FleetNews

FN 50 2017

Analysis and insight into the UK's contract hire and leasing industry

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Great year for Lexus and we'll bring a special 'guest' to dinner

Neil Broad, general manager
Toyota & Lexus Fleet

This has been a great year for Lexus in which it has amassed widespread praise and several awards. Named 'best manufacturer' by *Auto Express* in the 2017 Driver Power survey, Lexus also took 'best premium SUV' with the RX 450h.

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LEXUS BUSINESS PLUS

Fifth successive year of growth despite the downbeat forecasts

Stephen Briers,
editor-in-chief, *Fleet News*

There has been a surprising amount of change in the 2017 FN50. I say surprising because, amid all the downbeat forecasts about Brexit, falling new car registrations in fleet and growing concerns about residual values (albeit every year leasing companies have a pessimistic take on RVs – not necessarily reflected in their leasing quotations, but that's another matter), it seemed to be a fairly quiet year.

However, we have five new entries into the FN50, two complete rebrands and two acquisitions. Not so quiet, then.

We wave goodbye to Citroën Contract Motoring and Peugeot Contract Hire (now merged as Free2Move Lease), FCA Fleet Services (now Leasys), Motiva Vehicle Contracts (acquired by SG Fleet), MNH Platinum (change of strategy to focus on fleet management not funding), Apex Easy Fleet (now rental only) and DFC NI (a broker).

Meanwhile, Marshall Leasing has been acquired by Bank of Ireland subsidiary NIIB Group, which trades as Northridge Finance – subject to regulatory approval – which could give the business sufficient investment backing to begin growing its risk fleet.

The FN50 has enjoyed its fifth consecutive year of growth, partly due to leasing companies' success in spreading their interests to the retail market through personal contract hire. It sets a new high, with retail taking a record share.

The major lenders continue to talk up the opportunities offered by cash takers and SMEs, secured either through brokers or direct, so expect the size of the FN50 to continue to grow next year even as the new car market declines further, as it is widely tipped to do.

My thanks to Lexus Business Plus for its continued headline sponsorship of the FN50. Thanks also to our associate sponsors, listed at the top of this page, for their support.

Slowdown... what slowdown? FN50 bucks trend to top 1.6m

PCH and salary sacrifice fuel record levels of funding, despite new car sales dip

By Stephen Briers

A little more than four years ago, newly appointed managing director Tim Porter set an ambitious goal for Lex Autolease: growth of 100,000 vehicles – by 2017.

It was, by anyone's measure, a bold objective. The company was targeting 375,000 vehicles, making it the biggest contract hire and leasing company the UK has seen.

In September, Porter announced his goal had been achieved; Lex Autolease sits atop the FN50 with a risk fleet of 381,833 cars and vans – up 15% year-on-year. Just eight of the top 50 can boast a faster rate of growth on 2016, but all of those are from much smaller starting points.

Lex Autolease added almost 49,000 vehicles in the past year alone. To put that into context, just nine leasing companies operate a larger risk fleet, period.

Speaking recently to *Fleet News*, Porter said that his aspiration now is to focus on "sustainable growth". He believes there are opportunities in all key channels, including small-to-medium enterprise (SME), corporate and public sector.

Lex Autolease's rate of growth was almost double that of the FN50 as a whole, which rose by 7.8%.

The combined FN50 funded fleet of 1,686,886 vehicles is an increase of 122,385 with 30 of the 50 registering year-on-year growth. Cars accounted for the largest volume increase, rising by 78,903 to 1.28 million

In the face of declining new car registrations, where is this growth coming from? Primarily, a combination of salary sacrifice (up more than 10,000 cars year-on-year) and greater penetration into the retail sector with personal contract hire (PCH) deals.

Many leasing companies report growth in PCH business through SMEs, owner-drivers and employees opting for cash allowances, evidence of their ability to cast the net wider to capture a larger slice of the total car funding market – either direct or via brokers. Consequently, the average split of business-to-private funded cars has swung slightly towards private, from 87:13 to 85:15. This equates to a year-on-year increase of more than 36,000 cars.

Despite the hysteria around salary sacrifice following the Government-revised rules and various industry (mis)interpretations, the number of cars funded this way has increased from 49,000 in 2016 to 61,200 this year.

Tusker is reporting strong growth, up 8% year-on-year to 20,593, of which 91% are salary sacrifice. The company moves up two places to 12th.

During a busier year than usual, five companies entered the listing – Affinity Leasing, Liquid Fleet, Maxxia, RCI Financial Services and Specialist Fleet Services – while two underwent a rebrand, FCA-owned Leasys and PSA-owned Free2Move Lease.

Of the newcomers, RCI returns to the listing after an absence of seven years. The financial services specialist for the Renault-Nissan group (including Dacia and Infiniti) was outsourced in 2010 to Arval, but brought back in-house in mid-2014.

The Arval-funded vehicles have now washed through the de-fleet process, marking RCI's return to the FN50.

Also returning is Specialist Fleet Services after a two-year absence. Meanwhile, asset-based finance and salary sacrifice provider Maxxia, which owns CLM Fleet Management, Carlisle-based Liquid Fleet and Affinity Leasing, which specialises in offering discounted deals to associations and unions, enter the FN50 for the first time.

Two manufacturers decided the time was right to rebrand their leasing operations.

Leasys (formerly FCA Fleet Services) now sits under Fiat Chrysler Automobiles's European leasing brand, which will open the door to cross-border contracts as well as a move into multi-marque funding.

It has been the UK's fastest growing leasing company in recent years, buoyed by strong activity in its SME heartland. Last year saw a 53% rise in its risk/funded fleet to almost 7,400 vehicles and that momentum has continued into 2017 with a further 37% rise to just over 10,000 vehicles.

Roberto Bellavia, newly-appointed head of Leasys UK, is looking to double the fleet size by 2020 with a bold target of 20,000 vehicles. Corporate business is one option for growth.

"If our target will be the large corporate accounts, we have to manage multi-marque business," Bellavia says.

Free2Move Lease is a merger of Citroën Contract Motoring and Peugeot Contract Hire and will also pave the way to multi-marque funding for Peugeot and Citroën. However, it was created primarily to fulfil PSA Group's aspirations to become a mobility provider, bringing together car sharing, connected services, fleet services and leasing.

That's one for next year and beyond, though. For now, Free2Move Lease is focusing on strengthening its core leasing business, according to UK managing director Duncan Chumley.

"Our focus is to use the strength of both organisations to create a stronger leasing company and a better proposition for our customers," he said.

Chumley expects the SME channel to "remain the backbone" of the new enterprise as the majority of business has traditionally been through the dealer networks.

While Leasys and Free2Move Lease were busying themselves with their respective rebrands, the year's biggest news came in the past couple of months, with the announcement that Marshall Motor Holdings was to sell Marshall Leasing to Bank of Ireland UK for £42.5 million.

It's a good move for the leasing company (subject to FCA regulatory approval) which was not viewed as a priority by the franchised dealer group. Despite being profitable and regularly contributing pre-tax sums of £5m to the family-owned business, Marshall Leasing did not benefit from an 'invest to grow' policy.

Its strategy was retain rather than expand, focusing on delivering outstanding customer service. Consequently, the company, which this year reported a risk fleet of 6,470 vehicles, has added fewer than 1,300 vehicles over the past decade – possibly the lowest growth rate of any current FN50 organisation.

Expect to see a more assertive approach to business acquisition over the coming years – although chief executive Peter Cakebread, who, together with his management team, will remain with the company, will be careful to ensure service standards do not slip.

Cars continue to dominate the FN50 at 75.9% of the total, marginally down on last year's 76.8%. However, several leasing companies have expressed a desire to boost their van portfolios, including Alphabet, which lags behind its nearest competitors with vans accounting for just 12% of its fleet.

It's the lowest proportion in the top 10, compared to the likes of Lex Autolease (28%), LeasePlan (34%), Arval (23%) and ALD (22%).

Nick Brownrigg, Alphabet UK chief executive officer, says: "We would like more LCVs on our fleet because the product type sells very well within our overall mix. That's a focus."

For the first time, the five biggest leasing companies account for more than one million vehicles. They now fund 61% of the cars and vans in the FN50.

Lex Autolease, LeasePlan, Volkswagen Financial Services, Arval and Alphabet have a combined fleet size equivalent to that of the entire top 10 from just three years ago (2014). As recently as 2010, the top five accounted for just half of the FN50, illustrating the rapid growth.

However, this year only one top five leasing company aside from Lex Autolease saw a significant increase in fleet size – Volkswagen Financial Services (VWFS). Its rise of 28,520 (21% – the fifth highest of 2017) follows the appointment of four corporate sales managers in 2016.

All of VWFS's growth was in cars, up 30,685/28%, while vans actually fell slightly by 2,165/7.8%.

That goes against the grain, with van funding within the FN50 as a whole up 43,482 (12%) year-on-year, mirroring the wider registrations trend for light commercial vehicles.

FN50 BY NUMBERS

1,686,886 Total funded vehicles

1,280,846 Funded cars

406,040 Funded vans

61,200 Salary sacrifice cars

30 companies increased fleet size (35 in 2016)

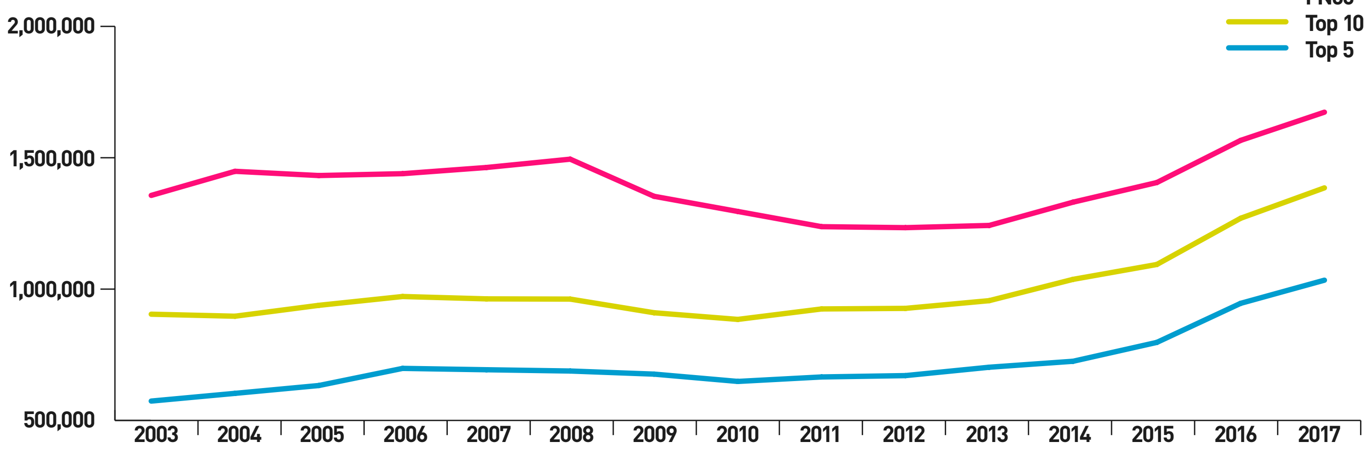
14 companies decreased fleet size (10 in 2016)

5 new entries

FN50 NUMBER OF RISK VEHICLES

Position	2015	2016	2017	Volume change 2016/2017	% Change 2016/2017
1 to 5	795,860	941,821	1,028,318	86,497	9%
6 to 10	298,195	325,209	352,502	27,293	8%
11 to 20	191,384	181,137	199,423	18,286	10%
21 to 30	65,876	66,807	67,490	683	1%
31 to 40	38,738	35,332	30,064	-5,268	-15%
41 to 50	17,135	14,195	9,089	-5,106	-36%
Total	**1,407,188**	**1,564,501**	**1,686,886**	**122,385**	**7.8%**

MOVEMENT IN FLEET VOLUME 2003-2017



NOTES

Thanks to all the FN50 companies who supplied figures this year, enabling us to compile this report into the latest trends. The survey data was collated by *Fleet News* and analysed by the editorial team.

"Our focus is to use the strength of both organisations (Citroën Contract Motoring and Peugeot Contract Hire), bring them together, and to be able to create a stronger leasing company and a better proposition for our customers"

Duncan Chumley, Free2Move Lease

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Rising turnover is not matched by profits for many FN50 firms

Companies blame 'realignment' of residual value in a less robust used market

By Gareth Roberts

The vast majority of the FN50 saw pre-tax profits fall year-on-year, according to the latest available figures. A deterioration in residual values was blamed by some, while increasing staff costs were held responsible by others.

Just 13 companies reported a rise, with Fleet Financial achieving the highest year-on-year increase in percentage terms, with a 59% jump.

Its pre-tax profits for 2016 were more than £1.1 million, compared to £705,000 the previous year, thanks, in part, to a change in vehicle mix.

The country's biggest leasing company – Lex Autolease – also reported a big rise in pre-tax profits, up 36% year-on-year. Due to its size, its figures dwarf those achieved by most FN50 companies.

£54m
year-on-year increase in Lex Autolease pre-tax profit

It reported pre-tax profits of £204.5m – a £54m increase on the £150m reported in 2015. The increase, it says, was primarily down to the acquisition of operating lease assets and associated balances from other group companies in 2015.

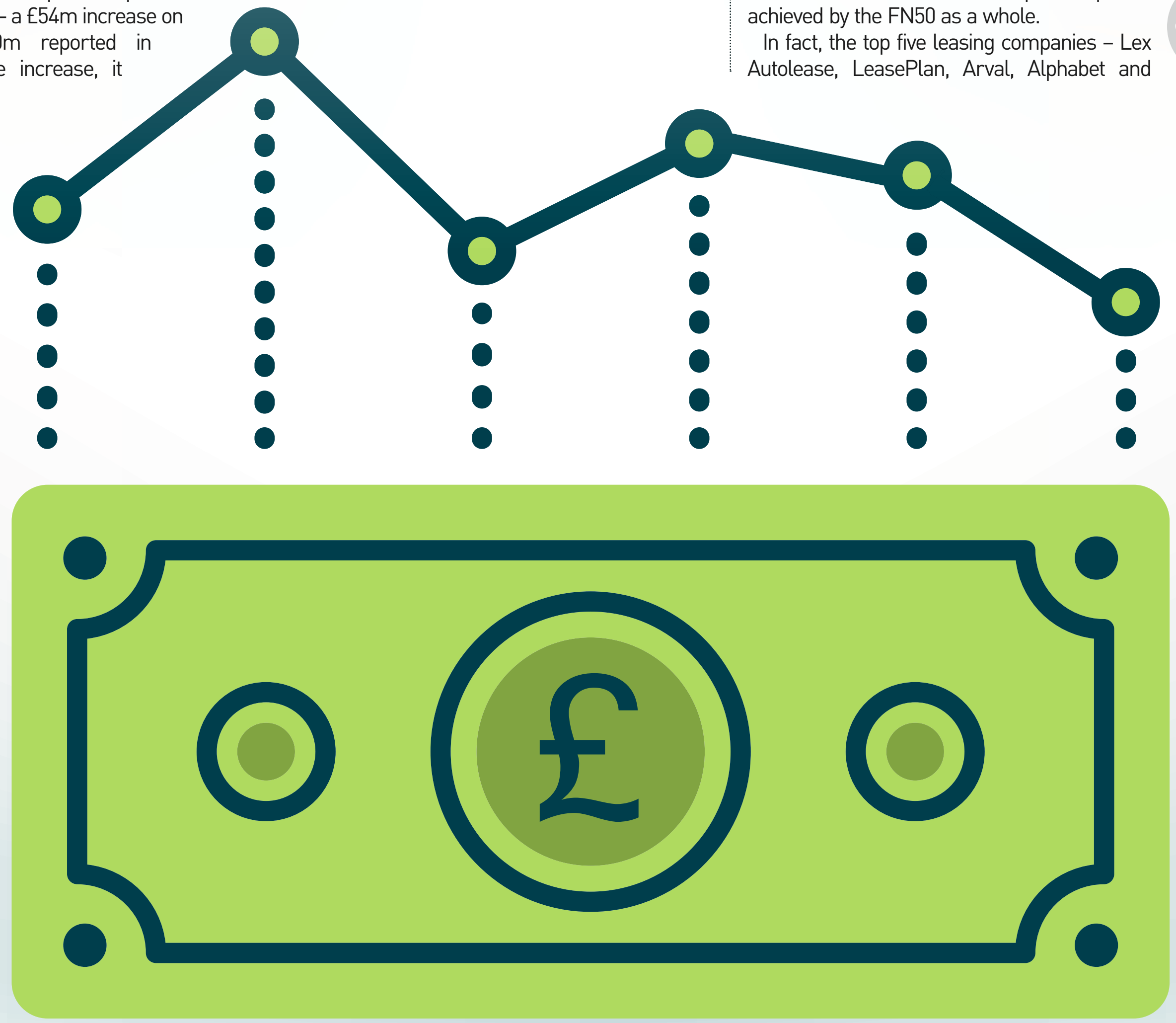
However, it says that profits would have been some £75m higher still, if it had not faced costs during the year, previously borne by other group companies in respect of Lex Autolease business.

Revenue for the leasing giant also rose significantly, breaking through the £2 billion barrier for the first time, up 43% from £1.4bn in 2015.

Some £1.3bn came from rentals from operating lease contracts – almost twice as much as the £766m reported in 2015. Fleet management fees also showed an increase, up from £7.6m in 2015 to £10.4m, last year.

As it dominates the FN50 in terms of risk fleet, it is perhaps no surprise that Lex Autolease is therefore responsible for some 30% of the £668.4m* in pre-tax profits achieved by the FN50 as a whole.

In fact, the top five leasing companies – Lex Autolease, LeasePlan, Arval, Alphabet and



"Some 80% of our fleet is diesel and if used values dip more than we anticipate, that will be a problem for the whole industry"

Tim Porter, Lex Autolease

Volkswagen Financial Services Fleet – were responsible for more than half (56%) of the pre-tax profits reported by the FN50, some £374m. That's only marginally below their 61% risk fleet share.

Arval and Alphabet saw pre-tax profits fall year-on-year, while turnover for both increased significantly.

Alphabet reported a pre-tax profit of £50m in 2015, but last year that fell to £24m as a result of a "realignment in residual values". Turnover, nevertheless, was up £46m year-on-year, to £577m.

Arval, thanks to a 40%-plus increase in its risk fleet, reported a 23% increase in turnover in 2015, up from £749m to £918m, last year. However, its pre-tax profit fell from £47.3m in 2015 to £34.9m in 2016.

The significant decrease, it said, was attributable to a "less robust used car market leading to a deterioration of disposal results and a consequential review of future resale values".

Meanwhile, revenues were up pretty much across the board, with the combined turnover of the FN50 reaching £9.1bn* in 2016.

The top five were again responsible for more than half (56%) of the FN50's revenues – some £5.1bn – driven, in part, by a growth in bolt-on services and another record-breaking new car and van market.

New car registrations climbed for the fifth year in a row to almost 2.7m in 2016. Fleet and business sales drove the growth, with 1.48m vehicles registered, up from 1.42m in 2015.

A record number of new vans and pick-ups also hit UK roads in 2016, with 375,687 new light commercial vehicles registered in the year.

However, the industry faces some challenging times ahead, with the debate around diesel potentially threatening resale values and the terms of Brexit still to be agreed.

The Government has hinted at tax rises after Chancellor of the Exchequer, Philip Hammond, promised to look at the tax treatment of diesel vehicles in the budget.

London has launched the T-charge, targeting the most polluting vehicles, which it will strengthen further with the introduction of the ultra-low emission zone, planned in 2019. Other cities are likely to follow suit, with clean air zones likely for the most polluted towns and cities.

However, the British Vehicle Rental and Leasing Association (BVRLA) has urged the Government to use the budget to support, not penalise, the company car market.

Government figures show the number of company car drivers has remained static for the past seven years while the UK economy has grown consistently.

The BVRLA believes many potential company car drivers have chosen to finance their own vehicles in the face of a steep rise in company car benefit-in-kind (BIK) tax rates. The corresponding period has seen a significant increase in demand for personal contract hire.

The average new company car has lower carbon emissions than the average new car and the BVRLA believes that this tax hike-induced drain away from company-provided vehicles has contributed to the recent increase in average new car emissions.

£668.4m
total pre-tax profit for FN50 firms

£9.1bn
total turnover of FN50

And, with 99% of the country's 4.4 million commercial vehicles powered by diesel technology, the BVRLA's chief executive, Gerry Keaney, believes that diesel still has an important role to play.

He said: "For as long as there is no other suitable cost-effective and practical alternative on the market, diesel powertrains will continue to play a vital role for transporting goods and people around the UK."

The BVRLA's submission to the Chancellor makes clear that punishing employers and their employees for using or selecting a diesel car would be wholly inappropriate and grossly unfair.

As the introduction of the new WLTP (Worldwide harmonised Light vehicles Test Procedure) regime starts to roll out, Keaney has also called upon the Chancellor to give the industry time to transition its systems and processes before basing any CO_2-related taxes on the new testing system.

"We would recommend that all CO_2-related taxes continue to use the existing NEDC CO2 values until April 2021," he said.

The fact is diesel is under attack and its market share has begun to fall across much of Europe. Analysts at Experteye have forecast a minimum of a 5-10% drop in residual values in the next two years and a 15-20% drop over the next five years.

Tim Porter, managing director of Lex Autolease, told *Fleet News:* "Some 80% of our fleet is diesel and if used values dip more than we anticipate, that will be a problem for the whole industry."

Brexit also looms large, with the threat of no deal being agreed, and the UK having to adopt World Trade Organisation (WTO) rules which could entail tariffs and impact leasing costs.

Mike Hawes, chief executive of the Society of Motor Manufacturers and Traders (SMMT), wants interim arrangements in place if a deal cannot be secured by March 2019.

"Interim arrangements must retain membership of a customs union with the EU and full participation in the single market," he said.

"Any other arrangement risks additional administration, delays and costs, undermining the competitiveness of UK exporters and increasing the costs of imports.

"We will continue to work with Government to try to avoid such an outcome."

The sector will be hoping the Government has listened to its concerns when the Chancellor delivers the budget on Wednesday, November 22. It will have to wait a little longer to see what Brexit brings.

*** The combined pre-tax profit and total turnover figures are an estimate based on actual reported figures for companies responsible for 82% of the risk fleet.**

"For as long as there is no other suitable cost-effective and practical alternative on the market, diesel powertrains will continue to play a vital role for transporting goods and people around the UK."

Gerry Keaney, BVRLA

Challenges facing contract hire are growing at pace

Brexit, sterling trends and impact of WLTP are just a few of the issues on executives' minds

By Simon Harris

Companies in the FN50 think uncertainty around Brexit and the future trading relationship will be one of the biggest challenges for the industry in the coming year. Many organisations said uncertainty over the UK's trading relationship with Europe after it leaves the European Union is causing businesses to put investment decisions on hold and is taking its toll on consumer confidence.

There are also concerns that continued pressure on sterling would eventually result in higher new car prices, further discouraging new car purchases.

Andy Hartley, commercial director at Lex Autolease, said: "Ongoing uncertainty surrounding the outcome of Brexit negotiations is likely to result in a deferral of investment expenditure in the corporate sector and a lack of consumer confidence in the retail sector.

"Continuing pressure on the euro/sterling exchange rate will likely see new car prices increase and act as a catalyst for a further contraction of new vehicle registrations."

No significant impact yet

Another FN50 company stated that although there had not been a significant impact from Brexit yet, there would most likely be changes of policy and trouble for the economy in the future.

The statement read: "The added uncertainty over whether there will be a second vote on any deal and if Brexit will happen at all just adds to an already difficult situation.

"An effect on the UK car manufacturing and finance sectors would seem to be a certainty due to possible relocations and currency uncertainty.

"However, it is the indirect effect on the wider economy where we are likely to see an impact on consumer confidence and a recession cannot be ruled out."

An executive from another company pointed out that cars built in the UK are likely to be hit with price rises from any trade tariffs. He said: "We're hearing, of course, of the potential impact Brexit might have on the cost of imported cars, increasing by £1,500, according to some calculations.

"Pressure on the euro/sterling exchange rate will likely see new car prices increase and act as a catalyst for further contraction"

Andy Hartley, Lex Autolease

"All cars will be affected, however, as UK-built vehicles rely heavily on imported components (about 70%). Inevitably, with such an impact on fleet costs there will be a huge amount of activity over the next two years as companies start to review their fleet policies, total cost of ownership, employee remuneration and wider business mobility issues.

"The contract hire sector has been very resilient to many changes over the past 20 years and has continually evolved to meet changing market needs and sentiment. I have no doubt it will continue to adapt."

While the outlook was mainly negative, some FN50 companies were preparing to make the most of any opportunities that lay ahead after Brexit, once the outlook becomes clear.

Nick Hardy, sales director at Ogilvie Fleet, said: "Brexit will offer some wins and some losses I am sure – as, of course, do so many other influences in our market – but we don't fear Brexit at all. It is simply about adapting to a changing environment.

"What we do believe is that the 'fear factor' around industry in general is causing a slowdown in decision-making. Therefore we are hopeful we will see a clear picture of what the real Brexit implications are as soon as possible."

While sterling remains weak against the euro, it's possible that could have an impact on the supply of cars, but that would not necessarily be a completely negative outcome.

Jon Lawes, managing director at Hitachi Capital Vehicle Solutions, said: "Exchange rates might adversely affect factory build slots as allocations could be reserved for other countries where margins may be higher."

An executive from another FN50 company said: "One silver lining post-Brexit is the weaker pound may help exports and erode OEM margins that have helped stimulate tactical registration activity.

"We expect a slowing of registration growth for H2 2017, with 2018 seeing further reductions in volumes that should ultimately help support residual values (RVs) due to lower future supply of used vehicles."

£1,500

possible price increase on imported cars according to some calculations

Further challenges

Contract hire companies also identified further challenges outside of the impact of Brexit that would create a more difficult environment for the fleet industry.

The recent phasing in of a new official fuel economy measuring system (the switch from the NEDC to WLTP – World-wide harmonised Light vehicles Testing Procedure) and the forthcoming changes to measuring real world driving emissions will present a problem, according to Hartley, as there is a staggered approach to the mandatory provision of figures.

"Factory build slots could be reserved for other countries where margins may be higher"

Jon Lawes, Hitachi Capital Vehicle Solutions

"WLTP will pose the largest challenge to the leasing sector over the short-to-medium term," he said.

"An absence of data and inability to provide quotes taking into account wholelife cost is the immediate concern, but longer term concern exists over how the transition to new measures will impact upon vehicle taxation (benefit-in-kind – BIK– and VED) and the relative desirability of company cars."

An executive from another FN50 company said: "While we would all encourage greater testing transparency, the current proposals around option weights and granular accounting of the effect on CO_2 and mpg could cause serious disruption.

"The Low Carbon Partnership is pushing for WLTP to become the reference point for taxation from 2018 which would leave the industry with a serious headache."

An executive from another FN50 company added: "The biggest challenge is WLTP and the ability to obtain data and apply it to back office and point of sale systems and the resultant ramifications to income tax (P11D) and business costs (Class1A NI) associated to an anticipated increase to published CO_2.

"Vehicle technology is the same, but the criteria for measuring emissions has changed, and the taxpayer who has a company car will take the increased burden, but to what extent is still unknown, as new CO_2 has not yet been widely published and the date where car tax switches to the WLTP data is yet to be defined.

"I suspect that if the Government see a revenue opportunity, this is likely to be in the near future."

The WLTP issue, combined with increased new car volume in recent years could increase pressure on residual values, according to an executive from another FN50 company.

"Perhaps the biggest challenge over the next 12 months is one that has always been there and for as long as our industry has been around – resale values – managing the re-marketing of used cars returning in the next 12 months and the pricing of new models which will return in three or four years' time," he said.

"The combination of record new car registrations in recent years, so called 'diesel-gate', the wider discussions on clean air strategies, the potential impact of WLTP and the growing debate on alternative mobility solutions will all have a knock-on effect, not only on current market values but on future used car value projections.

"And while there's a lot of hysteria in much of the press, of course, and misinformation which only fuels the debate, it is true that we're seeing a changing attitude and the early signs of what might be a permanent shift in buying habits away from models with higher NOx emissions.

"For the time being we're managing this change well and are confident we have priced in these factors into our RV modelling but, as ever, RVs has been a risk the industry has always taken."

Funding diversification continues but contract hire still dominates for cars

Salary sacrifice, finance lease and PCH all take market share, but ECO is down

By Tom Seymour

Leasing companies' success in winning business in the retail sector, such as company staff who have opted to take cash and buy outside the car scheme, has resulted in a dilution of their contract hire business and the rise of 'other' funding methods, primarily personal contract hire (PCH).

Business contract hire continues to dominate FN50 funding, accounting for 87.1% of the risk fleet, but that leading position has been gradually eroded as the market diversifies. Last year, business contract hire accounted for 90.3% of cars; the year before 91%.

Typical of the move towards diversification is the UK market leader, Lex Autolease. Contract hire share of its funding has fallen three percentage points year-on-year, from 93% to 90%. While just 2% goes through other funding types, the company intends to increase its business through personal lines over the next few years.

Tim Porter, Lex Autolease managing director, said: "The personal market is a strong area of growth and we have been well placed to take advantage."

There is a blurring of the lines between small-to-medium enterprise (SME) and personal business, with many small business owners preferring to fund through PCH.

"Driving this business is RV-based funding methods which means the monthly price is very attractive especially with the discounts offered upfront by the manufacturers," Porter said. "Hiring a car and giving it back [at the end of the contract] is attractive to the way the consumer thinks."

Lex has invested heavily in its website interface to make it as relevant to the personal market as it is to business users, particularly on the selection tools.

"We have to make it simpler and pain-free for them," Porter added.

PCH is particularly appealing to former company car drivers who have become used to having maintenance included on contract hire as they can do the same with fully maintained contracts on PCH.

FN50 newcomer Affinity Leasing (No 30) has a high level of alternative funding across its fleet, with 82% of its business going through 'other' – the most of any leasing company.

The company specialises in deals with unions, associations and other 'affinity' groups, offering their employees special discounts on cars funded through PCH and personal contract purchase (PCP). The remainder of its cars are funded through contract hire at 18%.

Lex Autolease points to a trend for corporates to offer affinity terms to their employees, particularly when they have taken a cash option.

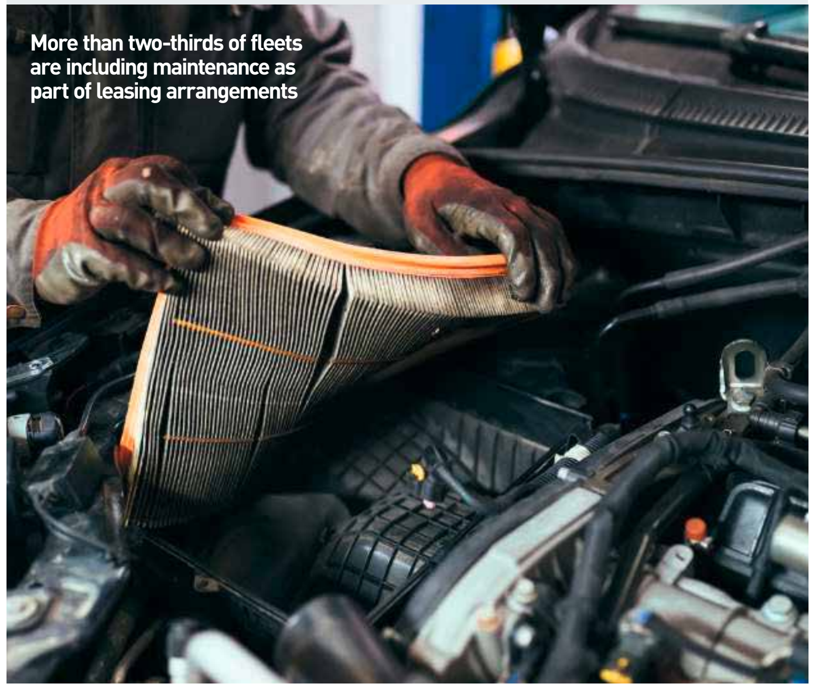
"More people are taking cash because they are motivated by the range of vehicles they can get on the open market," said Porter. "But instead of them going to the open market, we are having conversations with the corporate to offer affinity terms for leasing."

MORE FLEETS INCLUDE MAINTENANCE

The trend for fleets to lease vehicles with maintenance included continues, with growth of two percentage points over the past 12 months to 68%. It shows companies are increasingly looking for all of the costs associated with motoring to be settled by one package.

Of the 44 companies that answered the question concerning maintenance, 27 have above average levels of car customers that have included maintenance with their contracts. The lowest percentage recorded was at 8%, with customers of that company choosing alternative ways of getting their cars serviced like a pay-as-you-go solution or going direct to a dealership or independent workshop.

Lex sits at the market average of 68% for cars taken with maintenance while there are only two companies in the FN50 that show 100% of car customers on with maintenance contracts.


More than two-thirds of fleets are including maintenance as part of leasing arrangements

Salary sacrifice on the rise

SG Fleet UK has a diversified funding portfolio, with 69% of its cars on contract hire and 21% on salary sacrifice.

David Fernandes, SG Fleet UK country head, said: "It's about customer choice – specific solutions for the customer's need rather than one size fits all."

While salary sacrifice may have lost its place as the second most popular funding option to other types, it has recovered after a dip last year, likely caused by the uncertainty around changes to taxation rules.

Across the FN50, 4.7% of cars were funded through salary sacrifice compared to 4.2% last year.

While in the two years previous (2014 and 2015), salary sacrifice accounted for 5% of funded cars, in volume terms it has grown considerably over that time as the number of cars in the FN50 increased.

In 2014, the 50 biggest leasing companies funded just over 51,000 cars via salary sacrifice, a similar number to 2016; this year that number has risen to 60,200.

It suggests salary sacrifice is alive and kicking. Government changes on the product introduced on April 6 this year have not dissuaded customers from taking up schemes.

Watford-based Tusker retains its presence as the market leader in salary sacrifice with 91% of its 20,278 cars funded through the product. This has increased from 89% last year and 82% the year before. The rest of its cars are funded through contract hire.

Tusker has retained a consistent line during the consultation on the tax treatment of salary sacrifice, saying that the impact from the changes would be much less drastic than others had been forecasting.

David Hosking, Tusker chief executive, said: "We decided that uncertainty had been in the market for too long.

"Our customers and the benefits industry overall needed clarity around salary sacrifice cars."

Tusker held meetings directly with the Treasury, HMRC and its policy advisors EY (Ernst & Young) to gain clarification on its understanding of the rules.

The fact clarification was needed highlights how complex the changes have been.

Only in the recent Finance Bill was it made clear that the finance rental for cars above 75g/km should be separated from other costs, such as maintenance and insurance, when comparing to the normal car benefit charge to determine which of the two is the highest value.

"It's about customer choice – specific solutions for the customer's need rather than one size fits all"

David Fernandes, SG Fleet

4.7%
of cars were funded through salary sacrifice, up from 4.2% last year

68%
of companies leasing vehicles do so with the cost of maintenance included

The higher value becomes the taxable benefit and is also the amount on which the employer pays Class 1A NIC (national insurance contributions).

Any salary sacrificed for other elements of the car – maintenance, insurance, breakdown cover, tyres, etc. – will not be taxed, ensuring they are treated the same way as company cars regardless of how they are provided.

Salary sacrifice is likely to continue growing its share of FN50 funding, judging by the views of the main providers.

Zenith, one of the few top 10 leasing companies to have a significant presence in the market, experienced a "big increase in March", according to chief executive officer Tim Buchan, prior to the introduction of the new rules on tax.

However, he added: "There was a lot of misunderstanding and there are still prospects who think it's all over. But we are seeing a strong pipeline of companies without a scheme who are seeing it as an added benefit for their staff rather than a way to save tax."

More than a third (36.5%) of leasing contracts are on sole-supply arrangements. This compares with 34% last year.

While multi-supply deals put the pressure on leasing companies to remain competitive on pricing, the rising popularity of sole-supply suggests fleets are choosing to simplify their supply and invoice processes.

Of the 32 companies that responded to the sole-supply question, 13 have a higher level of solus deals with customers in place compared with the industry average.

"Our customers and the benefits industry overall needed clarity around salary sacrifice cars"

David Hosking, Tusker

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Multi-supply favoured as contract hire loses ground

Finance lease makes a recovery, as do options such as flexi-lease/rental

By Tom Seymour

Just one quarter of FN50 customers are on sole supply contracts with their leasing provider, lagging well behind cars, where 37% are happy to sign up to solus contracts.

With vans a tool of the trade, reliability and relationships are crucial factors in ensuring they stay on the road, yet fleets appear to want multiple relationships with suppliers to ensure they are getting maximum value for money.

Most van fleets have fleet managers running the operation, unlike many car fleets which can be more readily outsourced or managed within an HR or finance department, which means they are more able to manage relationships with multiple providers.

It suggests a general lack of trust between fleets and their leasing providers, perhaps reinforced by the fact that a rising proportion have decided to opt out of full contract hire in favour of finance lease.

Here, the fleet makes payments that cover the cost of the vehicle, possibly including a final balloon payment, and gets a rebate of the rental when the vehicle is sold, (either by them or the leasing company), dependent on the terms of the lease. The better the resale price, the higher the rebate.

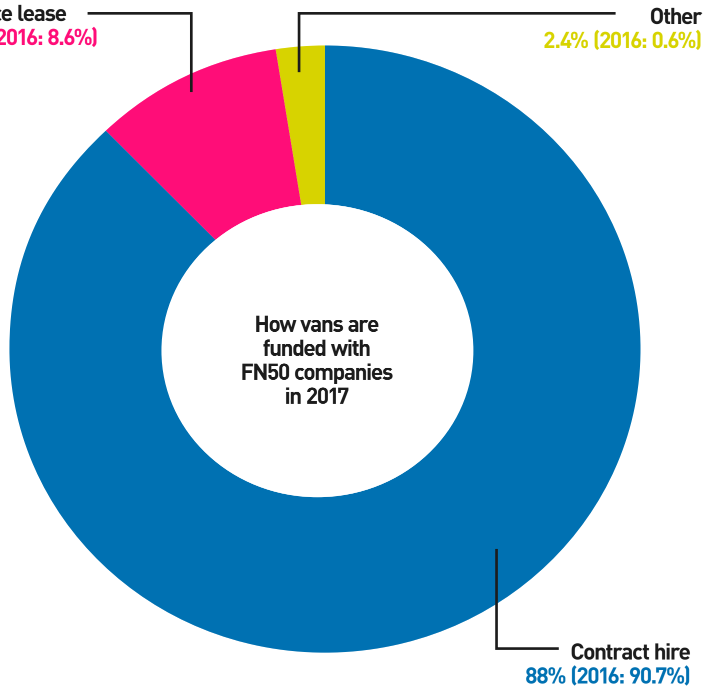
Leaseplan bucks this trend. Almost half (47%) of its van customers have taken a sole-supply deal which represents the highest level seen in the top half of the FN50 table.

The highest ratio overall is held by Windsor Vehicle Leasing (WVL) at 84%. It is a smaller business specialising in fleets between one to 25 vehicles and WVL puts its focus on service to help differentiate itself from larger corporate rivals.

Philip Newton, chairman and owner of WVL, said: "You could have all the fancy ideas in the world, but if you're not making an offer that has a point of difference – and that appeals to the customer – then you're dead in the water.

"It's essential for a business of our type and our size because we're a smaller operator. There is room in the market for us but we have to get our offer right. And it has to be sufficiently different from what the big boys offer."

Contract hire funding has lost some lustre over the past 12 months, although it could be a short-term blip. Last year, almost 91% of FN50 vans were financed this way; this year is has slipped to 88%.



88% of the van market in the FN50 is devoted to contract hire

'Other' is the big winner, rising from 0.6% to 2.4%, due to the increase in flexi-lease/rental polularity as fleets seek greater flexibility during uncertain economic times.

Other methods also include contract purchase and a new long-term hybrid lease product.

Based upon a standard lease agreement, hybrid leasing operates nearly identically to contract hire. However, there is a different set-up when it comes to the disposal of vehicles with the customer keeping 90% of any profit and the final 10% going to the leasing company. There is also the option for businesses to buy the vehicle at the end of the term.

VANS AND TRUCKS FUNDED WITH MAINTENANCE

Van fleet operators are increasingly willing to bundle maintenance with leasing contracts when they opt for finance.

The proportion opting for 'with maintenance' has risen from 60% last year to 64%.

It remains below cars (68%), but it suggests that fleets choosing contract hire funding are keen to hand the responsibility of minimising vehicle downtime to their leasing provider.

Vehicle downtime in the van market is one of the most important factors in managing a commercial fleet as a stationary vehicle can represent hundreds, if not thousands, of pounds in lost business per day per vehicle.

Lookers Leasing and Fleet and Distribution Management are the only two companies to provide data that shows 100% of commercial vehicles funded with maintenance.

The truck market shows the highest level of maintenance included with contracts at 72%. A number of companies, including Traction Finance, fund 100% of their trucks with maintenance contracts.

Fraikin has 94.4% of vans with maintenance and 75.8% of HGVs.

Brokers inch ahead with leasing company deals

Average percentage of business has risen from 13% to 15% this year

By Sarah Tooze

Broker partnerships are playing an important role in driving volumes in the SME and personal leasing space for major FN50 companies.

Despite the average number of broker partners falling this year (from 31 to 24) there has been a two percentage point rise in the amount of business that leasing companies are putting through their broker network. The average percentage is now 15%, up from 13% this time last year.

Steve Cocks, director of Lex Autolease's broker division, which has the biggest broker network with 125 partners, says: "The broker channel has been a major contributor to our fleet growth in recent years and it remains a key pillar in our plans for sustainable growth in both business and personal contract hire (PCH)."

PCH has been growing faster than business leasing with the latest leasing survey from the British Vehicle Rental and Leasing Association (BVRLA), published in September, revealing that the PCH sector had grown by 36% year-on-year while business fleet leasing had grown 7.6% over the same period.

Personal leasing is proving more popular due to a change in people's buying habits as retail customers are choosing to lease rather than buy.

Providers also suggest that attractive PCH deals have tempted drivers to opt out of company car schemes and take a cash allowance instead to fund their own vehicle.

While the number of broker partners are relatively static for some leasing companies, the UK's second biggest leasing company, LeasePlan, which has been in the broker market for more than 30 years through its Network brand, has reduced its partners from 97 last year to 85.

Tom Brewer, Network brand director, says this is down to a number of factors: consolidation in the broker market (for example, Fleet Alliance acquired Neva Consultants at the start of this year), brokers exiting the market and LeasePlan

"We look to see whether we would be winning incremental business or whether we'd be sharing business we've already got across the rest of the network"

Tom Brewer, LeasePlan

"Compliance and regulation have been good for the broker market. We have a greater level of assurance around the way our financial products are sold by brokers"

Chris Swallow, Hitachi

parting company with brokers who don't meet their volume criteria (they must do at least 100 units per year with LeasePlan).

LeasePlan insists its brokers are BVRLA members and have the correct Financial Conduct Authority (FCA) permissions.

"We would do some due diligence on the brokers as well in terms of the way they're advertising their products," Brewer says. "We also look at brokers' business models in terms of what segments they serve. Do they specialise in any particular areas? Does that provide an opportunity we don't have today? We look to see whether we would effectively be winning incremental business or whether we'd be sharing business we've already got."

Like LeasePlan, Hitachi Capital Vehicle Solutions stipulates that the brokers it works with are registered with the BVRLA and the FCA. It also requires them to have a data protection licence, trade out of office premises and have a minimum of five employees. It has the second biggest network (100 partners, down from 101 last year) but it has a core network of 60 brokers. It re-entered the broker market in 2013, having withdrawn in 2008 during the credit crunch.

"At the time, the broker market was pretty unmanaged," says Chris Swallow, head of Hitachi's broker division. "There was something like 3,000 brokers and there was very little legislation. I think the whole industry got a bit burnt because of it."

Today there are fewer brokers in the market – the BVRLA currently has 313 broker members – but they are much bigger and "are quite sophisticated digital businesses", with, in some cases, 70-100 employees whereas five years ago they might have had fewer than 15, according to Brewer.

"They've matured a great deal as they've scaled up, which for us is a win-win," Swallow says. "Compliance and regulation have been good for the broker market. We have a greater level of assurance around the way our financial products are sold by brokers."

100

partners with Hitachi Capital Vehicle Solutions – down by one compared to the year before

Re-entering the market

Regulation and compliance gave Hitachi "comfort" to re-enter the broker market, according to Swallow, who was appointed in February 2013, having previously run ALD Automotive's broker division. Hitachi now does 8,000 to 10,000 units a year through its broker channel.

Alphabet entered the broker market in 2014 with its Partner network. It now has 46 broker partners with a portfolio of 20,000 vehicles, although it balances that with its own direct SME operation which funds more than 30,000 units.

Nick Brownrigg, Alphabet GB CEO, says: "We only work with brokers that have a small number of leasing partners, not a panel approach."

He is critical of leasing companies that have moved too heavily into the broker market, foregoing the cost of their own investment in the SME channel.

"While it's your product, it's not your customer," he says. "For the right customer, there is a justification for going direct and we have a proven model."

Of the smaller leasing companies, Agility Fleet, which sits at 39 in the FN50, has the biggest broker network with 22 partners.

"In the past, brokers would come to us because they couldn't get a direct funding route elsewhere. Now we're a bit more selective over which brokers we work with," says Agility's managing director Keith Townsend.

While major leasing companies will fund both personal and business leasing for brokers, Agility only funds business-to-business through the broker sector.

"That's a decision we took some years ago and we're sticking to it for the time being," says Townsend.

"The broker-introduced business does one of two things for us. It either gives us volume, which has low margin or it gives us good margin, but more complicated business." he says.

Agility targets fleets with fewer than 500 vehicles and, in particular, sub-150 fleets, so the broker customer base complements its own.

For major leasing companies, brokers can be a way to access parts of the market they might not otherwise have a presence in or to quickly grow their share in those markets – not only in SME and personal leasing but in commercial vehicles and specialist vehicles.

But it isn't just about growing volume.

Brewer says that LeasePlan is making a transition from "volume to value".

"From a LeasePlan strategic perspective we have been more selective around the type of business we want to write through this particular channel," he says.

"We've generally looked towards three- and four-year contracts and away from two-year ones and we've looked to grow the number of maintained vehicles we write as opposed to non-maintained, from a profitability perspective."

This has been resulted in a slight reduction in the amount of business LeasePlan puts through its broker channel.

There are still a number of leasing companies outside the top 10 of the FN50 who have fewer than 10 broker partners. Some have just one broker partner.

Of the major leasing companies, Zenith is a noticeable absence from the broker sector but managing director Ian Hughes says this is a strategic decision.

"We don't currently have a retail PCH offering and don't work with SMEs and therefore have no need to have any broker relationships," he explains. "Our core focus is purely on blue-chip companies."

For those that do choose to operate in the broker market, further growth is expected in personal and SME leasing. However, like leasing companies, brokers face a range of challenges, including compliance with the forthcoming General Data Protection Regulation (GDPR) and uncertainty surrounding the impact of the Brexit vote.

Smaller brokers may struggle to survive and those that do will need to innovate. There is also likely to be further consolidation and, therefore, fewer broker partners.

"In the past, brokers would come to us because they couldn't get a direct funding route elsewhere. Now we're bit more selective over which brokers we work with"

Keith Townsend, Agility

Nearly nine out of 10 expect residual values to dip next year

Uncertainty is the word on everyone's lips as contract hire companies reveal underlying trends behind their pessimism

By Simon Harris

Almost nine out of 10 (88%) of the 32 companies offering a forecast on used car values predict a fall in residual values (RVs) in 2018, with a small number expecting them to increase.

The pessimism has increased slightly on last year, when 85% were forecasting a fall in RVs. That failed to materialise as residuals held up well throughout 2017, surprising a number of pricing experts with their robustness. Nevertheless, the general consensus is that a downturn is coming next year.

Of those predicting a drop, the rate varies from 1% to 15%, with most around the 4-5% mark and an average of a 5.4% reduction. Last year, the average forecast was -4.8%.

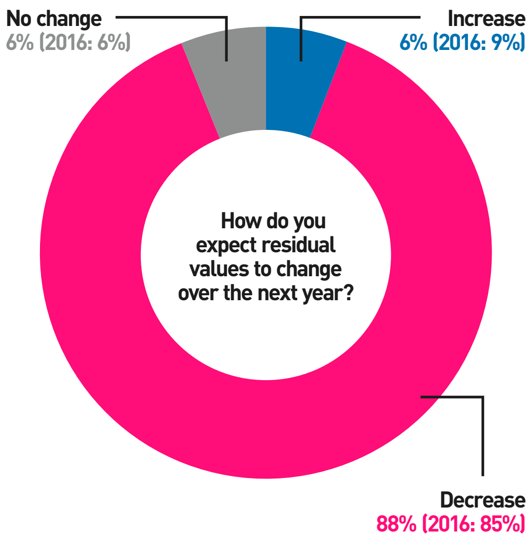
Falling RVs, combined with the effects of a weak sterling, are likely to lead to rises in monthly contract hire rates, especially if the fallout from the second-half slowdown in new car sales results in manufacturers reconsidering volume aspirations for 2018.

Only two contract hire companies in the FN50, including one of the largest, predicted an improvement in residual values in 2018, contrary to the general trend.

Rather than a sunnier outlook on the car market, it could be based on decisions already taken or are planned that could change the make-up of their risk fleets.

However, both predict modest increases, resulting in an average rise of 3%.

Although not making a forecast in its FN50 survey return, Alphabet points to a potential positive outcome for RVs from



88%
of the FN50 are predicting a decrease in residual values next year

70%+
the average portion of FN50 companies' risk fleets that are diesel

"The increasing availability of new crossovers could help mitigate the effect of lower residual values in other sectors of the car market"

the reduction in new car sales this year, which is expected to continue into 2018.

Nick Brownrigg, Alphabet GB chief executive officer, said: "As we see the supply of new cars into the market adjusting to current market conditions, we expect this to result in used car values in the UK firming up."

That "firming up" might not happen for a year or two, though. The new car market has broken registrations records in successive years and those cars are starting to return to market at a point when uncertainty is rising due to the lack of clarity over the Government's Brexit negotiations with the EU, which could dampen demand.

Equally, the flood of manufacturer scrappage schemes introduced this year will pull potential used car buyers into new vehicles, reducing the pool of people in the market for cars aged three-to-four years old.

Arval managing director Benoit Dilly pointed to the fact that the record registrations were achieved through financial solutions meaning cars would return to market after an agreed term, typically two or three years.

"There will be plenty of cars on the market, probably in excess of what the market can absorb," Dilly said.

"We can only see residual values going downwards and that means car leasing prices going upwards."

An additional influence could come from a different quarter as the tax treatment of diesel vehicles comes under scrutiny in a bid to change buying behaviour and improve air quality.

Although the car industry has belatedly begun to lobby in favour of Euro 6 diesel, and its merits over earlier technology, it might not be persuasive to a typical used car buyer, especially if the Government goes on to take new action to discourage the purchase or use of diesel cars.

The average proportion of diesel cars on the FN50 companies' risk fleets is more than 70%, so any change in policy toward diesel would have a significant impact on the value of leasing company assets, with some of the smaller contract hire firms having an even higher proportion of diesel on their risk fleets.

Tim Porter, Lex Autolease managing director, said: "The diesel debate is a big challenge. Some 80% of our fleet is diesel and if the used value dips more than we anticipated, that will be a problem for the whole industry."

Neverthless, Porter believes residual values will remain strong in the short-term and doesn't foresee any 'U' or 'V' shaped collapse next year, although "we have provisions within our fleet to cope with that", he added.

While most FN50 companies expect the average RVs of their cars to fall next year, the increasing availability of new crossovers, especially compact models that are new to the market, and seemingly desirable to some user-choosers, could help mitigate the effects of lower residual values in other sectors of the car market.

Many car manufacturers are introducing attractive and rugged-looking crossovers for the first time, joining a range of others already on the market. The compact models share engines and technology with small cars in their ranges and are affordable to run and offer low benefit-in-kind (BIK) tax.

The availability of these cars to fleet operators that might be using restricted badge policies could be welcome, and present more ways of contract hire companies spreading risk more evenly among more brands and vehicles.

An increasing range of petrol models, particularly in sectors that have been almost entirely diesel up to now, could offer additional ways to spread risk and reduce exposure to any negative news affecting diesel cars.

Leasing companies achieve close to Cap Clean

For now, most FN50 companies' average resale values for cars are close to Cap Clean at remarketing time, with 18 of those who reported lower than Cap Clean showing figures within five percentage points.

Five companies reported reaching 100% of Cap Clean or higher, with one suggesting an average as high as 116%.

However, the average has fallen eight percentage points on last year, from 100% to 92%. In 2015 and 2014, it was 101%.

Failure to match the Cap Clean value could be the result of a number of issues, including excess wear and tear on cars at defleeting time that might not seem worth rectifying before disposal.

A penalty for excess wear and tear might well have been recovered from the fleet, but viewed as sufficient compensation for taking the hit on the value at auction.

If reaching an acceptable proportion of Cap Clean is an issue for any leasing company, it could be an opportunity to review remarketing processes and ensure the various channel options for disposal and end-of-life policies and procedures are achieving the appropriate values for vehicles more effectively.

Physical auctions remain the primary route to market for defleeted lease cars, with 45% of vehicles remarketed in this way, compared to 46% in 2016 and 47% in 2015.

Despite all the hype surrounding online auctions, they remain largely static at 6% of all vehicles (2016: 7%).

This is surprisingly low given the level of online sales for other commodities and the familiarity many consumers have with buying or selling using online auctions and the maturity of the technology.

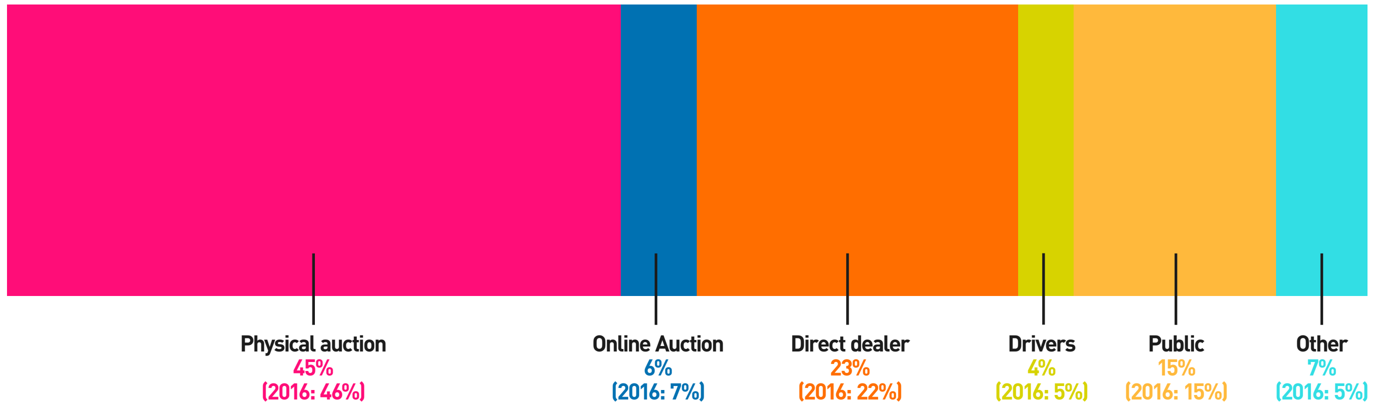
Almost a quarter of vehicles are sold direct to dealers with 19 of the 30 respondents using this route to the used car market as one of their options. And for those 19 companies, 41% of their business is remarketed in this way.

Some of the heaviest users of dealers are, not surprisingly, manufacturer- and dealer-owned leasing companies, plus specialist funders.

Twelve companies opt to go direct to the public when remarketing their cars. While this route only accounts for a small proportion of total FN50 business, at 15%, those who do use it remarket 38% of cars in this way.

These tend to be concentrated among the smaller contract hire companies. Just two are inside the top 25.

% OF CAR DISPOSALS VIA...



AVERAGE RESALE PRICE v CAP CLEAN OR EQUIVALENT

92%

Tyres still have a big part to play in vehicles of the future

David Howe, head of fleet, Goodyear Dunlop Tyres UK

The rapid pace of change within the automotive industry today identifies the importance for brands such as Goodyear to lead the way.

We believe driverless cars will be the likely result of a major change in transportation, a new mobility ecosystem, that reflects both changing technology and changing attitudes about mobility.

The advancements in technology are enabling revolutionary changes "above the road". The good news for us is that even for autonomous vehicles in a new ecosystem, tyres will still be needed. As technology companies like Google and Intel get into the transportation business, none of them wants to make tyres. And that's why we have opened a new office in Silicon Valley to enable us to connect with automakers, suppliers and mobility-related startups working on the next generations of vehicles and service models.

This year, we also announced we will be equipping Tesloop, a city-to-city mobility service that exclusively uses Tesla electric vehicles, with wireless sensors in the tyres to improve overall tyre management and maximise uptime.

To complement this, Goodyear has also agreed to acquire Ventech Systems GmbH, a leader in automated tyre inspection technology. This will provide user-friendly closed loop service, enabling fleet operators to measure tyre pressure, tread depth and vehicle weight on all their vehicles.

Mega centre opening rounds off a busy year for Aston Barclay

Neil Hodson, chief executive, Aston Barclay

Aston Barclay is pleased to support the FN50 again this year. A lot has happened since last year's FN50 dinner. Our acquisition was announced in June, led by new CEO Neil Hodson and Rutland Partners. This was followed by our new 18-acre Donington Park Mega Auction Centre being opened in September extending our network to five.

Two auction halls can be run simultaneously and Donington Park has undercover storage for more than 250 used cars. The Donington Park weekly fleet vendor sale has been launched on Thursday at 10am with a number of leasing and rental companies already supporting the sale.

As part of our investment in new technology across the group we are the first remarketing company to launch new SpinCar technology which gives remote buyers a 360-degree view online of a used car's exterior and interior. It is part of Aston Barclay's commitment to improving services for buyers which also includes a new Buyer App which enables buyers to remotely access and bid on more stock more easily.

By combining new technology with excellent physical auction facilities we are improving stock access for buyers to help vendors increase conversion rates and optimise used prices. We look forward to welcoming fleet vendors to sample Aston Barclay's remarketing revolution very soon.

Two-thirds of leasing providers predict RVs will fall during 2018

Meanwhile, physical auctions account for a declining proportion of remarketing business as direct-to-dealer and public sales gain momentum for van defleet

By Simon Harris

The UK light commercial vehicle (LCV) market is often seen as a barometer for the health of the economy. While 2016 was a record year for van sales, 2017 has cooled down.

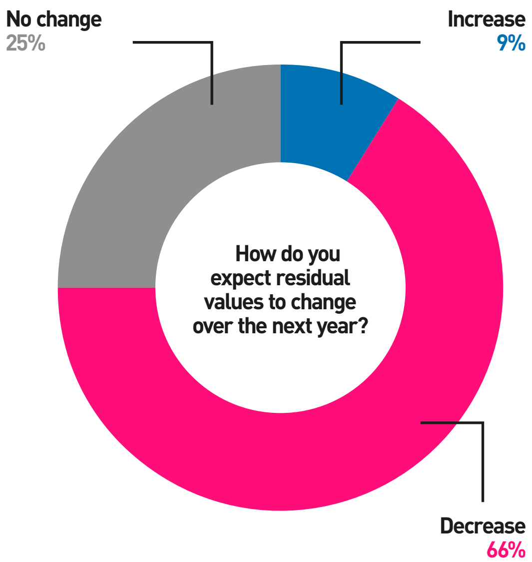
The high volume of previous years could be one of the factors influencing expectations of a fall in residual values (RVs) among FN50 companies in 2018. Concerns about diesel could be another, although there is a shortage of alternative options for fleet operators.

Renault and Nissan have offered small electric vans for a number of years, but the large 3.5-tonne market has seen a shortage of options, aside from Iveco's electric Daily. That will change over the coming months as Volkswagen brings its electric eCrafter to market and Renault puts the electric Master ZE on sale.

These vehicles will enable leasing companies to dilute their reliance on diesel vans at a time when the Government is considering ways to penalise drivers, which could include increasing the rate of duty on diesel.

However, as Lex Autolease managing director Tim Porter pointed out: "[Viable electric] vans are a long way off yet. It's diesel for the foreseeable future, but they will become more efficient."

The LCV market in the UK is still predominantly made up of outright purchase sales, although FN50 company risk fleet vans in 2017 totalled more than 406,000 – a significant proportion of vehicles on the road.



4%
is the average increase in RVs predicted by just three respondents

21
the average number of days it takes to sell a defleeted van, unchanged from 2016

"These (electric) vehicles will enable leasing companies to dilute their reliance on vans at a time when Government is considering ways to penalise drivers"

Two-thirds of FN50 companies expect van residual values to fall in 2018, with predictions ranging from 1% to 15%, and resulting in an average decrease in price across these 19 companies of 5.5%. That is significantly highly than last year's -3.5%, although more companies were forecasting a downturn in FN50 2016 (72%).

The Society of Motor Manufacturers and Traders (SMMT) has already spoken about falling business confidence due to uncertainty over the UK's trading relationship with other countries following its withdrawl from the European Union in 16 months' time.

With the date for Brexit set at the end of March 2019 and negotiations continuing, there is no clear guidance forthcoming in the short-to-medium term.

However, not all leasing companies are predicting a fall in van residuals: a quarter of respondents believe there will be no change in RVs in 2018, while almost one-in-10 (9%) expect them to increase. The average expected increase from these companies is 4% – the same as last year.

A number of large vans hitting the market as three- or four-year-old vehicles over the past 12 months include the Mercedes-Benz Sprinter and Ford Transit, both launched in 2013, with the Fiat Ducato, Citroën Relay and Peugeot Boxer now at three years of age.

It is likely that fleet lifecycle changes that witness greater volume of particular vans on the used market will increase pressure on values, especially on the back of record years for new van registrations in the UK, and reduced business confidence potentially affecting investment.

This is a factor that is exacerbated with so many manufacturer partnerships to jointly develop light commercial vehicles, resulting in a smaller pool of platforms to create differentiation. Points of difference might merely be the number of safety and convenience options fitted, and natural bias over badges, which could make one van more desirable than another and improve its chances of sale.

A key selling point to fleets over the knowledge and service offered by the retail networks, some of which are dedicated to vans, is of less importance in the used market.

% OF VAN DISPOSALS VIA...

Ten FN50 companies reported vans fetched values lower than, but within 10% of, Cap Clean, and only four companies reported lower values that were outside of 10% of Cap Clean.

More responses stated an improvement with 15 companies stating values at 100% of Cap Clean or higher, with the highest at 121%.

This could be a sign of effective adoption of fair wear and tear guidelines by fleet operators, and leased vans perhaps being treated more favourably than those bought outright, with greater care taken to avoid abuse and damage.

However, the average resale value of 93% of Cap Clean, is down eight percentage points on 2016.

Despite this, leasing providers appear more willing to accept the lower bids rather than presenting vans for a second time at auction. Average defleet days remain static on 2016 at 21 days, according to FN50 respondents, one day less than the average reported for cars.

Almost half of the companies that responded reported a lag of two weeks or less then it came to selling defleeted vans, although many of these are among the businesses with smaller risk fleets.

A few companies even reported vans being remarketed in less than a week.

Eight companies reported times of 28 days or longer, fairly evenly spread throughout the table, with the highest at 48 days.

This could be an area for improvement, as a van would have almost two further months of depreciation, reducing the return on investment.

Reducing this lag to within a month, which most FN50 companies succeed in, could result in significant savings multiplied across a fleet of vans.

It should also be a KPI used by fleets to assess the performance of their leasing partners, as any reduction in re-sale price will affect future leasing rates.

Some 90% of respondents use physical auctions to remarket vans, accounting for 61% of vans in total. That is up marginally on last year, but is down on 2014 (69%) and 2015 (64%), suggesting a longer-term downwards trend.

So, for light commercial vehicle remarketing, what is replacing physical auctions?

Surprisingly not online auctions. They remain unchanged over the past four years at 5% of volume – although those companies that do use online auctions are bought into the process, choosing to sell 16% of their vans this way.

The two growth areas are vehicles sold via dealers, up from 14% in 2014 to 17% this year, and those sold direct to the public, up from 5% to 9%.

Leasing companies opting to go to dealers put 38% of volume there, while those selling direct to the public say it accounts for 30% of their vans, although the ratio ranges from 5% to 97%, dependent on the company.

Six FN50 companies remarket 50% or more of their vehicles to dealers, and three of them sending volume of 75% or more. These heavy users tend to be van specialists or dealer/manufacturer-owned businesses.

Sale to driver is a well-used option among contract hire companies, although it accounts for relatively low volume. An average of 4% of vans from 17 companies (accounting for 2% of all FN50 vans) are sold in this way, with the proportion varying from 1% to 9% across the listing, and it seems just as popular among the top 10 contract hire companies as those placed from 41-50.

However, despite the continued (albeit small) swing towards dealer and public remarketing, physical auctions continue to take the lion's share of the light commercial vehicle market.

For those using them, they account for 68% of volume. Almost half send at least 90% of their vehicles to the used market in this way, with five companies stating their entire van fleet goes through physical auction.

AVERAGE RESALE PRICE v CAP CLEAN OR EQUIVALENT

93%

Petrol, hybrid and EVs taking increased share from diesel

Diesel still tops with 71.4% but the powertrain tide is definitely turning

By Sarah Tooze

Diesel continues to be the dominant fuel choice for cars across the FN50 with a 71.4% share but there has been a greater uptake of petrol, hybrid and electric cars this year.

Petrol now has a 22.4% share (up from 20% this time last year), while hybrid numbers have risen from 4.9% to 5.2% and pure electric has increased from 0.3% to 0.9%.

Is this a result of the Volkswagen Group emissions scandal and the 'demonisation' of diesel in the consumer press?

In the vast majority of cases 'no' is the answer, according to major leasing companies.

David Watts, consultant at Arval, says: "You've got a small number of people who are reacting to market pressure, a small number who are very environmentally-orientated but the majority of people are doing it [opting for alternative fuel vehicles] for the usual reasons, tax being the primary one."

ALD Automotive's consultancy services manager Matt Dale suggests that initially some companies were taken aback by the emissions scandal and were concerned about its potential implications but "that very quickly disappeared".

"We now have people who are looking at their policy in a more detailed way when it comes to the different fuels and you're getting to the point where it is almost a driver-by-driver basis," he says.

"I haven't yet come across anybody that has said 'I will not take diesel on my fleet any more'* but we have come across those who have said 'we want to accelerate the opportunity for implementing plug-in hybrid and electric vehicles'."

He adds that "there is still a place for diesel", particularly for high mileage company car drivers, and that "Euro 6 diesel is not a problem".

Pure electric currently makes up 0.2% of ALD's fuel mix for cars (with diesel accounting for 67%, petrol 31% and hybrid 2%), although this may rise as electric cars have accounted for 0.42% of orders this year.

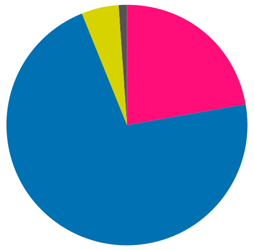
"Pure electric is a little bit slower [uptake than hybrid] because if you take Tesla out of the equation you're still sub-200 miles for a pure EV," Dale says. "The new Nissan Leaf is almost a game-changer and that's going to break that 200-mile NEDC range and we are seeing people looking at EVs from a pool fleet point of view and opening it up to more fleet policies."

Across the FN50, pure electric has accounted for 1.9% of car orders this year, with hybrid accounting for 9.5%, petrol 26.6% and diesel 62.2%.

But as the take-up of electric and hybrid increases, both Dale and Watts warn that companies must ensure they have the right policies in place.

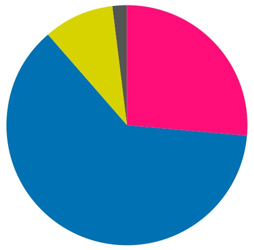
Dale says fleet managers need to be "strong enough" to say to their drivers they cannot have a plug-in hybrid vehicle or electric vehicle if they don't have somewhere to charge it.

NUMBER OF CARS BY FUEL TYPE



Petrol 22.4%
Diesel 71.4%
Hybrid 5.2%
Electric 0.9%
LPG negligible
CNG negligible

NUMBER OF CARS ON ORDER



Petrol 26.6%
Diesel 62.2%
Hybrid 9.5%
Electric 1.9%
LPG negligible
CNG negligible

Watts adds: "We have seen companies who have just allowed plug-in hybrids onto their fleet and haven't thought through the implications. If they're paying mileage reimbursement, what do they pay them in the absence of an AFR [advisory fuel rate] from HMRC?

"They've only thought about that six months later when people have suddenly got the cars."

The other challenge fleet operators might face is that drivers may simply not bother to charge a plug-in hybrid vehicle, particularly if they have fully expensed private fuel, negating the benefit of having a PHEV.

"It's about making a few key decisions so the policy is structured in the right way," Watts says.

Of the top 10 leasing companies, Alphabet has the highest proportion of pure electric cars on its fleet, with 1.7%, followed by LeasePlan (0.5%). Hybrid cars account for 6% and 5.15%, respectively.

Simon Carr, chief commercial officer at Alphabet, says the company has "a longstanding commitment to help customers switch on to the benefits of ultra-low emission vehicles (ULEVs)".

"We understand that while electric and hybrid powertrains may not be appropriate for every business user or journey today, our role is to support and guide organisations in adapting to the change for tomorrow," he says.

He adds: "Even with uncertainty in so many areas, it's clear the overall direction of travel is towards ultra-low emission vehicles. Alphabet has delivered to its customers nearly 9% (8.9% or 2,357 vehicles) of the UK's total number of OLEV grant-eligible electric and plug-in hybrid vehicles registered year-to-date (private and business usage combined).

"These statistics are demonstration ahead of this autumn's Budget of the hugely important role the company vehicles and business users have played – and will continue to play – in helping to support the UK's transition to low emission, sustainable mobility."

Smaller leasing companies are playing in their part in the adoption of electric and hybrid.

For example, Hilton Vehicle Leasing, which sits at number 38 in this year's FN50, has the highest proportion of electric cars (9%) on its car fleet and electric accounts for 21% of its car orders this year.

Total Motion, number 24th in this year's table, has had an order bank this year made up of 32% hybrid, 6% electric, 14% petrol and 48% diesel. Currently, 2% of its car fleet is electric, 3% is hybrid, 9% is petrol, and 86% is diesel. It continues to have the lowest average CO_2 emissions (89g/km, down from 93g/km in 2016).

Simon Hill, managing director of Total Motion, says: "The main reason is that for the past 10 years

"The majority of people are doing it (opting for alternative fuel vehicles) for the usual reasons, tax being the primary one"

David Watts, Arval

we have worked with our clients on wholelife costs and pushed low emission cars and also incentivised them."

The shorter leases Total Motion has been writing has also had an impact more recently, as has taxation.

Three other leasing companies have sub-100g/km emissions: Traction Finance (95g/km), Wheels4Sure.com and Fleet and Distribution Management (both 99g/km). The next lowest is Free2Move Lease with 101g/km.

Overall, average CO_2 emissions across the FN50 have fallen to 115.6g/km (down from 117g/km this time last year), while average CO_2 emissions on deliveries this year are at 111.6g/km.

This is likely to be due to drivers moving into Euro 6 diesel cars, as well as hybrids and EVs.

Whether any announcements in the Budget later this month will impact on diesel uptake remains to be seen but it is clear the Government is pushing ahead with its air quality agenda with a string of announcements, including ending the sale of all "conventional petrol and diesel cars" by 2040.

Fleet operators also need to be mindful of the cities they operate in and what policies local authorities may adopt. The ultra low emission zone (ULEZ), which the mayor of London wants to introduce in 2019 (ahead of its original implementation in 2020), will allow Euro 6 diesel cars to enter and clean air zones are also expected to allow this standard. However, Oxford City Council and Oxfordshire County Council are now proposing a 'zero emission zone' in Oxford city centre, which would be introduced in phases, starting from 2020.

Watts advises fleet operators to also consider their grey fleet drivers, including their cash allowance population, who are likely to be in older, more polluting vehicles.

Reminding fleet operators to keep abreast of Government and manufacturer announcements, Dale adds: "You can't write a fleet policy now, leave it for four years and then come back to it, fleet policy is constantly evolving."

And forward-thinking fleet operators are now asking their leasing companies to help calculate their NOx footprint as well as their carbon footprint.

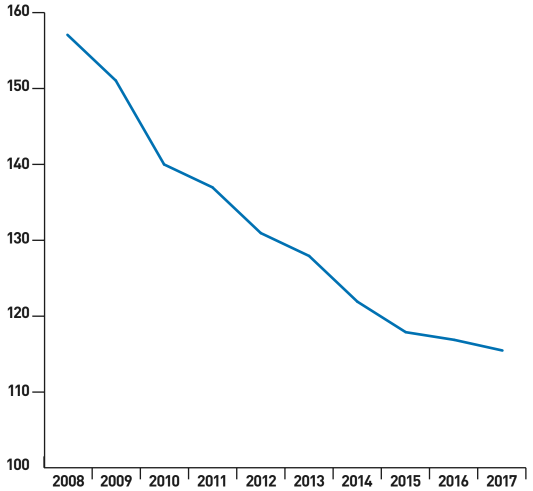
* Dale Eynon, head of the Department for Environment, Food & Rural Affairs (Defra) fleet, has declared it will not place any more orders for diesel cars (*Fleet News*, October 26).

22.4% share petrol now enjoys with FN50 companies

9% is the highest portion of Electric cars at Hilton Vehicle Leasing

32% hybrids in this year's order bank for Total Motion

AVERAGE CAR CO_2 EMISSIONS ACROSS THE FN50



Forward-thinking software should be on 'must have' list

Martin Evans, managing director, Jaama

The FN50 is established as a "must read" for the contract hire and leasing industry and Jaama has established its Key2 system as a "must have" in the sector for innovative and forward-thinking providers.

The FN50 can trace its roots back to 1994 and, while Jaama was not launched until 2004, the company has led a technological revolution in the sector and has become a key partner to contract hire and leasing companies across Britain, many of which are listed in this year's publication, as well as those operating overseas.

The decision of leasing companies to use Key2 underlines Jaama's status as the number one provider of technologically advanced business solutions to vehicle and asset leasing businesses.

Key2 enables those companies, which include Days Fleet, Fleet Hire, JCT600 Vehicle Leasing Solutions, Merrion Fleet, Ogilvie Fleet, Seven Asset Management and Total Motion Vehicle Management, to compete with the industry's very largest organisations.

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Each year the FN50 highlights trends and issues across the contract hire and leasing sector and how the industry continues to evolve.

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Diesel's dominance of the van market is showing no let-up

Adoption of Euro 6 powertrains has helped drive down average CO_2 emissions

By Sarah Tooze

Average van CO_2 emissions across the FN50 have dropped to a new low of 162.9g/km after falling slightly faster than they did this time last year.

In last year's FN50 we reported a drop of 5g/km (from 173g/km in 2015 to 168g/km) on average. This year, emissions have fallen 5.1g/km.

This is likely to be due to fleet operators continuing to adopt Euro 6 diesel vans, although many will still be operating Euro 5 ones, potentially creating a challenge when the ultra low emission zone (ULEZ) is introduced in London and other cities adopt clean air zones.

Major leasing companies are advising fleet operators to look out for how they might swap vehicles around on their fleet to ensure their cleanest vans enter these zones.

In last year's FN50, Peugeot Contract Hire and Citroën Contract Motoring led the way in terms of average van CO_2 emissions with 120g/km and 122g/km respectively. This year, Free2Move Lease – formed when the two combined – still has the lowest average of the top 10 FN50 companies (141g/km). But it is smaller leasing companies recording the lowest figures.

The leasing companies with the lowest averages are Affinity Leasing (30th), Traction Finance (43rd), each with 129g/km, and Total Motion (24th) with 139g/km.

Of the top 10 leasing companies, Hitachi Capital Vehicle Solutions, Arval and LeasePlan have the lowest (after Free2Move Lease), with 166g/km, 166.4g/km and 167g/km respectively.

Again, it is mainly the smaller leasing companies that have the lowest average CO_2 emissions for vans delivered so far this year with Traction Finance reporting 125g/km, Affinity Leasing recording 129g/km and Total Motion recording 135g/km.

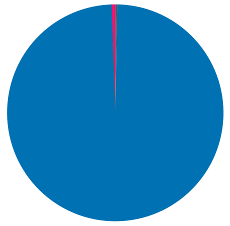
Of the top 10 leasing companies, Free2Move Lease has the lowest average CO_2 emissions for deliveries with 129g/km, followed by Leaseplan (138g/km) and Arval (152.3g/km).

These figures are all below the overall average CO_2 emissions for van deliveries this year of 154.3g/km.

Diesel continues to be the favoured fuel type across the FN50, taking a 99% share of the fuel mix, as it suits high mileage van fleets. This is a tiny fraction down on last year's figure (99.49%) with petrol and electric both recording very modest increases in their shares. Petrol now accounts for 0.4% (up from 0.2% last year) while electric is 0.3% (up from 0.21% last year).

Renault Master ZE is due on the market soon

VANS BY FUEL TYPE



Petrol 0.4%
Diesel 99%
Electric 0.3%
Hybrid negligible
LPG negligible
CNG negligible

Total Motion has the most hybrid vans (0.5% of its fleet) and the most on order this year (1%).

But more than half (27 companies) have not ordered any hybrid vans this year.

This is likely to be due to the lack of hybrid vans on the market, although fleet operators and leasing companies have been encouraged by the news that Ford is to trial 20 Transit Custom plug-in hybrids for 12 months from this December, with the intention of bringing the van to market in 2019.

Electric van options limited

Where appropriate, fleet operators have adopted electric vans, such as the Renault Kangoo ZE and Nissan e-NV200 but, again, options are limited, restricting take up.

"Unlike cars, where there is a rapidly growing selection of pure EV and plug-in hybrid vehicles, vans have stayed pretty static and the options are principally in the small van sector," says David Watts, consultant at Arval.

"As soon as Renault brings out the Master ZE and Volkswagen brings out the eCrafter things might change, dependent on the price of those vehicles."

Fifteen FN50 companies have no electric vans on their risk fleet and 19 companies have placed no order for electric vans this year.

Traction Finance has the most electric vehicles (5% of its fleet), followed by Alphabet (1%).

Of the top 10 leasing companies, Alphabet has also ordered the most electric van this year (0.76%).

"Unlike cars, where there is a rapidly growing selection of pure EV and plug-in hybrid vehicles, vans have stayed pretty static and the options are principally in the small van sector"

David Watts, Arval

UK top 50 contract hire companies

Rank (2016)	Company	Total RV risk fleet 2017 (2016*)	Car RV risk fleet 2017	Van RV risk fleet 2017	Managing director	Parent company
1 (1)	Lex Autolease	381,833 (333,038)	274,513	107,320	Tim Porter	Lloyds Banking Group
2 (2)	Leaseplan UK	168,155 (165,839)	111,161	56,994	Matt Dyer	Leaseplan Corporation NV
3 (5)	Volkswagen Financial Services Fleet	166,480 (137,960)	140,837	25,643	Ian Tilbrook	Volkswagen Financial Services (UK)
4 (3)	Arval UK	160,609 (157,161)	123,558	37,051	Benoît Dilly	BNP Paribas
5 (4)	Alphabet (GB)	151,241 (147,823)	132,545	18,696	Nick Brownrigg	BMW AG
6 (6)	ALD Automotive	130,397 (118,903)	101,036	29,361	Mel Dawson	Société Générale
7 New	Free2Move Lease*	62,706 (n/a)	39,532	23,174	Duncan Chumley	PSA Group
8 (7)	Zenith	59,240 (58,392)	46,033	13,207	Tim Buchan	Zenith Group Holdings Ltd
9 (9)	Hitachi Capital Vehicle Solutions	52,841 (51,420)	34,927	17,914	Jon Lawes	Hitachi Capital (UK)
10 (8)	Arnold Clark Finance	47,318 (51,717)	40,160	7,158	David Cooper	Arnold Clark Automobiles
11 (11)	Mercedes-Benz Financial Services	42,813 (44,203)	34,235	8,578	Christian Peters	Daimler
12 New	RCI Financial Ltd	21,418 (17,681)	17,866	3,552	Jean-Louis Labauge	RCI Banque
13 (14)	Tusker	20,593 (19,005)	20,278	315	David Hosking	ECI Partners
14 (12)	Inchcape Fleet Solutions	20,345 (25,266)	14,687	5,658	Matt Rumble	Inchcape
15 (15)	Pendragon Vehicle Management	17,516 (15,314)	12,787	4,729	Neal Francis	Pendragon
16 (16)	Ogilvie Fleet Ltd	14,837 (13,523)	12,220	2,617	Gordon Stephen	Olgilvie Group Ltd
17 (18)	Daimler Fleet Management	14,405 (12,105)	13,629	776	Christian Peters	Daimler
18 (21)	SG Fleet UK Limited	12,923 (8,570)	9,519	3,404	David Fernandes	SG Fleet Group Limited
19 (17)	Toyota Financial Services	12,680 (12,256)	10,562	2,118	Doug Gillies	Total Financial Services Corporation
20 (19)	Venson Automotive Solutions	11,751 (11,159)	5,586	6,165	Samantha Roff	Premier Fleet Management and Contract Hire
21 (24)	Leasys UK (formerly FCA Fleet Services)	10,142 (7,381)	8,968	1,174	Roberto Bellavia	FCA Bank
22 (20)	Days Fleet	8,644 (9,020)	6,657	1,987	Aled Williams	CEM Day Ltd
23 (22)	Grosvenor Contracts Leasing	8,324 (8,282)	5,935	2,389	Shaun Barritt	Grosvenor Contracts Leasing
24 (27)	Total Motion	7,355 (5,854)	4,309	3,046	Simon Hill	Privately owned
25 (23)	Toomey Leasing Group	6,989 (7,476)	5,625	1,364	Martin Wroe	MJT Securities Ltd

*Merger of Citroën Contract Motoring and Peugeot Contract Hire.

Rank (2016)	Company	Total RV risk fleet 2017 (2016)	Car RV risk fleet 2017	Van RV risk fleet 2017	Managing director	Parent company
26 (25)	JCT600 Vehicle Leasing Solutions	6,631 (6,605)	5,236	1,395	Paul Walters	JCT600 Ltd
27 (26)	Marshall Leasing	6,470 (6,230)	5,450	1,020	Peter Cakebread	Marshall Motor Holdings**
28 (29)	TCH Leasing	6,351 (5,789)	4,997	1,354	Mark Hammond	TC Harrison Group
29 (28)	SHB Hire	6,322 (5,816)	766	5,556	Paul Street	Privately owned
30 New	Affinity Leasing	6,078 (n/a)	5,750	328	Simon Howles	Privately owned
31 (31)	Lookers Leasing	4,326 (4,415)	3,943	383	Andrew Collett	Lookers
32 (32)	Fleet Financial	4,030 (4,171)	2,869	1,161	Damian Hughes	Lookers
33 (34)	Agnew Corporate	3,856 (3,856)	3,225	631	Yuile Magee	Sytner Group Ltd
34 (35)	Sinclair Finance & Leasing Co	3,821 (3,632)	2,737	1,084	Kerry Thomas	Sinclair Motor Group
35 (33)	Sandicliffe Motor Contracts	3,693 (3,872)	3301	392	Alastair Houston	Sandicliffe Motor Holdings
36 (37)	BMW Financial Services (GB)	3,247 (3,339)	3,015	232	Mike Dennett	BMW AG
37 (40)	GKL Leasing	2,433 (2,477)	1,981	452	Richard Kenning	VRA Ventures
38 (42)	Hilton Vehicle Leasing	2,389 (2,313)	2,087	302	Morgan Devereux	Hilton Vehicle Leasing Ltd
39 (41)	Agility Fleet	2,376 (2,317)	1,602	774	Keith Townsend	Privately owned
40 (43)	Essential Fleet Services	2,249 (2,085)	119	2,130	Greg Taylor	Endless
41 (44)	Close Brothers Vehicle Hire	1,970 (1,635)	20	1,950	Terry Ottey	Close Brothers Group
42 New	Liquid Fleet Ltd	1,425 (n/a)	1,243	182	Darren Driscoll	Liquid Fleet Services Ltd
43 (46)	Traction Finance	1,424 (1,221)	1,256	168	Paul McGuire	Privately owned
44 New	Maxxia Ltd	1,290 (n/a)	1,190	100	Roger Skinner	Maxxia Ltd
45 (48)	Wheels4Sure.com	1,183 (946)	1,183	0	Reginald Larry-Cole	Raedex Consortium
46 (45)	Windsor Vehicle Leasing	1,066 (1,499)	852	214	Philip Smith	Privately owned
47 (47)	Fraikin	878 (1,200)	10	868	Ed Cowell	CVC Capital Partners
48 New	Specialist Fleet Services	775 (n/a)	25	750	Bob Sweetland	Paragon Bank
49 (50)	Fleet and Distribution Management	550 (450)	500	50	Joe McElligott	Fleet & Distribution Management Ltd
50 (49)	Fulton Leasing	498 (529)	324	174	Tano Di Girolamo	Fulton Network

**Acquisition by Bank of Ireland awaiting FCA approval.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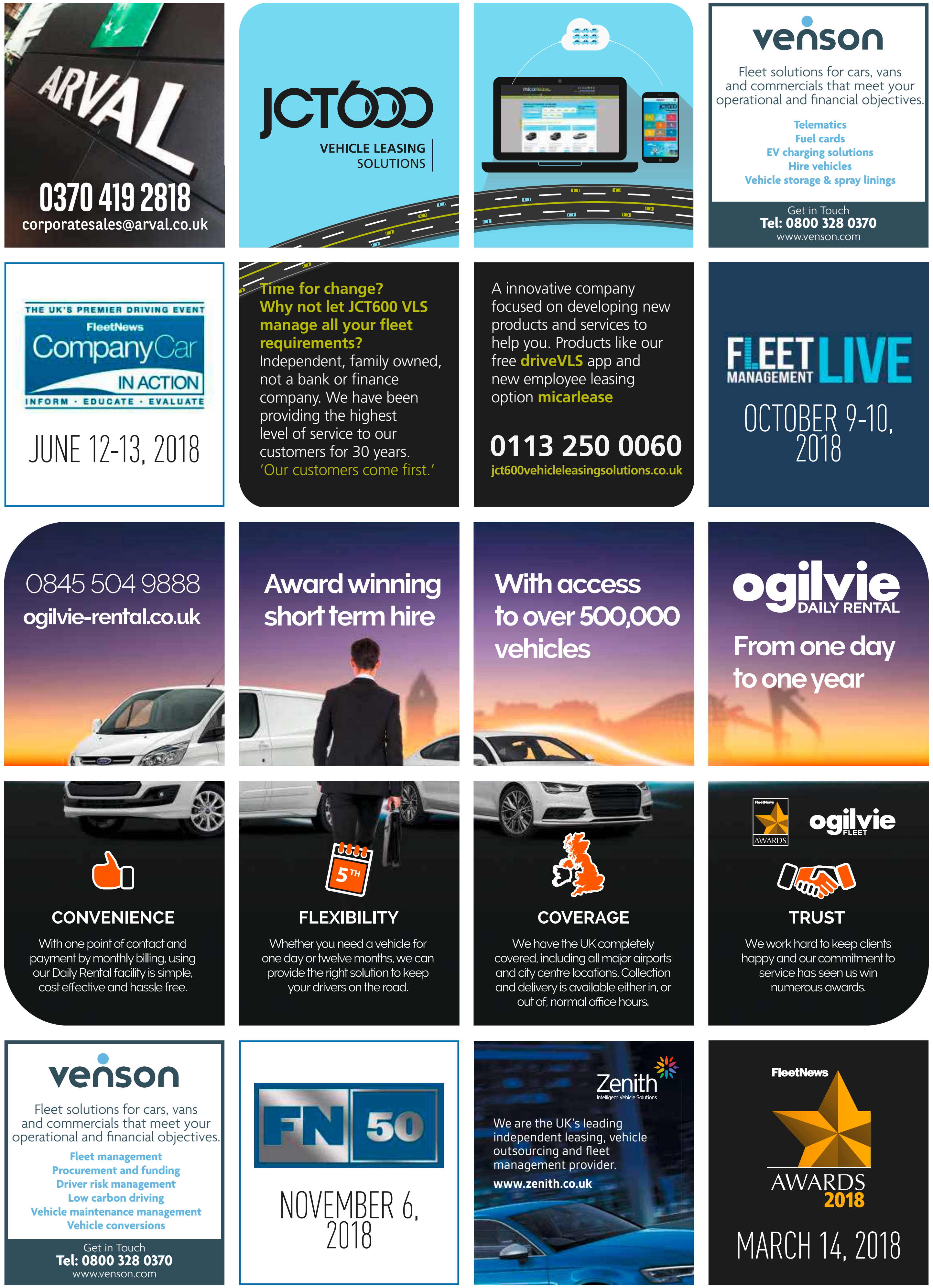
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Achievement award is fitting way to remember a great man

Nick Corrie, CEO, Trak Global Group

Trak Global Group is proud to sponsor the inaugural John Leigh Outstanding Achievement Award at FN50.

John was a non-executive director at Trak Global Group and an outstanding achiever himself. His support helped us grow from a small Cheshire-based business to the number one telematics solutions provider in the UK, operating in seven countries around the world.

John's input steered our business toward some landmark achievements, from the launch of our award-winning usage-based insurance brand Carrot in 2012, to the creation of our ground-breaking app platform for business driving, Appy Fleet.

He also helped us to forge many long-standing commercial relationships within the daily rental industry, where his considerable insight and experience proved invaluable. He shared our belief that telematics technology when applied intelligently can deliver real business benefit across the value chain, from asset management and theft recovery to driver behaviour monitoring and collision detection.

Today we have more than 250,000 connections extending across the whole telematics arena, from fleets and insurance companies to vehicle OEMs and young drivers.

I am immensely proud of what the Trak Global team has achieved to date and excited by the further potential for our business, both in the UK and beyond.

Please join me tonight in raising a glass to remember a great man and to toast this year's deserving winners.

TRAKGLOBAL GROUP

ACFO VIEW

List of changes – and the pace of them – borders on 'bewildering'

By John Pryor

I have been a company car fleet manager for almost 30 years and for more than the past decade my role has also embraced travel management. But, in my experience, the current pace of change we are witnessing is unprecedented.

The changes are numerous and include:

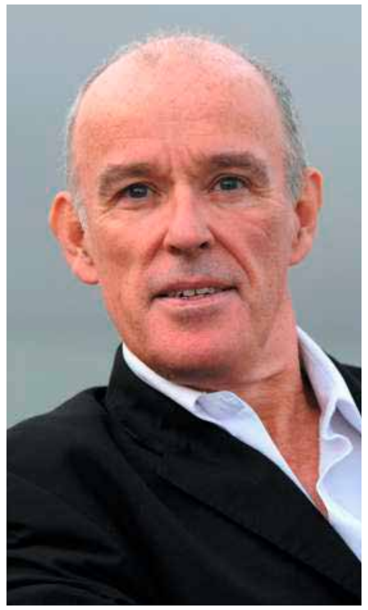
- Government-influenced issues around taxation and legislation in respect of vehicle emissions and occupational road risk management compliance, the former also involving local government with the advent of Clean Air Zones (CAZs) and the like.
- Government pressure for fleets to embrace plug-in vehicles which can be further expanded to include a review of fuel types operated and whether diesel remains the number one choice.
- The impact on fleet vehicle selection of the new Worldwide harmonised Light vehicles Test Procedure (WLTP).

To that list can also be added:

- The broad remit of cost management and managing employees' expectations and available benefits.
- For fleets that contract hire there are the lease accounting standard changes that are effective from January 1, 2019, to take into account.
- The connected car, 'big data' and data protection with the May 2018 introduction of the General Data Protection Regulation (GDPR) which promises to be another 'minefield' for employers and fleets.
- The continuing fallout from the 2017 tax changes impacting on both car salary sacrifice and car or cash allowance programmes.

Fleet managers – and the wider fleet industry as a whole – must also be mindful of the impact of the outcome of the Government's consultation on the taxation of benefit-in-kind (BIK) and employee expenses that includes an examination of Approved Mileage Allowance Payments made to employees who drive their own cars on business journeys; and, obviously, Brexit with warnings from the likes of the Society of Motor Manufacturers & Traders (SMMT) that a failure to reach trade agreements could trigger a £1,500 new car price increase and a 10% rise in vehicle service, maintenance and repair (SMR) bills.

Indeed, at ACFO's recent 'The State of the Nation' seminar I said I could not recall such a multitude of developments that were "leading to a perfect storm of bewilderment, misunderstanding and incomprehension".



John Pryor, national chairman, ACFO

"It is critical for fleet managers to not only be jugglers, but also have a bit of 'Mystic Meg' about them"

Against that background, it would be easy for businesses, particularly in respect of 'perk cars', to think "it is all getting too complicated" and decide to simply 'buy' employees out of the benefit.

But fleet managers must be very aware of the law of unintended consequences – change one aspect of fleet operation and it can necessitate changes elsewhere. What's more, the critical factor is the total cost of ownership of a vehicle. Taking account of all costs – not just operating costs but also the cost of borrowing money, vehicle discounts, insurance etc. – it remains cheaper for a business to run a car than a private individual.

Consequently, today's fleet operators have to be jugglers. The trick is to keep all the plates spinning in the same direction at the same time, while more plates are being added and that challenge will become ever more difficult as the impact of decisions made around the issues outlined earlier become apparent.

Benjamin Franklin, one of the USA's founding fathers, once said that "by failing to prepare, you are preparing to fail". With so much change sparking huge uncertainty and confusion across the fleet industry, operators should, at the very least, be aware of what is occurring and have plans on the drawing board as to how their vehicle operations may need reshaping so as not to be caught off guard.

Today, it is not just the traditional company car, but how business needs to cope and manage the ever-growing portfolio of mobility.

We are still all doing the miles, but how we travel that mile is now a different question.

The fleet industry has never stood still and I don't think it ever will as it adapts to changes in legislation and the way society operates. Fleets and fleet managers have always adapted to whatever challenges have been thrown and while the ingredients may change, the ultimate consideration will remain the total cost of vehicle ownership.

In that respect it is critical for fleet managers to not only be jugglers, but also have a bit of 'Mystic Meg' about them.

Just as drivers need to anticipate the road ahead to avoid a collision, as fleet managers we need to be able to read the minds of legislators, anticipate marketplace changes and understand how internal business developments will impact on fleet operations.

Ultimately, the role of the fleet manager is to do what is best for their employer.

BVRLA VIEW

Unprecedented change brings both opportunity and optimism

By Gerry Keaney

BVRLA membership has continued to grow throughout 2017 on the back of a successful 2016, which saw the association's combined fleet rise by 5% year-on-year. This increase reflects the continuing trend away from 'vehicle ownership' towards the more flexible and sustainable option of 'vehicle usership'.

There are now more than 900 members in the BVRLA responsible for in excess of 4.7 million vehicles. That's one-in-eight cars, one-in-five vans and one-in-five HGVs licensed on UK roads.

Along with the wider automotive industry, our members are facing many challenges with the uncertainty of Brexit and an ever-changing legislative and regulatory environment. At the same time, we are handling the impact of technological revolution as we transform from an industry driven by mechanics to one driven by software and services.

Although challenging, many of these changes also bring opportunities.

BVRLA members are experts in using detailed fleet information to deliver added value – cutting emissions, reducing costs and helping prevent accidents. The increasing availability of connected car data will provide opportunities to do this even more effectively.

The Government's air quality strategy presents a similar opportunity. Given a clear roadmap and realistic timetable, we know members will guide their millions of customers into an era of cleaner, safer and more cost-effective road transport.

BVRLA fleets provide cleaner options for emission-conscious customers

The Government has stated it wants to see an end to the sale of conventionally-fuelled vehicles by 2040. The BVRLA believes 23 years from now, innovations in vehicle technology and design will inevitably deliver a road transport system driven by alternatively-fuelled vehicles (AFVs).

Drivers are already opting for cleaner vehicles, which provides a great opportunity for BVRLA members whose fleet is cleaner than the average UK car parc.

The association's Q2 2017 Quarterly Leasing Survey revealed that the average CO_2 emissions for new car registrations across the UK were 121.3g/km, among BVRLA members' that figure was 111.8g/km – evidence that BVRLA fleets provide cleaner options for emission-conscious users.

If Government is serious about improving air quality now, then it needs to accelerate this shift by introducing the right financial incentives and by providing a suitable regulatory environment and robust national infrastructure.

"Drivers are already opting for cleaner vehicles, which provides a great opportunity for BVRLA members whose fleet is cleaner than the average UK car parc"

Gerry Keaney, chief executive, BVRLA

With the right support, the fleet industry can help to drive adoption of AFVs far quicker, contributing greatly to the reduction of harmful emissions and improving air quality across the UK.

Data is fast becoming the new currency

Connectivity and data are having a significant impact upon the traditional economies and business models of the automotive industry, rendering some of the legal frameworks that have served the fleet sector well for many years as no longer fit for purpose.

The BVRLA believes regulation surrounding both data protection and competition law needs to be updated to be relevant in the connected vehicle age. In addition, technical or 'type approval' regulations surrounding the ways vehicles manage, share and secure data are also in need of an update.

These three legal strands will have a major impact on the way fleet operators access and use vehicle and driver data in the future and Government must work with the industry to create the right environment to facilitate fair trading – for the benefit of both the industry and the driver.

1. Lex Autolease
Brands include: Black Horse Contract Hire, Honda Contract Hire, Jaguar Contract Hire, Land Rover Contract Hire, Volvo Car Leasing
Managing director: Tim Porter
Financial data: Not disclosed

2. Leaseplan UK
Managing director: Matt Dyer
Financial data: 2016 information not yet available. PBT (profit before tax) information not available for public release.

3. Volkswagen Financial Services/Fleet
Brands include: Audi Finance, Seat Finance, Škoda Finance, Volkswagen Finance, Volkswagen Commercial Vehicle Finance, Bentley Finance, Porsche Finance, MAN Finance.
Fleet director: Ian Tilbrook
Financial data: Not disclosed

4. Arval UK
Managing director: Benoit Dilly
Financial data: Not disclosed

5. Alphabet (GB)
Chief executive officer: Nick Brownrigg
Financial data: Not disclosed

6. ALD Automotive
Brands include: Kia Contract Hire, Vauxhall Leasing, Ford Lease, Hyundai Contract Hire, Lombard Vehicle Solutions
Managing director: Mel Dawson

7. Free2Move Lease
Managing director: Duncan Chumley
Financial data: Not disclosed

8. Zenith
Chief executive officer: Tim Buchan
Financial data: Turnover £407m; PBT £57.4m – both for year end (YE) March 31, 2017

9. Hitachi Capital Vehicle Solutions
Managing director: Jon Lawes
Financial data: Turnover £362m; PBT £25m for financial year 2016/17

10. Arnold Clark Finance
Brands include: Activa Contracts
Managing director: David Cooper
Financial data: Turnover £547.3 for YE December 31, 2016 (new international financial reporting standards); PBT £12.53m YE December 31, 2016

11. Mercedes-Benz Financial Services UK
Managing director: Christian Peters
Financial data: Not disclosed

12. RCI Financial Services Ltd
Managing director: Jean-Louis Labauge
Financial data: Not disclosed

13. Tusker
Managing director: David Hosking
Financial data: Turnover £153,714,558; PBT £6,303,955; Earnings before interest, tax, depreciation and amortisation (EBITDA) £8,916,317 (all YE December 31, 2016)

14. Inchcape Fleet Solutions
Head of business: Matt Rumble
Financial data: Turnover £59.9m YE December 31, 2016; PBT £9.2m; EBITDA £17.6m.

15. Pendragon Vehicle Management
Brands include: Evans Halshaw Leasing
Divisional managing director: Neal Francis
Financial data: Not disclosed

16. Ogilvie Fleet
Managing director: Gordon Stephen
Financial data: Turnover £128m June 2017; PBT £5.1m

17. Daimler Fleet Management
Managing director: Christian Peters
Financial data: Not disclosed

18. SG Fleet UK
Managing director: David Fernandes
Financial data: Not disclosed

19. Toyota Financial Services
Managing director: Doug Gillies
Financial data: Not disclosed

20. Venson Automotive Solutions
Managing director: Samantha Roff
Financial data: Turnover £22m 2015 accounts; PBT £7.6m 2015 accounts. EBITDA £58K. Audited accounts for 2016 not yet available.

21. Leasys UK
Brands include: Alfa Romeo, Fiat, Fiat Professional, Jeep, Abarth and Chrysler. It also operates with Maserati, Jaguar and Land Rover.
Head of Leasys UK: Roberto Bellavia
Financial data: Not disclosed

22. Days Fleet
Managing director: Aled Williams
Financial data: Turnover £48,124,000; PBT £6,503,000; EBITDA £32,637,00 – all figures YE December 31, 2016

23. Grosvenor Contracts Leasing
Brands include: Interactive Fleet Management
Managing director: Shaun Barritt
Financial data: Turnover£131m; PBT: £5.6m; EBITDA – not available. All figures YE December 31, 2016

24. Total Motion
Managing director: Simon Hill
Financial data: Turnover£17.1m; PBT £1.1m

25. Toomey Leasing Group
Brands include: Easylease.co.uk, Londonautoleasing.co.uk
Managing director: Martin Wroe
Financial data: Turnover £14.99m (YE December 31, 2016); PBT£1.44m

26. JCT600 Vehicle Leasing Solutions
Managing director: Paul Walters
Financial data: Turnover £24.7m; PBT £3.5m – both 2016

27. Marshall Leasing
Brands include: Marshall Minibus
Managing director: Peter Cakebread
Financial data: Turnover £39,349,000; PBT £4,904,000. EBIT £5,653,000 – all YE December 31, 2016

28. TCH Leasing
Brands include: TCH Salsa
Managing director: Mark Hammond
Financial data: Turnover £25,104,000 December 31, 2016; PBT £1,077,000 YE December 31, 2016

29. SHB Hire
Managing director: Paul Street
Financial data: Turnover £87m; PBT £6.2m – both to December 31, 2016.

30. Affinity Leasing
Chief executive officer: Simon Howles
Financial data: Turnover £14.2m; PBT £516K

31. Lookers Leasing
Managing director: Andrew Collett
Financial data: Turnover £14,013,000 December 31, 2016; £1,567,000 PBT December 31, 2016

32. Fleet Financial
Managing director: Damian Hughes
Financial data: Turnover £30.4m; PBT £1.112m

33. Agnew Corporate
Group managing director: Yuile Magee
Financial data: Turnover £21.8m; PBT £1.19m December 2016.

34. Sinclair Finance & Leasing
Managing director: Kerry Thomas
Financial data: Turnover £22m YE December 31, 2016; PBT £1,002,459; EBITDA £4,461,428

35. Sandicliffe Motor Contracts
Managing director: Alastair Houston
Financial data: Not disclosed

36. BMW Financial Services (GB)
Brands include: Alphera
Managing director: Mike Dennett
Financial data: Statutory accounts 2016. Turnover £24,219k; PBT Unable to disclose

37. GKL Leasing
Brands include: Westward Leasing, Car Leasing 365
Managing director: Richard Kenning
Financial data: Turnover £12.437m; PBT £1.888m – both to December 31, 2016

38. Hilton Vehicle Leasing
Brands include: Hilton Rental, Hilton Coachworks
Managing director: Morgan Devereux
Financial data: Turnover £4.8m; PBT £108,000 YE December 31, 2016

39. Agility Fleet
Brands include: Windmill Leasing
Managing director: Keith Townsend
Financial data: Turnover £9,099m; PBT £365,000

40. Essential Fleet Services
Brands include: Go Plant
Managing director: Greg Taylor
Financial data: Turnover £25m for year ending June 30, 2016; PBT £5m operating profit before exceptional costs for year ending June 30, 2016.

41. Close Brothers Vehicle Hire
Managing director: Terry Ottey
Financial data: Turnover £31m; PBT N/A

42. Liquid Fleet Ltd
Managing director: Darren Driscoll
Financial data: Turnover £6.2m; PBT £497,000 – both to December 2016)

43. Traction Finance
Managing director: Paul McGuire
Financial data: Turnover £6.3m; PBT £299,637 for YE June 30, 2017

44. Maxxia
Chief Executive Officer: Roger Skinner
Financial data: Turnover £2,657,600; PBT LBT £1,494k (June 30, 2017). EBITDA £1,520k (loss) – all figures to June 30, 2017.

45. Wheels4Sure.com
Brands include: Raedex Consortium, Buy2LetCars, PayGo Cars
Managing director: Reginald Larry-Cole
Financial data: Lease income 2016 £2,812,755; PBT EBITDA (£539,113.41)

46. Windsor Vehicle Leasing
Brands include: Windsor Vehicle Leasing, AA Clark, Auriole
Managing director: Philip Smith
Chairman: Philip Newston
Financial data: Turnover £4,561,174 December 31, 2016

47. Fraikin
Brands include: Fraikin Assets UK
Chief executive officer: Ed Cowell
Financial data: Turnover £856,696; PBT £288,707; EBITDA £586,837 – all YE December 31, 2016

48. Specialist Fleet Services
Brands include: Specialist Fleet Services, Collett Transport Services, Paragon Vehicle Finance
Managing director: Bob Sweetland

49. Fleet and Distribution Management Ltd
Managing director: Joe McElligott
Financial data: n/a

50. Fulton Leasing
Managing director: Tano Di Girolamo
Financial data: Turnover £6,756,023; PBT £110,296

ICFM VIEW

Future of company car grows more and more questionable

By Paul Hollick

The status quo has governed the fleet industry for a number of years with little innovation from suppliers and, as a result, in many cases, fleets have 'done what they have always done'.

But huge changes are afoot – potentially the biggest since the radical transformation of the company car benefit-in-kind (BIK) tax system to a carbon dioxide (CO_2)-based one in April 2002.

The significant changes fleet decision-makers must get to grips with in the coming months include, in no particular order:

- Year-on-year increases in company car BIK tax through to 2020/21 and potentially beyond when the Government announces rates for those years.
- The impact on fleet company car choice lists and vehicle-related taxation of the introduction of the Worldwide harmonised Light vehicles Test Procedure (WLTP), the new vehicle CO_2 and mpg test procedure that replaces the long-established New European Driving Cycle (NEDC).
- Sign-posted changes to the taxation of diesel vehicles, which could be announced in the forthcoming budget
- The result of the Government's ongoing consultation on the taxation of BIK and employee expenses that includes an examination of Approved Mileage Allowance Payments made to employees who drive their own cars on business journeys.
- 'Big data' and all it entails – the connected car, the internet of things, cyber security concerns and the May 25, 2018, introduction of the General Data Protection Regulation (GDPR), which notably impacts on the sharing and usage of personal vehicle user data.
- The January 1, 2019, introduction of new international lease accounting standards, which require leased assets to be reported on company balance sheets. Of course, the leasing industry argues that fleets contract hire for many other reasons than balance sheet implications, but businesses must recognise and understand the change.
- The introduction of the London Ultra-Low Emission Zone (ULEZ) and, potentially, Clean Air Zones (CAZs) in many other towns and cities nationwide.
- Government pressure for the increased inclusion of plug-in vehicles on fleets, analysis of the actual efficiencies of running plug-in vehicles, and how they can be best deployed in businesses.

The above list is far from exhaustive and I've not even touched on Brexit and the impact it could have on fleet operations notably in respect of potential new vehicle price increases and a rise in service, maintenance and repair (SMR) costs if trade agreements with the European Union are not reached; or the rise of mobility as a service (MaaS) and the move to a total cost of mobility concept and the importance of understanding the full cost of employees travelling from A to B – not just the vehicle cost.

"It is critical, therefore, that fleet leaders, who must increasingly become mobility providers, embrace the new world and the ICFM is part of that change"

Paul Hollick, chairman, ICFM

The move to MaaS is further underpinned by the rise of Generation Y – those born in the 1980s and 1990s – in the working world and assuming management positions influencing business and corporate mobility. For these people, the traditional hierarchical company car does not necessarily have the same attraction to employees as was the case in years gone by.

Meanwhile, we have witnessed the phenomenal rise of personal leasing – at the expense of ownership – while car clubs and car-sharing also offer corporate opportunities in the mobility arena.

Allied to BIK tax rises (is the Government trying to kill all but the job-need car?) and changes in employment demographics, the long-term future of the company car as we have known it since the 1970s is questionable.

It is critical, therefore, that fleet leaders, who must increasingly becoming mobility providers, embrace the new world and the ICFM is part of that change and will continue to provide training, insight and advice.

It is a world not for the faint-hearted. The traditional fleet manager role of managing vehicles and drivers is almost over – some would argue even now that it is already a footnote in history books.

FTA VIEW

It's steady as she goes for vans, but uncertainty is increasing

By Mark Cartwright

Freight Transport Association (FTA) head of vans and light commercial vehicles, Mark Cartwright, sets out some of the challenges and new developments facing van operators in the upcoming year.

Sales and registrations

Registrations of new vans continue to grow. A key factor has been the rapid expansion of online shopping and home delivery, although research shows this is not the only factor responsible for the boom. Benefits such as the flexibility of smaller vehicles and the relatively simple regulatory framework for vans have played their part, too.

There are signs, however, that the dramatic increase in ownership of recent years is beginning to slow. FTA research also indicates that van fleet investment for 2017 is expected to be lower than the previous year.

It's not clear yet whether these changes mark the start of more modest, steady growth or a significant realignment in the sector. However the story plays out, the impact of Brexit and other changes in the economy are likely to prove challenging over the year ahead.

Running costs

Fuel remains the main factor in the cost of running a van. For smaller vehicles, diesel now makes up a third of the operating cost; for larger vehicles (up to 3.5 tonnes), the proportion is 38%.

It's vital van operators have a strong voice in Westminster to ensure their needs are represented. FTA is at the forefront of the campaign for fair fuel taxation and is calling for a 3p cut in diesel duty to provide a valuable cost-free boost to the economy.

Safety and compliance

The lack of an extensive national and EU compliance structure for vans, as there is for HGVs, places an increased responsibility on operators to adopt internal controls and disciplines to ensure van fleet compliance.

The Van Excellence scheme, managed by FTA, aims to address this challenge, providing leadership and a demanding standard benchmark for the van community.

Van MOT failure rates are at their lowest since the 2008 recession, but Government has expressed concern that they still remain too high, particularly for class 7 vans which display very poor standards of roadworthiness. Many operators still see the MOT test as a 'diagnostic tool' which will pinpoint where repairs need to be made. It's vital that the van sector continues its success in improving

"FTA is at the forefront of the campaign for fair fuel taxation and is calling for a 3p cut in diesel duty to provide a cost-free boost to the economy"

Mark Cartwright, FTA

safety standards or it is possible that legislators will act to impose a more stringent compliance framework.

When it comes to enforcement, the Driver and Vehicle Standards Agency (DVSA) has reduced the number of checks it carries out, but is working to make checks more targeted to ensure those most likely to commit an offence are the most likely to be scrutinised.

Air quality and urban access

Uptake of electric vehicles in the UK has been slow in comparison to cars. This is likely to change as towns and cities become increasingly keen to penalise or ban older and more polluting vehicles. Over the next 12 months, van users will need to plan their fleets to ensure business impact of these new restrictions is minimised.

Drivers and staffing

By the end of 2016 van drivers accounted for 259,000 jobs in the UK, with around 12% of those roles filled by non-UK nationals. Official figures show the number of EU nationals in the UK labour market is falling, although it's not clear whether this is due to current workers leaving or a drop in new migrants. Although the long-term impact of Brexit remains unclear, there are early signs of a shortage of van and forklift drivers, which may become more evident over the year ahead.

Car recharges top £300 on average for the first time

Many speculate whether the word 'fair' is being applied properly to wear and tear figures when it's time to defleet

By Simon Harris

Damage recharges for defleeted contract hire vehicles reached record levels in 2017, with a higher percentage of cars incurring charges compared with last year.

Both cars and vans incur a higher average recharge than in 2016, and while the percentage of vans recharged remained static, the proportion of cars facing fees increased by three percentage points.

The issue of end-of-contract charges is a sensitive one between leasing companies and their customers, with some accusations that recharges are higher than they should be.

The charges are intended either to carry out refurbishment to bring up the value of the vehicle to the expected level at remarketing, or more likely to compensate for a reduction in the value of the vehicle because of its poorer condition than anticipated at the end of the contract.

The average recharge for excess wear and tear on a car in 2017 has broken the £300 barrier for the first time at £307, significantly higher than the £289 recorded in 2016.

Figures for average recharges among FN50 companies vary from £48 to £525 per car, with a number of companies reporting at the higher end of the scale highlighting a potentially sharp rise in costs for many fleets.

However, the highest average charge for company cars in 2017 was a little lower than the £540 reported in 2016.

Excess wear and tear has long been a point of discussion among fleet operators and contract hire providers, with the British Vehicle Rental and Leasing Association (BVRLA) Fair Wear and Tear Guides forming the basis of what is acceptable at the end of a lease, and what should incur extra charges.

The organisation produces three guides: cars, LCVs and HGVs have their own individual booklets, available as hard copies or in digital formats. The latter, which can be licensed by BVRLA members to their customers, perhaps offers greater convenience for many.

Likewise, procedures and technology have evolved in recent years, to help company car drivers and their employers understand better what would likely result in recharges in the weeks leading up to the end of a contract, giving them the choice of taking action to help reduce the bill, or at least managing expectations.

Smartphone cameras and apps have been able to speed up the communication process, improve transparency between all parties, and reduce the risk of unpleasant surprises when the vehicle is returned.

£525
highest average recharge reported for cars

£1,200
highest average recharge reported for vans

"Leasing companies consistently say they would prefer not to have any vehicles returned with excess wear and tear at all"

Contract hire companies are also keen to work with fleet operator customers to help them maintain vehicles in an acceptable condition, and ensure the end-of-contract process is as smooth as possible.

The average percentage of cars on which recharges were made has crept up in 2017 to 37%, compared with 34% in 2016, although still lower than the 38% recorded in 2015, and has been as high as 43% in 2009.

The average number of cars incurring recharges in 2017 varies from 5% to 80%, with seven contract hire companies reporting a rate of 50% or higher. The upper level is significantly higher than the 61% reported in 2016. Only five companies reported a proportion of cars subject to recharges at 20% or lower in 2017.

The average damage waiver for cars was the same as in 2016 at £170, which is £10 higher than the first year the data was recorded in the FN50 survey in 2015.

The damage waiver figures for cars range from £50 to £250 – slightly less generous than for that of vans.

Vans usually have a tougher life on a fleet than company cars, often with higher mileage, and with goods repeatedly loaded into and unloaded from the cargo compartment.

It is likely that the showroom condition of a van would deteriorate more rapidly over a few years on a fleet than a company car, although the BVRLA's Fair Wear and Tear Guide for LCVs aims to take this into account.

In 2017, the average recharge for end-of-contract vans has spiked, reaching £416 – £32 higher than the average in 2016, and £27 higher than when separate figures for vans were first reported in 2015.

The lowest average recharge reported for vans was £48, with the highest at an eye-watering £1,200 – although this was from a proportion of 5% of vans incurring recharges.

Seven companies in the FN50 reported an average recharge for vans at £500 or higher, with seven reporting figures at £250 or lower.

Four of the companies reporting average recharges in excess of £500 per vehicle also recorded excess wear-and-tear damage on more than 50% of the vans.

This level of recharge on a wide scale would be bad news for fleet operators, and ought to prompt a review of end-of-contract procedures, as well as working with van drivers to agree acceptable levels of damage through wear and tear.

If damage is caused through accidents while driving, it could be prudent for the customer to invest in training, or in-cab CCTV to help guard against false claims, with the cost offset by lower recharges at defleeting.

Fleets will be aware of most of the options available to them to help maintain vehicles in a better condition, but it might take a significant recharge bill to wake them up to the need.

The average percentage of vans incurring recharge costs was 41%, the same as in 2016, and slightly lower than the 44% recorded in 2015.

The average damage waiver for vans in 2017 was £188, with one contract hire company offering just £75, while the most generous figure reported was £300.

As the cost of vehicles is expected to increase – partly through exchange rate issues, but also increasing safety technology content, with further safety and convenience features available as options – fleet operators can ill afford to leave themselves exposed to higher charges at the end of a lease.

It is in their interests to take actions that minimise the chances of unexpected costs, especially as the economy is facing additional challenges in the coming years.

And while leasing companies seek to cover their own costs when a vehicle with excess damage is defleeted, they consistently say they would prefer not to have any vehicles returned with excess wear and tear at all, despite some accusations from customers of taking a harder line than necessary.

Most predictions point to reduced new vehicle registrations in the coming years as the drawn out negotiating process over Brexit results in uncertainty over investment decisions, and new vehicle purchases are cancelled or deferred.

There are predictions of lower growth than expected in 2018, and some of the more pessimistic forecasts also point to the risk of recession if the UK withdraws from the European Union with no trade deal in place.

The last time the UK was in recession, the FN50 reported the highest proportions of vehicles subject to excess wear-and-tear charges, with 43% in 2009 and 2010.

Accusations that contract hire companies were keener to recoup profit lost from fewer new car registrations were at their loudest during this period.

It will be interesting to monitor the developing situation to see if this pattern reemerges, and if it does, whether noise around recharges will increase.

In these circumstances, customers could be less inclined to accept the argument that contract hire companies prefer fair wear and tear condition vehicles at the end of their fleet lifecycles.

WEAR AND TEAR AVERAGE COSTS

	Average % of vehicles charged	Average recharge value (£)	Average damage waiver (£)*
2005	38	222	
2006	38	215	
2007	35	246	
2008	39	246	
2009	43	278	
2010	43	249	
2011	42	281	
2012	43	263	
2013	41	278	
2014	35	274	
2015	38 (cars), 41 (vans) and 25 (trucks)	280 (cars) and 385 (vans)	160 (cars) and 152 (vans)
2016	34 (cars), 41 (vans) and 25 (trucks)	289 (cars), 380 (vans) and 372 (trucks)	170 (cars), 166 (vans) and 280 (trucks)
2017	37 (cars), 40 (vans) and 38 (trucks)	308 (cars), 414 (vans) and 587 (trucks)	166 (cars), 181 (vans) and 260 (trucks)

** Van and average damage waiver data provided for the first time in 2015. Truck data provided for the first time in 2016.*

Companies pay less in excess mileage charges for cars but van costs rise

Closer monitoring throughout the lease period is helping to reduce nasty shocks when contracts end, but that's only part of the picture

By Simon Harris

Fleet operators are paying less in excess mileage charges on their leased company cars in 2017, although the amount charged for vans has risen.

The reduction continues a trend that suggests contract hire providers are becoming more savvy at identifying higher mileage early and working with their customers to help avoid big charges at the end of the term, while the percentage of cars subject to the charges remains the same as in 2016.

FN50 companies reported 19% of cars faced excess mileage charges this year, the same as in 2016, and at almost half the level reported when the survey first included the question in 2005, when 36% of defleeted vehicles were affected.

With an average charge of £358 for cars, the figure is down by £55 compared with 2016 when the total was £413, and is almost £100 lower than two years ago.

It also represents a substantial reduction from the peak of £540 in 2012, when 22% of cars were subject to charges.

The variance in average excess mileage charges is quite stark, with the lowest reported as £33 compared with the highest as £1,100.

The £33 figure is based on an average of 25% of the vehicle fleet, while the highest figure is calculated from 12% of the cars incurring excess mileage charges.

Figures show that 16 of the 28 FN50 companies reporting data in this section had average excess mileage charges of £350 or lower for cars, with only five stating averages of £500 and higher.

Last year's report suggested that telematics and connected systems, where fitted, were helping keep track of vehicle mileage through the duration of contracts, and were playing a role in managing mileage more effectively.

It also suggested that while end of contract charges were falling, it was most likely through contract hire companies keeping track of mileage and discussing higher mileage than agreed with customers mid-term, and allowing flexibility to increase monthly rental rates to compensate so there would not be a large excess mileage bill at the end of the fleet lifecycle.

As the reduced charge trend continues, it would seem more fleets are on board with a more manageable way of addressing excess mileage without having to deal with the inconvenience of a large settlement at the end of the contract.

The strategy benefits the leasing companies with excess mileage being compensated for during the contract, and it helps fleet operators deal with the issue in what is a series of smaller excess charge payments.

There was a gulf in the highest and lowest

£358
average excess mileage charge for cars down £55 compared with 2016

£496
average excess mileage charge for vans down £16 compared with 2016

"As the reduced charge trend continues, it would seem more fleets are on board with a more manageable way of addressing excess mileage"

"Vans, in particular, are among the assets that sweat the most when organisations seek greater efficiency when circumstances force a review of costs"

proportions of the car fleets incurring the charges, with one contract hire company reporting excess mileage on 3.8% of its vehicles, while at the other end of the spectrum, another reported volume of 50%.

However, neither of the companies at the extremes recorded an average excess mileage charge for their vehicles.

The data shows that 18 of the companies reported a proportion of 20% or lower of their cars incurred the charges, with six companies at 10% or lower.

Seven companies stated a proportion of their cars incurring excess mileage charges at 25% or greater.

While most of the companies that responded in this section of the survey appear to be dealing with a relatively small number of vehicles defleeting with mileage in excess of the agreement with the fleet operator, it would appear that a number of FN50 businesses could benefit from examining and addressing the problem with customers at an earlier stage.

Options would include discussing mileage with customers at routine meetings if not monitoring it through telematics, encouraging them to be transparent and realistic about the mileage, and being flexible in offering to amend the contract to compensate for the excess mileage before the end of the term.

'Mileage pooling', offered by some leasing companies, could also be a choice for fleet operators to help offset higher mileage vehicles with some achieving below the contracted mileage.

Vans incurred an average charge of £496 for excess mileage in 2017, rising from £480 last year, and with the proportion of vehicles subject to the charge increasing to 22% from 19% in 2016.

It would seem to be counter-intuitive to the trend of car charges falling, and for some of the reasons suggested that led to the reductions, as vans are more likely to be running telematics systems than cars.

The span of average charges is even greater than that for cars, ranging from £48 to £2,000. The £48 charge is based on 27% of the returned vans, while the £2,000 average is based on 9%.

The highest average charge dwarfs last year's upper limit of £1,400 based on 8% of one of the contract hire company's van parc.

Data shows 15 FN50 companies, of the 21 that responded to this question, had an average excess mileage charge of £500 or lower, with eight reporting an average of £300 or less.

Five companies stated average excess mileage charges of £750 or more, with three of them breaking the £1,000 barrier.

The percentage of returned vans with excess mileage ranges from 5.8% to 60%, although the company reporting the higher figure has not disclosed the average charge per vehicle.

Of the 24 companies that responded to the percentage question, 11 stated excess mileage charges as affecting 20% or less of defleeted vans. Five companies reported 30% or

£1,100
the highest average excess mileage figure for cars

£2,000
the highest average excess mileage figure for vans

£496
average excess mileage charge incurred by vans in 2017

EXCESS MILEAGE CHARGES

	Average of % returned vehicles charged	Average recharge value (£)
2005	32	383
2006	29	461
2007	31	424
2008	28	534
2009	24	495
2010	21	349
2011	25	433
2012	22	540
2013	25	507
2014	21	439
2015	20 (cars) and 20 (vans)	456 (cars) and 370 (vans)
2016	19 (cars), 19 (vans) and 10 (trucks)	413 (cars), 480 (vans) and 430 (trucks)
2017	19 (cars), 22 (vans) and 12 (trucks)	367 (cars), 496 (vans) and 529 (trucks)

** Van data provided for the first time in 2015. Truck data provided for the first time in 2016.*

more of the van fleet being subject to excess mileage charges.

The reason for penalties for exceeding agreed mileage is to compensate for the increased depreciation, and with predictions of weakening demand for new vehicles as evidenced in the second and third quarter of 2017, we could soon be in a situation where used car supply exceeds demand.

Residual value forecasters three or four years ago would have been unlikely to factor in the effect of the Brexit vote – as voting to leave the EU seemed a less realistic outcome of the referendum – and the drawn-out process of negotiation over the UK's future trading relationship with the EU and the rest of the world, with a real possibility of no deal being struck by the time the UK leaves the EU.

It is likely resale values will weaken if the Brexit process is prolonged, and excess mileage will drive down values further.

It will be interesting to observe if the general trend of lower excess mileage charges continues in the next few years, or whether fleets begin to defer replacement of vehicles and renegotiate the contracts on existing company vehicles to use them for longer.

And whether technology to monitor mileage during terms more closely will help the trajectory continue in the same direction, in spite higher mileage vehicles arriving on the market.

Vans, in particular, are among the assets that sweat the most when organisations seek greater efficiency when circumstances force a review of costs.

Flexibility to extend contracts was commonplace during the last recession, but recharge values spiked for a couple of years in 2008 and 2009 before falling again in 2010.

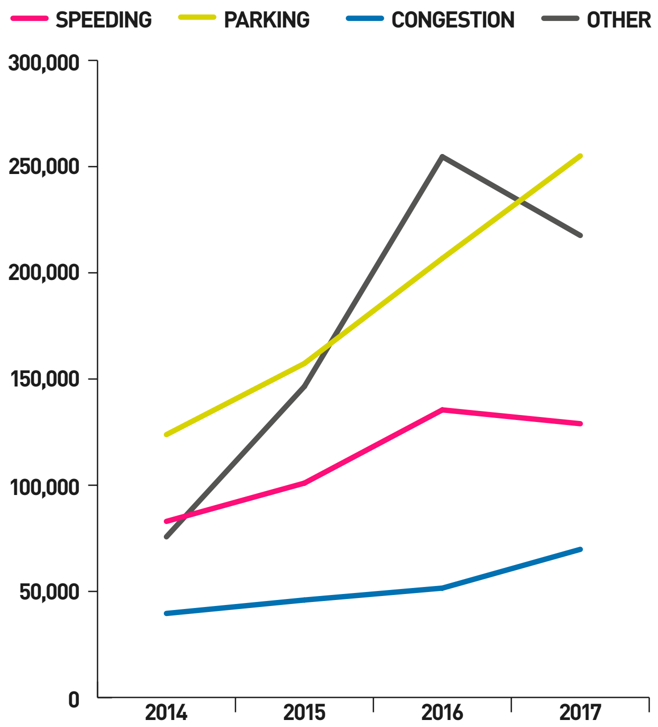
If the methods and practices that have brought about lower excess mileage recharges are truly effective, they should reduce the risk of future spikes in values, and ensure customer expectations are managed.

The dreaded yellow ticket – fines for parking totalled more than £11m for members of the FN50

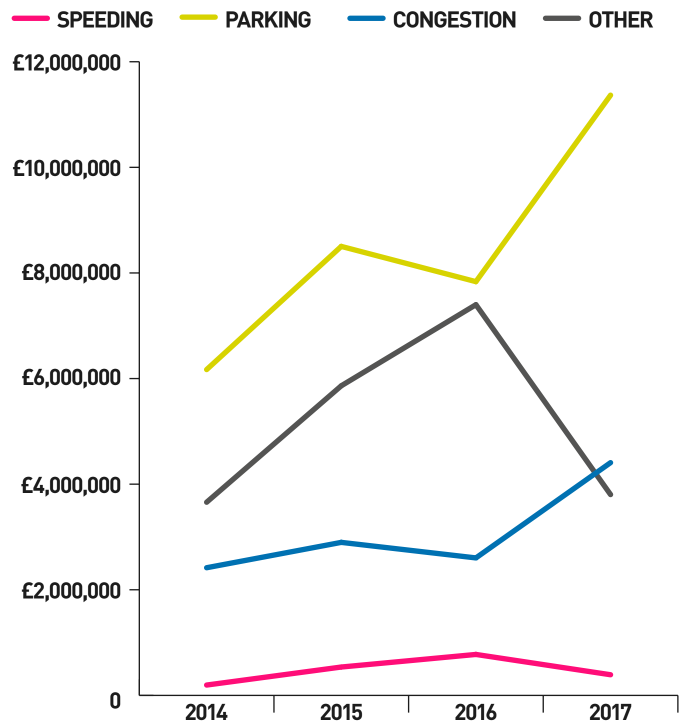
Charges for FN50 companies at record level, close to £20m

Only 26 companies supplied figures so the problem could be considerably greater

QUANTITY OF FINES 2014-2017



COST OF FINES/CHARGES 2014-2017



By Simon Harris

The total number of charges incurred by vehicles on contract hire in 2017 has reached a record level, with the amount paid reaching almost £20 million.

But with only around half the companies in the FN50 reporting data, the true number of charges and the cost to fleets is likely to be substantially higher.

The FN50 survey asked contract hire companies to report the number of charges and fines for speeding, parking, congestion charge and others, including the amount.

The total number in 2017 is recorded as 670,574, with a combined value of £19,957,408.

It is difficult to compare like-with-like with previous years accurately as not all the same companies reveal the information for each fine category. That said, the large increases this year are from a similar number of companies giving data.

Even if charges are passed on to the fleet using the vehicle or the driver, the figures show the administrative burden for contract hire companies is increasing, with the total number more than 20,000 higher than in 2016.

If the contract hire industry is urging its customers to educate drivers on best practice and good behaviour behind the wheel, evidence, in relation to fines at least, suggests it is not working and more needs to be done.

The number of speeding fines recorded in 2017 was 128,769, which is 5% lower than the 135,212 stated in 2016. Fewer notices of intended prosecution than last year could mean fleet operators and drivers are more aware of the risks of speeding, with totting up of points on driving licences putting employees' jobs in danger.

Vehicle safety technology is also improving, with features such as speed limit sign recognition becoming more widely available in cars and vans.

The technology uses a forward-facing camera to observe the most recent speed limit sign passed and show the speed limit on the dashboard screen or in the instrument panel. It means drivers that might have been distracted when the vehicle passed a speed limit sign gain an extra reminder upon checking the dashboard displays. And the latest adaptive cruise control systems can also adjust gradually when entering a lower speed limit zone.

"The figures show that the administrative burden for contract hire companies is increasing, with the total number of fines more than 20,000 higher than in 2016"

While some of these features are not yet widespread, they will become increasingly common and should, in theory, help reduce the incidences of unintentional speeding.

The number of parking charges increased substantially in 2017, with almost 50,000 more incidences than in 2016, reaching more than 254,000 reported by 26 FN50 companies.

However, that is tiny compared to the total number of parking penalties issued by local authorities to all motorists each year, which are estimated at eight million, according to RAC Foundation research.

The total value of the fines has leapt to £11,362,048 from less than £8m in 2016, with an average charge accumulated charge of almost £600,000 per FN50 company of the 19 that declared the fine amount. This is a substantial increase over the average of £373,000 in 2016.

Effect of austerity policies

Local authorities have faced budget cuts in recent years as Government austerity policies have taken effect, forcing a reduction in services they provide. Parking charges, and fines, could be seen by them as valuable ways to make up for some of their funding shortfalls.

The administration of parking charges on private land has been an issue for fleet operators, but ultimately better education of drivers over where they can park their vehicles and for how long would remain the most effective weapon in bringing down costs.

Cases of misidentified vehicles, sparking a laborious process of contesting parking charges are all too frequent, although dashcams and GPS data from telematics can be important tools in providing evidence of misidentification.

However, they would do little to alleviate the administrative burden on contract hire companies, with evidence usually required to support proof of innocence.

Congestion charge fines have also increased significantly in 2017, with FN50 companies recording more than 69,000, compared with 51,590 in 2016. The accumulated cost of the congestion charge fines reported reached almost £4.4m, a considerable rise from the £2.68m stated in 2016.

This is an escalating trend and it's difficult to see how it might abate in the future. The congestion charge zone in London has increased in size since its introduction, and there have been calls to expand it to include the areas within the North Circular and South Circular roads.

In future the so-called T-charge for higher polluting older vehicles will come into force, adding an extra layer to the administration, although Euro 6-compliant vehicles – which most fleets will be running – will not be subject to the extra charge.

But errors will inevitably continue and contract hire companies are still left committing resources to correcting them or accepting the fines and passing them on to the fleet.

Other cities in the UK are also considering introducing their own charging zones, although we still await announcements regarding which areas might launch them and when.

Much will depend on the local political appetite to introduce them and, if so, how the charge might be implemented – whether it would affect vehicles of a specific type, and if there would be discounts or exemptions for essential users or those choosing ultra-low or zero-emission vehicles.

But any additional congestion charge zones will increase the likelihood of fine notices being received by contract hire companies and the burden of dealing with them.

Other fines, including bridge tolls such as the Dartford Crossing, as well as non-payment of charges not covered elsewhere, such as bus lane infringements, were lower than in 2016.

69,000
congestion charge fines incurred by FN50 companies

217,454
reported fine notices at a collective cost of more than an estimated £3.8m

Companies reported 217,454 fine notices compared with more than 250,000 in 2016, and the collective cost of those fines was estimated at just over £3.8m – a little more than half the amount recorded in 2016, and the lowest total since 2014.

ACFO had made representations with Dart, the organisation that runs the Dartford Crossing charge system, over problems fleets had with the administration of charges and fines, and Dart has launched a series of improvements to its charging website starting this summer.

It is possible that the changes, which make the site easier to use, will help reduce fines administered in error in future.

Some bridge tolls abolished

In addition, fines from charges at the M4 and M48 crossings over the River Severn will cease in future, as the bridge tolls will be abolished by the end of next year.

Eight companies reported an average of 41% of all fines being referred to the driver before payment, and 12 companies said 60% of fines were referred to the fleet customer before payment.

While there is pressure on drivers to meet targets during their working days, which will always increase the risk of incurring fines, it is difficult to see a better method of avoiding them than improving education of drivers and fleets.

With improving vehicle technology that can help avoid unintentional speeding and fewer bridge tolls on the horizon, there could be fewer fines in some areas in future. And repeat offenders in speeding will have a direct impact on the driver's employer if problems go unchecked.

How drivers can be coached to take advantage of opportunities to reduce costs and administration will still be in the control of fleet customers, but contract hire companies also need to ensure they impress upon clients how taking responsibility for this will result in fewer headaches for all parties.

There's no knocking BMW off the top spots

The 3 series is most reliable car for the eighth year in a row and German brand completes a hat-trick as best manufacturer

By Matt de Prez

BMW has yet again retained its position at the top of the FN50 reliability survey, with the 3 Series keeping its crown as the most reliable car on contract hire for the eighth consecutive year.

The German brand has also completed a hat-trick in taking the title as best manufacturer, a victory it also celebrated in 2016 and 2015.

An all-new 3 Series is due next year, but the current model has been an overarching success since its launch in 2011.

Last year a plug-in hybrid powertrain was added to the line-up, badged 330e.

Retaining second place in the reliability index is the Volkswagen Golf, which received a facelift and new petrol engines earlier this year. It also offers a choice of fully-electric and plug-in hybrid options.

The Audi A3 made a surprise return to third place, having held fourth for the past two years. It bumped the recently re-launched A4 to ninth – a disappointing drop for the new model.

Honda now occupies fourth place with the Civic, continuing as the only Japanese model in the top-five. Having undergone a total redesign, the new Civic was launched in the spring with a choice of two turbo-charged petrol engines. A diesel is expected early next year.

"Interestingly the entire top 10 is made up of either German- or Japanese-owned brands, although both the Qashqai and Civic are made in Britain"

Another model that debuted this year was the all-new BMW 5 Series. The car has jumped from sixth position to fifth; making BMW the only manufacturer with two models in the top five.

Volkswagen's second appearance in the rankings comes in sixth position, with the Passat. It's a jump of one place and its in-house rival, the Škoda Octavia, is close behind occupying seventh – an improvement of three places since last year.

Taking eighth position is the Nissan Qashqai, a car which jumped to the top of the UK sales charts in September following a minor facelift. Early next year, the model will offer a semi-autonomous driving system, but remains a firm fleet favourite thanks to its low 99g/km CO_2 emissions.

Mercedes-Benz has snuck into the top 10 with the E-Class this year, a strong performance for the newly launched model. But the ageing C-Class – which held eighth last-year – has dropped to 14th in this survey. A new C-Class is expected next year.

Interestingly the entire top 10 is made up of either German- (80%) or Japanese-owned brands (20%), although both the Qashqai and Civic are built in Britain.

Best performing cars (2016 in brackets)	
1 (1)	BMW 3 Series
2 (2)	VW Golf
3 (4)	Audi A3
4 (5)	Honda Civic
5 (6)	BMW 5 Series
6 (7)	VW Passat
7 (10)	Škoda Octavia
8 (9)	Nissan Qashqai
9 (3)	Audi A4
10 (-)	Mercedes-Benz E-Class

Best preforming manufacturers (2016 in brackets)	
1 (1)	BMW
2 (2)	Audi
3 (3)	Mercedes-Benz
4 (4)	VW
5 (9)	Ford
6 (8)	Honda
7 (6)	Nissan
8 (5)	Toyota
9 (-)	Vauxhall
10 (7)	Škoda

Eleventh place is held by the Spanish-built Ford Fiesta, which is the UK's best-selling car overall, while Japanese brand Toyota has managed to retain two models in the top 15 with the Prius occupying 12th and the Auris in 15th. Thirteenth place is held by the Vauxhall Astra.

The manufacturer rankings have seen little movement at the top. Audi, Mercedes-Benz and Volkswagen have all retained their positions under BMW, as in the 2016 survey.

Ford has made the biggest jump this year, placing it fifth – having ranked ninth last year.

The tables have turned for the Japanese manufacturers this year. Honda has climbed the table to rank sixth while Toyota has slipped past Nissan to rank eighth. In contrast, last year Toyota comfortably led the pack under the Germans – holding fifth place in 2015 and 2016.

Vauxhall has managed to climb into the top 10 this year, holding ninth place overall, as has Škoda which is now the gatekeeper to the top 10.

Korean brands have performed less impressively this year. Hyundai managed to creep up one place to 11th, but Kia dropped out of the top 15 altogether, having held 15th last year.

British brands have delivered a stronger performance though. Mini takes 12th place while Jaguar takes 13th, pushing Japanese-rival Lexus out of the top 15 and outranking its stablemate Land Rover – which sits in 15th.

Mitsubishi, manufacturer of the highly-popular Outlander PHEV, has hung on to its place in 14th for the second year in a row.

As with cars, German brands hog top three model positions

Mercedes-Benz moves up two places to topple Ford from the No 1 spot and its Sprinter is voted the most reliable van

By Matt de Prez

Mercedes-Benz has taken the crown as the most reliable van manufacturer in this year's FN50 reliability survey and its Sprinter has continued to reign as the most reliable van.

The German brand has overtaken last year's winner, Ford, jumping two places from third in 2016.

It's the third year running the two commercial vehicle giants have battled it out alongside Volkswagen Commercial Vehicles, which topped the chart in 2015 but is now relegated to third place.

The reliability survey asks FN50 companies to rank their light commercial vehicles (LCVs) in order of the best performing in terms of breakdowns and warranty claims and allocate points which are then collated to create these rankings.

The top three were separated by just eight points, with Mercedes-Benz achieving a five-point lead over Ford.

In the van model rankings the Volkswagen Caddy took an impressive second place, having jumped from fifth in 2016.

It displaced its bigger brother, the Transporter, which has held second place for the past two years but now sits in third.

"The top three (for reliability) were separated by just eight points, with Mercedes-Benz achieving a five-point lead over Ford"

Both the Caddy and Transporter have been updated to include new TSI petrol engines for the first time since the industry started looking for alternatives to diesel last year.

The top three is now fully occupied by German brands, which mirrors the results in the car reliability survey.

Ford's Transit takes fourth place, having been updated with a new Euro 6 engine line-up in August last year. Other than the Sprinter, the Transit is the only van to hold its place from last year.

The Transit Custom and Transit Connect have both slipped out of the top 15. The Custom held sixth place last year but has fallen to 16th, while the Connect has slipped from eighth to 20th.

The British-built Vauxhall Vivaro has also dropped down the table, although less aggressively, losing third place to rank fifth.

Mercedes-Benz makes a second appearance on the table in sixth place. The Vito has climbed one place since last year, matching its 2015 ranking.

There has been something of a French revolution further down the table. The Renault Trafic, which is built on the same platform as

the Vivaro, has climbed to seventh from 13th while the Peugeot Partner has leapt from 10th to eighth.

Citroën put in a similarly impressive performance with the Berlingo. It climbed to ninth from 11th.

The Vauxhall Combo makes an appearance at 10th, securing the manufacturer two places in the top 10.

Vauxhall also managed to achieve an overall ranking of fourth in the manufacturer table, overtaking Renault which now occupies fifth.

Citroën and Peugeot have managed to retain their sixth and seventh positions respectively, tying all three French rivals together mid-table.

Fiat has put in an interesting performance this year outranking Japanese rival Nissan to take eighth place. The Vauxhall Combo-derived Doblo just missed 10th place in the model rankings, while the Ducato ranked 23rd and the Talento 31st.

Mitsubishi continued its stronghold in 10th position, despite the L200 pick-up losing three places to rank 13th in the model table. It is still the most reliable pick-up in the survey though, thanks to a disappointing performance by the Toyota Hilux which fell to 19th overall.

Toyota managed to maintain its position in 11th place, however, with Iveco in 12th and Isuzu in 13th.

Best performing LCV models (2016 in brackets)	
1 (1)	Mercedes-Benz Sprinter
2 (5)	VW Caddy
3 (2)	VW Transporter
4 (4)	Ford Transit
5 (3)	Vauxhall Vivaro
6 (7)	Mercedes-Benz Vito
7 (-)	Renault Trafic
8 (10)	Peugeot Partner
9 (-)	Citroën Berlingo
10 (-)	Vauxhall Combo

Best preforming LCV manufacturers (2016 in brackets)	
1 (3)	Mercedes-Benz
2 (1)	Ford
3 (2)	Volkswagen
4 (5)	Vauxhall
5 (4)	Renault
6 (6)	Citroën
7 (7)	Peugeot
8 (9)	Fiat
9 (8)	Nissan
10 (10)	Mitsubishi

Panel vans performed best overall, taking the majority of positions in the model ranking.

Pick-ups were less reliable with only three in the top 20, despite a significant uplift in registrations during the past 12 months. The Volkswagen Amarok made 22nd place while the best-selling Ford Ranger ranked a less-impressive 37th.

Brands switch their emphasis towards customer service

Fleet retention grows in importance as new car market passes its peak

By Tim Rose

Car brands are expected to put more focus on customer service from 2018 now that the UK's new car market evidently passed its peak in 2016. This year the total market is in decline and fleet registrations had dropped by almost 23,000 units (2.1%) by the end of September.

So after five years of sales growth, carmakers will now put franchised dealer networks and their own central fleet teams under increased pressure to retain the customers they have by being easy to work with and providing great service and incentives.

This should be welcome news for fleets and other business customers. Two-thirds of the 30 FN50 companies which answered our question about service, maintenance and repairs (SMR) said they would either maintain or increase the level of SMR done by franchised dealers on their cars in 2018. For their vans, however, slightly fewer intend to do so.

Land Rover's first appearance in the top 10 rated dealer networks (at 8th) is the big change in this year's FN50. The SUV brand has been rising towards the rankings for the past two years (13th in 2015 and 11th in 2016) and now leasing companies have allowed it into the major league.

A catalyst to its success, apart from developing more fleet-friendly two-wheel drive ED4 versions of Discovery Sport and Range Rover Evoque, has been the radical overhaul of its dealer network, which Jaguar Land Rover began in 2015 and aims to have completed by the end of 2018.

It is being overseen by UK managing director Jeremy Hicks, who made similar magic at Audi in the previous decade. The new strategy has meant that some of JLR's smaller partners have sold their dealerships to major dealer groups such as Inchcape, Jardine Motors Group and Marshall Motor Group, which have extensive experience of handling high volumes and serving corporate clients.

Such groups also have the financial capability to invest to meet the standards JLR now demands – these are typically £5-10 million, dependent on the location.

Many Land Rover dealerships are being twinned with Jaguar ones (expect Jaguar to enter the FN50 table at the end of this decade) in new-built, larger premises with more staff, more technology and higher service levels.

Jardine Motors' Milton Keynes Jaguar Land Rover dealership, for example, has automatic number plate recognition (ANPR) cameras to identify if a vehicle entering the site is booked in for servicing, whereupon it is directed through the doors of an enclosed drive-in service lane fitted with automated tyre depth and pressure reader.

There the company car user can swap into a courtesy car, still sheltered from the elements, or can wait in a business lounge while their car is serviced.

In addition to the dealers' record £1 billion of investment in facilities, JLR has also invested in its corporate sales structure. A dedicated field-based sales team was introduced across 50 Jaguar and Land Rover retailers in 2016, supported by a further 22 people centrally and led by five senior-level managers responsible for fleet and business sales.

As Jon Wackett, general manager for fleet and business at JLR, tells *Fleet News*: "We're not complacent – and the customer remains pivotal to everything that we do."

His ambition is for leasing companies to "recognise Jaguar Land Rover as a fully established supplier", he says, and he believes it can now offer the security of supply and ownership it has been working towards.

Land Rover's entry casts further shadows over the long-term strength in fleet and leasing of more mainstream brands. The FN50 has a clear flavour of premium and near-premium brands, German ones in particular, which typically have stronger residual values and attractive running costs plus dealer networks which are raising the service levels bar.

Take Nissan, for example. It has featured in the top 10 for the past three years, but has now been squeezed out at a time when its dealer network has become demoralised by low profitability and poor manufacturer relations.

Honda, too, has left the top 10, despite expanding its 'Platinum Programme', which the Japanese brand sees as a key part of its corporate and fleet proposition, to 100 dealers. Sites on the programme provide 48-hour test drives for corporate customers, and put sales managers and advisers through specific training to support business clients on mileage, taxation and contract terms.

"We're not complacent – and the customer remains pivotal to everything that we do"

Jon Wackett, JLR

TOP VAN DEALER NETWORKS

	2017	2016	2015
1	Ford	Ford	Volkswagen
2	Volkswagen	Vauxhall	Ford
3	Mercedes-Benz	Volkswagen	Mercedes-Benz
4	Vauxhall	Mercedes-Benz	Vauxhall
5	Renault	Renault	Renault
6	Peugeot	Peugeot	Peugeot
7	Citroën	Citroën	Citroën
8	Toyota	Fiat	Iveco
9	Iveco	Toyota	Fiat
10	Nissan	Nissan	Nissan

Since Ford rolled out its dedicated Transit Centre network, with staff focused on LCV customers, its reign of the top 10 for van dealers appears unmovable. Customers are guaranteed availability of demonstrators and loan vans, sales staff are trained in funding and taxation, and the workshops operate extended hours so vehicle downtime is minimised.

BMW tops the dealer league table again. It has hit the No 1 spot in six of the past seven years

TOP CAR DEALER PERFORMANCE: 2010-2017

	2010	2011	2012	2013	2014	2015	2016	2017
1	Audi	BMW	BMW	BMW	BMW	Audi	BMW	BMW
2	BMW	Audi	Audi	Audi	Audi	BMW	Audi	Audi
3	Volkswagen	Ford	Ford	Volkswagen	Volkswagen	Volkswagen	Volkswagen	Volkswagen
4	Ford	Vauxhall	Volkswagen	Ford	Ford	Mercedes-Benz	Mercedes-Benz	Mercedes-Benz
5	Honda	Volkswagen	Vauxhall	Mercedes-Benz	Mercedes-Benz	Ford	Ford	Ford
6	Vauxhall	Mercedes-Benz	Honda	Vauxhall	Toyota	Vauxhall	Toyota	Škoda
7	Mercedes-Benz	Volvo	Mercedes-Benz	Volvo	Honda	Honda	Škoda	Vauxhall
8	Toyota	Renault	Škoda	Toyota	Volvo	Škoda	Vauxhall	Land Rover
9	Renault	Citroën	Toyota	Škoda	Seat	Hyundai	Honda	Toyota
10	Volvo	Honda	Volvo	Honda	Nissan	Nissan	Nissan	Peugeot

This year, Toyota is the only Asian brand registering on FN50 radars. Under managing director Paul Van der Burgh, the brand has strived to become easier to work with, from both their dealers' and corporate clients' perspectives.

Earlier this year it developed a new 'concierge' service for leasing companies with the aim of offering them a 'one-stop shop'. It allows Toyota to break the traditional model of leasing companies nominating their preferred dealers for car supply, with Toyota instead ensuring the dealership closest to the contract gets the business.

Neil Broad, general manager for fleet and remarketing, told *Fleet News* he expects a better service for fleets as a result, because it will encourage the retail network to improve customer service, such as prioritising company car drivers for demonstrator cars, and stabilise pricing by eliminating competition for every deal. Arval was the first to sign up for the new voluntary scheme, which is being deployed over a three-year transition period.

Toyota is supporting the programme by expanding its area fleet sales team from eight to 11 and doubling its contract hire team to two. It is also putting emphasis on its fleet hub operation to free up regional managers' time for prospecting.

The programme also links to a used car repatriation initiative Toyota launched in 2016 where it offers leasing companies access to its retail network via its own auctions.

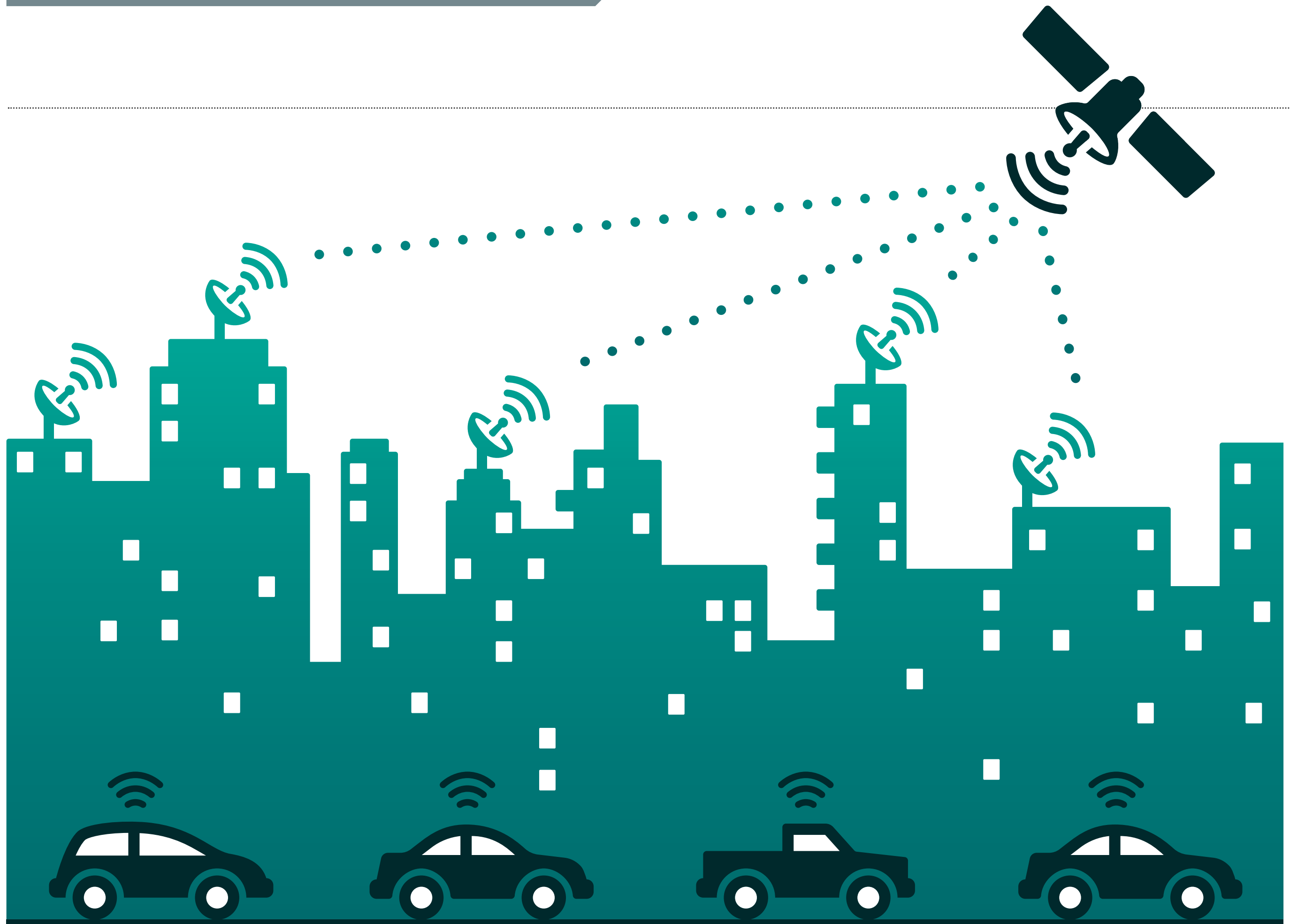
However, at present Toyota can but dream of overcoming the FN50's love of German brands. BMW remains at the top of the table for the sixth time since 2010, ahead of Audi, Volkswagen and Mercedes-Benz. All have networks of engaged dealers, well experienced in corporate sales and service, and capable of handling larger fleet volumes, with field and central support from their brands.

With BMW, business customers also benefit from its after-sales corporate charter, which guarantees minimum service levels from its dealer network, such as 1Link bookings receiving a response within 20 minutes and free collection and delivery within a 15 mile radius. It also guarantees that where a driver has booked to wait, the car will be back on the road within 90 minutes.

Most BMW dealerships now provide extended hours servicing, and a network update is underway, with many franchisees creating multi-storey new-build dealerships with extra servicing capacity for electric vehicles.

£5-10m
investment required to meet JLR demands

£1bn
record overall investment in facilities by JLR dealers



Connected vehicles need more joined-up thinking

Increasing connectivity offers opportunities, but hurdles have to be overcome

By Gareth Roberts

Connected cars and the data they produce are set to transform the leasing landscape over the next few years.

However, there is mounting concern among the UK's top 50 leasing companies that the opportunities connected cars offer could be thwarted, if issues around data ownership and protection are not overcome.

The problem, according to Lex Autolease, is that the operating model for connected cars does not recognise the tripartite relationship that exists in the leasing sector.

"The full costs of provision of such services are yet to be understood or recognised," it said.

"The owner of the vehicle is not the contracting party signing up to the services with the manufacturer, posing a number of challenges around data privacy, vehicle security and cost liability."

Despite the well-defined ownership model under operating lease, LeasePlan told the FN50 survey: "Manufacturers are resistant to providing the data to the vehicle owners, seeing the driver as their customer and marketing target, whereas we see them as our customers and should be entitled to control messaging and marketing accordingly.

"Legislation and the tax system as we know it will have to change"

Nick Mitchell, Audi

"Ultimately, as we move to a more subscription style usage model this data must be readily available and in a standard format as OBD (on-board diagnostics) is today."

A potential goldmine

The advantages for end-user fleets could be enormous. "Connectivity can provide greater visibility, assists route planning and help to measure and improve driver behaviour. It is also likely to reduce fuel costs and help reduce accidents, thus improving insurance-related expenditure and vehicle downtime," explained Inchcape Fleet Solutions.

But the data generated by connected cars will also be a potential goldmine, in areas such as traffic flow, identification and reduction of accident blackspots, predictive vehicle maintenance, over-the-air software add-ons, usage-based insurance, subscriptions services, and new services to improve safety, aid mobility and improve travel convenience.

The global connected car market was worth $32.1 billion (£24.4bn) in 2016 and is estimated to reach $96.4bn (£73.4bn) within five years.

Analysts at McKinsey suggest that by 2030 that figure will have broken through the £1 trillion barrier.

Earlier this year, Volvo announced a partnership with Google to develop the next generation of its in-car infotainment system based on the Android platform.

It will launch the system on new models within two years, offering a wide array of apps and services.

A catalogue of Android apps – developed by Google, Volvo or third-party app developers – will offer connected and predictive services in and around the car.

More recently, IBM announced that it was partnering with BMW to provide cloud-based data management for the manufacturer's connected cars.

Information will be collected from cars that have been registered using the BMW ConnectedDrive app.

IBM hopes to sign up further carmakers in the coming months and stake a claim in the burgeoning market for connecting passenger cars with customised services based on real-time vehicle performance. Last year, it announced a similar deal with General Motors.

New products and services

Connected car registrations are also growing rapidly. Technology research firm Gartner predicts that, while more than 12 million connected cars were registered globally last year, 61 million will be registered in 2020, bringing the total number of connected cars on the road, either through a built-in communications module or by a tether to a mobile device, to 250 million.

James Hines, research director at Gartner, said: "Connected vehicles will continue to generate new product and service innovations, create new companies, enable new value propositions and business models, and introduce the new era of smart mobility, in which the focus of the automotive industry shifts from individual car ownership to a more service-centric view of personal mobility."

Drivers, for example, will be able to download functionality that physically changes a model's characteristics and specification with a potential huge impact in numerous areas of fleet operations as well as the likely requirement of tax and legislation revisions.

Speaking at an ACFO event earlier this year, Nick Mitchell, service and technical manager at Audi, predicted a huge increase in the delivery of on-demand services to drivers and also the ability for vehicle users to update their cars as manufacturers introduced new functionality.

For example, he highlighted how a company car could be sold as a 150PS model, but, on demand, a driver could add a further 20PS, which would completely change a model's performance and its carbon dioxide (CO_2) emission figure and therefore an employee's benefit-in-kind (BIK) tax bill.

He said: "It could be that cars are sold with the lowest specification and on day two the specification is updated by drivers. That would have a massive impact on HMRC revenue. Legislation and the tax system as we know it will have to change and that will have to be dealt with."

The leasing industry will also have to adhere to new data protection rules – the General Data Protection Regulation (GDPR) – which come into effect on May 25, 2018.

"Guidelines requiring automakers to put automotive cyber security protections in place from vehicle development are certainly a positive step"

Yoni Heilbronn, Argus Cyber Security

£24.4bn
value of connected car market in 2016

£1.1tn
value of connected car market in 2030

250m
connected cars on the road by 2020

GDPR builds on existing data protection legislation with a particular focus on digitalisation and technology. Core to the 1998 Data Protection Act are eight data protection principles and GDPR reforms those and introduces new principles of transparency and accountability. The ability to prove consent is a significant pillar of the new regulations.

Commercial Vehicle Solutions told the FN50 survey: "A fuller and better understanding of the impact of GDPR is required as this has the potential to significantly challenge and re-shape the current output and management of connectivity delivery."

Ogilvie Fleet added: "Holding vast amounts of data comes with its own new risk and a need for it to be correctly protected."

Leasing companies represented in the FN50 also raised concerns over the risk connected vehicles face from hackers.

Hitachi Capital Vehicle Solutions said: "The biggest risk is in cyber resilience of the connectivity systems themselves."

New Government guidance, published in August, aims to ensure engineers developing connected cars and vans will toughen up cyber security and help design out hacking.

Yoni Heilbronn, CMO at Argus Cyber Security, told *Fleet News*: "The reality we face today is that as vehicles become increasingly connected they are becoming increasingly vulnerable to malicious attacks.

"The Government's new guidelines requiring automakers to put automotive cyber security protections in place from vehicle development are certainly a positive step. This move signals to original equipment manufacturers (OEMs) that they need to take action."

Connected cars remove uncertainty

However, while there are concerns, the overriding conclusion from FN50 companies was that connected cars will take away fleet operation uncertainty.

ALD Automotive told the FN50 survey the increase in the amount of data flowing in from connected vehicles, and the infrastructure around them, will "empower businesses to make more informed and timely decisions, enabling them to control their costs, manage their risk, improve their carbon footprint, keep costs down and manage their fleet more efficiently".

"Whether that's information relating to vehicle health that can help fleets take early steps to prevent breakdowns or more accurate information relating to driver behaviour so that preventative action such as training can be administered, fleets will have more data at their disposal to use and interpret as they see fit," it said.

The traditional model of a leasing company that provides management may no longer suffice. Instead, the industry could be defined by data companies that provide vehicles.

ALD concluded: "Fleets and leasing companies will evolve and adapt with the demands of the automotive industry as it becomes increasingly connected."

FN50: the rolls of honour

2009

1. Lex Autolease	337,778
2. LeasePlan UK	121,960
3. Lombard Vehicle Management	90,468
4. Arval UK	73,497
5. Daimler Fleet Management UK	53,664
6. GE Capital Fleet Services	50,264
7. ING Car Lease	48,039
8. ALD Automotive	47,157
9. Alphabet (GB)	46,263
10. Masterlease	44,346
11. Volkswagen Group Leasing	41,984
12. Arnold Clark Finance	40,008
13. BT Fleet	38,872
14. Hitachi Capital Vehicle Solutions	31,673
15. Inchcape Fleet Solutions	28,729
16. Citroën Contract Motoring	22,200
17. Zenith Provecta	19,500
18. Pendragon Contracts	18,438
19. Leaseway Vehicle Rental	16,574
20. Leasedrive Velo Group	16,250
21. Peugeot Contract Hire	16,042
22. Toomey Leasing Group	15,429
23. RCI Financial Services	11,426
24. Ogilvie Fleet	9,145
25. Days Contract Hire	8,761
26. Venson Automotive Solutions	8,731
27. BMW Financial Services	8,686
28. Grosvenor Contracts Leasing	8,627
29. NVR Fleet	8,000
30. Tusker	6,118
31. Fleet Hire	6,100
32. Toyota Contract Hire	6,085
33. TCH Leasing	5,700
34. JCT600 Contracts	5,557
35. Carillion Fleet Management	5,500
36. Marshall Leasing	5,305
37. Motiva Vehicle Contracts	5,281
38. MNH Platinum	4,000
39. FGA Contracts	3,632
40. Apex Easy Fleet	3,450
41. Sandicliffe Motor Contracts	3,050
42. Duncton	3,023
43. Fleet Financial (NI)	3,021
44. Sinclair Finance & Leasing Co	2,470
45. Lookers Leasing	1,750
46. TransLinc	1,636
47. Windsor Vehicle Leasing	1,543
48. Fulton Leasing	1,371
49. S G Fleet UK	1,271
50. Hilton Vehicle Leasing	1,145

2010

1. Lex Autolease	307,133
2. LeasePlan	123,882
3. Lombard Vehicle Management	81,800
4. Arval UK	80,753
5. ALD Automotive	56,502
6. Daimler Fleet Management	50,283
7. Volkswagen Group Leasing	47,700
8. ING Car Lease	47,615
9. Alphabet (GB)	47,176
10. GE Capital Fleet Services	45,704
11. Arnold Clark Finance	41,987
12. Masterlease	33,532
13. BT Fleet	31,692
14. Hitachi Capital Vehicle Solutions	30,734
15. Inchcape Fleet Solutions	23,135
16. Citroën Contract Motoring	22,162
17. Peugeot Contract Hire	20,067
18. Zenith Provecta	19,990
19. Leasedrive Velo Group	15,200
20. Toomey Leasing Group	14,561
21. Leaseway Vehicle Rental	13,847
22. Pendragon Contracts	12,024
23. RCI Financial Services	10,660
24. Ogilvie Fleet	9,515
25. Venson Automotive Solutions	8,977
26. Days Contract Hire	8,627
27. Grosvenor Contracts Leasing	8,514
28. BMW Financial Services	7,042
29. Tusker	6,361
30. JCT600 Contracts	5,576
31. Carillion Fleet Management	5,500
32. TCH Leasing	5,420
33. Marshall Leasing	5,325
34. Fleet Hire	5,300
35. Toyota Contract Hire	4,730
36. Motiva Vehicle Contracts	4,720
37. Apex Easy Fleet	3,550
38. Duncton	3,541
39. MNH Platinum	3,500
40. FGA Contracts	3,430
41. Fleet Financial (NI)	3,064
42. Sandicliffe Motor Contracts	2,977
43. TransLinc	2,612
44. NVR Fleet	2,520
45. Sinclair Finance & Leasing Co	2,350
46. Lookers Leasing	1,872
47. SG Fleet	1,840
48. Windsor Vehicle Leasing	1,438
49. Hilton Vehicle Leasing	1,437
50. Fulton Leasing	1,418

2011

1. Lex Autolease	280,218
2. Leaseplan UK	130,200
3. Alphabet (GB)	99,154
4. Arval UK	86,591
5. Lombard Vehicle Management	70,621
6. ALD Automotive	63,561
7. Daimler Financial Services	55,084
8. Volkswagen Group Leasing	49,437
9. Arnold Clark Finance	49,339
10. GE Capital Fleet Services	43,495
11. Leasedrive Group	35,659
12. Hitachi Capital Vehicle Solutions	33,375
13. Inchcape Fleet Solutions	22,455
14. Zenith	22,136
15. Citroën Contract Motoring	21,758
16. Peugeot Contract Hire	20,942
17. Pendragon Contracts	13,167
18. Toomey Leasing Group	12,992
19. Ogilvie Fleet	10,130
20. Days Contract Hire	9,487
21 Venson Automotive Solutions	9,442
22. Grosvenor Contracts Leasing	8,992
23. Tusker	6,706
24. Toyota Financial Services	6,191
25. JCT600 contracts	5,892
26. Fleet Hire	5,800
27. BMW Financial Services	5,621
28. Marshall Leasing	5,570
29. Carillion Fleet Management	5,500
30. TCH Leasing	5,431
31. Motiva Vehicle Contracts	4,313
32. Apex Easy Fleet	4,165
33. Agnew Corporate	3,500
34. Sandicliffe Motor Contracts	3,110
35. Fleet Financial	3,101
36. MNH Platinum	3,050
37. FGA Contracts	2,857
38. OVL Group	2,800
39. DFC	2,773
40. Sinclair Finance and Leasing	2,730
41. Lookers Leasing	2,074
42. SG Fleet	2,023
43. Hilton Vehicle Leasing	1,673
44. Windsor Vehicle Leasing	1,629
45. TransLinc	1,570
46. Fraikin	1,410
47. Agility fleet	1,339
48. Prohire	1,257
49. Fulton Leasing	1,216
50. Burnt Tree	967

2012

1. Lex Autolease	268,240
2. LeasePlan UK	134,115
3. Alphabet (GB)	109,236
4. Arval UK	85,612
5. ALD Automotive	74,614
6. Volkswagen Group Leasing	59,936
7. Mercedes-Benz Financial Services	55,000
8. Lombard Vehicle Management	49,884
9. Arnold Clark Finance	49,483
10. GE Capital Fleet Services	43,685
11. Hitachi Capital Vehicle Solutions	34,792
12. Zenith	24,400
13. Inchcape Fleet Solutions	24,249
14. Citroën Contract Motoring	23,448
15. Leasedrive Group	22,806
16. Peugeot Contract Hire	19,160
17. Pendragon Contracts	12,405
18. Toomey Leasing Group	10,681
19. Ogilvie Fleet	10,350
20. Venson Automotive Solutions	9,914
21. Days Contract Hire	9,624
22. Grosvenor Contracts Leasing	8,556
23. Tusker	8,036
24. BMW Financial Services	6,444
25. Toyota Financial Services	6,316
26. JCT600 Contracts	6,180
27. Fleet Hire	6,065
28. Marshall Leasing	5,716
29. TCH Leasing	5,383
30. Apex Easy Fleet	5,345
31. Motiva Vehicle Contracts	3,865
32. Agnew Corporate	3,500
33. Fleet Financial	3,353
34. Sandicliffe Motor Contracts	3,332
35. Total Motion Vehicle Management	3,197
36. MNH Platinum	3,150
37. Sinclair Finance & Leasing	2,910
38. DFC	2,773
39. Lookers Leasing	2,605
40. GKL Leasing	2,500
41. SHB Hire	2,430
42. FGA Contracts	2,422
43. Fulton Leasing	2,283
44. SG Fleet	2,065
45. Windsor Vehicle Leasing	1,595
46. Hilton Vehicle Leasing	1,552
47. May Gurney Fleet Services	1,550
48. Fraikin	1,410
49. Agility Fleet	1,363
50. Burnt Tree	1,318

2013

1. Lex Autolease	273,203
2. LeasePlan UK	136,126
3. Alphabet (GB)	121,946
4. ALD Automotive	86,262
5. Arval UK	85,587
6. Volkswagen Group Leasing	70,345
7. Arnold Clark Finance	49,616
8. Hitachi Capital Vehicle Solutions	47,745
9. GE Capital Fleet Services	47,420
10. Mercedes-Benz Financial Services	40,450
11. Citroën Contract Motoring	30,416
12. Zenith	27,310
13. Inchcape Fleet Solutions	23,719
14. Leasedrive Group	20,872
15. Peugeot Contract Hire	17,423
16. Pendragon Contracts	12,857
17. Ogilvie Fleet	10,685
18. Venson Automotive Solutions	10,408
19. Tusker	10,202
20. Toomey Leasing Group	10,020
21. Days Contract Hire	9,839
22. Grosvenor Contract Leasing	8,214
23. Toyota Financial Services	7,930
24. Fleet Hire	6,814
25. JCT600 Vehicle Leasing Solutions	6,380
26. Marshall Leasing	5,892
27. BMW Financial Services	5,474
28. Apex Easy Fleet	5,345
29. TCH Leasing	5,254
30. Motiva Vehicle Contracts	4,272
31. Agnew Corporate	3,537
32. Total Motion Vehicle Management	3,452
33. Fleet Financial	3,445
34. Sandicliffe Motor Contracts	3,432
35. MNH Platinum	3,200
36. Lookers Leasing	3,154
37. SHB Hire	3,148
38. Sinclair Finance & Leasing	3,017
39. DFC	2,869
40. FGA Contracts	2,596
41. GKL Leasing	2,260
42. SG Fleet	2,120
43. Kier FPS (previously May Gurney)	2,050
44. Agility Fleet	1,668
45. Hilton Vehicle Leasing	1,647
45. Commercial Vehicle Solutions	1,647
47. Windsor Vehicle Leasing	1,599
48. Kendall Cars	1,500
49. Burnt Tree	1,486
50. Fulton Leasing	1,273

2014

1. Lex Autolease	289,317
2. LeasePlan UK	139,698
3. Alphabet (GB)	130,162
4. ALD Automotive	96,618
5. Arval UK	96,576
6. Volkswagen Group Leasing	92,601
7. Arnold Clark Finance	50,116
8. Zenith	49,325
9. GE Capital Fleet Services	47,315
10. Hitachi Capital Vehicle Solutions	46,639
11. Mercedes-Benz Financial Services	43,031
12. Citroën Contract Motoring	32,576
13. Inchcape Fleet Solutions	25,407
14. Peugeot Contract Hire	17,143
15. Pendragon Vehicle Management	13,863
16. Tusker	12,201
17. Ogilvie Fleet	11,200
18. Venson Automotive Solutions	10,928
19. Days Contract Hire	9,828
20. Toomey Leasing Group	9,241
21. Toyota Financial Services	8,553
22. Grosvenor Contract Leasing	8,111
23. Fleet Hire	6,751
24. JCT600 Vehicle Leasing Solutions	6,530
25. Marshall Leasing	6,036
26. Apex Easy Fleet	5,345
27. TCH Leasing	5,299
28. BMW Financial Services	5,086
29. Motiva Vehicle Contracts	4,826
30. SHB Hire	4,598
31. Total Motion	4,125
32. Lookers Leasing	3,801
33. Fleet Financial	3,780
34. Agnew Corporate	3,707
35. Sandicliffe Motor Contracts	3,610
36. MNH Platinum	3,275
37. Sinclair Finance & Leasing	3,180
38. FGA Fleet Services UK	3,068
39. DFC	2,742
40. GKL Leasing	2,424
41. SG Fleet	2,204
42. Agility Fleet	2,051
43. Burnt Tree Group	2,000
44. Hilton Vehicle Leasing	1,871
45. Commercial Vehicle Solutions	1,566
46. Windsor Vehicle Leasing	1,551
47. Kendall Cars	1,350
48. Traction Finance	952
49. Fulton Leasing	945
50. Specialist Fleet Services	832

2015

1. Lex Autolease	291,111
2. LeasePlan UK	147,276
3. Alphabet (GB)	140,460
4. Arval UK	110,324
5. ALD Automotive	106,689
6. Volkswagen Group Leasing	101,037
7. Zenith	54,248
8. Arnold Clark Finance	52,606
9. Hitachi Capital Vehicle Solutions	48,257
10. GE Capital Fleet Services	42,047
11. Mercedes-Benz Financial Services	39,287
12. Citroën Contract Motoring	36,017
13. Inchcape Fleet Solutions	26,030
14. Peugeot Contract Hire	16,478
15. Tusker	15,627
16. Pendragon Vehicle Management	14,416
17. Ogilvie Fleet	12,195
18. Venson Automotive Solutions	10,933
19. Toyota Financial Services	10,379
20. Daimler Fleet Management	10,022
21. Days Contract Hire	9,201
22. Grosvenor Contract Leasing	8,065
23. Toomey Leasing Group	7,760
24. JCT600 Vehicle Leasing Solutions	6,591
25. Fleet Hire	6,205
26. Marshall Leasing	6,150
27. SHB Hire	6,102
28. TCH Leasing	5,472
29. Apex Easy Fleet	5,345
30. BMW Financial Services	4,985
31. FGA Fleet Services UK	4,812
32. Motiva Vehicle Contracts	4,700
33. Lookers Leasing	4,292
34. Fleet Financial	4,066
35. Total Motion	4,050
36. Sandicliffe Motor Contracts	3,863
37. Agnew Corporate	3,854
38. MNH Platinum	3,370
39. Sinclair Finance & Leasing	2,911
40. DFC NI	2,820
41. Agility Fleet	2,596
42. GKL Leasing	24,70
43. SG Fleet UK	2,250
44. Hilton Vehicle Leasing	1,970
45. Commercial Vehicle Solutions	1,635
46. Essential Fleet Services	1,540
47. Windsor Vehicle Leasing	1,469
48. Kendall Cars	1,342
49. Traction Finance	1,032
50. Fulton Leasing	831

2016

1. Lex Autolease	333,038
2. LeasePlan UK	165,839
3. Arval UK	157,161
4. Alphabet (GB)	147,823
5. Volkswagen Financial Services Fleet	137,960
6. ALD Automotive	118,903
7. Zenith	58,392
8. Arnold Clark Finance	51,717
9. Hitachi Capital Vehicle Solutions	51,420
10. Citroën Contract Motoring	44,777
11. Mercedes-Benz Financial Services	44,203
12. Inchcape Fleet Solutions	25,266
13. Peugeot Contract Hire	19,286
14. Tusker	19,005
15. Pendragon Vehicle Management	15,314
16. Ogilvie Fleet	13,523
17. Toyota Financial Services	12,256
18. Daimler Fleet Management	12,105
19. Venson Automotive Solutions	11,159
20. Days Fleet Contract Hire	9,020
21. SG Fleet UK and Fleet Hire	8,570
22. Grosvenor Contract Leasing	8,282
23. Toomey Leasing Group	7,476
24. FCA Fleet Services UK	7,381
25. JCT600 Vehicle Leasing Solutions	6,605
26. Marshall Leasing	6,230
27. Total Motion Vehicle Management	5,854
28. SHB Hire	5,816
29. TCH Leasing	5,789
30. Motiva Vehicle Contracts	4,804
31. Lookers Leasing	4,415
32. Fleet Financial	4,171
33. Sandicliffe Motor Contracts	3,872
34. Agnew Corporate	3,856
35. Sinclair Finance & Leasing	3,632
36. Apex Easy Fleet	3,500
37. BMW Financial Services	3,339
38. MNH Platinum	3,250
39. DFC	2,820
40. GKL Leasing	2,477
41. Agility Fleet	2,317
42. Hilton Vehicle Leasing	2,313
43. Essential Fleet Services	2,085
44. Close Brothers Vehicle Hire	1,635
45. Windsor Vehicle Leasing	1,499
46. Traction Finance	1,221
47. Fraikin	1,200
48. Wheels4Sure.com	946
49. Fulton Leasing	529
50. Fleet & Distribution Management	450