

 GOING GREEN: PART ONE

How mobility management and the electric drivetrain are opening the door to more sustainable Fleets



Introduction

Although CO2 emissions in the transport sector fell by an estimated 19.6% in 2020, due to the large reduction in the use of road transport during lockdowns and in business activity, it remains the largest emitting sector in the UK [1].

Fleet managers are therefore in a uniquely powerful position to influence not just UK CO2 emissions and help reach our domestic target of net zero by 2030, but also aid global ambitions to meet the increasingly salient 2050 Paris climate commitments.

This is particularly the case given that most company cars are sold into the second-hand car market, putting fleet managers in control not just of their own vehicles, but also a large proportion of used vehicles in the private market.

In the first of this two-part whitepaper, we look at some of the fleet procurement, vehicle utilisation and mobility management considerations that can help mitigate the environmental impact of both company vehicles, and those owned by employees but driven for business.



Going electric

Probably the most effective step any forward-thinking fleet manager could take would be towards the electrification of their fleet. Electric vehicles accounted for one in 10 UK registrations in 2020 – with the vast majority registered for business [2]. Certainly, the cost of electric vehicles (EVs) has been dropping, while charging times have been speeding up and battery ranges increasing.

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With the race to zero looming, model range and type will also improve, with many manufacturers pledging to add to the vast number of electrified models available and committing to being exclusively zero-emission by the end of the decade.

Most governments are also offering generous grants or tax breaks to encourage the move to electric.

To entice businesses to make the transition, an attractive and favourable tax scheme has also been introduced in the UK, whereby company car drivers and fleet operators choosing an electric car are subject to zero tax on Benefit in Kind (BIK) during 2020/2021. This increases marginally to 1% in 2021/2022 and 2% in 2022/2023.

A 100% First Year Allowance of any financial investment towards vehicle charging (until 31 March 2023) has also been implemented, as well as no taxable benefit for provision of free electricity for companies who allow employees to charge their own EVs onsite.

Furthermore, a financial incentive package – albeit a recently reduced one – is offered to EV owners in the UK, where 'plug-in car grants' up to £2,500 are available, as are purchase price grants for cars up to £35,000 and vans up to £6,000, dependent on size.

Fleet decision-makers should take time to weigh up their options – for some, retaining diesel on company car choice lists may prove the most prudent approach.

Purchase and lease costs for EVs still remain relatively high and residual values may simply not be strong enough to justify the purchase cost.

Diesel cars use an average of 15-20% less fuel than their petrol-powered counterparts – most noticeably on long motorway trips. Using less fuel means that diesel engines also produce less carbon dioxide [3].



Companies also need to look closely at the pragmatics of charging availability across the areas where they operate.

Ofgem's recently launched £300 million funding package for 200-plus net-zero schemes will certainly help towards alleviating range anxiety and accelerating the UK's EV growth plans, with new infrastructure planned to support 1,800 new ultra-rapid charging points at motorway service areas. A further 1,750 charge points will be supported in towns and cities [4].

Fuel policies should be reviewed on a regular basis to determine the most suitable approach, balancing cost-efficiency with environmental outcomes. Smart buying strategies and fuel discount structures can help in controlling costs in the short term, but the business case for EVs over the mid and longer-term will become ever more compelling.

Challenging employees to think differently about mobility

According to the BVLRA, the average car owned by an employee but used for business trips is around eight years old and produces 20% more carbon emissions than the average company car or rental car [5].

Trying to persuade such employees not to automatically default to their own car for business trips is inevitably challenging, but experience is showing that it can be done.

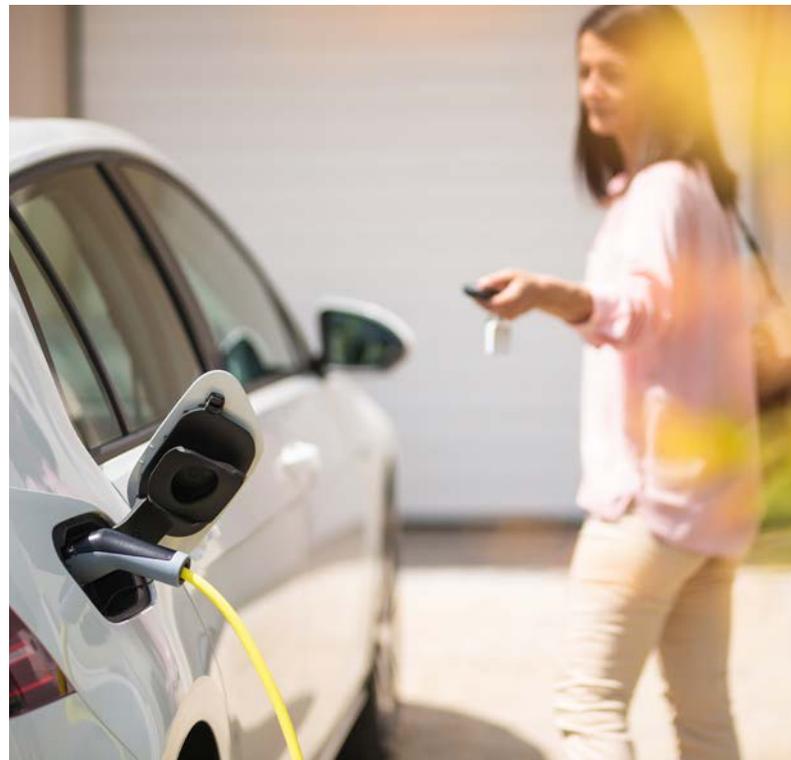
The UK's Energy Saving Trust, for example, has introduced a 'travel hierarchy' checklist to encourage employees to find the most cost-effective and greenest method of transport for a particular journey.

From questioning whether a face-to-face meeting is even needed, the list then goes through public transport, walking or even cycling options, before considering hire or pool cars and finally, as a last resort, their car.

Technologies are starting to emerge on the market to support this move to mobility.

For example, platforms are being created which offer integrated journey planner capabilities, with real time information about the availability of alternative transport and instant booking on a single platform.

As well as creating a more seamless, streamlined travel booking system, these applications can also help companies achieve their 'greener goals'. Restrictions can be put on more fuel-guzzling, environmentally harmful transport options and CO2 emissions calculations can be included for each travel option to help inform employees and encourage more environmentally-conscious decisions.



The wealth of data resulting from this all-in-one platform can also help inform businesses decisions, by identifying opportunities to improve travel costs and efficiencies.



Clubbing together

For companies where employees need to make only short journeys between different sites, electric car sharing can have a huge impact on CO2 emissions.

For longer journeys, rental cars, usually much newer and more environmentally efficient than employees' vehicles, can also reduce carbon footprint, but it's important to agree a CO2 emissions cap with rental suppliers to ensure that employees aren't 'upgraded' to gas-guzzling models when vehicle availability is low.

The evolution from fleet management to mobility management is bringing with it smart analytic tools that can help businesses optimise decisions in this area.