FLEETWISE

MERCEDES-BENZ IN PARTNERSHIP WITH FLEET NEWS

Everything you need
to stay FleetWise.

Mercedes-Benz

Enjoy simple advice and tips.

FleetWise brings you practical case studies and features to support you in running an efficient fleet.

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Welcome

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Running a fleet can often seem like operating in a silo – few people within your business understand what you do and there are few opportunities to discuss your thoughts, challenges and ideas with like-minded colleagues outside the business.

It can be difficult to find solutions to problems, even when those solutions have often been identified and implemented by other fleet decision-makers.

We recognise this, which is why Mercedes-Benz has partnered with *Fleet News* to create FleetWise – a bespoke programme designed to talk directly to the key fleet decision-makers and managers within the industry.

Over the past six months, FleetWise has given readers the opportunity to seek tips and advice on everything they need to make an informed decision when it comes to renewing their fleet, in addition to gaining insight into the products and models Mercedes-Benz can now offer.

We have spoken to fleet experts, including leading fleet decision-makers, about the challenges they face and the solutions they have implemented to provide you with a guide to fleet management, best practice and fresh thinking.

Whether you are new to fleet or a seasoned professional, there is something to learn from FleetWise.

Contents

Many reasons to go electric

Electric vehicles offer a lot of cost advantages, but they won't suit the needs of every fleet

ELECTRIC

Electric vehicles (EVs) run completely on batteries and are plugged into the mains to be recharged.

Advantages: With zero emissions at the point of use, plug-in electric vehicles offer the cleanest local solution. Furthermore, if the electricity is sourced from renewable power, the vehicle's carbon footprint is particularly virtuous.

Currently there are grants of up to 35% off the cost of a new electric (plug-in) car, up to a maximum of £5,000; and 20% off the cost of a van, up to a maximum of £8,000, to offset the vehicles' higher purchase price. There are also grants of up to 75% available to subsidise the cost of installing an electric charging point at an employee's home (this rises to 100% in Scotland for businesses and drivers). Public-sector fleets in England can also take advantage of refunds of 75% on lease costs of ultra-low emission vehicles for 24 months via the Office for Low Emission Vehicles.

Running costs are also low – the Energy Savings Trust calculates the electricity cost per 100 miles is typically about £3, compared with £12-£18 for petrol or diesel equivalents. Electric vehicles also escape vehicle excise duty (VED) and the London congestion charge, and enjoy a highly advantageous company car tax status.

Disadvantages: Range is the Achilles' heel of battery-only electric vehicles, although it is improving. Many vehicles will now cover 100 miles on a single charge, with recharging times taking from four to seven hours, although new rapid recharging points are shortening this to 20-30 minutes.

Verdict: Ideal for shorter urban journeys, especially for depot-based fleets, and for commuting.

HYBRID ELECTRIC

Plug-in hybrid electric vehicles (PHEV) combine a petrol or diesel engine with a battery that plugs into the mains.

Advantages: Running on the electric batteries, these vehicles have no tailpipe emissions. When the battery does run out, the internal combustion engine ensures the driver is not stranded. The same grants are available to subsidise their purchase as electric vehicles (a maximum 35%/£5,000 off the cost of a new car, and 20%/£8,000 off the cost of a van). In addition, their official CO_2 emissions are significantly lower than petrol or diesel equivalents, meaning a lower benefit-in-kind tax for drivers and consequently lower National Insurance contributions (NICs) for employers. Hybrids also qualify for a 100% discount on the London congestion charge.

Disadvantages: PHEVs cost more than their fossil-fuelled equivalents, and their electric range is little more than 30 miles (adequate for most commutes, but not much more). Early adopters often found that they failed to achieve official fuel consumption figures, and an eco-friendly driving style is vital to boost fuel economy. Drivers must be committed to recharging the battery, or the environmental and fuel cost advantages evaporate.

Verdict: Ideal where battery range can cover a commute, and the combustion engine works for occasional longer journeys.

DIESEL

The traditional fleet workhorses are still the champions of high mileage fleets.

Advantages: Diesel engines have become incredibly efficient from the perspective of fuel economy and CO_2 output, boosting Britain's efforts to cut its greenhouse gas emissions, and new technology has dramatically cleaned up their tailpipe exhaust, with Euro6 standards set to clean emissions further. Company car tax thresholds from April 2016 should give diesel a significant financial edge over petrol equivalents.

Disadvantages: Diesel vehicles are still more expensive to buy than their petrol equivalents, and diesel costs more at the pumps. The growing focus on local air quality rather than global warming is leaving diesel in danger of being the villain of the piece because of the particulates and NOx in tailpipe exhaust, and older diesels will be penalised when London introduces its ultra low emission zone in 2020.

Verdict: Still the dominant fuel for higher mileage vehicles, especially those doing A-road and motorway miles rather than shorter urban journeys.

PETROL

New fuel-injection and turbo technology is transforming petrol's fuel efficiency.

Advantages: Petrol vehicles are quieter to drive and cheaper to buy than diesel equivalents and petrol is cheaper at the pump. Exhaust fumes are also considered to be much cleaner than those of diesel, with Euro4-compliant petrol engines free to enter London's low emission zone, compared with Euro6 for diesel.

Disadvantages: Petrol still can't match diesel's fuel economy and CO_2 emissions, spelling higher benefit-in-kind tax for employees and higher NICs for employers.

Verdict: Petrol can make better financial sense than diesel for lower mileage vehicles, so it's worth doing the sums.

Low-emission tax incentives

Fleets should factor environmental levies into their wholelife costs and vehicle choice lists

5%
company car tax on a zero-emission car

By factoring taxation into wholelife cost calculations, fleets can select cars that are good for the environment, good for the balance sheet and good for drivers too.

Employers and drivers can cut costs substantially by operating low-emission vehicles. The savings stem not only from lower fuel bills, but also from significant reductions in benefit-in-kind (BIK) tax charges, national insurance contributions (NICs), vehicle excise duty (VED), and even exemption from congestion charges.

These costs should be factored into fleets' calculations of a vehicle's wholelife running costs, alongside finance, depreciation, service and maintenance, according to Andrew Benfield, group director of transport at the Energy Saving Trust.

"Organisations act rationally, and so the taxation benefits of low-emission vehicles are a key driver in encouraging the uptake of these vehicles," he said.

Selecting greener vehicles helps organisations to meet corporate environmental responsibilities and may be a pre-condition of winning new business. More public-sector organisations, in particular, want suppliers to use low- or zero-emission vehicles, said Benfield.

The good news is heavy financial incentives are in place to encourage the uptake of low- or zero-emission vehicles. There is no VED, for instance, on cars with CO_2 emissions of up to 130g/km. It rises to £1,100 a year for cars that emit more than 255g/km.

Company car tax also increases in line with a vehicle's CO_2 emissions, with implications for both employees and for employers who have to pay Class 1A NICs on the benefit charge. As a rule of thumb, the lower the emissions, the smaller the tax due, so in the current financial year, the company car tax on a zero-emission car would be just 5% of its list price. This is more than three times lower than the minimum 16% that applies to the lowest-emitting diesel car.

Moreover, the Government plans to use significant increases in company car tax in the 2019/20 financial year to maintain momentum towards lower-emission fleets.

> *"Employers must regularly ensure they are offering company car drivers the very lowest CO_2 options"*

As Gary Killeen, fleet services commercial leader for GE Capital UK, explained: "If you chose a 120g/km petrol car after April of this year and your employer runs a four-year cycle, the percentage of list price on which you pay tax will rise from 19% to 28% over time. Even drivers of vehicles with lower emissions will be affected quite dramatically.

"Managing these increases will mean employers must regularly look to their choice lists and ensure they are offering drivers the very lowest CO_2 options for their company cars in order to minimise employees' tax bills and their own NI costs."

Businesses that buy their cars outright can currently avail of a highly advantageous accountancy treatment of the lowest-emission cars. From 2015 to 2018, companies can claim a 100% first year capital allowance on cars that produce 75g/km or less of CO_2. This means the full cost of the vehicle can be deducted from profits before tax, compared with just 18% for cars emitting 76-130g/km, and 8% for vehicles producing more than 130g/km.

Zero-emission vehicles are already exempt from the London congestion charge, while from 2020 extra charges will apply in its low-emission zone to petrol and diesel vehicles that don't meet Euro4 and Euro6 emissions standards respectively.

Track down your fleet's costs

Telematics systems can help fleets cut costs, carbon emissions and driver risk

20%
reduction in claimed business mileage after telematics system installed

Telematics helps fleets to reduce journey distances, cut fuel bills and shrink corporate carbon footprints. Vehicle tracking systems allow fleet operators to follow drivers' routes and journey times and more sophisticated systems can identify eco-unfriendly driving styles.

With this data, fleets can plan more efficient routes, avoid duplicated journeys and improve customer service with more accurate arrival times.

ALD Automotive has installed its telematics system, ProFleet2, in more than 45,000 company cars and commercial vehicles, and product manager Rhys Harrhy said most clients saw a reduction in business miles of about 20%. For a company car covering 20,000 miles a year on a 60:40 business-to-private mileage ratio, that equates to 2,400 fewer business miles and a saving of £288 at a 12 pence per mile reimbursement rate. ALD's system costs from £5 a month, so payback starts almost immediately.

> *"The 'three benefit test' - good for the business, good for the environment and good for drivers"*

Initial savings stem from more accurate reporting of business miles – ProFleet2 measures the length of every journey and the driver attributes the trip to business or private use. This feeds automatically into a business's accounting system, making the recording and authorising of expenses more efficient.

Telematics can also help to create a virtuous circle that can involve driving fewer miles, in a more eco-friendly style, reducing risk and cutting a fleet's carbon footprint. While savings tend to be the initial objective of installing telematics systems, said Jason Price, sales and marketing director of Isotrak, the data generated allows fleet operators to be more pro-active. Reports that flag up harsh acceleration and braking, for instance, allow employers to identify more aggressive drivers, deliver appropriate training and reduce the fleet's risk profile as well as eradicate inefficient driving styles.

Price said most fleets had moved away from viewing telematics as a literal road map showing the location of their vehicles, and towards a 'traffic light' system, with alerts for business-critical measures, from vehicles unlikely to make appointment times to diversions from pre-planned routes and unauthorised out-of-hours use.

"The telematics units are capable of giving you granular levels of detail, so you need to decide what is important to you as a business," he said.

Energy drink maker Red Bull has introduced telematics to its 'business-only' fleet to understand exactly how, where and when vehicles are driven.

"We've reorganised routes, provided driving training for our people, and introduced a reward scheme to recognise safe and efficient drivers," said David Oliver, Red Bull UK's procurement manager.

This includes promoting alternatives to making car journeys.

"We've installed technology to encourage conferencing and home working and made it easier to book rail tickets for unavoidable travel," said Oliver.

The initiatives have helped Red Bull to pass what Oliver calls his 'three benefit test': "Good for the business, good for the environment and good for our drivers out on the road."

Mercedes-Benz is here to help

Innovative, new technology engineered by Mercedes-Benz is helping fleets to shrink their carbon footprint and drive down costs.

Green taxes on company cars are revolutionising the way fleets assess the wholelife cost of vehicles. Carbon dioxide is no longer the only tailpipe emission to concern the taxman, and a new political focus on local air quality is putting pressure on fleets to consider the most appropriate power source for each of their vehicles if they want to meet their environmental responsibilities and protect their balance sheets.

With 15 authorities set to follow London's example of creating Low Emission Zones, local and national charges and taxes are now helping alternative fuels to compete on cost grounds with petrol and diesel.

If London's example sets a template for other cities to follow, electric powered vehicles like the Mercedes-Benz B-Class Electric Drive, with zero tailpipe emissions, could escape congestion charges altogether, as they do in the capital.

Electric vehicles are already exempt road tax, a fleet saving of up to £1,100 per year per car, while drivers pay company car tax on just 5% of the car's list price – a significant pay-packet bonus.

And remember that you could pocket a Government grant of up to £5,000 per vehicle to subsidise the purchase of electric and hybrid cars, which will put you in your finance director's good books.

Many company drivers with local clients will find the B-Class's 124-mile range more than adequate for both their commute and business journeys, but for those who do need to plough up and down the motorways, the new range of Hybrid vehicles from Mercedes-Benz offer the best of both worlds – zero emissions from an electric motor for driving in town, with the back-up of a combustion engine for longer trips. The new C 350e Plug-In Hybrid, a new addition to the already highly efficient C-Class range, returns up to 134.5 mpg and emits just 48g/km of CO2 thanks to its four-cylinder petrol engine and powerful 82hp electric motor. The result is a luxury car with a benefit in kind tax rate of a wallet-friendly 5%.

While the Department for Transport has openly expressed its desire for UK vehicles to be zero emission by 2040, don't write off diesel just yet.

Its phenomenal fuel efficiency means it's still in pole position for higher mileage company cars; the super-frugal Mercedes-Benz A 180 CDI SE, for instance, returns up to 76.4 mpg and produces just 98g/km of CO2 emissions, helping to cut your company fuel bills and company car tax charges.

What's more, innovative tailpipe technology means diesel exhaust is cleaner than it's ever been. Particulate filters have virtually eliminated soot, and Mercedes-Benz is at the forefront of engineering solutions to dramatically reduce nitrogen oxide (NOx) emissions. These include AdBlue®, which breaks down NOx in the exhaust into harmless nitrogen and water. As a result, all Mercedes-Benz BlueTEC cars already meet the next generation of tough European emission standards, which haven't even come into force.

The environmental bias of vehicle taxation is only heading in one direction, so to compare the wholelife costs of your vehicles against their competitors, and to see how cost effective alternatively-powered cars could be, visit the Mercedes-Benz Fleet Comparison Tool fleetcomparisontool.mercedes-benz.co.uk

> *"Many company drivers with local clients will find the B-Class's 124-mile range more than adequate for both their commute and business journeys"*

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Official EU-regulated test data are provided for comparison purposes and actual performance will depend on driving style, road conditions and other non-technical factors. Model shown is a B-Class Electric Drive Electric Art at £32,245 on-the-road (on-the-road price includes VAT, delivery, 12 months' Road Fund Licence, number plates, first registration fee and fuel). Price correct at time of going to print (07/15). Visit Mercedes-Benz.co.uk for more details.

Mercedes-Benz

Lower your fleet's crash risk

Analysing the root causes of collisions increases your drivers' chances of avoiding them

50%
of all fleets had accidents involving repeat offenders

Employers have a legal responsibility to ensure, as far as is reasonably practical, the health and safety of all employees at work. This duty of care includes any occasion when an employee is on the road for work, whether they are in a company car, hire car or their own car.

It's all too easy to blame drivers for accidents, said Andy Price, practice leader EMEA motor fleet at Zurich Insurance, who believes that what matters is understanding why drivers have collisions in the first place.

"The first question to ask is: what have we done as an organisation that might have contributed to that driver setting that speed camera off, having that collision, having that harsh braking manoeuvre picked up by the telemetry?" said Price.

Investigations into one of the most common types of accident, hitting a third party in the rear, for example, may unearth a number of root causes.

"From a driver perspective, they could be driving too fast, they could be driving too close, they could be driving fatigued, they could be distracted. Maybe there's a vehicle defect that's increasing braking distances," said Price.

"But underpinning all those behaviours, maybe there's a management or operational need for drivers to exhibit those behaviours. Are they distracted because they are being forced to use the hands-free telephone while driving? Have they had a schedule set for them that means they have to take risks to get to an appointment on time? Or perhaps it was an occasional use driver, the so-called 'grey' fleet driver, hiring a car that was unfamiliar to them?"

Having robust management processes in place to conduct a proper post-collision debrief, collating the data and then acting on its analysis can start a virtuous circle, but it needs a coordinated approach, advises the Fleet Safety Forum.

"Companies report and record their crash information in different ways," it said. "This may mean it is difficult to compare the information and spot trends and patterns. It is important for managers to remember that acting on minor incidents can help prevent future major incidents – a scrape or bump could be an indication that a driver needs refresher training in certain skills or that a particular route a driver takes regularly is unsuitable."

"Acting on minor incidents can help prevent future major incidents"

The opportunity to investigate collisions in more depth is improving with the development of telematics technology and forward-facing cameras. Some systems send an automatic alert in the event of a collision, allowing a fleet manager or accident management company to start managing the claim and mitigating costs immediately.

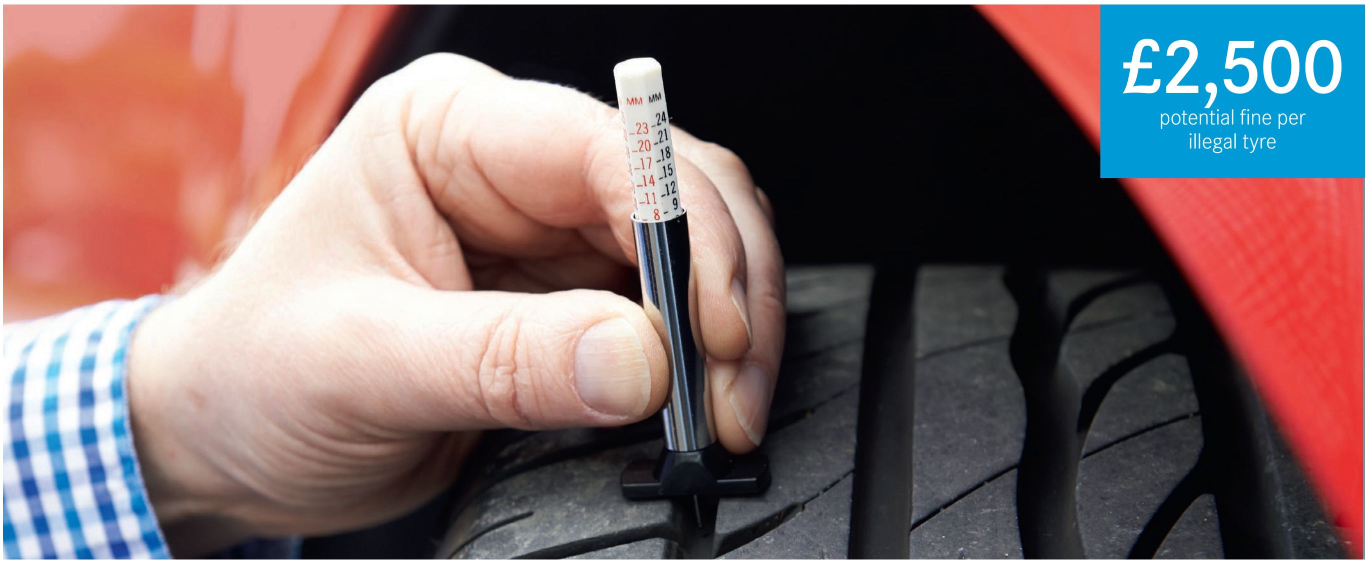
More importantly, the hard evidence they provide can be used as the basis for future risk avoidance. Does the driver's record, for instance, include several incidents of harsh braking or acceleration, behaviours that might benefit from additional defensive driver training?

In a survey of more than 100 fleets by IAM Drive & Survive, employers reported nearly half of all fleets had incidents involving repeat offenders.

"For every incident, all information should be recorded using a database programme with coded columns for different types of crash information (including time of day, type of vehicle, name of driver, location of the incident, causes of the incident). This will enable managers to analyse the information about all incidents over a period of time and identify trends," said the Fleet Safety Forum.

Treading carefully

Tyres drastically affect performance, but drivers are notoriously bad at checking them



£2,500
potential fine per illegal tyre

While it may be easy to dismiss tyres as black, round and boring, drivers do so at their peril, risking their safety, licences and wallets, and jeopardising the corporate reputation of their employers.

Those four small patches of highly technical rubber are paramount to a vehicle's performance. The extra rolling resistance of under-inflated tyres can increase a car's fuel consumption by up to 8%, but of far more concern is the danger posed by tyres that have less than the legal minimum tread depth (1.6mm across the central three-quarters of the tread and around the complete circumference of the tyre).

For each tyre with tread shallower than this measure, a driver risks three penalty points on their licence and a £2,500 fine – four illegal tyres could spell a lost licence. Yet when Kwik-Fit Mobile carries out inspections on behalf of fleet clients, it typically finds 20% of tyres require immediate attention.

> "20% of tyres require immediate attention"

Even at the legal minimum of 1.6mm, the performance of a tyre is seriously compromised. Kwik-Fit cites figures that show, when driving in wet weather at 70mph, the stopping distance of a car fitted with a new tyre with 8mm of tread is almost 100 metres. This lengthens to 200m at the legal minimum of 1.6mm tread, and with just 1mm of tread remaining, a car's stopping distance is a potentially catastrophic 250 metres.

Yet persuading drivers to check tyres every time they fill up with fuel, or at least once a month, is notoriously difficult.

Kwik Fit fleet director Peter Lambert suggests asking "drivers to submit details of their own tyre inspections, including tread depth readings, monthly – or at an alternative period of time – attached to their mileage expense claims."

A more reliable solution may be to use fleet-specific services offered by fast-fit companies, such as a free tyre check in a depot at the employee's convenience, or even a site visit, where a technician from the fast-fit inspects the tyres of vehicles in the company car park while employees are at work.

Both Kwik-Fit and ATS Euromaster report that it is the policy of most fleets to replace tyres when the tread depth shrinks to 2mm. The question facing fleets is whether to shop around for each new tyre or commit to a single fast-fit and/or tyre company.

Shopping around can deliver spot savings, but can also be time-consuming, short-termist (because special offers are short-lived), and adds costs in areas such as invoice processing.

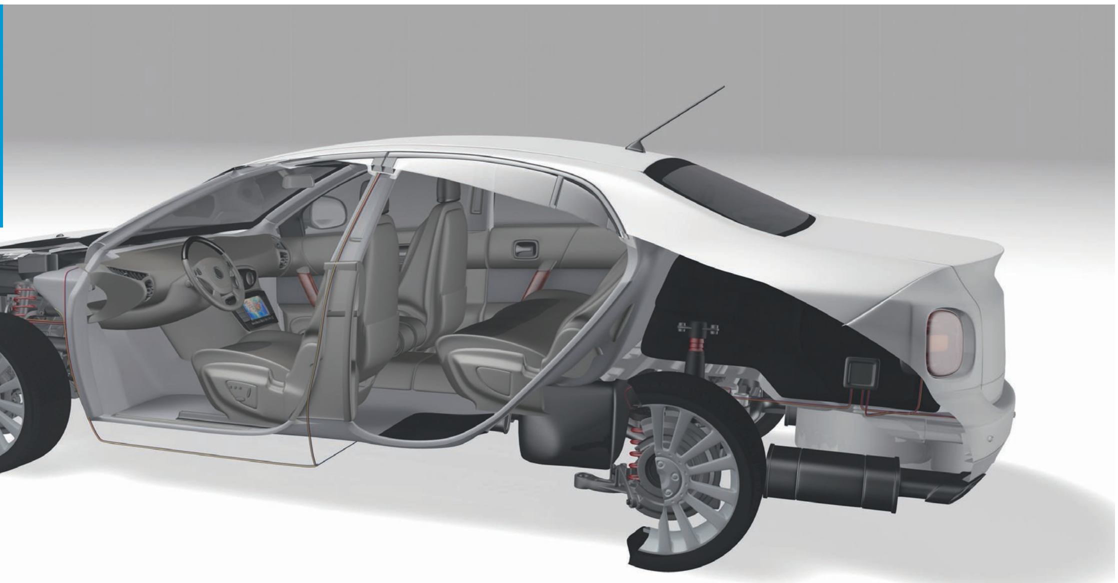
"If you put all your volume through one supplier, that supplier is more likely to give you better terms," said Mike Williams, head of national accounts at ATS Euromaster. "Plus, if you spread your business across a number of different suppliers, you will have different forms of invoices, different payment terms and different ways to pay. The simplicity of one invoice from one supplier moves through your system much more easily."

That desire to avoid the hidden costs of business inefficiency also means booking an appointment, so the garage has a chance to order the correct tyres in advance, will become standard practice.

"In 1997, 19 sizes of tyre represented 90% of fleet requirements, but today 130 sizes comprise 90% of fleet demand with the 10% balance made up of more than 1,000 different sizes," said Lambert, adding that some fleets pre-order appropriate tyre types and sizes 12 months in advance to ensure available stock and minimise vehicle downtime.

Next-generation safety features

'Active' safety devices can protect your drivers and cut your fleet's repair and claim costs



20%
the estimated reduction in at-fault collisions from some driver assistance systems

Dynamic safety features on new cars are transforming fleet accident records. Not long ago, drivers had to tick the options list for passenger airbags and ABS brakes, but safety technology has moved on aeons since then.

The initial investment is repaid in lower repair and claims costs. For example, Tristar Worldwide Chauffeur Services fleet manager Jan Kozlowski said driver assistance systems helped reduce his fleet's at-fault accident frequency by 20% to 30%.

So what are these 'intelligent' features?

» BLIND SPOT ASSISTANCE

When a driver moves to change lanes, radar sensors scan the area alongside and behind the car – the typical blind spot. If they detect a vehicle, they signal a warning (typically in the wing-mirror) and buzz an alert. Active blind spot assistance takes this a step further – if the driver fails to heed a warning and is heading for a collision, the system will apply brakes to prevent an accident.

» LANE DEPARTURE WARNING

Designed to help drivers when their attention wavers on a motorway, the system detects signs of inadvertent drifting out of a lane and warns the driver by vibrating the steering wheel. More advanced systems can intervene to keep the vehicle in its original lane.

» ATTENTION ASSIST

Sensors monitor the signs of driver fatigue and sound an alarm if they calculate the driver is in danger of falling asleep.

» ACTIVE CRUISE CONTROL

By scanning the road ahead with radar sensors, active cruise control can adapt a car's speed in order to maintain a safe distance from the vehicle in front. It also has the ability to brake and to accelerate back up to cruising speed when the road is clear again.

» CITY ASSISTANCE

In urban areas, the risk of traffic, cyclists and pedestrians crossing is heightened. New technology, such as BAS PLUS with Cross-Traffic Assist developed by Mercedes-Benz, uses camera and radar technology to scan the road ahead. If it senses an imminent collision, it can boost any pressure the driver applies to the brakes in order to stop in time, or at the very least significantly reduce the speed and severity of any impact.

» FORWARD-FACING CAMERA

When collisions do occur, the evidence gathered by forward-facing cameras swiftly settles which party is to blame. The use of this technology is resolving so-called 50:50 collisions where neither party accepts responsibility, and is accelerating the settlement of insurance claims. A growing number of fleets have fitted these cameras as protection against 'crash for cash' scams.

» TELEMATICS BLACK BOXES

GPS and motion sensors record how a vehicle is being driven and can flag up incidents of harsh acceleration and braking, which can be used by fleets to identify drivers in need of further training, even when no collision has occurred. When a crash does take place, these 'black boxes' record the moments leading up to the incident, including the vehicle's speed, position on the road, location, time and how the driver reacted. More advanced systems can detect when a collision has occurred and automatically send an alert.

Smooth operator

Tristar fleet manager Jan Kozlowski keeps a tight rein on SMR costs and safety

FACTFILE

Name:
Tristar Worldwide Chauffeur Services

Fleet size:
450 vehicles

Average mileage:
43,000 a year

Replacement cycle:
9-36 months

CO_2 cap: 132g/km

Few fleets face the combination of pressures that confront Tristar Worldwide Chauffeur Services. The private hire company has a fleet of 450 vehicles, operational around the clock. It serves some of the most discerning customers on the planet, who expect immaculate cars and the safest of drivers. And it competes in a tough market that demands an extraordinary degree of business efficiency to remain competitive.

With vehicle downtime effectively 'business dead time', the company has a hands-on approach to service, maintenance and repair. It runs its own workshop near Heathrow, where technicians employed by a local franchised dealership conduct service and warranty work. They work alongside Tristar's own staff, who carry out more routine maintenance jobs such as tyre replacement and MOTs (as a private hire company it is required to MOT its vehicles every six months).

Having moved to a virtually solus Mercedes-Benz fleet – primarily E-Class and V-Class models – Tristar is reaping the benefits of economies of scale.

"In terms of SMR, it makes perfect sense to have a single badge for stocks, parts, servicing. You can negotiate much better discounts if you use a certain type of tyre size, a certain type of oil," said fleet manager Jan Kozlowski.

Tristar plans service and maintenance work to minimise vehicle and driver downtime. With Heathrow their main hub, vehicles end up near the workshop sooner or later, said Kozlowski, which presents an opportunity for any maintenance work to be carried out. The driver can be allocated to another vehicle or use the time to undergo a scheduled driving assessment or performance review.

"Having our own workshop is not just driven by cost, although we can save significant sums; the real benefits are from planning our resources. It allows us to utilise time better," said Kozlowski.

Each of Tristar's cars covers 40,000-50,000 miles a year. In addition to scheduled, manufacturer 15,000-mile service intervals, it conducts an interim safety check about every 7,000 miles. This presents an opportunity to verify that drivers are carrying out their daily car inspections.

"Drivers who turn up for safety checks in vehicles whose warning lights are on can face disciplinary action"

"Before they are allowed to start the clock and accept any work, they need to perform a daily vehicle inspection. They have a series of screens to fill in information on mileage, the state of the tyres, windscreen and lights and so on," said Kozlowski.

Drivers who turn up for safety checks in vehicles whose tyre treads are too low or whose warning lights are on can face disciplinary action.

These checks are part of a wider safety culture. Each new starter undergoes five days of selection training in the classroom and on the road to emphasise safe driving techniques, and Tristar is an early adopter of new in-car safety technology.

"We are self-insured, so every penny of accident cost hits our bottom line," said Kozlowski.

"We find the new technology is absolutely fantastic. We have seen quite dramatic drops in accident rates. A few years ago the highest percentage of our accidents were in slow moving traffic, and by having advanced driver assistance systems like blind spot indicators, lane departure warnings and adaptive cruise control, there has been a drop of 20-30% in accidents which are our fault."

Mercedes-Benz Intelligent Drive

New safety technology is dramatically reducing the risk faced by company car drivers and other road users

Driving a company car can be one of the most dangerous aspects of working in the UK. The startling statistics reveal the risks faced by employees behind the wheel, with company car drivers involved in 50% more crashes than ordinary drivers.

Work pressures, fatigue and ever-busier roads all contribute to the greater risk faced by company car drivers, but Mercedes-Benz continues to define new standards for driver and vehicle safety.

If Attention Assist calculates that the driver is flagging, it sounds a warning alarm and flashes up the symbol of a coffee cup on the dashboard

Mercedes-Benz Intelligent Drive offers a range of safety systems and technologies that are designed to make driving easier and more relaxed, and offer peace of mind to fleet managers, knowing their drivers are in safer hands.

Collision Prevention Assist, for example, is a radar-based warning system designed to combat one of the most common types of collision: driving into the back of the car in front. Fitted as standard across the entire range of Mercedes-Benz vehicles, the system alerts the driver with a red triangle on the dashboard and an audible warning if their car gets too close to the vehicle ahead.

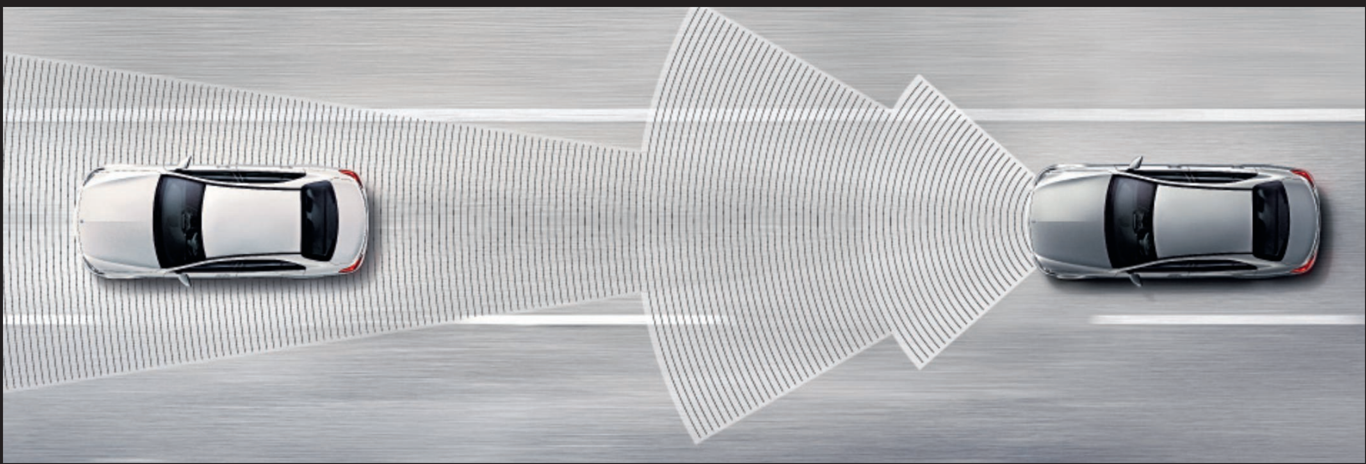
Tiredness is a serious contributing factor to many accidents, especially on motorways. This is why Attention Assist plays an important role in helping to prevent collisions.

Radar-based monitors analyse how a driver acts and steers in the early miles of a trip. This becomes a benchmark measurement against which fatigue-related changes in driving style can be identified. If Attention Assist calculates that the driver is flagging, it sounds a warning alarm and flashes up the symbol of a coffee cup on the dashboard: it's time to take a break.

The rising number of vehicles on the road can increase the general risk for drivers. Put simply, the more cars competing for space on busy motorways or in congested urban environments, the greater the potential for an incident to occur.

Helping to protect drivers is Distronic Plus, a radar-based cruise control system that is a cost option available on models from the A-Class to S-Class. Distronic Plus automatically adjusts the car's speed in order to maintain a safe distance from the vehicle in front. The system provides a visual warning when the safe distance becomes too narrow and also an audible warning if there is the risk of a collision. It can even brake automatically, if that's what it takes to avoid a collision; you never know when the car in front might brake suddenly.

> *"Work pressures, fatigue and ever-busier roads all contribute to the greater risk faced by company car drivers, but Mercedes-Benz continues to define new safety standards"*



Distronic Plus automatically adjusts the car's speed in order to maintain a safe distance from the vehicle in front

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Mercedes-Benz

Outright purchase

Flexible funding solution carries more cost risks than the alternatives

100%

the first year capital allowance on the purchase of vehicles with CO_2 emissions below 75g/km

BEST FOR: FLEXIBILITY

What price does your business attach to flexibility? How certain are you of trading conditions and future business needs? How confident are you in the condition of your end-of-life vehicles? It is the answers to these real-life scenarios that make the outright purchase of vehicles an attractive solution for many businesses.

VAT-exempt organisations, those that pay zero or little corporation tax and those with access to low-cost funding can find acquiring vehicles themselves makes business sense.

Public-sector fleets, which can secure high discounts through central purchasing agreements, will typically buy outright, as will companies that want maximum control over their fleet operations.

By taking ownership of a vehicle, a fleet has complete freedom over how long to keep it and how many miles it can cover. When the recession struck, outright purchase fleets were free to sell unwanted vehicles immediately, without early termination penalties. They also had the option to keep vehicles longer to avoid replacement costs, without incurring excess mileage charges.

With that freedom comes a responsibility to manage the sales process. As all the depreciation risk is carried by the business, outright purchase fleets need in-house expertise or access to external specialists to maximise residual values.

Outright purchase fleets will, however, escape the end-of-life ‘fair wear and tear’ battle with leasing suppliers. More than 70% of complaints to the British Vehicle Rental and Leasing Association relate to de-hire charges, which averaged £439 per car in excess mileage and £274 in wear-and-tear damage last year. Avoiding exposure to such charges is one of the reasons why Anglian Home Improvements chooses to outright purchase its 800 light commercial vehicles, while it leases its 600 cars.

Outright purchase fleets are also free to add livery to vehicles or fit racking to vans without concerns about how this may damage residual values in the eyes of a leasing company.

As the vehicle owner, most fleets will also bear responsibility for service, maintenance and repair (SMR), an area that requires close management to keep costs under control. It is possible to outsource this area of fleet management to expert third-party suppliers, taking advantage of their purchasing power and administration expertise.

> “By taking ownership of a vehicle, a fleet has complete freedom over how long to keep it and how many miles it can cover”

A number of fleets save money by managing SMR themselves, paying only for work carried out rather than a monthly fee to a contract hire company as part of a ‘with maintenance’ lease. The key to this is forming close relationships with local repairers who can offer competitive rates with outstanding levels of service.

One downside of outright purchase is its unfavourable VAT treatment. End-user fleets cannot reclaim VAT on the acquisition of company cars (unless they can prove there will be no private use of the vehicle). This impacts wholelife costs for all but a few organisations, such as insurers, banks and charities, which are VAT-exempt or have limited opportunity to reclaim VAT.

One tax break that can work in an outright purchase fleet’s favour, however, is the capital allowance benefits attached to ultra-low emission cars that produce up to 75g/km of CO_2. Businesses can write off 100% of the cost of these cars against taxable profits in the first year.

Finance lease

Popular but resource-intensive funding method that can pay off in a rising used car market

50%
VAT that fleets can reclaim on the finance elements of a lease

BEST FOR: LOW MONTHLY COSTS

Finance lease is one of the more popular and flexible forms of funding company vehicles. Broadly, it offers the tax advantages of contract hire with the risk and reward benefits of outright purchase and this can be a winning combination for companies with an appetite for risk and dedicated in-house fleet resource.

There are two types of finance lease. The first, rarer, form sees fleets pay off the entire cost of a vehicle via monthly rentals over the term of a lease. The more common second form involves fleets paying fixed monthly rentals plus a final payment (generally referred to as a balloon payment) based on the forecast resale value of the vehicle. In this way, the fleet is only paying for the anticipated depreciation of a vehicle.

At the end of the contract, the leasing company sells the vehicle (to an unconnected third party). If the proceeds exceed the balloon payment, the windfall is shared between leasing company and fleet. If, however, there is a shortfall, it is the fleet that is liable to make up the difference to the leasing company.

In this way, fleets can enjoy the upside of a buoyant used car market, but equally they are exposed to any downturns.

> *“Fleets can enjoy the upside of a buoyant used car market, but are exposed to any downturns”*

The flexibility of the arrangement lies in the balloon payment. A business that wants to lower its monthly repayment rentals can sign up to a higher balloon payment (an option not available to contract hire customers). This means a finance lease can represent a way to fund a new vehicle with both low upfront and ongoing costs.

Since the disposal price of the vehicle is used to pay off the end-of-lease ‘balloon’, there are no end-of-contract excess mileage charges or wear-and-tear bills. The condition and mileage of the vehicle will, however, influence its resale value.

The tax treatment of finance leasing is similar to contract hire, with the leasing firm able to recover VAT on the acquisition of the vehicle and the fleet able to reclaim 50% of the VAT on rentals for company cars. Similarly, rentals can be offset against company profits before tax, at a rate of 100% for company cars that emit less than 130g/km of CO_2 and 85% if the emissions exceed this threshold.

One accountancy difference with contract hire, however, sees finance leased vehicles appear on a fleet’s balance sheet, with outstanding rentals recorded as liabilities.

While it is possible to combine a finance lease with external fleet management and service and maintenance packages, organisations that do finance lease tend to have significant internal fleet resources to manage the greater risk associated with this type of funding compared with contract hire.

Mike Moore, director of Deloitte, said: “When we normally see businesses that do finance lease, in very general terms they either have a very large fleet or a reasonably sized car fleet and big commercial fleet, so they have a degree of sophistication in-house to manage the fleet.

“Often they will not necessarily go to the same provider for all the support; they may have gone out separately, say, for the maintenance, tyres, and windscreen. Because they will have some in-house expertise, there is more of a tendency to shop around.”

Choose the right funding option

The pros and cons of how you fund your company car fleet

How a fleet manager chooses to fund their company car fleet can have a fundamental impact on the balance sheet. The following table is a summary of the different funding options available plus information on the potential effect of each on budgets, the perks and pitfalls.

Finance scheme	VAT recovery	Capital allowances	On/off balance sheet	Residual value risk	Benefit in kind payable
Outright purchase	No, unless vehicles are 100% business-use	100% of cost of car in first year for ultra-low emission cars (up to 75g/km of CO_2); 18% for CO_2 emissions between 76g and 130g/km; and 8% for cars with emissions above 130g/km	On	With fleet	Yes
Contract hire	Leasing company recovers 100% of VAT on purchase of vehicles and fleets reclaim 50% of VAT on rentals	100% of rental can be offset against profits for cars with CO_2 emissions up to 130g/km, and 85% for higher emissions	Off	With contract hire company	Yes
Finance lease	Leasing company recovers 100% of VAT on purchase of vehicles and fleets reclaim 50% of VAT on rentals	100% of rental can be offset against profits for cars with CO_2 emissions up to 130g/km, and 85% for higher emissions	On	With fleet	Yes
Employee car ownership scheme	No	No	Off	With leasing company	No
Salary sacrifice	Leasing company recovers VAT on acquisition, but employee cannot reclaim VAT on rental	No	Off	With leasing company	Yes

Advantages	Disadvantages
■ Flexible holding periods and mileage ■ Capital allowances for low-emission cars ■ No end-of-contract wear and tear charges	■ Fleets can't reclaim VAT on acquisition ■ Fleet carries the residual value risk ■ Fleets responsible for purchase and sale of vehicles, and service/repairs ■ Ties in capital in depreciating assets ■ Typically requires in-house fleet resource
■ Low initial outlay and fixed monthly cost ■ No residual value risk ■ VAT and corporation tax advantages ■ Low admin, with service and maintenance included, for a fee	■ Lack of flexibility, with early termination charges and excess mileage fees ■ VAT advantages limited to VAT-registered businesses ■ There's an effective premium to pay for residual value and maintenance insurance ■ End-of-contract wear and tear charges
■ Low initial cost and fixed monthly rentals ■ Rentals can be kept low by increasing the end-of-contract balloon payment ■ Fleets benefit from any upside in residual values ■ VAT and corporation tax advantages ■ No end-of-contract wear-and-tear charges or excess mileage fees	■ Fleet carries residual value risk ■ Tax advantages limited to VAT-registered businesses ■ Typically requires in-house fleet resource
■ No BIK tax payable by driver ■ No NIC to pay on BIK tax ■ Tax-efficient funding, through AMAP mileage rates ■ Fleet retains control of choice list ■ Looks and feels like a company car	■ Administratively burdensome ■ Advantages heavily weighted to high-mileage drivers ■ Meticulous mileage records required ■ Typically requires in-house fleet resource
■ Can be extended to all staff, provided they have sufficient earnings ■ Alternative to employees using private cars for business journeys (grey fleet) ■ Can aid staff recruitment and retention ■ Funded through gross income, so tax-efficient for employees ■ Participants get fully funded and maintained car for less than high street prices ■ Tax and NIC savings for employers	■ Need to ensure a solution for leavers, unless funded via a novated lease ■ Sacrifice can be a 'tricky' sell to employees, as it is complex ■ Not suitable for companies with a high staff turnover, unless funded through a novated lease

Something for everyone: four ways to fund your fleet

Choosing Mercedes-Benz cars for your company fleet is more affordable than you think

Contract Hire

The most popular funding for fleet managers is Contract Hire, which comes with a low deposit and monthly payments for easy budgeting with fixed costs, especially if you choose to include servicing and maintenance.

Fleets can recover 50% of VAT on the rental finance while 100% of the rental can be deducted against taxable profits if the car emits up to 130g/km of CO_2. As a vehicle funded by Contract Hire is off the balance sheet, it doesn't affect any access to overdraft facilities or secure lending.

At the end of the agreement all you have to worry about is choosing your next Mercedes-Benz company car.

Finance Lease

An alternative to Contract Hire is Finance Lease, with monthly payments and an upfront deposit, plus the option of a 'balloon' payment at end of contract to minimise the monthly payments. There's no capital expenditure and the vehicle becomes an asset for tax allowances that might be deducted from taxable profits.

There is also no limit on annual mileage and you can extend the agreement to meet your needs. At the end of the term, the vehicle is sold by your company to an independent approved third party, or returned to us and sold on your behalf. In both instances, we will return 95% of any profit to you, minus costs.

Hire Purchase

An alternative option to leasing is Hire Purchase, where you pay an initial deposit and monthly payments for an agreed period.

Repayments are not subject to any mileage restrictions and you own the car when the final payment and the 'Option to Purchase Free' of £10 are paid. You can also list the car as an asset on a balance sheet and payments are not subject to VAT.

Car Ownership Scheme

Some company drivers prefer a Car Ownership Scheme, which avoids Benefit In Kind (BIK) and National Insurance (NI) contributions for the company because the car is recognised by HMRC as privately-owned. This method of funding means the employee is driving a properly maintained and insured vehicle, and the company has control over vehicle choice.

An ownership scheme takes the car off the balance sheet, there are no business taxes and it's part-funded through tax-efficient mileage reimbursement.

FLEETWISE

MERCEDES-BENZ IN PARTNERSHIP WITH FLEET NEWS

Mercedes-Benz

Get the fuel-good factor

A £15 investment in eco-driving training could lower your fleet's fuel bill considerably

20%
reduction in claimed business mileage after telematics system installed

Research among tens of thousands of company car drivers reveals it's possible to cut fleet fuel costs by 15% for the price of a quarter tank of diesel.

Eco-driving tackles the principal factor in fleet fuel consumption: the driver. Or, more accurately, the driver's driving style – because how an employee acts and behaves behind the wheel has a massive bearing on fuel economy.

Bob Saynor, driver training consultant at the Energy Saving Trust (EST), said it's not uncommon for some drivers to achieve close to manufacturers' fuel consumption figures, while others in the same make and model of car barely manage to return 50-60% of the official mpg.

This may be due partly to the routes they drive – free-flowing A-roads are more efficient than congested city streets – and to the weight of any tools and samples they're carrying in their cars, but the major difference will be in driving styles.

Eco-driving involves simple techniques to ensure the smoothest progress, with the added benefit that it tends to go hand-in-hand with a safer driving style and less wear and tear on the vehicle.

The laws of physics say a car needs energy for two reasons: to accelerate and to overcome air resistance. At low speeds, air resistance is less significant, so a car that is constantly accelerating and braking will use more fuel than a car that irons out this stop-go approach. At higher speeds, air resistance plays a far more important role [the science bit: drag increases by the square of a vehicle's speed – double the speed and the air resistance quadruples]. A petrol car returning 51mpg at 60mph, for example, will slip to 47mpg at 70mph, a decline of 7.8%, while a diesel car achieving 71mpg at 60mph tumbles by 11.3% to 63mpg at the motorway limit.

A short course in eco-driving can coach drivers to anticipate the road ahead, in order to avoid staccato progress; to change up to a higher gear as early as possible; and to lift off the accelerator when slowing down or driving downhill, rather than coasting in neutral.

The EST subsidises course providers, and one-to-one in-car training costs from about £15 per driver for a 50-minute session, equivalent to about a quarter-tank of fuel. Based on the experience of more than 30,000 drivers, Saynor said the EST had "seen an average 14.9% reduction in fuel consumption immediately after training".

"Stay on top of fuel use data to identify drivers doing well and to spot poor performers"

He advocates in-car training rather than classroom-based or online coaching, because it's only on the road that a driver can understand what anticipation and early gear changes really involve.

To sustain these training gains, he said, requires good fleet management – staying on top of fuel use data to identify drivers doing well and to spot poor performers who may benefit from additional training or whose vehicle has a maintenance issue.

"Mpg league tables can go well if you add in an incentive, like £50 of vouchers for the most efficient driver," said Saynor.

The most effective plan, however, is to give every driver a financial incentive to improve his or her fuel economy.

"Increasingly, we see organisations where a company car driver might repay the company for private mileage as a proportion of the actual fuel spend, rather than at a fixed pence per mile, and that's a lovely change because that driver then has an incentive to drive efficiently for business miles as well as private miles," said Saynor.

Say farewell to 'free' fuel

Paying for fuel used on drivers' private journeys makes no financial sense in most cases

200,000
company car drivers still receive free fuel for private miles

Providing company car drivers with 'free' fuel for private mileage is a benefit that can leave both employer and employee out of pocket. The Government has made no secret of its desire to stop the practice – which it considers an incentive to drive more miles in less fuel-efficient vehicles – by raising the amount of tax paid on the perk.

The Treasury, in its policy costings for Budget 2015, said: "Above-retail-price-index increases in the fuel benefit charge are assumed to trigger reductions in take-up. Exchequer yield is adjusted to take into account employees leaving fuel benefit charge in response to this measure."

According to the latest HMRC taxable benefit figures, (2013/14), 200,000 company car drivers still receive free fuel for private journeys – although that has fallen from 220,000 a year earlier.

So what is the cost to you and your employees of offering free fuel?

> "In many cases you can be paying more tax on free fuel than on a company car"

The cost to the employee

The taxable car fuel benefit is calculated by applying the CO_2-based company car tax benefit-in-kind (BIK) percentage to the car fuel benefit charge multiplier. In the current tax year, this multiplier is £22,100.

Take a diesel car emitting 110g/km of CO_2 (a typical average for a company car, with a BIK rate of 20%) with fuel efficiency of 68mpg. Then:

Taxable value (fuel benefit charge multiplier x BIK rate) = £22,100 x 20% = £4,420

The tax charge for a 20% taxpayer is £884 (the equivalent of 803 litres of diesel, at 110p per litre (ppl)). This gives a breakeven point of 12,012 private miles. For a 40% taxpayer, the tax charge is £1,768 (the equivalent of 1,606 litres of diesel) and the breakeven point is 24,025 private miles.

The cost to the employer

The cost of providing free fuel for 10,000 private miles at 110p per litre is £735, on which the employer can reclaim VAT [£735 x 1/6] of £122.50, giving a net fuel bill of £612.50.

Fuel scale charge VAT: £89.33
Class 1A NIC [taxable value of £4,420 x 13.8%]: £610
Total cost of: £1,311.83
Corporate tax at 20%: (£262.37)
Net annual cost to the company: £1,049.46

Graham Jennings, partner at accountancy firm Kirk Rice, said: "The fuel benefit charge is very expensive and in many cases you can be paying more tax on the fuel than on the company car."

In addition to the cost of buying the fuel, the employer would also have to pay national insurance contributions of 13.8% on the fuel benefit charge.

If as a business you find yourself grappling with the legacy of providing free fuel for private mileage to employees, tax advisory firm Crowe Clark Whitehill suggests four courses of action:

- Exclude new starters.
- Communicate the costs of the fuel benefit to employees, which "will often encourage a significant number to opt out".
- Buy employees out of the perk with a one-off payment.
- After taking HR advice, withdraw free fuel from beyond a certain date and change the firm's policy.

How to pay less at the pump

From single-supplier deals to supermarket cards, there are many ways to save on fuel

4p
the typical saving on a litre of fuel bought at a supermarket filling station

The desire to reduce the highest day-to-day fleet cost is irresistible, but saving money on fuel is not as simple as it initially appears.

Firstly, the cost of fuel and employee time spent searching for a nominated filling station may outstrip any pennies saved at the pump. Secondly, with pump prices varying by as much as 25 pence per litre (ppl), according to comparison website PetrolPrices.com, fleet-negotiated prices may still be higher than those available to any driver at a cheaper filling station.

The good news is oil companies are always open to negotiating with fleets prepared to restrict their fuel purchases to a single supplier.

"The more volume you can put through one supplier, the better the price," said Tali Gefen, UK cards manager, BP. "But there are other advantages. Every supplier has its own operational systems. If your organisation has administrative people who need to handle data from different systems it adds complexity.

"Also, when you work with a single supplier you have far better visibility into what is going on in your fleet, especially if your supplier delivers top management information."

> *"The cost of searching for a nominated filling station may outstrip any pennies saved at the pump"*

Gefen also raises a note of caution about using single suppliers: "Organisations need to be absolutely sure that the supplier has done an accurate mapping [of filling stations] exercise for them."

Of course, achieving any volume-related discount depends on a fleet being able to channel its spend through a nominated network. That, in turn, depends on the proximity of drivers to appropriate pumps and the ability of fleets to persuade employees to comply with the purchasing policy. Most fuel cards offer free sat-nav downloads and smartphone applications to help drivers find the closest filling station that accepts their fuel card.

However, most drivers will travel past a nominated station at some point between fill-ups, so the solution is to change their behaviour by persuading them to fill up then.

Where drivers pay for private mileage, they do at least have a vested interest in purchasing the cheapest fuel available, so they are likely to be open-minded about supermarket fuel cards. With pump prices 3-4ppl below the national average, retail customer loyalty schemes and a network of 1,100 filling stations between them, using supermarkets could be a win-win for fleet and driver.

Even fleets with vehicles covering high motorway mileage nationwide can make major savings on pump prices. Keyfuels, for example, acts like a virtual fuel bunker and, while the network was designed for HGVs, it's available to all fleets via two different types of fuel card.

The first of these is Keyfuels Direct. Fleets pre-purchase an agreed volume of fuel (at a discount), which is held by the 1,800 strong Keyfuels network. Any fuel used is subtracted from the bulk purchase. It is most suited to those using large annual volumes.

Meanwhile, Keyfuels Pay-G fixes the price per litre each week based on an agreed volume rather than the pump price. It does not require a bulk purchase.

Another alternative solution is a multi-brand fuel card that delivers pump price discounts, such as the Allstar One card – diesel can be purchased at 2 ppl less than the retail price.

Reimbursing business journeys

HMRC provides an easy way to work out exactly how much to pay for business mileage

9ppm
recommended reimbursement figure for a company car with a diesel engine smaller than 1600cc

Calculating how much to reimburse company car drivers for business miles can be a thorny issue. Fuel prices fluctuate, different engines have very different fuel economies, business journeys vary from efficient A-road speeds to thirsty motorway speeds, and even driving styles can lead to a wide variation in actual fuel consumption.

However, there is an easy way to arrive at a standard figure for fleets that don't calculate the exact cost of each individual driver's business miles. Once a quarter, HMRC publishes advisory fuel rates (AFRs) as guidance for an appropriate reimbursement rate.

The AFR is useful, because reimbursing drivers at or below the AFR for the relevant engine size and fuel type will incur no tax profit or Class 1A national insurance contributions. The rates are based on current pump prices and the mean miles per gallon figures from official car manufacturer statistics, adjusted 15% downwards to take account of real-world driving conditions.

Employers can choose to pay below the AFR if they operate particularly fuel-efficient vehicles. They can also reimburse drivers at rates higher than the AFR, but they will need to be able to prove that the cost of business travel is higher.

"To break even on their fuel allowances many company car drivers have become used to driving as efficiently as possible"

"If you pay rates that are higher than the advisory rates and can't demonstrate the fuel cost per mile is higher [...] you will have to treat any excess as taxable profit and as earnings for Class 1 national insurance purposes," warns HMRC.

As fuel prices have dropped in recent months, so has the AFR, which has given company drivers an incentive to adopt a more fuel-efficient driving style to ensure the AFR actually covers the cost of the fuel they buy for business journeys.

"In order to break even on their fuel allowances, many company car drivers have become used to driving as efficiently as possible to maximise their allowance," said David Aldridge, RAC business services director.

Reimbursement rates for grey fleet drivers (employees using their own cars for business journeys) are altogether more generous to take into account the extra motoring costs borne by the individual, including finance, depreciation, wear and tear and insurance.

These payments are called 'authorised mileage allowance payments' (AMAPs), and stand at 45 pence per mile (ppm) for the first 10,000 miles and 25ppm thereafter. Drivers can even claim an extra 5ppm for taking a fellow employee, if both are on business journeys. So long as business mileage reimbursements do not exceed the AMAP figure, they are exempt from tax. Employers still need to keep records of the payments made and the business journeys to which they relate, but they don't need to make a return to the HMRC. Any reimbursement rates above AMAP, however, automatically incur tax, and employers have to report the excess.

There is a move to reduce business mileage payments to grey fleet drivers, in some instances down to AMAP rates and in other circumstances lower still. The University of Cumbria, for example, cut its mileage rate from 45ppm to 30ppm as a disincentive to drive – just one element of a wider initiative to reduce the environmental impact of its car-based business travel.

Buy blue and save fuel

Mercedes-Benz technology can help your fleet to save fuel and also save money

Smart decisions pay long-term dividends when it comes to minimising fleet fuel bills. Tight discipline on fuel purchasing helps, as does coaching drivers in fuel efficient driving techniques.

But with those initiatives in place, everything comes down to the company cars themselves.

Select vehicles with the best fuel consumption, and you'll enjoy savings every single day that car is on your fleet.

BlueEFFICIENCY technology by Mercedes-Benz can help you reduce the cost of every business mile that your vehicles drive. It creates the perfect scenario: the less fuel your cars use, the lower your fleet fuel bill, the smaller your corporate carbon footprint, the cheaper the benefit-in-kind (BIK) tax bills for your drivers.

So what is BlueEFFICIENCY? It's a range of cutting-edge technologies pioneered by Mercedes-Benz to minimise fuel consumption.

It combines smaller, stratified direct injection engines, ECO stop-start functions, lighter vehicles, improved aerodynamics, and tyres with lower rolling resistance, all without any compromise in the driving performance and luxury for which Mercedes-Benz is renowned.

The new C 220 d, for example, features wind-cheating lines to reduce drag, while greater use of aluminium has trimmed its weight.

The result is a car that returns 70.6mpg on the combined cycle – which should bring a smile to your finance director's face – while your drivers will love its wallet-friendly 103g/km of CO_2 for company car tax calculations. Mercedes-Benz has also developed hybrid technology, which marries a petrol engine with an electric motor to improve fuel economy and reduce CO_2 emissions.

The combination of petrol and electric also results in a powerful engine, giving drivers the best of both worlds – performance and efficiency. It's a prime example of how buying 'Blue' can help your fleet go green and cut its fuel bills, every mile, every day.

> *"So what is BlueEFFICIENCY? It's a range of cutting-edge technologies pioneered by Mercedes-Benz to minimise fuel consumption"*

Mercedes-Benz

Write your fleet policy

A regularly reviewed and clearly laid out policy document helps in running an efficient fleet

32%
proportion of employers who do not enforce equivalent road safety policies to the grey fleet

A clear, all-encompassing fleet policy lays the foundations for a successful fleet. As a corporate document, it needs to identify the purpose of operating a fleet, while from an employee perspective it should provide complete clarity on entitlement to a company car and straightforward expectations on how that car should be driven, maintained and cared for. Any policy should not, however, be set in stone – it needs to be regularly reviewed and updated when required.

A successful fleet policy should start with the fundamentals, believes Stewart Whyte, managing director at consultancy Fleet Audits.

"You need to have a well constructed policy and a set of sub-policies," he said.

"You have a policy that says 'the business recognises the need for mobility and reserves the right to provide solutions to that mobility requirement in appropriate ways from time to time'.

"The sub-policy, for example, says 'our needs are considered best satisfied by having five staff grades and using diesel fuel, but we will keep an open mind about alternative fuels and models'."

He said the policy should also remind readers that "they are drivers before they are employees, that they have prime responsibility to behave within the law and responsibly".

Converting theory to practice, however, will only work if the fleet policy is created with the involvement and support of all those affected by the fleet, from HR to finance to drivers themselves.

Writing a new policy from scratch means its possible to draft a document that is current, relevant and concise – it needs to be read. It also needs to dovetail with contracts of employment, said Charles Cotton, performance and reward adviser at the Chartered Institute of Personnel and Development.

> *"Draft a document that is current, relevant and concise – it needs to be read"*

"It would cover what type of car an employee is entitled to; whether it's available for private use; whether there are other restrictions on its use (e.g. whether you can take it on holiday); who is allowed to drive the car; who is responsible for fuel, maintenance, road tax, repair; whether the car user is required to make a contribution for their private use; what are the circumstances when the vehicle may be withdrawn, (e.g. if somebody is on maternity leave or had a driving ban); and the car user's responsibility in respect of the vehicle," he said.

It's also an opportunity to set guidelines for trickier issues, such as what happens if an employee gets a promotion that entitles them to a higher grade of car – do they pick up the keys to the new vehicle immediately? While there are no right answers, it is very important that a policy does answer these 'what if's'.

"If you are dealing on a case-by-case basis, it could lead to claims of unfairness if some people have been treated in one way and others in another way," said Cotton. "It ensures clarity at the outset."

10 things to consider when writing your fleet policy

1 Job-need versus perk vehicles

Which employees need a car or van to do their job effectively? Is their vehicle essential to perform their role or does it form part of their benefits package?

Is there a business mileage threshold when a company car becomes a mandatory option, e.g. 12,000 miles a year?

2 Get the company car choice list right

Is the car choice structure clear, easily understood, and accepted as workable by drivers?

Are drivers allowed to trade up the choice list by adding their own contribution from salary or to trade down and take an additional cash benefit?

3 Mileage payments

What is your policy on business mileage reimbursement?

4 Emissions reduction

Should you set an overall CO_2 limit for the fleet? For example, no vehicles with a CO_2 output of more than 120g/km?

Is your fleet policy aligned with your organisation's overall target on emissions reduction?

How often do you need to review your vehicle choice list to ensure that you keep up to date with new models offering lower CO_2 and also with changing BIK rules?

Should you consider reducing vehicle replacement cycles to take advantage of constantly improving CO_2 technology?

5 Licence-checking

Are drivers properly checked to ensure they have the right driving licence for the type of vehicle they are being asked to drive?

Are licences regularly re-inspected?

6 Risk management

If a driver has penalty points on their licence, are they appropriately assessed as a risk to the company?

Is remedial action needed to improve their skills?

If a driver loses their licence and has a job need to drive, is there a process in place whereby they can be reallocated or dismissed?

7 Vehicle maintenance

Is the driver aware of their general responsibilities in terms of ensuring that the vehicle is maintained and serviced in line with manufacturer recommendations?

Is there an audit trail in place to show that vehicles are properly maintained to manufacturer-recommended standards?

8 Vehicle safety

Are drivers made aware of their responsibilities in terms of regularly checking the safety of vehicles (for example, tyre pressures)?

Are there guidelines in place and communicated to drivers on chosen minimum tyre tread depth?

9 Driving safety

Are drivers made aware that you, as an employer, expect them to comply with all laws regarding motoring while driving a company vehicle?

If a driver does commit an offence, what systems are in place to ensure that they pay the fine promptly and without question?

Should you ban your drivers making or taking calls while driving, even if a hands-free kit is fitted?

Will drivers be disciplined if this rule is broken?

10 Insurance

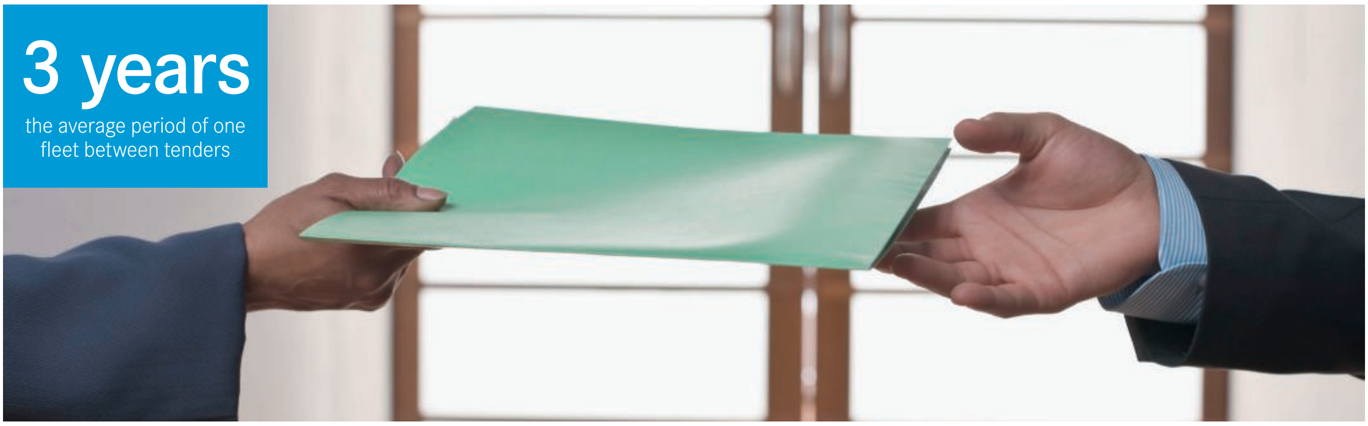
Are drivers expected to make a contribution towards the policy excess in the event of a blameworthy accident?

Have they been made aware of this?

Tendering: perfect, professional purchasing for fleets

Structure your tender documents so suppliers provide solutions rather than price lists

3 years
the average period of one fleet between tenders



Professional procurement turns a sound fleet policy into an efficient practice, but it is a complicated process. Smart buying demands meticulous analysis of business needs, a collaborative corporate effort between the departments affected, the expertise to construct a tender document and the ability to assess competing bids.

Procurement budgets should be calculated and challenged every year, rather than merely based on what went before.

As the Wales Audit Office's *Fleet Management* guide warns, "there is a danger that some organisations will base their financing on historical arrangements, but previous arrangements may no longer be the best option".

According to the Chartered Institute of Procurement & Supply (CIPS): "Specifications for complex requirements should be outcome-based (i.e. what is to be achieved as opposed to how it should be achieved) or functional (i.e. what the requirement should be able to do as opposed to its technical profile). Such specifications enable suppliers to be innovative in their solutions."

> **"You don't say what the solution is. You say, 'here is my problem, tell me how you'd solve it"**

Applying that philosophy to a company car scenario, Stewart Whyte, managing director of fleet consultancy Fleet Audits, said: "You don't say what the solution is. You say, 'here is my problem, tell me how you would solve it'.

"For example, 'I have 25 middle managers and 200 service engineers to keep mobile in my business. Currently we do this, this and this. How would you improve our current situation?'

"It's always better to define your problem and seek solutions, rather than offer a prescriptive tender that says you will do this or that, because at that stage you will be driven by price and there's not going to be room for any valuable innovation."

Whyte said organisations should ensure their fleet operations are as efficient as possible before going out to tender, particularly if the new supply agreement involves an element of outsourcing.

"Never outsource an inefficiency," he said. "Fix it before it's outsourced or make fixing it a key requirement of the tender."

When it comes to the tender document itself, make sure it is structured in such a way that it is possible to compare competing responses, and standardise pricing templates so you can compare like with like, advised Simon Cotton, director and general manager of CLM Fleet Management.

He said the tender process also needed to identify suppliers with whom fleets believe they can build partnerships.

"Fleet relationships are often more strategic and longer in duration than other supplier arrangements (such as office furniture or office supplies)," said Cotton.

One of these strategic decisions is whether to appoint a single supplier or multiple suppliers. A single supplier gives the advantage of dealing with just one set of systems and invoices, but the risk is a lack of competition over pricing. However, appointing multiple suppliers, each with their own systems, processes, reports and invoices, may result in an arrangement where price soon becomes the overriding criterion, at the expense of service.

It is, of course, possible to outsource supply arrangements to a fleet management company, such as CLM, that can conduct competitive tendering for every new vehicle, while providing a single point of contact for management information and invoicing to the fleet, said Cotton.

10 steps to tender

Follow these steps before your fleet goes out to tender, says Simon Cotton, director and general manager of CLM Fleet Management

1 Be crystal-clear on your objectives for going to the market

If it is to test the market and challenge your existing service provider on price/service quality, a tendering exercise is not necessarily the right approach. If there is a genuine desire for change, a formal tendering exercise is more appropriate and the questions asked need to enable the tendering organisation to know if the benefits of change outweigh the costs.

2 Do your research

Identify potential partners and only approach those with a good fit for your organisation. Use a pre-qualification questionnaire (PQQ) process to identify the most suitable partners to shortlist for invitation to tender (ITT) or request for proposal (RFP).

3 Check with a fleet expert

For non-fleet professionals (e.g. procurement/HR), get someone with fleet expertise (from outside your organisation if necessary) to review your tendering materials before you issue them.

4 Communicate your needs

At the ITT stage, sharing insight about your requirements allows potential suppliers to tailor their responses to your organisation's exact situation.

5 Keep the process on track

To keep the review process efficient, don't ask for detailed insight around subjects that make no difference to the decision-making around the tender award. For example, if pricing is your most important element, questions about office recycling may not add much value. However, don't be too prescriptive, either – you may miss some innovative thought.

6 Ask the right questions at the right time

Ask yes/no questions where those answers will suffice. Be specific with your questioning where you know exactly what you want.

7 Check references

Ask for case studies or referees for the stuff that matters the most. Follow up referees.

8 Plan ahead

You want the best quality answers to your questions so give your suppliers enough time to respond and produce their best work.

9 Be open

Draft evaluation criteria that are fair and transparent. Share them with those tendering.

10 Stick to your schedule

Determine your post-receipt evaluation processes and timescales and stick to them. It makes your organisation look efficient and in control. For suppliers, it will be frustrating to be given a tight deadline to respond and then have to wait weeks for an outcome.

Driver checklists

Fleets need to ensure company car drivers observe a maintenance and safety policy

1.6mm
the legal limit for tread depth of tyres in the UK

With a signature and a handshake, an employee can take possession of a company car worth tens of thousands of pounds. How they maintain it affects its running costs, safety, and environmental performance, so it's important your fleet policy covers these issues and communicates them clearly to drivers.

Insurance company Aviva recommends fleets set out expectations for drivers at the start of any handbook. It created a draft driver policy for its corporate clients, which they can adapt.

"The company vehicle allocated to you represents a substantial investment by the company in you and your job," it says. "You have the responsibility to drive safely and to look after your vehicle as if it were your own.

"You are expected to maintain the vehicle in good condition and ensure it is roadworthy at all times.

"This handbook details the company's requirements on the use, servicing, running and many other aspects of company vehicle operation. Please read it carefully and make sure you understand the contents fully."

"It's about making checks effective, not onerous"

Respecting manufacturer service intervals is not simply about protecting residual values by ensuring a car has a full service history. It would also have serious health and safety implications if an unroadworthy vehicle were involved in a crash.

"It is important to have a system in place to prove that cars are being maintained appropriately," advises the Wales Audit Office in its 'Fleet Management' good practice guide.

"This system may include consideration of reports from the leasing company highlighting cars which are not being maintained at the correct intervals."

Independent fleet management specialist Fleet Operations recently worked with a client whose driver ignored an oil warning light for 4,500 miles. When the engine eventually seized, the repair bill reached £7,000.

"There needs to be a conversation about whether you charge that driver the £7,000 for a replacement engine," said Richard Hipkiss, operations director of Fleet Operations.

Establishing what the outcome should be in a fleet policy, before the driver even collects the keys, provides a clear framework for conversations when employees do contravene procedures.

More mundane issues, such as checking tyre pressures and tyre tread depths, require just as much clarity.

"We would advise a monthly check, so we have best practice documents that show what they should check, how they should check it, and also what's a concern and what's not," said Hipkiss.

He said occasions when both employees and line managers are present offer good opportunities for spot checks of company cars.

The increasing use of smartphones may ease the process, allowing the development of apps that guide drivers through checks and prompt them to take supporting images.

"It's about making checks effective, not onerous," said Hipkiss.

However, areas for which drivers need to take responsibility are growing, from AdBlue to tyres, oil and even windscreen glass. These are more pressing for pool vehicles that don't have a dedicated driver. Their condition, defects and damage can slip through the net unless each driver conducts a swift check when they pick up the keys, and reports any faults.

Plan the perfect fleet policy

Successful fleet management is built on the foundation of crystal clear guidelines for drivers and managers so all parties understand their rights and responsibilities

Fleet managers have to perform a delicate balancing act, pulled in one direction by the demands of drivers and in the other by the requirements of their organisations. It's a role that holds the passport to drivers' company cars, a position of motivational and emotional responsibility, yet he or she also has to ensure that fleets are operationally fit for purpose, competitive from a wholelife cost perspective, safe and environmentally sound.

Diplomat, accountant, engineer, logistics expert and HR specialist, the job of the fleet manager demands a wide range of skills and knowledge. It also depends on having correct and current policies in place to cover every eventuality, and communicating with them via driver handbooks, the company intranet site or even displaying them on staff noticeboards

A key part of developing a fleet policy is the challenge of establishing a company car choice list and setting boundaries based on job need and wholelife costs. With the rapid change of model cycles and the impact this has on wholelife costs, choice lists need regular review.

The same applies to opportunities to extend the offer of a company car beyond the traditional fleet through employee car ownership plans. These often operate through salary sacrifice arrangements, and give all staff access to a new, fully-maintained and insured car at competitive prices.

Fleet managers also need to be confident that any vehicle driven for business, whether fleet or privately owned, is roadworthy. Driver handbooks should include clear instructions to check tyre pressures and tread depths regularly and to make sure any warning lights are inspected by a retailer as swiftly as possible.

One further area that demands a clear policy is fuel spend. Selecting cars with competitive fuel economy lays good foundations, and eco driver training can reap long-term rewards. But one major gain stems from precise mileage capture and exact reimbursement of business miles. Tracking devices and telematics systems have made this much easier, but the fleet manager still needs to ensure the policies and procedures are clearly communicated so no driver is in any doubt over what they can claim and what is at their own expense.

> *"Selecting cars with competitive fuel economy lays good foundations, and eco driver training can reap long-term rewards"*

Mercedes-Benz

Connecting the company car

Real-time, two-way communication is transforming fleet vehicles and their management

24%
Trojan Utilities' reduction in fuel use after installing telematics

Rapid advancements in technology have brought the company car closer than ever to being a mobile office. Under the banner of 'connectivity', drivers can stay in touch seamlessly with colleagues and clients, while fleet managers gain access to a rich new seam of vehicle data. Both areas, however, demand careful consideration by employers.

High among the advantages of connected cars is the potential to reduce risk and improve the safety of company drivers. Real-time traffic information and weather warnings can improve route planning and take the stress out of journeys, while in-car monitors can send an alert to a control room if an airbag goes off, allowing precise deployment of emergency services.

For fleet managers, data from vehicle tracking systems, referred to as telematics, are helping to improve the efficiency of vehicle maintenance and servicing, optimise route planning and cut fuel use and road risk.

Direct odometer feeds facilitate scheduled servicing without relying on drivers to book their cars into a garage, while remote diagnostics can alert service technicians to specific faults that need repairing or parts that need replacing.

Moreover, the ability to track vehicle speed and record incidents of harsh acceleration and braking is giving fleets the opportunity to identify drivers with a heavier right foot and riskier driving style, which can then be tackled through training.

Be aware, however, that installing telematics can be a delicate issue with employees, and requires consultation with both drivers and, where appropriate, their unions.

> ***"It's important to stress that this isn't a 'Big Brother' exercise"***

"It's important to stress that this isn't a 'Big Brother' exercise. As employers, we have a duty of care to our staff to provide them with a safe working environment," said George Wright, head of service, Belfast City Council, which has fitted telematics to 350 of its vehicles.

Inside company cars, car phones were once seen as transformational, but such technology pales next to the variety of information streams now available behind the wheel. Not only can emails and texts be wired directly to a car's info-entertainment screen, but their content can be broadcast via the audio system and the driver can dictate replies.

This constant connection to the workplace potentially increases employee productivity, but also raises questions of road risk.

The road safety charity Brake has campaigned for the ban on mobile phones in cars to be extended to even hands-free models, citing research that indicates it is the distraction of the call itself, rather than simply holding a handset, that increases the danger of an injury-causing crash.

"In the modern world, drivers are confronted with many distractions that prevent them from giving the road their full attention, risking devastating crashes and loss of life," said Julie Townsend, Brake's deputy chief executive.

"Employers have an important responsibility to make sure they are not putting their employees in danger."

Brake recommends drivers switch off their phones, and take a break every two hours to catch up on correspondence, a practice that would also help to reduce fatigue behind the wheel.

Pooling your purchasing power

Buying globally can deliver significant savings, but it needs careful internal management

For businesses with fleets in different countries, few strategies look as enticing, yet prove so difficult to achieve, as leveraging global purchasing power. Major savings may be available, but achieving them can consume large amounts of management time and effort.

The challenges lie in the implementation, rather than the negotiation, of multi-national agreements. Principal suppliers, including car manufacturers, leasing companies, daily rental firms, tyre suppliers and fuel companies, all have international sales teams to negotiate and deliver a contract, but fleet decision-makers still have to contend with local sensibilities, ensuring contracts make sound financial and cultural sense with their national fleet operations.

"A marque that inspires a company car driver in one country may demotivate him in another"

Car brands have diverse perceptions in different countries. A marque that inspires a company car driver in one country may demotivate him in another, while a brand that impresses a client in one market could alienate a customer in another.

Launching into a new country, businesses can take advantage of the expertise of multi-national fleet suppliers to advise on the most appropriate and cost-effective fleet solutions, benchmarking their policies against local competitors. However, any purchasing department trying to impose a centrally negotiated contract that disrupts reliable and long-standing local agreements will have its work cut out to secure compliance. It's why the phrase 'think global, act local' finds such resonance among fleets.

Reinier Willems, international marketing director at LeasePlan International, said a global fleet manager put it best: "Although I am responsible for sourcing our global fleet, my job seems to be more about selling than about buying." The onus is on convincing local fleet operations of the benefits of an international supply arrangement.

"A centralised approach, in most cases, also means a consistent or harmonised approach to be effective," said Willems.

"When implementing a global fleet policy, you will find that you will be impacting many different people, processes and agendas. In short, you are implementing change. And change is something that does not always come easy to most of us. Especially if it isn't perfectly clear why change is called for, or how it will impact or even benefit your situation."

This is further complicated by the number of parties affected by the change, from finance and HR departments to company car drivers themselves.

However, the savings in a multi-national supply agreement are not confined to acquisition costs. The management simplicities of consolidated invoicing and management information allow organisations to benchmark their national fleets against each other, a highly valuable process for businesses where transport is a key cost.

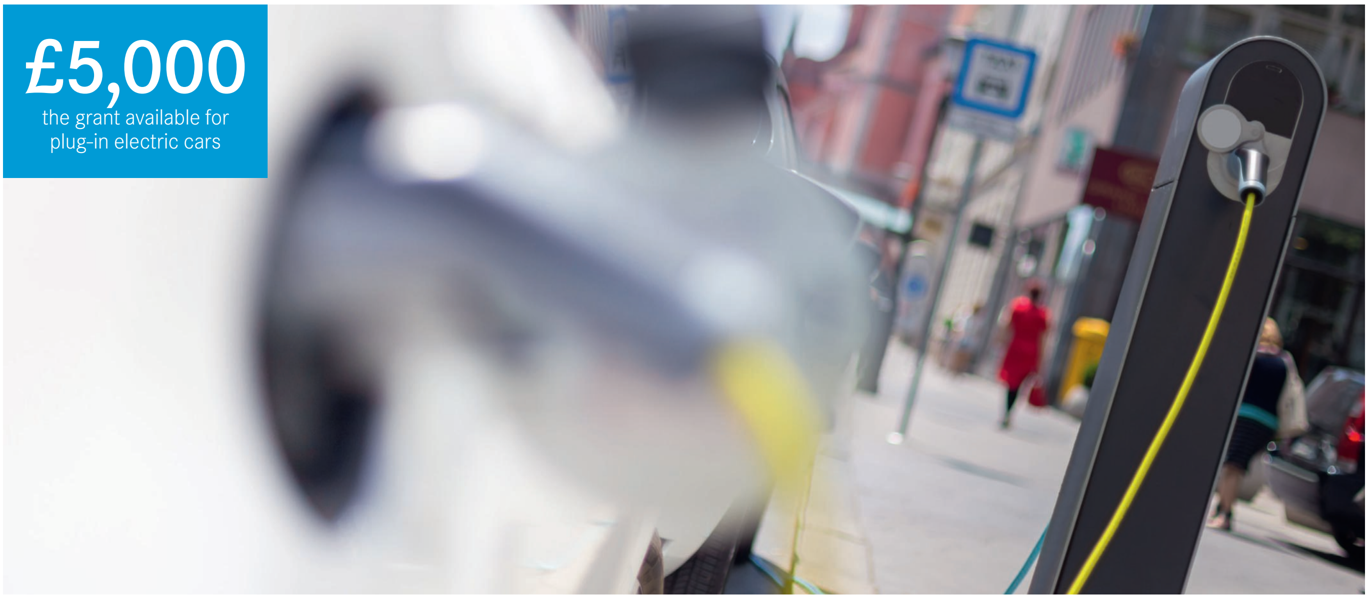
It's an area where the heavy goods vehicle sector has led the way, forging pan-European supply arrangements for tyres and fuel, especially on the Continent.

"You would see more pan-European contracts in countries in mainland Europe rather than the UK, even if the UK companies have sister companies in Europe. There are exceptions, but there are fewer pan-European deals in the UK than you would find in the Netherlands, Poland or Germany," said Tali Gefen, UK cards manager, BP.

The quest for zero emissions

Government signals suggest the internal combustion engine's days may be numbered

£5,000
the grant available for plug-in electric cars



Currently, benefit in kind tax, vehicle excise duty (VED) and even the duty levied on petrol and diesel at the pump all favour cars with lower CO_2 emissions and lower fuel consumption. It's one of the reasons why frugal diesel models have proved so popular as company cars.

However, mounting fears over the negative impact on public health of particulates and nitrogen oxide (NOx) found in diesel exhaust fumes are prompting plans for new controls.

In a draft consultation published this autumn by the Department for the Environment, Food and Rural Affairs (Defra), the Government disclosed that 38 out of 43 geographical zones in the UK currently fail to meet NOx air quality standards laid down by the European Union.

The same report added that London, Birmingham, Leeds, Nottingham, Derby and Southampton are on course to miss EU standards by 2020, and it advises them to "consider the role of access restrictions for certain types of vehicles".

Low-emission zones that exclude or levy a charge on more polluting vehicles are high on the agenda. London has confirmed plans for an ultra-low emissions zone (ULEZ) from 2020 that will charge £12.50 a day for vehicles that fail to meet certain exhaust standards and 15 local authorities have secured Government funding to explore the introduction of similar schemes. Oxford, Norwich and Brighton have already introduced low emission zones to ensure only clean buses are driven through their streets.

> **"Our aim is for nearly every car and van to be a zero emission vehicle by 2050"**
> Defra

Part of the issue stems from diesel vehicles falling short of their test results for NOx emissions in real-world driving conditions. On the plus side, the new Euro 6 standard for diesel-powered heavy goods vehicles "is delivering significant NOx emissions reductions," according to Defra. The Government will monitor the impact of Euro 6 diesel engines for cars and vans, while pushing for lab tests to better replicate road conditions.

Leading by example, the Government Buying Standards (which are currently focused primarily on reducing CO_2 emissions) are being updated to take NOx emissions into account.

"Tackling air pollution is a priority for Government. We will achieve this by exploiting new, clean technologies," said Defra. "Electric vehicles, hydrogen fuel cell vehicles and plug-in hybrids (when driven in electric mode) produce no pollution at point of use and are the long-term answer to road transport air quality problems. Our aim is for nearly every car and van to be a zero-emission vehicle by 2050."

For fleets that are keen to get ahead of the game, significant financial incentives are in place to encourage the uptake of zero- and ultra-low emission vehicles. Grants of up to £5,000 per car and £8,000 per van help to offset the higher acquisition price of plug-in electric vehicles. The same vehicles are also exempt from VED, drivers pay benefit-in-kind tax at just 5% of the car's list price, and beneficial accounting rules mean businesses can write off the entire cost of company cars and vans against profits in the first year if they emit less than 75g/km in the first year, compared with just 18% for cars that produce 75g-130g/km.

Case study: Pertemps Network

Recruitment firm balances company cars' brand appeal with environmental commitments

FACTFILE

Name: Pertemps Network
Fleet size: 623 vehicles
Grey Fleet: 300+
Average mileage: 43,000 a year
Replacement cycle: 36 months
Avg CO_2: 114g/km

If any business understands the value employees attach to company cars, it's surely a recruitment specialist. Pertemps Network Group, the UK's largest independent recruitment agency, has built its success by helping workers to find the right jobs and helping employers to find the right staff. Its business gives it a daily insight into the aspirations and motivations of employees, including its own. The recruitment industry itself is highly competitive for the best staff.

Because of this, Pertemps factors employee satisfaction into its wholelife cost calculations of company cars. It may seem like a vague concept amid the fact-driven data that forms the foundation of most wholelife cost projections, but Pertemps believes it has value.

"The wholelife cost calculation is not a definitive calculation on cost, because what is the cost if you impose a restriction on vehicle choice, only for that person to move to another business?" said Adrian Harris, group fleet manager at Pertemps.

"CO_2 reporting is going to become ever more important for SMEs"

"Offering good packages helps you to recruit and retain the right people, and vehicles are considered a very important part of remuneration."

As a result, Pertemps devotes a lot of time to choosing the right company cars, which have to be cost-effective – both to employees in terms of benefit-in-kind tax and to the business in terms of running costs.

Keeping drivers happy has to be balanced with meeting the company's green commitments and health and safety responsibilities. With 700 company cars, 300 grey fleet drivers and a further 2,000 employees who drive for business in a pool car, hire car or borrowed company car – the fleet department carries out 20,000 driving licence checks a year – the wrong choices could have significant impacts.

The company's solution is to offer six levels of car, ranging from supermini to supercar, split between essential and non-essential users. Pertemps also operates a flexible benefit system that allows drivers to trade up from core vehicles (typically Vauxhall Corsa, Astra and Insignia) to a more premium model, such as a Mercedes-Benz A180 or Audi A3, by contributing salary. More than 100 employees have taken this option.

However, the choice list remains firmly diesel. Harris said he has faith in the new Euro 6 exhaust standards and he uses the MIDAS fuel management system to capture mileage and calculate the real-world fuel consumption and CO_2 emissions of Pertemps's fleet. Discrepancies between these true figures and official lab levels are about 20%, he said.

"As a business, we are very conscious of the perception of the vehicles we have and their CO_2 emissions. We take the most appropriate car with the lowest emissions. We do not let emissions impede choice, but the person who chooses the vehicle, to encourage them and motivate them, will be given a choice of vehicles that all demonstrate exceptionally low emissions."

Harris's goal for the past two years has been a fleet of cars that emit no more than 100g/km of CO_2 and he said he has just about achieved this.

"CO_2 reporting is going to become ever more important for SMEs," he said.

Connecting your fleet's cars

Connectivity will help managers to meet the real-time challenges faced by modern fleets.

Fleet management today demands instant answers to immediate questions.

In our 24/7 world, month-end spreadsheets are starting to feel quaintly old-fashioned. Finance directors expect speedy responses to requests for spending commitments. Sales and service departments require early alerts if any of their staff are temporarily grounded. And HR managers want to make sure their corporate duty of care extends to all employees, especially those working off-site.

Mercedes me connect provides fleet decision-makers with the tools to meet these business demands. This connectivity gives fleets instant access to vital information on their company cars, making it easier than ever to measure vehicle performance, identify anomalies and deliver greater efficiencies to the everyday running of a fleet.

Mercedes me connect is part of the mercedes me suite of services, providing critical data for fleet executives.

Innovative on-board technology links the car and fleet department, making it easier to manage servicing and maintenance.

It also delivers telediagnostics, remotely identifying anything that may affect the car's performance, and signalling parts that require replacing to the Mercedes-Benz retailer. In the rare event of a breakdown, Mercedes me connect can summon roadside assistance with pinpoint accuracy. In an accident, this smart connectivity can trigger an automatic message summoning rapid help from the emergency services.

Among a host of valuable fleet applications, connect me also logs vehicle mileages, allowing companies to avoid any vehicles breaching excess mileage thresholds. It also records vehicle fuel consumption, giving fleet decision-makers essential information to improve route planning and driver behaviour.

Security services like the Parked Vehicle Locator, Vehicle Tracker and Geofencing identify where a driver has parked - and send an alert if a car leaves a defined area. Mercedes me connect can even identify remotely when a car needs refuelling or recharging, exceptionally useful both for drivers and for any shared or pool vehicles.

The pace of modern business is accelerating constantly, but the connectivity of Mercedes-Benz cars gives you the tools and information to meet the challenges facing your fleet, every hour, every day.

> *"Mercedes me connect is part of the mercedes me suite of services, providing critical data for fleet executives"*

Mercedes-Benz

FLEETWISE

MERCEDES-BENZ IN PARTNERSHIP WITH FLEET NEWS

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