

Analysis and insight into the UK's professional car and van fleet operators











# FLEET200: SPONSORS' WELCOME



bp

Across almost every industry, product or service, commercial fleets are at the heart of British business. BP Fuel Cards is there to help businesses keep moving forward.

Managing the complexities of a fleet, balancing costs, fleet efficiency, security and driver wellbeing are challenging even before you consider the changing technological, environmental and legislative landscape. We care about helping businesses succeed which is why we're proud to partner with Fleet200. Working closely with industry-leading fleets keeps us on the pulse of the constantly evolving challenges and opportunities in the industry. During the four years of partnership with Fleet200 we have continued to take insight in order to develop our offer and help businesses grow.

As the needs of business have evolved, so too has BP Fuel Cards, offering a full suite of services to reduce costs, increase efficiency and give businesses peace of mind.

From the UK's first mobile fuel card payment app, to committing to EV-charging across the BP network, we recognise the world is changing faster than ever and are responding to help fleets succeed. The businesses in the Fleet200 are driving great change in the industry and we are there to support fleets now and in the future.

#### Joanna McDonnell, Fleet Sales Manager, BP Fuel Cards



Positioned at the forefront of sustainable motoring, BMW is renowned globally for coupling pure driving pleasure with its efforts in reducing emissions.

Delivering a new understanding of premium defined by sustainability, BMW i includes visionary electric vehicles such as the innovative BMW i3, revolutionary BMW i8 and the new BMW i8 Roadster.

We are also proud to offer a range of plug-in electrified vehicles – the BMW iPerformance range. Using a combination of petrol and electric power, iPerformance delivers all the styling and performance you'd expect from a BMW, with the fuel-efficiency of a plug-in hybrid.

Available across the 2, 3, 5, 7 and X5 models, the range includes intelligent adaptations such as Predictive Energy Management and optional eDrive mode.

The Fleet200 Executive Club plays a huge role in the move towards cleaner and more efficient mobility and we look forward to introducing more innovation to the UK's largest fleets in future.

### Brian Cox, National Corporate Sales Manager





It's an exceptional period of change for the fleet industry and it's never been more important for us to support and guide our customers.

At the same time, we're evolving to reflect changing market conditions, advances in technology and the opportunities they create.

Thanks to our team of industry-leading experts our customers are really well placed. In recent months we've been providing practical guidance to help them formulate their future fleet policies. We've done this through a series of whitepapers and webinars tackling subjects like the diesel debate, operating electric vans and the very topical WLTP testing regime.

You can access all of these by visiting www.arval.co.uk/fleet-research/futurefleet In these changing times, we are delighted to continue our sponsorship of the Fleet200. It helps us to regularly engage in meaningful two-way communication with the UK's leading business fleets so we can better understand their changing needs.

Andy Fuller, Corporate Sales Director, Arval



# verizon<sup>/</sup> connect

Verizon Connect is delighted to again sponsor the Fleet 200. We guide a connected world on the go by automating, optimising and revolutionising the way people, vehicles and things move through the world. We ensure that the things our customers care about most – from people and vehicles to equipment and data – run smoothly and flow seamlessly.

It's hard to overstate the extent to which technology is transforming our lives. Those who embrace these technologies will not only keep pace with the future – they'll shape it.

Verizon Connect is uniquely positioned to put the possibilities of the future to work for you – to guide a connected world on the go.

We connect businesses to customers, helping deliver better service. We connect workers to managers, vehicles to routes and much more.

Whether you're looking to be more efficient and productive, or more aware of driving behaviours, we create the connections that make it possible.

Our full suite of industry-defining solutions and services put innovation, automation and connected data to work for customers and help them be safer, smarter, more efficient and more compliant. With more than 3,500 dedicated employees in 15 countries, we deliver the world's leading mobile technology platform.

#### Oliver Temple, Enterprise Client Partner, Verizon Connect





Jaama is the provider of the UK's most sophisticated and requested vehicle and driver management software system.

More than 1.2 million fleet vehicles are managed by Jaama's multi award-winning Key2 asset management system. That demand is due to many factors, but includes continuous investment in product development amounting to more than £2 million per year ensuring Key2 (including 'MyVehicle App') is at the cutting edge of fleet solutions. As the report highlights, the industry is undergoing the most significant changes in

living memory with fleet decision-makers facing unprecedented challenges.

That brings complexity, but also opportunities. However, to maximise such opportunities requires decision-makers to have absolute visibility of vehicle and driver data allowing informed 'big decisions' to be made confidently using robust systems.

Such technology is a pre-requisite to efficiently collecting and effectively analysing data, the volume of which is increasing rapidly due to the arrival of the 'connected car'.

However, it remains the case that many companies are gambling with their fleet operations due to a failure to embrace online management technology. An everpressing need for companies to effectively manage costs, ensure operational compliance and deliver a competitive edge, means a holistic approach is required.

Martin Evans, managing director, Jaama







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With Arval FutureFleet, it's our aim to keep you prepared for the road ahead. Providing the tools and resources your fleet needs to stay future ready.

We've used innovation and expertise to explore a variety of topics that could benefit your business.

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verizon<sup>v</sup>

# Welcome



We've mentioned in *Fleet News* a number of times how fleets are struggling to plan ahead and advise their stakeholders about the best course of action.

Such uncertainty and complexity is caused by a host of issues, including rising official CO<sub>2</sub> emissions figures

from the new fuel/emissions testing regime (the Worldwide harmonised Light vehicle Test Procedure – WLTP), lack of clarity over BIK rates past 2020/21, Brexit negotiations, air quality and clean air zone discussions, urban transport policies, cash versus car and OpRA (Optional Remuneration Arrangements), mobility and alternative transport, connectivity, GDPR, autonomy... the list is extensive.

We're starting to see some of it feed through to our Fleet200 members, the largest and most professionally run operations in the business. Some replacement cycles are starting to lengthen, either on official contract or through short-term agreement with leasing providers; some fleets are exiting salary sacrifice while others are considering employee car ownership schemes; reported CO<sub>2</sub> emissions are on the rise; and the proportion of perk cars is on the wane.

The latter point is being extensively debated in the sector. What is the future for the perk company car? Rising BIK thresholds – in early 2015 a 100g/km car attracted a 13% rate; by 2020 that will have risen to 25% – combined with higher CO<sub>2</sub> emissions under WLTP are putting off many drivers, especially those in higher tax brackets, according to leasing companies.

Then there is the changing attitudes among younger people who are less predisposed towards a car, instead favouring other methods of transportation for many journeys, either through a cost, convenience or environmental perspective. The growth in mobility, with apps and monthly subscriptions opening up a plethora of journey options, will also certainly contribute.

However, for many the car remains the best, cheaper, most convenient form of transportation. And, unless the Government slits its own wrists by raising the tax burden to an unsustainable level (resulting in mass exodus and a decimation of company car tax revenues), it will remain that way for many years to come.

We hope you find the 2018 Fleet200 analysis useful. The insights in this report can inform your own strategies, boost knowledge of your peers' activities and share best practice fleet management.

Stephen Briers, editor-in-chief, Fleet News

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### 30 I Car and van manufacturer brands on fleet

German brands dominate car choice list with Ford slipping to fourth, but blue oval still way out in front on vans.

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# Uncertainty doesn't dampen company need for cars and vans – for now at least

Fleet forecasts are positive for growth, although concerns remain over impact of the new WLTP fuel test on benefit-in-kind taxation

#### **By Stephen Briers**

irst, the headline figures. The 2018 Fleet200 consists of 167 companies, operating 341,253 vehicles with average operating cycles of 47 months (cars) and 59 months (vans), and average car CO<sub>2</sub> emissions of 109g/km.

Vans outnumber cars, accounting for 57% of the vehicle total at 194,507 (cars: 146,746). That's slightly down on last year's proportion of 59%. Added to that are 32,957 trucks, operated by 93 companies.

Interesting point number one: the CO<sub>2</sub> figure is pre-WLTP; fleets forecast the new testing programme will have increased the average emissions of their car fleets by 6g/km by the end of the year, to 115g/km, based on the fact that all cars leased since September have now been tested under the new regime.

Interesting – though not unexpected – point number two: public sector fleets have by far the longest replacement cycles, 66 months (five-and-a-half years) for cars and 72 months (six years) on vans. And replacement cycles for all fleets have extended slightly compared to a year ago.

However, the official figures mask a bigger upheaval where companies are holding off replacing cars at the end of their contract with the approval of their leasing partners.

The reason? Widespread uncertainly caused by the impact of WLTP on CO<sub>2</sub> emissions coupled with a lack of clarity over company car taxation thresholds past 2020/21, just 28 months from today. "Committing to four years for a current electric car can be a problem because the range today will be out of date in a couple of years" No one – fleet and employee alike – wants to commit to a car for three or four years without knowing their tax liability. Representation has been made to Treasury on this issue, and ministers have promised to take a look, but it remains to be seen if they will pledge to giving a longer-term view of benefit-in-kind (BIK) levels.

Those replacement cycles could further lengthen as fleets edge closer to electric cars. Today, just 2% of the Fleet200 car fleet is electric, equating to just less than 2,900 vehicles – accounting for around 7.5% of the total number on UK roads.

However, the wholelife cost case makes most sense over longer operating cycles, although it is coming down as electric ranges improve. But that, in itself, can be a hurdle.

One fleet said: "Committing to four years for a current electric car can be a problem because the range today will be out of date in a couple of years. We can't expect people to have an EV for so long, yet this is where the wholelife cost argument makes sense."

The parameters have to be pricing of around £20,000 and 250-mile range, he said: "That's the right mix."

However, he added: "In London there is more of a move towards EVs or be charged and that changes the scales and the cost argument."

Fleet200 fleet sizes have undergone a substantial amount of change over the past 12 months, with 40 companies reporting an increase or decrease of more than 10%.

Tube Lines, the Transport for London maintenance opera-

## BUSINESS-NEED VERSUS PERK CAR

Business sector	Average % business-need	Average % perk
Business services	69%	31%
Primary, Manufacturing, Construction	68%	32%
Public sector	89%	11%
Transport, Wholesale, Retail, Distribution, Information, Communication	62%	38%
Other services	88%	12%
Overall	71.5%	28.5%
Less than 100	80%	20%
100-249	73%	27%
250-499	75%	25%
500-999	73%	27%
1,000+	65%	35%

Following two years of decline, job-need cars have made a slight recovery in terms of the overall proportion of cars in the Fleet200, rising from 67% in 2017 to 71.5% this year.

The public sector remains the highest proportion of job-need cars, but that has fallen slightly from 2017's 92% which, itself, was down from 98% a year earlier. In contrast, transport/retail/ distribution has the lowest proportion at 62%, also down slightly from a year ago.

Broadly speaking, the bigger the fleet, the greater the number of perk cars; those with fewer than 100 cars are most heavily job-need orientated. Sponsored by

NUMBER OF VANS OPERATED

BY FLEET200



# jaama•••

# FLEET200 IN NUMBERS

MONTHS IS AVERAGE CAR REPLACEMENT CYCLE

**599** MONTHS IS AVERAGE VAN

**REPLACEMENT CYCLE** 

167 COMPANIES IN THE FLEET200 341,253

146.746

194,507

NUMBER OF VEHICLES OPERATED BY FLEET200 32,957

verizon

NUMBER OF TRUCKS OPERATED BY FLEET200

COMPANIES REPORT 10% INCREASE OR DECREASE IN FLEET SIZE

> 2% OF FLEET200 CAR

FLEET IS ELECTRIC

tion, added 200 cars to its company fleet, but removed 500 vans due to fleet rationalisation.

Countrywide stripped out 500 vehicles in line with general market activity in its sector, while Scottish Water has expanded its fleet due to new demand and the removal of long-term hire vehicles.

Reductions in fleet size aren't always due to loss of business or people opting out; sometimes it is down to improved utilisation. NHS Blood and Transplant has taken out vehicles thanks to new telematics data creating efficiencies, together with improved working practices which raised productivity.

The largest movements, as so often, were among the very biggest fleets.

Royal Mail, the UK's biggest fleet, reduced its car fleet from 5,500 to 4,500 (of which 3,000 are salary sacrifice), while maintaining its van fleet which it expects to grow next year.

The gap to second place BT has reduced after the telecommunications giant added 2,500 vans (cars remain largely unchanged), taking its total car and van fleet to 32,214, from 29,900 in 2017.

British Gas added 800 cars to its fleet, while Network Rail added 200, plus 1,000 vans. It expects to grow both over the next 12 months.

The biggest percentage increase came from Morrison Group Services, with a 17% rise, taking its fleet from 4,760 to 5,750, primarily on the back of a bigger van operation. The reason? Acquisition of two large infrastructure businesses, according to the company.

Fleets' predictions about the future are generally upbeat and – in some cases – at odds with other industry forecasting.

The vast majority of fleets (59%) expect no change in the car fleet size over the next 12 months, while 21% anticipate growth and 20% a reduction in size.

However, a number of leasing companies are reporting a reduction in company car fleet sizes among their customers, as tightening BIK bands encourage employees to opt out of the company scheme and take the cash allowance.

This is particularly prevalent among higher tax payers. In a recent *Fleet News* poll, 77% of fleets said they were seeing

#### THANKS FOR TAKING PART

Thanks to all the fleets who supplied us with their figures for this year. Our thanks also to Sewells for collating and providing the tables for this report. If you believe you should be in the Fleet200, please email us at fleet200executive@ bauermedia.co.uk TOTAL NUMBER OF CARS IN THE FLEET200

an increase in drivers opting out of company cars over the past year.

Thames Water typifies many. Its car fleet has fallen from 230 to 210 year-on-year as a result of staff switching from car to cash. Back in 2011, it had 500 cars.

In total, 76% of Fleet200 members offer cash allowances, the same proportion as last year. This fits with comments made in 2017 when, in the face of changes announced by the Government to the taxation rules regarding cash and cars (under the Optional Remuneration Arrangements – OpRA), 95% of companies said they would not make any changes to their cash and car schemes.

Cash policies are strongest in utilities, where every Fleet200 company offers an allowance, and construction (91%). Not surprisingly, it is least popular in the public sector, where just 13% of organisations have a cash scheme.

Ongoing economic uncertainty resulting from the protracted Brexit negotiations seems to be having little impact on business confidence when it comes to light commercial vehicles. Fleet200 members expect to expand their van fleets on balance over the next year, with 29% anticipating growth compared to 10% contraction. The majority – 61% – say their fleet size will be largely unchanged.

Most optimistic are fleets in the transport, retail and distribution sector, where 36% forecast growth; in contrast, just 9% of public sector fleets forecast growth. Instead, 86% expect no change.

Équally, large fleets are most confident of growth – 34% of those with 500-plus vans compared to just 17% of those with fewer than 250.

"Fleets' predictions are generally upbeat and – in some cases – at odds with other forecasting"



Position	Company	Cars and van total	Cars	Vans	Trucks	Car replacement cycle (years)	Van replacement cycle (years)	Funding method cars and vans
1	Royal Mail	46,000	4,500	41,500	6,000	4	10	ol, op, fl
2	British Telecommunications	32,214	4,414	27,800	2,772	5	7	ol, op
3	British Gas	15,500	3,000	12,500	0	4	6	OL, FL
4	Kier Group Fleet	9,500	4,000	5,500	1,500	4	5	op, ol, fl, fr
5	Parcelforce Worldwide	8,500	1,500	7,000	1,000	4	5	OL, FL
6	Network Rail	7,800	1,800	6,000	300	5	5	op, fl
7	SSE	7,176	2,250	4,926	1,533	4	5	OL, ECO, FL
8	The AA	6,100	3,300	2,800	300	3	4	FL, OL
9	Morrison Group Services	5,750	2,750	3,000	200	4	4	op, ol, fl
10	Defra Group Fleet Services	5,554	4,113	1,441	49	4	7	ol, op
11	Balflour Beatty Fleet Services	5,500	3,500	2,000	750	4	5	OL
12	Addison Lee	5,334	4,939	395	0	3	3	OL, FL
13	Siemens	5,000	3,800	1,200	5	4	4	OL, FL
14	Interserve	4,300	2,200	2,100	100	3	4	OL
15	Countrywide	3,830	3,800	30	0	4	5	op, fl
16	Asda Stores	3,800	1,800	2,000	1,000	4	4	OL
17	Virgin Media	3,800	400	3,400	0	n/a	n/a	OL, FL
18	Volkswagen Group United Kingdom	3,596	3,596	0	0	1	n/a	ECO
19	Travis Perkins	3,550	2,500	1,050	3,000	4	8	FL, ECO, OP
=20	Babcock International Group	3,500	2,000	1,500	20	4	4	OL
=20	John Lewis Partnership	3,500	1,500	2,000	750	3	8	OL, OP
22	Police Scotland	3,489	3,079	410	7	5	5	OP
23	UK Power Networks (Transport)	3,268	1,194	2,074	223	5	6	OP
24	E.ON UK	3,180	1,080	2,100	80	4	5	OL
25	Engie	3,000	1,500	1,500	10	4	4	FL

Key to funding method abbreviations: FL finance lease, OL operating lease, OP outright purchase, SS salary sacrifice, ECO employee car ownership, FR flexible rental, O other





# Sponsored by Carlas Group

Position	Company	Cars and van total	Cars	Vans	Trucks	Car replacement cycle (years)	Van replacement cycle (years)	Funding method cars and vans
26	Chiltern Transport Consortium	2,823	2,323	500	79	4	6	OP
27	Skanska UK	2,680	2,000	680	470	4	5	OL, FR
28	Sainsburys Online	2,600	0	2,600	0	n/a	4	OL
29	Anglian Water Group	2,550	750	1,800	150	5	6	op, fl
30	ISS Facility Services	2,500	800	1,700	10	3	5	OL
31	Galliford Try	2,450	2,000	450	25	3	4	OL
32	Rentokil Initial	2,408	1,678	730	22	4	5	OL
33	Select Plant Hire	2,360	1,960	400	0	4	3	OL, FR
34	Amey Fleet Services	2,315	750	1,565	1,832	4	4	OL, ECO
35	G4S Fleet Services UK and Ireland Region	2,300	1,700	600	200	4	4	op, ol, fl
36	Kelly Communications	2,250	250	2,000	20	6	6	op, fr
37	Muller UK & Ireland Group	2,220	520	1,700	D/K	4	n/a	op, ol, eco
38	GE Global Operations	2,150	2,000	150	0	3	4	OL
39	Essex and Kent Transport Services	2,050	1,800	250	8	6	7	op, eco
=40	Integral UK	2,000	1,100	900	0	4	4	OL
=40	Link Treasury Services	2,000	1,000	1,000	0	4	5	OL
42	Severn Trent	1,992	416	1,576	221	5	7	op, fr
43	Morgan Sindall	1,880	1,040	840	50	4	4	FL, OP, FR
44	Kelda Transport Management	1,850	700	1,150	65	4	7	OL, OP
45	Fujitsu	1,820	1,700	120	0	3	3	OL
46	Thames Water Utilities	1,810	210	1,600	50	4	5	op, fr
=47	Murphy Plant	1,800	600	1,200	200	4	6	OL, OP
=47	Vodafone	1,800	1,300	500	0	4	5	OL, FL
49	Clancy Docwra	1,780	380	1,400	120	5	5	op, ol, fl
50	Wolseley UK	1,710	1,250	460	300	4	4	OL



# FLEET200: 51-100

Position	Company	Cars and van total	Cars	Vans	Trucks	Car replacement cycle (years)	Van replacement cycle (years)	Funding method cars and vans
=51	DHL International (UK)	1,700	350	1350	0	4	5	OL
=51	Howdens Joinery	1,700	1,600	100	0	4	4	FL
=53	United Utilities	1,600	200	1,400	200	4	7	ol, op
=53	Serco	1,600	900	700	650	4	4	FL, OP, OL, FR
55	Belron UK	1,580	180	1,400	0	n/a	4	ol, op
56	Ricoh	1,503	1,500	3	0	4	4	OL
57	Dorset Police Fleet Services	1,500	1,500	0	4	5	n/a	op, eco
58	Scottish Water	1,436	239	1,197	216	4	5	OL, OP
59	Nationwide Building Society	1,410	1,400	10	0	3	4	op, fr
60	Spie	1,407	220	1,187	46	3	3	FL, OL, FR
61	Scottish Power	1,400	200	1,200	100	4	4	FL, ECO
62	South West Water	1,350	350	1,000	800	4	7	op, ol
63	Rolls-Royce	1,304	1,200	104	0	3	4	FL, OL
=64	Anglian Home Improvements Norwich	1,300	500	800	0	4	7	FL, OP
=64	Sodexo	1,300	500	800	50	4	5	ol, op
=64	Geopost UK	1,300	300	1,000	1000	n/a	n/a	n/a
67	Connell's Estate Agents	1,255	1,252	3	0	4	n/a	OP
68	SIG	1,250	930	320	750	4	5	OL, OP
69	Coca-Cola European Partners	1,244	1,026	218	0	3	3	OL
70	Rexel UK	1,237	751	486	42	4	3	OL
71	Foxtons	1,210	1,200	10	0	3	3	op, fl
=72	Johnson & Johnson Medical	1,200	1,200	0	0	4	n/a	OP
=72	Willmott Dixon	1,200	1,200	0	0	3	n/a	OL
74	Computacenter (UK)	1,180	1,100	80	0	4	5	FL, ECO, FR
75	The Salvation Army	1,100	800	300	0	3	n/a	FL, OP

Key to funding method abbreviations: FL finance lease, OL operating lease, OP outright purchase, SS salary sacrifice, ECO employee car ownership, FR flexible rental, O other







Position	Company	Cars and van total	Cars	Vans	Trucks	Car replacement cycle (years)	Van replacement cycle (years)	Funding method cars and vans
76	Wales & West Utilities	1,091	228	863	31	4	6	op, ol
77	Allianz	1,070	1,070	0	0	n/a	n/a	n/a
78	West Mercia Police	1,067	1,000	67	1	4	10	OP
79	West Yorkshire Police	1,054	740	314	4	5	7	OP
80	Kuehne + Nagel	1,050	850	200	1,200	4	2	OL, FR
81	Northumbrian Water Group	1,049	250	799	167	3	7	FL, OL
82	Trinity Mirror	1,030	1,000	30	0	4	4	op, ol
83	London Underground (Transport for London)	1,000	300	700	60	5	5	OL
84	McCurrach UK	960	950	10	0	4	4	OL
85	Driver & Vehicle Standards Agency	940	850	90	4	3	5	op, ol
86	Diageo	900	750	150	0	4	4	OL
87	Leeds City Council	891	13	878	181	6	6	OP
88	npower	850	0	850	0	n/a	4	OL
89	AstraZeneca	830	830	0	0	4	n/a	OL
90	Hertfordshire Fleet Services	821	455	366	215	3	7	op, ol
91	Yodel	810	90	720	420	3	3	OL, FL, FR
=92	Briggs Equipment	800	250	550	0	4	5	OL
=92	NHBC	800	800	O	0	3	n/a	FL
94	Canon UK	780	750	30	0	4	4	OL
95	Aviva	770	770	O	0	3	n/a	OL
96	Gap Group	768	314	454	236	4	7	OP
97	Thales Group	752	620	132	0	4	4	FL
98	London Ambulance Service NHS Trust	750	250	500	10	5	7	op, fl
99	Northumbria Police	741	550	191	6	4	5	OP
100	Affinity Water	720	260	460	20	4	5	OL, OP



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\*Figures are obtained in a standardised test evele. During the test, plug-in hybrid vehicles use a combination of battery power and petrol fuel after the battery has been fully charged. All figures are intended for comparisons between vehicles and may not be representative of what a user achieves under usual driving conditions. Plug-in hybrid vehicles require mains electricity for charging.



# WLTP uncertainty prompts replacement cycles rethink

Annual business mileage increases as replacement mileage falls, closing gap on average cycle of just below four years

#### By John Charles

peculation is rife across the fleet industry – and there has been some confirmation from contract hire and leasing companies – that fleet replacement cycles are being extended as businesses wait to discover the full extent of the repercussions from the introduction of the Worldwide harmonised

Light vehicles Test Procedure (WLTP). Even so, the average age and mileage at which leading UK fleets are replacing company cars is little changed in the past 12 months, although a number of fleets are considering their operating cycles.

The headline findings relating to company car age and mileage replacement from this year's survey of professional fleets reveals:

The average age replacement cycle for company cars is slightly up at 3.9 years (47 months) across the 157 organisations responding to the question, which compares with 3.8 years (45 months) in 2017.

The average replacement mileage for company cars has dropped to 90,041 across the 122 organisations responding to the question, which compares with 100,600 miles in 2017.
 Company cars are averaging 22,316 business miles per annum across the 139 survey-responding fleets. In 2017 the

annum across the 139 survey-responding fleets. In 2017 the figure was 18,691 miles. This last set of figures for average annual company car mileage would curpant the suggestion that vehicles are

mileage would support the suggestion that vehicles are working harder. In the four previous years, 2014-17, the equivalent figure highlighted in each report has been between 18,000-19,000 miles.

However, it should be made clear that, as ever with the Fleet200, making direct comparisons with data from previous years is difficult given the number of fleet decision-makers supplying information varies year-to-year and the composition of the businesses responding also changes.

3.9 years is average age replacement cycle up 0.1 years compared with 2017

90,041 miles is the average replacement mileage – down a little more than 10,000 miles compared with 2017 Adding further to these considerations is the impact of WLTP, the real-world carbon dioxide (CO<sub>2</sub>) and fuel economy testing regime, which became effective for all cars from September 1 having been in place for all new models since the same date last year.

Vehicle manufacturers are responding to the WLTP-influenced changes by managing the negative impact of CO<sub>2</sub> emissions with a range of actions that include:

The withdrawal of specific engines or engine and option configurations.

The re-engineering of vehicles to improve emissions and mpg, causing the interruption of model production.

Simplification of complex ranges.

Meanwhile, the big unknown is what will happen with vehicle-related taxation from April 2020. The fleet industry is hoping for a major announcement in November's Budget.

However, in the interim, fleet decision-makers are very much in the dark and could potentially extend current vehicle replacement cycles until the Government confirms its taxation plans post-2020.

But, with the ever-present focus on cost management, extending fleet replacement cycles can bring with it increased company car maintenance bills as well as potentially higher defleet charges.

Irrespective of the size of fleet being operated, replacement cycles across organisations operating fewer than 250 company cars, 250-499 and 500-plus is 3.9 years (47 months). However, vehicles operated by the largest fleets work the hardest clocking up almost 93,000 miles on average compared with around 85,500 miles on sub-500 vehicle fleets.

Average business miles is also at its highest across the largest fleets at almost 24,000 miles per annum versus 18,000 miles and 19,500 miles across, respectively, businesses operating less than 250 company cars and 250-499 company cars.





"We keep the vehicles as fresh as we can, but vehicle age is not as important as a replacement determining factor as it used to be due to build quality"

Graham Telfer, Gateshead Council







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# CAR REPLACEMENT CYCLES

Sector	Average car replacement cycle – years	Average car replacement cycle – mileage
Primary/Manufacturing/Construction	3.9	97,857
Transport/Wholesale/Retail/Distribution/Information/ Communication	3.8	85,323
Business Services	3.6	84,091
Other services	3.4	85,000
Public sector	4.5	96,563
Overall	3.9	90,041

Across the different industry and commerce sectors analysed, the shortest company car replacement cycles are among companies operating in 'other services' at 3.4 years (41 months), banking/insurance at 3.5 years (42 months) andbusiness services at 3.6 years (44 months).

Not surprisingly, given the ever-increasing demands on public sector finances, company cars operating in that sector remain on fleet the longest at an average of 4.5 years (54 months).

Turning to average company car replacement mileage, it is perhaps not surprising that typically those operated in the services sector take to the road the least. Banking/insurance organisations report the lowest average mileage figure at almost 67,000 miles, followed by business services (84,000 miles) and 'other services' (85,000 miles).

Company cars operated within the construction sector are the only ones that on average break through the six-figure barrier (108,182 miles).

Fujitsu currently operates a three-year/70,000 mile replacement cycle across its contract hired 1,700-strong fleet, but Martin Coulton, senior procurement manager at the Stevenage-based company, identifies cost management and CO<sub>2</sub> reduction as his 'big challenges'.

The replacement cycle has reduced from four years/80,000 miles and, says Coulton, the reality was that, on average, vehicles returned with about 60,000 miles on the clock – a reflection of changing working practices as employees conduct meetings via video/teleconferencing and Skype.

He says: "Our company cars need to be fit for purpose and beyond that it is a balancing act between what's correct in terms of managing budgets, reducing our carbon footprint and the cost of doing the right thing.

"We review replacement cycles every three years and have found that three years/70,000 is the optimum. The generous lease term versus actual defleet mileage means we avoid excess mileage charges.

"The replacement cycle also means that we keep up with the latest vehicle technology and cars, typically, are replaced before an MOT is due. Drivers have a new company car every three years, which is an attractive benefit proposition. If we shortened the lease term any further, then rates could increase to cover upfront depreciation."

Budget management is also an issue for Marc Garrett, senior funding advisor at Basingstoke-headquartered Link Treasury Services, which acts as advisor to a cross-section of public sector organisations collectively operating some 1,000 company cars on four-year replacement cycles and a similar number of vans.

He says: "Fleet funding is a recurring theme across the fleets we work with. Fleets question how they can operate and maintain the same number of vehicles they have with restricted and reducing budgets. They are working hard with less money to keep services going with the same number of vehicles."

Highlighting that there were 'pitfalls' to sweating vehicle

assets with the potential for higher maintenance costs and rises in the number of short-term rentals with vehicles off the road, Garrett says: "Many councils have kept assets too long and it is costing them a fortune on maintenance and in short-term hire.

"Fleets must be realistic about the number of vehicles they operate. Vehicles are more reliable because of improving technology. So longer retention periods may be realistic; rather than perhaps a four-year car replacement cycle, five years may be possible if they are not clocking up high mileages. It is a balancing act with maintenance costs and vehicle downtime and proper analysis is required."

Gateshead Council has the longest car operating cycle at seven years across the fleets reporting – four organisations operate six-year replacement cycles. The council operates 30 cars, but with low annual business mileage (10,000 miles per annum).

The council's 350 light commercial vehicles, the bulk of which are car-derived vans, and 250 trucks and specialist vehicles are also operated over seven-year replacement cycles.

Gateshead Council fleet manager Graham Telfer says: "We are blessed with the best quality of vehicles – whether cars or commercial vehicles – we have ever had, which means that replacement cycles can be more fluid and are not as set in stone as they used to be.

"Ten years ago, clutches, for example, had to be replaced at 50,000 miles, but now 100,000 miles is quite possible."

Additionally, changing working practices across the council mean that the largely pool car fleet has typically replaced 'grey' fleet use, while public transport is used more widely by staff to travel. Conference calls are also more prevalent and ride-sharing – where a number of employees may be travelling to the same location – is encouraged. That means cars, generally, are not used "so heavily", which makes longer replacement cycles possible.

What's more, Telfer says he could see replacement cycles on some fleets, particularly where corporate image was less important, extending even further.

He says: "In some instances it may be possible to run cars and other vehicles for eight or even nine years, but that would depend on the nature of the fleet and in some sectors that could be a risk."

He points out that in high profile fleets where vehicle age or vehicle badge were important then longer replacement cycles may not be viable. But, says Telfer: "Running vehicles for longer does not impact on maintenance costs like it used to. We keep the vehicles as fresh as we can, but vehicle age is not as important as a replacement determining factor as it used to be due to build quality."

Consequently, the risk associated with long replacement cycles was, he says, less in terms of mechanical than external appearance. Gateshead Council, like many public sector organisations, has its own workshops and undertakes service, maintenance and repair work in-house.





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# Excess mileage is 'significant' as fleets run vans much longer

Survey shows average annual vehicle mileage has accelerated by almost 25%, hitting 25,900 compared with 20,924 in 2017

#### By John Charles

rganisations are working their vans harder than ever according to data collected for this year's Fleet200. Average annual business mileage is 25,900 miles across the 110 fleets that reported the data with mileage replacement cycles broadly unchanged, although the upward trend continues.

This year's survey reveals average van replacement takes place at 4.9 years (59 months) across the 142 fleets reporting data, which compares with 58 months in the previous two years and 56 months in 2015.

Meanwhile, annual average vehicle mileage has accelerated significantly, reaching 25,900 miles in 2018 – an increase from 20,924 last year, which was down from 22,140 miles in 2016.

However, despite the overall increase in average annual mileage reported, mileage contracted under the replacement cycle is down, according to the 108 fleets reporting.

Average annual replacement cycle mileage is 104,306 miles, which is down from 119,600 in 2017 and closer to the 2016 figure of 103,110 miles.

The fact that not all fleets have responded to all the questions makes comparisons with previous years difficult – the make-up of the fleets responding has also changed.

However, the fact that average business mileage per annum would appear to be significantly higher than contracted mileage – around a staggering 25,000 miles – would suggest that some businesses' excess mileage charges are significant.

Indeed, the data correlates with the 2017 *Fleet News* FN50 report on the UK's contract hire and leasing sector, which suggested that van excess mileage charges had risen compared with the previous 12 months. Vans, according to the report, incurred an average charge of £496 for excess mileage, up from £480 in 2016. Additionally, the proportion of vans subject to the charge increased to 22% from 19% in 2016.

Given industry evidence would suggest that more vans than ever are equipped with telematics technology and fleet managers say their focus is very much on cost management, it would seem that some companies would benefit from greater analysis of their real-world business mileage to leasing mileage



"Royal Mail aims to replace vehicles at the end of their economic life through a structured annual replacement process"

Paul Gatti, Royal Mail

agreements. That's because bringing them closer together would help to reduce monthly contract hire costs.

However, as highlighted previously, that requires careful management and possible relocation of vans undertaking higher mileage tasks with those travelling fewer miles. Not all companies have the necessary in-house expertise to allow that type of fleet rebalancing.

Nevertheless, with the advent of clean air zones (CAZs) later this year, van relocation may become a key requirement for some fleets. Glasgow is potentially the first on the CAZ list, although vans are excluded from the first phase of implementation. Scotland's so-called second city (it has the largest population) will be followed by London with its ultra-low emission zone (ULEZ) in April 2019.

As ACFO has highlighted, in respect of CAZ entry criteria, fleets can avoid charges by not only planning their vehicle replacement programmes, but by moving vehicles, particularly vans, around the country so that the cleanest operate within the zones.

Looking purely at replacement cycles, construction companies work their vans the hardest with average mileage at 131,818 miles followed by primary manufacturing at 112,059 miles. Other business sectors are within approximately 8,000 miles of each other either side of the 100,000-mile mark.

Detailed analysis of age replacement data reveals that the larger the fleet, the longer the operating cycle. Fleets operating less than 250 vans typically operate vehicles for 4.2 years (50 months) rising to 4.7 years (55 months) for fleets with less than 500 vans and 62 months for larger fleets (500+).

Unsurprisingly, given the focus on public sector spending, it is fleets in that sector that work their vans hardest with average replacement cycles now at six years with utility fleets at 66 months. No fleets in other business sectors show figures above five years.

Average annual business mileage is highest in the manu-

facturing sector (29,143 miles) followed by the construction sector (28,000 miles). Perhaps surprisingly, it is lowest in the utilities sector at 15,462 miles.



## LCV AND HGV REPLACEMENT CYCLES

Sector	Average LCV replacement cycle – years	Average LCV replacement cycle – mileage	Average HGV replacement cycle – years	Average HGV replacement cycle – mileage
Primary/Manufacturing/ Construction	4.8	112,059	6.4	146,429
Transport/Wholesale/Retail/ Distribution/Information/ Communication	4.8	104,138	6.1	126,071
Business services	4.4	97,826	5.9	137,500
Other services	4.8	96,250	7	93,333
Public sector	6	101,071	8	123,636
Overall average	4.9	104,306	6.7	131,100



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Royal Mail, the UK's largest operator of vans (41,500), has in the past 12 months extended its fleet replacement cycle to 10 years from seven – making it one of only four fleets claiming to reach that benchmark.

Royal Mail fleet director Paul Gatti says: "With access to sophisticated asset management analysis and operating an in-house network of workshops, giving us direct control of the servicing, we determined it would be more cost-effective to run the vans for longer. Royal Mail aims to replace vehicles at the end of their economic life through a structured annual replacement process. The aim being to minimise operational costs within the constraints of capital budgets."

Another organisation that also operates its sub-3.5 tonne vehicles for a decade is the Manchester-based Co-op, which runs its home delivery vehicles typically on a 'one store/one van' basis. The age of the fleet is an issue for Steve Smith, home delivery fleet manager, who manages the 255 light commercial vehicles (LCVs), largely outright purchased, over 150,000 miles.

With the vans being the 'face of the Co-op', he says: "We aim to keep the vans on the road for as long as possible. The refrigeration units are the biggest issue, because they can start to wear after five years. But my suppliers are brilliant and we are able to keep units working."

The Co-op does not have dedicated van delivery drivers, opting instead for store staff to drive the vehicles on home delivery runs.

Smith says: "The vans have got to look right with no damage so they are smart from a customer perspective. Mechanically we spend money to ensure they are reliable: we don't want to scrape on service, maintenance and repair (SMR) due to compliance and to avoid breakdowns so deliveries are on time. Drivers also undertake daily checks."

Meanwhile, the most popular mileage-based van replace-

#### HGV SECTOR ANALYSIS

Average HGV replacement cycles are 80 months and 131,100 miles, according to the 2018 analysis of professional fleets.

The data would suggest average truck mileage across 50 reporting fleets has fallen from last year's 141,500 miles. However, as truck data only started to be collected in 2015 when average replacement mileage was reported as 115,630 miles before rising to a whopping 181,279 miles in 2016 it is difficult to draw conclusions.

Furthermore, figures are skewed by changes in the fleets reporting annually and the number of organisations taking part in the survey. In contrast 86 fleets reported replacement cycles by age with the average being 6.7 years (80 months).

A sector-by-sector analysis reveals trucks are operated for the longest time in the public sector (eight years) with the utilities and 'other services' at seven years. The shortest age-related replacement cycle is in the construction sector – 70 months.

However, trucks operated by construction businesses clock up among the highest mileage on average at almost 142,000 miles during their lifetime, topped only by utility fleets (150,000 miles on average) and primary manufacturing (146,000 miles).

"We reviewed the optimum time to replace the light vans and decided to bring the replacement cycle in line with the warranty provided by manufacturers"

Steve Thompson, West Yorkshire Police ment period is 150,000 miles – 39 of 108 organisations – with 27 fleets opting for 100,000 miles.

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One fleet clocking up 150,000 miles over a seven-year replacement cycle is West Yorkshire Police on its five-tonne protected vehicles which are deployed at major incidents, including riots and some football matches. However, four years ago the force took the decision to replace vans up to 3.5 tonnes at five years/120,000 miles, down from seven years/150,000 miles.

Head of transport Steve Thompson is in charge of the 314 LCVs plus the larger vehicles. He says: "We reviewed the optimum time to replace the light vans and decided to bring the replacement cycle in line with the warranty provided by manufacturers. SMR costs were high in the sixth and seventh year and that was hurting us."

Meanwhile, West Yorkshire Police, like other forces, can spend at least £30,000 equipping the larger vehicles with windscreen and side protection, interior cages and the like.

Thompson says: "We spend so much money on kitting the vehicles out that we run them for a further two years outside of warranty to spread the cost and ensure value for money."

At disposal time, the vehicles are sold to a specialist contractor who strips them down. Parts are sold back into the police market as spares and the remainder is crushed.

A total of 96% of vans operated by reporting fleets are diesel, but developing an effective strategy for alternative fuelled vehicles is a focus for Stephen Offley, transport manager at Gwent-based Wales and West Utilities, which operates the gas distribution network across Wales and England's south-west.

In charge of 863 vans and 31 HGVs on a six-year replacement cycle, as well as 228 cars, he says the limited choice of alternatively-fuelled sub-3.5-tonne vans is a concern.

"I do not want to operate converted vehicles, as I have done before and the experience was not entirely satisfactory. We are talking to original equipment manufacturers (OEMs) to discuss product availability," says Offley.

Compressed natural gas, electric and hybrid vehicles were all potential fuel options, but with most van drivers homebased and some on emergency call-out, the availability of refuelling and recharging infrastructures were issues that needed to be overcome, says Offley.

Furthermore, with CAZs expected in Bath, Bristol and Caerphilly – all within Wales and West Utilities' operating area – compliance with entry criteria was also a concern, giving rise to the possibility of relocating vehicles unless compliant alternatively-fuelled models were introduced.

Offley adds: "We are under no specific pressure to switch to alternative fuels – compliance and safety of the fleet operation must come first. However, as a regulated business, we must decarbonise, but to do that with commercial vehicles is more complex than with company cars."

Currently 10% of the Wales and West Utilities' company car fleet is hybrid or plug-in hybrid and that is expected to increase, particularly with consideration being given to measures that will further encourage employees to choose a low-emission vehicle.







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# Leasing continues to rule funding 'roost'

Nearly three-quarters of respondents say they have a single funding route, almost 50% more than the previous year

#### By John Charles

ehicle leasing remains the dominant company car funding choice for professional fleets, according to the 2018 analysis.

Furthermore, the vast majority of organisations (74%) of the 160 responding fleets opt to have just one funding route for the 143,846 company cars collectively

operated, a sharp rise from last year when the figure was 51%. Given that some fleets have more than one funding avenue, contract hire is used by 89 (56%) of responding organisations and finance lease by 54 (34%).

A third of organisations opt to outright purchase company cars with 8% stating that they had in place an employee car ownership scheme.

Just one organisation said it used another route, choosing long-term flexible rental to avoid early termination fees.

Bradford-based Kings Security Systems, operates 100 company cars and all are funded via contract hire with fleet manager Jacob Telemacque explaining: "Cars have been funded on contract hire for at least the past six years since I joined. All service, maintenance and repair (SMR) costs are included and we have a pool mileage agreement. This enables us to: forecast our future financial commitment over the contracted term' take advantage of leasing companies' buying power and promote a positive, successful image of the business as the fleet is no more than four years old."

"Finance leasing is purely a pricing decision because there is no service element. Finance lease is all about cost and we select a provider based on best price"

Martin Saxton, BCS Group

560/0 of responding organisations say contract hire is the preferred funding avenue

779/0 of the 26 public sector fleets who responded used outright purchase As tradition dictates, outright purchase is most popular among public sector fleets, including local authorities, government departments and bluelight/NHS Trusts. This year, 77% of 26 public sector fleets used outright purchase.

Meanwhile, half of organisations operating in the banking/ insurance sector use outright purchase although, it should be noted, that the sample was just four organisations.

Elsewhere, outright purchase is used by 34% of primary manufacturing fleets use, 31% of business service fleets and 40% of utilities fleets.

Contract hire is most dominant in the transport/wholesale/ retail distribution/information and communication sector with 70% of fleets using the funding channel. It is followed by 63% of fleets in the 'other services' sector and 62% of construction companies.

Finance lease has a following across all sectors analysed, but is most prevalent in the construction sector (54% of companies) and primary manufacturing (39% of companies).

Employee car ownership schemes have been established in all sectors analysed except banking and 'other services' where no fleets reported having set up such an initiative.

A number of contract hire companies predict growth in ECO schemes due to the changes to CO<sub>2</sub> emissions as a result of rising company car costs caused by higher BIK taxation from the new WLTP fuel testing regime which has upped CO<sub>2</sub> emissions.

Claire Evans, head of fleet consultancy at Zenith, says: "Contract hire dominates, but ECO is looking more attractive as fleets look to offer cash."

She cites Sewells research which shows that a third of fleets





not offering cash today are 'very likely' to in the future.

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The volume of fleets choosing contract hire to fund company cars was similar across small, medium and large fleets at a shade in excess of 50% in each, with finance lease least popular among sub-250 vehicle fleets (26% of 43 organisations). The outright purchase of company cars was most popular among smaller fleets (44%).

Across the 143,846 company cars operated by the 151 fleets answering the questions, 51.6% are funded via contract hire, 24.3% through finance lease, 21.3% are bought, 2.8% are operated via employee car ownership schemes and 0.1% through flexible rental.

A fifth (21%) of responding fleets have two funding routes, with the remaining 5% having three channels.

West Midlands-based BCS Group is a leading supplier of safety and construction products and services which operates 170 company cars. Transport and fleet manager Martin Saxton relies on sourcing the majority of vehicles on finance lease via a panel of four or five suppliers, although the company also offers flexible rental cars for new starters while on probation or awaiting delivery of a company car.

Saxton says: "Finance leasing is purely a pricing decision because there is no service element. Finance lease is all about cost and we select a provider based on best price.'

By contract, the University of Birmingham uses only one funding route (contract hire) for its 20 company cars as well as 90 commercial vehicles, but Monica Guise, sustainable logistics manager, operates one of the most mixed fuel fleets in the survey embracing petrol, diesel, hybrid and electric.

Explaining how she is able to obtain the best terms via one funding mechanism, Guise says: "Framework agreements are key. The Crown Commercial Services's fleet agreement is the main public sector one, but we have access to many others, including those drawn up by university consortia. We are aiming to buy in bulk and collectively universities and the public sector generally are spending a lot of money and the terms are incredible.

"I pull off' those contracts and because I benchmark the cost of vehicles I know that, as a fleet, we are obtaining great value.

"Much hard work takes place to compile the framework agreements, but we are confident all the key buying criteria is accounted for including cost, service, reliability, sustainability, supplier security etc.

Framework agreements are critical in terms of obtaining best value and mean we are sourcing from approved suppliers because of the many checks carried out. That takes any risk away from us as public sector fleet managers; in the private sector fleet managers must do all that work themselves."

In terms of the number of company car funding channels used by fleet size, around 75% of organisations across small, medium and large fleets use just one and around a fifth (20%) across all sectors use two.

However, the dominance of vehicle leasing as the fleet

"Framework agreements are critical in terms of obtaining best value and mean that we are sourcing from approved suppliers'



Monica Guise, University of Birmingham

funding mechanism of choice may be coming under pressure, according to the latest data from the British Vehicle Rental and Leasing Association (BVRLA). Its figures show that the overall car leasing market shrank for the first time since it started compiling its quarterly survey in 2014.

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The fleet leasing market for cars - both contract hire and finance lease - dropped 4% in the first guarter of 2018 versus the same period last year. Total car leasing (all leasing types) fell by 1% year-on-year compared with a growth of 2% in Q4 2017 and a growth of 11% in the same period of 2017.

Hertfordshire Fleet Services, the county council's in-house transport services provider, has reported a possible reduction in the number of leased cars due to a move to outright purchase by some departments, notably the county's fire service.

Peter Brown, fleet services manager, in charge of 455 company cars and almost 600 other vehicles, says: "The fire service has moved virtually all of its vehicles away from contract hire to outright purchase. However, one of the equipment services organisations may move in the opposite direction."

Each Hertfordshire County Council department can opt as to how its funds vehicles - and keeps that route under review with Hertfordshire Fleet Services then managing a wide range of fleet activities and services including supplying vehicles.

Brown says: "There are no hard and fast rules around funding routes; for example some schools are now leasing minibuses. Numerous factors are taken into account when vehicle acquisition decisions are made."

Historically, the vast majority of public sector fleets purchased their vehicles, but he says: "With the advent of public sector framework agreements which departments can buy off, there are some good contract hire deals available and that can include maintenance, which delivers fixed cost motoring that helps budgeting. With outright purchase you have to have your own workshops or sub-contract them out which we do; it's a different way of looking at vehicle funding."

Sector	Outright purchase	Contract hire / operating lease	Contract hire / finance lease	Employee car ownership scheme	Other
Primary/Manufacturing/Construction	21.6%	44.5%	27.9%	6%	0%
Transport/Wholesale/Retail/Distribution/ Information/Communication	5.3%	69.7%	21.6%	3.4%	0%
Business services	19.3%	54.9%	25.1%	0.4%	0.3%
Other services	0.6%	62.5%	36.9%	0%	0%
Public sector	56.3%	26.3%	16.7%	0.7%	0%
Overall average	21.3%	51.6%	24.3%	2.8%	0.1%

## PROPORTION OF CARS FUNDED BY EACH METHOD



# **BP launches the UK's first fuel payment app** that connects to fuel cards

# BP has launched fuel card functionality on its new app, BPme.

That means the 40,000 BP Fuel Card users in the UK can now add fuel cards to the BPme app, saving them time at the pump and giving them the choice to pay for fuel from the comfort of their vehicle.

• We have put a lot of thought and refinement into how BPme can make drivers' jobs easier – making refuelling easier, faster, and more convenient than ever before.

With BP fuel cards now part of the app, drivers can cut down on admin and errors and that means fleets become more efficient – both from a time and cost perspective. By increasing fleets' efficiency and drivers' wellbeing BPme is giving them a greater chance to be successful and grow.

> Joanna McDonnell, UK Fuel Card Manager, BP Fuel Cards

By making BPme available for fleets, BP has won the race to introduce the first mobile fuel purchasing app in the UK that connects to fuel cards.

Fuel card customers can now use BPme at forecourts across the UK to make quick cashless purchases from their vehicle even if they don't have their physical fuel cards with them. The app will automatically log every fuel transaction and allow drivers to enter their mileage while they are in the vehicle, giving fleet managers extremely accurate data on vehicle activity.

As well as all the fraud detection and excellent transaction security measures fleet managers can expect from a physical BP fuel card – competitive pricing, an extensive network, enhanced security and easy control of fleet admin and management information – the fuel card-linked app also offers other safety benefits such as allowing drivers to stay close to their vehicles at all times, and swapping fuel card PINs for fingerprint or passcode recognition on drivers' phones.

The new fuel card functionality is in addition to the suite of other innovative services already available on the BPme app, which launched earlier this year. All BPme users can use Visa, Mastercard and AMEX cards, connect their Nectar account, view transaction history, and locate their closest BP service station, all from within the app. The app even offers customers the option to offset their carbon emissions from driving through BP's Target Neutral programme for less than the price of a coffee per fill-up.

11 11

## Where can I use BPme?

Now available in around 900 UK BP fuel stations, the BPme 'Pay for Fuel' programme is being rolled out across the BP network throughout 2018. The BP branded network includes 1,280 sites, with 900 sites on UK A roads, 700 24-hour sites and 70 sites at motorway service stations.

Drivers can locate BPme-enabled stations by using the app's location finder, giving them an efficient way to plan routes via fuel card-applicable stations.

BPme is free to download, easy to use and is available for the latest versions of iOS and Android.

For more information, visit www.bpplus.co.uk/BPme

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# Leasing and outright purchase vie for top funding method slot

Fleets disagree on solus versus multi-funder strategies as the best way to optimise value and service from their leasing partners

#### By John Charles

easing light commercial vehicles (LCVs) is the preferred method of acquisition for fleets, but there remains a healthy demand for outright purchase, according to this year's *Fleet News* analysis.

More than half (53%) of fleets use operating lease as a funding method with a further 21% funding vans through finance lease. However, outright purchase remains popular, with 47% of fleets funding some or all of their vans in this way, while 13% of fleets use flexible rental.

While conventional wisdom suggests that larger fleets favour solus partnerships, believing they offer best service, this isn't borne out by the Fleet200.

Overall, 70% of fleets have just one funding partner, but the percentage falls to 59% for companies operating more than 500 vans. Among those fleets, 35% opt for two partners, with the remaining 6% partnering with three or four.

The Royal Mail typifies this attitude among big fleet operators. It uses outright purchase and finance lease to fund its fleet of around 41,500 vans and also partners with multiple leasing suppliers, although it declined to say how many; in last year's report it was 13.

Contract hire is used to fund trailers, while Britain's largest end-user fleet uses four funding channels for its 6,000-strong truck fleet – outright purchase, contract hire, finance lease and flexible rental.

Asked why multiple funding options were used, fleet director Paul Gatti, says: "Royal Mail seeks to ensure we obtain the right funding solution for all our capital needs. It is useful to have a variety of funding options available to ensure we have the best one and also to provide alternatives should different funding sources become uncompetitive. Likewise, we find it useful to have a variety of funding providers for the same reasons. Selection of the appropriate funding option depends on a number of factors but is driven by business need and total cost of ownership considerations."

However, among small fleets (sub 250 vans) and mediumsized fleets (250-499 vans), 78% opt for a single funding stream, while two streams were favoured by 22% of organisations operating a small fleet and 21% of mid-size fleets.

London-based Gnewt Cargo is the only business featured in

"EV technology was moving at such a pace that we didn't want to own vehicles for many years and find they were outdated"





this year's listing with a 100% electric fleet, which includes 60 vans. The last-mile logistics company, which launched almost a decade ago, relies on two contract hire partners.

When the company unveiled its plan to rely solely on electric vehicles it was relatively unusual. Today, that total reliance on plug-in vans remains a novelty. However, with the Government pushing fleets to adopt such vehicles across their operations what advice would director Sam Clarke have for other decision-makers?

Clarke says: "At the beginning, Gnewt Cargo bought its vans, but as the company expanded we needed our cash to invest in the business rather than in vehicles. Additionally, EV technology was moving at such a pace that we didn't want to own vehicles for many years and find they were outdated."

Alphabet and DriveElectric, previously Fleetdrive, are Gnewt Cargo's two providers – one large and one smaller leasing provider, with the latter being a dedicated plug-in specialist.

"We initially worked with DriveElectric because it was tailored towards plug-in vehicles and it was smaller and offered a personal approach, which I like," says Clarke.

"Some four or five years ago, Alphabet was introduced because of our requirement for a large number of vehicles quickly."

Today, approximately 60% of Gnewt Cargo's vans are leased

via Alphabet with Clarke advising fleet decisionmakers looking to lease plug-in vehicles: "It is a balancing act between the expertise of the smaller specialist, which I like to try to support,



## PROPORTION OF LCVs FUNDED BY THE FOLLOWING METHODS

Sector	Outright purchase	Contract hire / operating lease	Contract hire / finance lease	Employee car ownership scheme	Other
Primary/Manufacturing/Construction	30.7%	40.5%	24.6%	4.2%	0%
Transport/Wholesale/Retail/Distribution/ Information/Communication	24.2%	51.5%	21.5%	2.8%	0%
Business services	28.5%	53.5%	3.2%	14.8%	0%
Other services	12.8%	65%	22.2%	0%	0%
Public sector	79.7%	14.4%	5.7%	0.1%	0.1%



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and the bulk purchasing power of the larger provider. If operating a small business, try to tailor vehicles to specific needs.

"The technology is not rocket science, but fleet managers need good advice because the vehicle leasing plug-in market is in its infancy. It is not just numbers on a page and the unit cost of vehicles which makes it different from buying diesel vans. It is about what is right for a business now and what will be right in the future, the recharging infrastructure, the power supply and other factors. It is no longer just about the van."

Not surprisingly, mirroring the company car sector, there is a sharp divide between the chosen van funding streams of public and private sector fleets.

The vast majority of public sector fleets surveyed buy vans outright – 80% – with 14% on contract hire and 6% on finance lease, according to the 20 fleets responding. Elsewhere, the second highest volume of bought vans is among 15 companies in the utilities sector with 51%, followed by 39 primary manufacturing companies with 30% and 31 companies in the business services sector with 28%.

West Yorkshire Police is one of the public sector fleets to buy its 300-plus vans and head of transport Steve Thompson says: "We do benchmark against the leasing sector, but outright purchase remains the more cost-effective route."

Obtaining "best value" is critical for Thompson and colleagues in charge of police fleets as well as the wider public sector and, with vehicles typically travelling 120,000 miles during their operational life, he says: "Due to the mileages clocked up, the leasing sector is not too interested; additionally the damage vehicles suffer during their life means, if vehicles were leased, end-of-contract damage charges would be horrendous."

He adds: "The volume of vehicles West Yorkshire Police, in partnership with other forces, buy as a consortium means we can buy direct from manufacturers at fantastic prices."

Contract hire is used to finance 65% of vans in the 'other services' sector, 54% of manufacturing businesses' vans, 53% of business services' vans and 51% of companies' vans operating in the transport, wholesale, retail, distribution, information and communication sector.

Flexible rental is most popular funding method in the business services and construction sectors with 15% and 13% of vans funded via that route.

Salford-headquartered Stantec Treatment, a leading design and build organisation in the UK water sector and a division of the global infrastructure design and delivery company, exclusively uses flexible rental to fund its 150-160 vans after switching from contract hire. The company calculates a saving of around £25,000 a month (£300,000 a year).

Having contract hired vans on four-year replacement cycles, fleet manager Leah Fletcher says: "We undertook a cost analysis early in 2017 and found that flexible rental would be far more cost-effective. This has proved very successful."

Van demand varied through the year, typically peaking in winter, meaning that some vehicles were under-used.

### OUTRIGHT PURCHASE DOMINATES TRUCK FUNDING

Outright purchase, as in 2017, is the primary channel for fleet funding for HGVs with 65% of businesses selecting it as a funding mechanism.

However, 41% also use contract hire, 15%)use finance lease and 13% employ short-term/flexible rental.

This year's survey saw responding fleets collectively operate a total of 32,957 trucks above 3.5 tonnes with 72% of business having just one funding channel, 25% two and 3% four.

The buying of trucks is most popular in the public and utilities sectors – 86% and 79% of vehicles respectively – followed by primary manufacturing (68%), business services (64%) and construction (60%).

The majority of trucks operated by medium and large fleets are bought, but while some of those organisations do contract hire or finance lease vehicles, the picture is different among smaller fleets where there is a more even split between contract hire and outright purchase as funding methods.

Across the analysis of 32,957 HGVs, operated by 85 organisations, 53.7% are bought, 31% are funded via contract hire, 9.1% through finance lease and 6.2% on flexible rental.

Interestingly, the flexible rental of trucks has yet to penetrate the small fleet sector with none opting to use that form of funding, which is most prevalent among larger HGV fleets.

a month is the saving identified by Stantec Treatment using flexible rental

of public sector fleets

outright purchase

their vans

However, from time-to-time additional vans on short-term contracts were introduced due to increased workload.

The company also found that service, maintenance and repair downtime could increase when vans moved into their third year and beyond.

Fletcher says: "We moved to flexible rental chiefly to make financial savings and reduce vehicle downtime, completing the changeover in spring 2018. The ability to off-hire at just a week's notice and with no cost penalty is advantageous to the business."

Typically 150-160 vans will be on the fleet at any one time, although it could peak at 170 dependent on business demand. Furthermore, all vans, which are usually retained for three years, are liveried, equipped with Chapter Eight markings, tracking systems, beacons and van racking.



## PROPORTION OF HGVs FUNDED BY THE FOLLOWING METHODS

Sector	Outright purchase	Contract hire / operating lease	Contract hire / finance lease	Employee car ownership scheme	Other
Primary/Manufacturing/Construction	56.5%	22.1%	15.4%	6%	0%
Transport/Wholesale/Retail/Distribution/ Information/Communication	29.6%	40.9%	16.2%	13.3%	0%
Business services	48.2%	44.6%	1.4%	5.6%	0%
Public sector	83.5%	16.6%	0%	0%	0%



# Three key components in the Jaama success story

Business is booming for Jaama, the provider of the UK's most sophisticated and requested vehicle and driver management software system

ore than 1.2 million vehicles are now managed by Jaama's multiaward-winning Key2 asset management system.

Jaama attributes its success to: • Leadership consistency and business stability – chief executive Jason Francis, managing director Martin Evans and IT director James Thresher have been driving the company since its launch and fellow directors Stuart Mills (development) and Michelle Morgan (operations) have each been employed for more than 10 years. Furthermore, Jaama enjoys a very low staff turnover with many of its team having received long-term service awards.

• A track record of continuous investment in product development that amounts to more than £2 million per year, ensuring that solutions – Key2 and more recently MyVehicle App – are at the cutting edge of fleet and asset management.

• Continuous investment in its employees – now numbering well in excess of 100.

Jaama has the largest UK-based specialist support and development teams – with each staff member having a structured development programme including fleet, IT and personal development training.

As the 2018 Fleet200 report highlights, the industry is undergoing potentially the most significant changes in living memory with fleet decision-makers facing an unprecedented number of challenges.

That brings complexity, but also opportunities. However, to maximise such opportunities requires fleet decision-makers to have absolute visibility of vehicle and driver data so informed 'big decisions' can be made confidently using robust systems.

Last year Jaama sold a record number of



its industry-leading Key2 vehicle management systems to fleets, contract hire and leasing companies and rental specialists. Evans said: "Key2 has been proven to be a fantastic product and is

recognised as the number one choice for the industry.

"Jaama has always been firmly focused on continued system improvements as the fleet, rental and leasing sector evolves, but the company also has an excellent support structure in place to ensure system implementations are successful and post-

implementation help is easily accessible to enable customers to obtain

maximum benefits from their system." Underpinning Jaama's most recent

expansion was a 2015 reorganisation of the business, to provide robust foundations for both its UK and international market growth.

Evans added: "Jaama's growth has been driven by demand from fleets, leasing and rental companies for modern, future-proof technology which delivers cost-savings through automation and integration. We recognise that our people are critical to the success of the business and it is their ability and desire to deliver world class solutions which ensures that Jaama continues to prosper."

He concluded: "When we launched the business in 2004 we planned on bringing an

# "Key2 has proven to be a fantastic product and is recognised as the number one choice for the industry"

industry-leading web-based fleet, contract hire and rental management software solution to the marketplace. However, the uptake of the Key2 product range that has been able to meet the industry's increasingly complex requirements has exceeded all expectations.

"That trend is continuing with an everincreasing need for companies to effectively manage costs, ensure operational compliance and deliver a competitive edge."

For further information visit www.jaama.co.uk; email enquiries@jaama.co.uk or call 0844 8484 333



# Emissions expected to get worse before they can improve

Introduction of WLTP testing regime looks likely to produce higher real-world emissions figures to further distort an already confused picture

#### **By John Charles**

ritain's leading fleets anticipate that average carbon dioxide (CO<sub>2</sub>) emissions figures across the company cars they operate will increase over the coming months, on paper damaging Government moves to improve air quality.

However, the increases aren't 'real'; they are due to the introduction of the Worldwide harmonised Light vehicles Test Procedure (WLTP), which became effective for all new models in September last year and all cars from September 1, 2018.

A total of 72 fleet decision-makers out of 114 answering the question forecasted higher reported CO<sub>2</sub> emissions across their company car operation by the end of 2018. That compared with 26 forecasting a reduction and 16 no change. Diesel is the dominant fuel across responding fleets at 80% of company cars with 11% being petrol, 7% hybrid and 2% electric.

Many of the 63% of fleet chiefs forecasting an emission rise commented that managing the impact of WLTP on company car choice lists and the 'green' agenda implemented by them and their employers was one of the biggest challenges they currently face (see pages 33-34).

However, while accepting the impact of WLTP almost inevitably meant an average rise across their fleets, decisionmakers also highlighted that they would turn to plug-in and hybrid to keep any increase in check as far as possible.

Currently, fleet decision-makers are in a period of limbo in terms of compiling company car choice lists because, due to the introduction of WLTP, manufacturers have either temporarily or permanently axed models and many cars had yet to be tested at the time of the Fleet200 survey.

WLTP protocols are claimed to be more representative of real-world' driving than the outgoing New European Driving Cycle (NEDC) vehicle testing procedure.

Consequently, the impact of WLTP testing in simple terms is that published car and van CO<sub>2</sub> figures will be higher and mpg figures will be lower than under NEDC even with the temporary adjusted 'correlated NEDC' figures. Experts have suggested that CO<sub>2</sub> emissions on a car-by-car basis will increase by around 20% with miles per gallon (mpg) reducing by a similar amount.

Jacob Telemacque, fleet manager at Bradford-based Kings Security Systems, which operates a 200-strong company car and van fleet, summed up the feeling of many respondents when he says: "I think the biggest issue is the introduction of WLTP. It will be interesting to see the resultant new individual out of 114 decision-makers have forecast higher CO<sub>2</sub> emissions from their cars

80% of company cars are still running on diesel model CO2 and mpg figures published by manufacturers. They could, potentially, impact my own environmental objectives."

Kings Security Systems' uses wholelife costs as the basis for vehicle selection and Telemacque said: "It is important that, as a business, we understand the costs associated with the vehicles we operate – service, maintenance and repair, National Insurance implications, fuel, environmental impact and the effect on our drivers regarding benefit-in-kind (BIK) taxation. Therefore, I think WLTP is a good thing as it will give fleet managers a truer reflection of the total wholelife costs of vehicles and this will drive me to acquire the most costeffective fleet for the business and our users."

He has an objective of cutting fleet CO<sub>2</sub> by 5% over four years and, while anticipating CO<sub>2</sub> will increase with the introduction of WLTP, Telemacque said: "We are looking at introducing hybrid and plug-in hybrid company cars and electric vans where job-appropriate to help reduce our carbon footprint.

"It is important for fleet managers to understand the type of journeys and mileage patterns our vehicles are doing daily, before adopting electric vehicles or plug-in hybrids. BP has announced the roll-out of charge points across its 1,200 forecourts and Shell has plans to do the same. With Shell and BP adopting chargepoints this will quicken the pace for more electric vehicles coming to the market and being adopted by fleet and public users.

"If we can build the recharging infrastructure on our own sites, which is where some vehicles come back after a shift, then we could create a network where electric vehicles could do their job without any range issues."

Keith Loveday, procurement category buyer, at Doncasterbased Thales Group, which operates 620 company cars, was one of many fleet chiefs to highlight the impact that WLTPproduced CO<sub>2</sub> figures would have on BIK tax.

## AVERAGE CO2 CAP IN G/KM

Sector	Average current CO <sub>2</sub>	Average CO <sub>2</sub> at end of 2018
Primary/Manufacturing/Construction	109.1	108.4
Transport/Wholesale/Retail/Distribution/ Information/Communication	113.7	119
Business services	109.2	113.8
Public sector	107.3	108.4
Overall average	109.34	116.08



# aama... ve

## AVERAGE PERCENTAGE OF CAR AND LCV FUEL TYPES

Castor	Pet	rol	Diesel		Hybrid		Electric		Hydrogen Cell		Bio-diesel		Other	
Sector	Car	LCV	Car	LCV	Car	LCV	Car	LCV	Car	LCV	Car	LCV	Car	LCV
Primary/Manufacturing/ Construction	14.5%	0.9%	77.8%	97.9%	7.1%	0.9%	0.6%	0.3%	0%	0%	0%	0%	0%	0%
Transport/Wholesale/ Retail/Distribution/ Information/ Communication	8.8%	2.1%	82%	93.3%	6.1%	0.1%	2.9%	4.5%	0%	0%	0%	0%	0.3%	0%
Business Services	7.1%	0.8%	85.8%	98.7%	6.9%	0.3%	0.2%	0.2%	0%	0%	0%	0%	0%	0%
Other services	16.6%	0.7%	65.3%	97.1%	17.8%	0.3%	0.3%	1.8%	0%	0%	0%	0%	0%	0%
Public sector	13%	1.7%	77.4%	90.3%	4.3%	0.6%	5.5%	7%	0%	0.3%	0%	0.2%	0%	0%

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The Government will introduce a motoring tax system based on WLTP CO<sub>2</sub> values in April 2020, although the shape of the new system has yet to be announced with industry groups lobbying for it to be tax-neutral.

However, until then, the current system remains in place, which almost inevitably means that drivers' tax bills will rise as they take delivery of new cars.

Loveday says: "The impact of WLTP figures and the lack of decisions and support from HMRC is a concern and will affect the P11D taxation of drivers."

The business is maintaining its CO<sub>2</sub> cap at 130g/km and any vehicles that breach that figure as a result of WLTP are being removed from the choice list.

Loveday says: "Thales Group is maintaining its environmental responsibility by keeping its CO<sub>2</sub> cap in place. We are helping drivers make vehicle decisions by reviewing choice lists and some marques/vehicles will not be available to drivers. However, drivers will see higher tax bills.

"For example, a vehicle currently at 106g/km will, we believe, move up to 116g/km which will move drivers up a couple of tax bands. I am not seeing any move away from company cars and, unfortunately, job-need car drivers have got no choice."

However, despite the sentiment of the majority of fleet decision-makers that average CO<sub>2</sub> emissions of their company cars will rise over coming months, data from the British Vehicle Rental and Leasing Association (BVRLA) suggests otherwise.

Electric vehicles and hybrids are responsible for almost 10% of new lease cars registered by BVRLA members, and its latest Leasing Survey shows that average CO<sub>2</sub> emissions of members' new car registrations stood at 112g/km, 9% lower than the national average for all new cars.

That figure is fractionally higher than the current average CO<sub>2</sub> figure across 130 fleets providing data for the Fleet200, which was 109g/km. However, the average is expected to increase to 116g/km by the end of the year.

Last year's analysis of professional fleets revealed that average company car CO<sub>2</sub> emissions across the 66 fleets which gave information was 112g/km. They also indicated that average emissions could fall to 107g/km by the end of the year, perhaps as a result of introducing hybrids and plug-ins.

The BVRLA has launched an ambitious 'Plug-in Pledge' that will see its members' combined plug-in vehicle fleet size surge from 50,000 today to 720,000 by 2025 and many of those will find their way onto fleets taking part in the *Fleet News* survey.

In launching the 'Plug-in Pledge', BVRLA chief executive Gerry Keaney says: "Over the past two decades, the fleet industry has embraced the introduction of emissions-based motoring taxes and used the incentives they provide to deliver a sustained and substantial reduction in CO<sub>2</sub> emissions.

"Fleets are ready to make a large-scale transition to zeroemission motoring, provided the Government can match their



"Employees are seeking to place company car orders and want advice based on hard and fast facts. But we cannot give them"

Gareth Wilsher, AT&T Global Fleet Operations

98g/km lowest C02 figure was set by an all-diesel fleet ambition with a supportive tax regime and more help with charging infrastructure."

But, said Gareth Wilsher, international fleet manager at AT&T Global Fleet Operations, where he is in charge of 275 company cars, there is a lack of clear guidance from the Government to enable development of fleet fuel strategies and to facilitate guidance to the driver population.

Highlighting that, with regards to WLTP, there was uncertainty around model availability, while future BIK tax levels were unknown, Wilsher says: "Employees are seeking to place company car orders and want advice based on hard and fast facts. But we cannot give them – only indications of what we think tax bills will be in two or three years' time."

ACFO, the UK fleet decision-makers' organisation, regularly calls on the Government to publish BIK tax rates for four or five years to enable long-term fleet policy planning and stability. Wilsher echoed that demand, saying: "We need a longer period of known BIK tax rates. Changes, particularly of this magnitude, need to be phased in."

On the 'demonisation' of diesel amid air quality concerns, he says: "A lot of incomplete information has been published. Diesel is still a beneficial fleet fuel in certain scenarios."

As predicted in last year's report, numerous companies have seen average CO<sub>2</sub> emissions across their company car fleets drop below the magic 100g/km mark.

The lowest average CO<sub>2</sub> figure of 67g/km was reported by the London Borough of Hackney. Its corporate fleet manager Norman Harding, in charge of 285 vehicles of which 15 are petrol, diesel, hybrid and electric cars, says: "We have four electric cars and seven petrol-engined hybrids on the fleet. As the council is looking to further develop the electric fleet with plug-in cars wherever possible, I anticipate the average CO<sub>2</sub> figure will further reduce. Due to the fact that most of our cars do not travel very far, electric vehicles can work well for us."

The AA, which operates 3,300 company cars embracing petrol, diesel and hybrid models says almost half the fleet is petrol or diesel hybrid and plug-in hybrid. It has average  $CO_2$  emissions of 87g/km.

The AA company car manager Debbie Gravestock says drivers choosing hybrid and plug-in hybrid models had been behind the low average CO<sub>2</sub> emissions figure, but whether it would reduce further was uncertain.

Gravestock explains that limited plug-in car choice means electric power is not suitable for some drivers and, coupled with the introduction of WLTP testing typically giving rise to higher CO<sub>2</sub> values on petrol and diesel models, it is impossible to forecast if average CO<sub>2</sub> would fall or rise.

Meanwhile, two-thirds [97] of 149 fleets answering the question have introduced a CO<sub>2</sub> emission cap to their company car policy. The average cap across responding fleets wis 127g/km with the lowest set at 98g/km by an all-diesel fleet of more than 300 company cars.



# CAR AND VAN MANUFACTURER BRANDS ON FLEET

TOP 10 CAR MANUFACTURERS			
Position	Manufacturer	Percentage	
1=	Audi	77%	
1=	BMW	77%	
3	Volkswagen	71%	
4	Ford	69%	
5	Mercedes-Benz	67%	
6	Vauxhall	62%	
7=	Jaguar	52%	
7=	Land Rover	52%	
7=	Škoda	52%	
7=	Volvo	52%	

BW cars are on more than threeguarters of choice lists

# German brands dominate choices as Ford slips to fourth

Four of the top five names on car fleet choice lists are from Germany; but for vans the blue oval continues to hold top spot by some distance

#### By Matt de Prez

erman car manufacturers BMW, Audi and Volkswagen are dominating the majority of Fleet200 car fleets this year, with the trio appearing on around three-quarters of members' lists. Audi and BMW are the most popular, both

featuring on 77% of the fleets that are part of the Fleet200. Volkswagen has also improved its ranking since the last time fleet brands were analysed in the 2015 Fleet200, where it occupied fifth place. It now appears on 71% of fleets.

The all-round strong performance from the German manufacturers means Ford now occupies fourth place, appearing on 69% of fleets. In 2015 the blue oval led the pack with 78%.

Last year alone, Ford's fleet sales dropped by almost 10%, according to Society of Motor Manufacturers & Traders (SMMT) statistics. Nonetheless, it is still the biggest brand in terms of fleet volume. This year it launched an all-new version of the Focus – its core fleet model – and an all-new Fiesta, the UK's best-selling car.

Another German brand enjoying a strong fleet performance is Mercedes-Benz, appearing on 67% of Fleet200 fleets. Its most popular model with corporate customers last year was the A-Class (leapfrogging the C-Class), which helped it accelerate to largest premium brand by volume in 2017.

The brand recruited Rob East as its new head of fleet sales last year and he outlined an ambition for Mercedes-Benz to appear on more choice lists by talking to more customers. 779/0 of car choice lists contain the names Audi and BMW

660/0 of van fleets feature the Ford name Like Ford, Vauxhall is another volume champion that has dropped down the Fleet200 brand choice table, placing sixth in this year's survey. The brand, which once dominated the fleet sales charts, now appears in 62% of fleets.

Despite launching a new Insignia model since the last survey, the brand has been unable to recover its position, with SMMT figures highlighting its struggle. Last year, Vauxhall fleet sales dropped by 22% with a large fall in its contract hire registrations.

The other four brands making up the top 10 all appear on just over half (52%) of fleets.

Volvo is joined by Škoda, Jaguar and Land Rover to hold a shared seventh place.

The XC60, Volvo's best-selling fleet model, was replaced last year along with a new BMW 5 Series-rivalling S90 model. Before the end of 2018, the new S60 saloon will be available and a replacement for the popular V40 will launch next year, giving the company an entirely new portfolio of models.

Hybrid technology is available across the line-up too, but key to Volvo's fleet success is its renewed focus on getting on more choice lists – a priority for its fleet boss Steve Beattie.

Škoda announced record UK fleet sales results for the first six months of the year, delivering more than 10,500 new cars to business customers. This is reflected in its performance in the Fleet200. The Czech manufacturer increased its overall fleet market share to 3.4%. Part of this success is down to VW Group's ability to do joint fleet deals across all its brands. Sponsored by





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Škoda's best performance is in the banking and finance sector, dominated by user-chooser company car drivers, where it appears on three-quarters of fleets.

It's unsurprising to see Jaguar and Land Rover appear on the same number of fleets, as the two brands go hand-inhand. JLR vehicles are particularly prominent on construction company fleets, where the off-road capability of Land Rover vehicles is more desirable.

Among the brands that didn't make the top 10 is Seat. The Spanish arm of VW Group has enjoyed strong growth in the true fleet market like sister brand Škoda.

It has performed particularly well in public sector fleets, where it appears on 60% of choice lists. Overall, the brand has achieved a place on 42% of the fleets in the survey.

It's a notable achievement for the relatively low volume manufacturer as French rivals Citroën and Renault only appear on 29% and 39% of Fleet200 fleets respectively.

Both Kia and Hyundai bucked the declining trend in registrations last year, although the Korean brands were only present on around a quarter of Fleet200 fleets. As demand in the retail sector grows it is likely these two marques could become more commonplace in the Fleet200, although they are reluctant to offer the large discounts often commanded by the UK's biggest corporate fleets.

Low emission vehicles are key to the ranges offered by both brands with hybrid, plug-in hybrid and fully-electric models available, including the Hyundai Kona Electric that offers a 300-mile range for £30,000.

The least popular manufacturers in the survey were Infiniti and Tesla, each appearing on just 5% of fleets.

Multi-brand fleets are popular within the Fleet200, only five fleets are single brand while at the other end of the table 20 fleets have 20 or more brands. The most popular number of brands is seven.

Countryside Properties has 26 brands on its fleet and group facilities and fleet manager Chris Connors sees it as a positive thing. "It enables us to say that there are literally thousands of cars available to order even at our lowest grade. We see that as helping support recruitment and retention. Cars are always emotive but it means that, generally, everyone can find a car that is suitable for them. As our staff can trade up and down it really is an open user-chooser policy," he says.

# FORD MAINTAINS STRONGHOLD IN VAN SECTOR

Ford is the most popular van manufacturer in the Fleet200, appearing on 66% of fleets, mirroring its sales charts position. In this category there is less brand variation, with the majority of fleets having one or two brands on fleet as they "Cars are always emotive but it (the wide choice) means that, generally, everyone can find a car that is suitable for them"

Chris Connors, Countryside Properties look to maximise discoounts in return for volume registrations.

Ford performs particularly well in the utilities and banking and insurance sectors, where all the fleets surveyed used Ford vehicles.

Vauxhall is the second most popular manufacturer, appearing on almost half of the Fleet200 fleets.

Mercedes-Benz holds third place, its popularity boosted by its free MobiloVan 24/7 roadside assistance service that aims to help operators reduce downtime.

Volkswagen is the only other brand to appear on more than four in 10 Fleet200 fleets.

Its success is largely driven by a stronghold in the banking and insurance sector. It's most popular with smaller fleets of 100 vehicles or less.

Peugeot vans have become more common among Fleet200 operators since the 2015 survey, with the brand now occupying fifth place with vehicles on 32% of fleets. Three years ago it only appeared on 17%.

Another brand to grow in popularity is lveco. Just over a quarter of survey respondents operate its vans.

The truck manufacturer offers electric and gas versions of its Daily light commercial, alongside a conventional diesel. The van is more popular with larger fleets, where it's possible an existing lveco truck relationship exists.

Completing the top 10 is Mitsubishi, offering just one commercial vehicle, the L200, which is most likely to appear on utilities fleets.

### TOP 10 VAN MANUFACTURERS

Position	Manufacturer	Percentage
1	Ford	66%
2	Vauxhall	48%
3	Mercedes-Benz	46%
4	Volkswagen	45%
5	Peugeot	32%
6=	lveco	26%
6=	Renault	26%
8	Nissan	21%
9	Citroën	19%
9=	Mitsubishi	19%





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# Pace of change 'unprecedented' according to fleet veteran Pryor

ACFO chairman wonders if fleets and drivers will stay loyal to company cars or whether running them is becoming too complex and the tax burden too great

#### By John Charles

CFO chairman and fleet and travel manager at Arcadia Group John Pryor, one of 167 respondents to this year's *Fleet News* 'listing of professional fleets', says he is witnessing an "unprecedented pace of change across the fleet industry".

As one of the UK's most experienced fleet managers, having been in charge of company vehicles for almost 30 years, Pryor should know. He points out that the number of challenges confronting him and his peers is vast and continues to escalate.

What's more, the fallout from the multitude of challenges and issues in fleet decision-makers' in-trays remains to be seen. This makes it virtually impossible for them to plan and advise their employers and company car and van drivers on the best way forward whether in terms of fuel choice, vehicle selection, benefitin-kind (BIK) taxation, National Insurance contributions or numerous other topics.

Needless to say, fleet chiefs responding to the question 'what's your biggest challenge?' in this year's survey did not single out any one specific issue. That said, 'green' and related issues such as vehicle policy and emissions, BIK taxation and clean air zones (CAZs) – would, collectively, top the list. Put simply, the responses covered a variety of issues.

Fleet managers are crying out for Government guidance on topics related to taxation and legislation in respect of vehicle emissions and BIK as well as the advent of CAZs, the impact of which must be factored into fleet operations.

Government pressure for fleets to embrace plug-in vehicles can be further expanded to

include a review of fuel types operated. That includes whether diesel remains the number one choice – particularly following last year's Budget announcement of a rise in the company car

"We have a lot of Euro 5 engine vans and are analysing whether to pay early termination lease charges" Peter Weston, Arcus FM tax diesel supplement to 4% in 2018/19 and national newspaper headlines 'demonising' diesel and not highlighting the breakthrough technology featured in Euro 6-compliant models making them among the 'cleanest' on the UK's roads.

Additionally, fleets can factor in the following:

Impact on fleet vehicle selection of the new Worldwide harmonised Light vehicles Test Procedure (WLTP).

For those that contract hire, the lease accounting standard changes that are effective from January 1, 2019 for companies reporting under international accountancy rules.

The continuing fallout from the 2017 tax changes impacting on both car salary sacrifice and car or cash allowance programmes, known as OpRA (Optional Remuneration Arrangements).

Possible Brexit repercussions.

Given all the above, it is clear fleet chiefs have their hands full. So it is little wonder that Pryor, in his capacity as ACFO chairman, declares: "I cannot recall such a multitude of issues."

Looking forward, he adds: "As a result, perhaps the next 12 months will reveal if employers and employees will stay loyal to the popularity of the company car or decide that it is getting all too complex and the tax burden too great and switch to offering cash allowances, which triggers a multitude of other challenges."

Cost management, occupational road risk and the continuing management of the recently introduced General Data Protection Regulation (GDPR) are all further potential 'minefields' for fleet decision-makers and were also identified as being challenges.

Top of the challenges last year were environmental concerns and many of the issues raised this year fall into that category. An ever-present remains cost control.

Peter Weston, fleet manager at Arcus FM, which operates 650 vans and 30 company cars, summed up the feeling of many when he says "cost control in a fluid environment"

was his biggest challenge. As he bids to future-proof the fleet, Weston says the implementation of the London ultra-low





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emission zone (ULEZ) in April 2019 and clean air zones (CAZs) in other towns and cities nationwide meant he was looking at the early termination of non-compliant van leases to overcome the prospect of paying entry charges.

Weston says: "We have a lot of Euro 5 engine vans on the fleet and are currently analysing whether or not it will be more financially attractive to pay early termination lease charges. We knew of the possible CAZs when we made vehicle decisions four and five years ago, but we didn't know the detail."

Plug-in vehicles may be a future option for the facilities management company and Weston says: "We are undertaking an electrification analysis to see how those vehicles could fit within the fleet."

Referencing the turmoil caused by the introduction of WLTP protocols, Weston adds: "It is very hard to make informed decisions and compile company car choice lists when you don't know the availability of models from manufacturers and how they will sit within policies given the new CO2 and mpg data under WLTP testing."

Sam McIndoe, fleet manager at Hampshire-based Radian Group, which operates a 192-strong fleet, with all but two vehicles being diesel vans, was one of a number of fleet decisionmakers to cite fuel choice as a challenge.

Operating a predominantly diesel fleet, McIndoe says the affordable home provider was conscious of its carbon footprint but electric vans were not currently suitable for its operation.

She says: "We have looked at introducing electric vans onto the fleet, but range, payload and the recharging infrastructure are all factors that mean they are not viable for the business."

Southampton, close to where Radian Group is headquartered, is one of the cities scheduled to introduce a CAZ by 2020 and could charge vehicles if they enter and fail to meet entry criteria.

The majority of Radian Group vans are Euro 6, which is expected to mean they will escape any charge, but some are Euro 5.

McIndoe says: "Our Euro 5 vans are gradually being replaced by Euro 6 and we could switch them so they operated outside of any CAZ if necessary. As a business we do feel under pressure to look to alternative fuels, but, presently, there is no option that is suitable other than diesel."

Peter Kowalczyk, fleet manager at Gamestec Leisure, which operates 648 company cars, of which 90% are diesel, shares the widespread industry concern on the future viability of diesel and is concerned as to possible future penal actions by Government as its seeks to improve air quality.

As a result, some 200 small hatchback 1.2- or 1.4-litre diesel cars travelling up to 20,000 miles a year and driven by employees collecting money from amusement arcade machines are being replaced with 1.0-litre petrol models.



"WLTP is limiting model availability and some cars are not available to order. As a result, we are placing smaller orders"

Peter Kowalczyk, Gamestec Leisure

percentage of Hampshire County Council's fleet that could become plug-in

However, petrol-engine models have proved impractical for a similar number of engineers driving 1.6-litre diesel engine hatchhacks

Kowalczyk says: "The introduction of WLTP is presently limiting model availability and some cars are not available to order. As a result, we are placing smaller orders. Diesel remains the preferred choice among our user-chooser company car drivers, but we do have some petrol-engine cars and hybrids.

"We have switched to petrol-engined cars for collectors because, given the mileage profile, they are more cost-effective to operate. We have trialled petrol-engined cars for our engineers, but due to the load carried, the strain placed on engines and mileage covered they have not proved viable. Whether that changes depends on future engine technology."

Commenting on last year's Budget decision to increase the diesel BIK tax supplement from 3% to 4% but axe the supplement entirely on models that meet the forthcoming Real Driving Emission 2 (RDE2) standard, Kowalczyk says: "It is very frustrating, particularly the decision to remove the tax on RDE2qualified cars when they are not yet available.

"Announcements are being made by ministers and civil servants who, unlike fleet managers, are not making real-world business decisions. Fleets want to move forward, but vehicles must be available and fit-for-purpose."

## **KNEE-JERK REACTIONS**

Stability and the ability to plan long-term is a persistent cry of fleet chiefs and Andrew Ellis, transport manager and head of Hampshire Transport Management at Hampshire County Council, which operates 195 cars and 480 vans, summed up the dilemma facing many when he says it was difficult to develop a strategy when the Government delivered a knee-jerk reaction to stories highlighted in the media.

Ellis, who like many colleagues wants to see Government clarity in key areas notably over long-term fuel policy, plug-in vehicle mileage rates and BIK taxation, says: "It is a complex and challenging time. There is no clear guidance from Government on BIK taxation and mileage rates for plug-in vehicles.

"The Government has said it wants to move away from internal combustion engine vehicles by 2040, but there is no policy or guidance in place as to how that will be achieved. Policies should come before announcements and headlines."

As a result, he says: "We are introducing our own policies and procedures. For example we are compiling a mileage rate for electric vehicles and trying to incentive uptake. All fleets will make their own decisions, but if Government policy was clear across the board then it would save a lot of time and resources.

Ellis calculates there is potential for around 60% of the council fleet to become plug-in and it is introducing recharging points across its estate with funding also available for charging points at employees' homes.

However, with currently 14 electric vehicles on the fleet - nine cars and five vans - he says: "We are guiding and advising council departments and drivers who are our customers. Many are adopting a wait-and-see attitude, but we are empowering change and promoting the cost per mile versus traditional fuels and there is a growing momentum."



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PUBLIC SECTOR FLEETS

South Yorkshire Police will also maintain fire service cars

# To operate a fleet efficiently, it helps if the force is with you

An increasing number of public sector organisations are linking up to share best practice, pool vehicles and enter joint procurement agreements

#### By Sarah Tooze

ublic sector organisations are increasingly working together to improve the efficiency of their fleets. For some this is through regular meetings, sharing pool cars and joint procurement exercises but others have gone as far as merging their fleet departments.

The top five public sector fleets already include superfleet Police Scotland (formed from the merger of 10 police authorities in 2013), Essex and Kent Transport Services (formed in 2012 when Kent and Essex police forces decided to create one shared team), Chiltern Transport Consortium (which is made up of Bedfordshire Police, Thames Valley, Hertfordshire Constabulary and Civil Nuclear Constabulary fleets) and Defra Group Fleet Services which brought together the Environment Agency with the Department for Environment, Food and Rural Affairs in 2016.

South Yorkshire Police and South Yorkshire Fire and Rescue are the latest to merge their fleet departments, with Sarah Gilding heading up the combined operation.

Gilding, who was previously solely in charge of South Yorkshire Police's fleet of 750 vehicles (150 cars, 400 vans and 200 HGVs), is now responsible for fleet strategy for 900 vehicles, plus 200 pieces of equipment, which South Yorkshire Fire and Rescue maintains.

However, the assets remain with each organisation and



*"It's more about adding resilience and efficiency in terms of working together and sharing premises"* 

Sarah Gilding, South Yorkshire Police

of the Fleet200 respondents replace their vans at seven year mark



there are no plans for a new name. "We feel it is important to retain the identity of each organisation," Gilding says.

The two fleets have been working closely since early 2017, with South Yorkshire Police maintaining the fire service's cars.

"We started to look more seriously in terms of what we could do and whether there was any merit in taking things further forward," Gilding says.

The two organisations decided they could support each other with fleet administration and pool their workshop resources in Rotherham, where they each have premises about a mile apart.

The plan is to have a joint facility at the fire service's site in Rotherham instead of two workshops there. South Yorkshire Police will retain its other workshop in Sheffield.





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# PUBLIC SECTOR FLEETS

Company	Total car/LCVs	Cars	LCVs	Truck/HGVs
Defra Group Fleet Services	5,554	4,113	1,441	49
Police Scotland	3,489	3,079	410	7
Chiltern Transport Consortium	2,823	2,323	500	79
Essex and Kent Transport Services	2,050	1,800	250	8
Serco Ltd	1,600	9,00	700	650
Dorset Police Fleet Services	1,500	1,500	n/a	4
West Mercia Police	1,067	1,000	67	1
West Yorkshire Police	1,054	740	314	4
Driver & Vehicle Standards Agency	940	850	90	4
Leeds City Council	891	13	878	181
Hertfordshire Fleet Services	821	455	366	215
London Ambulance Service NHS Trust	750	250	500	10
Northumbria Police	741	550	191	6

However, before merging facilities in Rotherham, Gilding intends to go back through the plans and ensure she has the "best option for staff" and it has been fully costed.

She is not anticipating significant savings as the workshop at the police site in Rotherham is attached to a police station so it will not be possible to sell it. Instead the space will be reused by the police force.

"It's more about adding resilience and efficiency in terms of working together and sharing premises," Gilding says.

The next area to look at will be fleet management software. Both the police force and fire service already use Civica's Tranman system but a review will take place in October with Civica "to advise the best way forward to have a system that does what we both need it to", Gilding says.

South Yorkshire Police and South Yorkshire Fire and Rescue are not the first police force and fire service fleet functions to merge.

Back in April 2015, Humberside Police and Humberside Police Fire and Rescue Services transferred the provision of vehicle and operational equipment maintenance and fleet management services to a joint venture company, Emergency Services Fleet Management (Humberside), based at Melton, East Yorkshire.

More recently, the Staffordshire Joint Emergency Transport Department was formed to deliver all aspects of fleet services for fire and police vehicles in Staffordshire.

"As far as I understand it there aren't many (police forces) that aren't looking at it but people are at different stages," Gilding says.

Within local authorities there is also a push to work together and the squeeze on spending is only set to get worse.

Graham Telfer, fleet manager at Gateshead Council, says that local government funding is presenting most councils – and council fleets – with some serious challenges.

"The intention is within the next two to three years the grant to local government from central Government will cease, so local authorities will have to be largely self-financing," he says.

Some councils are already struggling, notably Northamptonshire County Council which is effectively bankrupt. A recent report by the National Audit Offices suggests as many as 15 councils in England could follow suit.

Budget cuts will have an impact on council vehicles, including minibuses used for adult social care and education services, and refuse collection vehicles.

# RENTAL TO GROW IN POPULARITY?

Although only 4% of public sector respondents use flexible rental as a funding method for their vans this could grow if rental companies offer the right deal.

Gateshead Council has around 270 vans (out of a van fleet of 350) on flexi rent agreements after the council decided to bring housing work back in-house last year.

"The hire agreement we have at Gateshead exceeds the standard terms and conditions you would traditionally have had," Graham Telfer says.

Service, maintenance and repair (SMR) work is carried out at the council's site, helping to minimise downtime, and he believes that hire companies he works with take a "fair and reasonable" approach to vehicle damage.

Telfer says that at Gateshead Council there has already been a "sea change in how we conduct business". At the start of the Government's austerity programme, the council's company car scheme at the council was replaced with a pool car fleet, which is available for members of the public to hire outside of working hours. As part of the council's Go Smarter to Work travel plan, staff also now do more teleconferences and webinars as well as sustainable travel options such as walking and cycling or using public transport.

Vehicle replacement cycles for both cars and vans have been extended from five to seven years, aided by the fact that vehicle reliability has improved.

"In the past, if a car-derived van hit three-to-five years then it became an expense to maintain. The level of maintenance in vans now has dropped considerably," Telfer says.

Even so, he has taken out five-year manufacturer warranties to safeguard against potentially expensive repairs.

"Some vans are still supplied with a 12-month warranty or two-year warranty but we've taken up the option of extending that for up to five years on all the vans we purchase. It's difficult to get it beyond five

years," Telfer says. Gateshead Council is not alone in running



"We've always had driver training but now, having telematics, we can see a lot more of what is going on"

Graham Telfer, Gateshead Council



PUBLIC SECTOR FLEETS



of public sector fleets

favour outright

purchase for cars

wholelife cost saving of

South Yorkshire Police's

electric vans versus diesel





vehicles longer. Across the Fleet200 public sector category, 30.4% of respondents say they replace their vans at seven years with six and five years the next most popular options.

For cars, four years is the typical cycle (favoured by 38.5% of public sector respondents) followed by five years (30.8%).

Outright purchase continues to be the most popular funding method for both cars (used by 77% of public sector respondents) and vans (83%). The next most popular options are contract hire/operating lease (used by 35% for cars, and 30% for vans) and contract hire/finance lease (used by 23% for cars and 17% for vans).

This is because public sector fleets tend to combine their buying power under the Crown Commercial Service (CCS) or regional framework agreements to secure better manufacturer discounts.

Telfer says the specifications on regional frameworks are now tighter and the fleet and transport managers from the north-east local authorities have been more proactive about meeting up to exchange ideas.

Gateshead Council and Newcastle City Council work together to measure vehicles emissions on the highways and have a joined up approach to pool cars/car club cars.

Public sector fleets are also using telematics to generate savings.

All of Gateshead Council's vans and trucks are fitted with telematics and speed limited to 56mph. Driver behaviour is monitored and addressed with training, if required. "We've always had driver training but now, having the telematics, we can see a lot more of what is going on," Telfer says.

South Yorkshire Police recently started implementing telematics with a view to the entire fleet having the devices by the end of March 2019.

Gilding hopes to then introduce it to the South Yorkshire Fire and Rescue vehicles.

She is anticipating total revenue savings of £230,000 based on saving £178,000 on fuel, £36,000 on service and maintenance costs and £16,000 on accident repairs.

Telematics will also help her to know exactly how the fleet is utilised and could potentially enable her to reduce it by about 5%, bringing a capital saving of about £28,500.

Some of the police force's Vauxhall Amperas, which are used for enquiry work, are due for replacement next year (not all have done sufficient mileage to warrant being replaced) and Gilding will consider replacing them with pure electric vehicles.



"There isn't really an alternative to electric for city driving"

Christine Leonard, Cambridge University

She has ordered 11 Nissan e-NV200 pure electric vans following a successful trial between September 2017 and March 2018 with the Energy Saving Trust and Highways England.

Ten of the 11 e-NV200s will be used by the facilities management team (in place of diesel vans although two diesel vans are being retained as they have to move fuel bowsers). The other electric van will be used by driver services.

Gilding expects to make a £9,900 wholelife cost saving per vehicle over four years, bringing a total saving of £108,900. CO<sub>2</sub> emissions are expected to reduce by 271,907kg.

Pure electric is already the second most popular fuel choice (after diesel) for public sector van fleets, followed by petrol (22%) and hybrid (13%).

On the car side the most popular option is diesel, followed by petrol, hybrid, and electric.

Public sector fleets are arguably under the greatest pressure to switch their fleet to ultra-low emission vehicles, particularly those operating in cities where clean air zones or low emission zones are being introduced.

The Government wants at least 50% — and as many as 70% — of new car registrations to be ultra-low emission by 2030, alongside up to 40% of new vans. For some, that's only two replacement cycles away.

Several respondents from the public sector said that moving away from diesel or the use of electric vehicles was their biggest challenge.

The biggest fleet in the sector, Defra Group Fleet Services, announced last year that it intends to switch its entire car fleet to petrol-hybrid or pure electric by 2025, although it acknowledges that infrastructure will pose a challenge.

The Metropolitan Police, meanwhile, intends to have at least 300 electric vehicles on the road by the end of this year. It is also operating Toyota Mirai hydrogen fuel cell electric vehicles.

But even small fleet operators are going electric.

Cambridge University has set a target of 20% of its fleet of 100 vehicles being electric by the end of the decade and its estate management department, which has 50 cars and commercial vehicles, has already exceeded its own target of 50% of its fleet being electric by 2021.

Until last year, all of its electric vehicles were vans (the Renault Kangoo ZE or Nissan e-NV200) but it now operates a Nissan Leaf as a pool car (in place of a Volkswagen Polo).

It has also replaced another Volkswagen Polo and a Ford Transit Connect van with an estate car which can be used as a pool car during the day and is the on standby for emergency work in the evening.

The university is also considering making its pool cars available for members of the public to hire at weekends.

To make the EVs 'greener' the university will be charging them using solar power, with plans for solar panels to be installed next year.

The thorny issue of how much the vehicles will return at auction has not yet had to be addressed but some are likely to be deflected next year.

Christine Leonard, senior technical support manager at Cambridge University, acknowledges that there have also been issues with price and availability of EVs this year but she maintains: "There isn't really an alternative to electric for city driving."





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# Fleets expected to grow as the economic outlook improves

Sector faces myriad challenges but the large number of infrastructure projects expected in the next 12 months provide grounds for optimism

#### **By Gareth Roberts**

ir quality and the new emissions testing regime's impact on taxation are among the biggest challenges facing fleets in the construction sector. Fleet decision-makers told the Fleet200 survey that the introduction of the Worldwide harmonised Light vehicle Test Procedure (WLTP) was chief among their concerns.

Introduced by the European Commission, the new, stricter vehicle emissions test for fuel efficiency and CO<sub>2</sub> replaced the outgoing NEDC (New European Driving Cycle) regime.

However, the lack of clarity over future benefit-in-kind (BIK) taxation levels, VED and national insurance contributions (employee and employer) beyond tax year 2020/21 is a problem, say fleets.

## DIESEL 'UNCERTAINTY'

Furthermore, they say the "uncertainty" surrounding diesel vehicles, the availability of suitable alternative fuel vehicles (AFVs) and an inadequate infrastructure for charging electric vehicles (EVs) were causes for concern.

A little less than three-quarters (72%) of cars operated by the construction sector are diesel, compared to a Fleet200 average of 80%.

It has one of the lowest diesel car shares thanks to having the second highest proportion of AFVs. More than one in 10 (11%) cars operated by sector fleets is a hybrid, pure electric or fuel cell vehicle. The Fleet200 average is 9%.

Perhaps unsurprisingly, the penetration of AFVs into the sector's van fleet is a lot less pronounced. Diesel powers



"Drivers benefit from EVs in terms of lower tax and fuel savings while they enable us to meet carbon reduction commitments"

Alan Baker, Galliford Try

96% of the sector's LCVs – a similar share to the overall Fleet200 average – but just 1.5% of vans in construction are classed as AFVs compared to a Fleet200 average of 3%.

Some have been early adopters of plug-in powertrains. Galliford Try was one of the first companies to be awarded Go Ultra Low Company status in 2016, with more than 100 plug-in hybrids on its fleet.

The scheme is open to public and private sector organisations which have a 5% share of EVs on their fleet, or commit to achieve this figure by 2020.

After receiving the Go Ultra Low award, Galliford Try fleet manager Alan Baker told *Fleet News* that plug-in cars were a logical move for the housebuilding and construction firm.

"Drivers benefit from EVs in terms of lower tax and fuel savings while they also enable us to meet carbon reduction commitments, so they make sense all round," says Baker.

CO<sub>2</sub> emissions are still a big focus for the sector's operators, with 69% of fleets employing a CO<sub>2</sub> cap for cars, compared to a Fleet200 average of 65%.

#### CONSTRUCTION SECTOR FLEETS

Company	Total car/LCVs	Cars	LCVs	Truck/HGVs
Kier Group Fleet	9,500	4,000	5,500	1,500
Morrison Group Services	5,750	2,750	3,000	200
Balfour Beatty Fleet Services	5,500	3,500	2,000	750
Skanska UK	2,680	2,000	680	470
Galliford Try	2,450	2,000	450	25
Morgan Sindall	1,880	1,040	840	50
Clancy Docwra	1,780	380	1,400	120
Anglian Home Improvements Norwich	1,300	500	800	0
Tube Lines (Transport for London)	1,000	300	700	60
Everest Home Improvements	550	400	150	6
Stantec Treatment	502	345	157	0
Novus Property Solutions	490	130	360	0
Rhodar	300	100	200	3





96% of vans are diesel







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The average cap for the construction sector is 128g/km, marginally higher than the Fleet200 average cap of 126g/km. Thanks to the high proportion of plug-in vehicles operated by the sector, however, the actual average CO<sub>2</sub> for cars in the sector is much less – 109g/km. Only the public sector has a lower figure, with cars, on average, producing 107g/km of CO<sub>2</sub>. The Fleet200 average is 111g/km.

But, having enjoyed a downward trend in emissions, WLTP is now expected to push up average CO<sub>2</sub> values by the end of this year. The majority of fleets in the sector expect average emissions to increase, with a combined fleet average of 118g/km – up nine percentage points. The Fleet200 average is expected to be 116g/km by the end of 2018.

## POSITIVE OUTLOOK

More than half of the fleets represented in the sector expect to see either their car or van fleet grow in the next 12 months. Almost a third (31%) expect both the number of cars and LCVs they operate to increase.

Almost half (46%) of respondents expect to be operating more vans this time next year, with the same proportion predicting no change and 8% expecting LCV numbers to fall.

Overall, just 29% of Fleet200 operators suggest they will be operating more vans next year, 61% say numbers will stay the same and 10% expect a fall.

Meanwhile, more than a third (38%) in the sector suggest their car fleet will grow, with 54% expecting no change and 8% thinking numbers could fall.

Looking at the Fleet200 as a whole, one in five fleets (21%) say the number of cars they operate will increase, 59% expect no change and 20% predict a fall.

Construction firms put this predicted increase in cars and vans down to organic growth or acquisition, reflecting an improving economic outlook for the sector.

Following the month-on-month growth in June 2018, construction output has reached a record monthly level, surpassing the previous high seen in December 2017, according to the latest figures from the Office for National statistics (ONS).

As a result of the growth in June 2018, construction output has now reached a level that is 30.2% above the lowest point in the past five years, seen in July 2013.

Baker expects growth in the Galliford Try car fleet. He says: "I anticipate that, with the large number of infrastructure projects being started in the next 12 months, there will be an increase in the number of employees within the

# CARS AND VANS IN EQUAL NUMBERS

One in 10 Fleet200 vehicles is run by companies in the construction sector, according to data from this year's survey.

A combined fleet of 33,682 cars and vans are operated by the 13 organisations who responded, giving an average fleet size of 2,500-plus vehicles.

Kier Group Fleet operates the largest fleet in the sector, with 9,500 vehicles (4,000 cars and 5,500 light commercial vehicles – LCVs). It also has a 1,500-strong HGV fleet.

The Kier fleet is almost twice the size of the next largest operator, Morrison Group Services which has a fleet of 5,750 cars and vans, and Balfour Beatty Fleet Services (5,500 vehicles).

The average car fleet in the sector is 1,342, substantially higher than the Fleet200 average of 893, while the average van fleet of 1,249 vehicles is just below the Fleet200 average of 1,297.

Operating a combined fleet of 17,445 vans and 16,237 cars, it means construction is one of the least van-dominant sectors in the Fleet200.

However, there are exceptions to the rule. Clancy Dowcra has the highest ratio of vans to cars at 5:1 (1,780 vans versus 380 cars) – equating to 82% of the firm's fleet. Galliford Try (55%), Everest Home Improvements (58%) and Stantec Treatment

(60%), while operating more LCVs than cars, had the least dominant van fleets.

Just two of the sector's fleets, Kier Group Fleet and Morrison Group Services, make it into the Fleet200 top 10, ranked fourth and ninth, respectively.

Balfour Beatty Fleet Services (11th) is the only other fleet from the construction sector which makes it into the top 20. Skanska UK is the next construction fleet which features in the overall listing, in 27th place, with 2,000 cars and 680 LCVs.

company engaged on these jobs. Our partnerships business is also flourishing as a provider of affordable housing solutions for councils and housing associations. These areas are of significant political focus so they are likely to continue to expand."

Novus Property Solutions, which is expecting its van fleet to grow over the next year, is focusing on how new vehicles will be funded.

Transport manager Steve Lucas says: "We will be dealing with the additional fleet growth through long-term fixed rental and short-term lease."

Vehicles work hard in the construction sector. On average, cars are run for four years/108,000 miles – the highest mileage across the Fleet200, which has an average of 90,000 miles. The Fleet200 average for the number of years cars are operated for is 3.9.

In terms of LCVs, the sector, on average, replaces vans every 4.7 years/131,000 miles, compared with a Fleet200 average of 4.9 years/104,000 miles.



# UTILITIES FLEETS

# 'Greener' cars and vans fast becoming a utilities priority

Virtually all of the sector's vans (98%) are currently powered by diesel, but close to half of respondents expect to introduce ultra-low emission vehicles soon

#### By Andrew Ryan

 ittingly for a sector which features electricity and water companies, taking on more environmentally-friendly vehicles is a priority for a number of utilities organisations.

Currently, companies in this sector operate the highest proportion of petrol cars in the Fleet200: 19% use the fuel compared to the overall average of 11%. Diesel makes up a further 72%, with hybrid 8% and electric 1%.

A whopping 98% of sector vans are powered by diesel, with the remainder split between petrol, hybrid and electric.

However, this mix is set to change as the Fleet200 research found that almost half of respondents identified that taking on more ultra-low emission vehicles was a challenge facing them over the next 12 months.

Many utilities sector fleets have started to introduce the technology, with some already making significant progress. ScottishPower, for example, has decided to replace diesel

vans with pure electric models where possible. It took this decision after a six-month trial of six Nissan e-NV200 and four Peugeot Partner Electric models ended in April.

Telematics data had been used to identify roles the electric vans were suited to and, following the success of the initiative, the company has already ordered five e-NV200s.

"As a company, we are 100% behind EVs and we want to transition as much of our fleet as possible," says Gemma Rankine, general services director at ScottishPower.

"For every vehicle we identify for replacement, we have to look at the telematics data, work with our business and consider what vehicles would be suitable to be replaced by an electric model.

"No longer are we going to approach our replacement programme on a like-for-like basis."

Anglian Water, too, is to introduce electric light commercial vehicles (LCVs) after analysing telematics data.

"For every vehicle we identify for replacement, we have to consider if that vehicle would be suitable to be replaced by an electric model"

> Gemma Rankine, ScottishPower

"This has given us insight into how our commercial vehicles travel, where they go, where they stop, where they work and how long they are there for," says Stewart Lightbody, head of fleet services at Anglian Water, which has taken 10 e-NV200 vans on trial.

"Taking those bits of the jigsaw, I realised that we've got a very real opportunity to install EVs in some numbers within Anglian Water. We genuinely care for the communities we work in and (electric vehicles mean) we can do something positive to improve the air quality."

### LOWER RUNNING COSTS

Lightbody says a further reason for adopting electric vans is the lower fuel and maintenance costs than for their diesel counterparts, although their potential uses are currently limited by the range and size of the electric vans available.

This is an issue shared by ScottishPower. During its trial, there were few operational implications while running the two-tonne vans, but the company found payload could become an issue when it looks to add electric 3.5-tonne vehicles because of the amount of equipment they need to carry.

Rankine adds: "Engineers who use our 3.5-tonne vans also have power tools which could drain the vehicle battery, so, while we have solved these problems in our combustion engine vans, there is still a long way to go on the electric ones.

"If the technology changes, then yes, of course, we will look to add the larger EVs to our fleet, but right now I think we have to cherrypick those vehicles that (a) don't carry significant amounts of equipment or use power tools, and (b) are doing the shorter journeys."

ScottishPower is also ordering 25 electric cars to go into its 56-strong pool car fleet, while the number of Mitsubishi Outlander PHEV plug-in hybrids it operates will rise from





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15,500 cars and LCVs makes British Gas by far the largest fleet in the utilities sector

70% of the respondents expect no change in their van fleet size

# Company

UTILITIES SECTOR FLEETS

Company	Total car/LCVs	Cars	LCVs	Truck/HGVs
British Gas	15,500	3,000	12,500	-
SSE	7,176	2,250	4,926	1,533
UK Power Networks (Transport)	3,268	1,194	2,074	223
E.ON UK	3,180	1,080	2,100	80
Engie	3,000	1,500	1,500	10
Anglian Water	2,550	750	1,800	150
Severn Trent	1,992	416	1,576	221
Thames Water Utilities	1,810	210	1,600	50
United Utilities	1,600	200	1,400	200
Scottish Water	1,436	239	1,197	216
Scottish Power	1,400	200	1,200	100
South West Water	1,350	350	1,000	800
Wales & West Utilities	1,091	228	863	31

seven to 24 by the end of the year. It is also looking at how it can introduce EVs to its essential-user fleet.

At Anglian Water, 44% of all car orders made last year by its senior management team were plug-in hybrids.

"For me, that was a real direction of travel," Lightbody says.

Across the utilities sector, 79% of fleets have set a CO<sub>2</sub> cap for cars, with the average level at 130g/km – slightly higher than the Fleet200 average of 127g/km.

However, average car emissions are 109g/km of CO<sub>2</sub>, slightly below the Fleet200 average of 110g/km.

Utilities fleets expect these to increase to an average 116g/ km by the end of the year due to the impact of the new WLTP fuel test regime, matching Fleet200 expectation.

## VANS DOMINATE THE SECTOR

Utilities is the fourth largest sector in the Fleet200 with

47,972 cars and vans, making up 14% of the total vehicle parc. As may be expected given the nature of the businesses, the vast majority – 75% (35,845) – are vans. This is the highest proportion for any sector in the Fleet200, which has an overall van:car ratio of 57:43.

British Gas is by far the largest fleet in the utilities sector and accounts for more than one-third (12,500) of its LCVs.

Its 3,000 cars give it a combined fleet of 15,500 to make it the third largest in the Fleet200, and is more than double the size of the next largest utilities fleet, SSE (formerly Scottish and Southern Energy).

SSE has a combined car and van fleet of 7,176 (4,926 vans

and 2,250 cars) which makes it the only other utilities company in the overall top 20, in ninth.

These two companies' combined fleet of 22,676 vehicles account for 47% of the cars and vans operated by the sector Annual vehicle mileages for the utilities sector are among the lowest in the Fleet200.

The annual van mileage for the sector is 19,286 miles compared to a Fleet200 average of 26,461, while the annual car mileage is 15,462 miles, compared to an overall average of 22,637. These are the second lowest and lowest averages for all Fleet200 sectors.

Meanwhile, the sector's average car replacement cycle is four years and one month/95,000 miles, two months and 4,959 miles more than the Fleet200 average.

Vans tend to have a longer replacement cycle, reflected in a sector average of five years and seven months (104,545 miles), against a Fleet200 average of five years/104,306 miles. However, given the actual mileage travelled, some fleets seem to have left some leeway below their contracted mileage agreement with their leasing partner (or internal if bought outright). They would be advised to renegotiate their terms to reduce contracted mileage, potentially saving money.

The majority of utilities companies expect the size of their fleets to remain stable over the next 12 months: of the respondents, 70% expect no change in their van fleet size, with 60% saying the same for their cars.

A fifth thought they would be operating more cars, with the same proportion expecting to have fewer. A little less (18%) felt they would be responsible for more vans, with 12% expecting their van fleet to be smaller.



"Taking those bits of the jigsaw, I realised that we've got a real opportunity to install EVs in some numbers"

Stewart Lightbody, Anglian Water

## FUNDING METHODS EVENLY SPREAD

Fleets in the utilities sector use a fairly even spread of methods to fund their cars: 30% are acquired through outright purchase, 35% by contract hire/operating lease, 25% by finance lease and 10% through an employee car ownership scheme.

With vans, more than half (51%) in the sector are outright purchased. The next most popular funding method is finance lease (30%) and then operating lease (18.3%). Flexible rental is used for 0.5% of the sector's vans.

The number of employees across the sector opting to take cash allowance has increased year-on-year by 46% to an average 415 per company.

Ellie Barnes, senior contract manager – UK fleet at E.On, says: "We are seeing a lot more drivers considering opting out because I think there is the perception that they can get cars cheaper elsewhere. We recently considered cash allowance across the board, but it wasn't deemed to be economically right for us.

"Finance was quite shocked at how it wouldn't be as beneficial as they thought it would be, and then they had to take into account the increased risk we would have because a lot of those drivers would be doing significant mileages."





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