

INSIDE STORY

Green Fleet

Fleets have a major role to play in cutting vehicle CO2 emissions, according to a report by Professor Julia King on behalf of the Government. And while the report puts the emphasis on public sector fleets to lead the way, Professor King has called on the private sector to follow suit.

Data from the Society of Motor Manufacturers reveals that fleets are already leading the drive for low emission cars. Last year, 164.2 g/km was the emissions figure of the average new company car with around 40% of cars falling in the 18% benefit-in-kind tax bracket or below. The average new car emissions figure in the private sector last year was 165.8 g/km.

But, Professor King in her 'Review of Low Carbon Cars' report says organisations should look to choose the most efficient vehicles that meet their needs thus making a direct contribution to cutting emissions.

It is clear from a range of Government fiscal measures - company car tax, Vehicle Excise Duty, business car capital allowances - as well as ever-rising fuel prices and the possibility of the London congestion charge being based on CO2 emissions from October, that fleets and drivers that ignore the carbon-cutting warning will pay the price.

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Safeguard Against Rising Costs

Tax must become a key ingredient in wholelife cost calculations as a result of far-reaching changes to business car capital allowances that come into effect on April 1 next year.

Long-awaited changes to writing down allowances and the expensive car disallowance were announced in the March 2008 Budget.

While, the Government has yet to announce the fine detail of the new regulations, the rules create, what the British Vehicle Rental and Leasing Association has called a 'cliff edge' around cars with a carbon dioxide emissions figure of 160 g/km with 110 g/km a second benchmark.

The Government has decided that the corporation tax treatment of business cars will be based around emissions instead of list price. As a result:

- Cars with CO2 emissions of 160 g/km or below will attract a 20% writing down allowance.
- Cars with a CO2 emissions figure of 161 g/km and above will attract a 10% writing down allowance.
- The 100% first year allowance for cars with low CO2 emissions will be cut from 120 g/km to 110 g/km.
- A rental disallowance, which replaces the expensive car leasing disallowance, of 15% will apply to cars with CO2 emissions above 161 g/km.

Alison Chapman, head of automotive tax at Deloitte, which works closely with Venson, said: "Most companies ignore their cars' CO2 emissions because they assume that CO2 only affects the driver, even though employers' National Insurance contributions are based on the driver's benefit, which, in turn, is based on the

CO2 emissions of the car. Companies will now need to bring tax into their calculations of wholelife cost, otherwise it won't be the true wholelife cost."

Until the fine print of the new rules has been published, it is difficult to work out the winners and losers under the forthcoming regulations.



However, it is clear that the cars that will be worst affected by the changes in capital allowances and the lease rental disallowance will typically be lower cost, higher emitting vehicles.

Initial indications suggest that cars with emissions of 160-180 g/km and in the £20-£30,000 bracket will be more adversely affected than £50,000 high emission vehicles because of complex tax rules governing the amount of depreciation that can be offset against tax. So executive cars will still have a place on fleet choice lists.

Continued inside...

...Green Fleet story continued.

To promote the procurement of more efficient vehicles, the Government has already set its own average fleet car buying target of 130 g/km by 2010-11.

Professor King said: "Procurement by central Government departments and agencies represents only a small proportion of vehicles procured by the public sector as a whole. Significantly greater benefits could be achieved if the average emissions of vehicles procured across the whole of the public sector could be similarly reduced."

And, she adds: "Private sector organisations should also look to reduce CO2 emissions from their vehicle fleets."

Her agenda for change suggests that a typical car driver could reduce their vehicle CO2 emissions by 25% by choosing the most efficient vehicle in their preferred class.

There are a total of 40 recommendations in the report including:

- Existing low emission vehicle technologies brought from 'the shelf to the showroom' as quickly as possible.
- The introduction of colour-coded car tax discs to aid vehicle selection.
- The strengthening of advertising regulation to provide clearer information on vehicles.
- Redesigning and making compulsory the current new car fuel economy label.
- Consideration as to whether the introduction of dashboard technology can encourage smarter driving.

Car Tax Guide

The Deloitte Pocket Car Tax Guide for 2008/09 provides all the key information you need to calculate the cost of your vehicle(s). To request your copy email info@venson.com

...Safeguard story continued.

Equally, cars such as models in the BMW 3 Series, Ford Mondeo, Renault Laguna and Ford Mondeo ranges that cost around £20,000 and emit less than 160 g/km could see monthly contract hire rate tumble by about £20 a month after corporation tax, according to the British Vehicle Rental and Leasing Association.

"The benefit of the changes could add up to a significant amount of money," said John Lewis, BVRLA director general. "The changes will bring the focus back from the headline tax rate to the after tax rate."

Mrs Chapman added: "161 g/km cars will become more expensive than cars up to 160 g/km for companies to buy or lease in tax terms. As a result, I expect a range of cars to no longer have a market within

the mainstream company car arena. The question is where the line is drawn. Is it 170 g/km, 180 g/km or another number?"

Venson's view: "There is a near 12-month transition period to go through and we must wait for the Finance Act to reach the statute book in the summer before we know the fine detail of the new rules. However, we are already undertaking significant financial modelling so customers will know the most cost-effective cars to operate for their own fleet requirements. Your account manager will be discussing with you the implications of the new rules on your current vehicle choice lists. However, as a general rule of thumb we recommend ensuring that choice lists, as far as possible, are capped at 160 g/km to safeguard against rising costs."

Vehicle Excise Duty

Radical reform of Vehicle Excise Duty due to come into effect on April 1, 2009 (see chart below) may not significantly influence company car buying decisions on its own, but could have a dramatic impact on the used car market.

With VED rates as high as £455 on cars with CO2 emissions over 255 g/km, residual value experts have warned that road tax will become an increasingly important aspect around the car buying decision of consumers in the secondhand market.

Consequently, with, in some cases, VED accounting for 15-20% of the value of a three or four-year-old car the marketplace values of some models could slump dramatically with the decline reflected in whole life costs and monthly rental rates.

Adrian Rushmore, managing editor at used car value experts EurotaxGlass's, said: "Fleets need to think about the VED implications and think about at least adopting some green credentials."

VED Band	CO ₂ emissions g/km	2008-9 (1) standard rate	CO ₂ emissions g/km	2009-10 standard rate	2010-11	
					First year rate	Standard Rate (4)
A	Up to 100	0	Up to 100	0	0	0
B	101-120	35	101-110	20	0	20
C	121-150	120	111-120	30	0	35
D	151-165	145	121-130	90	0	95
E	166-185	170	131-140	110	115	115
F	Over 186 (2)	210	141-150	120	125	125
G	Over 226 (3)	400	151-160	150	155	155
H			161-170	175	250	180
I			171-180	205	300	210
J			181-200	260	425	270
K			201-225	300	550	310
L			226-255	415	750	430
M			Over 255	440	950	455

1. 2008/9 rates took effect from March 13, 2008
2. Cars registered before March 23, 2006
3. Cars registered on or after March 23, 2006
4. Alternative fuel car discount 2009-10 £20 bands A-I, £15 bands J-M 2010-11 £10 all cars.

- Full details on all vehicle VED rates are available at <http://www.dvla.gov.uk/vehicles>

Driving Corporate Responsibility

Businesses and organisations found guilty of the new offence of corporate manslaughter (corporate homicide in Scotland) are expected to face fines running into millions of pounds and publicity and remedial orders following introduction of the new legislation.

The new legislation, which came into effect in April, should act as a prompt for all organisations to check that their occupational road risk management policies and procedures reflect best practice as outlined in the Department for Transport/Health and Safety Executive's 'Driving at Work: Managing Work-related Road Safety' guide, which can be accessed at www.hse.gov.uk/pubns/indg382.pdf.

In terms of work-related road safety, employers must ensure they have robust policies in place covering:

- Vehicles driven on business including privately owned cars and vans and make sure they are fit for purpose, maintained in accordance with manufacturer recommendations, insured for business use etc.
- Drivers - ensuring are they fit and competent to drive.
- Journeys - ensuring that distances travelled are not too long for the time allowed by employers.

Following a crash involving an at-work vehicle, the police will launch an investigation. They will be looking for evidence of why the vehicle was at the scene, the mechanical condition of that vehicle and the physical condition of the driver.

Investigators will also want a company to produce accurate records as to the number of hours that a driver has been on the road during a working week and show that a company's working practices are such that a driver would not be placed in a position whereby driving for excessive periods was a requirement. They will also want to

see vehicle maintenance records and what daily or weekly checks are carried out as to vehicle roadworthiness.

To ensure that fleet chiefs and company bosses have that information at their fingertips it is essential that they undertake an audit trail of their at-work drivers, the vehicles driven - both those operated by the company and those privately owned but used on business - and the journeys made.

The completion of a risk audit followed by actions, both immediate and on-going, to reduce the risk will show to the investigating authorities that a company is operating along best practice guidelines. Companies must adopt a systematic approach to the management of at-work road risk - a failure to do so will highlight a dysfunctional organisation and is likely to prompt further authority investigation.

As experts continually underline, addressing the issue of work-related road safety is neither financially or time demanding - it merely requires businesses to face up to their corporate responsibility.

However, anecdotal evidence suggests that many businesses fall a long way short of what would be expected in a court of law in terms of providing a robust duty of care to their staff and therefore compliant with the new legislation.

Venson has a long-standing partnership with DriveTech, one of the UK's leading providers of driving at work risk management, driver assessment and driver training solutions.

While Venson will undertake driver licence checks to ensure employees who drive on business have a valid licence, a range of other services, including online risk assessments and driver training are carried out in conjunction with DriveTech.

Organisations will be found guilty of corporate manslaughter if a death is caused by a gross breach of their duty of care that is substantially due to senior management failure.

Sentencing guidance to the courts on how the new penalties should be used remains under consideration by the Sentencing Guidelines Council.

But, the Sentencing Advisory Panel, which advises the Council, has already proposed that organisations found guilty of corporate manslaughter should face remedial and publicity orders - including advertisements in newspapers and on television and radio as well as letters sent to shareholders and customers - and fines of up to 10% of average annual turnover.

- **To discuss a Duty of Care review call 08444 99 1402 or email: info@venson.com**



Training To Reduce Costs

A properly thought through and well deployed driver training programme should be almost self funding, for it should produce serious fleet running cost savings, according to DriveTech, Venson's risk management partner.

Not everybody has to be put through relatively expensive practical training - that should be targeted at those who need it most, 'high risk' drivers.

'High risk' does not necessarily mean a bad driver. Employees are probably 'high risk' because of the mileage they do or the times of day they drive, and that has little or nothing to do with their individual behaviour whilst at the wheel, according to DriveTech spokesman Steve Johnson.

The first step is to put any driver who uses a vehicle for business-related purposes through a risk assessment, usually carried out online and at the convenience of the employee.

Once an employer knows where the problem lies they can address the issues and deploy a training programme that is targeted and therefore cost effective.

Mr Johnson said: "If the programme is well planned and executed, the incident rates should start to tumble over a short period of

time. Reducing crash rates obviously means less expenditure on the direct costs associated with them but the savings go far deeper than this.

"Insurance costs should reduce considerably because any insurer operating in the fleet sector knows the value of a professionally run driver risk management programme and its effect on claim patterns. Fuel consumption should reduce too, because many of the defensive driving techniques taught will even out the fuel-sapping peaks and troughs of typical driving patterns. The life of wear and tear items, like brakes and tyres, should also be extended following training because trained drivers should be far more mechanically sympathetic."

However, according to Mr Johnson there is one saving that cannot be overestimated - brand reputation.

He said: "The prospect of a high profile on-road incident involving fatalities should fill even the most experienced vehicle fleet manager with fear and dread. In this media savvy society in which we now find ourselves the negative news coverage is bad enough but consider this: If a company is found wanting under the terms of the new Corporate Manslaughter and Corporate Homicide Act there are mandatory publicity orders to contend with. I wouldn't want to be a PR director for any organisation in that situation."

Choose ESC Driver Safety

Safety and duty of care are two of the top three most critical issues for fleet decision-makers when selecting vehicles - but the vast majority fail to mandate electric stability control (ESC) as standard despite the technology being billed by supporters as the greatest lifesaver since the introduction of the seatbelt.

When selecting a vehicle, corporate fleet decision-makers cite vehicle reliability (94%), safety (89%) and duty of care (87%) as their three most important criteria.

However, when it comes to actually managing fleets, these safety concerns do not always translate into initiatives to improve the work-related driving safety of employees.

Vehicles equipped with ESC, which is also known by a number of other names by various manufacturers including ESP, are 25% less likely to be involved in a fatal crash than those without, according to Department for Transport research.

Separately, Thatcham, the Motor Insurance

Repair Research Centre, has calculated that more than 400 lives and 3,000 serious injuries on UK roads could be saved if all new vehicles were equipped with ESC.

Now, research by Bosch, which invented the technology has revealed that only 19% of 215 fleet decision-makers responding to a survey carried out in conjunction with ACFO (Association of Car Fleet Operators), ensure ESC is standard equipment on their company vehicles. The survey also revealed that:

- Only a third of fleet operators knew the benefits of ESC.
- Two-thirds of fleet decision-makers had never heard of ESC.

ACFO chairman Julie Jenner said: "The task now is for all fleet managers to demand that ESC is included in discussions with their vehicle supplier. Ask your vehicle suppliers

for cars and vans with ESC on board."

The call has been backed by organisers of the Europe-wide 'Choose ESC' campaign, which was launched last year by eSafety Aware! with backing from the European Commission and Euro NCAP among many others. In the UK the campaign is being led by automotive-led motor industry organisation RoadSafe.

David Ward, director general of the FIA Foundation and president of eSafety Aware! and the 'Choose ESC!' campaign, said: "I would urge all fleet operators to take this simple step: if you are thinking of renewing your fleet make sure it has ESC on board."

ESC is currently fitted as standard on about 45% of all new cars on sale in the UK and a handful of vans. The European Commission plans to make the anti-skidding technology compulsory on all new cars sold within the European Union from September 2011.



DON'T TAKE OUR WORD FOR IT

Keeping Up Standards and Ensuring Availability

RIVER ISLAND

With around 200 stores in the UK and a growing international franchise presence River Island is at the forefront of the high street fashion market. With over 50 years of fashion retailing experience, it is one of the UK's largest and most successful privately owned companies. River Island is proud of the fact that it designs nearly everything it sells to ensure that its products have unique appeal on the high street.

Staying in control where it counts is a philosophy that River Island maintains in the day-to-day running of its business and this has contributed to the company's successful track record. River Island is keen to ensure that standards are high not only on the high street but internally as well. It is therefore no surprise that it applies these rules to the acquisition and management of its fleet of private company cars.

With a 240-strong fleet of cars spread over the UK, it is critical that these vehicles are rigorously maintained and effectively managed on behalf of the company's drivers. Any service, maintenance, accidents or repairs must be dealt with quickly, causing a minimum of disruption to the individual and the business. The Fleet Management Division for River Island, which is based in the Head Office at Chelsea House, London, is responsible for acquiring and maintaining the 240-strong fleet. The Fleet Management team procures vehicles directly but outsources the service maintenance, accident management and vehicle disposal elements to Venson (the UK's leading, independent fleet specialist). By outsourcing to Venson, River Island has released internal resources, maintained maximum availability of its fleet and now exercises tighter control over fleet administration costs.

Striking A Balance Between Availability And Cost

Whilst River Island has always procured its own vehicles, preferring to remain in control of this aspect of the fleet, it has wisely outsourced the accident management, maintenance and vehicle disposal to an external supplier. In the autumn of 2002, River Island was becoming increasingly dissatisfied with the service offered by its incumbent fleet management provider, so the decision was taken to put the business out to tender. Lisa Condon, Fleet Manager of River Islands explains:

"As you can imagine our employees rely on their vehicles to effectively carry out their day jobs. With our incumbent provider, we were increasingly finding that cars were being left in garages for days on end, whilst waiting for repairs to be carried out. This was costing the business, not only in terms of the amount of time the vehicle was off the road but also in terms of money to provide interim replacement cars. In addition, it was also very time consuming for our internal fleet management team who were constantly on the phone chasing delivery dates.

We therefore decided to put the business out to tender and invited three companies to submit proposals. After a rigorous selection process, we finally awarded the contract to Venson. We felt that Venson demonstrated real expertise in fleet

management – the company was a specialist provider for all the services we needed.

The Venson team were superb and extremely responsive. We met the entire team involved with our business at least once before we started. We found that Venson recommended the solutions that we needed and that there were no prescribed services. This was a refreshing change from our previous experience."

Taking The Headache Out Of Fleet Management

On a day-to-day basis River Island procures vehicles as and when they are required. Venson provides a comprehensive fleet management service that is unrivalled in the industry. Occasionally River Island sources pricing from Venson and also requests that Venson dispose of vehicles on its behalf. The vehicles coming to the end of their fleet lifecycle are generally offered internally to employees and should they not be of interest, Venson arranges for these vehicles to be sold at auction and sale proceeds returned to River Island.

Typically, when there is a problem (such as an accident resulting in damage to one of the vehicles), the driver's first point of contact will be the Fleet Management team at River Island to register and log the event. However, from there on the problem is handed over to Venson to deal directly with the driver until the issue is resolved. Venson manages a database of detailed vehicle and fleet information on every driver, including full contact details. Venson can therefore guarantee that any query is dealt with promptly and that high service levels are always maintained.

In summary, Venson provides:

- Mechanical and accident repairs.
- 24/7/365 vehicle response services.
- Inspections, servicing, MOTs, insurance claims and renewals.
- A specialist collection and delivery facility.
- Comprehensive driver liaison and advisory services.
- Disposal of fleet.

River Island and Venson have a fixed priced contract in place, which is reviewed on an annual basis. This allows River Island to calculate the costs for service maintenance and fleet management in advance. This partnership has enabled River Island to set challenging targets for vehicle availability, against which Venson has consistently delivered.

Commenting on the success of the relationship thus far, Lisa Condon concludes:

"Today, we find that any queries are dealt with straight away and the internal Fleet Management team feels confident that we are delivering a value-for-money service to our drivers. We have a good relationship with Venson and the fleet service is now seamless, convenient and of a high standard."

- To find out more about how we can make a difference to your fleet call 08444 99 1402 email: info@venson.com or visit www.venson.com



LAST WORD

EXPERIENCED FLEET INDUSTRY LEADER JOINS VENSON BOARD

Andy Brown, well-known fleet industry stalwart joined the company this month, in the new post of Operations Director. Andy, has been in the fleet industry for almost 30 years and has held board-level posts with a number of the UK's leading contract hire and leasing companies including, most recently, being operations and customer services director for Inchcape Fleet Solutions.

Andy joins the company's Board of Directors, which is led by Managing Director Samantha Roff, and also includes Sales Director Simon Staton and Finance Director Anthony Richman. Together, the trio have worked for the company for almost 30 years.

On joining Venson, Andy said: "I look forward to aiding growth and helping to further establish Venson as a major name within the fleet industry because, at the moment, I believe the company is a well-kept secret. Among its rival suppliers, Venson

already has a reputation for high quality customer service, which is well-known by its existing customers. Many of the UK's largest vehicle leasing and fleet management companies are struggling to deliver high quality service, which customers want. My experience in fleet operations can, I believe, further help the company stand out against major competitors."

Samantha Roff said: "We are delighted to have recruited a person with Andy's vast industry experience to be our first Operations Director. His initial focus will be on further developing our relationships with many of our suppliers to deliver an ever better service to our customers."



Combating Driver Fatigue

Driver tiredness accounts for about one fifth of crashes, and is responsible for around 300 deaths per year on the UK's roads with company car and van drivers particularly vulnerable.

Now, the Department for Transport has launched a major driver tiredness campaign under its THINK! banner as part of its wider and ongoing 'Driving for Work' safety initiative.

The fatigue campaign 'Tiredness Kills' has been developed specifically with the work driver in mind and follows recent campaigns on mobile phone use prevention and cutting speed both targeted at at-work drivers.

Department for Transport research has highlighted that people who drive for work are an 'at risk group' because drivers

typically talk on mobile phones, speed and drive while tired. The problem is, say ministers, that they do not recognise themselves as being at risk. Road Safety Minister Jim Fitzpatrick said: "We all want to finish our journeys as quickly as possible but being tired at the wheel is a proven killer that we cannot ignore."

Dr Neil Stanley, a sleep expert from the Clinical Trials and Research Unit at the Norfolk and Norwich University Hospital, said: "Yawning means you're on the road to falling asleep - so if you're yawning behind the wheel it really is time to pull over."

Top tips to avoid fatigue whilst driving:

- Have a good night's sleep before setting out, particularly if an early start is involved.

- Avoid making a long car journey if it involves travelling between 02.00 and 04.00 when the body's alertness is naturally low.
- Plan your journey to accommodate a 15 minute break every two hours.
- If you become tired, and you have to continue the journey, forget opening the window or turning the radio volume up - it doesn't work.
- The only way to combat fatigue is to stop somewhere safe, drink two cups of coffee or high caffeine drink and wait for 15 minutes for it to take effect before continuing.
- An even more effective way to deal with the problem is, in addition, to have a nap of at least 30 minutes but no more than one hour. Wake yourself with an alarm.

Source: DriveTech