FleetNews Special report

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July 2024

FLEET OPERATIONAL excellence

How fleet leaders can boost efficiency, cut costs and improve compliance across all areas of business

WELCOME

Fleet decision-makers, whether spending 100% of their time on the fleet as a fleet manager or head of fleet, or mixed roles with other responsibilities, have been forced to widen their knowledge base due to the onset of electrification, digitalisation, alternative funding and benefits options, and greater board-level emphasis on compliance and efficiency.

Where do you start? Prioritisation is crucial: understanding the business strategy and how fleet fits into those areas of greatest importance will help you to write a roadmap that meanders through all the elements that need to be considered to run an effective operation.

This Fleet Operational Excellence report chunks up many of the key topics and issues that everyone with fleet responsibility needs to understand, sharing best practice on how to improve operations and offering advice about introducing new technology, processes and systems.

Should you amend your operating cycles for example? It depends on the role of your fleet. Higher mileage, brand-conscious and benefits fleets might not change for a number of reasons, including SMR costs and employee recruitment/retention; but lower mileage, high EV fleets might happily push out cycles to four or five years.

Just this one decision needs fleets to discuss and deliberate on many aspects and will result in several outcomes, both intended and unintended.

Consider, then, the greater complexities involved in introducing fleet management software, switching funding methods or re-weighting car versus cash calculations.

This report is your starting point; more insight and support are available on the Fleet News website: fleetnews.co.uk

Stephen Briers,
group editor,
Fleet News

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CONTACT US

Fleet News, Media House, Lynch Wood, Peterborough, PE2 6EA

EDITORIAL

Group editor
Stephen Briers 01733 468024
stephen.briers@bauermedia.co.uk
News editor
Gareth Roberts 01733 468314
gareth.roberts@bauermedia.co.uk
Features editor
Andrew Ryan 01733 468308
andrew.ryan@bauermedia.co.uk
Senior content writer
Matt de Prez 01733 468277
matt.deprez@bauermedia.co.uk
Head of digital
Jeremy Bennett 01733 468655
jeremy.bennett@bauermedia.co.uk
Managing editor, B2B
Mike Roberts
mike.roberts@bauermedia.co.uk
Photos istock, Chris Lowndes
Contributors, Catherine Chetwynd, Harvey Perkins, Ben Rooth

PRODUCTION

Head of publishing
Luke Neal
Production editor
David Buckley
Head of project management
Leanne Patterson
Project manager
Rosanna Readfern-Gray
b2bpm@bauermedia.co.uk

ADVERTISING

Group advertising manager
Sheryl Graham 01733 366467
Key account directors
Emma Rogers 01733 979570
Kelly Crown 01733 366364
Telesales/recruitment
01733 468275/01733 468328

EVENTS

Event director
Chris Lester
Head of awards and dinners
Sandra Evitt 01733 468123
Event manager
Kate Howard 01733 468146
Senior event planner
Hayley Bradshaw 01733 979467
Head of exhibitions
Katie Gordon-Hill 01733 468289

PUBLISHING

Office manager
Jane Hill 01733 468319
CRM & marketing manager
Lauren Annis 01733 468295
Chief financial officer
Bauer Magazine Media
Lisa Hayden
Publishing and product director
Alex McLachlan
Group MD commercial
Nicola Bates

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Actions, not data, are key to telematics success

The ability of telematics to provide real-time insights into where and how a vehicle is being driven makes it one of the most powerful weapons in a fleet decision-maker's arsenal.

The information it provides covers driver behaviour, vehicle utilisation, predictive maintenance, decarbonisation, and much more.

However, dealing with that amount of data can cause its own problems.

"Our experience is that use of telematics requires discipline," says Ryan Bushell, head of public sector at Enterprise Mobility.

"The consumer of the data can get carried away with all of the possibilities. Experience tells me the moment the data is available, you kind of get a creep remit where you think 'what about this? What about that?', and then suddenly you're drowning in data.

"This is a real challenge for fleet managers who have such a difficult and rapidly evolving job.

"They should refer back to the what the primary objective was to fit telematics in the first place and use that as the focal point.

"Once that has been achieved, they can move on to the next thing, and then the next. The cliché would be 'don't be a mile wide and an inch deep'. Be really focused and have a clear vision of what you are trying to achieve."

The required data should also be presented in a clear and easy-to-understand way so the fleet manager can identify the areas they need to address or the actions they should take.

"Nobody really wants the data itself," says Franck Leveque, vice-president strategy and innovation at Bridgestone Mobility Solutions.

"What fleets want to be able to act on are specific situations based on data so they can take the right decision at the right time."

DRIVING IMPROVEMENT

One of the traditional ways fleet decision-makers use telematics is to improve driver behaviour, and this continues to be a vital benefit.

The technology can be configured to record events such as harsh acceleration, sudden braking or hard cornering: all manoeuvres which increase the risk of a collision, as well as burn extra fuel.

"You can understand if a driver is having a direct impact on risk, sustainability and fuel economy," says Leveque."This information should not be used as a stick to beat drivers with, but as a carrot to motivate them to improve the way they drive, to provide them with training and coaching that will actually help them improve as well as improving the operation and the bottom line of the fleet."

> "FAR FROM FEELING WATCHED OVER, OUR DRIVERS HAVE WELCOMED THE MOVE AND IT HAS ENCOURAGED SOME HEALTHY COMPETITION ON WHO IS IMPROVING FASTEST"
>
> **OLI ELKINGTON, KEITH ELKINGTON TRANSPORT**

Combining telematics with in-cab cameras adds an extra dimension. Some systems can relay video footage of an incident directly back to fleet decision-makers as soon as it has happened, allowing them to see what had occurred.

As well as helping identify any training needs, this can also allocate blame for the collision, therefore protecting employees if they are unfairly accused of causing an incident.

Telematics can also be used to help fleets electrify their vehicles, by analysing journey profiles and matching them to the range capabilities of electric vehicles to identify which petrol and diesel cars and vans can easily be switched to zero emission.

It can also highlight changes in working practices necessary to switch other vehicles.

This data should be viewed against the replacement schedules of existing vehicles. For example, it may be that a vehicle which is due to be replaced soon, but its role is currently not suited for electrification, could be switched with another where a BEV would be suitable.

In taking these steps, fleet decision-makers can develop an accurate electrification roadmap that encompasses business need, vehicle availability and renewal timings.

Telematics and routing software can also help employers manage where the vehicle is charged.

"The data provided from telematics can also help businesses bridge the gap between their current status and their electric future," says Lightfoot managing director and Association of Fleet Professionals chair Paul Hollick. "When you consider the challenges fleets are facing in terms of supply cost, charging infrastructure and driver reticence, the need to decarbonise an existing ICE fleet becomes more important – real-time in-vehicle coaching can drive this process by ensuring drivers are smoother, safer and more efficient."

This is how foodservice equipment transport provider Keith Elkington Transport, which operates eight HGVs and 28 3.5-tonne Luton Box vans, is using the technology.

"Organising an environmentally-friendly fleet is a top priority for us," says Oli Elkington, its managing director.

"However, due to the heavy payload nature of our business and our nationwide delivery schedule, transitioning to electric isn't a viable option now.

"With our Webfleet OptiDrive 360 system, we can now monitor the quality of driving out on the road, with real-time feedback in the cab helping our drivers operate much more efficiently. We can track and address incidents of harsh braking, speeding and harsh cornering as well as idling.

"Far from feeling watched over, our drivers have welcomed the move and it has encouraged some healthy competition on who is improving fastest."

Harnessing this competitive spirit is often described as gamification and includes tools such as league tables comparing driver performances, with prizes or bonuses for the best performers.

"It is also important to ensure drivers are motivated to use telematics tools effectively – rewarding drivers for better driving through gamification is one such way of doing this and is only going to increase in popularity," says Hollick.

ARTIFICIAL INTELLIGENCE

Generative artificial intelligence (AI) will make telematics much easier for a fleet decision-maker to use in the future, says Leveque.

"Today, a fleet manager deals with dashboards and reports," he adds. "Tomorrow, Gen AI is going to allow you, as a fleet manager, to say 'can you give me the five vehicles that have experienced the most safety challenges in the past three months?', and you will get that information.

"You will be able to ask 'can you give me the five vehicles that have had the highest fuel consumption outside of the norm?' and you'll have it.

"It will allow you to access the information you need when you want it, and that's going to change the experience we are going to give to the fleet manager and the drivers."

By Andrew Ryan

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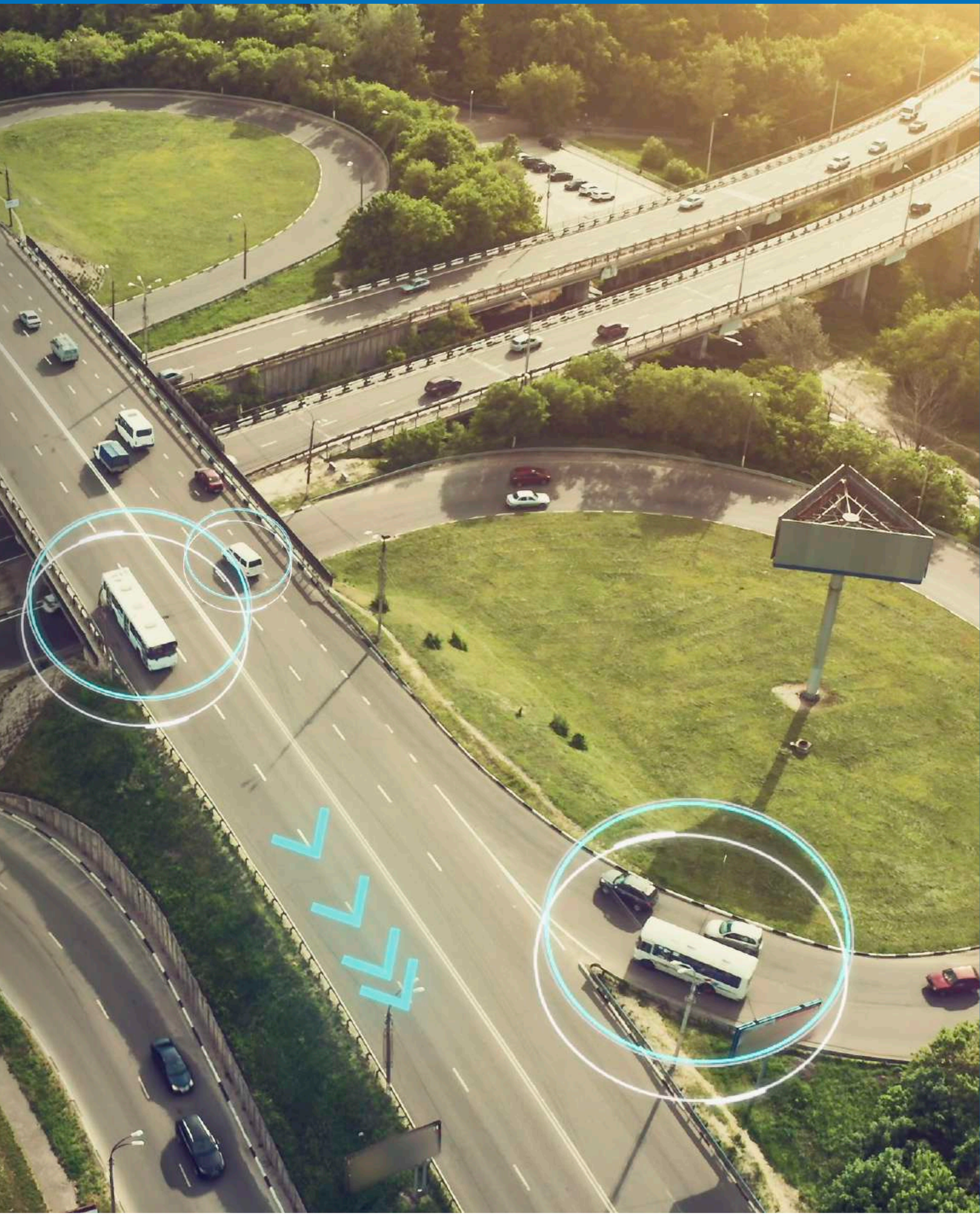

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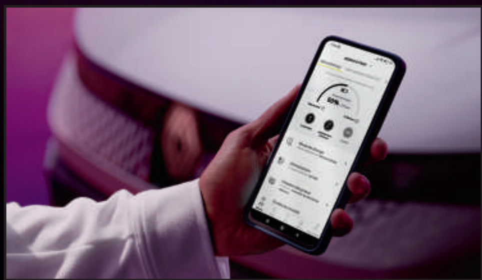

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The cyclical nature of car vs cash

The choice between offering a company car or cash allowance has long been a dilemma for those in fleet, with changing factors meaning it is important to weigh up the pros and cons of each method regularly.

Here, Harvey Perkins, director at leading company car tax consultancy HRUX, examines the issues.

It's maybe a little sad to say, but probably true ... I've spent a large chunk of the past 25 years advising companies on cash alternatives to company cars.

I think it's also true to say that throughout that quarter of a century I've noticed a tension between human resources (HR) and the fleet team about the benefits of one over the other.

Here, I'll explain some of the key issues, as I see them, in more detail. But I'd like to start by making a general observation – in my experience HR departments often seem to prefer to offer cash ahead of company cars.

This is perhaps not surprising, given cash is relatively straightforward to provide, and, of course, easy to benchmark against what other companies are offering.

Cars tend to be complicated and difficult to benchmark. Yes, you may get a Volkswagen ID.5 and I only get an ID.3, but you might have to keep yours for four years and have very limited choice over considerations such as trade up, while I get a new one every three years and have greater flexibility.

Very hard to compare for either the employee or the employer.

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I had a boss a while ago who said there were two things companies can't seem to get credit for doing right – staff canteens and company cars.

If we accept that HR tends to lean towards the provision of cash rather than a car, it follows that, as scale charges have shot up for traditional petrol and diesel cars in the past 10-plus years, many businesses have turned their backs on company cars.

Analysis of HMRC benefit-in-kind (BIK) statistics suggest total cars reported on P11Ds fell from more than one million to around 720,000 by April 2022 but has since risen to 760,000 in 2023. Figures are provided by HMRC with some caveats, mostly that it may not include cars that were "payrolled" rather than appearing on P11D forms.

It's interesting to add that, probably because of very low scale charge rates for electric and plug-in hybrid cars along with the inexorable rise in salary sacrifice schemes, use of company cars is once again trending upwards.

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CASH ALLOWANCE LEVELS

When a company asks what they should set their cash amounts at, we often start by asking them what their recruiting teams are telling them.

If the company next door on your industrial estate is luring your staff with higher cash offers, then that's your target right there.

The second general observation I'd make about cash is that often an employer will not have looked at the rates for many years.

Contrast this to the company car policy which is often subject to constant pressure to drive

down costs or provide better value for money. It follows that the cost benefit of paying cash is often at considerable variance to the cost of the company car option.

If you approach the cash amount's relationship to company car policy, if you still have one, mathematically then there's another question: are you equalising the cost of cash to the employer's cost of providing a car *or* to the amount the employee needs to privately lease and operate the same car?

I use "lease" given that adding the cash-flow implications of an employee buying (say) a used car outright compared with their monthly cash allowance can go beyond what one might consider a reasonable comparison.

The company car tax charge is a huge issue. Let's say you have two cars, both with a P11D value (list price) of £50,000 but one's electric (2% scale charge, until April 2025 when it's 3%) and the other's a diesel (say 35%).

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What's the cash needed to leave the employee no better nor worse off? With the EV you've saved £400 this year in tax (assuming 40%) *but* the diesel saves £7,000.

Therefore, the employee with the diesel needs a lot less cash to be better off.

Then there's approved mileage allowance payments (AMAPs). These are for people who use their own cars for business purposes and the rates remain generous even though they've not been reviewed for donkey's years, at 45p (25p after 10,000 business miles for tax purposes).

Five hundred business miles a month on average? The employee can get £225 tax and national insurance contributions (NICs) free towards their motoring expenses.

If you don't pay the AMAP the employee can still get their tax and NICs back, and you can get employer's NIC back, following recent tax cases.

On the national insurance front, if you are not paying the cash allowance proportion relating to business miles *net* of NIC, then you are potentially making an illegal deduction from the employee.

> IT'S CYCLICAL – HIGH TAX CHARGES ON COMPANY CARS DRIVE PEOPLE TO REVIEW CASH; LOW CHARGES ON CARS DRIVE PEOPLE TO LOOK AT SALARY SACRIFICE AND COMPANY CARS

PROBLEM HIGHLIGHTED

That highlights another problem with cash versus cars: with a company car the employer often absorbs the cost regardless of mileage.

If you take cash and provide your own car then the implication of higher mileage, particularly private, is that your cash won't go as far.

The AMAP offsets some of this for business mileage, but those with higher commutes can often find the cash less attractive.

To all of this we add the real-world concerns of paying cash to drivers to provide their own cars, where there are significant risks to the employer if the car isn't fit for purpose, well maintained and properly insured (the so-called 'grey fleet' risk).

Salary sacrifice is often seen as the other side of the coin to paying cash as, although it's a company car that the employee gets, the amount the employee elects to give up will be very similar in composition to the amount of cash you'd pay them if you were equalising the employer's cost.

In other words, the employer often wants to pay nothing towards the cost of the sacrifice car, so we work out the wholelife costs of the company car, including insurance against things that might happen, and the amount we arrive at is the amount the employee agrees to waive their contractual rights to salary for.

Again, there are complications, like will the employer keep their 13.8% NIC saving or pass some or all of it back to sweeten the deal?

If this all sound a little complicated, then maybe that explains why I've spent so much time on it over the years.

And it's cyclical – high tax charges on company cars drive people to review cash; low charges on cars drive people to look at salary sacrifice and company cars.

With a new Government, I've no doubt the cycles will start again soon enough.

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Funding trend changes sparked by move to EVs

The modern fleet decision-maker has become used to dealing with an ever-changing world, as the effects of seismic events such as the Covid pandemic and the war in Ukraine have filtered through in recent years.

More specific challenges have come from the drive to electrify as well as rising costs within the supply chain – factors which are increasingly having an impact on the overall costs of running a fleet.

"As a result, fleets are having to continually review and carefully manage budgets," says Christopher Caddick, head of business development at JCT600 Vehicle Leasing Solutions.

He has witnessed funding choices being made because they present the best current option, rather than being best for each individual fleet.

"One of the biggest factors influencing funding decisions is the Zero-Emission Vehicle (ZEV) Mandate, which is impacting the availability of internal combustion engine (ICE) vehicles, particularly when it comes to light commercial vehicles (LCVs)," adds Caddick.

"Manufacturers are essentially forcing the hands of fleets to take electric vehicle (EV) products by only accepting orders where a percentage are EV, or reducing terms on ICE vehicles where they are not ordering any EVs.

"Overall, the ongoing economic instability, increased cost of the asset, rising funding costs and navigating the ZEV Mandate or availability of vehicles that the fleet wants or needs are all having an influence on the funding decisions they are having to make."

Operational and small-to-medium enterprise (SME) fleets which do not have deep pockets plus shareholder directives on transitioning to EVs "at any cost" are those that are currently bearing the brunt worst, he says.

The transition to EVs, in particular, is driving new trends in fleet funding, says Volkswagen Financial Services (VWFS) Fleet.

"Perhaps most significantly, we're seeing many customers switch from using effective rental to wholelife cost as they assess fleet funding strategies," says Emma Loveday, senior fleet consultant at VWFS Fleet.

"This is helping many fleet operators make the business case for EVs and supporting with cost management.

"We're also seeing increased demand for longer lease cycles for EVs to help customers further manage lease costs.

"At VWFS Fleet, we've responded to this demand proactively, offering longer lease cycles up to seven years."

SPREADING THE COST

As BEVs do not typically face the same maintenance cost curve as ICE vehicles, customers are able to spread the monthly lease cost over a longer agreement and reduce the financial impact of the electric transition, she adds.

VWFS Fleet has also seen fleets which traditionally outright purchase diesel LCVs look at using business contract hire instead to procure electric vans.

"This helps fleets manage costs, as eLCVs often have a higher purchase price than their ICE counterparts," says Loveday.

Venson Automotive Solutions also believes that a move to contract hire is a key fleet trend because it takes away the burden of risk from the organisation, with that risk sitting with the leasing company instead.

Fleets are also favouring contract hire because it gives an organisation a clear understanding of the costs each month, making budgeting easier which is important given the current volatile marketplace.

"There has been some shift with organisations moving from outright purchase to contract hire as they decide to use the cash to invest in their business rather than have it tied up in assets," says Samantha Roff, managing director of Venson Automotive Solutions.

"With much focus on electric cars, salary sacrifice has also had a resurgence and is being used by organisations to help support employee reward schemes which, in turn, can have a positive impact on staff retention and recruitment.

"And for certain industries, contract purchase is the chosen method of funding. For example, charities and some healthcare organisations because of the treatment of VAT."

"EACH FUNDING SOLUTION WILL HAVE SPECIFIC ADVANTAGES AND DRAWBACKS, SO IT IS ESSENTIAL TO CAREFULLY CONSIDER INDIVIDUAL BUSINESS REQUIREMENTS"

EMMA LOVEDAY, VWFS FLEET

REGULAR REVIEWS

The changing landscape means it is important that fleet decision-makers should regularly review their funding methods to ensure they use the best one(s) to meet their requirements.

A key step is to understand what the strategic objectives are for their organisation along with the operational requirements of the fleet so the most beneficial funding method can be matched to business needs.

A full audit of how a fleet's vehicles are funded together with their usage and length of replacement cycle should be undertaken.

"Customers can choose from a number of options. Each funding solution will have specific advantages and drawbacks, so it is essential to carefully consider individual business requirements," says Loveday.

Analysis of a fleet would also provide the information needed to inform future strategies.

"You clearly need to ensure you're investing in the right areas, and having a grasp on the vehicles making up the fleet ensures that replacements or additions are not made unnecessarily," says Roff.

"It is equally important to understand the operational requirements of the vehicles. For example, does the manufacturer have service centres in the geographical area that drivers are operating in?

"Equally important is the manufacturer's track record – and having access to maintenance history of the same vehicles definitely helps with decision-making."

ZEV MANDATE OPPORTUNITIES

The desire for manufacturers to hit their ZEV Mandate targets means there are currently opportunities for fleets to capitalise on the increased availability and attractive discounts on EVs, says Caddick.

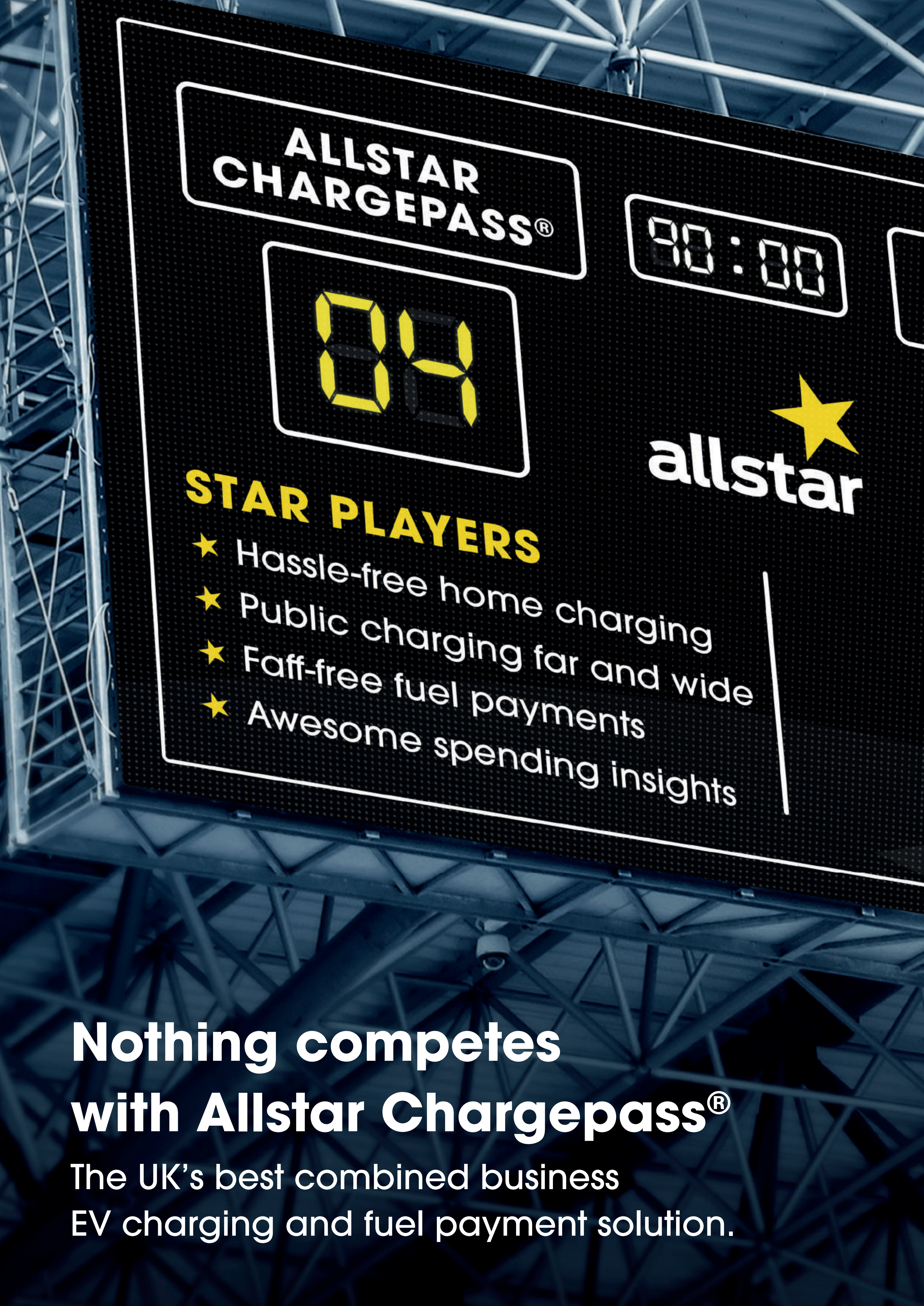
"There is also strong availability of EVs through short- and long-term rental companies as they continue to transition their own fleets to EV at pace," he adds.

Caddick also believes those fleets which are not yet ready to switch to electric vehicles – or are slowing down their transition as a result of operational challenges – must work with their funders, fleet management companies, manufacturers and dealers to ensure they are getting the vehicles they want and need.

"Even then, they may have to make compromises," he adds. JCT600 VLS is seeing some customers extend existing leases while others are terminating early to order new ICE vehicles before the ZEV Mandate gets tougher to manage.

"Ultimately, you need to align the objectives of the business with your fleet as closely as possible, and the only way to do this is by working with partners you trust that will commit the time and energy to do this with you," adds Caddick.

By Ben Rooth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Tackling the cost and safety concerns of grey fleet

As its name suggests, it is not a black and white issue whether an organisation should encourage the use of grey fleet vehicles.

One on hand, allowing employees to use their own cars – whether they are bought with their own money or by using a cash allowance – on business trips is an essential part of how many smaller organisations operate due to the convenience, flexibility and potential to provide cost savings.

The financial benefits come for businesses with relatively low travel requirements because HMRC's approved mileage allowance payments (AMAP) rate for reimbursing employees with 45p per mile can often be significantly cheaper than leasing and operating a small vehicle fleet.

Obviously, the greater an organisation's travel needs, the higher the cost of running a grey fleet will be, and the balance might then start to shift towards employees being given a company-provided vehicle.

This is why some employers set a limit on the number of grey fleet miles an employee can do before they are moved into a company vehicle.

Organisations also need to be aware of their health and safety responsibilities.

Under the Health and Safety at Work Act (1974) and the Management of Health and Safety at Work Regulations (1999), "it shall be the duty of every employer to ensure, so far as is reasonably practicable, the health, safety and welfare at work of all employees".

As far as grey fleet is concerned, this means if a vehicle is being used to travel for business, regardless of who it is owned by, the employer is responsible for ensuring that it is fit for purpose, adequately maintained and that it can be safely driven.

If an employee is involved in an incident while driving for work, their employer could be liable for any damage or injuries that occur.

In a worst-case scenario, under the Corporate Manslaughter Act 2007, they could be prosecuted if someone dies in a collision involving their employee using their own vehicle for work.

"Ensuring grey fleet drivers are compliant is often overlooked by businesses, but this is done at their peril," says Greg Ford, head of corporate at Red Training.

"There is no distinction between a grey fleet driver and a company fleet driver in terms of occupational road risk and health and safety obligations."

INVEST IN COMPLIANCE

This makes it important for companies to invest in training and compliance systems which can manage licence checking for all drivers within a business, as well as help identify and deliver targeted training for individual drivers.

"This reduces the need for time-consuming on-road driver training for all but the higher-risk drivers who would benefit from one-on-one on-road coaching," adds Ford.

Many organisations do treat their grey fleet the same as company vehicles for risk and compliance, and restrictions are often placed on what vehicles can be used for this purpose. ➲

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Brake recommends employees should avoid unnecessary travel and use video calls if possible

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"THERE IS NO DISTINCTION BETWEEN A GREY FLEET DRIVER AND A COMPANY FLEET DRIVER IN TERMS OF OCCUPATIONAL ROAD RISK AND HEALTH AND SAFETY OBLIGATIONS"

GREG FORD, HEAD OF CORPORATE AT RED TRAINING

Road safety charity Brake recommends fleet decision-makers stipulate minimum Euro NCAP safety ratings, vehicle age, emission levels, required safety features and essential breakdown cover.

At the bare minimum, employers should check that:

- The vehicle has a valid MOT certificate.
- The vehicle is roadworthy and has been appropriately maintained as outlined in its service book.
- The driver has the appropriate licence for the class of vehicle.
- The driver does not have vision, health or other impairment issues that would affect their ability to safely operate the vehicle.
- Driver and vehicle have valid insurance that includes business journeys.
- Vehicle has up-to-date road tax.

Ensuring drivers provide all of the necessary information can be difficult for some fleet decision-makers, as employees may be reluctant to pass on the information or simply forget to.

One technique used by many fleets is to withhold mileage reimbursement payments until all requested information is supplied.

GREY FLEET ALTERNATIVES

As well as providing company vehicles, organisations do have a number of alternatives to grey fleet use.

As a first step, Brake recommends employees should avoid unnecessary travel and use video calls wherever possible.

If travel is essential, then more sustainable modes of transport such as pool cars, car clubs and daily rental can usually offer a cleaner and more cost-effective mode of travel than an employee using their own car.

Car clubs are one of the most recent developments and have grown significantly in popularity in recent years.

Essentially, they are a form of short-term vehicle rental, but one which offers access to cars for as long as the user needs them, whether that is for 30 minutes or a day or more.

Typically, they are booked either through a web portal or smartphone app, with registered users able to check vehicle availability immediately. After booking they can unlock the cars with a smartcard.

There are three main operating models: back-to-bay, which is the most common form and sees cars returned to their own parking place; back-to-area where the car must be returned to a small, designated area, usually a street or two; and the newer one-way/flex model, where a car can be taken on a one-way trip and parked on-street wherever it is legal to do so.

It is becoming increasingly common for organisations to partner with car club operators to allow them to have vehicles – usually based at their own premises – available for their sole use, as well as using the supplier's technologies and back-office support.

This also allows employees who do use their own cars for occasional business trips to switch to public transport for their commute if they wish to, as they will no longer need their own vehicle for work journeys during the day.

It also means fleets can reduce admin from booking daily hire vehicles when needed, as cars are already on-site and available for staff use.

One example of this is the Defence Science and Technology Laboratory (DSTL), which has saved an estimated 372,000 miles with rental vehicle deliveries and collections to its sites in a year.

It currently has almost 100 Enterprise Car Club vehicles at three of its locations in Wiltshire and Hampshire, also saving more than 100 tonnes of CO_2 emissions, based on the business travel of an average diesel car.

"The emission savings resulting from the expansion of our dedicated Enterprise Car Club programme exemplify the immense potential of business car clubs in driving positive environmental change," says John Barber, principal estates contract manager at DSTL.

By Andrew Ryan

Make your fleet's move to EV easy, risk-free and rewarding

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TO HELP ACHIEVE YOUR NET ZERO AMBITIONS

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For more information, visit our website using the QR code.

How FMG gets on the front foot with repairs

The claims management specialist is minimising downtime with clever solutions for replacement parts and carefully managing capacity in its repairer network

President John F. Kennedy's maxim that "the time to fix the roof is when the sun is shining," has direct, almost literal, relevance for fleet managers in relation to vehicle repairs. The combination of winter's poor light, ice and snow increases accident volumes, filling the capacity of repairers. This can lead to longer repair times, which, in turn, adds cost through higher replacement vehicle charges.

Naturally, fleets cannot choose when their vehicles are involved in a collision, but plenty of vehicles remain drivable and roadworthy despite crash damage, so scheduling repairs for quieter summer months, when drivers might be on holiday anyway, has the potential to minimise downtime and maximise convenience for both business and employee.

"We're always looking to work with our customers and repairers to deliver a consistent flow of work," said John Keeton, FMG's Operations Director. "What we have to avoid, because it doesn't work for anyone, is overloading a repairer because it's then not going to be able to carry out the repair."

To maintain capacity, FMG has added more than 100 new repairers to its independent network, while its sister company, FMG Repair Services, has announced the opening of new repair bodyshops. FMG is also ensuring that all

"We're always looking to work with our customers and repairers to deliver a consistent flow of work"

John Keeton, FMG Operations Director

repair centres in its network have the skills to repair even the most modern vehicles, with their battery packs, ADAS (advanced driver-assistance system) features and aluminium bodywork.

"At least 92% of our repairers have a minimum of one EV-trained technician, and in reality, they typically have more," said Keeton.

But acute difficulties in the supply chain of replacement parts can still lead to delays, a problem resolved only by working closely with repairers to identify these challenges as they arise. This way, FMG can set realistic expectations with its customers.

"Sometimes we receive a claim for vehicle damage and know from the outset that there may be an extended period of time waiting for the parts to arrive, so we proactively look for alternative solutions," said Keeton.

These might include the use of green parts (recycled from a donor vehicle), utilising non-OEM parts, or even adopting an alternative approach, such as a temporary repair to keep a vehicle roadworthy and minimise replacement vehicle charges, until a full repair can be executed once the appropriate parts become available.

At the same time, FMG is encouraging repairers in some areas to hold stock of frequently replaced parts, such as van wing mirrors, to facilitate speedy repairs for common accidents.

Such initiatives reflect the heart of the claims management company's relationship with customers and its focus on understanding the specific demands on their fleets. Most businesses, for example, typically have a busier period of the year when vehicle uptime is paramount, "so we work closely with them to align repairs with their operational requirements," said Keeton.

24/7 claims communication

Cutting-edge IT system keeps customers informed of the progress of their claim and vehicle repair

Keeping drivers informed at every step of the repair process has become a central feature of successful claims management in the 24/7 economy.

Mindful that most drivers will be unfamiliar with the chronology of a claim, the company has developed FMG Connect, an omni-channel option for updating customers throughout the claim lifecycle.

"FMG Connect allows customers to schedule a repair estimate, upload photos to accelerate the estimating process, select a booking-in date, arrange a hire vehicle and off-hire a hire vehicle," said John Keeton.

"It also allows drivers to update claims, reviewing the details that were initially recorded and adding details that may not have been available at the time."

Just as importantly, the app provides real-time updates of repairs, seamlessly connecting with repair centre IT systems, and offers a library of frequently asked questions, with each answer specific to the individual fleet. Google analytics reveals that many drivers access the app well into the evening, keeping abreast of the progress of their claim and finding instant answers to queries that would otherwise require a call or email.

"We guide people through the process in plain English and pre-empt the questions that they may have to set clear expectations, because that's important for customer satisfaction," said Keeton.

"There's lots more to come for FMG Connect. Its technical development has been planned and prioritised over a number of core phases, and customers will access more new features and additional benefits with the release of each new phase."

Repair on the driveway

Mobile repair vans are delivering the ultimate in convenience to drivers

The deployment of mobile and rapid repairers is speeding up the repair process for fleets, reducing vehicle off-road times and boosting driver convenience to unprecedented levels.

FMG sister company, FMG Repair Services, has a growing fleet of circa 40 mobile repair vans, equipped with cutting edge equipment, to carry out repairs at drivers' homes or workplaces.

The vehicles have state-of-the-art colour match paint technology to digitally match and mix paint, alongside a purpose-built mobile capsule to ensure a dust-free working environment for paint-shop quality results. The repairs have a lifetime guarantee.

The service relies on FMG's ability to assess the severity of vehicle damage and determine the optimum repair option, said John Keeton.

"Our triage process is important to establish exactly which repairs are suitable for mobile repair – and typically, that can go up to four or five panels," he said. "Customers love it because the repair is done and dusted in a day, at the workplace or home, making it very convenient."

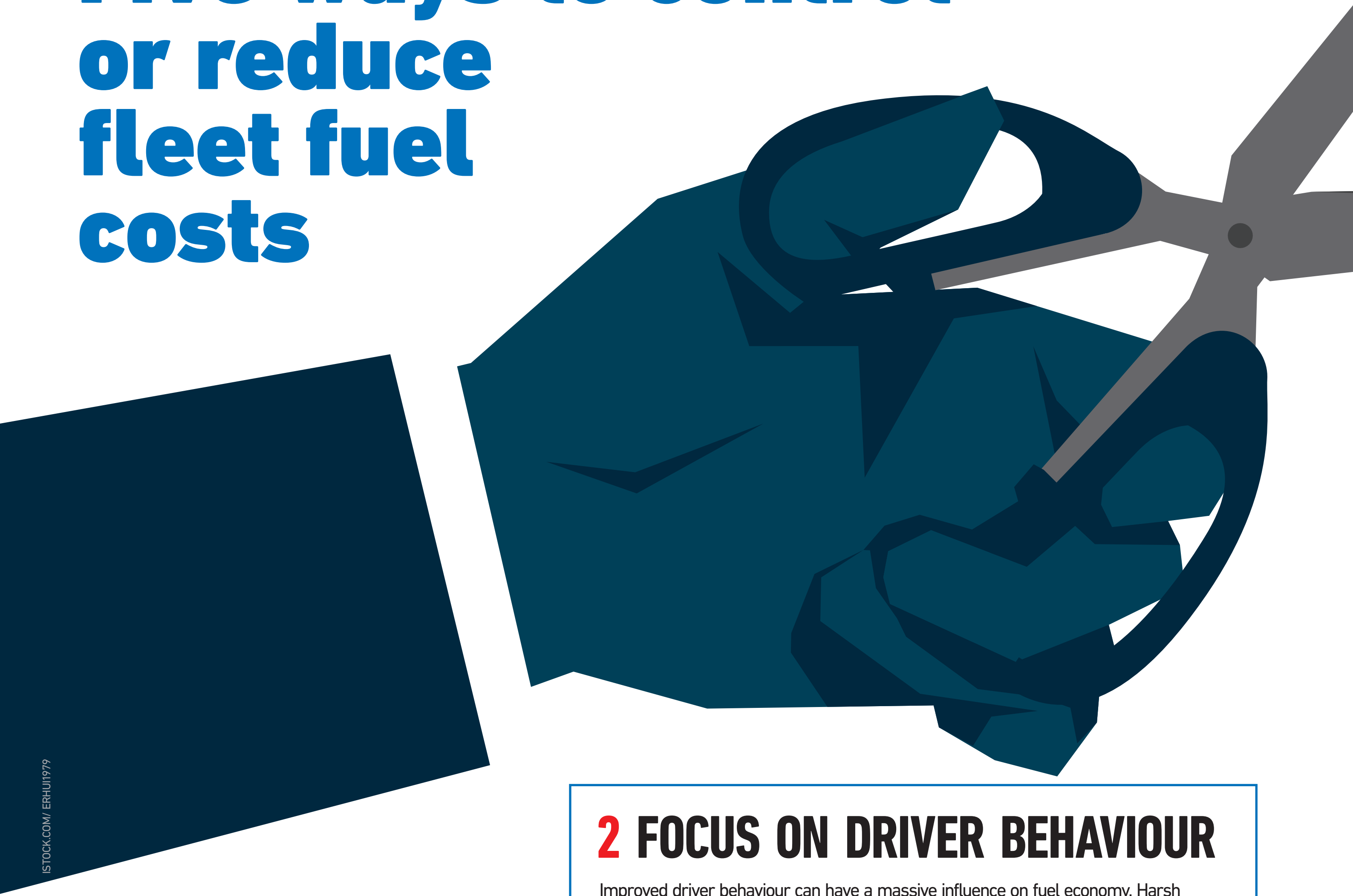
FMG is also working with other repairers that have their own mobile services as well as rapid repair facilities, focused on repairs that take up to three days. The latter have 'fast track lanes' in their repair centres designed to perform tasks that take a little longer than a day, such as alloy wheel repairs or a reset of ADAS systems, said Keeton.

"We have been trialling rapid repair as part of a holistic solution, with a fast and efficient repair at the core and a range of additional services available, such as mobility options, to provide all the support customers need," he added.

Visit www.fmg.co.uk to find out more about us, or email marketing@fmg.co.uk

FMG
THINKING AHEAD

Five ways to control or reduce fleet fuel costs



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1 CHOOSE FUEL-EFFICIENT VEHICLES

It may be stating the obvious, but the efficiency of any fleet vehicle will impact on the amount an organisation pays to keep it fuelled. Put simply, the more economical it is, the less it will cost to run.

However, consideration should go beyond looking at what the official fuel efficiency is for the type of vehicle they always use. It is important to ensure the right ones are routinely deployed for appropriate tasks.

"Choosing the appropriate vehicle size is not just practical, it also optimises resources, improves safety and enhances driver comfort, leading to higher productivity and cost savings," says Liam James, corporate sales manager at Novuna Vehicle Solutions.

"Fleet operators should also ensure vehicle sizes match the task, and that payloads are free of non-essential items and unnecessary storage that may not be required, such as roof boxes or roof racks that create drag. A 45kg decrease in a vehicle's weight can boost fuel efficiency by up to 2%."

2 FOCUS ON DRIVER BEHAVIOUR

Improved driver behaviour can have a massive influence on fuel economy. Harsh acceleration and high speeds are two factors with the biggest negative effect. "It's often overlooked, but driver behaviour significantly impacts fleet productivity including fuel efficiency and CO_2 emissions," says Liam James, of Novuna Vehicle Solutions.

"More education, driver incentives and effective monitoring can all address this, and it is common to see fuel savings of around 10% as well as reduced insurance costs. For example, promoting slower driving speeds may seem counter-intuitive, but decreasing speeds by just 5mph can improve fuel economy by up to 14%."

Using telematics is a great way for a fleet operator to monitor fuel use, but equipping drivers with the knowledge of how to use their vehicle's own functions can also help.

"Drivers need to understand their vehicles better," says Caroline Sandall-Mansergh, consultancy and channels development manager at Alphabet GB.

She adds: "Vehicles provide a wealth of information about their own fuel usage. However, drivers are often unaware of how to access and interpret that feedback, and what it says about their own driving patterns.

"With this knowledge, employees can better monitor their fuel usage and make necessary changes to how they use the vehicle to maximise efficiency.

"This is also where the difference between vehicular training and wider driver education can become clear.

"While vehicular training is beneficial to understanding the specifics of a vehicle, driver education will result in more long-term optimisation, as it fosters the competency of the driver. This allows them to interpret information from the car and take guidance from its data, regardless of the make or model."

4 OPTIMISE ROUTES

Following a route optimised for distance, the types of roads and traffic conditions can help a fleet cut fuel use as well as improve operational efficiencies.

The latest generation of route-planning software uses artificial intelligence (AI) to take all these factors into account in real-time.

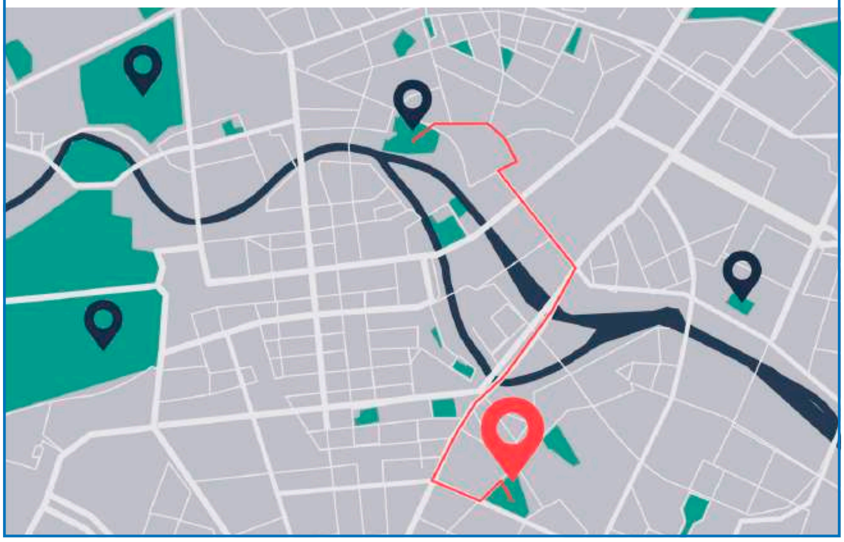
"Ignoring optimised routes of travel is a major contributor to increased fuel consumption," says Paul Lawrence, managing director (UK, North America and Australia) of fleet management technology provider AddSecure.

"This wasted fuel is driving expenditure to new heights, leading to increased cost pressures for fleet operators."

He says route optimisation software can also bring other benefits to fleets, including reduced maintenance costs and CO_2 emissions.

"Route planning solutions are effective methods to prevent fuel and time wastage despite traffic conditions," adds Lawrence.

"It really is important that drivers are encouraged to utilise the full functionality of these devices to facilitate route optimisation."



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3 KEEP VEHICLES WELL MAINTAINED

Regular maintenance of fleet vehicles will help maximise fuel efficiency, particularly as extensive daily usage can lead to issues such as fuel injection complications or defective exhaust systems that can impact economy.

"Regular maintenance may feel costly, but addressing minor issues early reduces the chances of major problems developing and avoids costly repairs," says Liam James of Novuna Vehicle Solutions.

Tyres account for up to 20% of a vehicle's fuel consumption, says Kwik Fit. So, it is important they are inflated to the correct pressure and properly maintained.

If they are even slightly distorted due to incorrect tyre pressure, the amount of friction with the road is increased, leading to higher fuel use.

Kwik Fit also recommends wheel alignment is checked annually, as this helps ensure tyres wear evenly and last longer.

Having even wear around the circumference of the tyre reduces rolling resistance with the road, which – as with correct tyre pressures – helps improve efficiency.

The choice of tyre also has an effect. All new tyres in the UK come with an EU Tyre Label, which includes information on fuel efficiency, wet grip and noise.

Fuel efficiency is rated on a scale from A to F, with an A-rating being the best possible. These tyres require less energy to roll and therefore burn less fuel.

5 REVIEW YOUR FUEL PROCUREMENT POLICY

Some fleets might find it possible to reduce their fuel bill by reviewing their procurement policy. Fuel cards are often seen by fleets as a more cost-effective and simpler substitute for credit cards, avoiding benefit-in-kind (BIK) tax implications and providing better visibility of what has been spent on fuel to make the reimbursement process as straightforward as possible.

It might also be worth suggesting to drivers that they ought to try to restrict themselves to filling up at supermarket petrol stations due to them generally being cheaper than other forecourt brands.

In addition, consider asking drivers to avoid costlier high-performance fuels due to their obvious impact on operational expenses.

"The fleet world is undoubtedly in flux from increasing costs, unpredictable world events which are impacting operations as well as the changing times as many move to electric vehicles," says Paul Holland, managing director of Allstar.

"It's important, therefore, to choose a fuel card operator that aligns with the specific requirements of your business and can support your end goals.

"While fuel is a major and unavoidable cost, fuel cards offer the simplest and most cost-effective way of buying it, from better rates at the pump, access to supermarket forecourts and now, some can even provide access to a network of charging points.

"Companies can also set rules on their cards to ensure their spending policies are fulfilled. This could include limiting the type of transactions that can be made, the amount of charge or volume of fuel, or even the days and hours of the week it is used."

By Ben Rooth

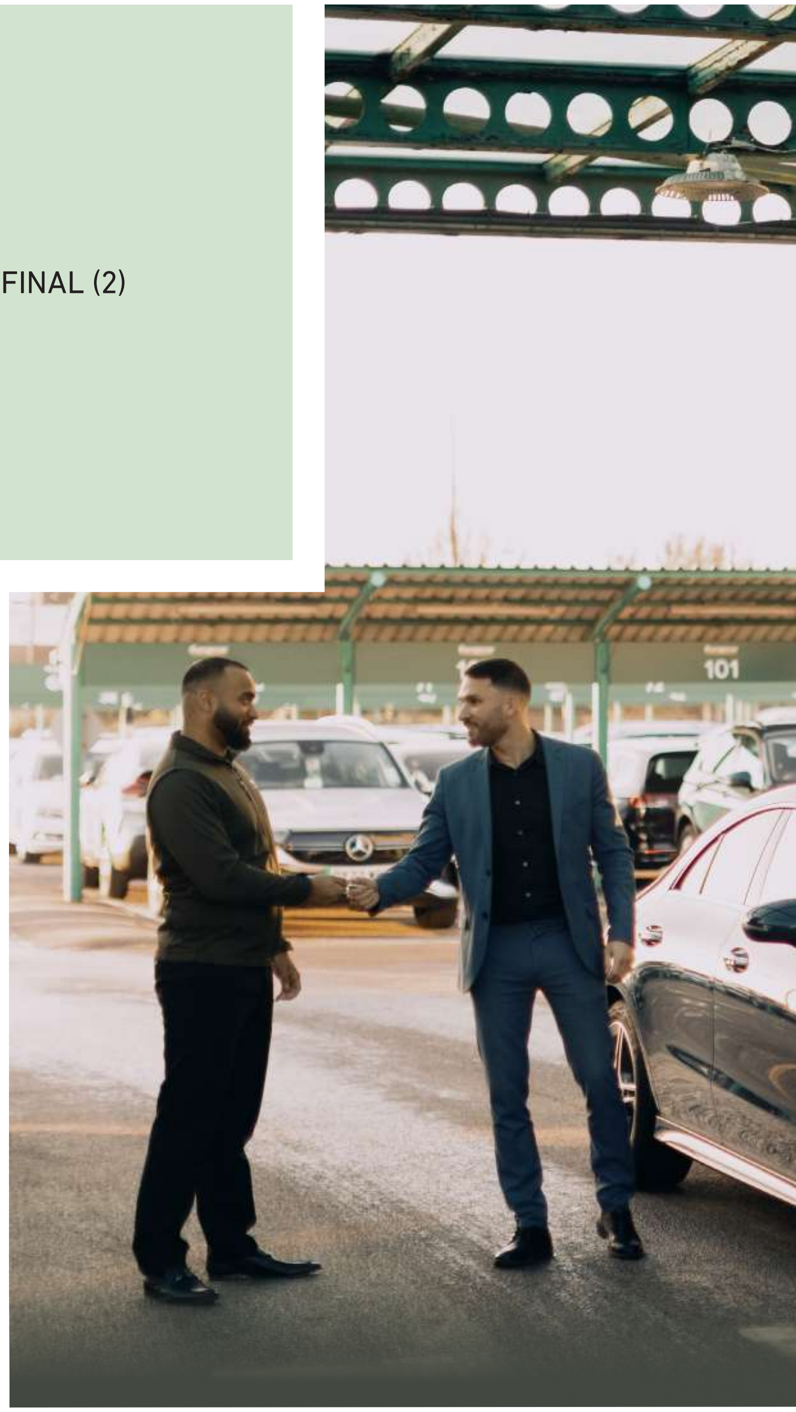
A SPECIAL REPORT BROUGHT TO YOU BY FleetNews

In association with Europcar

FLEXIBLE VEHICLE RENTAL IS KEY TO HELPING UK BUSINESSES DECARBONISE

Driver education, busting myths and offering flexible vehicle rental contracts are vital to encourage fleets to transition from internal combustion engines to electric vehicles

Video: 103440_europcar_EV-Hire_video_FINAL (2)



Businesses wanting to explore how they can best electrify their fleet can easily be put off by the high upfront costs required to acquire the vehicles or by concerns over how battery power could impact productivity.

Negativity around electric vehicles (EVs) can also cause hesitation as can nervousness around range and the cost of repair, maintenance and servicing.

But there is a solution.

Hiring electric vehicles from Europcar on a flexible rental contract can allow companies and their drivers to assess EVs in real-world conditions before they explore further how to make the switch.

It also gives them the opportunity to try out newer fuel efficient or zero-emission vehicles so they can find those that suit their operational needs.

Mark Newberry is Europcar Mobility Group UK's commercial director and sustainability spokesperson and is a keen advocate for the protection of the environment. His determination to 'do the right thing' when it comes to climate change has amplified since the birth of his three daughters.

He's genuinely passionate about helping companies explore the opportunity of getting their company vehicles and grey fleet transitioned to more fuel-efficient petrol vehicles, hybrids and fully electric.

"I've always cared about doing the right thing generally," he says. "Programmes like Blue Planet and a focus on COPs (Conference of the Parties, the UN Framework Convention on Climate Change) over the past 10 years really heightens awareness. And my children learn about it at school and come home to talk about it.

"I had my first EV about four years ago. I felt I could make a positive difference to my own carbon footprint. The children love the fact we're travelling in an EV and doing something positive."

Europcar is the perfect partner of choice to help a business reduce its carbon emissions.

Newberry recommends that company drivers trial an EV for at least a week to get them accustomed to the charging infrastructure. A shorter period is unlikely to provide a true assessment, he says.

He adds: "It's important that drivers go through a couple of charging cycles. A day's not long enough. They'll enjoy driving the car, but will still have the charging concerns they had before.

"Working with us also gives fleets the opportunity of trying new makes and models, some of which they may never have heard of. It's a good way of accessing the market without making any upfront financial commitment.

"They can learn how to make the charging downtime work for them – it can become 'uptime' as they can work while the vehicle is charging."

And Newberry says that most EV fleet trials result in happy drivers.

"Interestingly, our NPS (net promoter score) for EVs is about 10 points higher than for an internal combustion engine (ICE) vehicle, and that's across B2B and B2C," he says. "When people are unsure about EVs and they try one, they tend to be pleasantly surprised."

REVISED TRAVEL POLICIES

As well as working closely with a company's fleet manager, Newberry and his team are also in regular contact with whoever is responsible for corporate travel within an organisation.

Changing a business policy on travel saves money and emissions. The company is noticing that an increasing number of businesses are asking what forms of mobility can be used for a trip. Where can multiple tasks or meetings be handled by one journey? Can employees share journeys?

Small changes add up and every petrol or diesel vehicle mile removed from the road reduces a company's carbon emissions.

Newberry says Europcar is well placed to offer an extra layer of flexibility within a business. "Travel policy managers are looking for something that saves costs, is fit for purpose and is carbon friendly," he comments. "We work with them to re-examine their travel data and find out what travel solutions they have already considered. And, while we are a car and truck rental operation, if using a bicycle or walking or taking a bus or train is the right solution on that occasion, then it's the right solution.

"But, if a vehicle is required and the organisation doesn't need one for 365 days of the year, then Europcar can provide one for a day, a week or for however long it needs it. And it can have a vehicle for one week and then change it the next because the company requires something different."

> **"Working with us also gives fleets the opportunity of trying new makes and models, some of which they may never have heard of."**
>
> Mark Newberry, Europcar Mobility Group UK commercial director and sustainability spokesperson

Newberry says that the role rental can play in helping guide that decision is based on the organisation's requirements and how likely it is they will change.

He gives the example of a construction company that lands a temporary works contract in the north-east of England, where previously its workforce had been working on a project in the south-west.

He says: "In those circumstances, we can get the company vehicles where they need them geographically for the period they need them. It's helping travel managers understand how we can work together and that we offer a flexibility they can add into a travel plan that they may not have had before if they've been on a fixed or acquisition-based approach."

ELECTRIFICATION CONCERNS

Europcar is fully aware of the many concerns that fleets and their drivers can have regarding electrification.

"Fleet manager concerns are generally around some of the broader challenges, such as cost, driver safety, ongoing running costs etc., and we can help them with those," Newberry says. "Driver concerns might be around charging at home or the using the public charging network and they might be more interested in make and model."

Europcar recognises that most companies are committed to reducing their transport emissions, not only to meet Government's net-zero strategy, but also their own corporate sustainability goals.

Companies also need to plan for clean air zones (CAZs) and the extended Ultra-Low Emission Zone (ULEZ) in London.

"Fleet managers largely recognise that, as an industry, we have a role to play," Newberry says. "Transport contributes a large proportion of carbon emissions and there are ULEZ and other CAZs that fleet managers need to navigate.

"There is a will to do something. And we're there to take the balance sheet risk of acquiring the vehicles, sourcing the vehicles and managing the vehicles. They just need to manage the experience, which we will help with."

SUSTAINABILITY REPORT AND EV KNOWLEDGE HUB

Europcar's 2024 *Plugged into Sustainability* report not only sets out key landmarks in Europcar's own sustainability journey, but it also demonstrates how it is working with other businesses to "ensure the transition to net zero doesn't have a short-term negative impact on operations and business costs".

In the report introduction, Newberry says: "Europcar is on a mission to help overcome the fear, uncertainty and doubt that exists and win the hearts and minds of potential EV motorists.

"Helping businesses make the change from ICE to electric, through a mind-shift in terms of ownership and driving behaviour, is at the heart of our commitment."

The report also provides an insight into what is happening across the UK to improve accessibility and infrastructure.

Europcar recently launched an online knowledge hub that aims to provide valuable information for all drivers considering going electric and for those who have already made the transition.

It includes a beginner's guide, a charging guide and advice for businesses going electric.

Topics covered include the benefits of renting an EV, which EV to rent, planning an EV trip and the cost of renting an EV. It also provides a showroom listing all the vehicles available for rental.

Part of the guide's content aims to dispel the most common EV myths, such as 'finding public charging stations is like searching for Bigfoot', charging is 'painfully slow and inconvenient' and that 'EV batteries have a super short lifespan and are expensive to replace'.

It forms part of the company's free digital EV guide launched in 2023.

Newberry says it was important to face drivers' concerns head on and not simply brush aside the issues.

"We want to address myths and driver concerns, not just invalidate them," he adds. "If certain newspapers report that EVs spontaneously blow up, then let's talk about that and explain why it's not true."

EV RALLY

To get real-world experience of driving an electric vehicle, around 50 Europcar staff took part in last year's EV Rally, a 1,200-plus mile 'demonstration' of EV charging infrastructure across the length of the UK and Ireland.

The rally visited five capital cities in five days, using only electric vehicles and public charging points, to showcase the capabilities of EVs and to help a wider audience learn more about the UK's vehicle charging infrastructure.

"It was a logistical nightmare," jokes Newberry, "but we wanted to give people access to the experience and create some content that we could share with the business. Our staff were proud to take part and proud that our brand was so visible."

Newberry believes such events shine a positive light on electrification and help to negate 'much of the false, negative press around EVs'.

"Seeing is believing," he says. "If you do things to show that the technology is viable, then it might just overcome some of the noise. If you only convert one person and they tell their friends, then you're making progress.

"We've got this enormous challenge and it's not like we haven't got a technical solution to it. It's available and it's working.

FOR FURTHER INFORMATION **CLICK HERE**

"There is a will to do something. And we're there to take the balance sheet risk of acquiring the vehicles, sourcing the vehicles and managing the vehicles"

Mark Newberry, Europcar commercial director and sustainability spokesperson

EV BAROMETER

Having a clear understanding of how drivers perceive electrification gives Europcar the ammunition required to address concerns head on.

The Europcar electric vehicle barometer reveals how attitudes vary between private drivers and those who drive for work.

Its latest findings show the biggest barriers for employers making the switch to a more sustainable fleet, according to business drivers, are costs (40%) and lack of charging infrastructure (34%).

The same survey identifies that more than one-in-five private and business drivers (23%) admit to a lack of knowledge around EV driving and ownership, highlighting the urgent need for driver and fleet manager education around the options and practicalities of zero emissions mobility

Europcar's commitment to electrification starts with its own operations.

Last year, CO_2 emissions on new vehicles delivered to Europcar employees had reduced by 85% since the start of a partnership with CBVC Vehicle Management in 2021, compared with the legacy fleet.

Its Driver Vehicle Selection Portal aims to make it easy for company car drivers to select an EV, using market-leading technology, video reviews and vehicle trade-up options.

Plus, cash allowance drivers who want to capitalise on low benefit-in-kind (BIK) tax rates for EVs have been able to opt back into company car schemes.

TACKLING GREY FLEET

"A lot of organisations continue to have grey fleets and, as part of their policy, they may include scenarios when employees shouldn't use their own vehicle. That could be because of vehicle age, or journey length or the nature of the journey," Newberry says.

"That's where rental could provide the solution by supplying a more appropriate vehicle for that journey. Among the negatives of grey fleets is the lack of visibility over the level of maintenance on those vehicles. Ours will be a newer vehicle that has gone through condition checks, so there's a level of quality there and fleets will get the support they need."

For drivers, Newberry reiterates that, again, it gives them a chance to test an EV which could then inform their personal vehicle choice.

On the benefits of flexible rental, Newberry is clear – it tackles both the financial and environmental sustainability objectives for businesses.

"It allows fleet to toggle on and toggle off their vehicle requirements," he says. "The better fleets know their mobility requirements; the better rental can support them."

Newberry says the fact that all Europcar's vehicles are 'connected' allows the company to collect data which is used, for example, to track the mileage of individual vehicles so Europcar can recommend which cars the fleet should swap around to avoid reaching contract limits.

Such technology is also used for driver safety and operational efficiency.

"We want rental to be a cost-effective solution for our customers and our in-car technology has many benefits," he adds.

Europcar also provides electric and hybrid vehicles on long-term rental so employees can benefit from tax advantages while the business assesses the operational changes they may need to make for the use of electric.

Dependent on journey type and where the business is based, many rental trials of electric vehicles have demonstrated that an EV can be a far better option than an ICE model.

WAYS IN WHICH EUROPCAR CAN HELP FLEETS AND THEIR DRIVERS EXPERIENCE EVs INCLUDE:

- **Taking on the balance sheet risk of acquiring new vehicles.**
- **Renting EVs for short periods to experience driving and charging an EV first-hand.**
- **Providing data on real-world mileage, charging usage and costs to address range anxiety and cost concerns.**
- **Educating fleet managers and drivers on the EV driving experience and addressing common myths through test drives and reports on user feedback.**
- **Highlighting flexible rental options that allow fleets to try different vehicle types without long-term commitments as EV technology advances.**

Advertisement feature

Improving fleet efficiency for operational excellence

Years of experience underpins Herd's passion for customer CARE

Keeping your fleet on the road is absolutely critical for operational excellence in any industry. Effectively managing a fleet requires prioritising fleet availability, utilisation and reliability. Strategically addressing the challenges and opportunities in each of these areas is a fundamental step towards significantly improving overall operations and driving increased profitability.

At Herd, we have a taken our years of experience and expertise and developed a solution so that everything for your fleet is completely taken CARE of. We take care of a broad range of services including vehicle acquisition, service, maintenance and repair (SMR), and driver management through to de-fleet, refurb and disposal.

There's no getting away from the fact that fleet management can have a huge impact on a business in terms of finances and resource. The backbone of efficiency encompasses a wide range of factors including best practices, experience, expertise, and advice along with innovative products and technology to ensure optimal utilisation of a vehicle.

Leaner operations come with well-maintained vehicles which sustain optimal performance levels, contributing to lower emissions. Robust maintenance schedules ensures that engines run smoothly and vehicle off-road (VOR) time is kept to a minimum.

A well-maintained fleet is a key resource to reduce safety risk. At Herd, we help monitor the life of your fleet from "cradle to grave" and ensure vehicles are properly maintained and replaced when needed so the chances of on-the-road failures that could lead to accidents or costly delays are reduced.

We know that VOR disrupts service obligation and adds a huge hidden cost to a business.

Despite this, many businesses fail to measure their van fleets' VOR time in terms of £s, focusing solely on repair costs, rather than factoring the "lost revenue" of not having a vehicle available.

Repair costs can often be significant, but delays in authorisation or vehicle repair bookings being poorly managed can be even greater, costing businesses thousands in lost revenue. Proactive maintenance addresses potential failures, keeping vehicles on the road and operations running smoothly.

"At Herd, we provide the tools to help our customers deliver an optimal level of fleet operational excellence. Herd Synergy is an invaluable solution for anyone running a fleet of vehicles. We maximise the availability and minimise the downtime of vehicles while providing this at the lowest cost possible"

Gemma Dickson, Herd Group Sales and Marketing Director

Gemma Dickson, Herd Group Sales and Marketing Director said: "At Herd, we provide the tools to help our customers deliver an optimal level of fleet operational excellence. Herd Synergy is an invaluable solution for anyone running a fleet of vehicles. We maximise the availability and minimise the downtime of vehicles while providing this at the lowest cost possible.

"We've spent years developing a unique culture which has been built on a passion for customer CARE and we have a brilliant team that goes above and beyond. We don't just supply vehicles, but do everything we can to make life easier for businesses, that rely on vans and fleet for profitability and growth while helping businesses."

To find out more visit: www.herdgroup.co.uk

Herd Synergy

Brilliant fleet solutions.
Amazing customer **CARE.**

Lower BIK tax helps the revival of salary sacrifice

Salary sacrifice (sal/sac) has been one of the big success stories in the leasing sector in recent years, but all too often this is not reflected in the take-up rates of individual schemes.

At a recent Fleet200 Strategy Network event, three fleet decision-makers said their companies, which each had between 500 and 1,200 employees, had between just nine and 11 vehicles ordered through their schemes within the first 12 months.

But there are steps an organisation can take to ensure it maximises take-up.

It is important staff understand how the funding method works: it enables drivers to lease vehicles through their employer and pay for them with their pre-tax income, giving them access to a new vehicle for less money than if they had sourced it privately.

The set monthly payment includes fully comprehensive car insurance, road tax, breakdown cover and maintenance, and, although the employee does not have to pay income tax or national insurance – employers also make NI savings – on the amount sacrificed, they do have to pay benefit-in-kind (BIK) tax on it.

However, as BIK is currently just 2% for battery electric vehicles, it is proving an effective way for employers to give employees access to the zero emission cars.

DETERMINE PURPOSE

A key first step with running a salary sacrifice scheme is for fleets to determine what its purpose is.

The vast majority of schemes are offered as a staff benefit, while there are examples, such as at Willmott Dixon, where the funding method has been used by fleets to replace the company car scheme.

However, Chris Salmon, commercial director at SG Fleet, says this is not necessarily straightforward.

"Understanding that a salary sacrifice scheme is almost never a 'magic wand' to fully removing a company car scheme without considerable adjustments is key to ensuring the overall fleet/salary sacrifice/employee operations are optimal," he adds.

"Schemes are sometimes either sold as this or requested by clients to be dropped in quickly to allow the removal of a company car scheme; often company car schemes and salary sacrifice schemes have different outcomes and this process is not quite as simple as it appears.

"Really understanding this and ensuring expectations are accurately set out and accounted for at the outset is the only way of ensuring this does not cause issues for the company and its employee base."

SG Fleet has seen an increasing number of clients reduce their perk car eligibility for low business mileage users, and they are looking to salary sacrifice to help those employees rather than simply moving them to a cash allowance.

MANAGE EXPECTATIONS

Although the fleet decision-makers at the Fleet200 event were disappointed with their take-up, there is no set level an organisation should expect to achieve, says Liam James, head of corporate business development at Novuna Vehicle Solutions.

"It's all down to the demographic of the employees," he adds. "You can't get away from the fact that if you work with a retail customer, for example, they might have 10,000 staff and some of them might be on flexible contracts, etc., so your take-up could be restricted to just a certain management population.

"It might be quite small as an overall percentage of the entire population, whereas we've got a lot of legal firms and financial institutions where the uptake can be between 30% and 45%."

This means it is important that a fleet is realistic about the potential for its individual scheme, he adds.

A sal/sac supplier should be able to provide guidance on this, and this is a key question for an organisation when choosing its scheme provider.

Other factors include considering the profile of any potential supplier, including the experience it has of running salary sacrifice schemes, customer testimonials and its relationships with manufacturers and service providers.

This analysis should also include risk protections, such as early-termination insurance for employees if they leave their organisation during the lifetime of their agreement.

Without any cover, employees could face hefty bills if they have to hand their car back before the end of their contract, but the insurance offered by suppliers differs: some may cover just redundancy, while other circumstances such as long-term sickness or resignation will be omitted.

Organisations should also examine how a scheme provider helps with marketing.

"You start to drive participation through raising awareness," says James. "The leasing company should make sure it is involved with this.

"We've done roadshows, wrapped cars, produced new materials, organised competitions and gone to employee days to promote schemes."

ONLINE PORTALS

The provision of online driver portals is also important as they allow employees to see what vehicles are available through the scheme, what the cost implications are and find further information through FAQ pages.

The best ones display clear analysis of the gross salary sacrifice, tax deductions and ultimate net salary sacrifice, as well as a comparison of what it would cost to lease the same car privately.

"You can't just set something up and expect success to happen. It needs the employer to be engaged as well," adds James.

Decision-makers at the Fleet200 meeting said it was important to share the national insurance savings an organisation makes with participating staff members to prove it is an employee benefit instead of a way for their employer to profit from it.

They cited affordability as a key factor in the low level of take-up they had experienced, with the cost-of-living crisis and rising lease prices of BEVs playing their part.

Lower-earning employees are also unable to take part if the sal/sac arrangement takes their earnings below the national minimum wage.

However, the schemes are becoming more affordable, say salary sacrifice providers.

"There is more affordability coming into the marketplace with the Chinese brands, but also we're seeing an increase in OEM discounts, mainly driven by the ZEV Mandate," says James.

"What's also helpful is there is a bit more availability, you can get cars quickly and that is definitely attractive to customers."

A number of salary sacrifice providers are also offering used vehicles through their schemes to further lower monthly bills, with SG Fleet saying "the popularity of used vehicles on our schemes has never been higher".

By Andrew Ryan

Convenience and efficiency for the fleet manager

Personal contact backed by digital solutions results in the service customers seek

Reducing downtime, increasing fleet efficiency, lowering costs – these are all essential elements of a fleet manager's role. It's a job that is becoming increasingly complex, too, balancing operational efficiency against a swiftly moving automotive landscape still going through the early stages of decarbonisation.

Choosing partners that can assist and understand those demands is important.

It's something we have been analysing and considering the best way to respond: how do we constantly evolve our offer to support our customers, and their fleet managers, better?

First, one way to do this, we believe, is for fleet managers to be able to speak to a real person. As more fleet services become increasingly digitised, ATS remains welcomingly analogue with a dedicated Personal Account Manager to listen to your requirements and find solutions to the issues you are facing. It's about being onside.

That doesn't mean we don't have digital solutions as well. For the fleet manager there is our SALIX web portal which provides a holistic view of your fleet's tyre work, both planned and emergency, all in one place.

In addition, proactive tyre management should always feature on a fleet manager's list to maximise uptime. Our MasterCare service offers just that. Designed for larger fleets, it ensures you do not miss out on essential tyre checks that are critical for enabling a watertight duty of care programme.

Our tyre inspections aim to identify potential hazards before they happen, prolong tyre life and minimise risk of failure. They can be tailored to your fleet's tyre policy.

Jason Chamberlain, Commercial Director at ATS Euromaster

With MasterCare we record the condition of your fleet's tyres and provide a real-time overview with recommendations for any remedial work that will minimise downtime in the future.

These checks can be conducted at a time that is convenient to you, without impacting key operational hours of the day.

It's all about making the process as efficient as possible.

For your drivers there is our online booking portal as well as our mobile booking tyre assistant app. These self-serve tools put convenience and power at your drivers' fingertips.

By using the online booking portal, they can proactively book vehicles for work at one of ATS Euromaster's centres. With the booking assistant app, they create an appointment for one of our mobile tyre fitters to visit them without impacting working time.

The app provides real-time insight and availability, from booking slots to live tracking of technicians.

Introduced last year, the app does away with what was previously a 48-default time slot allowing drivers to choose an appointment that meets their own timescales with calendar availability shown in real time.

SMS messaging or emails provide improved communication with the driver, offering updates on job progress.

What's more the app allows ATS Euromaster to enhance the efficiency of its own mobile fleet, which can now be allocated to geographically-grouped routes, which, in turn, provides greater efficiency for fleet customers with increased mobile fitter availability.

It's all part of our response to making the job of the fleet manager more efficient, easier and more convenient.

ATS EUROMASTER
Tyres and Vehicle Maintenance

For more information visit
business.atseuromaster.co.uk/car-van/lp

ATHLON

Operational excellence starts here

getting you there

The concept of "getting you there" extends beyond simply putting people in the driver's seat. It's about more than just supporting fleet managers in overseeing the day-to-day, Athlon want to help you master the complex factors influencing your fleet's long-term success, such as financing, operational cycles, future-proofing and budgeting.

Athlon immerse themselves in your unique business challenges to truly understand what will make the difference, before tailoring a personalised solution that helps you unlock new efficiency and cost-saving opportunities. This renowned consultative approach is what sets them apart from others. Feeling like an extension of your team is their top priority and they achieve this by delivering excellence at every stage of the Athlon journey.

Get in touch

0333 222 3000 | hello@athlon.com | athlon.co.uk

1. A personalised, easily contactable, dedicated team
With Athlon, you'll receive an individual experience that combines data-driven analysis with a helpful human touch to ensure you're always getting the best, relevant guidance and a convenient attentive service. This leads to less waiting time, reduced anxiety, and increased peace of mind.

2. Reducing vehicle downtime
Athlon has a dedicated vehicle downtime management team focused on minimising the time vehicles are off the road.

3. Proactive fine management
Always being on hand to support with timely advice and best practice tips helps drivers avoid fines. Athlon monitor trends and can provide analysis and reporting to help you better identify possible repeat offenders, or to advise you on how to better navigate costly emission and toll zones.

4. Keeping you in the loop
Managing fleet administration can be challenging to balance. Athlon prioritise safety for you and your drivers. They offer proactive support to keep everyone up-to-date on necessary tasks and ensure proper insurance and compliance.

5. Partnerships you can rely on
Strong partnerships offer peace of mind when you need it most. Athlon prides itself on who they collaborate with and will work with a range of the most reliable suppliers in the UK, including AA, I247, Kwik Fit, Fleet Assist, Nexus, FMG, Drivetech and Brightmile, prioritising efficiency and safety on the roads.

6. Less admin for fleet managers
A dedicated team can take on the responsibility of uploading all fleet details to the Motor Insurance Database, ensuring compliance and accuracy in vehicle documentation. Additionally, Athlon provides fuel card management services and driving licence checking, streamlining administrative tasks for fleet managers and enabling efficient tracking and control of fuel expenses.

These integrated solutions not only enhance operational efficiency but also alleviate the burden of manual data entry and management, empowering fleet managers to focus on strategic decision-making and optimisation of their fleet operations.

7. Vehicle storage and easy handling
Athlon provides storage, movement, safety checks, and valeting services to ensure a smooth transition for departing employees. They also offer convenient solutions for both new hires and departing colleagues, supplying new drivers with comprehensive vehicle delivery, including literature, driver tips, and customised advice. Dedicated training is also available for further development.

The replacement cycle conundrum – depreciation Vs SMR

Long gone are the days when determining a replacement cycle for a company vehicle was an automatic choice.

The traditional three-year/60,000-mile cycle which served the industry well for so long no longer dominates as many fleet decision-makers have realised it was not necessarily the most cost- or operationally-effective term for their needs. Improved vehicle reliability now means it is a simple choice to hold on to vehicles for longer if they want to.

"With Covid and the credit crunch, over the past couple of years everything has been driven by cost, and one of the easiest ways to reduce annual expenditure is to extend the life of your assets," says Paul Hollick, chair of the Association of Fleet Professionals (AFP).

As a result, many van fleets have moved to five, six or seven years' turnover. "Product quality is good these days, especially when a vehicle has not done huge mileage," Hollick adds.

"Fleet managers might replace them after 150,000 to 200,000 miles and, with modern servicing and repair techniques, as long as they are repaired within manufacturers' and leasing companies' recommendations, that's fine," he says.

"This will bring higher service, maintenance and repair (SMR) charges, but that is far outweighed by the reduction in leasing and finance costs."

CREATIVE FLEET MANAGEMENT

Replacement cycles can give many opportunities for creative fleet management, provided operators understand the pros and cons inherent in reducing or extending them.

Reducing them gives greater flexibility, allowing fleets to change vehicles more regularly, test electric vehicles (EVs) on a shorter cycle or take on new vehicles or technology, potentially bringing better fuel consumption (or improved range), lower SMR on EVs and reduced CO_2 emissions.

The downsides include the greater administration inherent in this, plus, "higher lease rates, which are already elevated due to rising interest rates, increased list prices and, for vans, larger fit-out and body costs", says Shaun Sadlier, former head of consultancy at Arval UK.

Conversely, lengthening cycles may reduce monthly outlay by allowing fleets to fix expenditure over a longer period.

But there may be a negative impact on reliability, driver acceptance, recruitment and on customers, who may see older, more tired vehicles.

Two of the major factors which affect the cost of operating a vehicle and are directly influenced by the length of replacement cycles are depreciation and SMR costs.

As a general rule, vehicles depreciate faster in the first few years after registration before flattening out as the vehicle gets older.

Leasing companies use residual values to calculate the monthly rentals of vehicles, and the greater the depreciation, the higher the lease rate tends to be. This means a vehicle kept for longer tends to have lower monthly rentals than if it was kept over a shorter period.

However, the older a vehicle is, the greater the maintenance costs, meaning fleets will need to find a balance between SMR and leasing costs.

Extended replacement cycles also result in the need for MOTs to be performed after three years, vehicle warranty expiry in some cases (although several manufacturers offer longer warranties) and managing SMR charges as a vehicle ages.

COMPANY STRATEGY

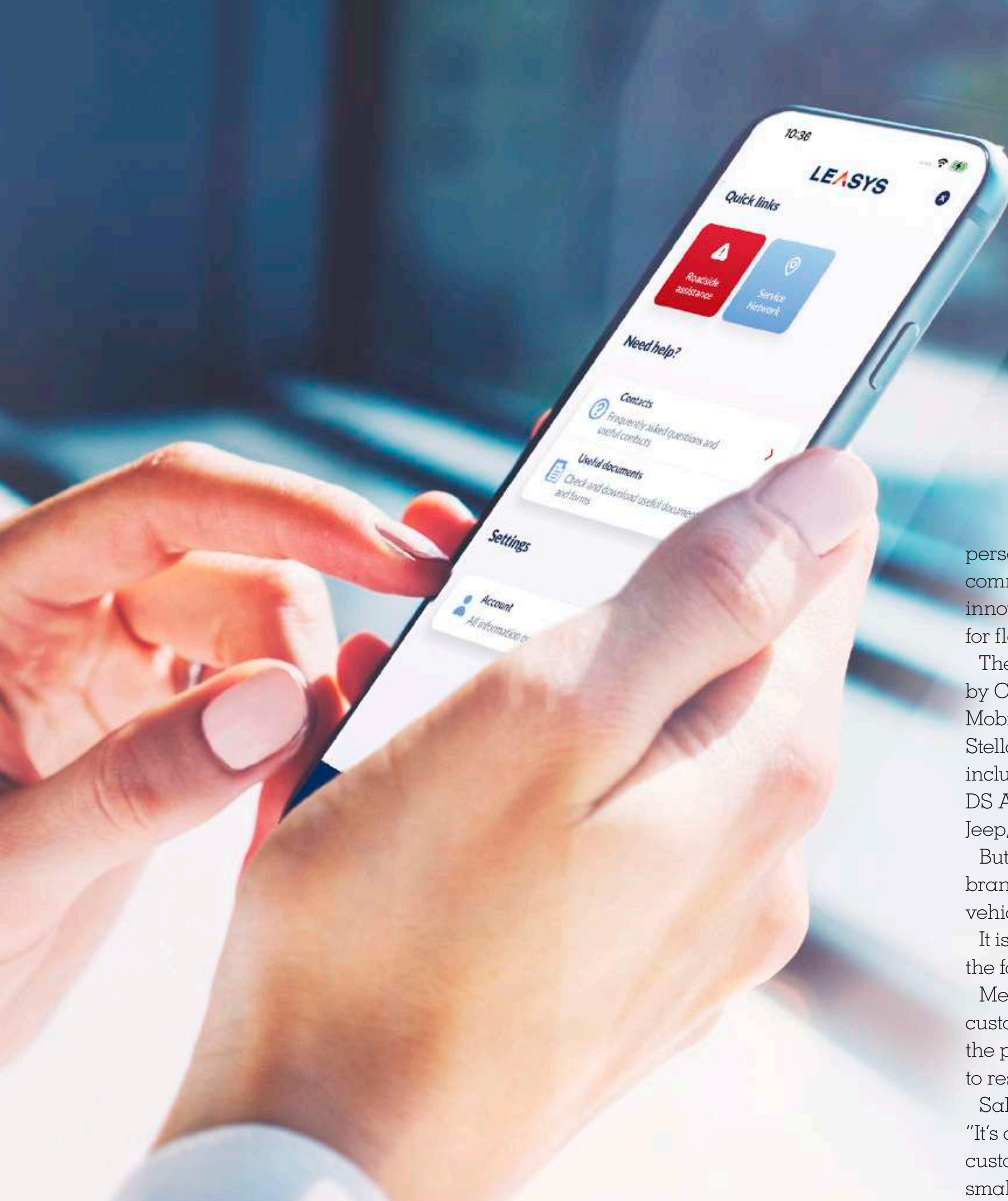
Replacement cycles can be used tactically to help organisations achieve strategic goals, such as the decarbonisation of their fleet on a set timeline.

They can either extend or shorten cycles so they match certain events, whether that is the launch of new EVs which are fit-for-purpose from range or payload points of view, or the availability of suitable charging infrastructure.

"As a result, fleets are keeping diesel vans longer, in the expectation these factors will improve in the short-to-medium term, something that we may now be seeing with 100kW vans becoming available," says Sadlier.

By Catherine Chetwynd

Leasys: delivering a best-in-class customer experience



Fleets wishing to achieve excellence within their organisation will need to partner with a supplier who is fully committed to offering best-in-class customer service.

Leasys, a powerful top 10 multi-brand vehicle leasing company formed from a merger with company Free2move Lease, prides itself on offering class-leading personal customer service and a commitment to launching a raft of innovative new products and services for fleets.

The merged company is owned jointly by Crédit Agricole Personal Finance & Mobility and vehicle manufacturer Stellantis, whose brands in the UK include Abarth, Alfa Romeo, Citroën, DS Automobiles, Fiat, Fiat Professional, Jeep, Maserati, Peugeot and Vauxhall.

But Leasys offers a multi-channel, multi-brand approach that extends beyond the vehicle maker's UK products.

It is committed to putting the customer at the forefront of every decision it makes.

Members of a dedicated team of customer agents are keen to understand the personal needs of every customer and to resolve any issues quickly.

Sales Director David Robertson says: "It's about listening and understanding the customer's individual requirements. Many small-to-medium enterprises (SMEs) have a fleet manager who has another role in another function, such as HR. We engage with those customers differently than we would with a large company, who will have a dedicated fleet manager."

Director of Customer Care and Quality Karen Musacchio-Adorisio says: "Our team is cross-skilled in all aspects of customer service, so its members have the confidence to help customers without the need for email ping-pong or the need for customers to hang on the phone waiting to be transferred to the relevant person. Our customers are busy and that's not the best customer service.

"Our large fleet customers have a single point of contact. And those customers can reach that single point via a mobile phone, so they don't need to go through any interact voice response (IVR), and they also have access to an email address that is solely for them, allowing them to inquire about any aspect of their contracts."

Leasys genuinely cares for its customers and is keen to build its leasing experience around their requirements. It operates a strict set of service level agreements (SLAs) for response times, whether it's answering the phone or replying to emails, and it measures its performance at the end of each communication with a short customer survey.

Customer service is always the first point on the agenda of senior management meetings.

Customers can access relevant documents, such as contracts, invoices and other communications, via their online customer portal called My-Leasys.

The portal allows customers to log into their own dedicated area to access their documents and hear about the latest Leasys news and special offers.

It allows customers to have vehicle information and mileage details at their fingertips as well as giving them the opportunity to view and download invoices and other information at a time convenient to them.

Musacchio-Adorisio adds: "The customer is at the focus of everything we do, and every decision we make. It's very exciting that we could merge two large companies and take best practice from each. Our ultimate ambition is to have an unrivalled customer service experience."

She adds that as well as looking at where the company performed well in its customer survey feedback forms, it is also keen to see where it did not perform so well.

"We look at negative or passive feedback," Musacchio-Adorisio says, "because we're always looking to improve our processes. We will involve the whole team in that discussion, not just management."

Leasys UK Managing Director Matthew Boswell adds: "You can have the best systems in the world, the best processes in the world and you can be market leader on paper. But these always get delivered at both ends by a person and it's about making sure that individual is looked after. That is at the core of our organisation and always will be."

"We can now confidently say that we offer an end-to-end fleet management/ SMR management package for all our corporate customers"

Shane Coomber, Marketing Director

Musacchio-Adorisio continues: "We've worked very hard to get the culture and team ethos right and it's now reaping some amazing benefits in all areas of the business.

"We do have high standards and we will support every member of staff to meet those standards with training and personal development plans."

She adds: "We've been measuring Net Promoter Score (NPS) since the merger and the results are incredible, which is testament to a team where we cross-skill, ensuring we have team members that are able to answer any inquiry that comes in from any customer on the telephone."

On the wall of the Leasys office is a charter signed by every member of the senior management team, pledging the wellbeing of staff as a priority.

In return, Boswell adds, Leasys employees are fully energised and committed to the business and meeting the needs of its customers.

Regular 'coffee and connect' meetings allow the sales team to meet with senior management to give honest feedback and to make suggestions for improvement in a safe environment.

As part of the company's strong customer service ethos, Boswell, too, can be found conversing with customers, something he sees as a regular part of his job.

"We don't have a belief in hierarchy within Leasys," he says. "We are all accessible to our customers."

Leasys' sales function is separated into two distinct channels, direct and indirect, with no distinction made between car and van fleets. A sales support function lies behind both channels.

Indirect: Servicing its retail network and broker partners.

Direct: A team of national account managers is responsible for any vehicles sold directly to customers, typically SMEs and larger fleets.

Its commitment to offering new products has seen it partner with a mobility solutions provider to offer a new short-term rental service to customers.

Through the partnership, Leasys' customers will be able to rent a car or commercial vehicle outside of their main leasing agreement for personal or business use for between one and 28 days.

The new short-term rental service, says Leasys, will enhance the range of services it offers in the UK, as part of the company's ambition to deliver efficient and effective solutions that cover the full spectrum of mobility needs.

Announcing the partnership, Boswell said: "We are excited to be launching this service, allowing us to expand our customer offering and provide even greater flexibility through this new and comprehensive short-term rental service."

Marketing director Shane Coomber adds: "We can now confidently say that we offer an end-to-end fleet management/ SMR management package for all our corporate customers and with the additional, newly launched short-term rental solution in the UK, we ensure mobility is covered end to end."

Learn more about Leasys' year of achievements and exceptional growth here

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Allstar Chargepass® means drivers can 'top up' anywhere in the UK

Ashley Tate, MD Allstar Chargepass®

We know not all businesses are at the same stage of their journey when it comes to making the leap towards electric vehicles (EVs).

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Allstar Chargepass® is the UK's only solution that has been built with businesses on the road in mind.

No other product on the market offers the flexibility to choose and change the features they really need as they move from traditional fuel to electric. It really does it all: fuel, public EV charging, home charging, reporting, controls and more.

The strength of the Allstar Chargepass® network – which includes the Tesla Supercharge network, InstaVolt and Gridserve – is a huge benefit for our customers. They have confidence that they can refuel their vehicles or charge their EVs anywhere across the UK.

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Learn more at: allstarchargepass.co.uk or scan the QR code.

SCAN ME

Spending SMR wisely

Jason Chamberlain, ATS Euromaster Commercial Director

There's no question that fleet managers have to keep a lid on rising service, maintenance and repair (SMR) costs. The cost of labour and parts is continually pushing up prices, while the requirements of electric vehicles, which generally come with larger tyre sizes thanks to the SUV styling, also stretches SMR budgets for fleet managers.

But there are ways to make your SMR spend more effective by taking a more holistic view over SMR work.

Too often vehicles go in one month for tyre repair and the next month they need a service. Combining both in the same day makes your fleet more efficient by lowering time off-road, cutting costs and reducing back end invoicing.

So, look at what your fleet requirements are over a three month period and see what services can be bundled together – and help keep a lid on SMR costs while making your fleet more efficient.

Gain actionable insights with fleet management software

Although fleet management technology is well established, there are still many fleets out there continuing to gather data on paper.

But acres of spreadsheets are neither an efficient nor financially viable use of a fleet manager's time.

The driving force behind best practice in fleet management is corralling disparate sources of live, dynamic data into a central online point so that fleets have a holistic view of their drivers, vehicles and how the two interact, all in a standardised format. Spreadsheets of historic, static data do not do that – technology can.

Telematics, maintenance history, fuel card transactions, MOT and service reminders, exception reporting, driver vehicle checks, camera records – whether forward-facing or in-cab, the volume of data can be gargantuan, a quantity that can be exacerbated by having several suppliers.

It is no easy task. But the need to master it is incontrovertible; it is a legal, moral and commercial responsibility.

"Fleet managers want strategic insights to improve operational efficiency, manage compliance and achieve the business objective," says Richard Evans, sales director at Jaama.

A first step in the direction of 'nirvana' is to find a fleet management system to gather together the information. There are several points to consider before committing to this.

- First, create a data strategy. To do that, understand what data you need to steer your fleet operationally and strategically, then find partners to provide that and make sure you can aggregate their data easily; otherwise, there is a risk of being blinded by data. "Focus on the pain points and consider opportunities to palliate those through new technology solutions," says Evans.
- "Outsource the heaving lifting, but keep the strategy, data and what you want to do with the fleet internally. Don't rely on the leaseco to give you the strategic advice while you do the heavy lifting, that's the wrong way around," says Paul Hollick, chair of AFP (the Association of Fleet Professionals).
- Ask whether your potential providers have access to application programming interfaces (APIs). These facilitate integration of live data from a number of systems into one place, allowing you to respond speedily to potential problems. "More and more vendors are offering API integrations to give immediacy of data so that, instead of waiting for the fuel card bill, you get it live," says Stephen de Launay, global product evangelist for Chevin Fleet Solutions. Telematics, for example, has always had API integration, ensuring fleet managers know in real time when a dashboard warning light comes on.
- Ask whether the supplier's system is legacy, i.e. updated by provision of new software every three-to-six months, or software as a service (SaaS), which is cloud-based and gives direct access.
- "Choose a provider that is industry-led. Fleet is a fast-moving industry; at Chevin we meet customers regularly to learn their challenges and we develop products based on that information," says Richard Clark, global head of product at Chevin. "If software is client-led, it is a one-off for the company and evolves only with that client, not with the industry."

DRIVER AND VEHICLE SAFETY

Maintenance, services, MOT, tyre checks – all these things can, and should, be recorded by the driver and sent straight to the fleet manager via smartphone technology and apps, which are

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ISTOCKPHOTO.COM/ANDREYPOPOV

easy to institute and simplify onerous tasks. It is an easy entry point for companies.

Driver access by password ensures fleet managers can audit daily vehicle checks and giving apps to grey fleet drivers brings them into the fold. This will also highlight exceptions to policy – overdue services, etc.

Similarly, mileage tracking and fuel economy – of either drivers or vehicles – draws attention to the need for replacing vehicles or training drivers; this is particularly important with ever-ageing fleets on the road.

Where checking vehicles between services was not necessary a decade ago, with longer service intervals and older vehicles in fleets, it has become a must.

"We work with organisations to track defects so they are properly managed; they have a duty of care to do this," says FleetCheck founder and managing director Peter Golding.

"This can be combined with whether an MOT or service is due, in response to advisory notifications from a garage.

"Responsibility for those vehicles does not sit with the manufacturer nor with the leasing company, it is with the company that employs the driver.

"Gone are the days when you can put the onus of responsibility onto drivers to book a vehicle in; it categorically isn't. The adoption of technology has been slow, but it has been accepted as organisations have understood the benefits."

Even people who organise their lives on their mobile are often reticent about introducing technology to run a fleet, usually due to a perception it will be complicated to use.

This is exacerbated by the fact that most companies are already paying for Excel and buying software involves a new investment, even though it can be relatively small.

This is particularly true of businesses where fleet is managed by finance. "Excel is good for financial calculations and doing analysis of funding, but it is not a robust way of managing a fleet," says Golding.

There is also still a myth that fleet management software is most suited to large fleets, but Golding set up FleetCheck for SMEs and then acquired larger fleet clients.

Once organisations have invested in fleet management software, they do not move away from it. But Golding warns: "Companies usually become aware of the Health & Safety at Work Act 1974 and duty of care when something goes wrong and suddenly they urgently want to get their records in place; that's a bit late."

> GONE ARE THE DAYS WHEN YOU CAN PUT THE ONUS OF RESPONSIBILITY ONTO DRIVERS TO BOOK A VEHICLE IN; IT CATEGORICALLY ISN'T
>
> **PETER GOLDING, FLEETCHECK**

EXPENSE MANAGEMENT

The increased costs of running a fleet are driving the need for introducing controls, which is not possible without good record keeping.

All roads lead to automation, and technology allows fleet managers to see clearly the total cost of ownership, including fuel consumption, maintenance, reliability and much more; driver and vehicle data provides evidence.

"With operational excellence, fleet managers can challenge the data. If maintenance spend is low on a vehicle, they can go back to their contract hire company and discuss extending some vehicles, returning others, or maybe negotiate pooled mileage," says de Launay. "With tangible data, you can manage elements such as vehicle replacement and programmes."

Fleet managers should be working towards the business objectives to help drive fleet efficiencies, and technology is the most effective and efficient way to do that. For companies that do not even have a toe in the water, there are easy ways to start.

By Catherine Chetwynd

People-first approach at the core of prioritising customer needs

Angie Emberton-Smith, Head of Customer Support, Athlon UK

Efficient fleet management is crucial in today's fast-moving world. We believe that a customer service team must adopt a proactive stance by spotting and addressing trends early and minimising any impact to customers and drivers.

The Athlon team recognises that every business has its own unique objectives and requirements. We create a personalised service by truly understanding our customers' needs whether it's compliance, maintenance, or driver behaviour. Through leveraging data insights, coupled with our third-party suppliers we can deliver bespoke, data-driven solutions for customers and drivers.

Our dedicated customer service team embodies our people-first approach, utilising leading technology and applications to handle simple and complex tasks in a personalised, human way. Whether it's maintenance schedules, driving licence checks, or relief vehicles a successful partnership means aligning our efforts with your goals, ready to assist and prioritise your needs.

Athlon recognises the importance of a collaborative supplier network that shares our commitment to working closely with our customers, combining their expertise with leading applications while always maintaining a direct line to human support. These partnerships enable us to deliver bespoke solutions, keep vehicles on the road and reduce our customer's cognitive load.

To find out how Athlon can support your fleet, click here to book a FREE fleet consultation with one of our experts.

ATHLON

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Gemma Dickson, Herd Group Sales and Marketing Director

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Amazing customer CARE.

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Herd Synergy from the Herd Group, provides a broad collection of services, allowing customers to create bespoke, dynamic solutions that delivers greater value for their business.

We provide a comprehensive range of fleet mobility solutions, including flexible vehicle rental, fleet management, licence checking, vehicle tracking, accident and risk management, alongside end-of-vehicle-life services to maximise resale values of owned vehicles.

Every fleet offering is tailored to each individual customer, ensuring our customers are operational 24/7 while delivering fleet savings.

Herd supports customers with their transition to EV with a wide range of Herd Zero fully-electric vehicles. So, whether a customer is at the start of their EV journey or positioned for full electric transition, Herd can support at every level.

An expert in the provision and management of commercial vehicles, Herd Group is a respected and leading brand, recognised as the industry leader in providing exceptional customer CARE.

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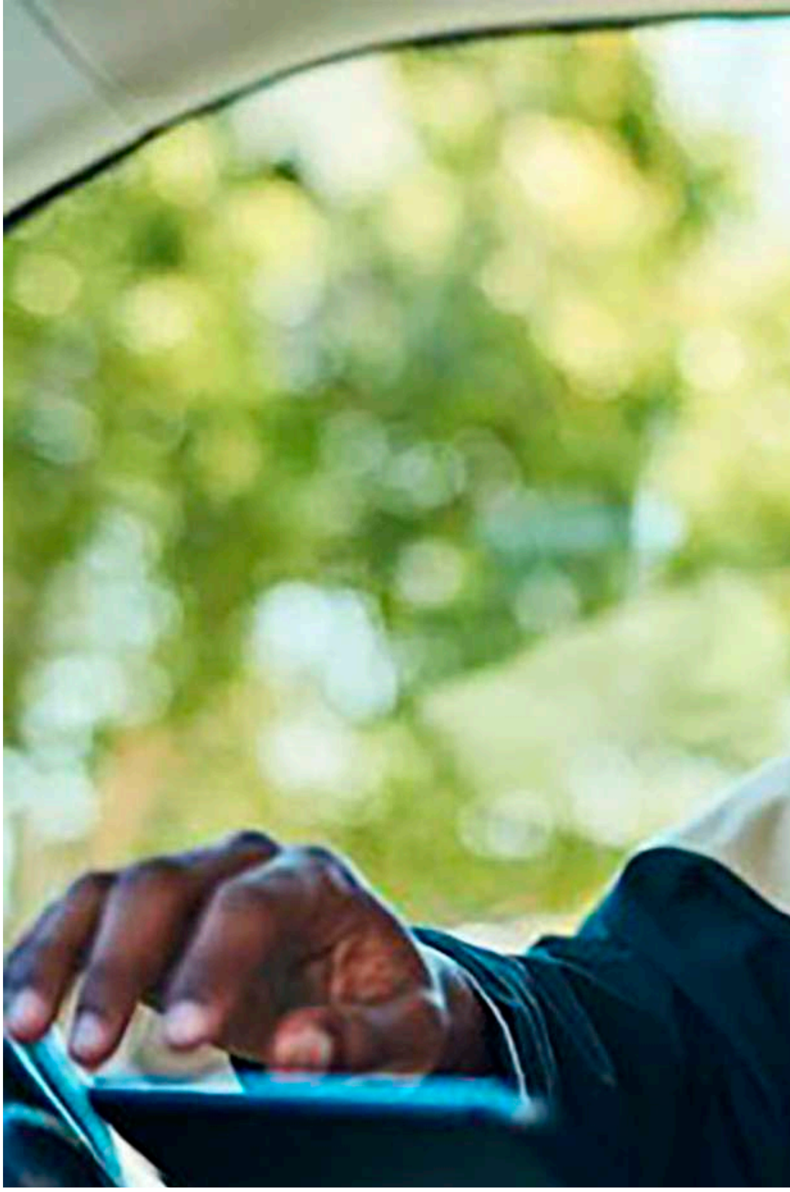
A SPECIAL REPORT BROUGHT TO YOU BY FleetNews

WHY FLEETS NEED FLEXIBILITY TO BE COST EFFECTIVE

The rigidity of contract hire's fixed terms is denying businesses the agility to seize cost-saving opportunities and maximise the financial value of their vehicles

In association with Holman

Driving What's Right



From the minute that a vehicle arrives on a fleet, even the most meticulously calculated total cost of ownership (TCO) figures start to unravel. Fuel and energy prices fluctuate, residual values (RVs) rise and fall, and annual mileages vacillate according to business needs. Muddying the waters further is the unique impact of each driver's right foot on fuel consumption, maintenance spend and insurance risk.

The difficulty faced by fleet decision-makers is that typical leasing arrangements lack the flexibility to adapt to changed circumstances. With contracts set in stone from day one, vehicles serve their prearranged term for their prearranged fee, whether they prove reliable or unreliable, costly or cheap.

As a result, the end-of-contract date for many vehicles will not be the best time to defleet them. This means fleets are potentially waving goodbye to substantial financial value.

Fleet management specialist Holman has designed its 'Buy, Drive, Service, Sell' model to correct this rigid approach. The strategy is based on maximising value at every stage of a vehicle's life, building in the flexibility that if costs rise beyond projected figures, or cheaper alternative vehicles become available, fleets have the freedom to replace their cars, vans and trucks.

Taking this one step further, Holman's Portfolio Management service constantly analyses both the current and projected financial position of every vehicle. This gives fleets the data and insights to determine the best course of action for each and every vehicle, preparing the ground for a more dynamic approach to disposals.

The modelling takes into account maintenance spend, finance costs, and current and future disposal values to identify the financial sweet spot to defleet a vehicle, says Rory Mackinnon, commercial director, Holman.

The company's long-standing expertise in fleet management has discovered that, while the industry norm is to base vehicle contracts on months and years, it's actually mileage, rather than age, that determines running costs, with a close correlation between the odometer, maintenance spend and VOR time.

But being able to capitalise on these insights requires fleets to have the freedom to sell vehicles when it is in their best interest to do so. The fixed terms of contract hire agreements, with their early termination penalties, lack the flexibility to be agile, whereas finance leasing and outright purchase give fleets the freedom to be masters of their own destiny.

Having built its reputation on excellence in fleet management, Holman now has a successful finance operation too – half of its UK customers now use its funding as well as its fleet management services.

"A dynamic replacement cycle has become very useful for a number of reasons," says Mackinnon. "One, it allows customers to do what they need to with their vehicles when it suits them. Two, it allows customers to seize the opportunities presented by manufacturers that are offering certain deals at certain times to hit their ZEV mandate quotas. Those opportunities would be missed if you're in agreements that you cannot get out of."

Maximising the benefits of this also relies on being able to identify the most cost-effective vehicles to replace. Vehicle mileage and maintenance spend (actual versus projected) are obvious places to start, but the insight has to go deeper.

"We have found cases where vehicles have a really low maintenance spend, because they are never on the road, which incurs other costs," says Mackinnon.

"And we also track utilisation, to see how many times a vehicle is being used, because it's entirely possible that one vehicle is used once a fortnight to drive 200 miles, and another drives 20 miles per day."

Both would have the same mileage reading over 10 working days, but one is essential for the day-to-day operations of a business, while a more efficient alternative might be possible for the other.

The final piece in the complex jigsaw of Portfolio Management is the monthly monitoring of RVs, which sees Holman revalue its clients' entire vehicle portfolios.

If all of this sounds like a tsunami of data and decisions cascading across the desk of fleet managers, Mackinnon emphasises how the approach is designed to be strategic, rather than tactical.

Quarterly and, more likely, half-yearly reviews, analyse each fleet, pinpoint rogue vehicles, and identify where the greatest returns would come from replacing specific cars, vans or trucks, while also determining which vehicles to keep, and how long to keep them for.

"There may be a perception that all of these data-driven insights make life more complicated for customers, but we've made it really simple. We build and maintain close relationships with our customers, and we're committed to empowering them to make informed decisions and optimise their fleet performance," says Mackinnon.

If evidence were needed, Holman says it saved its customers £100 million last year by optimising every stage of the Buy, Drive, Service, Sell process and harnessing the strategic gains of Portfolio Management.

Helping fleets plug in

With almost a quarter of the fleet it manages electrified, Holman is in the vanguard of the decarbonisation of light commercial vehicles in the UK.

Its vehicle utilisation data is helping customers to identify which vehicles to transition first to battery power, while also advising on the best charging solutions, whether home, office or public.

"23% of our fleet is electric vehicles (EVs), so we have also had to make sure our servicing network has the capacity and capability to maintain them," says Rory Mackinnon, commercial director, Holman.

"Our platforms are also set up to help our customers with CO_2 reporting."

Moreover, the inherent flexibility of Holman's Buy, Drive, Service, Sell model means customers can not only switch out of internal combustion engine (ICE) vehicles as soon as the financial and operational conditions are right, but also harness the maintenance savings of EVs as they age, with no requirement to return or sell them at the end of a fixed term lease.

And, should RVs dip, fleets have the flexibility to keep vehicles for even longer, amortising depreciation.

“THERE MAY BE A PERCEPTION THAT ALL OF THESE DATA-DRIVEN INSIGHTS MAKE LIFE MORE COMPLICATED FOR CUSTOMERS, BUT WE’VE MADE IT REALLY SIMPLE”

RORY MACKINNON, COMMERCIAL DIRECTOR, HOLMAN UK

Tesco's relentless focus on innovation, efficiency and cost savings

On a customer spectrum of 'easy' to 'challenging', there's no question where Tesco's property maintenance fleet sits. Constantly seeking innovation, efficiency gains and cost savings, the retail giant's property fleet goes out to tender every one-to-three years. The process is part of a wider business-led procurement culture – when every little helps, there's no room for waste or inefficiency.

Suppliers know all too well that a failure to deliver leads to instant dismissal. "I've been in tenders where companies have promised something and within three months we've said we need to go our separate ways because you haven't delivered," says Roy Brooks, fleet manager, Tesco Property. "We normally take 90 days to check suppliers are living up to the standards set in the contract."

When he adds that he wants, "a replacement vehicle delivered before a van has broken down!" it's only his smile that suggests he may be joking.

Tesco's property and facilities maintenance technicians look after its shops, distribution centres, banks and head office. The fleet encompasses about 1,550 light commercial vehicles, 1,100 of which are outright purchased and about 400 on hire. The operation moved to owning rather than leasing its fleet in 2017, and, in 2022, it outsourced fleet management to Holman.

Alongside service and maintenance, fleet management, accident management and rental management, Tesco Property sought a partner with an online portal that provided instant access to its fleet data, as well as a phone-based driver app for vehicle checks.

"I wanted a system where we could track every aspect of a vehicle from its birth to death, rather than having to ask our supplier for reports," says Brooks. "Now I can click a box and see MOT dates, servicing costs or whatever I need."

The migration of data from the former supplier was plain sailing, "with an excellent on-boarding team and a dedicated account manager from Holman, who dealt with everything," he says. Even accounts for road tolls and London's congestion charge were seamlessly transferred.

"I WANTED A SYSTEM WHERE WE COULD TRACK EVERY ASPECT OF A VEHICLE FROM ITS BIRTH TO DEATH, RATHER THAN HAVING TO ASK OUR SUPPLIER FOR REPORTS"

ROY BROOKS, FLEET MANAGER, TESCO PROPERTY

How maintenance data feeds risk insights

Fleet maintenance and management data can provide telling insights into the risks that individual drivers present. And, when settling the cost of a single collision can comfortably exceed a five-year maintenance budget for a vehicle, it makes sense to cross-refer as much relevant data as possible.

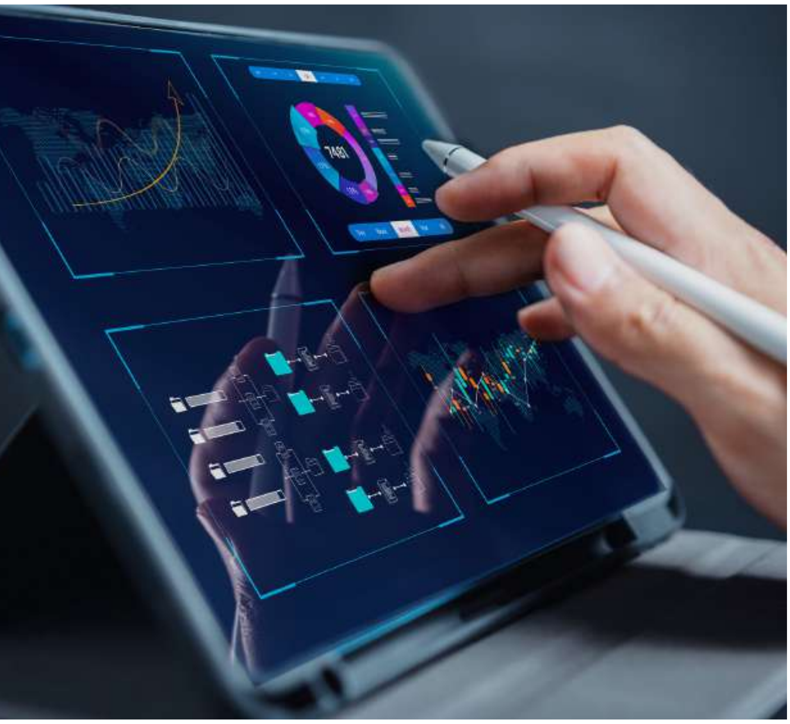
Drivers who wear through tyres more quickly, for example, or whose vehicles need brake pads replacing more frequently, might have an aggressive driving style that is not being picked up in other data.

Holman's Riskmaster driver risk portal aggregates all such indicators of risk to help employers identify which drivers would benefit from coaching.

"It takes in licence checks, maintenance spend, fines and accidents, so customers have a constantly moving risk profile for their drivers," says Rory Mackinnon, commercial director, Holman.

"Off the back of that they are able to prescribe safety measures, whether e-learning, seminars, or in-cab training."

Riskmaster does not depend on telemetry data to analyse risk, but Holman is looking to appoint a telematics partner to exploit the full potential of connected vehicle technology, both from risk and fleet management perspectives.



Century celebrations

This year marks the 100th anniversary of Holman. The family-run business started as a single Ford dealership in New Jersey in 1924, before launching a lease and rental business in 1948.

By the 1970s ARI* was heavily engaged in optimal life cycle analysis and sustainable fleet practices. Its natural extension into the leasing market occurred in 1989 with the acquisition of Lend Lease Cars in Canada, followed by the launch of Holman Leasing in the US the following year. Today, the company employs 6,500 people worldwide.

In 2011, Holman (operating as ARI) opened its operations in the UK, and has grown to become a top 20 company in the *Fleet News* FN50.

Recent accolades include being voted by more than 400 UK fleet decision makers as one of the UK fleet sector's "100 Trusted Brands in the Industry," achieving 'Highly Recommended' status.

And earlier this year, Holman won the Innovation in Cost Reduction Award at the Great British Fleet Event for its Portfolio Management Solutions, a testament to its commitment to deliver value to customers.

*ARI was founded in 1948 by Holman Automotive Group when Ford asked it to create a business to lease and rent vehicles to its customers.

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www.holman.co.uk

Options available to tackling rising cost of insurance premiums

ISTOCKPHOTO.COM/ NEVARPP

The rising cost of vehicle insurance is proving a real issue for fleets, as the knock-on effects of the move to electric, increasing amounts of advanced technologies and soaring parts prices begin to bite.

In 2023, consumer insurance costs rose 25%, says professional services firm EY, and will rise a further 10% this year. Fleets are typically facing similar increases.

These are hitting both internal combustion engine (ICE) and electric vehicles (EVs), although zero-emission models are suffering more.

"We're seeing the average cost to repair an EV compared with an equivalent ICE vehicle can be towards 25% more expensive for a like-for-like crash involving a like-for-like vehicle, and it can take 14% longer to repair," says Chris Jones, chief financial officer of Admiral Pioneer.

An EV will take an average 60.7 days to repair, compared with 53.1 for an ICE vehicle. An EV will cost an average of £2,789 to repair compared with £2,188 for an ICE vehicle.

"It will obviously vary by make and model, and around the country," Jones adds.

These figures come from a report compiled by Thatcham Research, which says the most significant challenges originate from the vehicle's traction battery, which represents a substantial percentage of the original vehicle value and is, therefore, negatively impacting the economic model of vehicle repair.

Its analysis found battery costs vary widely from high-end vehicles, currently around £29,500, to the low-end, around £14,200.

The 'depreciation curve' of battery cost versus average used value, says Thatcham, shows the cost of a replacement battery can be more than the used price of a vehicle after only a year.

"Without meaningful change, there is a strong likelihood that claims costs will continue to rise disproportionally," says Adrian Watson, head of engineering research at Thatcham Research.

"Most of the motor insurance industry is yet to adapt to mass battery electric vehicle (BEV) adoption challenges, and the implications remain unquantified on repair capacity, training and skills, cost, and the lifetime sustainability of BEVs. This lack of awareness means many BEVs are deemed irreparable, leading to premature write-offs because of high battery cost and the lack of value the UK ecosystem can recover from them."

CONNECTED TECHNOLOGIES

However, while advanced technologies are increasing the cost of repairs, there is one type insurers are using to enhance their product offerings – connectivity.

"The insurance industry is continuing to develop new products and technologies to manage risks and provide innovative solutions," says Jones.

"Connected vehicles and telematics devices generate a significant volume of real-time data on vehicle performance, location and driver behaviour that can be used to personalise insurance policies and improve overall road safety."

For example, Admiral Pioneer has entered into a partnership with London-based InsureTech scale-up Flock, with its product rewarding fleet customers for safer driving throughout the policy period with premium rebates of up to 10%, provided it is evidenced by telematics.

It also gives fleet managers access to a digital platform where they can check how their vehicles are being used, a prediction on the cost of insurance, and a 'safety board' which provides regular safety reviews.

There are also other ways fleets can help reduce insurance spend in the current climate.

Offering to carry a higher excess on a policy could help lower premiums as the organisation accepts more of the risk on their own balance sheet. This is something a fleet should discuss with its brokers and then through to the insurance and underwriting side.

A fleet could also consider self-insuring, which is when it increases the excess that it bears to the level where it effectively insures only for losses that it causes to third parties.

Taking this action should involve careful consideration of the current level of claims it has, as well as the number of vehicles on fleet.

It can use this to work out what the cost is per vehicle across the entire fleet, and whether this is lower than the insurance premium. If this is the case, then the maths could show you how much money that would've been spent on comprehensive insurance premiums to put aside to pay for your own repairs and write-offs.

REDUCING CLAIMS

While this method is best suited to large fleets, one approach which applies to all organisations is to reduce the number of claims it has.

This can be done by taking a firm grasp of risk management, and demonstrating to the insurer they have systems in place to improve driver and vehicle safety. An improved claims record should be recognised with lower premiums.

Between 2020 and 2022, railway infrastructure and construction company TES 2000 saw its insurance premiums cut by 20% after reducing its at-fault damage costs by 60%.

When Mick Kiely joined the company as its first professional fleet manager in 2020 he met with insurers to examine its claims history and, after outlining his safety ambitions, received a significant financial contribution towards a risk management programme.

This allowed TES 2000 to bring in Red Fleet Driver Training's e-learning solution, which creates a profile for each driver and provides access to a wide range of e-training modules.

A new employee's fleet safety journey begins before they join. When they get an interview, TES 2000 carries out an online licence check.

The use of technology such as telematics and dashcams – also used by TES 2000 – to identify poor driving and take corrective action, is viewed favourably by insurers, who may contribute to the cost of the equipment.

Dashcams can also provide data for defending claims or swiftly settling at-fault claims. They are particularly effective in crash-for-cash scenarios. Organised fraudulent vehicular claims cost the industry hundreds of millions of pounds a year.

"If you've got some initiatives, like you want to fit cameras, then get your insurance company on board," says Aaron Powell, fleet director at Speedy Asset Services. "They may contribute financially because it helps them in the long run."

Ian McCarron, director of fleet insurance broker McCarron Coates, says there are other benefits of striving to impress an insurer.

"A fleet is inevitably better run, easier to manage, experiencing less downtime, boosting its productivity and becoming more profitable," he adds. "It's not just premiums that can be kept down, but many other costs associated with poor risk management too."

By Andrew Ryan

Advertisement feature

Carmakers turn to discounts and pre-reg in bid to hit ZEV targets

Watch *Fleet News* editor Stephen Briers and Auto Trader director of automotive finance Rachael Jones discuss the following:

- **Demand rises for Chinese brands (time on video 3.01)**
- **BEV versus ICE enquiries (6.35)**
- **Dwindling retail interest in BEV (11.20)**
- **Sal/sac impact on sales (16.25)**
- **Rising discounts and pre-reg (18.10)**
- **Residual value concerns (20.02)**
- **Used BEVs and dealer doubts (22.44)**
- **H2 forecasts (25.05)**

Pre-registering is on the rise as manufacturers seek to boost volumes of electric cars to reach their ZEV Mandate targets for 2024.

Fleet continues to fuel the rise in new car registrations, with a 22% increase in unit sales, compared with a 12% reversal in private sales. Overall, the market is up 6% in the first half of the year.

"While the market is growing, part of this is short cycle business and pre-reg," said Auto Trader director of automotive finance Rachael Jones on the Q2 broadcast of the Fleet News Market Insight with Auto Trader.

She added: "There's been a 55% growth in vehicles listed on Auto Trader that are less than one year old and under 100 miles on the clock, versus June last year. That's still a lot less pre-reg than 2019 – it's 44% back versus 2019 – but you can see that short cycle business is coming back."

Electric car registrations continue to rise in volume, underpinned by demand from company cars drivers, but market share has stalled at around 16%, noticeably below the 22% ZEV Mandate target.

"The retail market is really struggling, and we see that on our platform," said Jones. "EVs account for less than one-in-10 new cars sold to private retail customers."

Interest in electric cars peaked two years ago when around 36% of consumers viewing cars on the Auto Trader website were looking at electric models. That coincided with record petrol prices.

Since then, prices have dropped and demand for EVs is now hovering at around 15% of new car advert views.

Jones points the finger at prices, with two main challenges for consumers to resolve.

"One is that the average price of a new car has increased by nearly 30% in the past four years. And so, if you're coming into market for your next new car, you've got to size up the average price, which has increased massively," she said.

"But then secondly, brand new EVs are, on average, about a third more expensive than the petrol or diesel equivalent. So, you've got those two things to contend with if you've just come back into market."

Nevertheless, recent Auto Trader research revealed that more than a third of buyers are considering purchasing electric for their next car.

With most people changing cars every three or four years, this could result in a surge in electric registrations before 2030.

The used car market faces a different situation. Prices have fallen dramatically over the past 12-18 months, which has been tough for leasing companies, manufacturers and fleets to absorb, but it has made electric cars more affordable.

"There's more supply, there's greater choice, it's more affordable. And so, we are seeing some positive movements in that used car market," Jones said.

"Of all under five-year-old cars listed on Auto Trader, around 8% of all the leads sent to retailers are on used EVs."

However, challenges remain in certain pockets of the used car market. EVs less than one-year-old are under particularly intense price pressure and issues over speed of sale.

They are taking much longer to sell compared with a three-to-five-year-old EV because OEMs are heavily incentivising new EVs with finance offers and discounting. Consequently, buyers are either purchasing new or going for older used cars.

Average discounts for new EVs are around 10.8% versus 8.8% for petrol, which is in addition to finance offers and deposit contributions.

Auto Trader believes there are four priorities for the new Government to stimulate demand for new and used EVs:

- Maintain the existing salary sacrifice and BIK incentives to support the new electric market
- Develop targeted financial incentives on used cars to support greater adoption
- Policy certainty and a Government that is proactive and transparent about any future changes in, for example, road pricing, so that consumers and businesses can plan accordingly
- Support the industry to increase the speed of installing chargers by removing planning issues and encouraging more creative ways to enable consumers to charge EVs near their homes

For more information, contact Rachael directly at rachael.jones@autotrader.co.uk

AutoTrader

Understanding EV impact on accident management

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An overlooked challenge for companies looking to transition their vehicles to electric is what happens when they are in an accident. Processes, parts, costs and repair times all have notable differences and need to be factored into any fleet strategy and costings.

Many parts and components – as well as the battery – are drastically different to those found on petrol or diesel models. Also, they cannot be simply towed away from the scene of a collision as a fossil fuel vehicle can be.

It is something the fleet sector will have to continue adapting to, as the transition to EVs accelerates.

Accident management provider FMG reports that the proportion of repairs it carries out on alternative fuel vehicles has increased rapidly, from around 3% of all vehicles in 2019 to 26% in 2023, and this share will continue to rise.

"EVs have changed the accident management landscape and it is important for fleet managers to understand the differences as they transition their fleet," says Dave Parry, commercial director of FMG.

"EVs need access to specialist recovery, repair and mobility supply chains that can provide the specialist support they need. For example, EV recovery requires accurate triage to a recovery agent with a flatbed truck for lifting, not towing, the vehicle.

"EV repairers need safe storage areas, charging facilities, EV-qualified repair technicians and access to new parts suppliers and body materials, which, in turn, require new tooling and training techniques.

"Mobility solutions are also evolving as customers expect 'EV for EV' replacement, and so courtesy fleets and credit hire facilities must adapt accordingly."

A further challenge is that EVs are more expensive to repair than their ICE equivalents. A study by Thatcham Research found battery electric vehicle (BEV) incident claims are 25.5% more expensive due mainly to the cost of parts, particularly the battery.

If it needs to be replaced then often – if the vehicle is more than one-year-old – this cost can be higher than the residual value of the vehicle itself, increasing the likelihood it is written off.

Thatcham also found repairs take an average 14% longer to carry out due to the complexity of repairs and parts lead times and availability.

The repair cost does not tell the whole story, though. There are other expenses a fleet will incur after a collision, such as credit hire – when a temporary replacement vehicle is provided by a credit hire organisation (CHO) in the event of a non-fault traffic collision, and the CHO funds the hire while the vehicle is being repaired.

The CHO will then claim the hire charges back from the at-fault party's insurer. This is vastly more expensive than the at-fault party sourcing a replacement rental vehicle itself.

However, while there are undoubtedly challenges facing the accident management sector as fleets transitions to EVs, it is not all doom and gloom. The sector has been managing BEV claims for nearly 10 years, with businesses across the industry investing heavily in the training, tooling, technology and equipment needed to provide EV repairs.

> " EVs HAVE CHANGED THE ACCIDENT MANAGEMENT LANDSCAPE AND IT IS IMPORTANT FOR FLEET MANAGERS TO UNDERSTAND THE DIFFERENCES AS THEY TRANSITION THEIR FLEET "
>
> **DAVE PARRY, FMG**

ACT QUICKLY

There are also a number of actions that fleet decision-makers can take to minimise the cost and vehicle downtime following a collision, regardless of the type of vehicle.

"We firmly believe the optimum accident management process starts with the best possible incident reporting," says sopp +sopp managing director Callum Langan.

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"Faster and more accurate FNOLs (first notifications of loss) lead to better liability decisions, improved third-party capture and reduced vehicle off-road time with right-first-time repair deployment.

"I would advise that fleets work with their accident management partner to review the incident reporting process and make it as easy as possible, for example by providing an app, clearer in-vehicle signage, or through a driver communication campaign.

"We find that clearly explaining the advantages of early reporting makes a big difference."

If there is a collision including a third party, at minimum a fleet driver should get their name, address, phone number, vehicle registration number and insurance details. Taking photographs of the scene also provides a useful record.

Mobile technology is transforming the accident management landscape, with enhanced use of telematics data for accident reconstruction, the use of camera footage for assigning driver fault, and the use of mobile apps to enable real-time accident reporting, says Paul Hollick, managing director at Lightfoot.

"This changes the game as far as dealing with accidents is concerned – using technology as an ally ensures a faster and fairer outcome," he adds.

"Fleets should also be looking to drill into the data provided from telematics to analyse and prevent accidents as well as investing in driver coaching to correct driver faults and making them aware of dangerous habits."

> IF YOU COULD GET OBSERVED EVIDENCE FROM THE SCENE – AND THAT'S EFFECTIVELY WHAT DASHCAM FOOTAGE IS – THEN YOU ARE GOING TO BE IN A MUCH BETTER POSITION IN DETERMINING LIABILITY
>
> **CHRIS BEEBY, SOPP + SOPP**

Chris Beeby, sopp + sopp business development director, adds: "If you could get observed evidence from the scene – and that's effectively what dashcam footage is – then you are going to be in a better position in determining liability.

"That will then help you to protect your claims cost or support the driver, support the incident and make the right decision about what's next. There's nothing that does that like the camera."

Organisations should also recognise ICE repair cycle times no longer apply, says Parry, and it is important for fleet managers to evaluate repair costs in their total cost of ownership (TCO) models.

"We encourage fleets to drill down to manufacturer level for more accurate repair costs and vehicle off-road times," he adds.

Sopp + sopp has seen most of its customers start to develop EV strategies. As part of this, they want to accurately predict the wholelife cost of vehicles and build a deeper understanding of repair considerations, says Langan, adding: "Richer EV data is now available."

RECYCLED PARTS

A growing trend which can help fleets with both parts availability and sustainability is to use salvaged vehicle parts in repairs.

Last year, Europcar Mobility Group UK saved 76,011kg of CO_2 through recycling salvaged parts from its rental and company car fleet. It has a process where recycled parts are always first choice, with a fully committed network of BS10125-approved Tier A repairers, defleet centres and approved mechanical repair suppliers.

Parts salvaged from the Europcar UK fleet are carefully scrutinised for condition before being reused in other vehicles in the fleet.

"As well as helping us reduce our impact on the environment, utilising recycled parts is also helping us reduce vehicle downtime for repairs," says Mark Newberry, commercial director and sustainability spokesperson at Europcar Mobility Group UK.

"Orders for parts from manufacturing have been experiencing delays for the past few years, leaving vehicles off road, sometimes waiting many months for replacements to be delivered.

"Using salvaged parts has allowed us to reduce these delays and minimise the impact on fleet availability."

By Andrew Ryan

The AA: ensuring fleets are 'Always Ahead'

A wealth of opportunities awaits fleet managers prepared to embrace change

The automotive industry is undergoing a transformative period marked by significant advancements in technology, shifts in consumer behaviour and evolving economic conditions.

Our relationship with vehicles and the technology behind them is undergoing revolutionary change.

It means it is now more important than ever for fleets to partner with the right supplier to help them navigate through such revolutionary change, adapt to new mobility challenges and achieve operational excellence.

AA Business Services director James Starling says: "At The AA, we're uniquely positioned in the middle of this flux. We have an unrivalled heritage of being at the forefront of driving and supporting drivers which spans more than 100 years.

"Alongside this, we run our own large operational fleet of more than 3,000 vehicles. This means we understand the intricacies, the challenges and the opportunities that fleet management presents more than most.

Embracing change in mobility

As we move towards decarbonising transportation, the UK has celebrated a milestone with its millionth electric vehicle (EV) registered in early 2024. However, the shift to alternative fuels is just one aspect of the broader evolution in mobility.

The ways in which we own, purchase, rent, or subscribe to vehicles are changing, driven by technological advancements and shifting consumer expectations. These changes are occurring amid economic uncertainties and energy market volatility, which influence how drivers and organisations make decisions.

The AA, with its extensive history of more than 100 years in supporting drivers, is well-positioned to navigate these changes and help fleets achieve operational excellence in many areas.

As the UK's largest roadside assistance organisation, we also provide a wide range of services, including accident management, insurance, driving school services, vehicle maintenance, driver training and EV support.

Our comprehensive approach ensures it covers every aspect of the driving lifecycle, from EV sales and charging support to breakdown services and driver education.

Risk management in fleet operations

Effective risk management is critical in fleet operations, especially with the rise of new technologies and regulatory changes.

Driving for work encompasses various tasks, from deliveries to attending meetings, and requires clear policies to ensure driver safety. Employers have a duty of care to all drivers, including those using their own vehicles (grey fleet), and must address the human factors impacting fleet management.

Comprehensive driver training and fatigue management policies are essential to mitigate risks and enhance safety.

Fleet management also involves coordinating servicing, maintenance and repair (SMR), insurance and legal obligations. Incident management, which integrates these services, can control costs, reduce downtime and maximise productivity.

"We understand the intricacies, the challenges and the opportunities that fleet management presents more than most"

James Starling, director, AA Business Services

Our approach to incident management consolidates various tasks into a single, streamlined solution, enhancing efficiency and reducing administrative burdens.

The automotive landscape has transformed, leading to a scarcity of courtesy vehicles during repairs. This change, driven by factors such as the Covid-19 pandemic, geopolitical tensions such as the conflict in Ukraine, and supply chain disruptions, has increased rental costs and affected fleet operations.

We can address these challenges by focusing on accident management and developing tailored mitigation strategies to maintain business continuity and operational resilience.

Decarbonising transport and alternative fuels

The shift to decarbonised transport involves adopting new fuels and technologies. The UK Government aims to end sales of new petrol and diesel cars and vans by 2035, with all new HGVs sold from 2040 being zero-emission.

Regulatory changes, such as the inclusion of EV charging requirements in building regulations, support this transition. Despite concerns such as range anxiety, advancements in EV technology have significantly reduced such issues, with EV ranges now comparable with internal combustion engine (ICE) vehicles.

At The AA, with our history of pioneering change, we're at the forefront of understanding the real-world experience for fleets when it comes to alternative fuels transitioning.

We're dedicated to assisting businesses in overcoming these challenges and seizing opportunities, whether that's via driver training and servicing support or sharing our own alternative fuels journey to inspire others on the same road to decarbonisation.

Our industry-first EV customer support service is a case in point, offering round-the-clock technical assistance for anything charging-related, handling thousands of calls each month, giving drivers the support they need.

Our charge point support service is part

of The AA's ongoing drive to help UK businesses switch to EVs with confidence.

Servicing and safety in EVs

Servicing EVs requires similar disciplines to ICE vehicles, though EVs have fewer mechanical parts.

It is important to plan ahead, ensuring garage capability, and being proactive in monitoring SMR needs.

Driver training is crucial for safe EV operation, given that features such as instant acceleration and regenerative braking present unique challenges.

Our own Prestige Fleet Servicing division is seeing more electric vehicles coming into our garage network.

Prestige's SMR services provide robust solutions for mitigating asset risks, ensuring timely maintenance, repair and management of fleet vehicles to minimise downtime and operational disruptions.

Exploring hydrogen and other fuels

While EVs dominate the alternative fuel landscape, hydrogen is also a viable option, particularly for commercial vehicles. The UK Government aims to have significant green hydrogen production capacity by 2025.

The AA is exploring various alternative-fuelled solutions, including hydrogen, to decarbonise our own roadside fleet and inspire other businesses to follow suit.

We focus on testing solutions that meet the needs of our fleet, considering towing capabilities and unpredictable working patterns that may rule out EVs based on current vehicle options. We recently committed to becoming net zero by 2035, despite the absence of a van in production that can run on alternative fuels while still meeting all our needs.

Future mobility trends

Mobility is rapidly evolving due to environmental legislation, road congestion, changing work patterns and shifting customer expectations.

There is a predicted decline in privately owned vehicles, with a rise in shared mobility and micromobility solutions such as e-bikes and e-scooters.

Technological advancements will lead to more innovative mobility options, such as autonomous vehicles and urban air taxis.

Consumer expectations are increasingly focused on convenience, quality and transformative experiences. Subscription services and shared mobility options are becoming more popular, driven by the demand for transparency and convenience.

We are adapting to these changes by providing proactive and preventative fleet management services, ensuring seamless and efficient operations.

And we continue to invest in innovation and research to meet the evolving needs of customers. Onward mobility solutions, which streamline post-breakdown experiences, and managed services, which encompass the entire vehicle supply chain, are key areas of focus.

These efforts ensure that we remain at the forefront of supporting drivers and fleets in a changing mobility landscape.

The future of mobility presents both challenges and opportunities. Embracing change, prioritising efficiency, safety and sustainability, and leveraging innovative solutions are essential for navigating this evolving landscape.

We are committed to supporting drivers and fleets at every stage, ensuring they stay "Always Ahead" in the journey towards a more sustainable and efficient future.

Learn more here

Proactive management and AI will cut the cost of service, maintenance and repair

The fleet sector has undergone some major changes in recent years, but the prime objective of an effective service, maintenance and repair (SMR) strategy has remained the same – to maximise vehicle uptime, increase safety and reduce costs.

However, this has become increasingly challenging due to the lasting effects of the Covid pandemic and the war in Ukraine, as well as new, emerging technologies.

"It is well known in the fleet sector that parts production has been hit in all kinds of ways in recent years and there has been a resulting marked impact on prices," says Tim Meadows, chief commercial officer at Epyx.

"This has happened at a time when operators have been keeping hold of vehicles for longer, with many needing to buy more parts as a result.

"For example, few fleets would have needed new clutches when operating on a three-year replacement cycle, but for those that are keeping vehicles until four or five years old, the incidence of clutch issues is, unavoidably, higher.

"Just at the point when fleets have needed more parts, they have had to pay more for them."

Taking data from its 1link Service Network, Epyx has found average fleet parts prices have risen by 35% in the past four years. Using a basket of common parts including front discs and pads, wiper blades, clutch, pollen filter, headlamp bulbs and spark plugs, the total cost has increased from £713 in 2020 to £963 in 2024.

The automotive aftermarket sector is also facing a skills shortage, with the Institute of the Motor Industry estimating it has about 23,000 vacancies, with a growing shortfall of electric vehicle (EV) technicians, mechanics and electricians.

This has led to longer lead times for SMR work. Fleet management solutions provider i247 Group reports these have stabilised this year, but remain higher than pre-Covid.

IMPACT OF ELECTRIFICATION

The transition to EVs has caused a seismic shift in SMR. Conventional wisdom is that, due to a significantly lower number of moving parts, SMR costs for a battery electric vehicle (BEV) will be much lower than for an internal combustion engine (ICE) one and, so far, this has proved true, says Vincent St Claire, managing director of Fleet Assist.

He adds: "However, the full picture of BEV SMR budgets is still not known as we are only now starting to cover similar mileages to ICE vehicles across a similar age profile.

"As the number of BEVs in operation increases, we are continually evaluating when job volume parity will be reached between the drivetrains.

"With the slowdown of BEV registrations, we have reforecast the date when this will occur back by nine months to early 2026.

"This is a key reference point due to the difference in the commercial make-up of the jobs. It is envisaged that at this point a paradigm change in fee structure may be required to ensure that the SMR services fleets expect such as delivery and collection and courtesy vehicles will continue to be provided."

St Claire says another interesting developing trend is the type of work booked when comparing BEV with ICE.

The percentage of basic services for BEVs is higher with 70% of bookings. However, anecdotally, BEVs do seem to have more warranty work being undertaken.

"This does not suggest BEVs have build quality issues," adds St Claire. "This trend could be driven by these vehicles typically having more complex

DRIVER EDUCATION

One of the best ways to cut downtime and costs attributable to SMR is to reduce the need for repairs caused by excess vehicle wear and tear.

"Driver education is key to optimal SMR management," says Steve Thornton, of i247. "Educating drivers on everything from the importance of booking in for services on time, to checking tyre pressures and smooth driving patterns will have a significant impact on fleet efficiency and the SMR budget."

This education has become more important in recent years with the advent of new technologies being adopted on even the lower cost models, including BEVs, as many company car drivers may be driving a zero-emission model for the first time, says Vincent St Claire, of Fleet Assist.

"A lack of knowledge and education of how to drive and charge it may cause unnecessary visits to their local garage which someone will have to pay for," he adds.

"Make sure your drivers are aware of continuing challenges in the aftersales SMR arena such as extended lead times and a restricted number of courtesy cars being available.

"Therefore, booking their vehicle in for service far enough in advance is advisable to avoid disappointment and a vehicle missing its scheduled service."

systems and the latest leading-edge software which appear more vulnerable in this respect with 7% of jobs being warranty work."

PROACTIVE SMR MANAGEMENT

Although many of the events which have affected SMR are out of their control, there are several actions a fleet decision-maker can take to improve performance in this area.

The first is to proactively manage SMR, says i247 Group. "Keeping vehicles to their recommended maintenance schedules will reduce the hidden second line costs from vehicle downtime," says Steve Thornton, commercial director at i247.

"A fleet decision-maker should also maximise their data to better understand their SMR needs.

"Take the time to really understand your fleet data – from tyre wear to driver behaviour – because it will help optimise your SMR strategy and budget."

This data could come from technologies such as telematics or connected vehicles, so is important to ensure a fleet's supply chain can support this.

"Monitor innovation in the sector and understand how advances with connectivity could help support your fleet as well as your financial and environmental, social and governance (ESG) goals," adds Thornton.

Another development which could affect the future of SMR is the array of connected vehicle solutions either provided by OEMs or aggregators with the promise of predictive maintenance.

"When considering telematics and connected vehicle feeds it is important to understand what your options are by asking questions such as: Do you have vehicles on your fleet that already have this option? Do you require a combined view or is a separate view by OEM OK?" says St Claire.

"What about consistency of data across your variety of fleet vehicles? Costs of provision? And, lastly and most importantly, how are you going to use the data? Can the data be used for predictive maintenance, or should you just start with a basic point of advising you when a warning indicator or service interval has been notified?

"It is likely that in the short-term, artificial intelligence (AI) combined with more relevant and easier access to telematics, data access costs and a widening variety of job administration systems could drive up the investment and operating costs for both fleets and garages.

"However, there is a bigger prize. The long-term outlook is very exciting and extremely promising with two key technology levers being proactive maintenance and AI-driven diagnostics. These, coupled with smart garage parts inventory systems, could deliver the holy grail."

By Andrew Ryan

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