# Fleet Matters

## Best practice in fleet management

ISSUE 09

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Fleet Matters:
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We bring you the news that matters most, selected for its impact on fleet management best practice. In this issue, we cover five subjects that could help or hinder your fleet operations. These include a valuable caution, a useful guide, a helpful overview, a positive outlook, and a safety check – all with recommended actions for fleet managers.

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# Sustainability – the cost of (not) going green



It's easy to talk about sustainability, but it can be daunting for fleet managers to action. The costs involved when reducing the carbon footprint of your vehicles and switching to more sustainable business practices are easy to put off. You may just think it's all too much for your company to tackle and not worth the effort.

The thing is, delaying your sustainability initiatives could cost your business more in the long-run. Or to put it more positively, going green sooner can save you more money later. Here's how.

## Avoid penalties

Running older vehicles? Watch out. Local authorities could soon charge vehicles based on their exhaust emissions. While in London, Mayor Sadiq Kahn has already announced a £10 'Toxicity Charge' from September 2017 for vehicles that don't meet Euro 4 exhaust emission standards (pre-2006).

Running diesel? Merton Council is increasing its diesel levy on parking in south London, raising its previous charge from £65 to £90 for a permit from 31st March this year, rising to £115 next year and £150 in 2019/20.

The Mayor also plans an "ultra-low emission zone" in central London starting from as early as 2019. This may then be extended to include the areas between the north and south circular roads. It's unclear if other councils will follow, and in which cities, but it's probably only a matter of time.

## Benefit from incentives

Although incentives for buying greener vehicles have dipped, the pressure is back on with a new YouGov survey commissioned by SMMT, finding more people will make the switch to lower emission vehicle if there are savings through purchase incentives and cheaper vehicle tax. Considering that the UK is under greater pressure to meet emissions targets, these incentives are likely to rise. The Telegraph's Six reasons for your company fleet to go green points out that low carbon dioxide ($CO_2$) emissions still have a major impact on Benefit In Kind taxes, and businesses can benefit from corporation tax relief, allowances, and lower National Insurance contributions too.

## Increase the value of your brand

"Green business is smart business" and can provide cost savings not only through compliance and incentives but also by attracting more environmentally-conscious customers. If you're going green, let people know!

## Action Point:

Contact Fuel Card Services to find out about our range of solutions to improve your fleet's sustainability, and the Energy Saving Trust for an assessment of your fleet to make further savings.

# Efficiency – how to improve your fleet operations

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At Fuel Card Services, we're always looking at practical, effective, and proven ways to drive up efficiency – going beyond savvy fuel-use to help improve the efficiency of your fleet's overall operation.

## Controlling service and maintenance costs

Balancing budgets is one of the biggest challenges for fleet managers. A recent study commissioned by market researchers GfK for Northgate Vehicle Hire revealed that controlling the cost of fleet servicing and maintenance is the top concern for two-thirds (64%) of UK businesses with fewer than 500 employees, especially when choosing LCVs (light commercial vehicles).

Almost half (45%) of these businesses said that service, repair and MoT were the main reasons for vehicles being off the road, second only to breakdowns (53%) usually resulting in servicing and maintenance.

According to RAC Business, the cost of having a van off the road for a day is estimated to be around £750, including the price of a lost day's income plus the service itself.

For this, Northgate offers a handy 3-step guide to predict and control the cost of your fleet from considering the total cost of acquiring vehicles and cost of routine management, to predicting your baseline unpredictable costs.

## Managing fuel price volatility

It's easy for your carefully-balanced cash flow to be compromised because you haven't built in the cost of unpredictable price rises throughout the year. To help, Fuel Card Services has introduced a new BP price capping guarantee card so you can cap the price you pay on fuel and still benefit when the price drops.

## Setting key performance indicators (KPIs)

To improve things in business, you need to measure them. That's why many successful fleets develop KPIs — Key Performance Indicators: standards of performance used to measure how well your fleet is doing.

There's no fixed rule about which KPIs you should set. For example, FleetOwner offers 15 suggestions for key performance on maintenance while Automotive Fleet offers these 10 metrics to optimise overall fleet efficiency.

When you've worked out what to measure, then decide what level of performance is acceptable, based on what's realistic for your fleet given your circumstances. Do this for each KPI you've identified as critical to your fleet and see the difference it makes!

## Action Point:

Ensure servicing and maintenance is extended on new vehicles, and fully covered on leased ones, and consider BP's price capping fuel card. Identify and implement KPIs for your fleet.

# Trending – the big stories fleets are following

The trade body for the vehicle rental and leasing sector (BVRLA) has a strong record for identifying key fleet industry trends for the year ahead. Despite uncertainties around Brexit and questions over the strong and stable government, here are four of the BVRLA's main predictions:

### 1. SMEs will continue to drive market growth:

The largest increases in BVRLA membership figures for 2016 were in the SME market, which will continue to drive most of the organic growth in the leasing sector this year.

### 2. LCV market is expanding quickly:

While low and slow increases are forecast in the traditional fleet leasing market, growth for vans will be around 10% (despite a dip in April). Key factors include the continued growth of online retailing and the trend for companies to downsize from small HGVs to reduce their compliance burden.

### 3. More ULEVs to drive CO2 reductions:

As diesels sales decline under pressure from clean air initiatives, their share of the new lease car market will drop towards 65%. However, the rate of decline will slow, as the impact of VED and Company Car Tax increases will put people off from choosing an ultra-low emission vehicle.

### 4. Industry will turn challenges into opportunities:

To help bolster confidence and avoid stagnation during Brexit (which may now be "softer" than imagined) the market is expected to see a raft of innovative connected services introduced over the next 12 months, mainly in servicing, maintenance and repair packages.

### Self-driving moves closer

Earlier this year, FleetOwner declared "the potential for autonomous trucks to disrupt freight transportation… has surged in the past year." Their article cites a load of freight delivered recently by a sensor-driven truck. But despite advancements, it will be some time before the technology and regulations are ready for mass adoption.

### The big bets are on Big Data

While self-driving trucks and Uber-for-freight start-ups are in the headlines, Princeton Consultants CEO Steve Sashihara was quoted offering one word of advice for fleet executives: analytics. "You have to drive up your analytics capabilities" he said, "start moving your organisational culture to be more data-driven in how you make decisions, and rely less on experience and gut-feelings. Given the low margins in our industry, this is not a competitive advantage – this is, basically, survival." Together with IoT (the Internet of Things) digital disruption is soon going to increasingly dominate the headlines. Take a look at the projected summary of the impact digital disruption will have on transportation by 2024.

## Action Point:

Look for servicing, maintenance, and repair packages with new and leased vehicles; don't expect any significant surge in EVs (yet); and ensure you're getting actionable analytics about your fleet.

# Growth – the outlook for fleets post-Brexit

Last year, a majority of the British public voted for Britain to leave the EU. This complicated process has been famously summarised by one simple word: Brexit. To help most people understand the scale of significance, the BBC compiled an article about all you need to know. But what do fleet managers need to know about Brexit?

First, that Brexit is a real thing and it's really happening. Despite the Conservative's lost majority, Theresa May has pledged that Brexit negotiations will begin this June. Second, that it might be a "softer" Brexit than imagined.

When Brexit was first announced, FleetWorld looked at the financial, tax, and business knock-on effects for fleets when we leave the EU. In their article, they advised fleet managers to rethink budgets for the year ahead as costs would inevitably rise. They also suggested reconsidering fleet structures, as they foresaw headcounts reducing, and therefore the number of vehicles fleets might need.

Driver numbers after Brexit are still one of the main concerns for the Freight Transport Association (FTA), which has been highlighting the need for more HGV drivers since 2014. Because many drivers come from mainland European countries, the FTA fears this shortage could worsen. However, over 50% of fleet operators expect to increase their fleet size this year so we may simply see a shift in the nationality of some drivers after Brexit rather than a definite shortage.

Yes, fuel prices are predicted to rise. But the RAC is quoted as forecasting that "conditions will stabilise once we've been through [Brexit's] transitional period." Vehicle prices are expected to rise too, but Cap HPI's Andrew Mee advises "the impact on fleets is expected to be considerably reduced by manufacturer action on discounts".

Car production was at highest level for 17 years in 2016. But Europe is our single biggest trading partner, accounting for more than half of all UK car exports, so rushed or botched Brexit negotiations could put the brakes on exports. For instance, the Society of Motor Manufacturers and Traders (SMMT) has warned of the impact of EU tariffs on cars, which it says could add at least an annual £2.7bn to imports and £1.8bn to exports.

However, given than the number of commercial vehicles produced for export grew 16.2% last year, accounting for 58.4% of production and the largest proportion in seven years, Europe is likely to remain the sector's top trading partner and so our negotiating position should remain strong in this respect.

Reassuringly, the Chancellor of the Exchequer, Philip Hammond, has recently stated that "the government is ready to step in with extra financial support as the Brexit deal is negotiated."

## Action Point:

Although the full effects of Brexit are impossible to foresee, the need for savvy fuel cost management remains certain. Ensure best value with the right fuel card for your fleet.

# Safety – awareness for protecting your drivers

**For every fleet manager, one priority always overtakes profit: driver safety. Sadly, the latest reported road casualty figures from the Department for Transport (DfT) show a 6% rise in the number of killed or seriously injured (KSI casualties) on British roads from 2015-2016.**

Given that motor traffic levels only rose by 1% in the same period, this is a worrying trend for fleets. Especially with reports of grey fleet drivers cutting corners with safety. And that's the reason why, earlier this year, fleet chiefs and industry associations held a 'Driving for Work Summit' at the SMMT HQ to accelerate the take-up of initiatives by employers to reduce work-related road collisions, including HGVs.

Reports show younger drivers are most at risk. More than 3,800 people aged 18-24 are killed each year on EU roads, the biggest single cause of death for this age group. And the most common driving offence (again) last year was drivers' hours. 1,532 drivers' hours breaches were reported by the DVSA in 2015/16, 46.8% of the total number of offences detected.

Research has also shown that drivers with several health issues, such as obesity, diabetes, heart disease and high blood pressure, are more likely to be involved in a crash than drivers with only one condition. Be aware.

Impatience is a factor. Statistics from the Department for Transport show congestion and traffic jams last year added an average of 69% additional time to journeys. As a result, The AA advises that drivers need to allow an extra 41 minutes for a one-hour journey to make appointments on time – instead of speeding to make up time.

The law against driving with certain prescription and illegal drugs above specified blood levels in the body, has tightened. And this is regardless of whether the driving was impaired or not. Drivers convicted of drug-driving may face a minimum 12-month driving ban, an unlimited fine, or up to six months in prison. Let yours know.

And penalties for using a mobile phone behind the wheel have doubled, since 1 March 2017. All drivers, including HGV drivers, will be subject to a £200 fine and six points on their licence if caught using their mobile phone behind the wheel, up from the previous three points and £100 fine. Truck or bus drivers can be suspended from driving if caught breaking the law. Ignorance of this law is no excuse.

Remember, while driver safety is in the hands of your drivers, Duty of Care is down to you. If an employee is driving on company time, for business purposes, in their vehicle or the company's, the employer has a Duty of Care over the actions of that individual and a responsibility to ensure the employee acts within the law.

## Action Point:

Fleet manager should set out a clear safety policy for their drivers that details what drivers should expect if they are caught breaking the law, including disciplinary procedures.

# What help is available?



**Fuel Card Services has many years' experience in helping with cost-effective fleet management, gaining an invaluable depth and breadth of expertise. Its help is readily available to fleet managers through a widening range of specialist services and products.**

Q&A

Whatever the fleet management question, either Fuel Card Services or one of its expert, specialist partners is likely to have met the issue many times already. You can be assured of straightforward answers, based on deep fleet insight and long experience.

Its services include emissions recording, mileage capture solutions and automation of fleet management tasks, from service scheduling to licence checking. There is also access to exclusive deals in such areas as tyres, insurance and more.

## Action Point:

Contact Fuel Card Services with your fleet management issue. At the same time, ask for an illustration of how much money and time you could save, with solutions that exactly meet your specific refuelling and fleet management requirements.

Call 0844 870 9988





# Contact us



T: 0844 870 9988
E: enquiries@fuelcardservices.com
W: www.fleet-matters.co.uk

A: Fuel Card Services
The White Barn, Manor Farm
Wantage, Oxfordshire OX12 8NE

fuelcard services
the fuelcard people
bunkercard™
DIESELINK
bunkerstock
mileage count
THE Green Journey
$CO_2$count