside charging.

However, for charge point operators the return on investment (ROI) achieved with slow chargers is much longer than for rapid chargers that can have multiple users per day.

Forecasts by Delta-EE see the vast majority of chargers being in the 7kW-to-22kW range in 2030, because these require cheaper hardware and are easier to install without encountering grid constraints.

"But, in order to service the increasing number of EVs on the road you will also need more high-power charging," says William Van Der Byl, EV charging service manager at Delta-EE.

"If you look at energy demand, 100kW-plus chargers will be utilised more often in a 24-hour period and will account for a large proportion of energy delivered to EVs in 2030."

He adds charge point operators are currently in a race to invest in the best locations – areas with a high uptake of EVs, the best visibility to traffic and grid connections with abundant power capacity.

Among the challenges for fleets that require nationwide coverage is the uneven distribution of charge points.

Last year, the Society of Motor Manufacturers and Traders (SMMT) reported that the ratio of electric cars to public chargers stood at 1:52 in the north, compared with 1:30 in the south.

The other complication is the interoperability of the different charging networks, although Van Der Byl is optimistic about the future, at least for rapid chargers.

"At the moment we have quite isolated networks where you need different charge cards to access the network, but it's only a matter of time before we have a really open network with one charge card that can access a number of different networks," he says.

HOW TO THINK ABOUT... CHARGING TIMES

By Andrew Ryan

One of the critical differences between operating an internal combustion engine (ICE) petrol or diesel vehicle and a battery electric one is the length of time they take to 'refuel'.

As well as being much quicker, refuelling an ICE vehicle also takes a similar duration every time: however, there are many factors which affect how long it takes to charge a battery electric vehicle (BEV).

One of the major contributors is the speed of the charge point used. BP Pulse data shows that, in 10 minutes, a 3kW slow charger can add up to two miles of range, a 7kW fast charger up to five miles, a 50kW rapid charger up to 33 miles and a 150kW ultra-fast forecourt charger up to 100.

Even faster chargers are also being developed: 350kW chargers will deliver up to 217 miles in 10 minutes.

However, although it is safe to plug a BEV into any compatible charge point, the speed the energy can be transferred is limited by the vehicle's own on-board charger.

For example, if you plugged a car with a 50kW on-board charger into a 150kW charge point, it would still only charge at 50kW.

The length of time to charge a battery to full will obviously also depend on the capacity and state of charge of the battery: the larger the battery and the less charge it has, the longer it will take.

The state-of-charge also makes a difference when using a rapid charger. A battery will charge much faster when it is below 80% capacity than it will above that figure: this is because a vehicle's battery controller will slow the charge down after this point to protect the health of the battery, as well as for safety reasons.

A colder ambient temperature can also make it take slightly longer to charge, particularly when using a rapid charger.

Colder temperatures also mean BEVs are less efficient, so fewer miles are added per minute charging.

Top 10 fastest charging full electric cars

	Model	Max charge rate
1	Porsche Taycan Plus	650 miles/hour
2	Audi e-tron GT quattro	640 miles/hour
3	Kia EV6 Long Range	640 miles/hour
4	Tesla Model 3 Long Range	590 miles/hour
5	Hyundai Ioniq 5 Long Range	580 miles/hour
6	Mercedes-Benz EQS 450+	510 miles/hour
7	Tesla Model S Long Range	500 miles/hour
8	Tesla Model X Long Range	420 miles/hour
9	Mercedes-Benz EQE 350+	420 miles/hour
10	BMW i4 eDrive40	400 miles/hour

Source: EV-Database

HOW TO THINK ABOUT... SALARY SACRIFICE

By Andrew Ryan

The use of salary sacrifice as a way of increasing the uptake of battery electric vehicles (BEVs) is booming.

Boosted by currently favourable tax rules, employees and employers can make significant savings if a driver chooses an ultra-low emission vehicle.

"Tax on a BEV is so low that we are at a point where someone who doesn't have a company car might prefer to have one than be paid," says Harvey Perkins, director at HRUX.

Salary sacrifice allows employees to get a fully-insured and maintained car in exchange for a contractual reduction in their gross pay, which – for BEVs – currently works out to be less than if that vehicle was bought as a private consumer.

For instance, in an example given by HRUX, a 40% taxpayer acquiring a Mini Cooper S Electric through a personal lease would have a monthly net cost of £545.

The same car acquired through salary sacrifice would cost them £309 a month: a saving of £268.

The employer also saves the national insurance contributions (NICs) on the salary that is sacrificed.

Traditionally, salary sacrifice schemes have been a way of giving employees who are not eligible for company cars access to new vehicles in a tax-efficient way, but this is changing.

"What we're seeing increasingly is businesses saying they'll put all company car drivers in cash and then allow them back into the car scheme, but only through the sacrifice route," says Perkins.

"The big advantage of that is that the amount of the salary sacrificed is genuinely what you think that car is going to cost you for the mileage and term that the employee wants to do, whereas with a company car on an attachment basis, there's always a degree of blank cheque.

"For example, you've got two employees: one

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lives just around the corner and the other lives 200 miles away. At the moment, you may give them the same entitlement and just pay for it.

"The one who lives 200 miles away will cost you twice as much as the one that lives around the corner: with salary sacrifice, the employee pays the full cost of the vehicle by way of the sacrifice.

"If the salary sacrifice rules stay with us for more than a couple of years, I think you'll see a lot of big fleets become sacrifice-only so the employee is picking up the true commercial cost of the car they're going into."

SCHEME WEAKNESSES

While the benefits of a car salary scheme are far-reaching, it does have weaknesses.

"There are two key areas that restrict this as a truly inclusive solution across all employee bases," says Chris Caddick, head of business development at JCT600 Vehicle Leasing Solutions.

"There remains a lack of suitable family-sized vehicles at the lower end of the market.

"Furthermore, while the net cost to the employee is attractive, the gross deduction required, driven by increased insurance costs can be significant, which puts greater pressure on national minimum wage requirements and can affect the eligibility of the lower earners."

Employees would not be eligible to participate in a salary sacrifice scheme if the deduction causes their salary to fall below the national minimum wage.

Other implications include the possibility of affecting an employee's entitlement to tax credits, the sum they repay to the Student Loan Company, or their state pension entitlement.

SPONSOR'S COMMENT

By Beverley Wise, regional director UK & Ireland, Webfleet Solutions

Technology – from digital connectivity and artificial intelligence to automation and data innovation – is essential to accelerate the pace of decarbonisation.

This message has been firmly reinforced by the Government in its Transport Decarbonisation Plan – its roadmap to a more sustainable future.

The plan, by its own admission, is ambitious, but it must be. The clock is ticking, not only on the UK's net zero commitments, but on the global climate crisis.

For fleet businesses, the technology ecosystem that will be relied upon to usher in a new green transport era stretches beyond the clean vehicles rolling off manufacturer production lines.

It includes supporting technologies that can act as vital enablers and facilitators.

Telematics innovations, for example, are now unlocking the door for businesses to make more informed decisions when electrifying their fleets.

Webfleet's award-winning EV solution offers a powerful case in point – providing managers, and their drivers, with a range of digital tools that signpost the most cost-effective routes to decarbonisation and that also help optimise operations.

Insights range from real-time battery levels and remaining driving ranges to energy consumption and charging intelligence.

In eight years, it will be impossible to buy a new petrol or diesel car or van. And, as the 2030 end-date approaches, companies will need to introduce data-driven strategies to cost-effectively adapt.

By doing so, their business futures will not only be environmentally sustainable, but financially robust.

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HOW TO THINK ABOUT... MAXIMISING RANGE

By Andrew Ryan

As with petrol and diesel vehicles and their fuel economy, it is rare that a battery electric vehicle (BEV) achieves its official range in real-world conditions.

This is down to a number of factors. The way a BEV is driven can reduce its range by more than 20%, according to Tim Anderson, group transport manager at Energy Saving Trust (EST).

Many of the eco driving techniques which apply to internal combustion engine (ICE) vehicles are also relevant to BEVs, but there are some key differences.

"With ICE vehicles, we advocate anticipation, reading the road ahead, shifting through the gears quickly, making sure you don't brake or accelerate unnecessarily and maximising engine braking," says Anderson. "BEVs don't have gears and, instead of the engine braking from an ICE vehicle, they have regenerative braking. It is key to maximise this."

As with ICE vehicles, driving BEVs at the right speed can have a big effect on efficiency. "For a petrol or diesel vehicle, the most efficient speed is between 40mph and 50mph, but it takes a lot of energy to get the vehicle going," says Anderson.

"Harsh acceleration has less effect on energy consumption in a BEV. With an electric vehicle there is a straight-line relationship between speed and energy consumption: the faster you go, the more energy you're going to use.

"There is no getting away from it, that is purely the laws of physics."

Research by the EST has found that driving at 70mph instead of 50mph will reduce battery range by 36%.

Cold weather can also have a significant impact on the range of a BEV. Royal Mail and Centrica have each reported a loss of range of between 30% to 40% in winter temperatures compared with the warmer summer months.

This is due to both the effect the cold has on the battery chemistry and the energy needed to heat the cabin.

"When you think about a petrol or diesel vehicle, they produce a load of waste heat and that's a great thing to use to keep the cabin nice and warm," says Anderson.

"You don't have that with a BEV so you have to generate the heat, and if you are using the batteries to do that then it is using extra energy."

One way to minimise this impact is to use the pre-conditioning function available on many BEVs, which allows the cabin temperature to be set in advance so it is already at the required heat when the driver wants to use the vehicle.

"This way you're not using the power that's contained within the BEV's battery, you're using it from the mains power that's coming through the EV charger," says Anderson.

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SPONSOR'S COMMENT

By Neil McCrossan, sales & marketing director – Northgate Vehicle Hire

The volume of news and interest in electric vehicles (EVs) for fleets is growing enormously. From the race to improve range in new light commercial vehicle (LCV) models to best fit the needs of businesses through to new battery plants being planned and built in the UK, seemingly every week, there is more to learn and new things to consider.

Electric vehicles should form part of a wider mobility solution; which means looking at all aspects such as initial outlay, running costs versus internal combustion engine (ICE) and charging needs at home/work/on the go.

Then fleets need to investigate tax implications for your employees for the vehicles as well as how the electricity used both at the employees' home and work can be paid for within current and future tax rules.

How might your business be able to sell energy back into the grid?

The UK has always been a global leader in transport innovation, and we see a period of transition ahead where ICE and EV vehicles will be needed and with each having its part to play dependent on the solutions required by modern fleets.

At Northgate, we're here to help customers cut through the 'noise' and guide them on their Drive to Zero journey by analysing current fleets, explaining what is needed and providing turnkey solutions in areas such as charging infrastructure (commercial, domestic and on-the-go), energy, billing and how these elements can work with our flexible rental packages.

Everything, in fact, that you need to help switch to EV when you're ready.

Our aim is to deliver maximum flexibility, maximum service experience and maximum control over costs for our customers.

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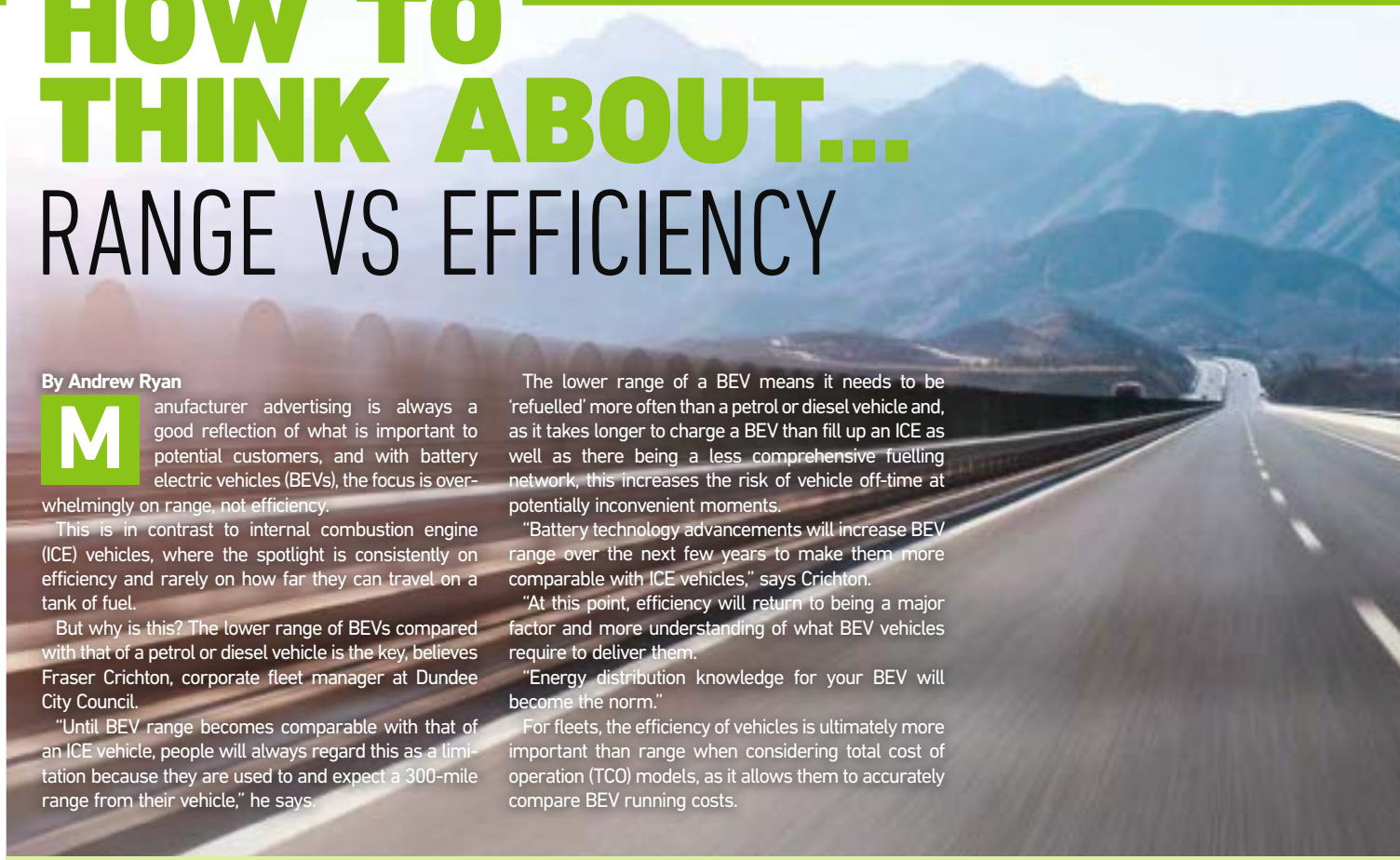
HOW TO THINK ABOUT... RANGE VS EFFICIENCY



By Andrew Ryan

Manufacturer advertising is always a good reflection of what is important to potential customers, and with battery electric vehicles (BEVs), the focus is overwhelmingly on range, not efficiency.

This is in contrast to internal combustion engine (ICE) vehicles, where the spotlight is consistently on efficiency and rarely on how far they can travel on a tank of fuel.

But why is this? The lower range of BEVs compared with that of a petrol or diesel vehicle is the key, believes Fraser Crichton, corporate fleet manager at Dundee City Council.

"Until BEV range becomes comparable with that of an ICE vehicle, people will always regard this as a limitation because they are used to and expect a 300-mile range from their vehicle," he says.

The lower range of a BEV means it needs to be 'refuelled' more often than a petrol or diesel vehicle and, as it takes longer to charge a BEV than fill up an ICE as well as there being a less comprehensive fuelling network, this increases the risk of vehicle off-time at potentially inconvenient moments.

"Battery technology advancements will increase BEV range over the next few years to make them more comparable with ICE vehicles," says Crichton.

"At this point, efficiency will return to being a major factor and more understanding of what BEV vehicles require to deliver them.

"Energy distribution knowledge for your BEV will become the norm."

For fleets, the efficiency of vehicles is ultimately more important than range when considering total cost of operation (TCO) models, as it allows them to accurately compare BEV running costs.

HOW TO THINK ABOUT... VEHICLE-TO-GRID (V2G)

By Greg Payne*

Vehicle-to-grid (V2G) is a technology in ascendance as the transition towards zero emission vehicles accelerates.

V2G is a system whereby plug-in electric vehicles, when connected to a V2G charger, can provide bi-directional flows of energy and data so the battery can charge, store and discharge electricity when necessary.

By controlling the power and timing of charging and discharging of the vehicle battery, customers can optimise the electric resources available.

A number of demonstration projects in the UK have shown that, while V2G charging hardware exists and a few EVs support bi-directional charging, they aren't ready for commercial deployment yet.

The E-Flex project (assessing the commercial potential for V2G in fleets) says very few fleets have EVs suitable for V2G.

It also concludes that the hardware needs more time to prove itself, deployment is a slow process and currently the commercial case is thin.

But the technology is still developing, so these challenges are to be expected.

Changes to the policy and regulation of the energy system are happening at pace and this will facilitate both the installation process for V2G and the revenue streams it can access.

There will also need to be more compatible vehicles, and OEMs such as the VW Group are already starting to talk more openly about their plans for incorporating V2G compatibility into vehicles.

Standards and interoperability issues will also need to be ironed out which is expected to happen by around 2025.

When more vehicles are V2G compatible, fleets and organisations will benefit in a number of ways.

The recent explosion in energy prices here in the UK and in Europe has shown that being in control of how and when you use your energy is more important than originally thought.

V2G gives more opportunities for energy optimisation, so you can charge the vehicles at the cheapest point of the day, and potentially move any other on-site electricity demands to cheaper periods too, turning your EV fleet into an energy storage asset. V2G can, potentially, optimise on-site solar generation as well.

The icing on the cake is that V2G can offer flexibility services (simply defined as the ability to change planned energy consumption at short notice) to both the Distribution Network Operator and National Grid.

The trend is that both the accessibility and value of these markets is increasing so developments are well worth keeping an eye on.

While you wait for V2G to be viable for fleets, an informative free course from Cenex (www.cenex.co.uk) will give you the confidence to evaluate the benefits, impacts and limitations of the technology.

It may not be a technology for fleets today, but well worth building into plans for the future.

*** Greg Payne is a Cenex senior technical specialist.**

Most efficient BEVs

	Model	Efficiency (mi/kWh)	Range (miles)
1	Fiat 500e 24kWh	4.26	100
2	Tesla Model 3 Standard Range Plus	4.26	215
3	Hyundai Ioniq	4.17	115
4	Škoda Citigoe iV	4.08	130
5	Seat Mii Electric	4.08	130
6	Hyundai Kona Electric	4	155
7	Mini Electric	4	160
8	Renault Zoe R240	3.92	90
9	Volkswagen e-Up	3.92	125
10	Volkswagen ID 3 Pure Performance	3.85	170

Least efficient BEVs

	Model	Efficiency (mi/kWh)	Range (miles)
1	Tesla Model X Performance	2.8	265
2	Tesla Model S P90DL	2.82	240
3	Volvo XC40 Recharge	2.82	210
4	Volvo C40 Recharge	2.82	210
5	Audi e-tron Sportback 50 quattro	2.82	180
6	Porsche Taycan Turbo S Cross Turismo	2.82	235
7	Nissan e-NV200 Combi	2.86	105
8	Tesla Model X Long Range	2.86	270
9	Mercedes-Benz EQC 400 4Matic	2.9	230
10	Ford Mustang Mach-e GT	2.9	255

Source: EV-Database

ISTOCK.COM/REAL444

HOW TO THINK ABOUT... MILEAGE REIMBURSEMENT

By Jonathan Manning

Reimbursing company car and van drivers for business miles travelled in an electric vehicle (EV) is fiendishly complicated compared with the simplicity of using fuel cards for drivers of internal combustion engine (ICE) vehicles.

The easiest EV solution has been to use HMRC's 5p per mile (ppm) advisory electricity rate (AER).

However, this fails to recognise the wide differences in true costs paid by drivers.

The most cost-effective arrangement for fleets is for drivers with off-road parking to install a home charger and take advantage of domestic energy tariffs (about 17p per kWh prior to April 1).

Colleagues who have to use public chargers face tariffs ranging from 28p-to-69p per kWh.

However, since Ofgem raised the price cap on domestic energy tariffs by 54% on April 1, pushing the average unit rate per kWh to 28p-30p, almost every EV driver will find themselves out of pocket if reimbursed at the AER of 5ppm.

The unavoidable conclusion is that the only fair way to reimburse business miles is to calculate the actual cost of the electricity used, consolidating home and public charging expenditure on an individual basis, dependent on where drivers plug-in their EVs.

The first step is to work out how much energy a vehicle consumes, which gives a kWh/mile figure, and then to multiply this by a blended rate that reflects the ratio of a driver's home, public and workplace charging costs.

[As an aside, employers who provide free workplace charging need to be sure they are not double-paying by reimbursing drivers for business miles having already paid for the energy.]

Data for public charging expenditure is available via fuel card-type accounts, provided by companies such as Allstar, Shell and BP, as well as new networks such as Pod Point, Instavolt, Tesla and Ionity.

Fleets and drivers have to accept they may need multiple charge cards for the foreseeable future, until one card (or RFID or app) offers complete interoperability.

The Government has also legislated that all rapid chargers should accept contactless payments, although drivers using credit and debit cards to pay make it more difficult for fleet managers to obtain the management information necessary to keep a tight control on expenditure.

For home charging spend, employers need to know both a driver's domestic energy tariff and be able to track the electricity used to recharge an EV.

Neat solutions to this administrative headache do exist. Mina Homecharge, for example, sits between each driver's home charger and energy supplier to calculate the precise cost of charging a company car or van at home.

It then pays for a driver's business mileage directly to the energy supplier each month, minimising drivers' expense claims and eliminating any household cashflow issues while drivers would otherwise be waiting to be reimbursed.

NORTHGATE, HELPING BUSINESSES DRIVE TO ZERO.

As a specialist mobility solutions provider, Northgate is launching its emission reduction programme, Drive to Zero, providing customers with a full suite of solutions to evolving the transition to electric LCVs.

Decades of meeting customers' fleet mobility needs has shown that when it comes to the process of transitioning to an electric future, supportive solutions are needed across the whole spectrum of fleet management to ensure that business needs are understood and met.

Throughout the past two years, Northgate has continued its transformation into a specialist B2B customer-centric LCV mobility provider, and as part of this it has been building the foundations for its own electrification journey, alongside those of its customers.

FLEET ANALYSIS

From the very beginning of the journey, Northgate has worked with EV industry experts to ensure that it can support businesses in the right way, which begins with a thorough assessment of a company fleet and its suitability for electrification. The evolution in technology means it's important that whole life costs are considered, from the outset. From initial capital outlay, through to EV running costs versus ICE and residual values for both. Northgate can provide clear visibility to its customers on the total cost of ownership for electric LCVs, including regional ULEZ charge calculations.

Through the interrogation of telematics data, Northgate can build a complete understanding of vehicles, their movements, distances travelled and journey times, which allows customers to understand which vehicles can be immediately switched to electric without any other considerations and which ones are more suited once the availability of higher range electric LCVs are launched over the coming years by OEMs.

A WIDE CHOICE OF E-LCVS FOR ALL NEEDS

Vehicle choice plays a major part in fleet electrification, and Northgate, works closely with existing and emerging OEMs to continually add to our industry leading range of electric LCVs. From final mile solutions such as the Renault Zoe commercial hatchback, through to mid-sized panel vans such as the latest Mercedes Benz e-Vito or even the larger Mercedes Benz e-Sprinter. Northgate is already offering the leading proposition within its 12months+ and flexible rental options.

Technology is evolving rapidly, so being able to change over to the latest models as technology improves is an important consideration for fleets. Northgate's flexible hire packages provide the opportunity to change vehicles as technology evolves without being stuck in long-term, inflexible contracts, as well as encouraging fleets to run EVs as part of structured test programmes over multiple months.

Servicing and maintenance remain key considerations when running EVs, so Northgate has invested heavily in its fully equipped workshops and 67-strong branch network, ensuring that trained EV technicians are employed across the country.

CHARGING INFRASTRUCTURE PROVISION

The provision of suitable charging infrastructure is a crucial step to ensuring a smooth transition for any business. Northgate works with leading EV charging installation experts, ChargedEV, which is part of the Redde Northgate Group to ensure that whether a customer needs to consider workplace charging, home charging or even public charging facilities, the best possible solution can be found. It can also help and support with major infrastructure planning which involves working with local energy suppliers to install and futureproof a company's charging needs.

With more than 23,000 charge points installed to date, ChargedEV's specialist engineers will advise customers on every step of the electrification journey. No matter the size of fleet, Northgate's extensive range of charging solutions are both hardware and energy agnostic, to fit bespoke needs.

Even better, once up and running, Northgate has teamed up with the fuel card provider Allstar Business Solutions to provide customers with a combined fuel and electric chargecard that is accepted at over 1,000 rapid chargers and 3,000 fast chargers.

DRIVER TRAINING

From Northgate's extensive research and live on-road testing, the change to an electric power train can seem a daunting one, and so it has a full suite of EV training modules available to help address this challenge and help drivers adopt new driving techniques to optimise EV range.

Free to all its EV customers, the broad suite of learning modules can help drivers up-skill with ease on all manner of subjects from EV driving best practice to charging, and a host of other 'how to' topics in between. Northgate's aim is to help companies allay any potential anxieties for drivers, while improving driver safety and overall fleet efficiency.

DEVELOPING A ROBUST TRANSITION PLAN THAT WORKS FOR YOUR BUSINESS

Our proposition is designed to let fleets focus on their business, whilst Northgate focuses on running their vehicles. With rental services and a flexible approach not available to those who choose traditional contract hire finance.

Northgate's focus is very much on a customers' transition to EVs, working with the support of a team of proven experts to assess every customer's needs including infrastructure, energy and billing and combining these with the most suitable flexible rental package available. With these plans in place, Northgate customers know they can rely on its dependability and flexibility to ensure that while the technology is constantly improving, it can support more companies deliver their own Drive to Zero emissions.

Neil McCrossan,
Sales & Marketing Director, Northgate

Find out more at northgatevehiclehire.co.uk/drive-to-zero or call us on 0330 042 0903

NORTHGATE Vehicle Hire

Key considerations on the road to e-mobility

Beverley Wise, regional director UK & Ireland for WEBFLEET Solutions, explores three essential areas businesses must get right when making the electric transition

Why TCO optimisation matters

Although the upfront purchase or lease costs of electric vehicles (EVs) are typically higher than their petrol or diesel counterparts, considerable savings can usually be made in everyday running costs.

Not only can the electric powertrain enable fleets to benefit from a lower cost per mile, with fewer moving parts, it can also result in lower maintenance costs.

By calculating this total cost of ownership (TCO) – taking all areas of spend into account – a persuasive business case for electrification can be made. Furthermore, car choice lists, based on TCO, will see electric models categorised more accurately, making them more accessible to a bigger proportion of the workforce.

This TCO calculation can be simplified by using telematics data insights. The cost per mile of an EV can be more easily compared with a fossil-fuelled equivalent, for example.

Tools such as WEBFLEET's Fleet Electrification Report, meanwhile, will help provide clear visibility over the typical mileage and type of journeys undertaken by drivers, signalling which vehicles can be cost-effectively to switch to EV alternatives.

Charging ahead: planning your EV infrastructure

When making the switch, it is also vital that fleets use the most appropriate charging infrastructure; that they understand the options available; that EVs are fully charged when they need to be, and that drivers plug in to the most cost-effective tariffs.

Telematics insights can, once again, help here, enabling businesses to determine where their cars spend most time and revealing their typical mileage and dwell time. This will help indicate whether vehicles need to use home, office or public charging infrastructure.

When charging stations are needed at business premises, telematics reports will help signal how many are required and whether standard, or more expensive rapid chargers, are more appropriate.

Having made the EV switch, functionality such as the WEBFLEET Charger Connection Report will then offer complete visibility over vehicles' charging statuses and remaining charging times to ensure drivers operate the most cost-effective charging practices.

Electricity grid demands will tend to peak in the early evening, for instance, when drivers are most likely to plug in their vehicle on their return from work. Charging overnight, when electricity prices are lower, can, consequently, reduce this cost burden.

The report will also help ensure that charge levels are maintained between the optimal 20% and 80% to minimise battery degradation.

Maximise your fleet's electric miles

The WEBFLEET Energy Consumption Report raises the EV insights bar even higher, providing fleet managers with energy usage information, in kWH per vehicle, per day.

With this intelligence they can compare vehicles' energy performance and identify and address inefficiencies at the touch of a button.

Robust route planning, navigation that takes account of traffic information and workflow management optimisation also remain vital considerations if fleets are to make the most out their electric miles, boosting productivity and cutting costs by reducing expensive en route charging.

HOW TO THINK ABOUT...

DRIVER BUY-IN

By Andrew Ryan

While the number of company car and van drivers switching to electric vehicles (EVs) is increasing rapidly, many remain reluctant to make the switch.

This could because of unfamiliarity with the technology or long-held concerns over range or the public charging network.

While some of these concerns may still be relevant, others are long-held beliefs based on negative media coverage from several years ago which, thanks to the development of the technology, no longer ring true.

So, how can a fleet decision-maker overcome these obstacles and encourage their drivers to make the switch?

The answer, according to George Beard, head of new mobility at transport consultancy and research service TRL, is to make the transition a simple one.

"A good general lesson from behavioural science is, if you want people to make a shift on to something new, then make it as easy and attractive as possible," he says.

"There are a lot of features of EVs and charging which go against that, and one of those is around the knowledge and understanding of this new world and all the jargon that comes with that.

"If a fleet manager can put in place mechanisms for improving awareness and knowledge then that will definitely help: kind of myth-busting, for example, around what people hear about EVs and what's actually true.

"A simple guide could be produced to explain how to charge and where, what the different charging speeds mean and what all the connector types mean.

"It can be quite daunting if you've not really engaged with that area."

A fleet manager could also address any anxiety about range by looking at the routes a driver does, as well as the charging infrastructure available in that area.

Vinci Construction UK has adopted a similar approach as part of its parent company's ambition to reduce CO_2 emissions 40% by 2030.

It has produced guides to help drivers make the right choice for their working life and driving behaviours, says Andrew Thomsett, plant and vehicle director at Vinci Fleet Services.

The fleet team has also launched an EV forum on the company's intranet, where drivers can discuss the technology.

"We'll talk to drivers and guide them through the choices and the different battery sizes, high speed charging, and how to get a wall-mounted charging point at home," says Thomsett.

"We have a step-by-step guide taking them through all the forms, how to decide where you want it, and the measurements they need.

A further effective way to win buy-in from drivers is for them to experience the technology for themselves.

Some leasing companies or manufacturers may be able to host roadshows, allowing employees to drive an EV, as well as be able to question experts.

"Getting first-hand experience of an EV tends to make people more positive," says Beard.

"They can see the benefits, like the smoothness, the quietness and the ease in which you can drive one.

"For someone who's on the fence or is tempted but a bit nervous about the technology, actually giving them experience driving one could tip the balance."

"IF YOU WANT PEOPLE TO MAKE A SHIFT TO SOMETHING NEW, THEN MAKE IT AS EASY AND ATTRACTIVE AS POSSIBLE"

GEORGE BEARD, TRL

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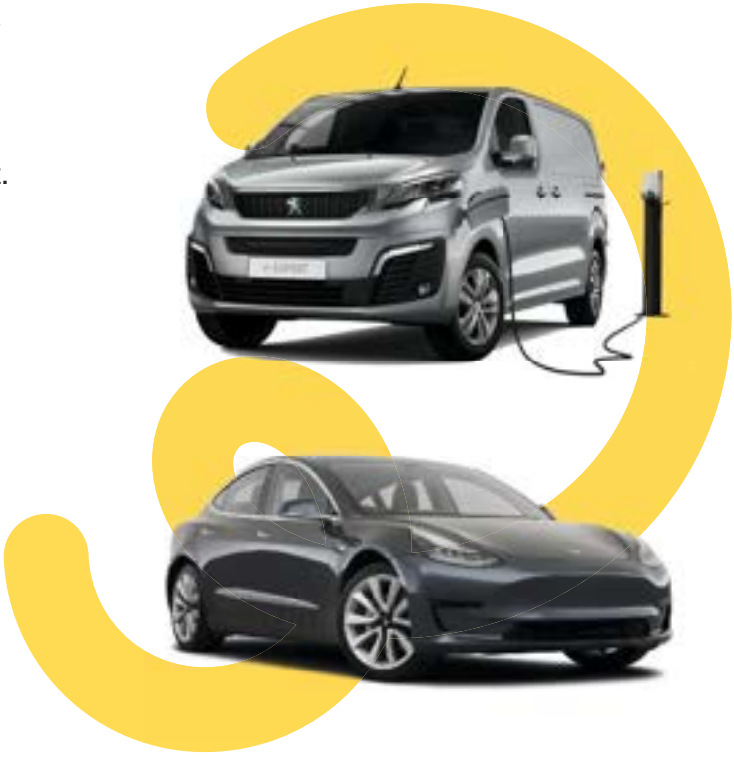


Just some of the benefits of working with DriveElectric and moving to zero tailpipe emissions vehicles are:

- Happy drivers
- Reduced operational costs and whole life costs
- EV transition planning
- Organisational reduction in emissions
- Part of the UK effort to achieve net zero, offsetting the impacts of climate change

DriveElectric has been at the forefront of the move to electric vehicles since 2008.

We've built up unrivalled knowledge and expertise by helping a wide variety of organisations; from fleets with a handful of vehicles, up to large-scale, complex fleets with a spectrum of driver profiles and vehicle types.

Our tried and tested approach to operating successful EV fleets includes:

- Driver attitude surveys & analysis
- Telematics analysis
- Whole life costs analysis
- Charging strategy
- Energy management
- Flexible EV leasing & financial solutions

Helping UK business succeed in transitioning to electric vehicles since 2008.

For more information visit www.drive-electric.co.uk/business or call our EV fleet consultants on 01628 899 727

HOW TO THINK ABOUT... BATTERY DEGRADATION

By Andrew Ryan

Anyone who has used the same smartphone for a long period has experienced the issue of battery degradation.

When new, the lithium-ion battery seems to last forever, but, over time and use, they need to be charged more often as their capacity reduces.

This is also true of electric vehicle (EV) batteries, which share a similar chemistry.

That means the vehicle will suffer a decrease in its range over time, while there are also concerns that the battery health will affect an EV's residual value (RV) when it is sold.

It may also affect a battery's potential to be used in 'second-life' applications such as battery storage after it is no longer used to power a vehicle.

However, there should be no reason for a fleet decision-maker or driver of a new battery electric vehicle (BEV) to panic over this.

All OEMs offer lengthy warranties on their BEV batteries – typically eight years/100,000 miles – with most manufacturers guaranteeing batteries will retain at least 70% of their original capacity after this time.

Two years ago, telematics supplier Geotab analysed data from 6,300 fleet and consumer EVs in America, representing 1.8 million days of data and 21 vehicle models.

It found batteries were exhibiting high levels of sustained health and, if the observed degradation rates were maintained, the vast majority of batteries would outlast the usable life of the vehicles.

One of the causes of accelerated battery degradation is frequent rapid charging.

"There haven't been that many EVs around for long enough to be collecting huge amounts of data," says Faraday Institution CEO Pam Thomas.

"What I would say is that the more rapidly a battery is charged, the more stress you're putting on the complex electrochemical system that lies at the heart of the power generation.

"It's always going to be the case that as we move to more and more rapid charging, it will be of real significance to how the battery degrades and how long a lifetime it has."

Geotab's analysis found that after 48 months, EVs operating in a hot climate which had been rapid charged more than three times a month would have an average battery state-of-heath (SOH) of around 80%. When new, a battery has a 100% SOH. After the same period, an EV which had never been fast charged had an SOH of around 90%, while one which was fast charged up to three times a month was at 85%.

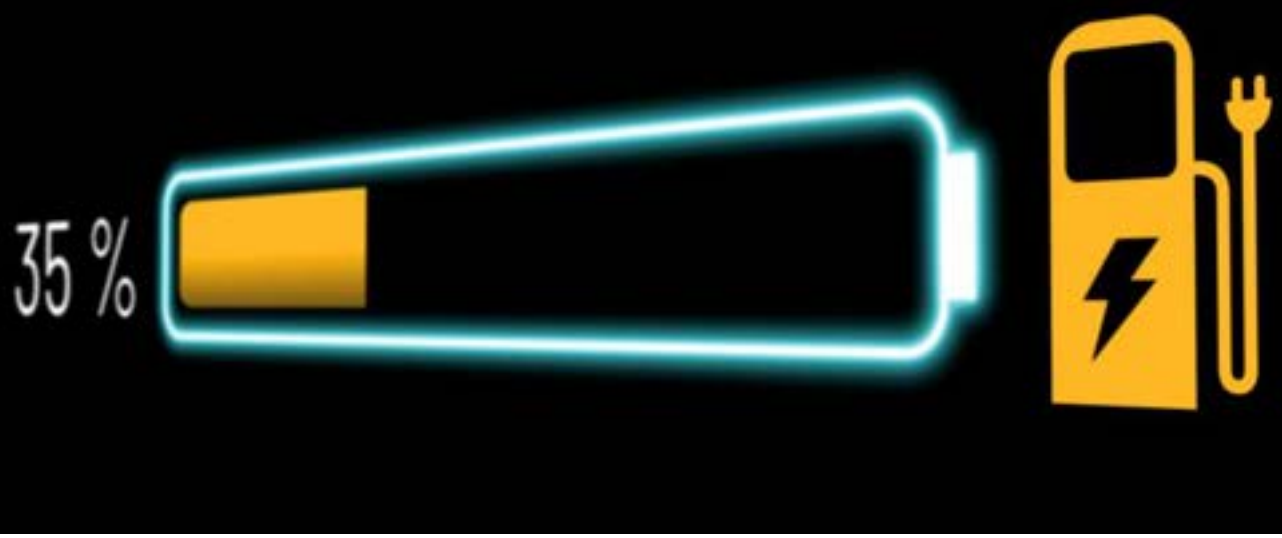
James Nicholson, partner in advanced manufacturing and mobility at accountancy firm EY, says there is anecdotal evidence that vehicle makers are looking back at slightly older technologies to address degradation.

"The industry has been largely focused on things like power density and the speed of charging, so we've transitioned towards high nickel battery materials," he says.

"They're great for certain attributes, but you do suffer from the length of lifetime and the number of cycles these batteries can be recharged.

"We've seen over the past few months that OEMs are picking up interest in an older technology called LFP (lithium iron phosphate), which has a lower energy density and potentially lower range, but actually has a better lifetime.

"This may be suited to something like a fleet of delivery vans, which is probably more concerned with total cost of ownership over the lifetime of that fleet."



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Electrifying your fleet: the value of specialist EV support services

Every fleet operator knows that managing downtime, optimising vehicle efficiency and monitoring driver safety are fundamental to ensuring the smooth running of their organisation's fleet.

Yet, maximising performance requires constant evolution of fleet policies and processes. Throw in a transformative programme like adopting electric vehicles (EVs) and we are looking at significant change to the ecosystem of support services, processes and fleet performance management.

External forces such as Government targets, subsidies and increasing public charging infrastructure are enabling the move to electric vehicles.

Alongside this, the powerful shift in corporate attitudes towards the inclusion of environmental and social goals is driving fleet managers to consider how they will decarbonise their fleet.

For many, going electric is the answer.

AX has listened to its partners, including some of the top 20 FN50 leasing companies, and produced a study of businesses with fleets to harness their views on the transition to electric vehicles.

The results suggest that more than a third of businesses are yet to introduce EVs into their fleets. And, regardless of where businesses are in the process of migrating to electric powertrains, invariably, they realise that they need help from partners, especially in the complex area of accident and incident management.

A specialist electric vehicle accident management programme is vital for delivering a high-performance electric fleet. And, as the EV new car market share grows beyond 16%, AX is proud to be a market leader in the provision of electric vehicle-focussed accident management services.

The company was the first to offer an

EV-for-EV replacement guarantee via AX Electric and last year launched AX Motor Assist, a technology-driven end-to-end incident management service.

Providing the right vehicle following an accident is vital. AX learnt this long ago and its approach is magnified with the emergence of EVs.

Nearly a quarter of AX's 3,000-strong fleet is either plug-in hybrid or battery electric, with the intention to always mirror the market share in terms of new car sales of the various powertrains.

But, responding to an incident isn't just about providing a replacement vehicle. It is also about having the right first response service which operates 365/24/7 and the right repair network with suitably experienced repairers for the job.

AX has been focussed for many years on forging strong relationships with specialist EV repairers.

The company's close association with these providers is key; it enables effective communication between customer and repairer and often means these repairs are prioritised, reducing downtime.

The OEM-approved bodyshops AX works with are qualified to work on EVs – this is vitally important due to the additional repair requirements (predominantly safety procedures) of EVs.

AX Electric guarantees vehicle deployment to an EV authorised repairer who they then support by providing a continuous flow of EV repairs.

This, in turn, ensures investment in EV training, tooling, and safety measures remains a top priority and access to this network means that repair times and downtime can be minimised for AX customers.

As well as these operational touchpoints, AX's specialist telematics arm is investing heavily in its ability to capture and act on the new EV telematics data that is increasingly available from retrofitted or factory telematics devices.

The data now available can help support AX's partners in identifying new patterns of behaviour and risks to drivers in EVs.

As businesses with fleets accelerate the adoption of electric vehicles, the turbulence the transition may cause can be alleviated with the support of the right services partners.

The shift to electric requires a laser focus on developing the specialist skills in your support network, but investment in this will yield improved results and a high performing electric fleet.

Keeping drivers driving

For more information please call: 0121 412 1055, or email: fleetenquiries@ax-uk.com

HOW TO THINK ABOUT... VEHICLE SUPPLY

By Andrew Ryan

Traditionally, issues such as range anxiety and a lack of suitable electric vehicle models have been seen as among the biggest obstacles to widespread adoption of the technology.

However, as more battery electric vehicles (BEVs) offering greater driving ranges have been launched and the choice of vehicles has blossomed, fleets have encountered another challenge: vehicle supply.

The Covid-19 pandemic was instrumental in a global shortage of semiconductors as the factories making them shut, leaving OEMs grappling with production stoppages.

This has not quelled the appetite for zero emission vehicles in the UK. In 2022, up to the end of February, 24,850 had been registered, an increase of 154% compared with the same period last year.

However, as demand has outstripped supply, fleets are facing long lead times for new vehicles, with some models, such as the Kia EV6, selling out its entire 2022 UK allocation well before the end of 2021.

"We are in a position where many company car drivers are placing huge pressure on their employees to move them into EVs because of the current benefit-in-kind advantages, but the supply to satisfy that demand is frequently unavailable," says Paul Hollick, chair of the Association of Fleet Professionals (AFP).

"Some manufacturers are even asking fleets to take certain EVs off choice lists because they simply do not know when any orders might be able to be fulfilled and, to fill the gaps, some employers are considering readopting internal combustion engine (ICE) vehicles, which seems like a deeply retrograde step, but might be the only practical solution."

The supply issues mask the progress made by manufacturers in launching new models.

"We have seen the number of electric cars absolutely explode in terms of launches," says Octopus Electric Vehicles CEO Fiona Howarth.

"When I started doing this about five years ago, there were five vehicles that could do more than 150 miles: a couple of very expensive Teslas, a BMW i3, the Nissan Leaf and the Renault Zoe.

"Since, the number of models has skyrocketed. We've got a range of different vehicles to suit different situations, from city cars and family cars, all the way through to luxury cars.

"The lead times are challenging, though. Some of the Teslas we can get within, say, a couple of months, whereas some of the more luxury vehicles are even out at 18-month lead times."

> "THE SUPPLY TO SATISFY THAT DEMAND (FOR EVs) IS FREQUENTLY UNAVAILABLE"
>
> **PAUL HOLLICK, AFP**

Prominent Industry experts such as Mike Hawes, chief executive of the Society of Motor Manufacturers and Traders (SMMT), expect the shortages to ease towards the end of the year.

"There is the expectation supply will improve as the year goes on, particularly in the second half of the year, but there will still be ripples into 2023," says Hawes.

It is a similar situation for electric vans, says Howarth, with typical lead times of at least 12 months. "If a fleet is thinking it wants to get started on electrification, it should really get thinking about what it might want and get its orders in," she adds.

While the long lead times for BEVs will be a source of frustration for companies keen to accelerate their transition, they can also give fleets who are not as far advanced in their plans the time to focus and refine their strategies for when vehicles become more readily available.

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Begin your EV journey, search
www.bppulse.co.uk/charging-for-business

bp pulse

HOW TO THINK ABOUT... HYDROGEN

By Andrew Ryan

While battery electric is very much the dominant zero-emission vehicle technology, a number of experts feel hydrogen fuel cell vehicles will still have a major role to play in the decarbonisation of road transport.

Its appeal is clear: it's a zero-tailpipe emission technology which can be refuelled in a time similar to that of a petrol or diesel vehicle. Also, there is no need to carry a large battery, meaning vehicles are not comprised on payload or cargo capacity.

However, it also has major drawbacks: according to UK H2 Mobility, there are currently only 14 hydrogen refuelling stations in the UK, while the fuel has to either be generated on site or transported.

This year will bring much greater clarity on the role of hydrogen in road vehicles, says Pedro Pacheco, senior research director at mobility and technology analysts Gartner.

"As the main hydrogen advocates among automakers are now making major investments in battery electric vehicles (BEVs), they don't have enough resources to make similar bets on hydrogen which will lead to a lack of competitive hydrogen-powered passenger cars on the market in comparison with BEVs," he adds.

Two of the biggest advocates of BEVs have been Hyundai and Toyota. Hyundai has said it will introduce 17 new BEVs by 2030, while Toyota's strategy will see it offer 30 BEVs in the same timescale.

On the flipside, the Stellantis group will offer three hydrogen vans based on the existing Citroën Dispatch, Peugeot Expert and Vauxhall Vivaro later this year, showing that manufacturers are still investing in the technology.

The UK Government, too, has high hopes for the fuel. In its Decarbonising Transport plan, it describes hydrogen as "fundamental to achieving net zero in heavy transport applications".

As part of this, it has invested £3 million to establish the UK's first multi-modal hydrogen transport hub in Tees Valley.

The hub brings together government, industry and academia to focus on future hydrogen research and development, real-world testing and demonstrations.

Conventional wisdom has been that BEV will be the dominant technology for cars and light commercial vehicles, while heavy good vehicles (HGVs) would use hydrogen as it would be impractical for them to carry the size of the battery which they would need to perform their duties, as well as take too long to charge.

However, Pacheco says the situation is not this black and white.

"As the hydrogen refuelling infrastructure struggles to build scale, partnerships between truck makers like Volvo, Daimler and Scania to boost charging infrastructure are a key sign that BEV may also top hydrogen in trucks," he says.

"The roll-out of the new MCS charging standard for heavy-duty vehicles also promises to heavily slash charging times, something that is crucial for the operational efficiency of fleets operating electric trucks.

"However, 2022 is not the end of hydrogen for road vehicles – not at all.

"This year it will become clear that its chances of building a visible market penetration in relation to BEVs are minimal."

> "IN SHORT, 2022 IS NOT THE END OF HYDROGEN FOR ROAD VEHICLES – NOT AT ALL"
>
> **PEDRO PACHECO, GARTNER**

ISTOCK.COM/OLEMEDIA

ELECTRIC PROGRESS: THE COMMITMENTS

As the 2030 ban on the sale of new petrol and diesel vehicles looms, more manufacturers are clarifying their strategies for going electric. *Matt de Prez* examines some OEM plans and goals

BMW GROUP

BMW will continue to increase its line-up of electric vehicles (EVs) with electric versions of the 3, 5 and 7 Series on the way. The electric 3 Series, known as the i3, will use the same underpinnings as the existing model, like the recently launched i4, but is currently only confirmed for launch in China. The i5 will be based on the next-generation 5 Series, due for launch next year. The i7 flagship saloon is due to launch later this year.

A new electric Mini is also in the works and due for launch in 2024.

By 2025, electrified powertrains will power 30% of global registrations. At least half of all new BMW Group vehicles registered will be fully electric by 2030. Mini and Rolls-Royce will only offer fully electric cars by the early 2030s.

The next-generation Mini will use a bespoke platform designed for EVs

FORD

Ford will launch seven new EVs by 2024, including an electric version of the Puma crossover.

The first to launch will be a medium-sized crossover based on Volkswagen's MEB platform and likely to be similar in size to the VW ID4.

A second VW-based EV, described as a 'sports crossover', will arrive the following year along with an electric version of the existing Puma.

The four other EVs will be commercial vehicles. Following the introduction of the e-Transit, there will be a new Transit Custom one-tonne van and Tourneo Custom multi-purpose vehicle in 2023, and a smaller, next generation Transit Courier van and Tourneo Courier multi-purpose vehicle in 2024.

Ford expects its annual sales of electric vehicles in Europe to exceed 600,000 units in 2026 as a result of the new model launches. It will only sell EVs in Europe in 2030.

An electric version of the Ford Puma will be available next year

HONDA

Honda plans to launch a new electric SUV next year, but will mainly focus on hybrid technology in coming years as it expects EVs to make up just 40% of its European sales by 2030 and 80% by 2035. It has committed to end the sale of internal combustion engine (ICE) cars globally by 2040.

The eNy1 will arrive in 2023, with a similar footprint to the current Jazz. It will offer more space and a longer range than Honda's current electric car, the Honda e.

A C-segment hybrid SUV, and an all-new CR-V, available with both full hybrid and plug-in hybrid powertrain options will follow the introduction of the new hybrid Civic.

HYUNDAI/GENESIS

Hyundai will introduce 17 new electric models by 2030 – 11 Hyundai models and six for its Genesis luxury brand.

The company is targeting annual EV sales of 1.87 million units by 2030. It aims to take 7% market share in the overall global EV market.

The new Hyundai EVs will include three saloons, starting with the Ioniq 6 next year, and six SUVs.

Honda will expand its EV line-up with the eNy1 SUV

Hyundai's next EV, the Ioniq 6, will be based on the Prophecy Concept

The Genesis battery electric vehicle (BEV) line-up will consist of two passenger cars and four SUVs, including the electrified GV70 launching this year.

Starting in 2025, all newly launched models from Genesis will be electric.

Hyundai is also working on a range of hydrogen fuel cell cars and trucks.

SPONSOR'S COMMENT

By Nicola Austin, fleet consultant at Zenith

Many businesses have set themselves targets to run a zero emission fleet by 2030, which has put the spotlight on charging requirements.

Fleet policies initially focused on transitioning those drivers who could charge at home, whereas proactive electric vehicle EV-first policies are now looking to achieve sustainability targets by making electric vehicles the preferred choice for all drivers.

But, is an EV suitable if you can't charge at home? Possibly, but there are a few factors that need to be considered:

- Where you live
- Is daily or weekly charging required?
- Do you need access to rapid charging?

According to Zap-Map, there are 3,364 rapid charge point locations (as of March 28, 2022). Given these are found mainly at motorway services or close to main routes, rural drivers may struggle to consistently find a rapid charger.

A challenge for fleet operators is how to reimburse fairly when there is a different cost profile of drivers charging at home versus public charging networks, which is comparatively more expensive.

There are solutions available to help simplify EV charging when expensing at cost for those needing to move away from the annual equivalent rate, which shows that EV-first policies are now a serious option for fleet operators.

In addition, the recent findings from the Consumer Experience consultation stated that key priorities were to make payment roaming mandatory, making it easier for users and fleet operators.

Key to an EV-first policy is to understand the likely charging requirements of the whole fleet and prepare for how you will reimburse drivers, particularly those completing high business mileage, taking account of these costs when setting policy.

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The Kia EV9 concept will inspire the brand's new flagship

KIA

Kia has made a commitment to launch 14 new EVs, including two pick-up trucks, by 2027. It forms part of the strategy to achieve 1.2 million annual EV sales by 2030 and overall vehicle sales of four million.

Its flagship electric vehicle, the EV9, is set for launch in 2023. The large SUV will have a range of approximately 335 miles and will provide 60 miles of driving range from a six-minute charge.

Mazda will launch its first plug-in hybrid this year, the CX-60

JAGUAR LAND ROVER

Jaguar Land Rover (JLR) will transform Jaguar into a purely electric vehicle brand by 2025 and expects 60% of new Land Rovers to be zero-emissions-capable by 2030.

The firm's Reimagine strategy will see Land Rover welcome six pure electric variants over the next five years, the first of which will arrive in 2024.

Jaguar, meanwhile, will emerge as a pure electric luxury brand by the middle of the decade. Pure electric models will be rolled out on a nameplate-by-nameplate basis.

MAZDA

Mazda will introduce hybrid, plug-in hybrid and fully electric models to its line-up by 2025.

Currently the carmaker only offers one electric model, the MX-30. The rest of its range is powered by petrol and diesel engines, some of which feature mild-hybrid technology.

The next model to arrive will be the plug-in hybrid CX-60 SUV, due this summer.

A range-extender version of the MX-30, which uses a small petrol engine to recharge the battery, is due by the end of the year.

By 2030, Mazda expects that a quarter of its products will be fully electric and all other models will be electrified in some form.

MERCEDES-BENZ

Mercedes-Benz will become a fully-electric car brand by the end of the decade, following a ramp-up in the development of zero-emission vehicles.

The German carmaker says it will offer electric models in all segments by next year and, from 2025, it will only launch electric platforms.

The Mercedes EQE will offer a range of 400 miles

Its EQE executive saloon will launch shortly, promising a range of 400 miles, followed by a pair of electric SUVs.

The brand will base future products on three platforms. The MB.EA will cover all medium-to-large cars, while performance models will use the AMG.EA. A third VAN.EA platform will be used for light commercials.

The next Renault Mégane will be fully electric

RENAULT NISSAN

The Renault Nissan and Mitsubishi alliance plans to launch 35 electric cars by 2030. It hopes to have 80% of all models on five common platforms from 2026.

The Nissan Ariya EV crossover and Renault Mégane E-Tech Electric will launch this year, alongside the Nissan Townstar and Renault Kangoo E-Tech electric vans.

Both brands will also launch a small electric car in 2024 – the Nissan Micra and Renault R5.

By 2026, Nissan expects 75% of its sales in Europe to be electric and hybrid.

It will also reduce the cost of battery packs by 65% by 2028 and introduce solid state batteries that will be cheaper and quicker to charge.

TOYOTA/LEXUS

Toyota and Lexus plan to offer 30 battery-powered models, including vans and a pick-up, by 2030 and have an ambition of selling 3.5 million EVs by the end of the decade.

The Toyota bZ4Xwill launch in early 2023. The bZ range, co-developed with Subaru, will be expanded with four further models – three SUVs and a mid-size saloon.

Lexus will also launch an electric SUV based on the bZ4X's platform, known as the RZ, later this year. There will also be a full-size SUV, compact executive saloon and a supercar.

Lexus aims to provide a full line-up of BEVs in all vehicle segments by 2030 and to have battery EVs account for 100% of its vehicle sales globally by 2035.

Retro-styled Manta will spearhead Vauxhall's move to being an EV brand

STELLANTIS

Stellantis plans to have more than 75 EVs across its brands by the end of the decade, at which point it will stop selling non-electric cars in Europe.

The group is developing four flexible platforms, a scalable family of three electric drive modules and standardised battery packs to cover all brands and segments.

Citroën and Peugeot expect to have electrified versions of all their models available by 2025.

Fiat will be the first marque to go fully electric, in 2027, followed by Vauxhall a year later. An electric version of the new Astra will join the brand's existing electric cars and vans in 2024, followed by the Manta in 2025.

VW GROUP

Electric cars will account for half of all VW Group registrations by 2030. The brand plans to move all its models onto a single platform, starting 2026.

Audi will play a key part by attracting customers in the premium sector. It will streamline its model range, with a goal to offer 20 electric cars by 2025.

The A6 Avant e-tron, along with its Sportback counterpart, is expected to go on sale in 2024.

Seat will be responsible for developing the group's small cars.

The first vehicle is expected to launch in 2025, with variants offered across all brands.

Cupra has also confirmed that the Tavascan Concept will launch as a production model in 2024. The fully electric coupé-SUV will be the brand's second electric model to launch.

Škoda has three electric models in the pipeline which will all sit beneath its existing Enyaq model.

Toyota will kick-start its transition to EVs with the new bZ4x

VW will expand its ID range to seven models – including the ID Buzz Cargo van – before releasing a long-range saloon car, in 2026, which is currently known as Project Trinity.

VOLVO

Volvo has committed to being a fully-electric car brand by 2030.

It aims to make 50% of its sales by 2025 fully electric, reaching 100% by 2030..

To achieve these goals, it will launch one new electric car each year while phasing out its remaining combustion engines, hybrids and plug-in hybrids.

An electric flagship will launch next year, while Volvo will also introduce a new small electric SUV to sit underneath the XC40.

Audi will target premium EV buyers with its new A6 e-tron

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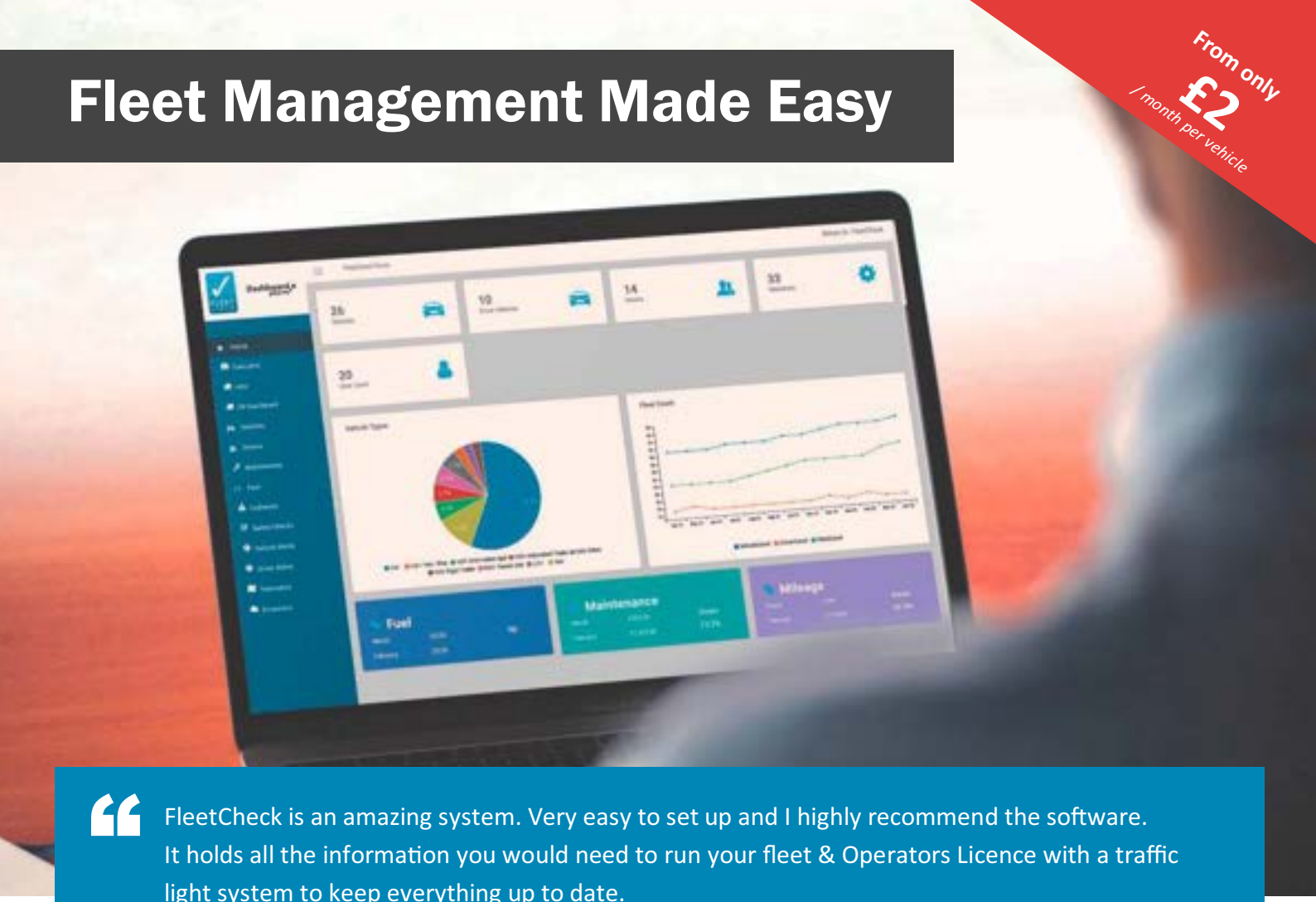

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THE TRENDS IN LEASING

We explore the evolving relationship between fleets and their FN50 leasing partners

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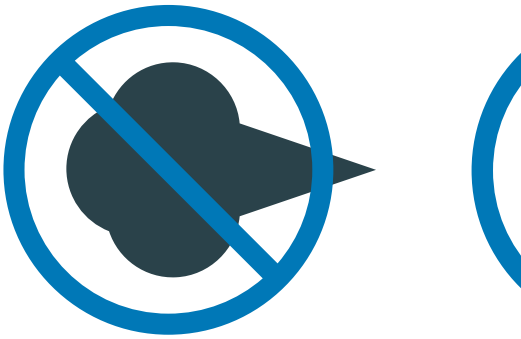
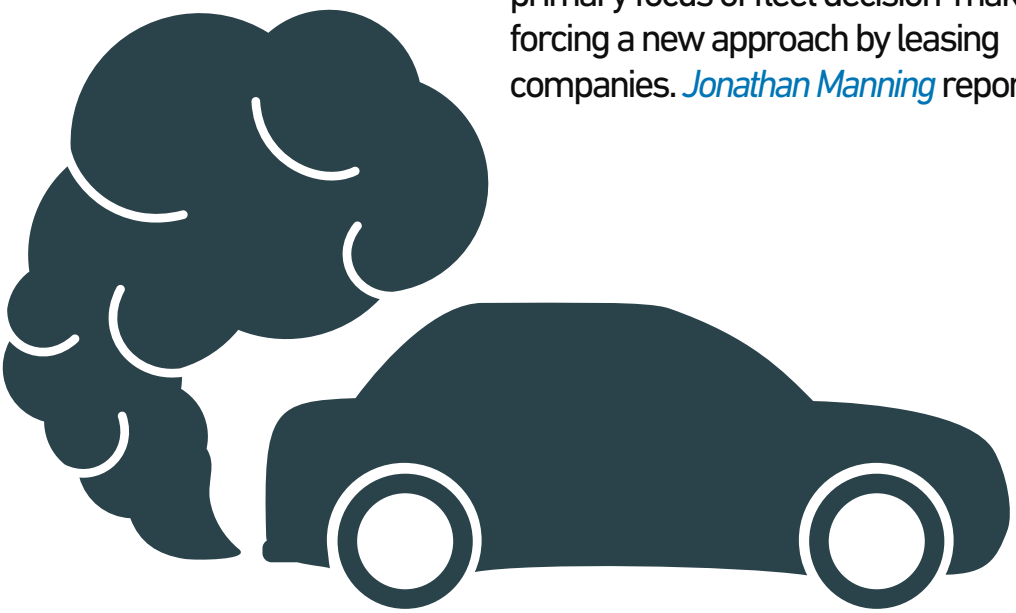
SUSTAINABILITY IS THE NEW DRIVER OF THE LEASING SECTOR



The environment has become the primary focus of fleet decision-makers, forcing a new approach by leasing companies. *Jonathan Manning* reports



With the clarity of the most compelling political messages, the blunt slogan from Bill Clinton's successful 1992 presidential bid still resonates today: "It's the economy, stupid."

Those four words kept his election team focused amid the myriad distractions of the campaign trail.

Three decades on, the leasing sector could sum up its future in an similarly pithy phrase: "It's sustainability, stupid."

As companies emerge from the worst of the pandemic, the sustainability of their fleets and entire business operations has moved front and centre of corporate thinking.

With barely two vehicle replacement cycles left before the ban on the sale of new cars and vans with internal combustion engines (ICEs) comes into force, fleets of all sizes are investigating and implementing the electrification of their vehicles with unprecedented intensity.

PLACING NEW DEMANDS

The most obvious fleet route to net zero is the migration from ICE to electric, a transition that is placing new demands on leasing companies in both pricing and service delivery.

As a fledgling market, there's still a significant lack of data surrounding the operating costs and residual value (RV) forecasting of electric vehicles (EVs), while fleets are wrestling with the operational challenge of EV range and recharging.

In the words of Matthew Walters, LeasePlan's head of consultancy services and customer value: "My role and my team's role have changed. Three-to-four years ago it was financial fleet consultancy, but the job is now EV consultancy; charging infrastructure challenges, staff surveys and decisions over whether to introduce hybrids as short-term solutions."

In lieu of cost savings, clients have, instead, applied a laser-like focus on "ESG (environmental, social and governance), carbon reduction and environmental sustainability", says Walters.

"We are investing in our people, in knowledge centres, and creating podcasts, webinars and driver portals so we can answer all those questions about how to go electric by 2025. I'm not having any conversations about 2030 – all corporates are talking about 2025."

Fleet customers are also looking for a range of products and services that include both company cars and vans, as well as cars driven by the wider employee base, in a bid to reduce both their Scope 1 greenhouse gas emissions (fleet vehicles) and Scope 3 (commuting).*

According to Zenith CEO, car and van division, Ian Hughes: "More companies are starting to see the opportunities they have to deliver a significant benefit through a salary sacrifice car scheme while the tax position is so favourable for ultra-low emission vehicles. There has also been notable growth in company car drivers taking EVs where they may previously have chosen a cash option. While the benefit-in-kind (BIK) tax rates are so low, this is an easy choice for many company car drivers and has led to significant growth."

SHORTAGE OF NEW CARS

Meeting this demand has proved a challenge for all leasing companies in the face of a critical shortage of supply of new cars, due to the semiconductor crisis. Encouraging clients to widen company car choice lists to more manufacturers, especially for EVs, has created new sources of fleet vehicles, but lead times of six months-to-a-year remain common.

The silver lining to these delays is the time it gives fleets to establish the operational practicalities of running battery-powered vehicles, particularly with regard to charging requirements.

> "I'M NOT HAVING ANY CONVERSATIONS ABOUT 2030 – ALL CORPORATES ARE TALKING ABOUT 2025"
>
> **MATTHEW WALTERS, LEASEPLAN**

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"The past few years have created a desire for a more hands-on service from providers," says Stuart Cunningham, head of corporate and international sales at Alphabet.

"Customers want added value from their suppliers and ease of service, but this will look different for EVs when compared with ICE vehicles.

"As such, leasing companies and manufacturers alike are having to provide services that enable people with EVs to have easier journeys and simplified, streamlined services – particularly when it comes to the initial transition to the technology. It is key that leasing companies take the lead on this, and create consolidated solutions that offer customers a one-stop shop when it comes to electric."

This one-stop shop covers everything from overseeing the installation of domestic and workplace chargers (how many and what speed?), as well as access to public charging networks and reimbursement solutions for electric business miles.

The lower 'per mile' cost of electricity compared with fossil fuels is a key element in the competitive wholelife costs of EVs, but wider inflationary pressures are bearing down on lease rentals.

The cost of borrowing is rising as the Bank of England nudges up interest rates, while manufacturers are introducing frequent price rises and cutting back on fleet discounts as they attempt to transition profitably to the production of EVs.

In the short term, being nimble and ultra-sensitive to the market has helped to protect fleets from lease rate rises, says Ogilvie Fleet sales and marketing director Nick Hardy.

"We have learnt to communicate even faster with our customers to keep them in the loop," he says. "As soon as we sense list price rises are imminent, we advise our customers to place orders and get price protection. We have some vehicles in our order bank that have been the subject of two price rises since they were placed."

RESIDUAL VALUE CONFIDENCE

The buoyant RVs of the past 18 months, which have delivered record profits to leasing companies, have helped to offset some cost increases in lease rentals, but the demand for used cars will not outstrip supply indefinitely.

The encouraging news is the growing confidence among leasing companies in the future RVs of EVs.

"The residual values of EVs will strengthen – the world is becoming much more positive about EVs," says LeasePlan's Walters.

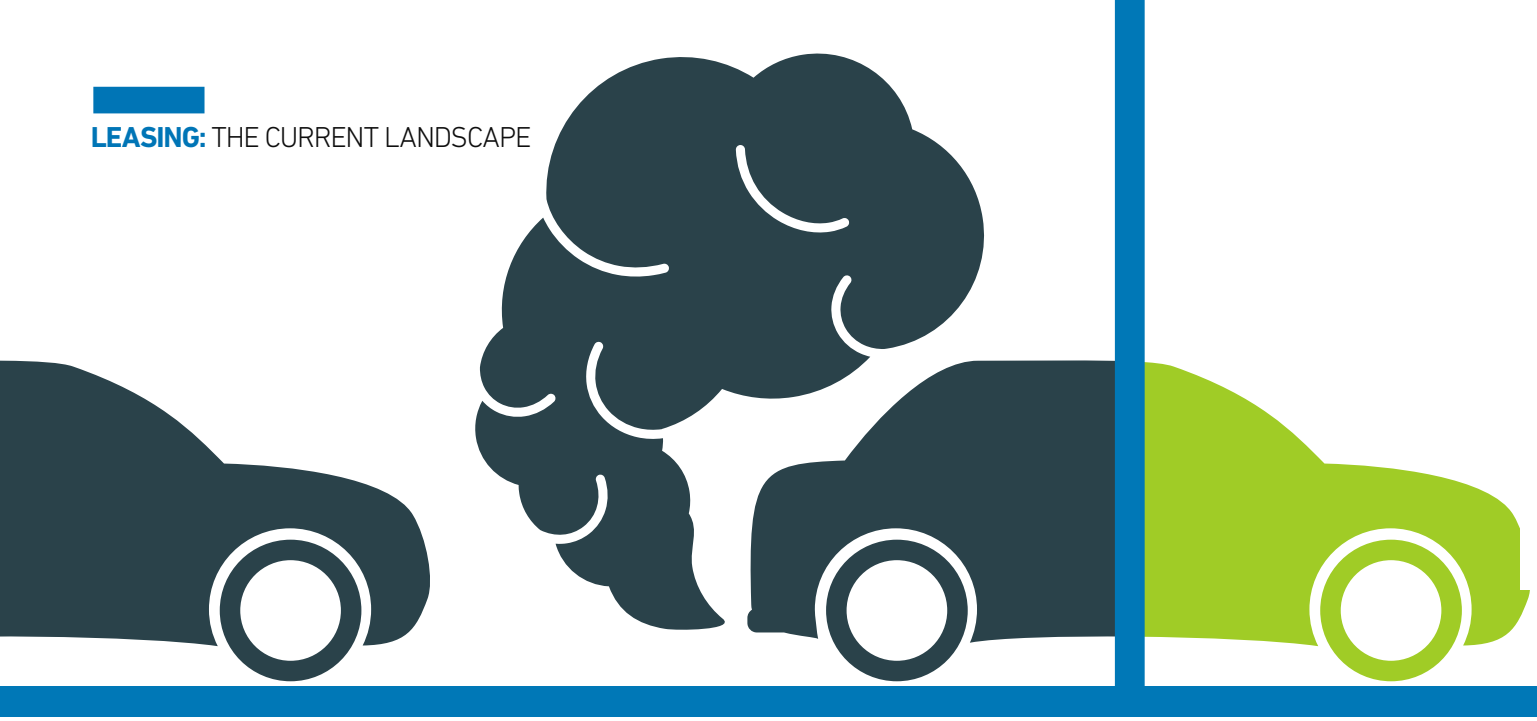
He also suggested that manufacturer price rises will slow down and fleet discounts will return to some degree when the supply situation returns to normal.

And there are other factors, too, which will help to restrain EV lease rate inflation. Contract mileages are falling due to hybrid working practices between home, offices and Zoom, while service, maintenance and repair (SMR) costs of EVs are lower than those of their ICE equivalents.

This paves the way for longer holding periods, allowing leasing companies to amortise depreciation over a longer period without the risk of a spike in SMR costs in the final few months, leading to lower monthly rentals.

"Coupled with OTA (over the air) software upgrades, you can have a four-year-old car with up-to-date technology running in it," says Tom Brewer, fleet sales director of Volkswagen Financial Services (VWFS). "Also, from a sustainability perspective, while a greener car fuelled by green energy is absolutely a plus, fewer vehicles being made (due to longer holding periods) is also a positive."

Perhaps the biggest unknown in the forecasting of prices is the impact of the combined purchasing power of ALD and LeasePlan.



The acquisition of the latter by the former will propel the joint enterprise to the top of the FN50 chart, with a fleet size of 316,000 vehicles, 12% bigger than its nearest rival. Official documents say the transaction is expected to generate "operational and procurement synergies of €380 million (£318m) a year before tax." A rough calculation puts this saving as about £90 per vehicle per year or £7.50 per month, although there is no indication of whether these economies of scale will be evenly distributed across countries or how much of the savings might be passed on to customers.

Executives at rival leasing companies doubt that much of these savings will be achieved through enhanced purchasing terms, which are already considered to be close to maximum, given that both companies are in the top five of the FN50 listing.

But the opportunity for efficiency gains by consolidating back-office functions and running more vehicles per employee clearly exist. New ALD is targeting a cost-to-income ratio of about 45% in 2025, compared with 46-48% at present.

The quest for this type of efficiency gain is apparent across the leasing industry in investments ploughed into digitising operations, from online sales platforms to SMR, where in the not-too-distant future, vehicles will communicate directly with garages and leasing companies without any driver intervention.

"Using connected vehicle data to help create efficiencies in servicing and maintaining fleets will allow for a more proactive and cost-effective means of keeping vehicles on the road," says Hughes. "For commercial vehicles, data aggregation is crucial to delivering this and will play an increasing role in our ability to predict issues and proactively manage our customers, both reducing time off the road and reducing cost."

NEW OPPORTUNITIES

Digitising operations also paves the way for a host of other products and services, such as remarketing used vehicles on second-life leases directly to the public, as Zenith's ZenAuto and Arval's AutoSelect are doing. Moreover, access to a retail audience, whether B2E (business to employee) or the wider public creates new opportunities beyond the supply of vehicles.

Arval, for example, has pioneered a scheme that allows employers to offer leased e-bikes to their staff, cleaning commutes by making zero-emission travel more affordable.

Arval UK commercial director Paul Hyne says: "Our view is that businesses and their staff will increasingly be looking at a wider selection of mobility solutions and that a car – potentially an EV – and an e-bike will each be the right solution at different times."

Evidence, if any were needed, that the future can be summed up by, "it's sustainability, stupid!"

**Scope 2 refers to indirect emissions from electricity bought and used by an organisation.*

E-LCVs DRIVE VAN LEASING

The transition to electric and alternatively-fuelled, low emission commercial vehicles is providing a stimulus for leasing, after the pandemic spurred rapid fleet expansion in industry sectors such as home delivery.

Zenith, which has acquired three commercial fleet operations including the Cartwright Group in the past five years, says the shift from traditional outright purchase to leasing is partly due to the proportionately higher capital cost of zero and low emission commercial vehicles, as well as the relative lack of data and associated residual value risk. Plus, leasing frees up capital to invest in infrastructure upgrades for depot chargers.

The rising demand for commercial vehicles has also coincided with the introduction of clean air zones and mounting pressure on operators to meet net zero objectives. The result has been a degree of asset changes within fleets, including trading down from trucks to vans for urban operations, while certain trunking operations have traded up to double-deck trailers, says Martin Jenkins, CEO commercial division at Zenith.

COMMERCIAL FLEET FOCUS

"Operators of commercial fleets are focused on compliance, cost, vehicle availability and efficiency, and sustainability," he says. "Fleet management providers have required agility and innovation to support ever-changing customer demands and evolving operating models."

As a result, digital technologies have become enablers to deliver efficiency through fleet management processes.

"Service and maintenance models have also evolved and are increasingly embracing mobile solutions to help drive vehicle availability, an area where Zenith is both investing and innovating," says Jenkins.

> "USE CASE CAN BE MORE DIFFICULT BECAUSE OF THE NEED TO MINIMISE DOWNTIME"
>
> **TOM BREWER, VWFS**

But commercial vehicle fleets are still wrestling with the operational challenges of running vehicles that require plugging in. Loaded with cargo, tools and equipment, an e-LCV's real world range plummets below advertised figures.

Moreover, says Tom Brewer, fleet director of Volkswagen Financial Services, "the use case can be more difficult because of the need to minimise downtime, as well as the fact that some drivers do not have the luxury of home charging and so have to rely on public charging infrastructure. We are investing a lot of energy to support this population make the transition."

He believes that, by 2025, economies of scale will start to lower the acquisition costs of e-LCVs, especially in the 3.5-tonne sector, while proposed Euro 7 emission standards are likely to drive up the cost of petrol and diesel models, closing the wholelife cost gap in favour of zero emission models.

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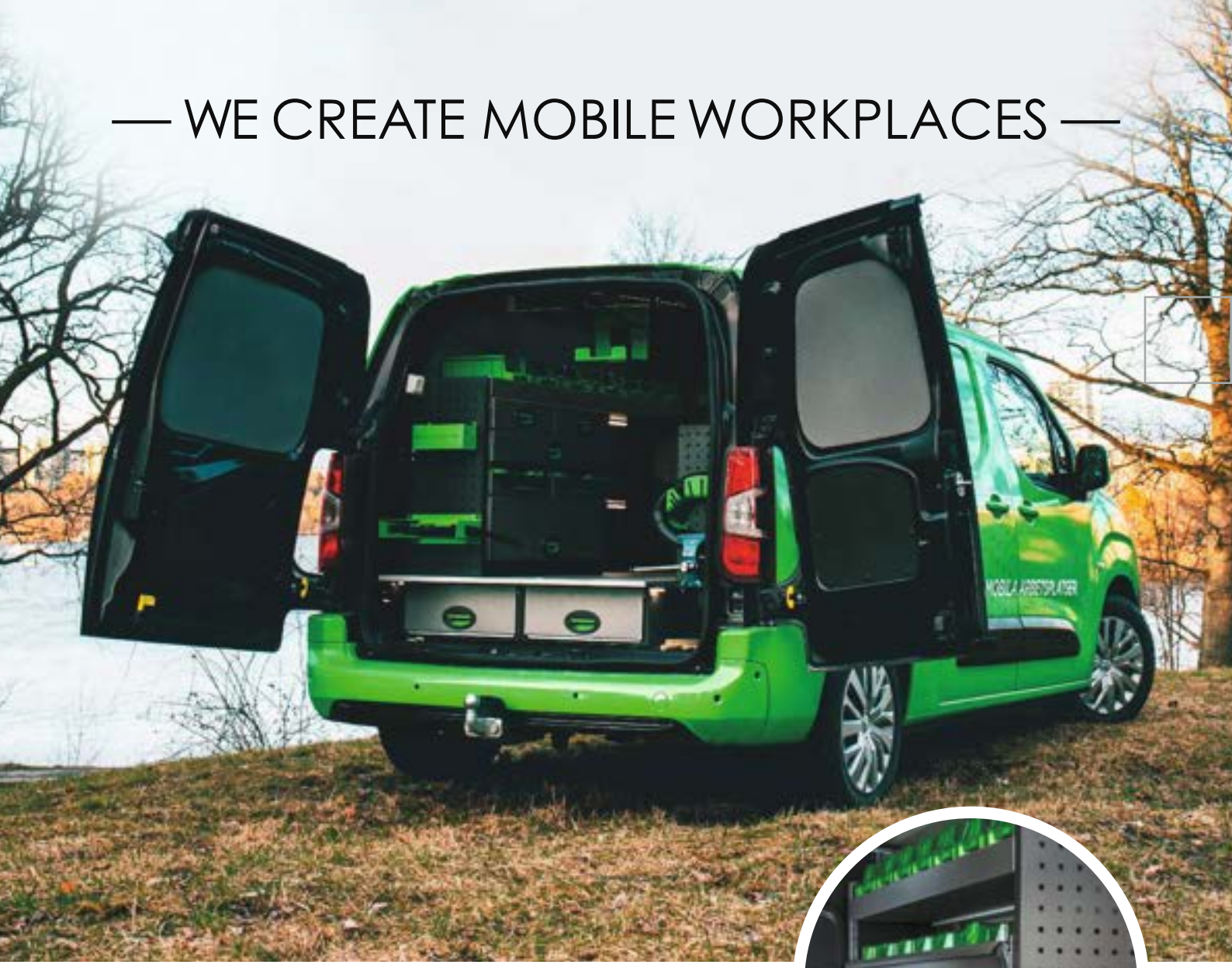

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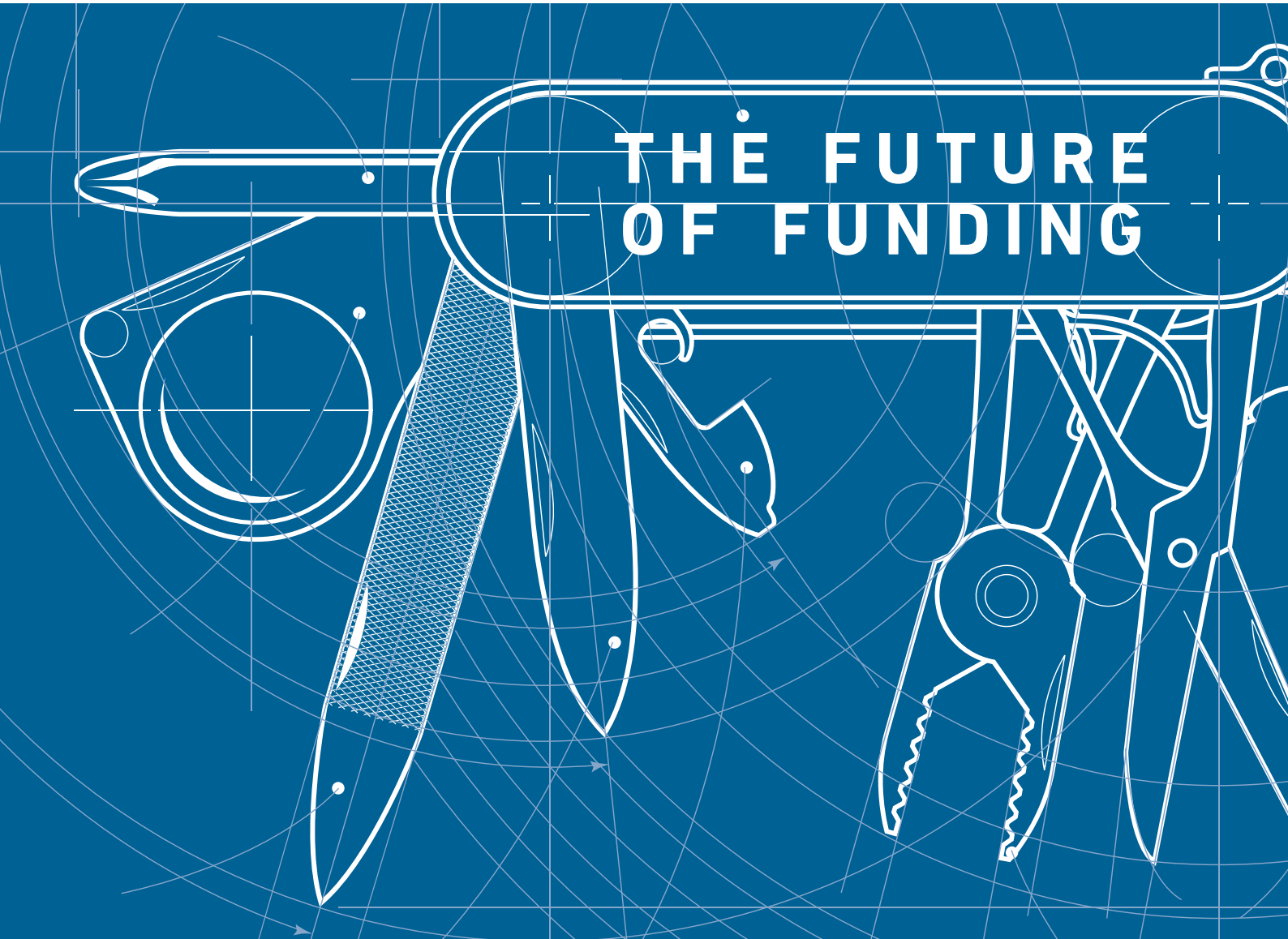


THE FUTURE OF FUNDING

Economic uncertainty, new working practices and growth in staff benefits are changing fleet expectations of their leasing partners, reports *Stephen Briers*

Funding will need to become increasingly flexible to enable fleet decision-makers to tackle the myriad challenges facing their operations.

The overwhelming view from FN50 leasing companies is that they will be able to offer a wider range of services, be adaptable in their agreements and step-up their support for UK businesses. Subscriptions models could play a bigger role, although some are sceptical about this supposed 'new' form of finance.

Lakshmi Moorthy, Arval UK managing director, sums up the view of many when she points to the impact of the coronavirus pandemic, which has revolutionised views on office/home working as well as being a major reason behind the lengthening vehicle supply times.

"The pandemic has seen many rethink where they choose to live, with increased homeworking in job roles where it's possible and an element of financial uncertainty post-Covid-19 – flexibility is therefore a key matter for funding," she says.

"Getting more for less is an important factor for funding choices, so customers are likely to be more open to funding choices that are tax friendly. This is what we see in the case of salary sacrifice (sal/sac), where the low benefit-in-kind (BIK) tax has opened up electric vehicles (EVs) to a wider audience, particularly those who are not eligible for a company car."

Sal/sac terms are typically over a two- or three-year period and are viewed as a way for employers to attract and retain staff.

Novuna Vehicle Solutions is seeing sal/sac, once the preserve of larger corporates, cascade down to smaller companies, buoyed by low taxation levels.

Managing director Jon Lawes says it has been "transformed" by taxation changes, making it an attractive benefit and cost-efficient way to fund a new car. "We see providers looking beyond the large employee bases that were the focus of sal/sac sales historically with a shift to bringing the product to smaller employers," he says.

PERSONAL CONTRACT HIRE

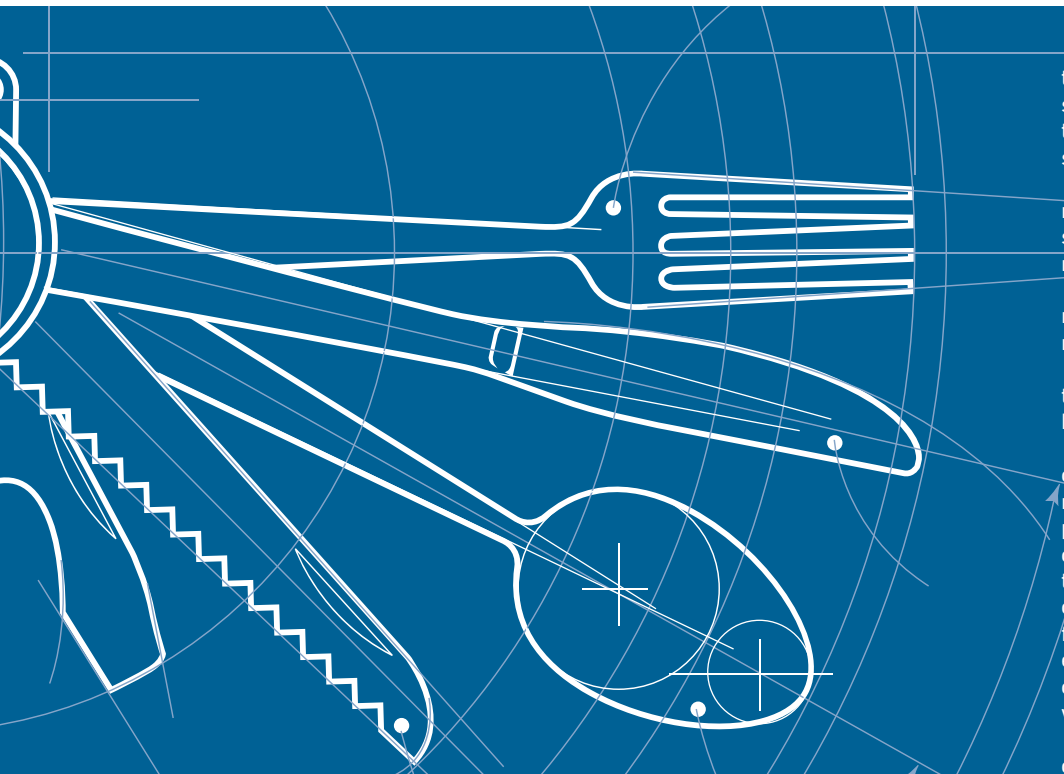
As organisations seek new ways to offer attractive benefits to staff, Arval is seeing a rise in interest for personal contract hire (PCH), giving those not eligible for a company car access to transportation with a fixed monthly cost over a flexible period.

Grosvenor Leasing has also identified this trend. Demand has "allowed us to grow our PCH division substantially", according to Mary Dopson-Taylor, customer service director.

Meanwhile, to help customers with lower budgets, Arval has become one of a handful of leasing companies to offer used car leasing options, which increases affordability and enables companies to opt for a vehicle over a shorter timeframe, typically one or two years.

Subscription and pay-as-you-go (PAYG) models have long been discussed in the corridors of leasing companies, but few have 'cracked the nut'.

Recent newcomer Zeti believes it has the solution



to PAYG by matching connected vehicle technology to the finance, buoyed by growing interest in ESG (environmental, social and governance) funding (see page 10 for details).

Novuna's Lawes points to the growing appetite for subscription models across almost all household products including bicycles, furniture, holiday homes and even clothes.

"Subscriptions or bundled vehicle products will be in high demand, with the focus of simple, flexible funding," he says. "The industry must adapt to consumer trends and demands by offering more flexible terms, subscription options and 'bundled' EV packages including home/public charging."

MultiFleet agrees: "We have already seen an increase in demand for shorter term solutions. In the wider market this will be made up of a combination of new subscription-based solutions, shorter leases or existing rental operators re-packaging rental as a subscription service. PAYG models will increase in popularity, but only for low mileage drivers as the savvy users realise that the model is not cost-effective for high mileage drivers."

SG Fleet highlights a geographical impact on subscriptions models if people move away from traditional commuting areas.

"As property density decreases, feasibility of subscription or pay-on-use models decreases due to the physical limitations of locating vehicles in these areas in a cost-effective manner," it says. "Car usage is also often more necessary in these areas due to reduced dense public transport availability and a wider geographical spread of necessary public facilities."

COPYCAT SOLUTIONS

Like Novuna, ALD anticipates copycat funding solutions to the mobile phone market, as EVs naturally lend themselves to bundled solutions, including, for example, a certain amount of public charging within the lease and a home charger.

As Multifleet highlights, daily rental can play a similar role to subscriptions and PAYG for funding flexibility and several leasing providers expect demand to grow for those types of services.

Ogilvie managing director Gordon Stephen says: "Daily rental is an option – as people travel to work less, they may use rental as a means to plug the gap."

Sinclair Finance and Leasing also forecasts a rise in rental, but adds: "Customers may look to operate a bigger pool car fleet due to lack of requirement for permanent cars and reduced mileages."

Paul Gilsham, Tusker CEO, points to growth at both ends of the funding spectrum: "Tusker has responded to requests for change from customers to provide shorter and longer agreement options for employees to increase inclusion for lower earners and those on shorter employment contracts."

Meanwhile, Alphabet head of corporate and international sales Stuart Cunningham also believes short-term leases can bridge the gap between rental and longer-term leases.

"We recognise this will remain a popular route for many as businesses flex their fleets to changing requirements," he says.

Giving contrasting views about the future direction of the funding sector are JCT600 Vehicle Leasing Solutions and VMS Fleet Management.

Ben Creswick, managing director at the former, claims subs and PAYG models are best suited to retail customers. He says: "For our core customer profile, we do not believe shorter leases, subscription or PAYG models will be of value in the short- to mid-term. Corporates remain wary of trading off one type of risk which they have a history of managing, e.g. fixed contracts, for unknown risks such as inflated end-of-contract damage in addition to in-life charges often associated with such products and suppliers, while paying a premium for flexibility."

However, VMS Fleet Management says its customers are shying away from long-term contract hire commitments.

"The current market leans towards more short-term funding due to the risk factor of potential drops in business when they are tied in," it explains. "That is mixed with a time when funding is not as easy to obtain as previously, so there has to be more flexibility offered by funders."

Not everyone is convinced that the industry is set for a funding revolution.

Zenith car and van division chief executive Ian Hughes says: "We're not anticipating any material change in the coming years. The market is already served with a variety of flexible options today."

And Total Motion managing director Simon Hill adds: "Broadly, options will remain as they are now. Subscription and PAYG will find a level as a small part of a bigger picture with 24-month-plus leasing remaining dominant. Many pay-as-you-go and subscription services are failing as people realise it's just another option."

Taking all the various industry views and ongoing economic uncertainty into consideration, SG Fleet concludes: "Predictions of a move to other funding models are very difficult to undertake with any accuracy, and it's up to providers to have as many options as possible available to ensure flexibility and agility as we move into the future."

VAN FUNDING POINTS TO LONGER-TERM LEASE AGREEMENTS

When it comes to light commercial vehicle (LCV) fleets, many companies already use flexible, shorter-term funding to enable them to increase or decrease their fleet size dependent on workloads.

This can be a more expensive route, although several companies have agreed competitive flexi-lease packages with both rental and leasing operators.

However, Alphabet believes rapid rises in business levels, particularly for delivery companies, are giving van fleets the confidence to return to longer-term funding.

"This is offering a more stable proposition and a more competitive price, so we're seeing the opposite funding trend to company car fleets," says Alphabet head of corporate and international sales Stuart Cunningham.

He adds: "Another funding option we're likely to see companies using more is Contract Purchase, assuming the current VAT treatment for LCVs continues. This enables the full VAT to be deducted upfront for LCVs, creating cost savings on monthly instalments, and allowing companies to settle early when they're in a cash-rich period."

Nevertheless, like the car market, LCVs will continue to require flexible funding options to facilitate short- and medium-term growth.

"This is why it remains so important for leasing companies to continually adapt contracts to meet changing requirements," Cunningham adds.

A modern approach to tyre management

Tyre Management is Kwik Fit's industry-leading solution for fleets looking to outsource customer contact, tyre authorisation, coordination of work and management information (MI).

Kwik Fit's Fleet Operations centre remains at the core of the organisation with more than 20 years' experience in managing customer requirements.

While Kwik Fit values its experience and knowledge highly, it also understands the need to continue to modernise and make subtle, but significant, changes to support a dynamic market.

The company has long recognised the growing demand for digital driver booking solutions and in 2017 it launched Fleet Web Bookings, offering tyre appointment and allocated stock at centres and via Kwik Fit Mobile.

This summer sees the arrival of the next iteration of this platform, which includes a fully integrated option in addition to a web portal for drivers and fleets to arrange appointments for tyres and service, maintenance and repair (SMR) work to Kwik Fit's live centre and Mobile diaries.

Mobile is a crucial part of Kwik Fit's fleet offering and it is delighted that its new Mobile platform "Aurora" is now fully implemented across its network of technicians and centralised contact centre based in Warrington.

Offering dynamic "real-time" job scheduling, the new platform enables the company to meet the record demand for tyre fitting at home and will allow Mobile's approach to be broadened to meet changing requirements.

Kwik Fit believes a primary strength of both Fleet Web Bookings and Mobile Aurora is the unique link between its network of centres and vans and network stock; the ability to move the right stock quickly, in line with the customer's fitting preference is the key to success, supported as it is by experienced teams at both contact centres.

Fleet director, Dan Joyce, added: "In 2022, Kwik Fit Fleet celebrates its 35th birthday. While we continue to modernise and innovate our offer to fleets we must not lose sight of the importance of doing the basics very well, consistently, in a changing and challenging market."

No more black, round and rubber!

All of this digitisation and linking up of the Kwik Fit network through IT systems comes at an important time for its core tyre business.

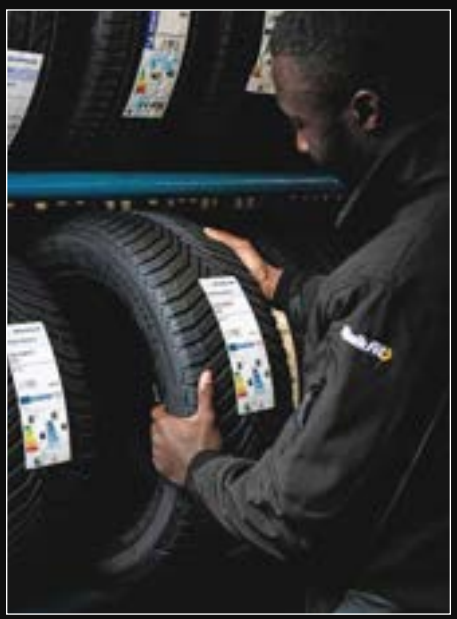
Electric vehicles (EVs) provide new challenges. While not all vehicles have specific, homologated tyres, there are lots of new characteristics to consider and it's a tall order for tyre makers to cover all bases. Rolling resistance plays an important part in the make-up of EV tyres along with low-decibel noise requirements, while wet and dry grip and wear-performance must not be significantly compromised.

The fitment of non-OE tyres can have an impact on range which is not yet fully appreciated by many drivers.

Overall, Kwik Fit is seeing higher tyre wear for EVs compared with internal combustion engine (ICE) vehicles – including hybrid. Wear impact varies significantly, showing that the additional torque and weight in premium EVs can be offset by more careful driving with the focus being on battery range.

In the not-so-distant past 90% of fleet fitments were covered by 50 tyre sizes, with a "tail" of 200. However, Kwik Fit is now operating in an era of up to 250 sizes comprising its popular options and a tail of infrequent fitments which is more than 1,000 sizes long, reflecting tyre complexity on new vehicles.

Kwik Fit has been working with its customer and supplier partners to plan for tyre replacement by ensuring that the correct and specific tyre stock is



available in advance in its distribution network and across centres, with accurate planning for future demand critical in achieving this.

Whether it's a commercial fleet with a zero-downtime objective, an EV driver attending one of our centres for the first time or something more commonplace, having the right tyre, in the right place at the right time has never been more important.

Tyre subscription – it's all in the Club

Kwik Fit has launched Kwik Fit Club, an app-based monthly subscription product, initially with a pilot in the north-west and Yorkshire.

The Club subscription encompasses wear and damage factors and provides a peace-of-mind solution to drivers, who can also add an annual service and MOT. The subscription offer opens a new market opportunity in the B2B/B2B-C space, including customers who do not select a maintenance arrangement for tyres as part of their lease/finance package.

Joyce added: "We are very excited about the scope of Kwik Fit Club. We believe the product is completely unique in the sense that it is a true subscription that covers wear and damage for tyres and can extend to other products, all supported by our app and website."

More than tyres!

Having developed Kwik Fit's non-tyre offering to fleets over recent years, SMR, along with MOT, is now a fundamental part of Kwik Fit Fleet.

Its network capability for servicing and repairs has been put to the test over the past 24 months like never before and it's thriving, with record numbers of fleets using Kwik Fit for SMR and MOT.

Head of SMR development, Ben Boot, said: "For us, it's all about offering customers a fair choice and a quick turnaround. We work hard with non-tyre supplier partners to make sure we have the best solution in the aftermarket."

In addition to SMR, a major recent deployment for Kwik Fit was the launch, in earnest, of its first advanced driver-assistance systems (ADAS) calibration locations.

Offering dynamic and static calibrations the aim is to complement its wheel alignment offer with a complete wrap-around service encompassing ADAS calibration. This is an area of investment that will continue to scale.

What's next?

Joyce concluded: "As we plan for our next 35 years, our objective remains simple, to keep our customers safe on the road and to provide peace-of-mind motoring.

"We achieve this by staying true to the basics, making incremental changes to meet the market demand and staying ahead of technology enhancements through customer focussed innovation. We are excited about the road ahead."

LEASING: A STEPPING STONE TO SUBSCRIPTIONS?

Finance houses linked to vehicle manufacturers are developing a suite of new car ownership models. *Jonathan Manning* reports

This year marks the 15th anniversary of the launch of the BBC's iPlayer and the 10th anniversary of Netflix in the UK, both landmark events that have changed the face of television viewing.

Frequently cited as prime examples of the revolution in consumer attitudes away from ownership (videos and DVDs) to usership (on-demand streaming), the meteoric rise of the two services has parallels in the automotive world.

Ownership models are shifting from purchase to leasing and, potentially, subscription as customers seek the same all-inclusive convenience from motoring and travel that they enjoy in other areas of their lives.

Hoping to capitalise on this trend, vehicle manufacturers have a natural interest in business models with the potential to generate revenue and profit throughout the life of a vehicle, rather than just from its sale. This has spurred OEMs to invest heavily in their financial services operations, developing products that seem light years away from the historic provision of loans to support customers to buy their cars.

To stretch the Netflix analogy even further, the streaming service has shown the importance of producing and controlling unique content – in the automotive world it's the vehicle manufacturers that produce such content. Their challenge is to deliver it to customers in the format they want via the easiest possible interface.

At last count, manufacturer-captive leasing companies account for five of the largest 15 fleets in the FN50 and vehicle numbers are rising rapidly with the popularity of personal contract hire (PCH).

An appraisal of the market by the British Vehicle Rental & Leasing Association (BVRLA) reveals that PCH almost doubled its share of the BVRLA fleet between Q3 of 2017 and Q3 of 2021, from 16% to 30%, with further expansion anticipated.

"The overall PCH market provides the greatest opportunity for growth," reports the BVRLA's most recent Leasing Outlook study, which forecast 11% year-on-year growth by the third quarter of this year for PCH, compared with 0.2% growth for business contract hire.

By no means all of these PCH volumes are supplied by captive leasing companies, but with their dealer networks and the online brand presence of carmakers, they are in pole position to capitalise on the trend.

A rapid shift from ownership-based financial products to leasing raises the question of whether leasing is the final destination of a usership-based economy or merely a stepping stone to more flexible solutions, such as subscriptions and pay-on-use car schemes for both business and private drivers.

Volvo Cars has enjoyed considerable early success with its own Care by Volvo subscription service, which accounted for more than 2,500 cars, almost 15% of the manufacturer's new retail business in its first year.

Conor Horne, Volvo Cars UK head of online sales, says the service is chiming, "with the changing preferences of customers who want a quick, secure and simple process to access a new car", and is bringing new customers to the brand – 91% of Care by Volvo drivers are conquest sales.

FLEXING THE FLEET

From a fleet perspective, subscriptions enable companies to flex their fleet size based on demand, reacting swiftly to changing business conditions, a quality appreciated particularly by small-to medium–sized enterprises (SMEs), according to Boston Consulting Group.

It says OEMs hold the significant advantage of being able to acquire vehicles at cost, with affordability high on customer agendas, although it also warns that subscription prices have to compete with buying, leasing and other forms of mobility like ride-hailing and ride-sharing.

This view highlights the increasingly blurred lines between vehicle supply, finance and access arrangements.

"With the market evolving faster than ever and people's requirements for mobility varying so vastly, leasing companies need to provide solutions for every type of employee, whether that be long-term contract vehicles, through to short-term rentals and B2E (business to employee)," says Stuart Cunningham, head of corporate & international sales at Alphabet.

These requirements reflect the changed nature of working practices in the post-lockdown world, with hybrid models of home and office work reducing travel demand and mileages, and increasing the need for more flexible solutions.

"Rental and pool vehicles offer great options for businesses that don't require travel 100% of the time and the sharp uptake in such products has been clearly evident across our AlphaRent and AlphaCity offerings these past few years," says Cunningham.

It is no surprise, therefore, to see OEM-owned finance houses back several potential outcomes in the expectation that the future will see a proliferation of car and travel options rather than a single dominant product, offering services that range from pay-per-minute to lifetime subscriptions.

FCA Bank's Leasys, for example, views itself as "a pioneer in a new idea of mobility – fluid, integrated and global", with products ranging from contract hire to peer-to-peer car sharing.

Leasys Miles offers customers the option to pay a monthly rental plus miles travelled beyond a pre-agreed threshold.

Fellow Stellantis Group finance operation Free-2move Lease has launched a digital car-sharing product that makes it much easier for employers to run a pool fleet, by giving drivers online booking options and the ability to locate, unlock and drive vehicles using a smartphone. It also holds the opportunity for businesses to recoup some of the costs of a shared fleet by giving employees paid-for access to vehicles at weekends.

Kinto UK, part of the Toyota empire, has also developed mobility solutions for business travel that extend further than the traditional company car to encompass short-term rental, car-pooling and ride-hailing, with subscription, car sharing and mobility offerings in the pipeline.

These models challenge the traditional ratio of one driver, one car and exploit the inherent inefficiency of most cars standing idle more than 90% of the time. But their relevance is currently restricted to certain geographic areas where car ownership is more difficult, due to parking, congestion and emission charges, as well as political air pollution concerns, and where public and shared transport can match the convenience of private car use.

CAR SHARE MARKET

Tom Brewer, fleet sales director of Volkswagen Financial Services (VWFS), says: "There is a recognition that the car-sharing market will grow significantly and that is why investments in our own rental car business have been so important and will continue to be so. A traditional rental car company offers huge opportunity in terms of geographical coverage and the gateway to sub products, ride hailing and car sharing. Strategically, there are short-, medium- and long-term benefits to having a car rental business integrated within the group and it gives us the position to capitalise as that market grows."

The wind is rising in the sails of transport solutions that avoid expensive assets being idle for long periods of the day. The introduction of autonomous vehicles will accelerate this trend.

"We want to have a relationship with the customer in whatever segment they happen to be, and for us to be in control of the vehicle asset so we can take advantage of that across the supply chain, both new and used.," says Brewer.

VWFS already provides subscription offers via partners, but has plans to develop its own service.

"Typically, the people who are accessing that product want a zero-hassle, fully-bundled solution," says Brewer.

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CARS DOMINATE AS COMPANIES JUGGLE ELECTRIC AND MOBILITY

Fleets and drivers lean towards financial security of a company car, finds latest Arval Mobility Observatory research. *Stephen Briers* reports

Mobility is an oft-quoted word which proponents contend signifies a revolution in the way people move about, bringing together myriad options for greener, cheaper and more efficient travel and transport.

It is commonly advocated as an alternative to the car, but the memo has yet to reach the inboxes of fleet operators, who continue to pursue traditional means of working. Even among those who claim to be incorporating mobility alternatives, strategies remain firmly centred on the use of car-based solutions.

The 2022 Arval Mobility Observatory Barometer reveals that 89% of companies are using or are considering using at least one mobility service, typically rental, ride/car-sharing and salary sacrifice (sal/sac). However, very few believe these options will replace their company vehicles.

This has changed very little from the 2020 survey when this question was previously asked.

"Short-to-mid-term rental, car sharing, salary sacrifice and ride-sharing are all different ways of accessing and funding cars beyond the traditional company car model, rather than indicating a large scale switch into areas such as public transport or mobility budgets, for example," says Shaun Sadlier, Arval UK head of consulting.

"This is in contrast to many other countries where companies are more engaged in mobility, often because there are incentives – such as tax – or legislation requirements to do so."

It is another clear indication that the car will remain at the centre of corporate travel "for the foreseeable future", Sadlier adds.

Of the few businesses that would consider dropping the company car in favour of an alternative mobility solution, the most popular option is short-term rental, stated by 11%, followed by a mobility budget (8%) and ride-sharing (6%).

So why is the company car retaining such a position of utter dominance, despite claims from some quarters of its imminent demise?

Most fleet operators point to financial security and convenience. The top response is 'not having to finance your own vehicle'; a company car gives budgeting certainly – at least until the end of tax year 2024/25 when current benefit-in-kind (BIK) tax figures end.

The issue of funding becomes even more prevalent when considering electric vehicles (EVs), which are more expensive to buy, but are available as a company car with just a 2% BIK for the next three years. Although only 12% specifically pointed to this as the primary reason, that is a four-fold rise compared with the previous findings.

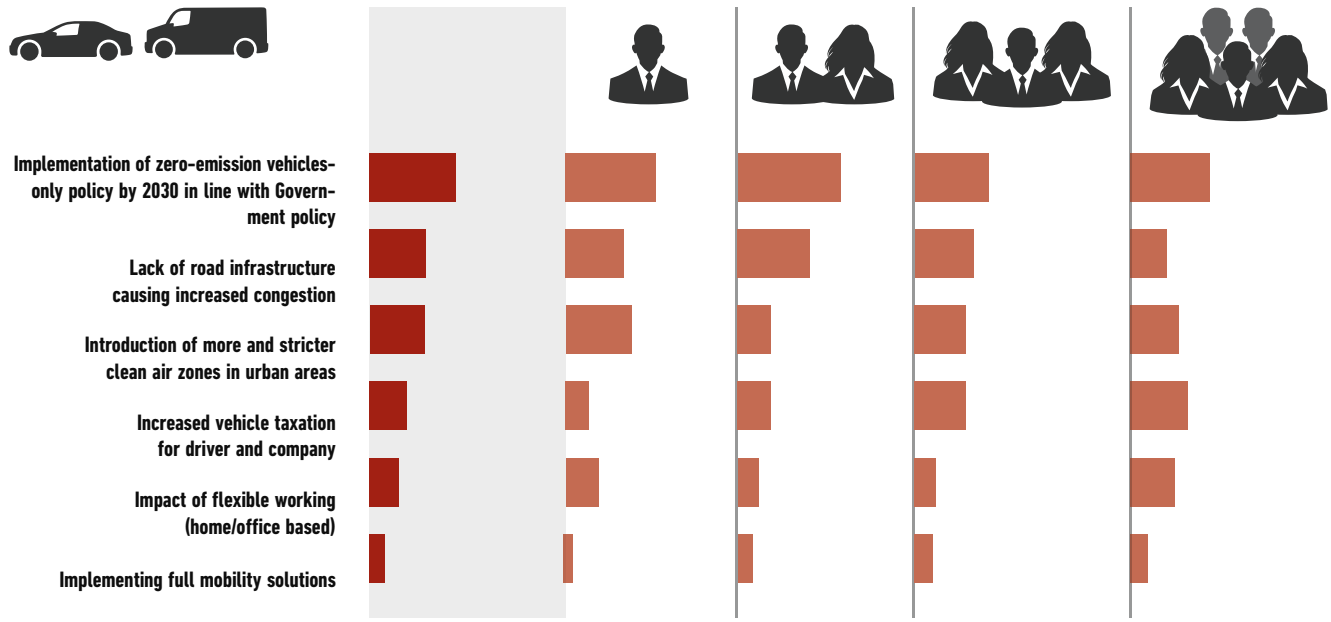
"It is, effectively, a salary increase if you move from diesel to electric," says Sadlier. "And a good proportion of those drivers are happy to use some of that saving trading up to a better specified car."

As the range of electric car options proliferates, one prediction widely made in the fleet sector is the migration of cash takers back to company cars, either via traditional schemes or through sal/sac.

"This is something that is being seen at Arval in the UK and is expected to grow in the coming years," Sadlier says.

Last year, the leasing provider saw a 280% rise in sal/sac cars on its funded fleet, plus a 129% rise in salary sacrifice customers, and it forecasts

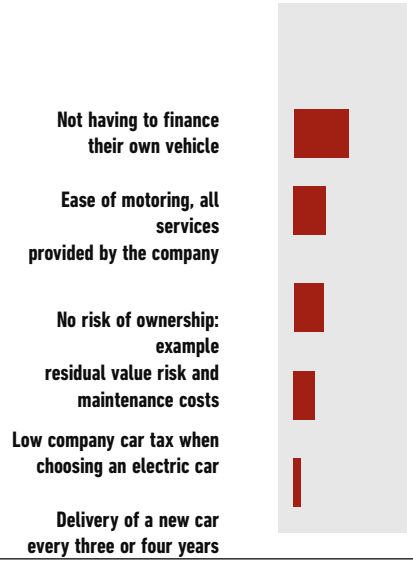
MAIN CHALLENGES FOR FLEETS IN THE NEXT FIVE YEARS (%)



The switch to zero-emission vehicles is the overwhelming challenge, mentioned by 43% of respondents.

"The route electric is now clearly mapped out for most – and it is notable that this is true across fleets of all sizes – but the journey itself is still very much on the minds of company car and van decision-makers," says Shaun Sadlier. "There are two parallel processes with different obstacles. For car operators, EV adoption is fast reaching a state of 'business as usual' in the vast majority of cases and at a pace. It is van fleets which are going to find moving away from internal combustion engines much more of a challenge."

REASONS EMPLOYEES STAY WITH A COMPANY CAR (%)



Financial security and convenience are the two major reasons why people stick with a company car, even when other options are available.

Avoidance of potential risk becomes even more attractive during times of economic uncertainty, such as when the cost of living rises.

"The developing trend that stands out in the data is that four times as many fleet decision-makers as last year mention the very low personal taxation applied to EVs as a factor in opting for a company car," says Shaun Sadlier.

He adds: "When it comes to methods offered to employees who do not choose a company car as a means to finance a vehicle, cash allowance and salary sacrifice are the joint top options, which is a virtual repeat of recent years."

continued growth with smaller companies now showing interest.

"It is no longer just for businesses with large numbers of employees," Sadlier adds.

"We believe this is a recognition that the car provides an extremely flexible and efficient form of business transport that is not easily replicated through any other option."

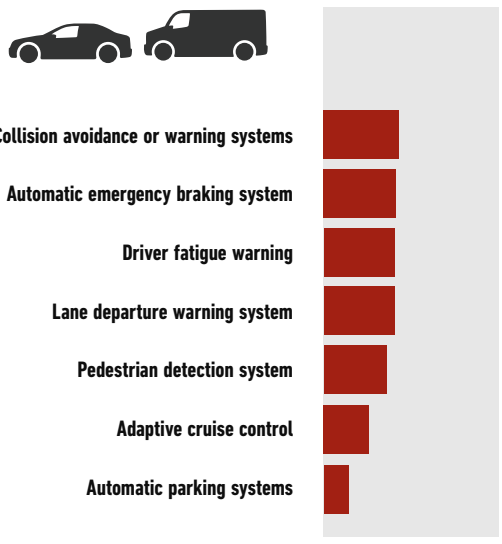
Growth of sal/sac among smaller companies could explain their bullish views when it comes to future fleet sizes.

Across all companies, 34% anticipate a rise in their car/van fleet size over the next three years (57% no change, 7% reduction), but the positivity was inflated by the smallest companies: 40% of those with fewer than 10 employees expect ➲

COMPANY SIZE

Fewer than 10 employees | 10-99 employees | 100-999 employees | 1,000+ employees

MOST USEFUL ADVANCED DRIVING ASSISTANCE SYSTEMS (ADAS) TO IMPROVE DRIVER SAFETY (%)



ADAS systems are becoming widespread on company cars and vans and are frequently mentioned in fleet policy documents as employers focus their attention on driver safety and behaviour.

"The top five or even six results are closely matched and indicate a general across-the-board positivity towards ADAS that is consistent across all types and sizes of fleet," says Shaun Sadlier.

"Of these devices, most are included in the EU mandate (due in force later this year), with adaptive cruise control and pedestrian detection systems the exceptions."

SPONSOR'S COMMENT

By Shaun Sadlier, head of Arval Mobility Observatory in the UK

Every year at Arval Mobility Observatory, we conduct what is widely recognised as an authoritative piece of research on the fleet and mobility sectors. For 2022, we talked to more than 7,500 fleet decision-makers in 26 countries.

The huge amount of information generated is distilled into a number of key trends and findings for the UK. This year, we have been able to gain specific insight into areas such as electrification, sustainable mobility and the impact of the pandemic.

These are our top five findings:

1. Businesses are optimistic about fleet growth. A net 27% of organisations are predicting an expansion of their vehicle operations.

2. Electrification is the major concern for fleets over the next five years. Managing the transition to electric vehicles (EVs) was mentioned by 43% of all respondents.

3. At this point, the impact of the semiconductor shortage appears to have been limited. Perhaps surprisingly, around three-out-of-four fleets reported no affect on their operations, which could be due to fleets having the option to re-contract vehicles with lower mileages as a result of the pandemic.

4. By 2025, fleet operators expect electricity to be the dominant power source for fleets. They predict only around one-in-four company cars (28%) and half of company vans (50%) will still be using petrol or diesel power.

5. Charging access is the top concern for fleets waiting to switch. Among those delaying their adoption of EVs, three of the four top factors mentioned all relate to this issue, whether it is home charging, office charging or publicly available charging.

To find out more from Arval Mobility Observatory, just visit arval.co.uk/amo-insight.

Arval Mobility Observatory

growth compared with just 27% of corporates with more than 1,000 staff.

This is complete contrast to 2021, when just 21% of the smallest companies forecast growth in their fleet size compared with 59% of the big businesses.

A year ago, Covid-19 was one of the biggest catalysts for growth, with 34% of companies saying cars would help to provide a safe commute.

But, it was also the biggest reason for reductions in fleet size due to lack of work. Now, it has almost slipped off the agenda, with just 6% of companies saying it was a factor in their future fleet size predictions. The main reason for growth, cited by 81%, is business expansion necessitating fleet growth (2021: 67%).

Salary sacrifice was the key reason for 21% of companies, down from 32% last year – most likely because some of the larger companies have now introduced schemes.

"The number of companies expecting a fall in fleet size is very small given what we have gone through – companies are very upbeat about the future," says Sadlier.

"Within our own funded fleet, we see optimism right across the business spectrum, from cars to vans."

BIGGEST CHALLENGE

The biggest challenge highlighted by fleet decision-makers is the transition to zero-emission vehicles to meet the Government's 2030 deadline on the sale of new petrol/diesel cars and vans.

The bias is weighted towards the smaller companies, possibly because the larger organisations have already started to introduce plug-in hybrid and full EVs.

"We previously saw it with the larger fleets that were most focused on electric; now smaller businesses are as well," says Sadlier.

"Quite a few are aware of what's happening in Oxford (with the introduction of the UK's first zero emission zone) and they feel it could be a pilot that other councils will be watching closely.

"While 2030 is the big date, there will be milestones along the way, such as Oxford, that will

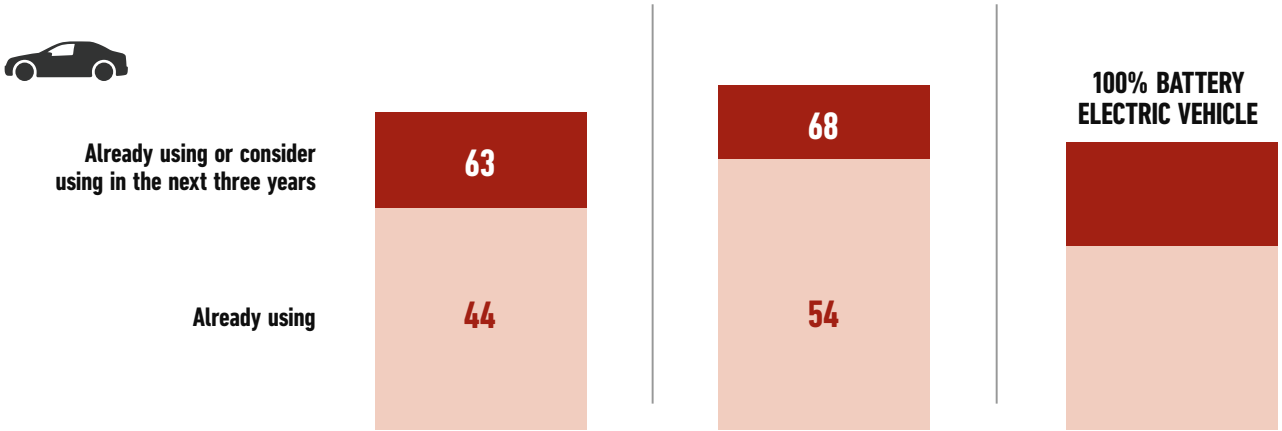
AVERAGE LENGTH OF LEASE (YEARS)

The average length of time that vehicles stay on fleet has risen by 12 months year-on-year, from 3.9 to 4.9 years, partly due to the reduction in mileages during the Covid pandemic which enabled re-contracting, but more recently because of the supply shortages caused by the ongoing semiconductor issue.

Arval is currently working nine months in advance for car orders and 12 months for vans, plus any time required for a conversion.

"We are seeing that companies and drivers are happier to extend the lease on an electric vehicle than a diesel," says Shaun Sadlier.

ALTERNATIVE FUEL TECHNOLOGIES USAGE – DETAIL PER TECHNOLOGY (%)



As net zero and other corporate environmental targets become increasingly common across organisations of all sizes and types, it is unsurprising to see reduced environmental impact as one of the leading reasons (54%) that companies are electrifying their fleets.

However, there is growing awareness of the available cost advantages as well.

Reduced fuel expenses (66% – up from 54% in 2021) and tax incentives (58% – up from 40%) both show that as operational experience of these vehicles grow, fleets are increasingly knowledgeable about the real-world potential financial benefits of their adoption.

"More than four-out-of-10 fleets (41%) show an awareness that electrified choices offer a total cost of ownership in line or lower than petrol or diesel alternatives," says Shaun Sadlier.

ensure fleets will have to introduce zero-emission vehicles earlier than 2030."

Interestingly, potentially higher vehicle taxation is highlighted as an issue by far fewer fleets than previously – 20% versus 34% – despite the sector still waiting for Government clarity post-2025.

Sadlier doesn't expect the Government to introduce a large BIK hike, but he does expect it to rise from tax year 2025. There could also be an announcement on alternative ways to raise money from motorists, such as road pricing (see page 16), before then.

"We still have three years' sight, so it isn't an issue yet," he says. "Our wholelife cost methodology will include a BIK rate that is the same as the third year if we are modelling beyond that period."

He adds: "We did see some driver nervousness about taking cars, but it's not an issue now because so many are going to electric with the low BIK. If will be more of a concern in a year's time if there is no update."

SEMICONDUCTOR SHORTAGES

The period of the Arval Mobility Observatory survey, which concluded at the end of January, has assuaged the response to a question about the impact of semiconductor shortages of fleets' businesses. Just 26% say they have been impacted in some way; 74% have not.

The vast majority (83%) say they will extend the life of their current vehicles – although for most, this is not a choice – while 35% believe the situation will hasten their transition to electric.

Sadlier believes the same question asked just a few months on would get a very different response in terms of the level of impact.

He is seeing companies take dramatic steps to open up their choice lists to a much wider range of manufacturers in a bid to get new vehicles onto their fleets (much greater than the 9% shown in the survey). But there is a mix of reactions.

"We are seeing some fleets opening up for EVs, while remaining restricted for internal combustion engines (ICEs); others are opening up for everything," he says.

"Non -premium brands are getting a good look in if they have supply, especially for electric – fleets and drivers are much more willing to go into them."

Arval had already seen record levels of re-contracting due to lower mileages resulting from the Covid lockdowns; around 20% of all its vehicles are remaining on fleet for longer than their original contract period.

"We are working at least nine months ahead on renewals for cars – previously it was three-to-four months. On LCVs, we're running a year ahead plus any time that the vehicle is normally in for a conversion; for example, if that's a month, then it's a 13-month lead time," Sadlier says.

TIME ON FLEET

The average time a vehicle spends on fleet (all funding options) has risen from 3.9 years to 4.9, with the biggest companies exceeding five years.

Sadlier also waves a red warning flag about parts shortages both for mechanical and accident repairs and access to rental vehicles and courtesy cars for unscheduled repairs.

Used cars have appeared on the agenda for all types of business, with 9% of companies saying they are considering them as a replacement for new vehicles.

"It's needs must at the moment," Sadlier says. "We are typically looking at used cars that are two years and below with a reasonable milage of less than 20,000."

Within three years, companies expect the ICE share of their car fleet will have fallen to just 28%, although they will still account for half of van fleets.

Arval's own order bank suggests this is likely to be achieved, if not slightly exceeded, for cars; 35% of its car orders are full electric and 15% are PHEV, with just 40% ICE. However, the van projection could be "optimistic", claims Sadlier due to the great complexity and the lengthy supply delays. Here, 86% of forward orders are ICE; 14% are full electric.

Just more than a third (36%) of respondents say they are already operating full EVs, with another 21% planning to introduce them within the next three years; a further 44% are using PHEVs with 19% due to add them to choice lists by 2025.

81%
say business expansion will lead to fleet growth

35%
say new car shortages will hasten EV uptake

36%
are operating full electric vehicles

40%
are concerned about workplace charging

The biggest stimulus, according to fleets, is the desire to reduce fuel costs – 66% said this was a major factor compared with 58% who highlighted taxation and 54% their lower environmental impact.

However, companies that are in the vanguard of the EV transition say fuel savings have become less prevalent with the huge increases in electricity costs. Despite rises in fuel pump prices, the gap has narrowed.

James Rooney, fleet engineer at Centrica, says: "The fuel savings are not as good as everyone thinks because the cost of electricity has doubled. For us, the major savings are on servicing, maintenance and repairs (SMR) and downtime: SMR is less than half of the cost of ICE."

This is supported by Arval, which is also seeing the weighting shift to SMR more than fuel savings.

Sadlier adds: "Overall, two-to-three years ago the main concern was that EVs were more expensive based on the list price (it remains an issue for 43% of companies not currently considering battery electric vehicles – BEVs).

"A lot of our work has been on the wholelife cost methodology and, on this measurement, EVs are comparable, if not better, value."

BEVs MORE RELIABLE

Arval's analysis of its own risk fleet also reveals that BEVs are more reliable than ICE, which is now being factored into its SMR calculations.

It also believes that their strong residual value performance will continue as supplies increase.

"We anticipate a strong second-hand market for them," Sadlier says.

While markedly lower, at 38% and 37% respectively, corporate social responsibility compliance and company image are rising up the fleet agenda, with BEVs more frequently appearing on tender documents prompting companies to set their transition strategies.

No surprise that the biggest hurdle to the uptake of EVs is charging: 50% of companies point to the lack of public chargers, 40% are concerned about workplace charging and 35% say employees do not have units at home.

"It isn't just about availability; it's also about different charging rates for home versus public and how they reconcile that," says Sadlier.

"However, the good news is that concerns about reliability have halved since 2020 and employee reluctance has all but disappeared."

Research carried out with 7,500 fleet decision-makers in 26 countries, including 300 in the UK, between November 22, 2021 and January 31, 2022. This feature focuses on UK responses.

Arval Mobility Observatory is one of the most authoritative research and industry information exchange platforms in the fleet and mobility sector. It collects and provides objective and accurate information, helping to understand the new mobility paradigm and the mobility solutions available.

SLOW START, BUT ELECTRIC GAINS FOOTHOLD WITH 21% OF VAN FORWARD ORDERS

As diesel continues to dominate van sector, one-in-10 fleets plans full electric transition by 2025, reports *Stephen Briers*

More than a third of companies do not have a clear strategy to reduce carbon emissions from their light commercial vehicle (LCV) fleets, according to a new *Fleet News* survey sponsored by DriveElectric.

Regardless of the merits of implementing an electrification strategy well ahead of the 2030 deadline on the sale of new petrol and diesel vehicles, the absence of a carbon reduction plan effectively means these organisations are failing to deploy fuel cost controls in the face of accelerating petrol and diesel pump prices.

The survey of UK businesses, carried out in March, found that 65% of respondents have robust plans to transition their fleet away from diesel to full electric (EV) and plug-in hybrid (PHEV), although their current fleet profiles are still heavily weighted towards internal combustion engine (ICE) vans.

On average, 87% of vans operated by survey respondents are diesel, although full battery electric is the second highest proportion at 6%, noticeably ahead of PHEV at 1.5%.

In the LCV sector, fleets appear far more willing to leapfrog PHEV to go direct to full electric, buoyed, in part, by the wider range of electric vans on the market compared with PHEV options.

The pace of change is accelerating, with electric accounting for 21% of forward orders, although diesel still dominates with a 73% share.

While a plethora of electric product exists in the medium-size van market, large vans are still underserved by electric, with the handful of available products offering a range which doesn't meet most fleets' needs.

British Gas, for example, has been forced to continue buying some diesel product until suitable electric alternatives come to market.

Its head of fleet Steve Winter says: "Due to the lack of suitable large electric vans that work on our total cost of ownership (TCO) model, we have taken the decision to have a number of diesel VW Crafter vans on a short lease."

Supply issues are furthering hampering fleets' efforts to move away from diesel to electric, with semiconductor shortages pushing order times out beyond 12 months in many cases. The situation is unlikely to ease until 2024.

"My simple calculation is that if they (vehicle manufacturers) are already nine-to-12 months behind, just to catch up they've got to run double for the next two years," ISS UK fleet manager Duncan Webb told viewers of March's 'Fleet News at 10' webinar.

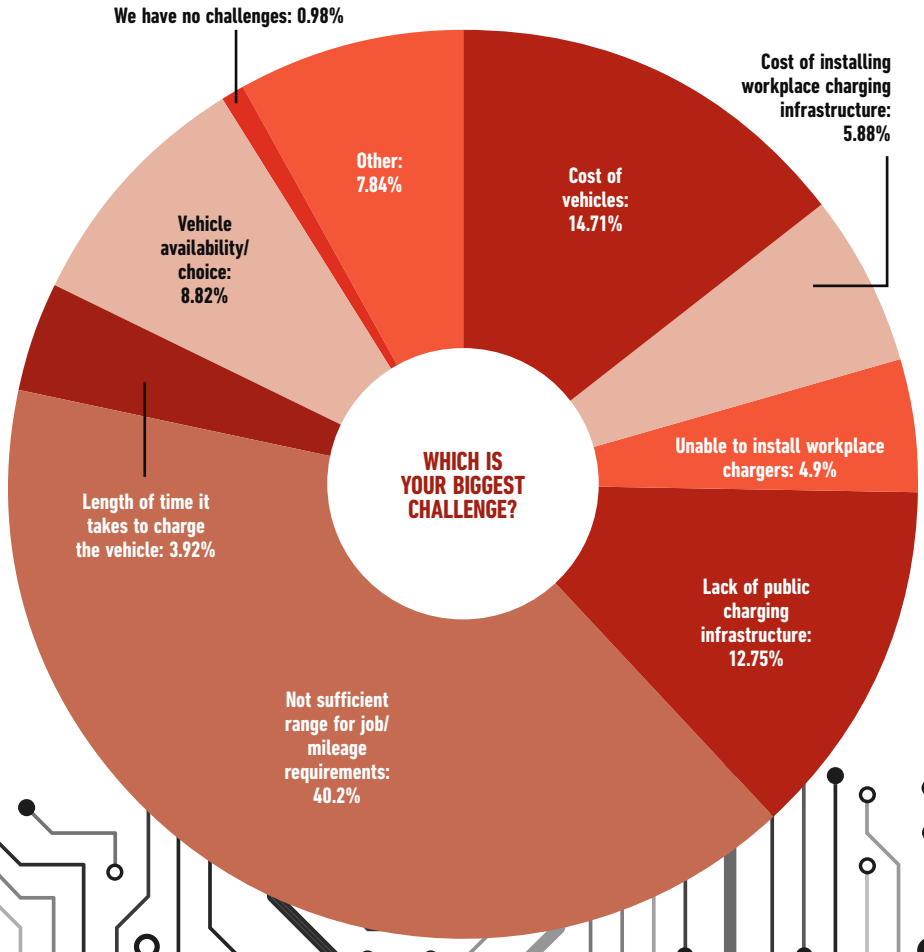
"It's not going away this year or next year; it's probably 2024 to resolve."

However, there is a bright light on the horizon for electric, according to National Grid fleet manager Lorna McAtear.

"With a limited supply of components, where are they going to focus? We're starting to see the focus accelerating the net zero transition," she says.

That will boost the one-in-10 fleets which are planning a complete transition to EV or PHEV vans by 2025, while a further 46% are looking to move everything across by 2030.

A large proportion (44%) will still be running some diesel vans up to and past the 2030 deadline and will continue their transitions for the subsequent few years as they gradually de-fleet those vehicles.



Meanwhile, a handful of small-to-medium enterprises (SMEs) believe they will "never" run a fully electric van fleet.

With city regions compelled to tackle air quality issues, clean air zones (CAZs) are widely expected to evolve into zero emission zones (ZEZs), which would restrict the ability of any non-EV fleet to operate without facing huge fines.

Oxford became the first authority to trial a ZEZ in February covering a number of streets in the city centre. A wider ZEZ incorporating the whole of the centre is scheduled for launch in 2023, subject to public consultation. Other councils are watching the project with interest.

Transitioning to electric is not without its hurdles, although the biggest corporates have been able to manage with minimum operational impact.

Range and public charging are the two biggest issues identified by fleets, highlighted by 62% and 53% respectively, followed by cost of vehicles (52%) and – with the current shortages – vehicle availability (46%).

But, when asked about their single biggest issue, range was the overwhelming concern of 40% of survey respondents, followed by cost (15%).

To alleviate range anxieties, businesses need to undergo journey mapping and data analysis to establish which vehicles within their fleets are most suitable to convert to electric. The findings are often a surprise, with companies frequently discovering that a reasonable proportion of vehicles fall within scope.

> "DUE TO THE LACK OF SUITABLE LARGE ELECTRIC VANS THAT WORK ON OUR TCO MODEL, WE HAVE TAKEN THE DECISION TO HAVE A NUMBER OF DIESEL VW CRAFTER VANS ON A SHORT LEASE"
>
> **STEVE WINTER, BRITISH GAS**

Cost is another misnomer, with the higher P11D pricing putting some fleets off the investment. However, it is vital that businesses utilities TCO modelling to show the full picture.

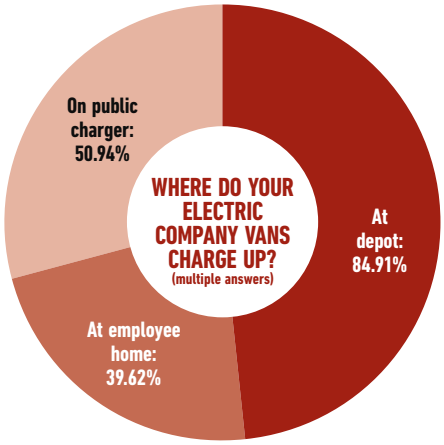
Electric vehicles may have a higher price, but they cost less in fuel, although the recent increases in the price of electricity have narrowed the gap – figures from some fleets reveal that fuel now accounts for 30% of the TCO saving where previously it was as much as 50%.

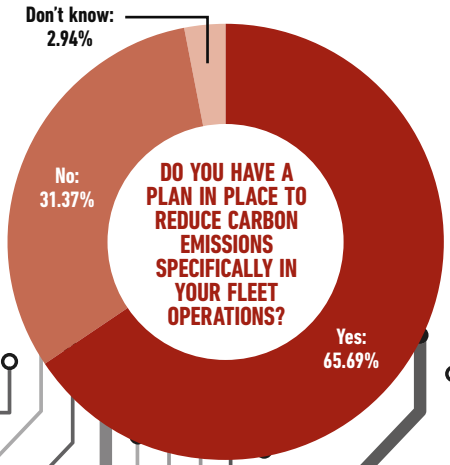
Fleet engineer at British Gas James Rooney says: "The fuel saving isn't as good as everyone thinks because electricity isn't that cheap, especially since it recently doubled in price."

He adds: "The major savings are on maintenance and downtimes. The service, maintenance and repair (SMR) cost is less than half of an ICE vehicle. We also save on our spare fleet because the vehicles don't break down, so we don't need to run a surplus. And we are also getting 2,000-3,000 more miles per tyre."

Several fleets have also started to calculate the cost to the business in terms of brand image or lost work of not investing in an EV transition. With many Government contract tenders requiring proof of environmental credentials, inactivity is no longer an option for many businesses.

The third single biggest issue identified by fleets was the lack of a public charging infrastructure (12.75%) – crucial as half of fleets say some of their electric vans are charged on the public network.





SPONSOR'S COMMENT

By Mike Potter, managing director, DriveElectric

The survey findings make for interesting reading. While it's pleasing to see all-electric vans inching up to 6% of the market, there's clearly still a long way to go in replacing diesels with battery power.

This echoes our experience with fleet management at DriveElectric. With more than eight years of experience in helping organisations switch to electric vans, we know for some businesses going electric can be tricky – but it is getting easier.

We know the key to success is concentrating on driver attitudes; winning their hearts and minds. If you can prove the benefits of an electric van to its driver – you're more than halfway there. Let's be honest, driving an electric van is a lot easier and healthier than driving a diesel counterpart.

The current generation of electric vans does a lot of convincing drivers on our behalf. They have far lengthier ranges, bigger payloads and more in-cabin tech.

Even better tech upgrades are right around the corner, too. From even larger battery packs (such as Volkswagen's 77kWh) to further V2G availability, incoming upgrades are set to hugely increase the utility of electric vans.

Once you factor in lower maintenance costs, reduced fuel bills and happier, healthier drivers – the case for electric vans is a compelling one.

Understandably, public charging is an area of concern for some. But, while it isn't perfect, the infrastructure is improving week-on-week, month-on-month. Networks such as Instavolt and Osprey are leading the way; installing reliable, rapid chargers in convenient locations across the UK.

There's a golden opportunity for the fleet industry to play a key role in reducing carbon emissions and DriveElectric is here to help.

www.drive-electric.co.uk
tel: 01628 899 727

DriveElectric

This has been acknowledged by the Government in its EV Infrastructure Strategy, where it accepted that the pace of roll-out had been "too slow", adding that the public charging network "often lets people down" in terms of reliability and transparency of charging fees.

It has committed substantial funds to speed up the nationwide installation of charge points, with a £950 million Rapid Charging Fund to support the roll-out of at least 6,000 high-powered chargers across England's strategic road network by 2035. It is also aiming to have at least six high-powered charge points at each motorway service area by the end of next year.

The Government has also launched a 'Geospatial Commission' to explore how location data can be better utilised to support planning and delivery of charge points by local authorities.

These authorities are now obligated to develop and implement charge point strategies that meet the transition to zero emission targets.

In addition, new legislation will come into effect this summer designed to improve the public experience of using charge points.

The regulations will be overseen and monitored by a public body and will mandate reliability standards and ensure drivers can access real-time information about charge points and compare prices. It will also support fleets with the introduction of payment roaming.

Public charging will be of particular importance to staff who are unable to install a home charge point – Department for Transport data suggests almost a quarter of households do not have off-road parking facilities.

However, this proportion rises to almost 40% when considering the available space required to accommodate the larger dimensions of a van, according to data compiled by Field Dynamics for the Association of Fleet Professionals (AFP) kerb-side charging project.

And, if the homeowner wishes to park their car on the drive overnight, it means 56% of households would not be able to charge a van at home.

Almost four-in-10 companies say some of their vans are charged at home, although the vast majority – 85% – have EVs that are charged partly at the depot. In total, 40% of fleets solely charge their vans at depot, but just 6% say their drivers only charge at home or on public chargers. The rest use a mix of charging options.

The vast majority of companies (74%) pay for the installation of a home charger for their van drivers; for 16%, it is a combination of company and employee, while 10% require the employee to fund the cost.

Most companies (61%) have installed chargers at their workplace and have deployed a range of power outputs: 42% have 7kW, 44% have 22kW, 17% have 50kW and the rest either are unsure or indicate they have a mix of 11kW, 24kW and 32kW.

For most fleets, 7kW options are sufficient to charge vehicles overnight or during the day; more powerful chargers enable rapid charging for highly utilised vans, or act as a safeguard should someone forget to charge up.

Of the 39% of companies yet to begin installation of workplace chargers, 65% intend to start the process soon, but 35% have no current plans to introduce them.

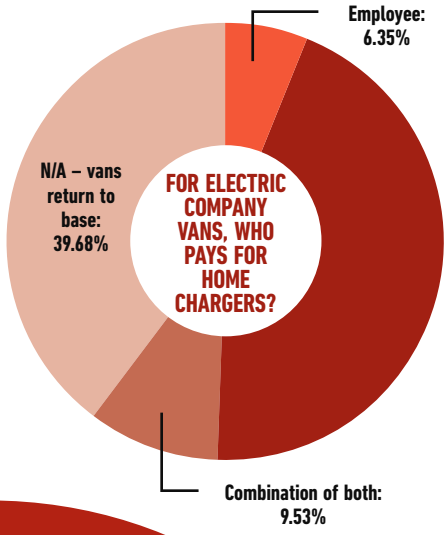
Three challenges stand out when it comes to the installation of workplace charging, according to survey respondents.

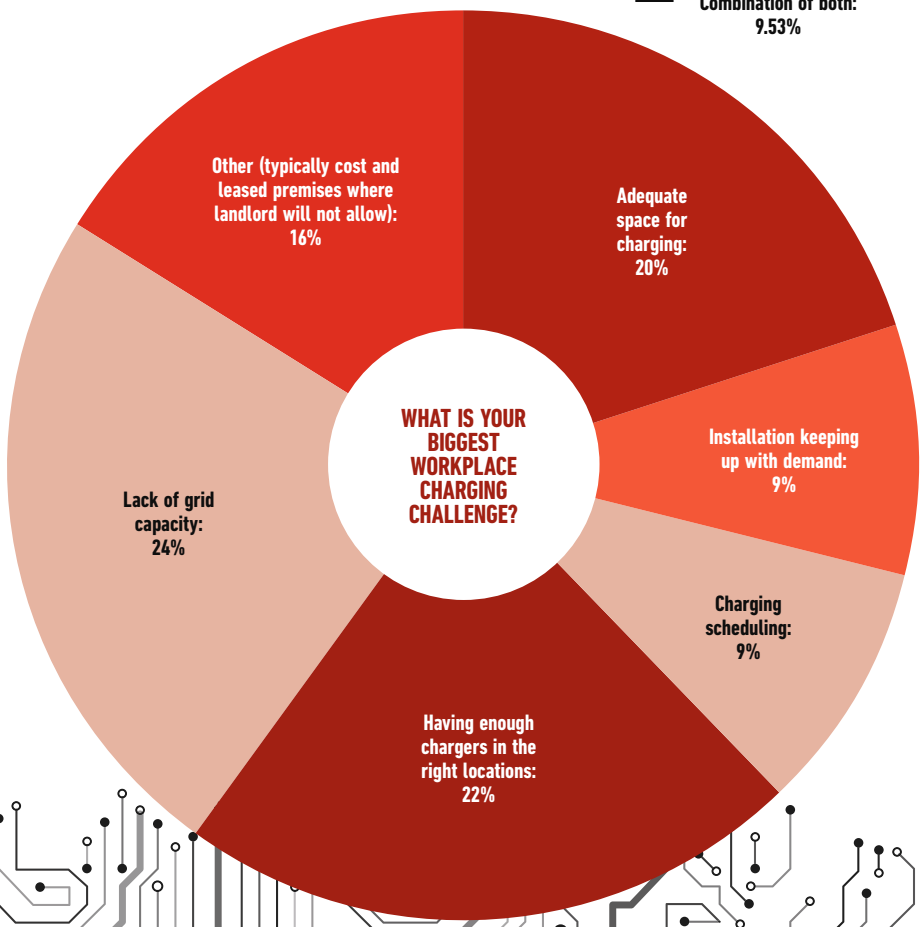
Almost a quarter (24%) of fleets say the biggest issue is the lack of local grid capacity which requires substantial investment in upgrading local substations; 22% have issues about placing their chargers in the right locations at their depots; 20% simply do not have adequate space to accommodate chargers.

Less prominent, yet still among the challenges for some fleets, are considerations such as scheduling to ensure the right vehicles are charged at the right time; future-proofing as the number of EVs on fleet grows; cost of installation; and gaining permissions from landlords to install charge points on leased premises.

The challenges – and opportunities – presenting by the transition to an electric fleet underline the changing role of fleet decision-makers.

As James Rooney puts it: "Fleet managers have gone from being niche procurement managers to strategists. They are key to a company's ESG (environment, social and governance) policies, which means they no longer work in a silo; they are cross-department, engaging stakeholders from across the business."





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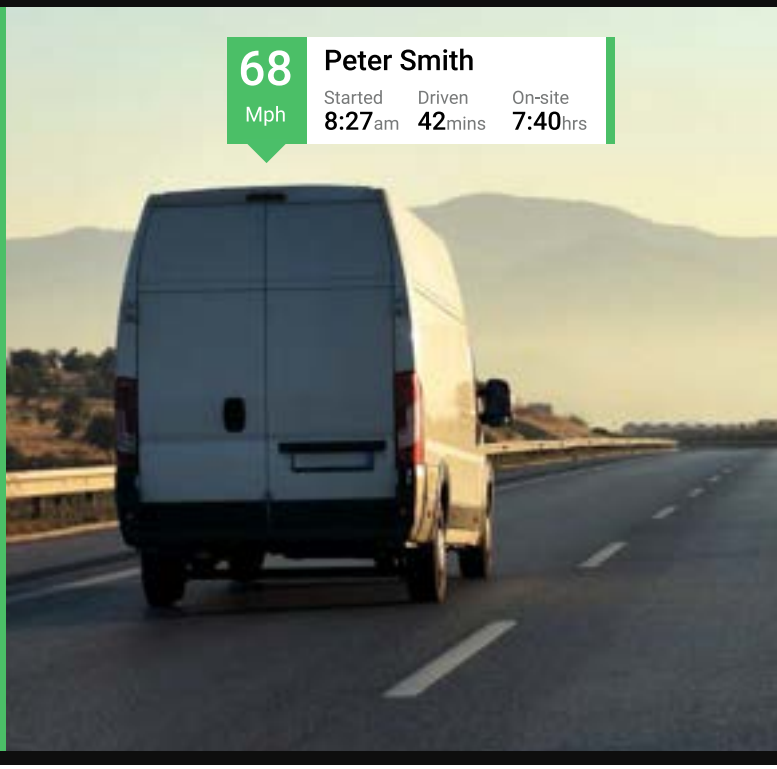

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Lower maintenance costs help to strengthen case for EV adoption

Electric vehicles will not break down so often or need parts replaced as regularly as ICE vehicles

ROUND FleetNews TABLE

By Mike Roberts

Fleets adopting electric vehicles (EVs) can expect to achieve huge savings in maintenance costs when compared with their ICE (internal combustion engine) counterparts, delegates at a *Fleet News* roundtable were told.

British Gas fleet engineer James Rooney said, in his experience, electric commercial vehicles rarely break down and, when they do, it's usually a relatively simple fix.

"We save mostly on maintenance costs and vehicle downtime, because they really don't break down," Rooney said at the British Gas-sponsored roundtable held in the village of Meriden near Coventry.

Other areas covered at the roundtable, which included fleet managers from organisations such as National Grid, Royal Mail and London Borough of Hackney, included EV strategies, workplace charging infrastructure and the impact of the global semiconductor supply issue on vehicle lead times.

Fleet News: Do you have a holistic EV strategy or is it a case of try them and see. And how do you get buy-in?

Steve Openshaw, Eric Wright Group: I've been driving an EV for nine years and I could see it was the future. I got our directors into electric cars to try them and now they've all either got one or have one on order.

Lorna McAtear, National Grid: Whether it's holistic or trials depends on when you started the journey. If you started 10 years ago then it was trial here and trial there to feel your way around. When I joined National Grid, I'd already done those trials, so it was time to introduce a proper net zero strategy and get buy-in from the top. Low benefit-in-kind (BIK) rates got buy-in from drivers.

Duncan Webb, ISS: I don't think any fleet manager needs to run electric car trials now, because there's enough learning available from their peers. We know it works. It's different for vans.

David Armstrong, Euro Car Parts: We're starting from scratch as we have no EVs. We're trying to understand the profile of our vehicles and the mileage they do on each site. We're launching trials at four sites.

Brian Harwood, Avon Fire & Rescue Service: Everyone's operational model is going to be different. In my case, I have to balance the risk of electric cars against their ICE equivalents. For us, it was all about data. We had a lot of 'what ifs' from drivers, but the data showed most of the time you won't need to travel 150 miles, so it's not a concern.

Norman Harding, London Borough of Hackney: You learn by mistakes. We found during one of our early trials that one of our depots didn't have enough energy to charge EVs. We're now trailling an electric heavy truck and there's no way I'll invest in those vehicles until I've done site surveys to establish the power coming into that site.

> "I INSTALLED MY WORKPLACE CHARGING NETWORK ABOUT FIVE YEARS AGO AND IT'S PRETTY MUCH OBSOLETE ALREADY"
>
> **NORMAN HARDING, LONDON BOROUGH OF HACKNEY**

FN: What actions are you taking to future-proof workplace charging?

Steve Kirkby, Morgan Sindall: The issue for us is mobile sites. We work by the roadside in some remote places with no mains power, so we're looking for solutions, first for cars and then vans.

BH: Our commercial vehicles can be stood down for between 12 and 14 hours a day, so they can be charged via a three-pin plug. You've got to look at the whole picture and ask, 'what do you want that vehicle to achieve?'. For commercial vehicles that go back to base, you should be able to work out exactly what you need. It's very fleet-specific. For example, Royal Mail knows the journey its vehicles cover every day.

Neil Thomas, Royal Mail: On average we charge every three days. Most of our vehicles take a driver to a delivery route and they then walk.

James Rooney: Pick your battles with the technology available. We have pick-up trucks weighing three tonnes that tow a 3.5-tonne trailer up muddy reservoir tracks so there's no point worrying about those for a few years.

Shaun Sadlier, Arval: Many of our conversations with customers are around what their cars and vans do, and most don't know so they need to be much more accurate and start recording their daily profile. Then we can help them identify which vehi-

ATTENDEES

1 Shaun Sadlier, head of consulting and Arval Mobility Observatory, Arval
2 Neil Thomas, head of fleet, Royal Mail
3 Steve Kirby, fleet manager, Morgan Sindall
4 Chris Jackson, head of fleet business development, British Gas
5 Norman Harding, corporate fleet manager, London Borough of Hackney
6 Brian Harwood, head of transport, fleet, Avon Fire & Rescue Service
7 Lorna McAtear, fleet manager, National Grid
8 James Rooney, fleet engineer, British Gas
9 Lucy Simpson, head of EV propositions, British Gas
10 Steve Openshaw, group fleet and transport manager, Eric Wright Group
11 James Taylor, fleet sales and remarketing director, Stellantis
12 Stephen Briers, editor-in-chief, *Fleet News*
13 Duncan Webb, head of fleet and travel, ISS
14 David Armstrong, head of fleet, Euro Car Parts

cles are suitable for transition and we can then go through wholelife cost analysis. Another area companies want answering is how they recompense drivers for charging.

NH: I installed my workplace charging network about five years ago and it's pretty much obsolete already. We bought the infrastructure based on what information was available at the time, but I didn't realise how fragile the software would be. Even cabling becomes obsolete because it doesn't meet new standards. Because of that and because I haven't had great levels of customer satisfaction, I will never buy a charging network again. I'll buy power as a service, which wasn't available at the time, and if it's not working, I won't pay. Owning your own network also means you have tremendous health and safety responsibilities.

LMcA: The role of the fleet manager has changed, you've now got to work with many other stakeholders in the business, for example the property team who decide whether we buy or lease buildings, when looking at charging infrastructure.

FN: Where are the wholelife cost wins to be found?

JR: With EVs, there are no clutches or exhaust systems etc. and we've found that the only things that needed replacing on our eight-year-old EVs have been the wheel bearings. The saving on maintenance can be huge. Maintenance is as important, if not more important, than fuel, especially with electricity being expensive.

LMcA: If you can guarantee that vehicles aren't breaking down then you don't need spare vehicles for utilisation. I have found that downtime is longer for an EV if it's been damaged, from a combination of garage nervousness working on an EV to parts supply issues. Whether that's because it's an EV or because of the parts supply, I don't know.

SO: Maintenance and fuel are our two biggest savings when we look at wholelife costs.

FN: Anything you're wrestling with that someone might have the answer for? What about vehicle supply?

NH: I've had four EVs on order since last March. We're hanging on to everything at the moment.

James Taylor, Stellantis: The lead times on medium vans are a little longer than on other variants because a lot of people upsized from small vans and downsized from large vans as they were the best solution. For large and small vans, the lead time is about three-to-six months. There are still massive semiconductor issues. We've seen huge increases in residual values and I think that will continue.

LMcA: For many manufacturers this could accelerate their plans for electric vehicles. It could mean they concentrate on making those rather than ICE vehicles.

CITROËN C5 X

Segment-straddling large newcomer has levels of comfort others can only aspire to

By Stephen Briers

Big Citroëns don't come along very often, so the launch of the C5 X is a significant occasion.

Taking its DNA cues from the Experience concept car first shown six years ago, the C5 X is an important statement car and one that necessitated a new market approach.

Sitting at the top of the Citroën range, it is, according to UK managing director Eurig Druce, a car that the company could not have launched three years ago.

"We lacked credibility to launch this type of product. Our residuals were poor, and we had a history of overtrading in the rental market," he says.

Druce has since cleaned up the channel mix and says his plans assume no short-term business for the C5 X, which will be build-to-order only.

Volumes are fluid, but could potentially reach 7,000 a year, with at least half going into the true fleet sector.

"We have to be led by customer demand, though – we won't force the market," says Druce.

So why is Citroën launching a halo car into the wilting D-segment, a category that last year accounted for just 0.9% of the UK market (and headed by the Škoda Superb with a little more than 4,200 sales)?

The simple answer is: it isn't. The C5 X has been designed as a segment-straddling car, one that is equally at ease challenging family hatchbacks as it is estate cars and – crucially – C-segment SUVs.

This means it has a voluminous 545-litre boot (surpassed only by the Superb), generous space for passengers, SUV-diameter 19-inch wheels, a high belt line and muscular rear.

It's a family car that has been put on a body-building diet of creatine and egg whites, resulting in a pumped-up model that offers a higher driving position, but still encased within an aerodynamic silhouette.

Citroën believes people are getting tired of the "boxy design" of SUVs. It predicts 21% of customers will come from the traditional D-segment, 25% from D-segment estates and 20% from C-segment SUVs, with the rest switching from C-segment hatches, estates and MPVs.

Shine and Shine Plus each get a 21-inch head-up display

There's no disputing the C5 X stands out from the crowd, achieving Citroën's desire for a "surprising and disruptive" design. It's a throwback to the distinctive shapes of forebears such as the original DS and CX.

That's one Citroën brand value box ticked; what about comfort?

Let's start with the seats, an unheralded element of a car, but one with which drivers are most intimate. In the CX5, they consist of several layers of textured memory foam with a high density top sheet and elastic cover for ultimate wellbeing.

The degree of support, cushioning and comfort is incredible: wave goodbye to backaches, I defy anyone to feel the slightest twinge after even the longest, most arduous journey.

On the road, the C5 X almost floats along – Citroën was aiming for a 'flying carpet effect' and it's very nearly pulled it off. In comfort mode, the active suspension laughs in the face of road imperfections with sensors reading the road surface to trigger individually controlled hydraulic dampers that also limit swaying and body roll.

In our view, for the money, nothing gets close to these levels of comfort.

Select sport mode and the steering response tightens while the suspension stiffens, but it would be disingenuous to describe the C5 X as a sporty drive. It corners well enough, but everything feels remote and detached. Despite Citroën's best attempts, it hasn't found the magic formula to mix ultimate comfort and sport in one package, but it is a more convincing drive than most taller SUVs.

Noise insulation is another big tick, though. The acoustics are excellent, with very little road and wind noise intruding into the cabin. This is particularly

	ENTRY LEVEL Citroën C5 X 1.2 PureTech 130 Sense Plus	FLEET PICK Citroën C5 X PHEV 225 Shine	RANGE-TOPPER Citroën C5 X PHEV 225 Shine Plus
SPECIFICATIONS			
P11D Price	£26,175	£36,585	£38,575
CO_2 emissions (g/km)	136	30	30
MPG	48.6	236	236
Monthly BIK tax (20%)	32%/£140	12%/£73	12%/77
Annual VED	£220 then £155	£0 then £145	£0 then £145
Class 1A NIC	£1,260	£661	£696
Fuel cost (ppm)	14	3	3
Running cost (4yrs/80k)	42ppm	40.5ppm	42.5ppm
AFR (ppm)	13	15	15
Residual value (4yrs/80k)	£7,698/29.5%	£10,106/27.5%	£10,606/27.5%

Go to www.fleetnews.co.uk for tax figures from April 2020-2022

RIVALS

ŠKODA SUPERB IV
SE Technology

HYUNDAI TUCSON PHEV
Premium

FORD MONDEO ESTATE
Hybrid Titanium Edition

SPECIFICATIONS			
P11D Price	£37,310	£39,275	£31,125
CO_2 emissions (g/km)	23	31	133
MPG	256	201	50
Monthly BIK tax (20%)	12%/£75	12%/£78	31%/£161
Annual VED	£0 then £145	£0 or £145	£210 then £145
Class 1A NIC	£673	£709	£1,452
Fuel cost (ppm)	2.5	3.5	13.5
Running cost (4yrs/80k)	40ppm	38.5ppm	43ppm
AFR (ppm)	13	15	15
Residual value (4yrs/80k)	£11,015/29.5%	£14,980/38%	£9,782/31%

The CX 5 is a throwback to the distinctive shapes of its forebears

noticeable while on electric mode in the PHEV.

The C5 X will be available with two PureTech petrol engines – 1.2-litre 130PS (136g/km) and 1.6-litre 180PS (147g/km) – plus the plug-in hybrid (225PS) which has 34 miles of electric-only range and charges to full in 1hr 40mins on a 7.4kW charger.

Pricing starts at £26,490 for the 1.2-litre Shine, with the PHEV from £35,190.

The PHEV is the obvious fleet choice with its 30g/km attracting benefit-in-kind (BIK) tax at 12% (from this month) – around £70 per month for a 20% taxpayer. This compares with £140 per month for the entry 1.2 (32% BIK).

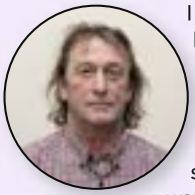
All three engines come with automatic eight-speed gearbox and a choice of three trims: Sense Plus (1.2 and PHEV only), Shine and Shine Plus.

A range of safety tech is standard, including lane-assist, blind spot monitoring and parking sensors/rear camera. Shine and Shine Plus get a 21-inch head-up display and 12-inch infotainment screen (10-inch on entry level Sense Plus).

Available to order now, deliveries of the C5 X are expected to begin in late spring.

WARDY'S WORLD

By Martin Ward



I can't recall ever having as many people seeking my advice about vehicles that are in garages for a service, repair or warranty work.

We all realise that getting parts might currently be an issue, but conversations suggest that dealers seem unable (or unwilling) to put themselves out to try to help the customer.

Recently, one neighbour's car was off the road for nearly six weeks, allegedly waiting for a part while still under manufacturer's warranty.

Eventually, he was offered a loan car, but told it could only be for a few days because, as we know, loan and rental cars are also in demand and short supply.

Sadly, the most common theme seems to be the complete lack of effort. In many cases, the service receptionist is just not trying to help, or resolve issues, and some are just plain rude.

I don't think I would have been as polite or patient as some of the car-less people who find themselves having to wait at bus stops to get to and from work.

Maybe, though, this is the ultimate plan: make sure cars don't work, can't fix them, put fuel up to extortionate prices and force everyone to either stay at home, or get public transport

Whatever the plan is, I just wish those working in service departments would be a bit more helpful or sympathetic.

Fuel prices are swift to rise, but slow to fall

The cost of fuel has been increasing almost daily, yet the price of a barrel of oil seems to be in the downward direction, or at least well below the dizzy heights of $139 (£106) per barrel.

It seems to me (and many others) that pump prices have been very quick to go up, but not so quick, if at all, to fall as oil has became more plentiful and the cost reduced.

I'm no expert in oil and gas prices, but do watch the price daily online. I can't help thinking that we poor motorists are being badly done to and getting a poor deal.

Think about essential users, and the fleets of vans and trucks who have no option but to fill up at ridiculously high forecourt prices. And, of course, this extra expenditure has to be passed on.

The average car driver usually has a choice on how much fuel they use and can tailor their journeys to save fuel and, thereby, cost. Not so with the transport industry.

Surely there must be a Government department, or minister who can intervene to cap petrol and diesel prices?

ŠKODA FABIA

In terms of running costs, the all-new Fabia is a small car champion

By Matt de Prez

Škoda has finally moved the Fabia onto the same platform as the rest of the VW Group's small car stable, bringing improved refinement and driveability.

This all-new model is the biggest in its segment and offers more boot space than key rivals, making it a practical choice.

A sharper look, courtesy of some sleek LED headlights and new alloy wheel designs, gives the car greater kerb appeal, too.

The interior has an upmarket look and feel, sharing its design with the Octavia.

The new Fabia is a running-cost champion, with the entry-level model costing fleets just 27p per mile over a typical four-year cycle. Priced at just £15,070 and powered by a 65PS non-turbocharged engine, it's the cheapest model in its segment.

We'd be more tempted by the £20,090 SE L version, which sits near the top of the range. It uses a 1.0-litre turbocharged petrol engine with 110PS and a six-speed manual gearbox. Compared with rival models, the Fabia still represents good value in this guise for both fleet and driver.

	FLEET PICK **ŠKODA FABIA** **1.0TSI 110 SE L**
SPECIFICATIONS	
P11D Price	£20,090
Monthly BIK (20%)	28%/£94
Class 1A NIC	£776
Annual VED	£180 then £155
RV (4yr/80k)	£7,227/36%
Fuel cost (ppm)	12.5
AFR (ppm)	13
Running cost (4yr/80k)	32
CO_2 (g/km)	117
Mpg	55.4

The Octavia-style interior has an upmarket look and feel

The SE L grade also comes with a 9.2-inch touchscreen infotainment system, while base S and SE Comfort models make do with 6.5-inch units. A fully digital instrument cluster can be added as an option, although it's standard on the range-topping Colour Edition trim.

Fuel consumption doesn't vary wildly between models. All should be capable of returning around 50mpg. Alongside the 65PS and 110PS versions are 80PS and 95PS options.

Škoda also offers the Fabia with a 1.5-litre 150PS engine, plus a sportier Monte Carlo trim level.

The Fabia's suspension is set for comfort, rather than handling. At times, the car can feel a bit more floaty than a Ford Fiesta or Peugeot 208, but it feels more engaging than its predecessor.

We found the ride on our test car a little coarse. It was equipped with 17-inch wheels, which are less forgiving than the 15-inch or 16-inch options. While the seat is soft enough to absorb most of the harsher bumps, on rougher surfaces the interior trim started to rattle. At higher speeds the Fabia also exhibits more road noise than we'd have liked.

Performance from the 110PS engine is just about perfect for this size and type of car. It's got plenty of low-down grunt, so you don't have to work the engine particularly hard, and the clutch and gearbox harmonise well, allowing for crisper shifts.

All Fabias come with autonomous emergency braking and lane-keep assist as standard. Travel Assist is optionally available, for the first time, bringing adaptive cruise control with lane-centring and traffic sign recognition. A heated windscreen and heated steering wheel can also be specified.

The Fabia retains its position as the sensible choice in the small car segment. It has the lowest running costs, the highest level of practicality and is easy to drive. Unlike before, the new Fabia is far more desirable. It's better looking, safer and comes with a higher specification.

It's not the most dynamic or refined car, and there's no hybrid or electric powertrain, but for those require dependable and fuss-free transport, the new Fabia hits the spot.

VOLVO C40

A car with much to like, but we're not so sure about the pricing

By Matt de Prez

What happens if you remove the X from an XC40? Well, you get this all-electric coupé-styled version.

It's Volvo's second electric car and it has a lot in common with the first. In reality, the C40 is just an XC40 Recharge with a different roof. But, there's no shame in repurposing an already winning formula – it is, after all, Volvo's best-selling model.

Delve a little deeper and you'll notice more subtle differences between the C40 and its (slightly) bigger brother. The real change, of course, comes at the rear where the C40 looks more athletic with its raked rear window, double spoiler and more angular tailgate.

There's not really a huge impact on the useable boot space. Official measurements take into account the space up to the top of the rear seats, which is identical at 413 litres. The C40 only loses out on practicality when it comes to carrying large objects that require a more squared-off load space. It's also a bit less roomy for tall adults sitting in the back.

Up front, there's the familiar Volvo dashboard albeit with the brand's latest Google-powered infotainment system.

The familiar dash includes Volvo's Google-powered infotainment system

We like the fact that Volvo has tried to keep things simple with the C40. There's no on/off button, for example, you just get in and go. But, some functions are buried within sub-menus while others, like adjustable drive modes, are missing altogether. There are also buttons on the steering wheel that do nothing. The whole integration just feels a bit half-hearted when compared with what you get from other premium brands, or even from the closely-related Polestar 2.

Come to a stop and you'll find there's no auto-hold function, while battery regeneration happens only when braking. There's no way to replicate the effects of engine braking, as in other electric cars, unless you enable the 'one pedal drive' option in the settings.

Like the electric XC40, the C40 comes in two flavours. There's a sensible single motor, front-wheel drive model and the ballistic twin motor.

The former develops 231PS and has a 266-mile range, from its 67kWh battery. Twin Motor C40s serve up 408PS, providing exceptionally rapid acceleration. A slightly larger 75kWh battery nudges the WLTP range up to 272 miles.

In the Twin Motor car we were only able to eke 2.5mi out of each kWh, giving a realistic range of around 190 miles. Fully charged, the on-board computer promised 210.

Efficiency aside, the C40 is excellent to drive. It's comfortable, quiet and there's an adequate level of driver engagement. The entire experience is dominated by the acceleration. Blip the throttle in just about any scenario and the C40 Twin Motor will slingshot itself forward with addictive vigour.

Of course, for fleets, it's the slower single motor car that is likely to have the greatest appeal. That's largely down to cost. Make no mistake, we like the C40 – but the car we tested was priced at almost £59,000. At this level, we expect no compromises.

The most basic C40 is a more palatable £44,745, but still £1,250 more than an electric XC40 and nearly £4,000 more than a Polestar 2.

While the C40 is a refreshing model for Volvo, with higher prices and reduced range, it's simply not quite as attractive as the Polestar from a fleet perspective.

	FLEET PICK **VOLVO C40 RECHARGE SINGLE MOTOR PLUS**
SPECIFICATIONS	
P11D Price	£50,495
Monthly BIK (20%)	2%/£16
Class 1A NIC	£152
Annual VED	£0
RV (4yr/80k)	£20,120/40%
Fuel cost (ppm)	5.5
AFR (ppm)	5
Running cost (4yr/80k)	47.5ppm
Range WLTP	266
EV Database real range	200

SUZUKI ACROSS FINAL TEST

2.5 PHEV E-FOUR E-CVT

By Mike Roberts

Our time with the Across has come to an end and as it heads back to Suzuki, I'm pleased to say that the plug-in hybrid SUV has more than lived up to my expectations.

In many areas, the Across delivers in spades: the list of tech and safety features is impressive; the room, both front and rear, is generous; build-quality is high; and boot space is ample.

I'd have preferred a better-quality stereo sound system, but it's a minor gripe. The one it has is perfectly adequate, but won't impress any user-chooser audiophiles. It also doesn't have a sat-nav system, but a connected phone displays the map on the nine-inch infotainment screen.

According to the trip computer, fuel economy averaged just more than 48mpg, which, as previously stated, would be greatly improved with regular charging as I've mostly relied on topping up at the office once a week.

For company car drivers its 46 miles of zero-emission driving puts it into the 7% tax bracket, meaning a monthly cost of £53 for a 20% taxpayer and £106 a month for a 40% taxpayer.

It's a very likeable car, so a worthy contender for anyone's company car shortlist.

AUDI Q4 E-TRON

40 SPORT

By Andrew Ryan

Soaring electricity prices mean running a battery electric vehicle has become more expensive than before, but our Audi Q4 e-tron long-termer is full of features to soften the blow.

As default, the Q4 e-tron runs with minimal brake regeneration so the car coasts when the driver takes their foot off the accelerator rather than slowing down sharply.

It also features predictive recuperation so, when it approaches a junction, roundabout or lower speed limit, a green icon symbolising lifting a foot off the accelerator pedal lights up in the bottom right of the virtual cockpit instrument display.

If the driver does this then the car automatically increases the power of the regenerative braking as it gets closer to the junction, slowing down gradually.

Drivers also have manual control over the level of regenerative braking, either through paddle controls behind the steering wheel which can be used to increase or decrease the strength of braking regeneration at will, or by choosing B on the gear selector which provides the maximum level of recuperation.

VAUXHALL MOKKA-E

SRI NAV PREMIUM AUTO FINAL TEST

By Luke Neal

It's time for the Mokka-e to leave our test fleet and throughout the past six months it has proven to be a comfortable, capable and enjoyable car to live with.

It hasn't been totally without gripes, the main one being the usable range for fast A-road or motorway journeys. During my time with the Mokka-e it was capable of around 130 miles in these circumstances; however, many motor-cycles have a lower usable range than this which seems to be widely accepted. So, perhaps it's more the lack of available fast and rapid chargers across the UK which causes the range anxiety. A 50kW charger could charge the battery from 20-80% in 40 minutes while a 150kW charger would take just 20.

Its funky, futuristic looks and eye-catching paint scheme may not be for all. But they certainly make it easy to find in the usual sea of grey and black cars.

Inside, the cabin feels roomy up front with soft and comfortable seats. There's less room in the back. It's ample for kids, but tall adults will be restricted on head and knee space.

The carbon-printed dashboard on the passenger side looks cheap but the 12-inch driver's display and 10-inch central touchscreen with navigation in front of the driver, rather than to the side, are excellent.

Boot space of 350 litres is small compared with rivals such as the Peugeot e-2008 which has a 434-litre boot, and the Kia e-Niro which has 451 litres.

However, the Mokka-e boot it is the same size as the petrol version of the car.

All things considered, my first experience of living with a full-electric vehicle has been a positive one, with the car suited perfectly to the majority of my journeys.

For drivers who mainly cover local or short journeys, with the occasional long haul, the Mokka-e will be a great addition to choice lists.

VOLVO XC40 FINAL TEST

RECHARGE T5

By Matt de Prez

The range-topping XC40 Recharge T5 comes fully-loaded with equipment, rides on smart 19-inch alloy wheels (or the optional 20-inchers as fitted to our car) and offers the strongest performance outside of fully electric models.

During our test it's proven to be just as efficient as the lower-powered (and lesser-equipped) T4 model that we had before, while providing a slightly better driving experience.

The more potent engine comes with a small increase in running costs for both fleet and driver, however.

Volvo's plug-in hybrid powertrain makes use of a 10.7kWh (8.5kWh usable) battery, which is cleverly integrated into the car's transmission tunnel. It means the XC40 has one of the largest boots in its segment and there's little impact on driveability.

With a smaller battery than rival cars, the XC40's electric range is less competitive. We've been getting around 20 miles per charge – officially the range is 28 miles.

While most rivals fail to achieve the 40-mile threshold to fall into the 8% BIK band, the Volvo still lags behind others when it comes to zero-emission capability.

Newer rivals from mainstream brands, such as the Hyundai Tucson and Kia Sportage plug-in hybrids, are bigger, cheaper and can easily cover 30 miles per charge. They may tempt drivers who aren't badge-precious.

There's also the Audi Q3 TFSIe, BMW X1 eDrive25e and Mercedes GLA250e, which are all commendable alternatives at the premium end of the market.

Each car has its own merits and the Volvo XC40 is not without honour. It's effortless to drive, has a practical and well laid-out interior and a characterful powertrain.

The mid-spec XC40 T4 still offers all the core things that we love about the XC40, and stacks up more competitively against rival cars from a financial perspective, but the T5 is the car we'll miss more.

FORD KUGA FIRST TEST

ST-LINE X PHEV

By Luke Neal

The current Kuga is Ford's most electrified vehicle available with three drivetrains: plug-in hybrid, self-charging hybrid and eco boost petrol engine. It is available in five trim levels, Zetec, Titanium, ST-Line, ST-line X and the range-topping Vignale

Our ST-line X plug-in hybrid comes in at £41,505, £3,500 more than the on-the-road price of £38,005 and is fitted with the following options: Solar silver paint (£600), mobile phone wireless charging pad (£150), 20-inch alloys (£1,100), technology pack (£550) and driver assistance pack (£1,100).

Fitted with a 2.5-litre, petrol engine, electric motor, and 14.4 kWh lithium-ion battery, the Kuga produces 225PS and has a 35-mile (WLTP) electric range.

The battery can be charged using a front-mounted port and is automatically topped up on the move using regenerative braking. To fully charge the battery from a domestic socket will take around six hours with a 7kW wallbox taking around three.

There are four drive modes available: Auto EV, which allows the car to choose the best power mode; EV Now, which prioritises the battery; EV Later which saves some battery power for later; and EV Charge which uses the petrol engine to charge the battery while driving.

RENAULT CAPTUR

S-EDITION E-TECH HYBRID 145 AUTO

By Gareth Roberts

Captur's line-up has been revised, with the range now including Evolution, Techno and RS Line.

The Evolution is an upgrade to the outgoing Iconic, with the introductory-level version now featuring 17-inch Ediris diamond-cut alloy wheels as seen on the Captur Rive Gauche limited edition and equipped with automatic air conditioning as standard.

The Techno replaces the SE Edition, debuting with an enhanced exterior with shark fin antenna, while the RS Line continues to offer the same levels of equipment as the previous top-of-the-range model with an added 10-inch digital instrument display.

A seven-inch multimedia screen is standard on Evolution and Techno, while RS Line versions get a more user-friendly 9.3-inch portrait format.

However, in all cases, the menus and response times fall short of some other small SUVs, while it also has small on-screen buttons that can prove difficult to negotiate while driving.

In terms of safety, Captur received a full five stars in 2019, with a score of 96% for adult protection and 83% of child protection in the rear.

HYUNDAI IONIQ 5 FIRST TEST

PREMIUM 73KWH RWD

By Stephen Briers

Via an atypical stop-gap week in the entertaining (unfleet-like) high performance i20N, we have now swapped our plug-in hybrid Hyundai Tucson for the full battery electric Ioniq 5, following a path taken by many others who have used PHEV as the stepping-stone on their BEV journey.

Our new long-termer has the larger 73kWh battery, offering a combined range of up to 300 miles with rear-wheel drive. An all-wheel drive version (287 miles) is also available as is a smaller 240-mile 58kWh battery model.

The Ioniq comes with AC and DC charging leads and can accommodate the most powerful public chargers currently available – 350kW ultra rapids will provide 80% charge in just 18 minutes and give 60 miles of range in just five minutes, making this one of the most practical cars on the market for long distance journeys.

We have the middle of the three trim levels, Premium, with the optional Vehicle 2 Load Pack (P11D: £43,035), which allows you to charge any electric device from the car up to 3.6kW of power – including another electric vehicle. Entry level is SE Connect; topping the range is Ultimate.

Equipment levels are generous on our model and include parking sensors and camera, electric boot, 12.3-inch infotainment/sat-nav touchscreen, blind spot alerts, forward collision avoidance (car, pedestrian and cyclist), lane-keep and lane-follow assist, rear cross-traffic collision avoidance and Android Auto/Apple CarPlay.

First impression is the pictures do not do this car justice, in looks and – especially – size. It's much bigger in real life; it actually has a larger footprint that the Tucson.

The contemporary design features slimline grille and headlights, angular body creases and eye-catching alloys; inside things get even more futuristic.

We'll be reviewing this car against two key criteria: how good it is as a full electric car versus other BEVs (usability, practicality, experience), and how good it is as a car, period. In other words, when it comes to cost, enjoyment, quality, driveability, does the Ioniq supplant petrol and diesel models or are there compromises?

Over the next six months, we'll find out.

MAZDA CX-5 FIRST TEST

2.2 2WD SPORT

By Jeremy Bennett

Mazda announced an upgrade to the CX-5 in October and *Fleet News* is now going to be driving the 2022-model SUV for the next few months.

It's an important car for the brand. Since the CX-5 was launched in 2021, more than 70,000 have been sold in the UK and it accounts for about a quarter of the brand's sales.

With deliveries having started in January, the new model appears to be resonating in the fleet market. Registrations this year to the end of February were 230% up on 2021 at 218 units, according to Society of Motor Manufacturers and Traders' data.

It was Mazda's most successful model in the fleet market that month with 91 models registered, ahead of the Mazda3, with 51 units.

Total fleet registrations of the outgoing model, in comparison, for the whole of 2021 were 928.

Our model is the 2.2-litre manual diesel in Sport trim. Its P11D price is £31,935 in the range of diesels available valued between £29,335 and £38,435.

It has the most efficient diesel engine on offer, the Skyactiv-D 150PS front-wheel drive unit, emitting 147g/km CO_2 and a combined 50.4mpg.

A more powerful 184PS engine is also available with all-wheel drive, with CO_2 emissions of 147g/km with manual transmission, moving up to 173g/km when you opt for automatic.

Fuel efficiency for the 184PS diesel models is 50.4mpg at best and worst at 42.8mpg, again for the automatic transmission.

Our car's on-the-road price is £32,790, up from the standard price of £32,210 thanks to the addition of grey metallic paint.

In a four-trim range (SE-L, Newground, Sport and GT Sport), equipment highlights of the CX-5 on test, over and above the Newground, include a reversing camera, powered boot, heated front seats and steering wheel, Qi wireless phone charging and a 10-speaker Bose surround sound system.

Scan here to read extended test drives and previous reports

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The new Volvo FH 4x2 electric

Ringing in the new doesn't mean ditching all that's good about the old

PLUS: FLEETS URGED 'ORDER NOW' AS SHORTAGES BITE • LOGISTICS UK ADVICE

Advance orders: It's 'make your mind up time', say leasing firms

Delays prompted by semiconductor shortages are not expected to slow switch to electric LCVs

By Gareth Roberts

Faced with long lead times for new vans, fleet operators are being urged to order vehicles early to help mitigate disruption to supply.

In the past, fleets would have typically faced a wait of up to four months from order for a new van to arrive. That's now extended to 12 months, with vehicle leasing companies warning delivery times are not expected to improve anytime soon.

Fleets have seen orders cancelled, models discontinued, and lead times extended, with trade body Association of Fleet Professionals (AFP) describing delays as a "nightmare" (Fleet News, March 24).

Jamie Williams, head of sales for large corporates at Arval UK, says that light commercial vehicle (LCV) supply has been "challenging" for a number of months as a result of a global shortage of semiconductors.

"Lead times are longer than they used to be, and we don't see that situation changing for a little while yet," he added.

To help reduce lead times, Arval is advising customers to order new vans as soon as they can, while working with them to define their strategy and vehicle needs.

"Almost as important as the arrival of new LCVs, is our work to help customers to optimise the management of their fleet," said Williams. "For example, scrutinising usage patterns and vehicle mileage can enable lower and higher mileage vehicles to be moved to where they are most appropriate, therefore maximising the value of the existing fleet."

NEW LCV MARKET DOWN

New LCV registrations fell by almost a quarter (23.6%) in March to 40,613 units, according to figures from the Society of Motor Manufacturers and Traders (SMMT).

March is conventionally a bumper period due to the introduction of the new bi-annual number plate, with more LCVs registered last month than January and February combined.

However, the SMMT confirmed that supply chain issues continue to hamper the sector, with the March market 38.6% down on pre-pandemic (2019) levels.

Newly registered large vans, which represent more than two-thirds of the LCV market, totalled 29,230 units, an 18.9% fall compared with March last year, while medium-sized vehicles weighing greater than 2.0-2.5 tonnes declined by 27.6%.

Small vans, meanwhile, decreased by 70.8% and pick-ups by almost half (48.4%). Recent high year-on-year demand for 4x4s also slowed, decreasing by a third (33.3%).

Liam James, corporate business development manager at Novuna Vehicle Solutions, is also urging fleets to get on the "front foot".

"Make the important decisions now on the future renewal of your van fleet," he said. "Fleet decision-makers need to be looking at not just the renewal but also the future growth requirements for that business to avoid future operational challenges."

Lead times on its most popular LCVs – the Ford Transit and VW Transporter – are into 2023, explained James.

"We have had some shorter lead times quoted to us for plug-in and fully electric commercial vehicles. But that's coming with a limited amount of allocation."

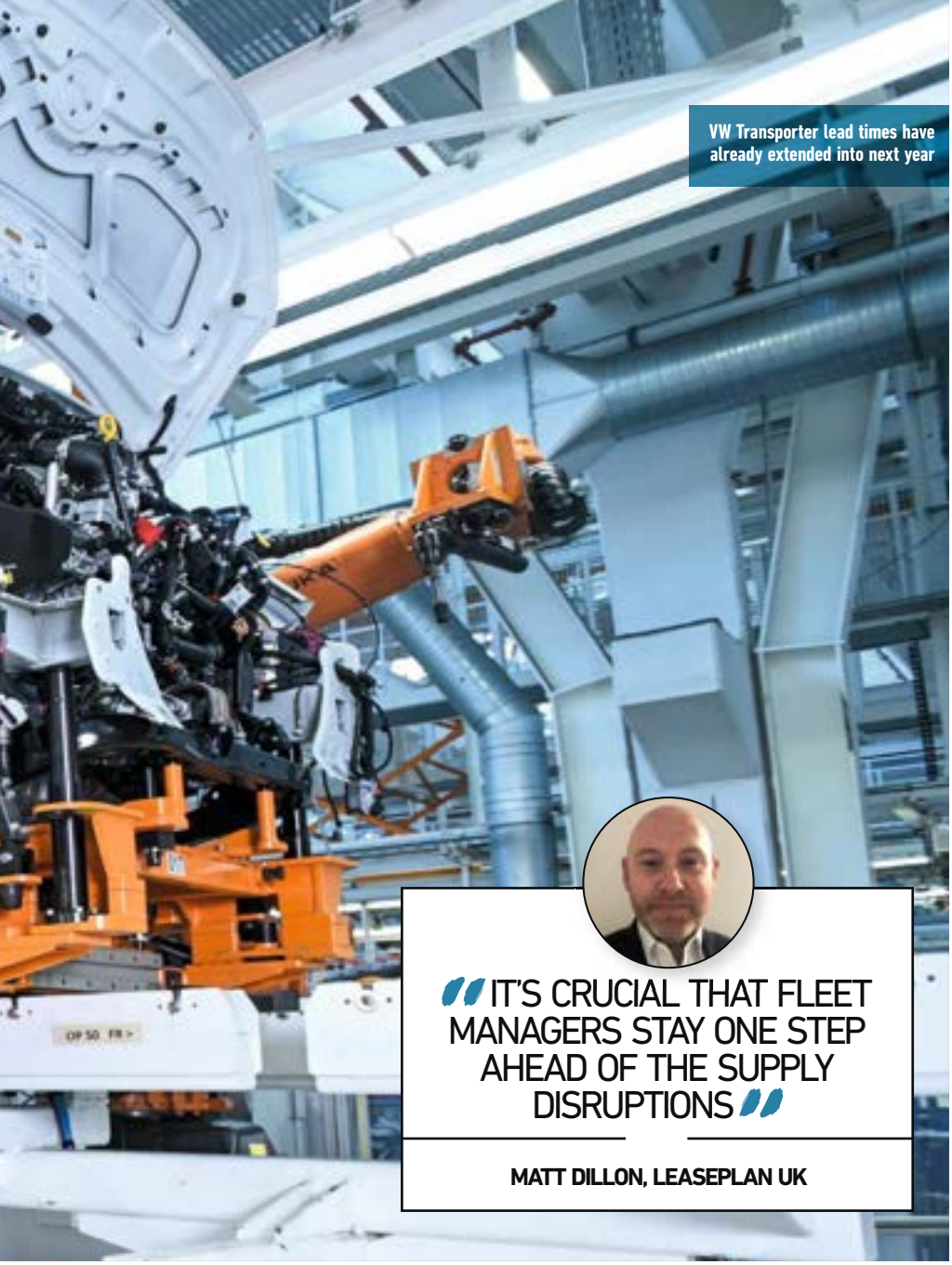
VAN ORDERS CANCELLED

James says the leasing company has also had manufacturers cancel orders as vehicles are not available and they can't be billed in that model year.

"It's not a regular occurrence," he said, "but it happened to us very recently on a batch of 30 small, electric commercial vehicles.

"It takes a lot of planning to put those in place and for a customer to place that order and then for it to be cancelled is frustrating."

However, he stressed: "They wouldn't cancel an order unless it was



VW Transporter lead times have already extended into next year

> "IT'S CRUCIAL THAT FLEET MANAGERS STAY ONE STEP AHEAD OF THE SUPPLY DISRUPTIONS"
>
> **MATT DILLON, LEASEPLAN UK**

the absolute last resort; they wouldn't have long lead times unless it's the absolute last resort.

"All of the manufacturing partners we work with are working extremely hard to try to fulfil the order banks they have and meet customer demand."

To help alleviate the issue, James says Novuna has been doing a lot of work with fleets around fit-for-purpose and vehicle right-sizing. "We've accelerated those to enable the fleet to be able to make decisions quickly to get a quicker place in the queue; placing orders sooner, gets it further up the queue."

Contracts have also been extended by up to 12 months to deal with new vehicle delays.

STRATEGIC FLEET REVIEW

Matt Dillon, head of commercial vehicles at LeasePlan UK, is encouraging customers to "strategically review" their fleets to help identify efficiencies and challenge what is essential to meet their operational requirements.

"Flexibility is key to help ensure fleet managers make the most of opportunities available to them within the current range of models and specifications," he said. "It's crucial that fleet managers stay one step ahead of the supply disruptions."

Chris Chandler, principal consultant at Lex Autolease, says the leasing provider is looking at what manufacturers its customers are working with and, according to their lead times, extending contracts where appropriate, and "proactively managing" renewal cycles.

"It's all about managing duration; there's not a lot that you can do about getting the vans quicker because of the semiconductor issues, so it's about optimising for the customer, given the situation that we face."

IMPACT ON VAN ELECTRIFICATION

Is there concern that availability will slow the electrification of van fleets? "No," said Chandler.

"Sustainability certainly isn't taking a backseat, it's still the most talked about element within fleet operations," he added. "The supply issue is across traditional fuels and electric."

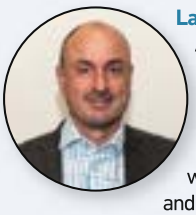
Registrations of electric vans rose by 17.7% year-on-year in March to 1,909 units. Compared with Q1 last year, electric van uptake increased by 68.9% to a market share of 5.8%, more than double a year ago.

Williams says that lead times with some electric LCVs is a little more positive compared with their diesel counterparts.

However, he added: "The technology in this space is still developing and, as more dedicated electric vans come to market, we expect customers will have more confidence to make the switch."

THROUGH THE LOOKING GLASS

By Andy Picton, chief commercial vehicle editor, Glass's



Land Rover

A first for Land Rover – it organised a dedicated LCV day for residual value (RV) setters, where we got to paw over and discuss both the Defender and Discovery Commercial with their design and product teams.

The meeting took place at its HQ in Gaydon, Warwickshire, which also houses its research and development centre. It is also the location of its extensive test track, where I got to drive the 90, 110 and the Disco and evaluate their towing capabilities.

Ford

I visited the Ford LCV team at its UK head office in Dunton, Essex, to get an update on their product ranges and to hear more about their plans for the next couple of years. We had a look around the all-new Tourneo Connect and received further detail on the forthcoming E-Transit and all-new Ranger pickup, plus some confidential detail on future launches.

Mercedes-Benz

The launch of the second generation Mercedes-Benz Citan small van is not far away and I received an invitation to go to Milton Keynes to drive it and see how it differs compared with the current model. Built in partnership with the Renault Kangoo, the Citan will again be available in two lengths as a panel van, crew van and Tourer, while the e-Citan will be offered for the first time. Mercedes has been more actively involved in the engineering process from the start this time, with the new Citan benefiting from plenty of safety, assistance and connectivity features. It also features a Mercedes-specific dashboard that features the MBUX infotainment system. Due for launch during Q4, the Citan is a massive step forward in quality and looks and brings it in line with the Vito and Sprinter.

Fleet News Awards

The annual fleet industry awards took place at the Grosvenor House Hotel, where I, along with more than 1,200 other guests celebrated the achievements of manufacturers, fleets, managers and suppliers in a glitzy affair that celebrated both the car and commercial vehicles industries. Congratulations to all the highly commended and worthy winners on the night. It was a great occasion and it was so good to catch up with so many people over the course of the night. Roll on 2023.

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ADVICE LINE

By Ray Marshall, senior transport advisor, Logistics UK

Q A driver with an unclaimed C+E entitlement has applied for a vacancy with our company. Does this mean we cannot let him drive a vehicle in the C+E category?

A Once a driver passes their test, they must exchange their pass certificate as soon as possible. They will be able to drive a vehicle of the passed category holding their pass certificate. Note that the exchange must be made within two years of the pass, or the entitlement gained will be lost.

ISTOCK/ SCHARFSINN86

Q One of our vans was struck by a vehicle which failed to stop. Our driver did get the registration number of the vehicle and has reported the incident to the police who have issued a crime number. Are we able to obtain the details of the registered keeper from the DVLA?

A Yes, however DVLA insists that any request for this type of data must have 'reasonable cause.' An example that they give is 'finding out who was responsible for an accident'.

In this instance, you would have a strong case for requesting the vehicle keepers' details because you have been issued with a crime number.

You will need to download a V888 form from the web and pay a £2.50 fee for the data.

ISTOCK/TSIKHAN KUPREVICH

Acquired rights transport managers (for van-only operator licences)

The Driver and Vehicle Standards Agency (DVSA) has launched the application process for operators of vehicles between 2.5-3.5 tonnes which will be brought into scope of international operator licensing on May 21.

The process allows individuals who have managed a van fleet for 10 consecutive years to apply for acquired rights in order to be named as a transport manager on an operator licence and work for a business that transports goods from the UK into, or through, the EU, Switzerland, Norway, Iceland or Liechtenstein.

The deadline to apply is May 21, 2024, and successful applicants will be recognised as temporary transport managers until May 21, 2025.

To retain the title of transport manager, applicants must pass the Transport Manager Certificate of Professional Competence (CPC) qualification by that date.

You can apply if you have at least 10 years' experience of managing fleets of vehicles and your business transports goods using:

- Vans or other light goods vehicles, also known as light commercial vehicles (LCVs).
- Vans towing trailers, with a combined weight of 3.5 tonnes or less.
- Cars towing trailers, with a combined weight of 3.5 tonnes or less.

If you transport goods in larger vehicles or towing heavier trailers, you cannot apply to be a temporary transport manager. You need the professional Transport Manager CPC instead. Before you apply you will need to know:

- The name and address of each business you've worked for since August 20, 2010.
- The job title or job role you had at each business.
- The dates you've worked at each business.
- Details of any times you've been unemployed or off work for three months or more – for example, if on maternity or paternity leave.

You'll need to show you've been responsible for things such as managing vehicle tax, MOTs and insurance. As a transport manager, you need to make sure that:

- Drivers have a valid licence.
- Vehicles are taxed and insured.
- Vehicles have a valid MOT and are properly maintained.
- Vehicles are loaded safely and not overloaded.
- Drivers do not speed or break the drivers' hours rules.
- The vehicle operator does not break safety rules.

You can be called to appear before a traffic commissioner's public inquiry if the vehicle operator breaks the law. You can be permanently or temporarily banned from being a transport manager if the traffic commissioner finds that you're responsible – for example, if staff loaded a vehicle in an unsafe way because they were not properly trained. The traffic commissioner can also make you complete further training before you can work as a transport manager again.

ISTOCK/BET_NOIRE

HOW THE INNOVATIVE USE OF TECHNOLOGY IS SETTING THE STANDARDS FOR FLEET SUPPORT

The team at Nationwide Fleet Services (NFS) has supported UKs and Irelands commercial fleet for over ten years. It recognises the operation of a fleet, be it car, van, truck, bus or plant equipment, is a complex and time-consuming task, made harder due to ever-increasing costs, compliance, and performance penalties for late deliveries for some fleets. Meeting these challenges demands an intuitive support partner who can provide both the proactive and reactive support needed in today's competitive market.

Operating a 365, 24/7 service from its dedicated UK call centre, the experienced team at the centre of NFS, together with its service team of 1,100, deliver an individual managed service designed to meet the exacting needs of each client's fleet. For example, a service may include roadside assistance, repair or recovery, tyre repair and replacement, Class 4 and 7 MOTs, MOT preparation, vehicle servicing and parts, monitoring of daily vehicle checks and escalation.

For NFS, monitoring and improving key performance indicators are crucial to client fulfilment and satisfaction. For example, from last year's 60,000 callouts, 7 mins callout to dispatch; 76 mins Booking to attendance (includes 24/7); 26 mins attendance for Car/Van; 53 mins Truck (including statutory 30-minute wheel nut torque; less than1% Invoice Query; 48 hours booking to invoice. NFS's core is its in-house operating system (OS) and database. Being in-house allows the flexibility to expand capabilities at the speed of the market.

> "The OS produces infinite generic and bespoke reports of all activity at the required time or self-served."

The OS produces infinite generic and bespoke reports of all activity at the required time or self-served. In addition, APIs provide integration to software packages and clients' operating systems.

NFS sees the ever-increasing deployment of technology as the cornerstone of its operations and market differentiator. For example, its Intelligent Management System (IMS) deploys a high-end management platform integrated with telephone technology to receive and act on calls and requests.

This summer sees the launch of two Apps. The first, a Booking App, will deliver one-click call logging to reduce further the time of call logging, dispatch and time to attend. In addition, the App enables two-way communication between the requester and the assigned NFS service crew. The Apps "Buddy Up" feature displays the caller's accurate location and the service crews' real-time position and ETA. FREE to all Customers, this App will be Apple and Android Certified.

The second App, also available on Apple and Android, advances mandatory Daily Vehicle Checking to a new level. While this App provides prescriptive traffic light verification and reporting, standard features of similar Apps, its crucial difference is an in-built visual tutorial plus integration to NFS. This feature benefits remote monitoring, escalation and a proactive vehicle management service.

In summary, experience, processes, market-leading in-house systems, and, importantly, innovation enable NFS to set the standards for fleet support.

Find out more by calling Nationwide Fleet Services support team on **0330 333 0999** or by email: **info@nationwidefleetservices.co.uk**

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VOLVO FH 4X2 ELECTRIC

Ringing in the new doesn't mean completely ditching everything about the old

By Tim Campbell

There have been many electric trucks over the years, but it's only recently that the potential for battery electric heavy trucks has become a reality.

All the major European truck manufacturers are spending considerable sums on their R&D departments to develop a practical electric truck for rigids, multi-wheelers and tractor units.

Some may contend that certain trucks are already in series production and, therefore, hitting volume targets. But, essentially, the whole industry is still in 'discovery mode' and at least two-to-three years away from meaningful volume production.

While the accelerated move to zero tailpipe emissions is admirable, it's not solely driven by the desire to clean up the makers' act as far as carbon emissions is concerned.

It's also driven by the EU's decision to fine truck manufacturers based on their total emissions output from a benchmark set a couple of years ago and having to save 15% and 30% in 2025 and 2030 respectively for trucks 16 tonnes and above excluding 'vocational trucks'.

This is also the reason we are seeing the manufacturers concentrating on the 18-19-tonne gross vehicle weight (gvw) sector as well as 26-27-tonne and tractor units.

	MODEL TESTED
SPECIFICATIONS	
Model	FH 4x2
Cab	Sleeper
Battery	540kWh
Power	490kW
Gearbox	12-speed I-Shift
Front axle	7,500kgs
Rear axles	11,500kgs
Gvw	40,000kgs
Chassis weight	9,500kgs
Wheelbase	3,800mm
Brakes	Discs all round

HOW VOLVO SEES THE FUTURE – WITH A FEW CAVEATS!

One of the main questions many operators ask when it becomes to heavy truck power is where is the dividing line between battery electric and hydrogen fuel cell?

Volvo's version of what potential propulsion looks like is very inclusive, with a mixture of low carbon fuels, liquefied natural gas (LNG), battery electric and fuel cell all playing their part beyond 2050.

Indeed, the internal combustion engine retains its dominance until around 2035 and battery electric takes the majority of the 'new' fuel systems. Of course, this does not reflect the Government's legislation which bans the sale of new diesel trucks up to 26 tonnes gvw in 2035 and completely by 2040.

Battery electric trucks will not suit every operation and to help determine what could be suitable, Volvo Trucks has developed an electric range simulator. The Volvo Connect telematics system, using the familiar Dynafleet package, will further help with range and routing.

VOLVO FH 4X2 ELECTRIC

The Volvo FH electric is an interesting mix of the existing FH chassis and cab technology and a 'splash' of new generation battery electric tech. It has an electric drive unit matched to a modular-styled bank of batteries with the packaging fitted within the constraints of a 'normal' diesel FH.

The electric drive unit compromises the familiar 12-speed Volvo I-Shift gearbox matched to three motors delivering 666PS/490kW of power to the rear wheels. The lithium-ion batteries are of a modular design with each pack having a total energy of 90kWh and weighing around 500kg.

Our test FH has the maximum six packs, providing a total of 540kWh and weighing three tonnes. This combination, running at 40-tonne gross combination weight, provides a range of up to 300kms (186 miles) when laden and an unladen weight of 9,500kgs.

The back end is virtually the same as the diesel with a single reduction rear axle with both axles of the 4x2 chassis sat on air suspension.

One area that many are concerned about is the power take-off (PTO) options on an electric truck and, while tractor units are not the obvious users of PTOs, they still need them in certain operations.

In this regard, Volvo offers three solutions, the first is an electric 40kW PTO at 400/600 DC voltage, an electro-mechanical 70kW and, finally, a more traditional solution in the form of the gearbox PTO rated at up to 150kW, more than sufficient for most operations.

Driving a battery electric tractor unit running at around 37 tonnes gross combination weight is a relaxing experience with low noise levels. It's interesting that Volvo has retained the familiar I-shift gearbox and the shifts are virtually unnoticeable. Given the amount of power available almost instantaneously, it provides a great driving experience.

SUMMARY

Volvo Trucks is going all out on electric trucks and its approach is a sensible blend of existing and, therefore, familiar diesel cab and chassis engineering, potentially helping with operator acceptance. Match this with the new technology of the electric motors and 540kWh of energy and this could be a winning formula. It just leaves the one big unanswered question – the price.

THE LAST WORD

PAUL FERGUSON

ACCOUNT EXECUTIVE, PIB INSURANCE BROKERS

In his spare time he runs his son's junior football team, but has loftier aspirations of running Manchester United one day (maybe). Must be a thing about having the surname Ferguson...

The advice I would give to my 18-year-old self is – nothing is ever as bad as it seems at first. Learn from your mistakes and setbacks then move on, ensuring you don't make them again.

The song I would have on my driving playlist is *Paradise City* by Guns N' Roses.

If money was no object – where to start? Aston Martin, huge house and maybe Manchester United.

My favourite movie quote is "you're gonna need a bigger boat" from *Jaws*.

A book I would recommend others read is – *The Storyteller* by Foo Fighters founder Dave Grohl. You do not need to be a huge fan to enjoy the memoir. It is the story of his life and friendships and the fact that not only has he connected with huge musical legends, but he has remained close to those he grew up with. A great read.

First car memory? My first car was a white Citroën AX which my friends delighted in referring to as "the washing machine".

If I were made transport minister for the day – far too much to do in one day, but I would start by getting rid of smart motorways. A terrible concept in my humble opinion.

My hobbies and interests? Away from work, family time is my priority. Big weekend walks with my wife, boys and cockapoo 'Paddy'. I also run my youngest son's junior football team which takes up the rest of my spare time.

My pet hate is letting somebody in or out of traffic and then not receiving a quick 'thank you' gesture. It drives me mad, but I still let people in as I like to think the best of people and convince myself I am about to get the wave every time (even though I don't).

Why fleet?

There is always plenty of diversity among my fleet clients. No two days are the same and each has their own problems that we look to overcome together. With offices and clients all over the country, it certainly does keep me busy.

How I got here

I started out in taxi insurance many years ago before moving on to fleets and now the full range of products including warehousing and goods in transit for most types of wheels-based business.

Latest products, developments and achievements

I have recently helped a client who was paying very high premiums due to claims costs and, after just one year working with the telematics firm, they have seen premiums reduced by almost half.

My company in three words

Collaborative, experienced and local.

Career influence

I have been fortunate to work with some great colleagues and leaders, many of whom have had a huge influence on my approach to looking after my clients. At PIB, we genuinely look to build up long standing relationships with our fleet owners.

What makes a good manager/leader?

Somebody who is willing to listen to their staff and take good ideas on board. Also, somebody who is not above doing everyday tasks. I often go to visit some of my biggest clients to find them sweeping the warehouse as everybody else is busy. These people instil a tremendous amount of loyalty in staff.

Advice to fleet newcomers

Find a good local insurance broker and work with them. Also, an experienced fleet manager is invaluable to keep up with driver checks, vehicle maintenance and regulatory issues etc.

If I wasn't in fleet

Touring the world playing in a rock band but I fear that dream has died!

Next issue: Steve Johnson, head of sales at Hexagon Leasing

Holman

The new name for **ARI Fleet UK**

How can Holman help you?

At **Holman**, we want to support you to make informed decisions that will save money, minimise downtime and drive real value for your business.

We deliver a fully outsourced, end-to-end vehicle finance, fleet management and electric vehicle solution, with customer care, transparency, and cost control at its heart.

Acting as an extension of your business, our 'always on' friendly family of experts will help you implement strategic efficiencies and work collaboratively to optimise your fleet, drive maximum value, and support every vehicle as if it was our own.

Holman

The new name for **ARI Fleet UK**

Our Services

Holman's '**buy, drive, service, sell**' model covers the entire lifecycle of your vehicle. Cost control and vehicle availability are at the heart of our solution:

Funding

Holman's transparent funding solution ensures you maximise your fleet investment throughout the ownership of your vehicle.

Fleet Management

Holman can help run your fleet with a reliable, cost-effective operation strategy that supports your business objectives and evolves rapidly to meet market conditions.

Electric Vehicles

Through EV Consult, Holman acts as your trusted advisor, creating and delivering a strategy that supports your journey to zero.

Global Fleet Services

Holman's worldwide footprint helps you grow your global fleet efficiently and reliably. We take the most effective operational learning from each country and deliver it locally.

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