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LEX AUTOLEASE

WHERE NEXT FOR COMPANY CARS?

THE 2015 LEX AUTOLEASE
REPORT ON COMPANY MOTORING
INTERACTIVE



REPORT ON COMPANY MOTORING CONTENTS

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 **£24.9 BILLION** THE VEHICLE LEASING AND RENTAL INDUSTRY'S CONTRIBUTION TO THE UK ECONOMY*

26% OF FLEET MANAGERS THINK THAT DRIVERLESS CARS WILL BE ON OUR ROADS WITHIN 10 YEARS 



 **1 MILLION** COMPANY CARS IN THE UK |  **14 MILLION** GREY FLEET VEHICLES

64% OF COMPANY CAR DRIVERS SAY THE CAR WOULD BE AN IMPORTANT FACTOR IN THEIR DECISION TO TAKE A NEW JOB OR NOT 

 **3%** OF DRIVERS ADMIT TO DISTRACTIONS CAUSING A COLLISION WITH ANOTHER VEHICLE AND 2% TO COLLIDING WITH A STATIONARY OBJECT | **4.5 BILLION** THE COST OF CONGESTION FOR WORK-RELATED CAR JOURNEYS TO THE UK ECONOMY PER YEAR

GIVEN A FREE CHOICE, MORE COMPANY CAR DRIVERS WOULD CHOOSE SPORTS CARS (13%, COMPARED TO 4% OF CARS NOW) AND SUVs/4X4s (22%, COMPARED TO 12% NOW) 

43% OF FLEET MANAGERS SAY THAT COMPANY CARS ARE BECOMING MORE IMPORTANT IN THE RECRUITMENT AND RETENTION OF STAFF | 84% OF COMPANY CARS ARE UNDER THREE YEARS OLD WHEREAS 64% OF PRIVATELY OWNED CARS ARE OVER 4 YEARS OLD

23% OF COMPANY CAR DRIVERS ARE COMFORTABLE WITH TELEMATICS SYSTEMS  36% WOULD BE HAPPY TO HAVE CAMERAS IN THEIR CARS |  20% OF DRIVERS ADMIT TO USING A HAND-HELD MOBILE PHONE WHILE DRIVING

43% OF FLEET MANAGERS THINK HYBRIDS ARE A PRACTICAL OPTION FOR COMPANY CARS | **56%** OF FLEET MANAGERS NEVER PHYSICALLY CHECK GREY FLEET VEHICLES

* SOURCE: BVRLA

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by Tim Porter, Managing Director, Lex Autolease

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FOREWORD

TIM PORTER



Welcome to the Lex Autolease Report on Company Motoring 2015. Building on the success of our 2014 Report, we have undertaken even more in-depth research this year. As an industry, it is important that we make the right decisions about our future direction, informed by gathering robust market intelligence.

The research results and independent data shows the market for cars in the UK is in good health. New car sales are now higher than before the recession and many Fleet Managers are reporting that their fleets are growing strongly. It is clear that the car remains a vital tool for work and is also a highly valued employee benefit. I was particularly encouraged to see that many young people aspire to driving a car and that having a company car is still seen as a mark of achievement.

The welcome growth in the economy is putting pressure on the job market, with employers correspondingly looking to enhance their benefits packages. The research reveals that

provision of a car remains one of the most cost and tax-effective ways of recruiting and retaining the best staff.

At Lex Autolease, we have made a commitment to minimising the environmental footprint of our own fleet and those of our customers. While short-term progress has been outstanding, with people switching to more fuel-efficient cars, the primary force behind these changes has been economic. This is understandable, given the financial constraints many have been facing. However, to maintain the momentum we must all refocus on why this is such an important issue, rather than just relying on fiscal incentives or engineering improvements to do the work for us.

When I meet our customers, I'm always impressed by the quality of the individuals we deal with. The role of a Fleet Manager has been transformed and now requires a myriad of skills, as demonstrated so clearly in the results of the research.

I hope you enjoy reading the report. If there are any areas you would like to discuss in more detail, please get in touch with our team.

Tim Porter
Managing Director
Lex Autolease



EXECUTIVE SUMMARY

The company car has been at the heart of working life in Britain for approaching 50 years. This Report examines how attitudes towards the company car and organisational mobility are changing. It reveals how new technology and a more competitive labour market are influencing the way organisations manage their vehicles.

The goal of the Report is to provide a robust reference document for fleet decision-makers, policy-makers and manufacturers, stimulating debate on the future of our industry.

The Report draws on original research with 249 Fleet Managers and over 1,000 employees – supplemented by analysis of the Lex Autolease fleet of over 300,000 vehicles and data from Government and industry sources.

THE CAR'S KEY ROLE IN RECRUITMENT

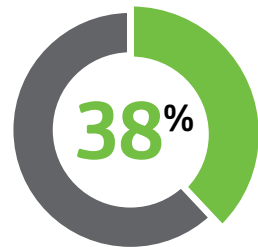
The Society of Motor Manufacturers and Traders (SMMT) reports that car sales are now above pre-recession levels. While a small number of fleets saw some reduction in size, 38% of Fleet Managers in the Lex Autolease survey say their fleet has grown over the past year.

The company car is critical in recruitment, with 64% of company car drivers saying it would be an important factor in their decision to take a new job or not.

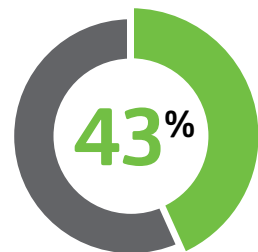
59% of company car drivers and 20% of employees with a privately owned car say their car is absolutely essential for their work. Nearly half of company car drivers say their car is an extension of their workplace. Getting a company car is seen as a mark of achievement by 45% of company car drivers and 32% of employees with private cars.

Being offered a choice in their car is seen as being more important than the value of the car they are offered. 43% of Fleet Managers say that company cars are becoming more important in the recruitment and retention of staff and half state that staff are demanding more choice in the type of car they have. Like in many other aspects of life today, people expect a high degree of individuality.

Given a completely free choice, more company car drivers would choose sports cars (13%, compared to 4% of cars now) and SUVs/4x4s (22%, compared to 12% now).



OF FLEET MANAGERS SAY THEIR FLEET HAS GROWN OVER THE PAST YEAR



OF FLEET MANAGERS SAY THAT COMPANY CARS ARE BECOMING MORE IMPORTANT IN THE RECRUITMENT AND RETENTION OF STAFF



64%

OF COMPANY CAR DRIVERS SAY A CAR IS AN IMPORTANT FACTOR WHEN TAKING A NEW JOB



59%

OF COMPANY CAR DRIVERS SAY THEIR CAR IS ESSENTIAL FOR THEIR WORK



35 MINS

THE AVERAGE COMMUTING TIME EACH WAY

THE HIGH COST OF CONGESTION

On average, among those who use their car for work, company car drivers spend nine hours a week on work related journeys, compared with five hours a week for those with privately owned cars. They estimate that 13% of this time is spent sitting in traffic jams. If this time is valued at £10 an hour to employers (compared to ONS derived estimates of a median hourly rate of £13 in 2014), this equates to £4.5bn a year lost on work-related car journeys because of congestion*.

Around four in five (79%) of those employees with a car always commute to work by car, with a further 9%

sometimes commuting by car. The average commute takes 35 minutes each way, with 5% commuting for more than three hours each day. 47% say that roads on their daily commute have become more congested over the past year. Supporting this view, Department for Transport data reveals speeds on local 'A' roads in England fell by 2.6% in the year to March 2015.

DANGERS OF DRIVING DISTRACTIONS

Drivers report that they find laptops and mobiles the most distracting things when they are driving, but after that it is human interaction that leads

them to lose focus on the road – whether it is children in the car, other drivers, or thinking about work pressures.

As a result of being distracted, 43% say they missed a turning, 14% say they got lost, and 8% say they were late for or missed an appointment in the last 12 months. More worryingly, 3% admit to colliding with another vehicle as a result of being distracted, with 2% admitting to hitting a stationary object. If these figures were reflective of all of the 36 million people with driving licences in Great Britain, this would account for 1.8 million accidents each year.



* See Chapter 2 for assumptions behind this estimate.

EXECUTIVE SUMMARY

ADMITTING TO BAD HABITS

Many drivers admit to breaking driving laws in the last 12 months. 63% admit to breaking the speed limits on major roads or motorways, perhaps reflecting the 40% of drivers who think that speed limits are too low. 20% admit to using a hand-held mobile phone whilst driving, despite all the media focus this has received in recent years.

Perhaps even more seriously, 5% admit to drink-driving and 3% to driving under the influence of recreational drugs in the past 12 months. A further 3% admit to driving while using prescription drugs that specifically prohibit driving.

There are a small group (8%) of drivers who are self-confessed 'law-breakers', many of whom are young, who admit to serious driving offences in the last 12 months – 37% of this group said they had a collision in the last year through being distracted while driving.

PETROL V DIESEL V ELECTRIC

Those employees with private cars have significantly older cars than those driving company cars; 64% of these privately owned cars are over four years old (with 14% over ten years old), whereas 84% of company cars are under three years old.

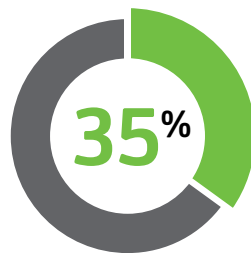
Privately owned cars are overwhelmingly petrol driven (70%), compared with company cars, where 79% are diesel powered. This may change, as 45% of Fleet Managers agree that 'diesel is more environmentally damaging than petrol'. 7% of company cars are now electric or hybrids, compared to 1% of private cars in the sample, with 43% of Fleet Managers believing hybrid cars are a practical option for company cars. This illustrates how companies adopt clean technology faster than private buyers. Seven in ten Fleet Managers say the Government should do more to incentivise the use of low emission vehicles.

TODAY'S MULTI-TALENTED FLEET MANAGER

While modern Fleet Managers no longer consider themselves to be technical experts on cars, they say they require a wide range of skills and knowledge in areas from finance to HR. The most important skills are seen to be understanding the legal aspects of running a fleet and managing relationships within the organisation. The next most important skills are financial, negotiation and management of suppliers.

The importance of supplier management reflects the degree to which most organisations outsource fleet management tasks – 15% expect to outsource more in the future.

78% of Fleet Managers agree that 'there is an increased focus on the cost of company cars in my organisation', although duty of care and compliance with associated legislation remain the factors most important to them in the management of their fleet. While many Fleet Managers say they have adopted a greener fleet policy in the last two years (35%), most rated the environment as a less important factor than vehicle running costs.



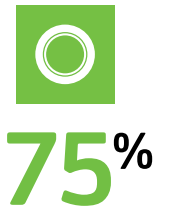
OF FLEET MANAGERS SAY THEY'VE ADOPTED A GREENER FLEET POLICY IN THE LAST TWO YEARS



ESTIMATED VEHICLES IN THE GREY FLEET IN THE UK



OF FLEET MANAGERS EXPECT TO START USING TELEMATICS IN THE NEXT TWO YEARS



OF DRIVERS SUPPORT INTRODUCING AUTOMATIC BRAKING SYSTEMS

THE GREY FLEET CHALLENGE

We estimate that there are 14 million grey fleet vehicles in the UK – these are privately owned vehicles used for work related journeys.

More than two thirds (67%) of Fleet Managers with grey fleet drivers always check the insurance of these drivers and 64% always physically check licences. However, 13% never check insurance, 18% never check licences and 27% never check if the vehicle has an MOT.

Many Fleet Managers find it an even greater challenge to check the roadworthiness of these vehicles – 56% of Fleet Managers with grey fleets say their organisation never physically checks vehicles.

THE CONNECTED COMPANY CAR

Monitoring of fuel consumption (22%) and mileage (36%) is now common in company cars, whether by the use of telematics or less automated processes. But there are also some company car drivers who say they have 'driver monitoring equipment' in their car (9%), or cameras to record incidents in their car (2%).

Many company car drivers now say they would be happy for such equipment to be installed in their car; 36% would be happy to have cameras in their cars and 23% are comfortable with telematics systems.

A significant number of Fleet Managers not using this monitoring technology, either in cars or commercial vehicles, expect to introduce it in the next two years; 17% expect to start using telematics and 15% expect to start using cameras in vehicles.

THE RISE OF THE ROBOT CAR

Many drivers support the introduction of driver aids on cars, which may be the first step on the road to full automation; 85% support the introduction of warning systems that sense when the driver is losing attention; 75% support the introduction of automatic braking systems, that respond to an imminent accident; and 68% would welcome automatic steering systems that prevent cars wandering outside of lanes.

There is more scepticism towards autonomous cars; 38% of drivers support the 'road train' concept, where cars join a lane of autonomously driven cars on a motorway and 25% of drivers support full automation, where the 'driver' only sets the final destination. Fleet Managers share this caution, with only 27% agreeing that 'automated driving would make sense on motorways' and 26% that 'driverless cars will be on our roads within ten years'.



1

THE CHANGING ROLE OF COMPANY CARS

The UK economy is now seeing some growth, but is it back to 'business as usual' for the company car? How is the role of the company car evolving in the new connected economy, where technology is changing the necessity for travel and people are being offered more choice in their package of benefits? Will a more buoyant job market increase the importance of company cars?



THE CHANGING ROLE OF COMPANY CARS

With employment rising in most months over the past year, the UK economy is showing growth. After a period of suppressed wages, Office for National Statistics data now shows salaries are rising above the rate of inflation.

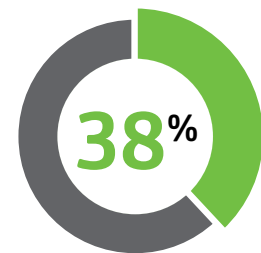
A third of drivers in this year's survey said their job was more secure than it was 12 months ago, although relatively few (22%) were expecting a significant pay rise in the next 12 months. This improved economic situation has meant that new car sales – often seen as a barometer of the wider economy – have grown month-on-month for over three years, with new car sales in 2014 close to 2.5 million. This is higher than the number sold immediately prior to the recession.

The economic recovery has also resulted in growth in the company car market. 38% of Fleet Managers report an increase in the number of company cars in their fleet, while 26% saw a reduction, reflecting the mixed picture of growth across different sectors.

So, while the current prospects for the company car market look quite healthy, how does the concept of the company car fit into the changing world of work, and do new generations of employees still value or need a company car?

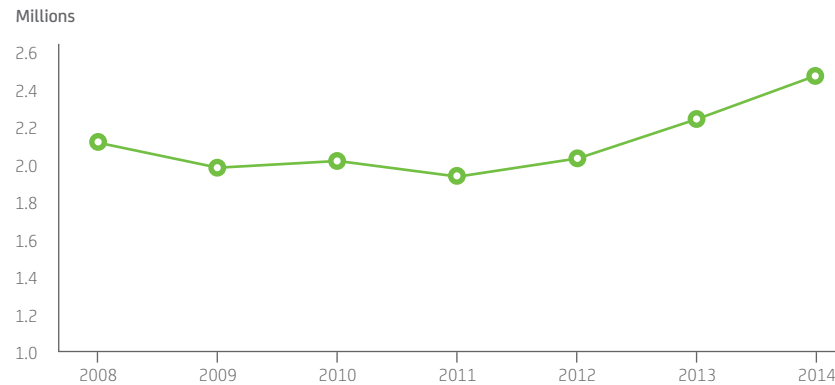
Our driver research* shows that many people are now often working from

home (43%) and a majority say their employer is flexible with regards to the hours that they work (69%). Perhaps surprisingly, flexible and home working is not the domain of the young – older employees in more senior positions are more likely to work in this way. Changing work patterns may reflect the impact of new technology; most agree that technology is reducing the need to have face-to-face meetings with people at work.



OF FLEET MANAGERS REPORT AN INCREASE IN THE NUMBER OF COMPANY CARS ON THEIR FLEET

1.1 NEW CAR SALES



SOURCE: SMMT

* Details of the driver research conducted with over 1,000 people in employment, are given in the Appendix.



1.2 THE CHANGING NATURE OF WORK

Q. How much do you agree or disagree with the following statements about work?

■ AGREE STRONGLY ■ AGREE A LITTLE



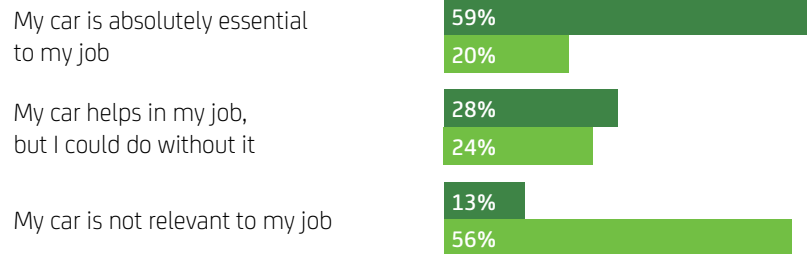
Base: 1,041 drivers in employment
Source: Lex Autolease Driver Research 2015

THE CHANGING ROLE OF COMPANY CARS

1.3 THE NECESSITY OF CARS AT WORK

Q. Which of these best describes how important your car is to your work, excluding commuting?

- COMPANY CAR DRIVERS
- PRIVATE CAR DRIVERS



Base: 1,041 drivers in employment
Source: Lex Autolease Driver Research 2015

This changing work environment does not appear to have reduced people's reliance on a car to do their job. 59% of company car drivers and 20% of those employees with privately owned cars say their car is absolutely essential to do their job, with a further 28% and 24% respectively saying it helps, but they could do without it. Cars remain central to the work life of many employees, with only 5% of company car drivers and 38% of private car owners saying they never use their car on work business. The notable exception to this is for those living in London, where the car plays less of a role, reflecting congestion in the capital and the public transport alternatives.

Perhaps reflecting the increased flexibility of work and the different demands this places on the individual, the car is seen by many as simultaneously a haven from the outside world and an extension of their workplace. This is particularly the case for company car drivers; 45% of company car drivers say their car is an extension of their workplace and 41% say their car is a haven from the outside world.

Some media commentators have stated that young people are less interested in cars than previous generations – as a result of the cost of driving lessons and insurance and

perhaps greater environmental concerns. Data from the Department for Transport on the proportion of people of different ages with driving licences suggests this is not the case. These figures show a rise in the proportion of people in their 20s with a driving licence since the 1980s, although a fall from the peak seen in the 1990s. However, this appears to represent a delay in getting a licence, rather than a sustained disinterest in cars, with the proportion of those in their 40s with a driving licence reaching an all-time high (85%) in the most recently available figures from 2013.



45%

OF COMPANY CAR DRIVERS BELIEVE HAVING A COMPANY CAR IS A MARK OF ACHIEVEMENT

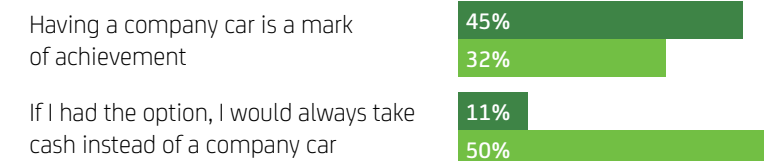


This continued attraction of driving a car is reflected in the research that examined the desirability of having a company car. 45% of company car drivers and 32% of private car drivers believe having a company car is a mark of achievement and Fleet Managers state that only 12% of employees offered a company car do not take up the offer. It is younger drivers (aged 17-34) in particular who see company cars as a mark of achievement, even though many (42%) would choose to take cash rather than a car, if they were offered the option, which may reflect the relatively low wages of most young people at an early stage in their career.

1.4 THE DESIRABILITY OF COMPANY CARS

Q. How much do you agree with the following statements about cars?

- COMPANY CAR DRIVERS
- PRIVATE CAR DRIVERS



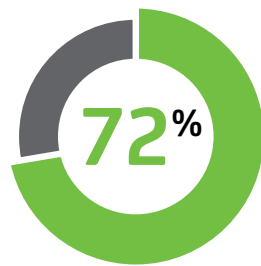
Base: 1,041 drivers in employment
Source: Lex Autolease Driver Research 2015

THE CHANGING ROLE OF COMPANY CARS

The research shows that the company car still plays an important functional role in the UK economy and for many is a desirable part of a benefits package. However, the research also shows that people want more choice and individualisation from their benefits package and their company car.

Figure 1.5 shows that for company car drivers in particular, the company car is an important lever in the job market, with 64% saying it would be important in their decision on whether to take a new

job or not. Choice is valued more than the monetary value of the car; 72% of company car drivers said the level of choice of company car would be important in employment decisions, compared to 57% who said the value of the car offered would be important in any decision. The relative importance of being offered a company car is less for those who currently have a privately funded car, but again it is choice of car above value that more people say would be instrumental in any employment decision.



72% OF COMPANY CAR DRIVERS SAID THE LEVEL OF CHOICE OF COMPANY CAR WOULD BE IMPORTANT IN EMPLOYMENT DECISIONS

1.5 THE POWER OF THE COMPANY CAR IN RECRUITMENT

	Company Car Drivers		Private Car Drivers	
	% Very important	% Quite important	% Very important	% Quite important
If you were to change jobs, how important or unimportant would it be to you whether you were offered a company car or not?	27%	37%	6%	15%
And, were you offered a company car, how important or unimportant would the value of the car that was offered to you be?	14%	43%	10%	23%
And, were you offered a company car, how important or unimportant would the level of choice of the car that was offered to you be?	22%	50%	13%	35%

Base: 1,041 drivers in employment
Source: Lex Autolease Driver Research 2015

Reflecting these results, 43% of Fleet Managers say that company cars are becoming more important in recruiting and retaining employees. Half agree that employees are demanding more choice in the type of car they have. As well as economic confidence, this may reflect wider social trends encouraged by the digital and social media revolution; consumers today have an ever greater desire for products that support their status, individuality and lifestyle needs.

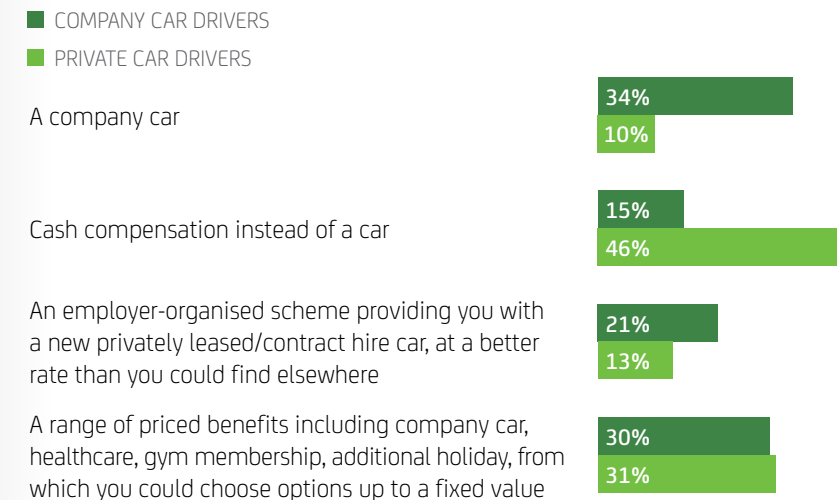
The subsequent pressure this puts on recruitment in some sectors, makes it necessary for some employers to offer increasingly attractive packages.

It is clear that a company car is not suitable for every employee, but many would like the choice of having one or not. Drivers were asked what they would choose if their employers changed their benefits policy and offered different options of similar

value. Company car drivers clearly value their company car and for them this was the most popular option, but a close second was to be offered a company car as an option from a menu of price benefits. Private car drivers were less likely to choose a company car (10%), although some would choose a Salary Sacrifice car* (13%). Again, many would prefer to be offered a menu of priced benefits from which they could choose.

1.6 THE DESIRE FOR CHOICE IN REMUNERATION

Q. If your employer changed their benefits policy and offered the following alternatives, which would you choose, assuming all the options were worth approximately the same in cash terms?



Base: 1,041 drivers in employment
Source: Lex Autolease Driver Research 2015

*A Salary Sacrifice car is an employer-organised scheme, where employees are provided with a new leased car often at a rate better than the employee could get elsewhere, with payments taken via a reduction in their gross salary. Salary Sacrifice schemes need to be carefully designed to comply with HMRC requirements.

EXPERT OPINION

THE ATTRACTIVENESS OF CARS IN A GREEN AGE

Britons want to do their bit for the environment. We are conscious of energy ratings when we buy or rent houses; we give money and time to green causes; we recycle more of our waste. Moreover Britain's political parties continuously repeat how committed they are to fighting global warming.

However, despite the CO₂ that cars produce, the majority of adults are likely to continue to take a relatively lenient view of car use. The dream of cars giving way to public transport, bikes, telework, and car sharing has been around a long time. Why is it likely to remain a dream?

First, while recessionary conditions have persisted, British people have tended to give their green ideals a back seat, instead making a priority of their immediate needs.

Second, insofar as the British economy is reviving, openings will be there to get work, to get higher pay, to provide mobile services, or to go self-employed. And these new opportunities tell in favour of cars. They demand fast journeys, even if traffic congestion can often take away from that. Also, younger adults trying to make something of themselves will want a car.

Third, the shift in employment from public to private services means that Britain will see less local authority business. So, aided by smartphones, tablets and laptops, business will be correspondingly less local, too. And a more

regional perspective to business will highlight the utility of cars. Market liberalisation and mobile IT will make for more road transport, not less.

Last, the fuel efficiency and thus the carbon intensity of cars are improving.

In the Britain of the future, using a car will not at all be regarded as ethically perfect. But it will be regarded, at the very least, as a necessary conduit to economic success.



JAMES WOULDHUYSEN

A visiting professor at London South Bank University and the author of 'Energise: A future for energy innovation'.

LEX AUTOLEASE CALL FOR ACTION

The Government needs to recognise the continued importance of the company car in working life. It must ensure that benefit-in-kind taxation nudges people towards the most suitable choice of company car, rather than encouraging them to opt out of company cars altogether.

If Government tax policy makes the company car less attractive, it will not result in fewer business miles being driven. Businesses will still need to make these journeys and for many, public transport is not always a viable alternative. The result would be employees driving their own, frequently older and more polluting cars on these essential journeys.

Company car policies must have flexibility and choice to maximise their effectiveness at recruiting and retaining the

best people. Fleet Managers should continually monitor changes in benefit-in-kind taxation and vehicle excise duty.

Organisations will increasingly need to introduce a more nuanced and blended funding solution. This can help minimise tax for both employer and employee, while ensuring that duty of care obligations are being met by encouraging newer, safer, better-maintained cars.



2

WORKING LIFE BEHIND THE WHEEL

The workplace is changing rapidly, so for those employees who spend days each week commuting and driving on work-related business, what is life like behind the wheel in 2015? What is the cost of this travel to the employer and the employee? How well do they drive, and how much training do they receive and want, to help make them safer and more fuel-efficient drivers?



WORKING LIFE BEHIND THE WHEEL

In our 2014 Report, we calculated the size of the grey fleet for the first time – at around 14 million people (using their own car for work journeys), alongside one million company car drivers.

This year, it is estimated that the grey fleet has remained the same – representing the 62% of employees with private cars who use their cars on work-related journeys (see Chapter 5 for more details).

On average, among those who use their cars for work journeys, company car drivers spend nine hours a week behind the wheel, while private car

drivers spend five hours a week driving on work-related journeys. Figure 2.1 illustrates how 24% of company car drivers and 10% of private car drivers within this group spend 15 hours or more a week driving for work business.

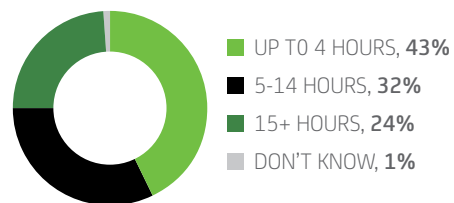
As well as the stress that can be caused by long hours spent driving, there is inevitably time wasted sitting

in traffic jams. Those who drive on work-related journeys estimate that 13% of their time spent driving is wasted because of congestion. As detailed below*, this 'lost' work time due to congestion is conservatively estimated to cost the economy around £4.5bn a year. This is without including the associated costs of the vehicle.

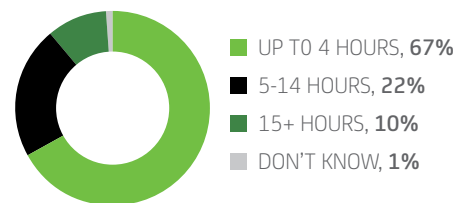
2.1 TIME SPENT ON WORK-RELATED JOURNEYS

Q. How many hours do you drive on work-related journeys in an average week (excluding commuting)?

Company car drivers



Employees with privately funded cars



Base: 812 drivers who use car for work purposes
Source: Lex Autolease Driver Research 2015

* To provide a broad estimate of the cost of working time lost through congestion, it was assumed that each individual driving on work business worked for 48 weeks per year and that their time was valued at a modest £10 per hour (compared to estimates derived from Office for National Statistics data of a median hourly rate of £13 in 2014). The figures were then grossed up to provide a total for the UK economy.



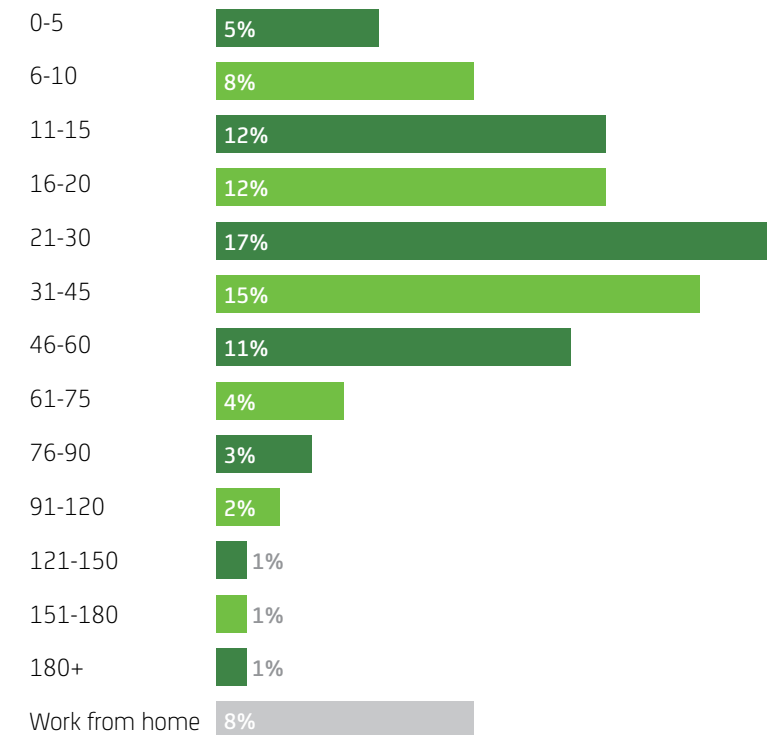
Many of those in employment who own a car use their car for commuting. 79% say they always commute by car, with a further 9% sometimes commuting by car. London is the only region that has significantly fewer people that use their car for commuting.

The average time for all commutes was estimated in the research as 35 minutes each way – or one hour ten minutes per day – equivalent to over 10 full days per person each year. The research also revealed that 5% of those interviewed commuted for more than three hours each day, while 8% work from home and so have no commuting time at all. The Office for National Statistics reports that home working rose to a record level in 2014, with 4.2 million home workers either permanently working from home, or using it as a base. Encouraging more home working could reduce the risks associated with people undertaking long commutes after a full day at work.

2.2 THE DAILY COMMUTE

Q. How long does the journey from your home to your main place of work take?

Minutes for a one-way journey



Base: 1,041 drivers in employment
Source: Lex Autolease Driver Research 2015

WORKING LIFE BEHIND THE WHEEL

Many drivers state that roads on their commute have become more congested over the past 12 months (47%), compared to a minority (5%) who say their journey is now less congested. These figures reflect Department for Transport data, which report that average speeds on local 'A' roads in England, in the year to the end of March 2015, were 2.6% slower than a year earlier, at around 24mph. The Department for Transport believes this is a result of increased traffic and adverse weather conditions, with average speeds negatively affected during periods of high rainfall.

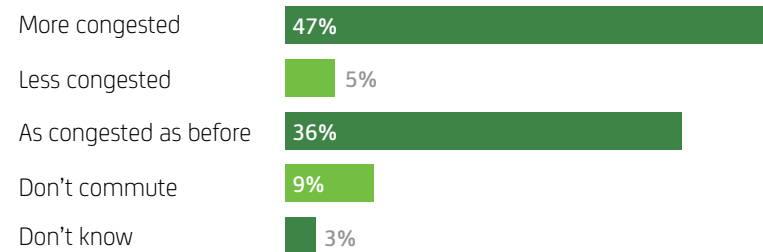
When asked to estimate the cost of fuel for the car journeys they make for work and on the daily commute, private car drivers in employment estimate they spend around £70 per month, compared to around £140 per month for company car drivers. Drivers did not believe these fuel costs had changed significantly over the past year.

Inevitably, with many hours being spent behind the wheel, drivers in the survey said they were occasionally distracted while driving. It is often reported that technology, from phones to sat navs to sound systems, is the primary distraction for drivers. But our research shows that it is also other drivers and passengers, along with the stresses of outside life, that can cause drivers to become distracted. Top of the list of distractions were laptops and tablets (among those who have

them); the assumption is that while the vast majority will not be using them while driving, it is the sound of incoming mail, or the use of them by other passengers that distracts drivers. The next most distracting item is mobile phones. After that, it is children in the car, other drivers, or thinking about work, that the highest percentage of people said they find distracting.

2.3 CONGESTION ON THE DAILY COMMUTE

Q. Which of these, if any, describes your view on how the roads to work have changed over the past year?



Base: 1,041 drivers in employment
Source: Lex Autolease Driver Research 2015

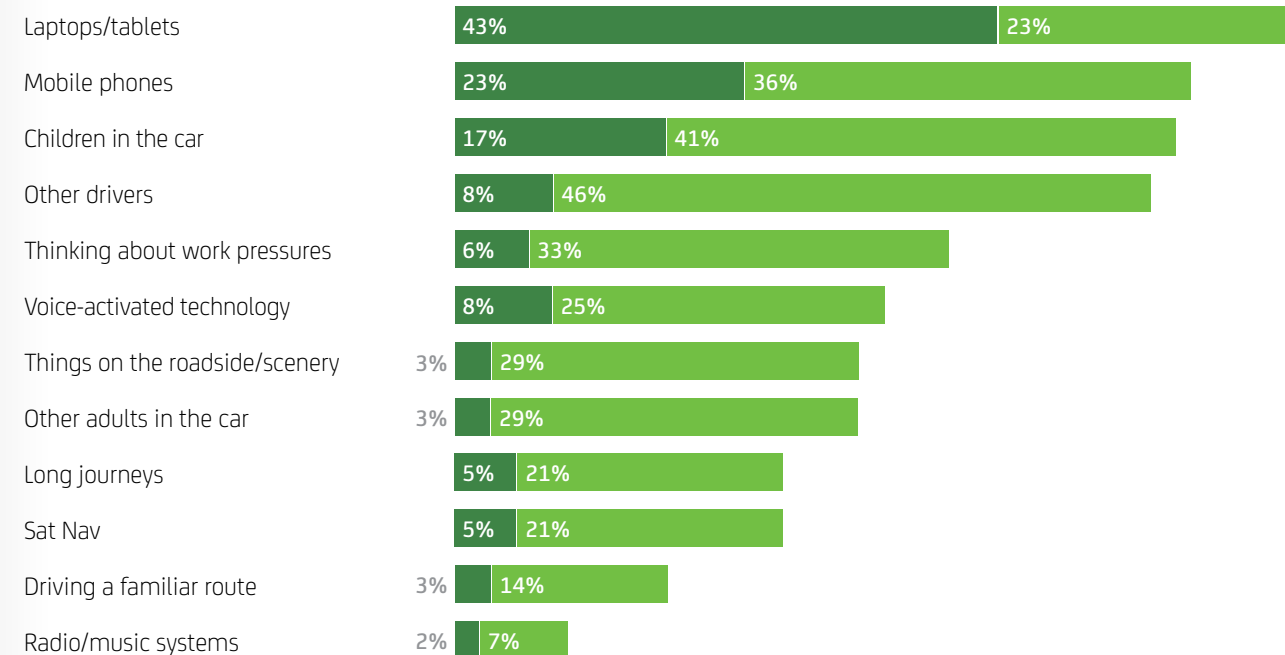


2.4 DISTRACTIONS WHILE DRIVING

Q. How distracting do you find each of the following, when driving?

Figures exclude those for whom the distraction doesn't apply e.g. do not have laptop.

■ VERY DISTRACTING
■ QUITE DISTRACTING



Base: 1,041 drivers in employment
Source: Lex Autolease Driver Research 2015

WORKING LIFE BEHIND THE WHEEL

Perhaps more importantly, what is the impact of these distractions? Just under half say there have been no consequences of distractions while driving in the last 12 months, but 43% said they missed a turning, 14% said they got lost, 8% said they were late for an appointment and 8% said being distracted had made them late for work.

More seriously, 3% said they had collided with another vehicle, and

2% had hit a stationary object, as a result of being distracted. If it is assumed that this accident rate applied to all drivers (there are 36m licence holders in Great Britain), then this would equate to approximately 1.8 million accidents each year as a result of drivers being distracted. The Association of British Insurers states that there are around three million motor claims per year; the Lex Autolease research results suggest that many of these could be

the result of drivers being distracted. Department for Transport statistics show that road casualties rose by 5% in the 12 months to September 2014, while traffic only rose by 2% – this follows many years of declining road casualties.

Some of these distractions are arguably within the control of the employer and therefore represent a risk if the employee was subsequently involved in an accident.

Many of the drivers surveyed also admitted to breaking driving laws while driving in the last 12 months. Many of these things, such as speeding on motorways, may have become the norm for many (40% of drivers in the survey thought speed limits were too low), others have potentially much more serious implications:

- 20% admitted to using a hand-held mobile phone while driving, despite the widespread media coverage on this issue. A Department for Transport survey in 2014 found that 1.6% of drivers in England and Scotland were observed using a hand-held mobile whilst driving.
- 5% admitted to being over the legal drink-drive limit. The Department for Transport estimates that 5% of all road casualties occurred when someone was driving when over the legal alcohol limit.
- 3% admitted to being under the influence of prescription drugs which prohibit driving. This follows the introduction of a law banning driving whilst using certain prescription drugs in England and Wales in March 2015.
- 3% admitted to driving under the influence of recreational drugs. In the first few weeks that South Yorkshire Police started testing drivers for drugs in 2015, they found that 63% of those tested reported positively for cocaine or cannabis.

Despite the high proportion of drivers in the research admitting to breaking the law, police crime data reveals that arrests for dangerous driving fell from 7,600 in 2002/3 to 3,200 in 2013/14.

2.6 BREAKING DRIVING LAWS

Q. Which of the following, if any, have you done whilst driving in the last 12 months?

Scenario	%
Exceeded the speed limit on major roads/motorways	63
Eaten a sandwich/snack	62
Exceeded the speed limit on urban roads	55
Used a hand-held mobile phone	20
Smoked a cigarette/cigar/e-cigarette	16
Read a paper map	16
Had a minor accident that was my fault	6
Been over the legal drink-drive limit	5
Had a major accident that was my fault	3
Been under the influence of prescription drugs, which prohibit driving	3
Been under the influence of recreational drugs/illegal controlled substances	3

Base: 1,041 drivers in employment
Source: Lex Autolease Driver Research 2015

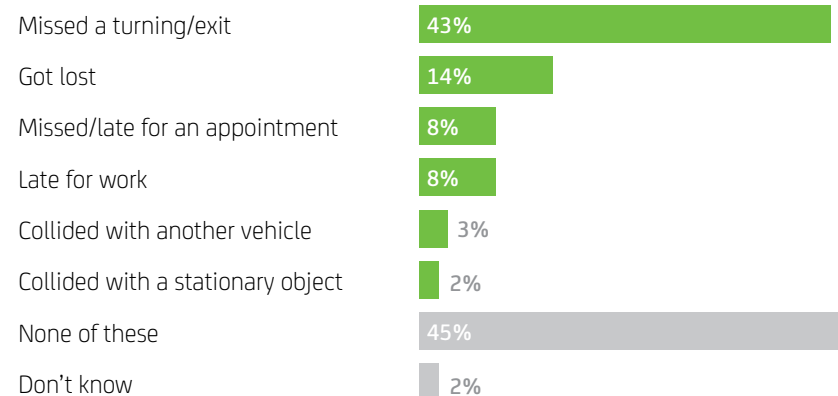
2.5 IMPACT OF DISTRACTIONS WHILE DRIVING

Q. In the last 12 months, which of these, if any, have you done because of being distracted whilst driving?



3%

OF DRIVERS HAVE SAID THEY HAVE COLLIDED WITH ANOTHER VEHICLE AS THE CONSEQUENCE OF BEING DISTRACTED IN THE LAST 12 MONTHS



Base: 1,041 drivers in employment
Source: Lex Autolease Driver Research 2015



WORKING LIFE BEHIND THE WHEEL

Perhaps in response to the substantial minority of drivers who admit to dangerous driving or being distracted at the wheel, many organisations are introducing driver training. 39% of those who use their car for work say they have had driver training or information provided by their employer. Training is mandatory in some organisations where there is high risk, such as in petrochemicals or construction. 57% of drivers say

they think it is a good idea for everyone to have some driver training. A further 34% say it is a good idea for some drivers to undergo training. 37% of Fleet Managers say their organisation provides training on accident avoidance and safer driving, with 19% providing training on more economical driving. More say they are likely to start providing such driver training in the next two years.

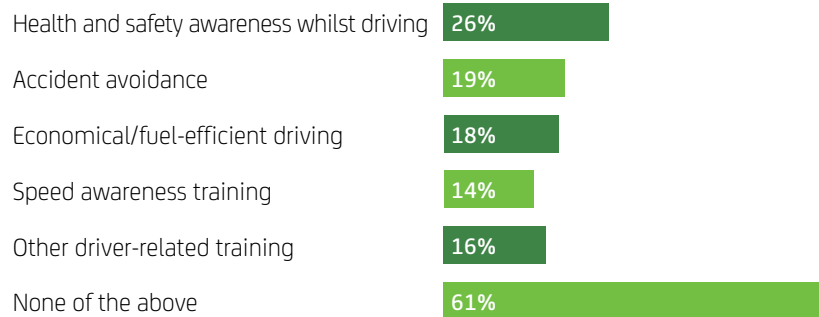


39%

OF THOSE WHO USE THEIR CAR FOR WORK SAY THEY HAVE HAD DRIVER TRAINING OR INFORMATION PROVIDED BY THEIR EMPLOYER

2.7 THE PROVISION OF DRIVER TRAINING

Q. Has your current or a past employer ever provided any information or training in the following areas?



Base: 812 drivers who use car for work purposes
Source: Lex Autolease Driver Research 2015



EXPERT OPINION

KEEPING EMPLOYEES SAFE ON THE ROAD

For most employees, driving is the most dangerous activity they will do at work, with one in three road deaths involving someone driving for work. Driving is a highly unpredictable activity, requiring full concentration at all times.

At Brake, we work with families who have lost loved ones and had their lives torn apart because someone decided to multi-task at the wheel. Drivers who divide their attention – whether that's eating a sandwich, reading a map, or using a mobile phone – are significantly increasing their risk of causing a devastating crash.

Research suggests that a fifth of crashes could be caused, at least in part, by driver distraction. Drivers who perform a secondary task at the wheel are two to three times more likely to crash. Employers need to introduce policies to prevent drivers using their phones behind the wheel, and introduce a ban on calling people when they may be driving.

A shockingly high proportion of drivers admit to breaking the law by speeding, a contributory factor in one in four fatal crashes in the UK. Employers should assess schedules and routes to allow time for delays and ensure drivers are not put at risk. Drivers should be clear that safety comes first, and that they should never speed to meet a schedule.

Latest figures show a worrying increase in deaths and serious injuries on UK roads. To reverse this trend, we

believe the Government should reintroduce casualty reduction targets as well as introducing a lower urban default speed limit of 20 mph, a zero tolerance limit for drink driving, and new measures to protect young drivers.

Employers of all sizes need to take road risk management seriously. Everyone who drives for work in an organisation should be appropriately trained and vehicles fitted with appropriate technology.



DR TOM FISHER

Senior Research and Communications Officer, Brake, the road safety charity.
brakepro.org

LEX AUTOLEASE

CALL FOR ACTION

The Government must keep investing in Britain's road network, in order to minimise the substantial cost of congestion to the economy.

The true cost of congestion must be far higher than the estimate we have made of £4.5bn for work-related car journeys, when commercial traffic and personal journeys are also taken into account.

Organisations should consider their response to the long commutes of many employees, which will impact on safety and work efficiency due to long working days, as well as increasing congestion. The introduction of more home working and increased flexibility of working hours would reduce congestion and improve employee safety and efficiency.

We also need to examine how we can improve driver behaviour. As well as improving safety, organisations could find themselves facing corporate manslaughter charges. This cannot just be left to the police; the research shows that driver training is now welcomed by many employees, contrary to what many organisations may have thought in the past. The provision of formal training should become the norm for all employers. Drivers also need to be reminded that using hand-held mobiles while driving is unacceptable. In the longer term, it may be necessary to consider random drink and drug testing for those driving on work-related journeys.



3

THE CHANGING PROFILE OF FLEETS

Are we set for a revolution in the types of company cars that employees want? The majority of working cars on Britain's road are privately owned – but what are these privately owned cars like and how do they compare to company cars? What cars would company car drivers have, if they were given free choice, and is the future electric?



THE CHANGING PROFILE OF FLEETS

Privately owned cars are different to company cars, in terms of age, fuel and body type. Where these privately owned cars are used for work journeys, there are implications for the employer in terms of environmental footprint, safety and the image of the organisation.

Those employees with privately owned cars tend to have much older cars than those of company car drivers; 64% of privately owned cars in the research were over four years old, with 14% over ten years old. By contrast, 84% of company cars are three years old or under. Among those private drivers with cars over seven years old, there are still many using their car regularly for work; 58% of this group use their car in the course of their work, while 19% use their car regularly in the course of their work.

Society of Motor Manufacturers and Traders data illustrates how older cars tend to be more polluting than new cars; average emissions from new cars sold in the UK in 2014 were 24% lower than for new cars sold in 2007 – cars that would now be eight years old.

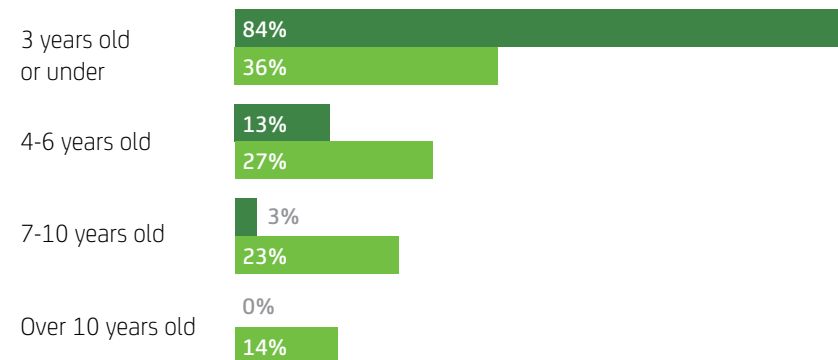
Privately funded cars are also much more likely to run on petrol rather than diesel. 70% of privately owned cars in the sample were petrol, whereas 79% of the company cars were diesel. This dominance of diesel in the company car market reflects the environmental

and fuel efficiency advantages that diesel historically had. There is evidence, both within the Lex Autolease fleet data and in the broader market, that there is some growth in the market share of petrol driven cars. SMMT data to May 2015 showed that the market share of diesel fell slightly in the previous 12 months. 45% of Fleet Managers in our survey agreed that 'diesel is more environmentally

damaging than petrol'. However, this may change in coming years; some evidence from organisations such as Emissions Analytics suggests that actual MPG achieved on some petrol cars does not live up to manufacturer claims. Plus, there is a new generation of cleaner diesels. Most Fleet Managers (57%) are however in agreement that high performance petrol does not represent good value.

3.1 AGE OF CAR

Q. How old is your car, by this we mean the age of the car from when it was first registered?



Base: 1,041 drivers in employment
Source: Lex Autolease Driver Research 2015

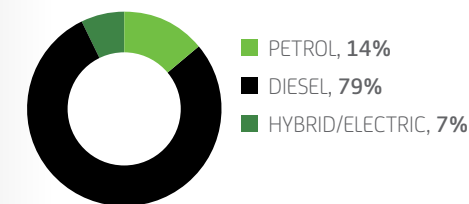
■ COMPANY CAR DRIVERS
■ PRIVATE CAR DRIVERS



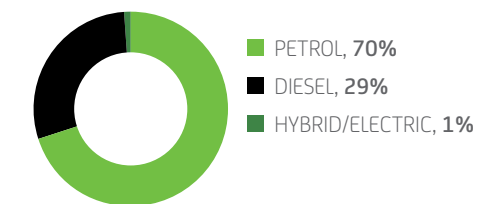
3.2 FUEL USED IN CARS

Q. Is your car petrol, diesel, hybrid or an electric vehicle?

Company car drivers



Employees with privately funded cars



Base: 1,041 drivers in employment
Source: Lex Autolease Driver Research 2015

THE CHANGING PROFILE OF FLEETS

Although still a small minority, electric and hybrid vehicles account for 7% of the company cars reported on in the survey, compared to around 1% of privately owned cars. SMMT reports that sales of ultra-low emission vehicles (ULEVs) in the five months to May 2015 were up four-fold on the same period in 2014, at nearly 12,000. They also report that sales of the broader category of hybrids and electric vehicles are up sharply in the first few months of 2015. 43% of Fleet Managers believe

hybrid cars are a practical option for company cars, but only 11% agree that electric-only vehicles could play the same role. Many Fleet Managers believe that the lead needs to come from Government, with nearly seven in ten (68%) saying the Government needs to do more to incentivise the use of hybrids and electric vehicles. However, the strong reported increase in the use of plug-in vehicles within fleets suggests many Fleet Managers think these types of vehicles already have a useful role to play.



OF FLEET MANAGERS BELIEVE HYBRID CARS ARE A PRACTICAL OPTION FOR COMPANY CARS

3.3 THE ROLE OF ELECTRICS AND HYBRIDS IN THE FLEET

Q. How much do you agree or disagree with each of the following statements about fuel types?

- AGREE STRONGLY
- AGREE A LITTLE

The Government needs to do more to incentivise the use of hybrids and electric vehicles



Hybrid cars are a practical option for company cars



Electric-only cars are a practical option for company cars



Base: 249 Fleet Managers
Source: Lex Autolease Fleet Manager Research 2015



Company cars also tend to be different in body type to private cars, reflecting differences in usage, mileage and the options available to drivers. Despite the much-heralded death of the family saloon as the traditional company car, they still account for around one in three company cars, with another third accounted for by medium-sized hatches. The other company cars are a mix of smaller and specialist vehicles such as SUVs, sports cars and people carriers. Privately owned cars tend to be smaller, with the majority either being small city cars (24%) or medium-sized hatches (42%).

3.4 THE BODY TYPE OF PRIVATE AND COMPANY CARS

Q. Which of these best describes your car/company car?

Company cars	Privately owned cars
33% LARGE SALOON	12% LARGE SALOON
32% MEDIUM-SIZED HATCH	42% MEDIUM-SIZED HATCH
12% 4X4/SUV	9% 4X4/SUV
6% SMALL CITY CAR	24% SMALL CITY CAR
5% PEOPLE CARRIER	4% PEOPLE CARRIER
4% SPORTS CAR	6% SPORTS CAR
8% OTHER	3% OTHER

Base: 1,041 drivers in employment
Source: Lex Autolease Driver Research 2015

THE CHANGING PROFILE OF FLEETS

3.5 MOST POPULAR CARS ON THE LEX AUTOLEASE FLEET

Based on share of fleet in year in which contract first taken out.

2014
AUDI A3



2013
AUDI A3



2012
BMW 3 Series



Ranking	2014	2013	2012	2011
1	Audi A3	Audi A3	BMW 3 Series	VW Golf
2	Ford Focus	VW Golf	VW Golf	BMW 3 Series
3	VW Golf	Vauxhall Astra	Vauxhall Insignia	Vauxhall Insignia
4	Vauxhall Insignia	BMW 3 Series	VW Passat	Vauxhall Astra
5	Ford Fiesta	Vauxhall Insignia	Audi A3	Audi A3

Source: Lex Autolease

The most popular car on the Lex Autolease fleet in 2014 remained the Audi A3, for the second year running. The VW Golf and the Vauxhall Insignia are in the

top five cars, as they have been for the past four years. In 2014, two Ford models – the Focus and the Fiesta – entered the top five for the first time.



6%

OF FLEET MANAGERS OFFER NO CHOICE OF COMPANY CAR

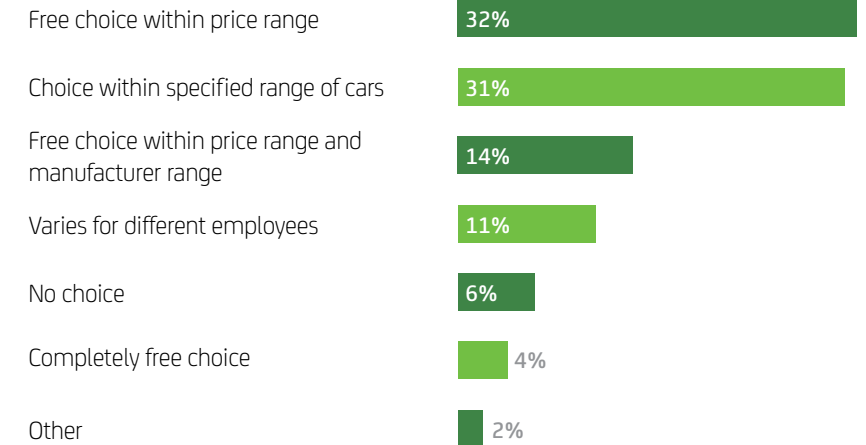


32%

OF COMPANY CAR DRIVERS ARE RESTRICTED BY PRICE

3.6 LEVEL OF CHOICE IN COMPANY CAR

Q. Which of these best describes how much choice your employees have in their company car?



Base: 249 Fleet Managers
Source: Lex Autolease Fleet Manager Research 2015

It was shown in Chapter 1 that many company car drivers value choice above the value of their car (as do those private car drivers that aspire to having a company car). Fleet Managers report that while very few now offer no choice of company car (6%), there are normally some restrictions on choice, with only 4% offering 'completely free choice'. Most company car drivers are restricted by price (32%) or are offered a choice from a range of cars (31%).

When drivers were asked what body type they would choose for their company car if they were offered a

free choice, within the same price range, the choices were markedly different from the actual body types of company cars on the road today:

- Only 54% would choose a large saloon or a medium-sized hatchback, whereas these make up 65% of current company cars.
- 13% would choose sports cars, particularly younger company car drivers, whereas these make up 4% of current company cars.
- 22% would choose SUVs/4x4s, whereas these make up 12% of current company cars.

THE CHANGING PROFILE OF FLEETS

When asked what the important factors were in their choice of car, there was clear common ground for company car drivers and private car drivers. Both groups of drivers rank reliability and safety performance as their top priorities. The least important factors were identical for both groups too; passenger space, load carrying and, least important of all, environmental impact. It appears that while most drivers believe the environment is important, it is not a top priority when buying a car. Fuel efficiency is however important to most people, as it impacts directly on their pockets and delivers secondary environmental benefits. The only major difference between the two

groups is that company car drivers say the comfort of the vehicle and its features are more important than for private car drivers. Perhaps this reflects the high mileage of many company car drivers and the need for the car to serve as an office away from their work base.

As can be seen throughout this Report, drivers express a wide range of opinions on the role and value of the car. They also admit to different degrees of conformity to driving regulations. These attitudinal measures and driving behaviours have been combined to create a segmentation of drivers:

THE LAW BREAKERS (8%)

Admitting to serious driving offences, many of them multiple offenders

THE GREENS (6%)

Supporting the environment and considering it in their choice of car

CAR LOVERS (19%)

Seeing the car as more than just a means of getting from A to B and as an expression of their personality

HOME-FROM-HOMERS (13%)

Using the car as a haven from the outside world and switch on to auto-pilot when driving

FUNCTIONALISTS (32%)

Seeing the car as just a means of getting from A to B

3.7 A PROFILE OF DRIVER SEGMENTS

	Law Breakers	Greens	Car Lovers	Home-from-homers	Functionalists	Others
Age 17-34	42%	25%	18%	20%	17%	22%
Age 35-54	43%	52%	61%	60%	53%	50%
Age 55+	15%	23%	21%	20%	30%	28%
% with hybrids/electric cars	3%	5%	4%	4%	3%	4%
% with sports cars	10%	5%	10%	2%	2%	7%
% had incident in last 12 months from being distracted at the wheel*	83%	51%	51%	66%	48%	49%

Base: 1,041 drivers in employment Source: Lex Autolease Driver Research 2015

* Excludes 'Don't knows'



There are some demographic differences between these segments;

- Law Breakers tend to be younger than those in other segments and much more likely to have broken serious driving laws. They are also more likely to admit having a collision, either with another vehicle or a stationary object, because of being distracted at the wheel in the last 12 months; 37% of them admit to this, compared to an average of 5%.
- There are a higher proportion of women within The Greens, than in other segments. Their disposition towards the environment only

- influences their choice of car to a degree – there are marginally more of them who own hybrids or electric cars than the average – but surprisingly there are also more of them than average who drive cars that use high performance petrol.
- Car Lovers have slightly younger cars than other groups and tend to be in higher socio-demographic groups. More of them drive large saloons and sports cars than average and, given a free choice, 22% of them would drive sports cars and 22% of them would choose an SUV or 4X4.

- Home-from-homers tend to be the group most reliant on their car for work. After Law Breakers, they are the most likely to have had an incident in their car in the last 12 months because of being distracted while driving.
- Functionalists tend to be older than those in other segments and tend to favour medium-sized hatchbacks more than those in other segments.

EXPERT OPINION

REDUCING ENVIRONMENTAL IMPACT OF COMPANY CARS

Many organisations have made improvements in the environmental performance of their car fleets in recent years.

However, we are now at a point where organisations must consider their next move; a strategy of diesel-only fleets is unlikely to deliver the environmental improvements needed to meet either customer or competitive requirements, as well as regulatory demands like the Government's Energy Saving Opportunities Scheme (ESOS).

The strategy will be different for every organisation, but the first stage is common to all; to set objectives and conduct a detailed audit of the current performance of the fleet and the economic and environmental implications of the available alternatives. For many there will be a difference between short-term strategy – which may, for example, involve moving to now well-established technologies such as pure battery electric or plug-in hybrids – and long-term strategy – which includes the evaluation of hydrogen fuel cells.

What is certain is that the motor industry technology trend is toward increased electrification of the power train. Whilst hybrids are set to become increasingly commonplace as a competitive mainstream offer, pure electrics will become increasingly viable for some uses. Many vehicle manufacturers are committed to improving the performance and value of electric vehicles, meaning the choice available to buyers is improving. The availability of charge points, particularly for rapid charging, is an

important issue, and organisations need to consider offering such facilities on-site, particularly those self-generating electricity.

Hydrogen fuel cells may be the long-term future for cars, but there are still infrastructure and cost issues to overcome. This is an area fleet decision-makers must keep under review, particularly when looking beyond the next five years.

Electrification of vehicles can deliver a better driving experience, reduced emissions, an enhanced corporate image and economic benefits. There is not a one-size-fits-all solution, but with careful analysis and planning most organisations could benefit from these new technologies.



ROBERT EVANS

CEO, Cenex, a not-for-profit research and consultancy organisation advising on low carbon vehicle projects.
cenex.co.uk

LEX AUTOLEASE CALL FOR ACTION

Fleet decision-makers need to ensure they have the best available intelligence on the changing profile of fleets and that their fleet strategy reflects the latest developments in vehicle design and technology.

In the recession, many fleets extended the replacement cycle of their vehicles, but this may need to be reconsidered if organisations are to benefit from the improved fuel efficiency and lower CO₂ emissions of the latest vehicles. Maintaining longer replacement cycles also risks alienating employees in a more competitive job market.

Our research reveals that many drivers do not place environmental concerns as a high priority when choosing cars. We must all work together to educate them on the impact of their choice on the environment.

An increasingly important challenge is with the grey fleet, which potentially has a higher environmental impact and may adversely affect the image of the organisation.

The Energy Saving Opportunity Scheme (ESOS) is one of the first mandatory environmental measurement schemes that most large UK businesses must carry out, assessing the impact of the grey fleet. This is a recognition from Government of the possible negative environmental impact grey fleet vehicles can have.

While there is only a limited amount that employers can do to affect employees' choice of privately-owned vehicles, they can start to reduce the environmental impact of the grey fleet by offering new cars through Salary Sacrifice car schemes.



4

TODAY'S MULTI-TALENTED FLEET MANAGER

In the last 20 years, the role of Fleet Manager has changed from a largely technical and operational role, to one that is now multifaceted and ever more critical to the organisation. How do Fleet Managers see themselves now and how has this impacted on their use of suppliers? What pressures are they under from within their organisation and how has this affected company car policy?



TODAY'S MULTI-TALENTED FLEET MANAGER

The title 'Fleet Manager' is used widely by the leasing industry. But in reality there are procurement professionals, finance departments, operations, HR and contract teams all with responsibility for company cars. This diversity of titles and departments reflects the complex demands of the role.

The skills needed by a modern Fleet Manager are many and diverse. Those skills rated as least important are understanding of the technical aspects of vehicles and the range of cars available in the market – both of which would probably have been at the top of the list 30 years ago. Although many Fleet Managers will work with their suppliers to understand these aspects of vehicles, advances in areas such as new hybrid and plug-in cars, will mean this skill is likely to become more important in the next few years. Perhaps surprisingly, the two skills rated as most important were understanding of the legal aspects of car fleets and managing relationships within the organisation. This latter point highlights the emotive and political nature of company cars. It is perhaps no coincidence that over 80% of Fleet Managers say their organisation provides company cars to their senior managers and directors compared to just 49% offering company cars to those working away from base, who arguably may have a greater need.

4.1 THE SKILLS OF FLEET MANAGEMENT

Q. How important are the following skills and knowledge areas in your job? (Score for each out of 10 in terms of importance.)



Base: 249 Fleet Managers
Source: Lex Autolease Fleet Manager Research 2015

4.2 OUTSOURCING OF FLEET MANAGEMENT

Q. Which of the following do you manage in-house and which do you use external partners to manage for you?

	In-house	External partners	Mix of both	Not applicable	Don't know
Fleet planning and strategy	54%	4%	25%	13%	4%
Regulatory compliance	38%	22%	32%	2%	6%
Accident management	25%	53%	18%	3%	1%
Fleet administration	28%	46%	21%	4%	1%
Driver training	17%	28%	11%	39%	5%
Disposal and sale of vehicles	15%	50%	15%	17%	3%
Service and maintenance	14%	66%	16%	3%	1%
Design and engineering of vehicles	7%	28%	6%	53%	6%

Base: 249 Fleet Managers
Source: Lex Autolease Fleet Manager Research 2015

Other skills rated as important in their job were financial skills, negotiation skills and management of suppliers. These all relate, although not exclusively, to managing external providers of services. They are essential in such a complex role where there is often little human resource available in-house. Fleet Managers were asked which tasks

they managed in-house and which were outsourced either completely or partially. The only task that a majority (54%) still do entirely in-house is planning and strategy – the setting of goals to be embedded within contracts with suppliers. Regulatory compliance is another area where a significant number (38%) do everything in-house, but in all other

areas of administration and vehicle maintenance the vast majority outsource some or all of the work. There has been a rise in the tasks being outsourced, since the survey conducted for the 2014 Lex Autolease Report on Company Motoring, and 15% of Fleet Managers expect to outsource more in the future, while just 9% expect to do more in-house.

TODAY'S MULTI-TALENTED FLEET MANAGER

Supplier and fleet management technology has made rapid advances in the last few years. Most Fleet Managers (65%) believe this new technology has improved management information in particular. Management information is rated as important by many Fleet Managers, particularly those managing larger fleets. A fifth (20%) of all Fleet Managers say management information has become much more important in the last two years. Technology has also meant that some Fleet Managers are letting employees manage their own car through online services, particularly in larger fleets where car administration is often more complex and where there are deeper relationships established with suppliers. While technology is

reducing their administrative burden to a degree, very few Fleet Managers (13%) think technology is deskilling the job of fleet management.

Although the UK is out of recession, there is still a strong focus on ensuring fleet operating costs are minimised. 78% of Fleet Managers agree that 'there is an increased focus on the cost of company cars in my organisation', with 45% agreeing strongly with this statement. Similarly, 82% agree there is an increased focus on expenses and travel costs. These financial priorities form a backdrop to the factors that they say are important in the management of their fleets. Fleet Managers have to deal with the legal requirements of running a fleet first and foremost, with 80% of Fleet Managers saying duty of care to

employees is 'very important' to them and 74% saying compliance with legislation is 'very important'. The next two most important factors are the cost of the vehicle and the running cost of the vehicle. A third of Fleet Managers say these cost factors have become much more important in the last two years. As with drivers, Fleet Managers rate vehicle running costs as more important than their environmental impact – just 30% rate the environment as 'very important', although 30% also say it has become more important in the last few years.

Managers of smaller fleets tend to consider management information to be less important than those managing larger fleets and many of those managing smaller fleets also see telematics as a less important issue for them.



CASE STUDY SSE

THE ORGANISATION:

SSE is one of the largest energy providers in the UK and a leader in renewable energy generation. It employs around 20,000 people and has a fleet of 6,000 commercial vehicles, 2,000 company cars and nearly 1,000 Salary Sacrifice cars.

THE CHALLENGE:

Having successfully worked with Lex Autolease on transforming the management of their commercial fleet, the decision was made to examine the management and funding of the company car fleet. The goals were to reduce costs, improve environmental performance, and maintain or improve staff satisfaction with the car scheme.

THE SOLUTION:

Having examined financial models of the options open to them, SSE decided to use a blended Contract Hire and Employee Car Ownership scheme for their company cars. The situation of each employee was analysed by

Lex Autolease and they were provided with a car financed through the most efficient of the two routes for that individual. There were limits put on CO₂ emissions, but employees were also given a much wider choice than within the previous scheme.

"There was some initial concern among employees, as the two alternatives impacted upon the detail of their pay slip, but we worked hard to explain this to all of those involved", reports Kevin O'Neill of SSE.

THE OUTCOME:

Average CO₂ emissions have fallen by 36% since the scheme started and these are expected to fall further as the strategy continues to evolve and new incentives are introduced. Cost savings have exceeded initial predictions and, after some initial concerns, employee satisfaction has increased, reflecting the much wider choice of vehicles now available to them.

"When you start on this process of change, it is important that the in-house team work through the detail of the tenders put before them. Having made the choice of supplier, it is then essential that you work with them in a spirit of partnership – even when there are problems – so that the service to employees develops and improves."

KEVIN O'NEILL, FLEET MANAGER FOR CARS AND PLANT, SSE

TODAY'S MULTI-TALENTED FLEET MANAGER

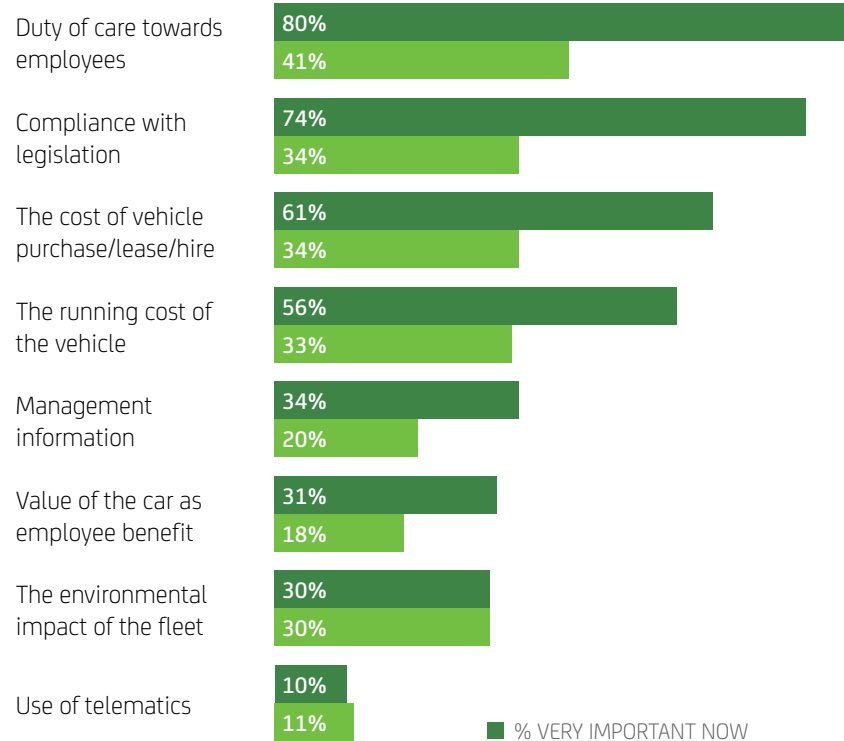
These fleet management priorities have been influential in bringing about some significant changes to fleet policy in the last two years:

- 24% of Fleet Managers have extended the replacement cycle of their cars, with just 2% reducing the replacement cycle. This is a reflection of the increased reliability and durability of new cars, particularly diesels, which has improved residual values, even for older cars and those that have done higher mileages.
- 35% have a more environmentally friendly policy for their company cars than two years ago, with almost none having a less environmentally friendly policy.
- 7% have removed free fuel as an option for company car drivers, while almost none have introduced this as an option. Free fuel is generally not considered tax-efficient and is only a benefit to drivers with 'gas-guzzlers' doing high private mileage.

Looking forward, most Fleet Managers expect the replacement cycle to stabilise, although more expect to introduce 'greener' environmental policies and/or to remove free fuel as an option, if they still offer it.

4.3 FLEET MANAGEMENT PRIORITIES

Q1. How important are the following, with regards to your vehicles/fleet?
Q2. Have each of these got more or less important over the past two years?



Base: 249 Fleet Managers
Source: Lex Autolease Fleet Manager Research 2015

■ % VERY IMPORTANT NOW
■ % BECAME MUCH MORE IMPORTANT IN THE LAST 2 YEARS



The vast majority of fleets surveyed used Contract Hire, solely or in combination with some cash purchases. The effective management of leasing companies is therefore of critical importance to most Fleet Managers. When asked what makes a good leasing company, the two most important factors were exceptional service to the fleet team and exceptional service to drivers. While these may be partially delivered by technology, this highlights how leasing is still an industry based on personal service.

Larger fleets rate good management information almost on a par with

service from their leasing supplier and many also believe consultancy advice is important. Managers of larger fleets are also more likely to say high quality online services and IT are part of what makes a good leasing company.

For many Fleet Managers, however, the consultancy advice they value most is on effective cost management. In recent years, for some fleets, this has meant the introduction of a blended Contract Hire and Employee Car Ownership Scheme (ECOS), depending on the circumstances of vehicle use and tax brackets of the drivers involved.

This use of ECOS has been taken up by 10% of fleets in the Lex Autolease survey, mostly within larger fleets, with an additional 6% likely to offer it in the next two years. The introduction of these schemes, as illustrated in the following case study, does not impact upon the necessity of company cars but provides a tax efficient means of provision of cars to employees.

In the next few years, many fleets will be looking for consultancy advice on the impact of the forthcoming changes in lease accounting rules.

EXPERT OPINION

THE CHALLENGES OF MODERN FLEET MANAGEMENT

It is an exciting and challenging time for all those involved in the world of company cars. The introduction of new technology in the management and functionality of cars is delivering real benefits to employers and drivers.

However, these changes are also adding to the already heavy demands placed on those responsible within organisations for managing these vehicles.

The pace of change is likely to increase, with greater use of telematics being one example. Already well established within commercial fleets, the use of telematics is now starting to take a foothold in car fleets, with the potential to improve safety, reduce emissions, drive down insurance costs and deliver much better management information. Fleet Managers will be charged with realising the benefits of this technology to the organisation, whilst meeting the complex legal and personal demands from employees for privacy.

Many of the changes we are witnessing are increasing the regulatory and compliance burden for suppliers and customers, as well as the complexity of fleet management. The BVRLA is developing a range of new training and development schemes for our members, which will enable them to maintain and demonstrate their compliance. As ever, we will continue to work with our counterparts at ACFO and the Institute of Car Fleet Management as we look to raise the profile of the fleet sector and the standards it operates to.

The issues of air quality, traffic congestion and road safety are rising up the Government agenda, which means that policymakers are playing close attention to our industry. New automotive technology can play a major role in tackling these issues, but we also need to ensure that the people working in the industry have the right support and training to use it wisely and productively.



GERRY KEANEY

Chief Executive, BVRLA. The British Vehicle Rental and Leasing Association is the representative body for companies engaged in the leasing and rental of cars and commercial vehicles.

bvrla.co.uk

LEX AUTOLEASE CALL FOR ACTION

Car manufacturers, leasing companies, tyre manufacturers and service companies all need to support the demanding and diverse role of the Fleet Manager today.

It is in the interest of everyone working in the fleet industry to have Fleet Managers who are at the leading edge of developments, challenging the industry to be more efficient, environmentally friendly and to provide better services to their drivers.

Consultancy services are an important way in which Fleet Managers can be kept up to date with the latest legislation,

management techniques and become aware of any risks or changes that may affect their fleet operation.

It's important to note that while Fleet Managers want the latest online services and real-time management information, the thing they value most is personal service for them and their drivers.



5

EMPLOYEE SAFETY ON THE ROAD

Employers have an ever-greater legal and moral imperative to look after the well-being and safety of employees. Duty of care is top of many Fleet Managers' agendas. But does this concern extend to the grey fleet, and how much risk is there to an organisation if it does not manage this area well?



EMPLOYEE SAFETY ON THE ROAD

As seen in Chapter 4, 80% of Fleet Managers say that duty of care to employees is 'very important' to them – more say it is very important than any of the other fleet management priorities examined.

This chapter examines how duty of care issues are managed with regards to the grey fleet – those privately owned cars used by employees on work-related journeys.

As shown in Chapter 2, company car drivers tend to spend more hours per week driving on work-related journeys than their grey fleet counterparts, but there are still many employees for whom their privately owned cars is an integral everyday part of their job.

10% of these employees said they were driving 15 hours or more each week on work journeys. When asked the amount they used their car for work, 17% of all employees with privately owned cars said they used their car 'regularly' for work, with 22% using their car 'sometimes' for work, and a further 23% using it 'rarely'. This compares to company car drivers, where 62% said they used their car regularly for work.



88%

OF EMPLOYEES ARE PAID A FIXED RATE PER MILE FOR THE USE OF THEIR PRIVATE CAR

5.1 THE CAR AS A WORKING TOOL

A breakdown of employees and their use of a car at work.



Source: Lex Autolease Driver Research 2014/2015, HMRC data, ONS data



It was clear from the research that many organisations find the management and control of the grey fleet a significant challenge. The majority (67%) of Fleet Managers who have grey fleet drivers in their organisation say that they always check the insurance of private car drivers, but a small minority (15%) say they only do this sometimes, and 13% say they never check insurance. There are similar levels of Fleet Managers (64%) who say their organisation always checks driving licences, but again there are a small number (18%) who say they never check licences. Fleet Managers report greater difficulty in monitoring the condition of these vehicles; over half (56%) never physically check the roadworthiness of the vehicle and over a quarter

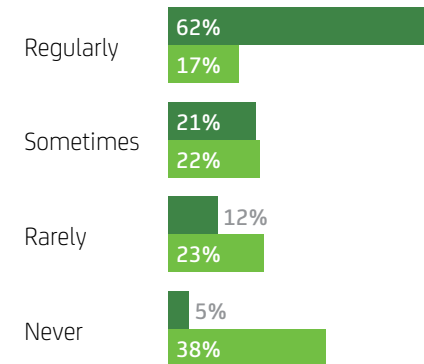
(27%) never check whether a vehicle has passed an MOT test. Smaller fleets are, on average, more likely to complete many of these basic checks than larger fleets. Some companies have outsourced the checking of driving licences – 36% say they always use an outside body for checking of licences, with a further 9% sometimes doing this – and this is more common in larger fleets. The way these checks are carried out will need to be reviewed now that there are no paper counterparts to the licence.

Most employees are paid a fixed rate per mile for the use of their private car (88% are always paid this way), although some Fleet Managers say employees are paid for fuel costs only.

5.2 USE OF THE CAR AS PART OF THE JOB

Q. Which of these best describes the amount you use your car in the course of your work, excluding commuting?

COMPANY CAR DRIVERS
PRIVATE CAR DRIVERS



Base: 1,041 drivers in employment
Source: Autolease Driver Research 2015

EMPLOYEE SAFETY ON THE ROAD

There have been anecdotal suggestions that the reason some organisations do not check information about the driver and their car is because of concerns that they should not be asking for such 'private' information given data protection legislation. When asked about this, only 6% of Fleet Managers thought asking for this information represented an invasion of their employees' privacy. The view of the remainder is an accurate interpretation of the Data Protection Act, as confirmed by the Information Commissioners Office, who have said that driving licence checks by employers was both "legitimate and important".

Management of the grey fleet is seen as an important issue by the vast majority of Fleet Managers, but there are a minority who do not think it is a

serious issue or believe the cost to be greater than the risk involved. 22% of Fleet Managers think there is no serious risk to the company from employees using their own cars for work, and 17% have concluded that complying with the letter of legislation is disproportionately expensive when compared with the risk.

Although many may think there is a moral duty towards employees to undertake these checks, there are also legal considerations around duty of care legislation and the potential for prosecution for corporate manslaughter, if an employee is involved in a serious road accident. Around seven in ten Fleet Managers say they are aware of this legislation and its implications for the grey fleet, and awareness is higher among those managing larger fleets. However,

around two in ten Fleet Managers said they either weren't fully aware of the implications of this legislation or did not know anything about it.

The Corporate Manslaughter and Corporate Homicide Act (2008) has not yet resulted in many prosecutions, although there have been reports of an increase in cases in the last two years. There has been a successful prosecution of a haulage company where the management were found to have 'tolerated if not encouraged' employees to work longer hours than were permitted (source: www.dwf.co.uk). Some suggest that police would rather prosecute under established driving laws rather than under corporate manslaughter legislation, where there may be more complex evidence to collate.

5.3 MANAGING THE GREY FLEET

Q. If an employee uses their privately owned car on work business, which of these, if any, do you do?

	Check insurance cover	Physically check driving licence	Check MOT	Physically check roadworthiness of vehicle	Use third party to check driving licence
Always	67%	64%	47%	11%	36%
Sometimes	15%	14%	18%	24%	9%
Never	13%	18%	27%	56%	53%
Don't know	5%	4%	8%	9%	2%

Base: 207 Fleet Managers with employees using private cars on work business
Source: Lex Autolease Fleet Manager Research 2015



EMPLOYEE SAFETY ON THE ROAD

One option for reducing the risk associated with the grey fleet may be to encourage these people to acquire a new car through a Salary Sacrifice scheme – it may also offer additional tax benefits to both employer and employee.

As can be seen in figure 5.4, some organisations (11%) offer company car drivers a Salary Sacrifice car as an alternative to a company car, although the majority of organisations adopting such a scheme offer it to all employees. Cash is most commonly offered as an alternative to the company car although, as was reported in Chapter 1, only 12% of those offered a company car do not take it up.

Some 15% of organisations surveyed currently offer some or all employees

not provided with a company car the option of a Salary Sacrifice car. On average, 9% of those employees offered a Salary Sacrifice car acquire a vehicle through the scheme, although this figure is lower in larger fleets. Smaller fleets are less likely to offer such schemes, although when they do, the take-up of the offer is often higher.

Those Fleet Managers who do not currently offer Salary Sacrifice cars to employees not provided with a company car were asked how likely they are to do so in the next two years. 9% say they are likely to adopt such a scheme in the next two years. Again, it is larger fleets and or larger employers who are more likely to say they will be offering such schemes in the future.

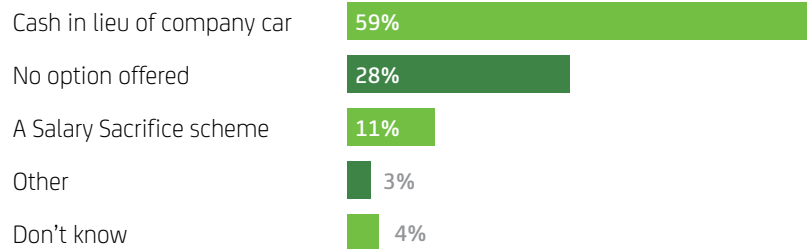


11%

OF ORGANISATIONS OFFER COMPANY CAR DRIVERS A SALARY SACRIFICE CAR AS AN ALTERNATIVE TO A COMPANY CAR

5.4 ALTERNATIVES TO THE COMPANY CAR

Q. Which, if any, of the following are offered as an alternative to the company car?



Base: 249 Fleet Managers
Source: Lex Autolease Fleet Manager Research 2015



EXPERT OPINION

MANAGING LEGAL RISK IN A PAPERLESS WORLD

Any business that uses or relies on vehicles and their drivers will be well advised to ensure that they are not responsible for substantial breaches of the duty of care that they owe to road users.

The last 12 months have seen significant changes in the law, such as the abolition of the tax disc and the driving licence paper counterpart. These changes may seem minor but could have serious implications for employers. The slightest administrative error could result in the individual and company facing litigation, particularly as the DVLA, courts, police, insurance companies and the electoral register do not automatically share data. There are particular risks around grey fleet drivers.

Picture this. The driver moves house, fails to notify the DVLA and drives through a speed camera, a minor speeding offence. A notice of intended prosecution is sent to his 'home' address, but he fails to respond within 28 days. He is convicted in his absence and given 6 penalty points. The DVLA write to him at the former address informing him of the penalty point endorsement; he doesn't receive it or know about it. Around this time he renews his insurance and claims he has zero penalty points. Soon after he is involved in a collision whilst driving for work and there is a fatality. What would happen?

His insurance is invalid as he 'misted' the insurance company regarding the penalty points. The family of

the deceased may not leave it at that and may pursue his employers. Had they behaved reasonably? Had they checked that he had a licence and insurance? If so when and how often? How did they check it? Can they prove this? Did they keep records?

In this new, paperless age, companies must keep even more meticulous records of drivers and their vehicles, particularly in the grey fleet.



PAUL REDDY

Head of Traffic Defence,
Slater and Gordon, a leading
UK law firm.

slaterguson.co.uk

LEX AUTOLEASE CALL FOR ACTION

Employers have a responsibility towards all employees driving in the course of their work, regardless of who owns or provides the vehicle.

The management of grey fleets demands closer examination, not only because of the moral and legal imperative, but also to reduce the environmental impact of organisations.

Salary Sacrifice schemes are one way to reduce the risks associated with the grey fleet and they provide a valued employee benefit. Recent changes to benefit-in-kind taxation do mean however that these schemes need to be carefully designed to work for both employer and employee. Those considering such a scheme should work with partners to ensure the scheme works effectively in the long term.

Employers need to review whether they have the optimal processes in place to check, and be able to show they have checked, licence details, insurance and roadworthiness. Government initiatives in putting some of these details online will make this task easier, but for larger fleets, outsourcing these responsibilities can be the most practical option.

We also call on the Government to clarify what a responsible employer should be doing to ensure employees are safe, and the employer is reasonably protected against prosecution.



6

THE COMPANY CAR OF THE FUTURE

What impact will the communication and automation revolution have on the functionality of cars and the way they are managed?

To what degree has telematics made inroads into company car fleets and how do drivers feel about this monitoring of their behaviour?

Driverless cars may have seemed like an idea from science fiction, but they are now on trial around the world. Is there support for car automation and could it become a reality in the near future?



THE COMPANY CAR OF THE FUTURE

Telematics have become commonplace within commercial vehicle fleets, but many have argued that what is accepted by professional drivers of vans and trucks would never be adopted by employees in company cars that are also used for private journeys.

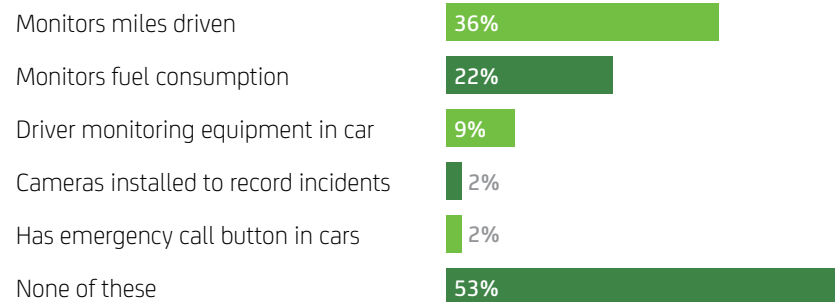
It is clear from this year's research that monitoring of mileage and fuel consumption has become relatively commonplace, although this does not depend on connected technology; 36% of company car drivers say they have their mileage monitored and 22% their fuel consumption. Given how important most Fleet Managers say cost control is to their organisation, it is perhaps surprising that the monitoring of fuel consumption is so low.

Far fewer company car drivers say their employer has installed more invasive technology in their car, with just 9% saying they have 'driver monitoring equipment' in their car and 2% saying they have cameras in their car to record driving incidents. 19% of Fleet Managers say they have installed telematics in vehicles, and 7% cameras, but this could relate to any of their vehicles, so may include LCVs and HGVs.

Nearly half of company car drivers state they are quite happy to have their mileage and fuel consumption

6.1 THE CURRENT USE OF MONITORING AND TELEMATICS

Q. Which of these does your employer do, if any, with regards to company car drivers?



Base: 501 company car drivers
Source: Lex Autolease Driver Research 2015

monitored, but significantly fewer are happy to have cameras (36%) and telematics (23%) installed in their vehicles. Young people in the survey were less happy than older drivers to have cameras in their company car. However, with many young people heavily incentivised by insurance companies to have 'black boxes' in their car in order to reduce premiums,

it is possible that attitudes towards telematics may rapidly soften in coming years. Initial resistance to the introduction of telematics is also often seen within commercial fleets, as mentioned in the case study of Britvic (page 69), but once the business and personal benefits become clear, then attitudes often rapidly change.

A significant minority of those Fleet Managers (17%) not currently using telematics say they are likely to introduce such a system in the next two years, particularly those managing larger fleets. A similar proportion (15%) of those not currently using cameras on their vehicles to record incidents, say they are likely to do so in the next two years. These responses were given in relation to any vehicle on their fleet, so again it may involve commercial vehicles or company cars.

Fleet Managers are also starting to use devices that restrict maximum revs and/or speed on some or all of

their vehicles, in a drive to reduce fuel consumption and encourage better driving behaviour;

- 9% of Fleet Managers currently employ devices to restrict a vehicle's maximum speed, with 8% of those not currently using such devices likely to do so in the next two years.
- 2% of Fleet Managers currently employ devices to restrict a vehicle's maximum revs, with 5% of those not currently using such devices likely to do so in the next two years.

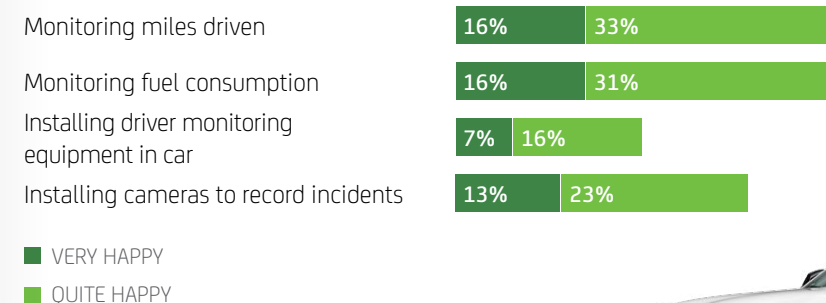


17%

OF FLEET MANAGERS NOT CURRENTLY USING TELEMATICS SAY THEY ARE LIKELY TO INTRODUCE SUCH A SYSTEM IN THE NEXT TWO YEARS

6.2 ACCEPTANCE OF DRIVER MONITORING

Q. How do/would you feel about your employer doing each of the following?



Base: 501 company car drivers
Source: Lex Autolease Driver Research 2015



THE COMPANY CAR OF THE FUTURE

Most Fleet Managers show a degree of scepticism about how much, if at all, company car drivers will start to be more accepting of telematics in their cars. Only 5% agreed strongly with this proposition, with a further 29% agreeing to a lesser degree.

What many Fleet Managers agree on is the improvement of management information that would result from the installation of telematics in company cars (57% of all Fleet Managers agreed with the statement 'telematics data would improve management information'). It was seen earlier in the report that management information is of much greater importance to larger fleets, so it is not surprising that managers of larger fleets are more positive about the management information benefits that telematics could bring.

The Britvic case study highlights that telematics is the start, not the end, of a solution, and that driver training, along with a detailed management plan, is essential if goals of improved fuel efficiency or improved driver behaviour are to be achieved. In last year's report, Telent Technology Services provided another case study illustrating how telematics can be used as a component in a broader management strategy to improve driver behaviour.

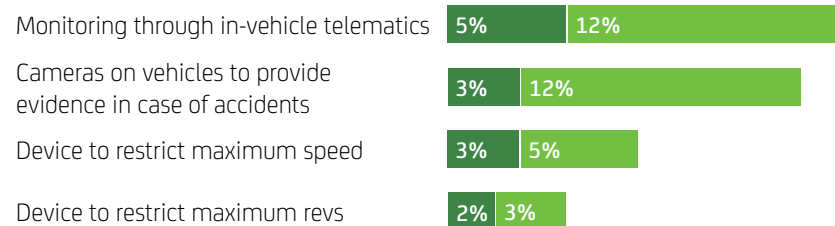
Many Fleet Managers also believe telematics would improve safety; 18% of Fleet Managers strongly agreed with the statement 'telematics data would improve driver behaviour', with a further 37% tending to agree with the statement.

The potential for the 'connected car' obviously goes well beyond the use of telematics. The prospect of partially or fully automated vehicles is now a technological reality, although there are still many regulatory and insurance hurdles to overcome before they are available to the public. The most high profile of these cars is that being developed by Google, which is being tested on roads around the world. The UK Government recently announced that it believes the UK is also a good location for such trials. As well as Google, many of the car manufacturers are developing their own programmes and many believe that technically, at least, these could be available within two to five years.

6.3 FUTURE USE OF CAR RESTRICTORS AND TELEMATICS

Q. How likely are you to introduce each of these over the next two years?

■ QUITE LIKELY ■ VERY LIKELY



Base: Fleet Managers not currently using each
Source: Lex Autolease Fleet Manager Research 2015



CASE STUDY BRITVIC

THE ORGANISATION:

Britvic is a leading international manufacturer and distributor of soft drinks, employing 1,800 people in the UK. It has a team of 91 technical staff installing drinks dispensing equipment into pubs, clubs and other outlets.

THE CHALLENGE:

As part of its four-yearly review of suppliers, Britvic were looking to improve the fuel efficiency and running costs of the LCVs used by the Technical Team, in a drive to increase profitability and reduce their environmental footprint.

THE SOLUTION:

Britvic, in collaboration with Lex Autolease, designed a scheme utilising the latest in telematics combined with detailed management reporting, driver incentives and training to reduce the running costs of their vehicles. The Masternaut telematics systems they now use provides an

'in-cab coach' notifying drivers of poor driving behaviour. This was introduced through a strategy involving an initial pilot scheme, driver briefings, incentives, and follow-up training to improve individual driving styles. In parallel, Lex Autolease provided a dashboard reporting system monitoring off-road time, speeding fines, parking fines and other aspects of total running costs.

THE OUTCOME:

Since the introduction of the initiative, fuel efficiency has improved by around 10%, with the fleet now achieving 52mpg on average. Britvic's drivers are performing significantly better than average drivers using the Masternaut system. Simon Mohun from Britvic states that "whilst initially drivers were sceptical, the data has unequivocally shown that the scheme works, and it is now embraced by all the team."

“The success of this scheme is not about telematics, it is about better fleet management utilising the enhanced data telematics is able to provide. By working in partnership with Lex Autolease, we have designed a total fleet management strategy that delivers tangible financial, environmental and safety benefits. It is important to engage with drivers at an early stage – they have the knowledge to help design an effective scheme and it is essential they buy in to the plans.”

SIMON MOHUN, REGIONAL TECHNICAL SERVICE MANAGER, BRITVIC

THE COMPANY CAR OF THE FUTURE

6.4 SUPPORT FOR CAR AUTOMATION

Q. For each of these, please select how much you support their introduction.

■ STRONGLY SUPPORT ■ TEND TO SUPPORT

Driverless cars that require no human input, apart from setting the required destination



Automated systems that take over all aspects of driving when a car is on a motorway



Automatic steering systems, designed to stop cars wandering out of their lane



Automatic braking systems that take over when they sense an imminent accident



Warning systems, that sense when drivers are falling asleep or losing attention



Base: 1,041 drivers in employment
Source: Lex Autolease Driver Research 2015

Drivers in this year's survey were asked about how much they supported the introduction of different levels of automation on cars.

■ 68% support the introduction of automatic steering systems designed to prevent cars wandering out of their lane.

Those systems that are already available on some vehicles as an option, are broadly supported:

- 85% support the introduction of warning systems that sense when a driver is losing attention.
- 75% support the introduction of automatic braking systems that sense and respond to an imminent accident.

People are more sceptical, or indeed frightened, about the next big steps. These include 'road trains' on motorways, where the car takes over from the driver in designated lanes, or full automation, where the 'driver' plays no role on any journey. 38% support the 'road train' concept, and 25% full automation. There is stronger support for full automation among men and younger people.



85%

OF DRIVERS SUPPORT THE INTRODUCTION OF WARNING SYSTEMS THAT SENSE WHEN A DRIVER IS LOSING ATTENTION



It can be hypothesised that had this research been done ten years ago, there would have been less support for such ideas as automatic braking, but now the system has been proved, there is almost unanimous support. Ten years from now, if and when Google and others have had their automated cars on the road without incident for some time, we may see equally widespread support for this idea.

Fleet Managers share the current scepticism of drivers; only 27% of Fleet Managers agree with the statement 'automated driving would make sense on motorways', while 26% agree that 'driverless cars will be on our roads within ten years'. A development that many Fleet Managers (45%) do see happening in the relatively short term, is to be able to remotely download management system upgrades for cars.

6.5 FLEET MANAGER EXPECTATIONS ON NEW TECHNOLOGY

Q. How much do you agree with the following statements about new technology in cars?

■ AGREE A LITTLE ■ AGREE STRONGLY

Manufacturers will be able to provide downloads upgrading car management systems within 5 years



Automated driving would make sense on motorways



Driverless cars will be on our roads within 10 years



Base: 249 Fleet Managers
Source: Lex Autolease Fleet Manager Research 2015

EXECUTIVE SUMMARY

1. THE CHANGING ROLE OF COMPANY CARS

2. WORKING LIFE BEHIND THE WHEEL

3. THE CHANGING PROFILE OF FLEETS

4. TODAY'S MULTI-TALENTED FLEET MANAGER

5. EMPLOYEE SAFETY ON THE ROAD

6. THE COMPANY CAR OF THE FUTURE

7. APPENDIX

EXPERT OPINION

THE FUTURE OF THE COMPANY CAR

It is without doubt that over the last 10 to 15 years new vehicle technologies have had a big impact on the fleet operator.

Often, new technology begins as an expensive option on high-end luxury vehicles, but if they prove popular, desirable or even a breakthrough in vehicle safety, soon these technologies become mainstream or even legislated for on all cars. Examples of this such as Anti-lock Braking Systems (ABS) have followed this path, often with fleet operators leading the market by insisting all vehicles on their fleet adopt these technologies as standard equipment.

We are now seeing much more new technology arriving in our vehicles, which are making this transition from luxury options to potentially standard fit across all car models; self parking, driver monitoring systems, automated SOS emergency services notification, lane departure warning/correction, connected vehicles etc. More importantly, looking to the future, the autonomous vehicle is looking to be a very real proposition and in the not too distant future.

All this has an impact on fleet operators, as they are typically the early adopters with an eye on cost savings, safety and efficiency. Fleet operators will be evaluating these technologies, the benefits, the barriers, the legal implications and how their vehicle allocation policies will

need to change to adopt them. The automotive industry is moving at pace, with companies like Google and Apple showing an increasing interest in this sector, and fleet operators need to be nimble and informed to ensure they fully benefit from these advances.

It is no longer science fiction that employees in the future will be able to work whilst travelling on motorways in their company cars, without the need for them to drive.



CHRIS CHANDLER

Principal Consultant,
Lex Autolease

LEX AUTOLEASE

CALL FOR ACTION

Behaviour monitoring is an emotive issue for most people. To increase acceptance of telematics in cars it is important to identify the benefits for the employee. For example, a driver could reasonably expect to spend 10% less on fuel and may also become a safer driver.

The key to the success of telematics is to ensure you know what you want from the system and what you want to do with the data. It is the policies and management of the vehicles and drivers that yield the cost and operational efficiencies.

Acceptance of new technology in cars has historically been very positive; even 15 years ago, the idea that

a car could park itself would have been science fiction. We therefore think that it is realistic to expect attitudes will change quite quickly regarding autonomous cars. But the systems must prove to be safe and legally robust.

We commend the Government on allowing testing of such cars and we all need to keep a watching brief on this almost inevitable development.



7

APPENDIX

As well as our research methodology and contact information, this appendix includes useful benchmarking data for all fleets.



APPENDIX

BENCHMARKING YOUR FLEET

Lex Autolease has the largest fleet in the UK, managing 306,183 vehicles, including 224,064 cars and 82,119 light commercial vehicles (LCVs)*.

Lex Autolease's customers cover the spectrum of organisations, large and small, from all parts of the UK and working in all sectors. As such, the Lex Autolease fleet represents a good cross-section of company cars and vans on the UK's roads.

In the next few pages, aggregated data on the Lex Autolease fleet is shown. These data are shown for the period 2011 to 2014, and the 2014 data has been split by fleet type. Obviously, each organisation has different needs from its vehicles, but it is hoped that sharing this information will provide decision makers with useful benchmarks.

Notes:

1. The data for each year, refers to the date in which the contract for each car/LCV was agreed. i.e. the CO₂ emissions for cars/LCVs on contracts agreed in that particular year.

2. Funding share relates only to vehicles directly controlled by Lex Autolease corporate customers. Lex Autolease also offers vehicles funded by other methods such as Employee Car Ownership Schemes or contract purchase, but these vehicles are excluded from this analysis.

3. The figures on the proportion of cars fuelled by petrol, includes a small number of vehicles that are hybrid petrol/bio-ethanol.



* Statistics from 31 July 2015

		2011	2012	2013	2014	2014		
						SMALLER FLEETS (UNDER 500 VEHICLES)	LARGER FLEETS (OVER 500 VEHICLES)	PUBLIC SECTOR (ALL SIZE FLEETS)
1. COMMERCIAL ARRANGEMENTS – CARS								
FUNDING SHARE	CONTRACT HIRE	98%	98%	98%	96%	93%	98%	100%
	FINANCE LEASE	1%	1%	1%	1%	1%	0%	0%
	CONTRACT PURCHASE	1%	1%	1%	3%	6%	2%	0%
CAPITAL COST OF VEHICLE	LIST PRICE LESS DISCOUNT	£16,820	£16,920	£16,910	£17,568	£19,270	£15,412	£12,738
CONTRACT MILEAGE PER ANNUM	MILES	20,500	19,600	19,000	19,100	18,200	21,600	13,500
2. SPECIFICATION OF CARS								
FUEL SHARE	DIESEL	90%	88%	83%	78%	81%	74%	67%
	PETROL	8%	10%	15%	19%	15%	24%	32%
	ELECTRIC/HYBRID	2%	2%	2%	3%	4%	2%	1%
CO ₂ EMISSIONS	DIESEL G/KM	122	124	122	118	123	110	111
	PETROL G/KM	144	138	131	125	131	121	114
	ALL	127	125	123	118	121	112	111
BODY STYLE SHARE	HATCHBACK			47%	54%	45%	65%	76%
	ESTATE			31%	29%	36%	19%	17%
	SALOON			11%	14%	16%	12%	3%
	COUPE			4%	2%	2%	2%	1%
	OTHER			7%	2%	1%	2%	2%
TOP 5 MODELS	TOP SELLER	VW GOLF	BMW 3 SERIES	AUDI A3	AUDI A3	AUDI A3	FORD FIESTA	FORD FOCUS
	SECOND BEST SELLER	BMW 3 SERIES	VW GOLF	VW GOLF	FORD FOCUS	VW GOLF	FORD FOCUS	PEUGEOT 208
	THIRD BEST SELLER	VAUXHALL INSIGNIA	VAUXHALL INSIGNIA	VAUXHALL ASTRA	VW GOLF	BMW 3 SERIES	VAUXHALL INSIGNIA	FORD FIESTA
	FOURTH BEST SELLER	VAUXHALL ASTRA	VW PASSAT	BMW 3 SERIES	VAUXHALL INSIGNIA	BMW 5 SERIES	AUDI A3	NISSAN JUKE
	FIFTH BEST SELLER	AUDI A3	AUDI A3	VAUXHALL INSIGNIA	FORD FIESTA	VAUXHALL INSIGNIA	VW GOLF	FORD MONDEO

* AVERAGE FOR SMALL FLEETS, LARGE FLEETS AND PUBLIC SECTOR FLEETS SERVICED BY LEX AUTOLEASE

		2011	2012	2013	2014
FUNDING SHARE	CONTRACT HIRE	99%	81%	71%	78%
	FINANCE LEASE	1%	4%	29%	21%
	CONTRACT PURCHASE	0%	15%	0%	0%
CONTRACT MILEAGE PER ANNUM	MILES	19,300	17,300	16,200	18,300
2. SPECIFICATION OF LCVS					
BODY STYLE SHARE	CHASSIS CABS	11%	5%	9%	12%
	CAR DERIVED VANS	35%	43%	50%	25%
	LIGHT COMMERCIAL VEHICLES	53%	52%	41%	63%
TOP 5 LCV MODELS	TOP SELLER	FORD TRANSIT	FORD TRANSIT	FORD TRANSIT	FORD TRANSIT CUSTOM
	SECOND BEST SELLER	VAUXHALL VIVARO	PEUGEOT PARTNER	MERCEDES SPRINTER	PEUGEOT PARTNER
	THIRD BEST SELLER	MERCEDES SPRINTER	MERCEDES SPRINTER	VAUXHALL VIVARO	FORD TRANSIT
	FOURTH BEST SELLER	VW TRANSPORTER	VW TRANSPORTER	FORD TRANSIT CUSTOM	NISSAN JUKE
	FIFTH BEST SELLER	RENAULT MASTER	VAUXHALL VIVARO	VW TRANSPORTER	FORD TRANSIT CONNECT

RESEARCH DETAILS AND INFORMATION SOURCES

SURVEY OF FLEET MANAGERS

A survey of 249 people wholly or jointly responsible for managing the car fleets for their organisation. The survey was conducted online by an independent research company and it took respondents around 15 minutes to complete the survey. The sample was a mix of those working for large, medium and small companies, with a corresponding mix of fleet sizes. 57 people in the sample managed fleets of over 250 vehicles. Respondents were incentivised through provision of a copy of this report.

It should be noted in this and the driver survey, that, due to rounding, figures did not always add up to exactly 100%. Figures in the corresponding chart were thus adjusted to ensure the total was 100%.

SURVEY OF EMPLOYEES WITH CARS

A survey of 1,041 people in employment, who either had a company car (501 people), or had a privately owned car (540 people). The survey was conducted online by an independent market research company and took around 15 minutes for respondents to complete.

ANALYSIS OF LEX AUTOLEASE DATA

An analysis was conducted of the Lex Autolease fleet of vehicles, looking at trends in contract terms, cars and operational performance over the past four years.

CASE STUDIES

A number of Lex Autolease customers were asked to help with the report, by allowing Lex Autolease to develop case studies on their organisation, in order to illustrate important trends in the market. These customers were interviewed and a donation was made in their name to a charity of their choice, as a thank-you for their participation.

EXPERT INTERVIEWS

A number of experts provided their thoughts on key areas of development. A donation was made in their name to a charity of their choice, as a thank-you for their participation.

DESK RESEARCH

The report draws on data published by Government departments and other reputable sources.

AN OVERVIEW OF LEX AUTOLEASE

ABOUT LEX AUTOLEASE

Lex Autolease is the UK's leading fleet management and fleet funding specialist, offering vehicle leasing for fleets, large and small. Companies all over the UK trust us to take care of their vehicle leasing and we have nearly 100 years of vehicle leasing experience. Being part of Lloyds Banking Group gives us access to unrivalled resources and talent.

OUR PHILOSOPHY

At Lex Autolease, we want to build a vibrant business that our customers, colleagues and communities can be proud of. Our approach is to develop a close working relationship with businesses and public sector organisations, working side by side with them to help meet the challenges of running a fleet.

Customer First is a set of five principles, aligned to our core values, by which we manage our business. These principles ensure that we put the customer at the centre of everything we do and help us to become the first choice of leasing and fleet management provider.

PRODUCTS AND SERVICES

Lex Autolease offers a full range of funding and ancillary products and services, catering to the needs of fleets of all size, from a few vehicles to many thousands. Our in-depth expertise and knowledge means we can help our customers choose the best solutions for their fleet, and our ongoing product development helps them stay ahead of the curve.

FLEET SIZE

With a total funded fleet of 306,183 vehicles, including 82,119 commercial vehicles*, Lex Autolease is more than twice the size of our closest competitor.

CONTACT

For further information about Lex Autolease or any of the information contained within the report, please call 0344 824 0115 or email marketing@lexautolease.co.uk



FOREWORD

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For further information on our products and services,
please get in touch:

Visit: lexautolease.co.uk

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LEX AUTOLEASE

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