

INSIDE STORY

Basic Measures Can Cut Fuel Bills By Ten Percent

Fleet operators must use every tool in their armoury to keep fuel costs under control and eliminate any unnecessary expenditure following pump price rises of up to a third in the last 12 months.

With fuel costs fast challenging vehicle depreciation as the single largest fleet-related cost for companies, tough management of fuel usage is essential to keeping operating budgets in check.

And, while that means fleets should review vehicle choice lists to ensure that the most fuel-efficient vehicles that are fit-for-purpose are promoted to drivers, there are numerous actions that businesses can take to cut fuel use and typically save around £1,000 per vehicle a year, according to the Energy Saving Trust.

Twelve months ago in September 2007, the average price of a litre of unleaded petrol was 95.2p (£4.33 a gallon) with the average price of a litre of diesel being 96.9p (£4.41 a gallon), according to the AA. Despite a slight drop in pump prices in the summer a litre of unleaded petrol is close to 118p (£5.36 a gallon) on average with a litre of diesel around 131.5p (£5.99 a gallon).

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Van CO2 Database Close To Realisation

An official database of van fuel economy and emission figures could be launched by early next year to enable fleet operators to 'green' their transport operations, but the proposals have been criticised as "too vague" and "not good enough".

The Government's decision to introduce a company car benefit-in-kind tax regime in 2002 gave rise to an official database of CO2 emission and MPG figures, which is managed by the Vehicle Certification Agency.

The published data is also widely available on other websites and in various magazines and is used by fleet decision-makers to compare and contrast both emission levels and fuel economy of rival models.

Now, with the ever-growing global environmental focus and companies looking to cut their carbon footprint there is increasing pressure from fleet decision-makers for similar van data to be published so vehicle comparisons can be easily made.

Since January 1, new legislation has meant van manufacturers have had to produce fuel economy figures and carbon dioxide emission figures for vans for the first time - but they don't have to publish them.

Although the data is made available to vehicle buyers in Germany and some other European Union countries, most manufacturers have chosen not to publish figures for vans sold in the UK.

Many claim that a single emissions figure and a single MPG figure for a model is meaningless, because vehicles are produced in so many derivatives, with varying bodystyles and engine options.

As a result, the Society of Motor Manufacturers and Traders is now

working with the Department for Transport to create a massive database of every model configuration.



It is expecting a full database to be ready next year and a spokesman said: "Producing figures for the van market is very complex because of the range of bodystyles, engines, load lengths and equipment that can be fitted to vehicles.

"The database we are planning would allow users to choose from available derivatives, so that the data available would be meaningful."

But John Lewis, director general of the British Vehicle Rental and Leasing Association, believes fleets need more definite plans and faster action.

He said: "The lack of data on van emissions is still one of the most common concerns raised by our members, who are trying to help their customers green their fleets. All they are getting at the moment are some vague promises that the manufacturers are working with the Department for Transport to release some figures.

Continued inside...

...basic measures story continued.

And, while Chancellor of the Exchequer Alistair Darling has postponed the planned 2p a litre rise in fuel duty in October, the world's voracious appetite for oil means that fuel prices are unlikely to return to pre-2008 levels.

Ray Holloway, director of the Petrol Retailers Association, says the recent dip in pump prices is a short-term seasonal adjustment reflecting reduced summertime demand.

He predicts that from late October until Christmas demand for crude oil will increase and, as a result, pump prices will rise again.

"The price of petrol will reduce more than diesel initially because there is greater demand for the latter. However, by Summer next year the price differential between petrol and diesel will close as diesel capacity rises," said Mr Holloway.

Therefore, crystal ball gazing suggests that by this time next year fleets can expect pump prices to be little different from now. But it only needs political instability in any of the major oil producing regions of the world or the hurricane season to disrupt production in the Gulf of Mexico to send oil prices soaring again.

With the days of 'cheap' petrol and diesel seemingly gone for ever and fuel now accounting for around 30% of motoring costs, the Energy Saving Trust calculates that businesses can cut those bills by at least 10% by taking 'basic' measures.

While refining vehicle choice to focus on models with class-leading fuel economy will help cut costs, a product of that strategy will be lower benefit-in-kind tax bills for drivers and lower corporate tax bills as such vehicles typically have lower emissions. A further bonus will be Vehicle Excise Duty savings.

The Energy Saving Trust has calculated that collectively organisations could save almost £3 billion a year by switching to fuel-efficient, low emission company cars. Savings would accrue in fuel bills and personal and corporate tax bills

Nigel Underdown, the Energy Saving Trust's head of transport, said: "The reasons are there for all to see: running vehicles costs a lot of money and fuel is not going to get cheaper any time soon. In addition, companies in the business-to-business sector won't get far when tendering for big contracts unless they can prove their environmental credentials."

Top tips for cutting fuel bills

- Promote cars with low CO2 emissions
- Ensure vehicles are regularly serviced - poorly maintained vehicles have higher fuel consumption
- Change into a higher gear at the most economical point - around 2,500 rpm (petrol) and 2,000 rpm (diesel)
- Check tyre pressure regularly - under inflated tyres are dangerous and can increase fuel use by up to 10%
- If in a jam switch the engine off - it saves fuel and emissions
- Remove unnecessary weight from cars. An unused roof box could increase fuel use by up to 10%
- Use optional equipment sparingly - turn the air conditioning off if not needed as it increases fuel consumption
- Stick to speed limits - driving at 85 mph rather than 70 mph uses 25% more fuel
- Identify opportunities to reduce mileage by recording and analysing business travel
- Record and analyse individual fuel consumption to encourage fuel-efficient driving
- Promote safe, economic and environmentally-friendly driver training
- Ensure mileage reimbursement rates are environmentally sensitive and do not encourage drivers to make excessive journeys
- Provide access to web sites and route planners to minimise vehicle mileage
- Promote satellite navigation and telematics to help drivers avoid congestion and use the most efficient routes to reach their destination
- Review arrangements for tele/video conferencing as an alternative to business travel

Sources: Society of Motor Manufacturers and Energy Saving Trust.

...van CO2 story continued.

"Frankly, this isn't good enough. It is starting to make us wonder what the real motives are behind this and what some manufacturers may be trying to hide".

In the short-term, the BVRLA is planning to launch its own database for the industry to meet the immediate requirements of the market and has said that the launch is "imminent".

Its database will include official emission and MPG figures and will also take into account vehicle weight and mass.

The data is being produced by automotive industry consultancy Clifford Thames, based on a methodology produced in conjunction with Cardiff University.

Venson managing director Samantha Roff said: "It is vital that van emission and MPG figures are available so that our customers can look to 'green' their light commercial vehicle operations just as they have their company car fleets".



"We recently conducted our own research to obtain CO2 emissions from the main manufacturers. Unfortunately Mercedes, Ford, Peugeot and Citroen were the only companies to give information freely. Vauxhall would only confirm over the phone and would not put anything in writing, plus they gave no figures on Movano range and VW would not give out any information at all. We will continue to push for this information to be made widely available and look forward to the BVRLA database becoming live soon."

Industry First - Electric Fleet Day



Electric vehicles have a key role to play in reducing the carbon footprint of companies and their fleet operating costs, according to Venson Automotive Solutions, which has the ambition to establish itself as the UK's leading electric vehicle leasing and fleet management provider.

The company made its stand at its inaugural 'Drive Electric 2008' event which was attended by around 80 fleet decision-makers at the Bruntingthorpe Proving Ground in Leicestershire.

Believed to be an industry-first from a vehicle leasing and fleet management company, the event proved to be a major fact-finding exercise for fleet decision-makers, many of who were in the dark over the pros and cons of electric vehicles as a viable fleet car or van.

During the information gathering day, Venson Automotive Solutions' customers and prospects had the chance to test drive electric vehicles from a range of manufacturers including Aixam Mega, smart, Smith Electric Vehicles and ZEV (Zero Emission Vehicles) as well as scooter maker Vectrix.



Managing director Samantha Roff said: "We have had many discussions with fleets over the last few months on how they can reduce their carbon footprint.

"Electric vehicles are already on the market and the range of vehicles - cars and commercials - is gradually expanding with mainstream volume manufacturers soon having them available.

We believe that in specific fleet roles there is a real opportunity to use these vehicles and benefit from cost savings. We organised the event to highlight those benefits to fleet operators."

Not only is Venson Automotive Solutions willing to lease electric vehicles today, but looking to the future Ms Roff said: "We want our own workshops to be approved by electric vehicle manufacturers to undertake service, maintenance and repair work on electric vehicles just as they currently do on petrol and diesel engine vehicles."

She concluded: "Venson Automotive Solutions has a track record for innovation. The electric vehicle fleet market is in its infancy, but we believe a market can be created and we want to be known as the UK's leading electric vehicle leasing and fleet management company."

Driving the future

The time for electric cars has finally arrived almost a century after the debut of the technology, according to leading international ecologist Julian Caldecott.

Experiments by engineers resulted in the first electric cars appearing in 1912, but today the growing global shortage of fossil fuels, the rising price of oil and worldwide concern over climate change has revived the focus on the emission-free technology, he told delegates at 'Venson Drive Electric 2008'.

The end of what Dr Caldecott called 'the fossil fuel binge' meant, he said: "The time for electric cars has finally arrived. Opposition from the oil companies and auto companies is no longer tenable."

However, while the move to electric cars and vans provides new opportunities for vehicle manufacturers, he warned that there remained issues to overcome.

While battery recharging remains a vital issue, Dr Caldecott, who has spent more than 20 years promoting biodiversity conservation and environmental sustainability around the world, singled out CO2 generation from the production of electricity as the overwhelming concern for environmentalists.

Dr Caldecott, who has worked for the United Nations Environment Programme, said: "Green electricity should be used as the way forward, generated from renewable sources. We cannot carry on burning fossil fuels. If we can solve the renewable electricity problem - and we know how to produce electricity from renewables - and we use electric cars then that means CO2 will reduce. That is excellent news."

What fleet decision-makers said

Steve Anderson, who is in charge of around 700 vehicles at South Yorkshire Police, said: "There could be zero-emission vehicle opportunities on police fleets with electric-powered used by, for example, scenes of crime officers and as delivery and service vehicles. Reducing our carbon footprint and saving money, while delivering an efficient service are core objectives of the force and it is up to me to find the best way to achieve those aims. In 12 months time I can see one or two electric vehicles on the fleet in specialised roles."

Gary Black, in charge of the 1,300-strong fleet of Burton-on-Trent-based Inspired Gaming UK Ltd and the 2008 Fleet News 'Fleet Manager of the Year - Large Fleets', said: "We are constantly looking at ways to reduce our carbon footprint and that means taking advantage of new technologies that are being developed. I am looking for evidence that electric vehicles are a viable alternative and not a white elephant."

Jon Wills, fleet manager at Prudential, which operates around 450 vehicles, said: "We have a campus site in Stirling and electric vans could be suitable for use when the current vehicles are due to be replaced. Electric vehicles are initially expensive and the technology is unproven. However, that needs to be balanced against lower operating costs and longer replacement cycles than for more traditionally-powered vehicles."

David Waller, head of central services at the Sandy-based RSPB, which operates a fleet of 265 vehicles, said: "As an organisation connected with the environment we need to be focused on vehicle emissions, which is why I want to find out the facts behind electric vehicles. There maybe opportunities for some electric vehicle use on our fleet in urban areas, for shuttle buses and as site vehicles."

Fleets to cash in on electric vehicle whole life cost savings

Whole life cost calculations by Venson Automotive Solutions reveal that fleets can save thousands of pounds per vehicle by turning to electric power for low mileage, urban stop-start journeys.

Whole life cost figures produced by the company reveal that in comparison with a diesel powered car or commercial vehicle the higher upfront cost and lower residual value and therefore higher monthly rental rate is offset over four years/60,000 miles by huge electric vehicle savings in service, maintenance and repair costs and fuel bills.

The company's calculations reveal that the total operating cost of a small diesel car over the replacement cycle will be £15,368. However, an electric car would start from around £12,575 to operate - a saving of £2,795 or 18%. Meanwhile, a small diesel van would start from around £16,435 to operate over four years/60,000 miles, £2,915 or 17% more than a small electric van (£13,520).

However, move to a larger light commercial vehicle (Ford Transit Connect) and the significantly higher acquisition price of the equivalent electric vehicle means it costs around a third more to operate over a five-year replacement cycle.

But, savings can be made if operated inside the London congestion charging zone, as electric vehicles are exempt from the daily charge. This means over the period a saving of £11,000, making the cost of running the larger electric van on a par to an equivalent diesel model. While the savings on the smaller vehicles, would further

accrue. Electric vehicles are also exempt from Vehicle Excise Duty and there are savings in corporate and benefit-in-kind taxes.

Venson Automotive Solutions' managing director Samantha Roff said: "We are happy to talk about leasing these vehicles to fleets. Our figures show that electric vehicles can be more cost effective to operate than equivalent conventionally powered vehicles.

"But, the cost dynamics are very different to standard petrol and diesel vehicles. Significant cost savings build up over a five to seven-year operating cycle with mileage of 10,000-15,000 miles a year. It is clear that electric vehicles should be considered very carefully in formulating fleet policies going forward because there are major whole life cost advantages once fuel has been taken into account, despite higher front end costs.

While the company admits that electric vehicle use is in its infancy Ms Roff said: "There are clear cost savings over longer operating cycles. In the current economic climate and amid global concerns over future oil price rises, we believe that electric vehicles are worthy of consideration for certain fleet vehicle operations. Additionally, implementing electric vehicles, particularly light commercials, as part of a wide ranging environmental strategy would be seen as a flagship move by corporates."



	Capital Cost	RV	SMR	Rental	Fuel	Electric Cost	Total
Small diesel car ¹	9,828	2,787	1931	209.34	5,320	0	£15,368
Small electric car ¹	10,267	2,340	700	240.33	0	1,040	£12,575
Small diesel van ¹	10,905	2,943	1,811	215.74	6,080	0	£16,435
Small electric van ¹	11,000	2,000	800	260	0	1,040	£13,520

	Capital Cost	RV	SMR	Rental	Fuel	Electric Cost	Congestion Charge	Total
Medium diesel van ²	£11,039	2,607	3,478	263.00	12,075	0	11,000	£38,809
Medium electric van ²	£32,500	6,000	1,800	611.00	0	1,751	0	£38,451

• Whole life cost figures calculated using a diesel fuel price of £1.25 a litre

¹ Whole life cost, 4 years/60,000 miles

² Whole life cost, 5 years/60,000 miles

Taking To The Road With Hybrid Pre-Contract Fleet

Growing corporate demand for low carbon emission vehicles from environmentally-conscious businesses has resulted in Venson Automotive Solutions launching its own fleet of green pre-contract cars.

The fleet of four Honda Civic Hybrids and three Toyota Prius hybrids replaces a fleet of diesel pre-contract vehicles at the fast-expanding company that provides bespoke vehicle funding, maintenance and management solutions to organisations within the private, public and emergency service sectors.

The pre-contract vehicles that are available to all customers fulfil a raft of short-term needs including:

- As a stop-gap measure for employees between the disposal of their current company car and prior to them taking delivery of their new vehicle
- Vehicle provision for new staff during the completion of a probationary period of employment prior to them taking delivery of their own company car

- Employees with a short-term car requirement on secondment to a UK-based business, particularly from sister companies in the United States and Europe

- Seasonal demands, particularly for temporary sales staff recruited to launch new products

Venson Automotive Solutions sales director Simon Staton said: "There is a growing corporate focus on environmentally-friendly motoring. That interest was further fuelled by the Budget which had a raft of measures in relation to company car tax, capital allowances and Vehicle Excise Duty all driving fleets and drivers in the direction of low emission vehicles to save money and cut transport pollution."

"We believe that hybrid vehicles have a growing role to play in fleet policies, but it is only by experiencing their attributes from behind the wheel that employees can truly appreciate their performance and environmental credentials."



Equity Insurance Group Extends Fleet Contract

Brentwood based Equity Insurance Group has signed a five year contract extension. Such a long contract remains unusual in the fleet industry and the deal was signed on the strength of a successful three-year business partnership with Venson.

Equity Insurance Group operates a 70-strong open choice mixed petrol and diesel fleet with Venson Automotive Solutions supplying vehicles on full maintenance contract hire along with fleet management and accident management. The one-stop shop service supplied by Venson is further augmented by Equity Insurance Group's company car drivers being able to obtain online quotes for new models that helps reduce fleet administration.

Equity Insurance Group business services manager Rob Bowen said: "With a number of impressive suppliers able to

supply bespoke fleet solutions to the market, the decision to extend our current contract with Venson is testimony to the first class service that has been provided over the past three years."

Venson sales director Simon Staton said: "The relationship with Equity Insurance Group has run very smoothly over the past three years. With our philosophy of Customer First, our staff place great emphasis on making all our customers feel valued and our account management teams in particular forge very close relationships with the fleets they are responsible for. This strategy continues to pay off in terms of account retention and is further emphasised by Equity Insurance Group extending their contract with us."

- To find out more about how we can make a difference to your fleet call 08444 99 1400 email: info@venson.com or visit www.venson.com

LAST WORD

Profile - Samantha Roff, Managing Director, Venson

Getting behind the wheel of her first company car - a Ford Fiesta XR2i - as a 21-year-old business development executive for a French-owned finance company, Samantha Roff thought she'd made it.

Little did Samantha know then that she would go on to build a career that would see her establish herself as the managing director of Venson Automotive Solutions - the only female boss among the UK's leading vehicle leasing and fleet management companies.

Samantha, who now combines the full-time role in the hot seat with motherhood, believes that her unique situation in the fleet industry has helped Venson promote a customer-focused ethos that encourages employees to take client responsibility.

Coupled with loyalty and flexibility, Samantha views responsibility, with customer-facing staff not allowed to hide behind the façade of call centres and answerphones, as crucial as she leads a Venson team that is gradually growing the business.

Samantha's single biggest frustration in life is being left hanging on the telephone by anonymous call centre staff. "I'm determined that will never happen at Venson," she said. "When helping to build Venson I have done everything in my power to make sure that doesn't happen and to ensure that staff, at whatever level, are accountable to customers."

After an initial career in finance, Samantha joined Venson as business development manager in 1996 with a vast financial product knowledge but knowing little about vehicles.

Charged with growing the vehicle leasing side of the business - at the time Venson had about 200 funded vehicles - she embraced the challenge by putting in place a range of financial solutions to help businesses fund their vehicles.

"Not being a petrolhead has not held either me or the business back," said Samantha, who's favourite company car was the Mercedes SLK convertible she took delivery of in the late 1990s. "Being female has been a positive in a male-dominated industry."

And, she would like to see more women involved in the contract hire and leasing industry - and not just in the sales and customer service sectors - but as technicians employed in workshops, for example. Venson has its own workshops but has been unable to find female mechanics.

At the heart of Venson's growth has been a record of first class customer service delivery and Samantha believes that the ability to retain business - no client has been lost since the company changed ownership at the end of 2006 when she became MD - is a reflection of a solid staff retention record.

Average length of service in Venson's customer service team is five years and staff employed for more than three years in the business receive additional benefits, including longer holidays.

"Venson rewards staff because we recognise their contribution to the success of the business," said Samantha. "Loyalty works both ways and I think it can often take a female touch to recognise that, particularly when staff are off on maternity and paternity leave".

"We believe in flexibility with our staff and our customers. Everything is possible and we will make changes to enable the wishes of staff and customers to be met."

And that includes women on maternity leave. Samantha explained: "Pregnancy is an interruption for companies, but businesses must work around that. I want to ensure that women feel able to return to work following maternity leave. We give them flexibility, they return that with loyalty and we retain valuable skills within the business, it really is a win win situation.

"Job share and part-time work is very much part of Venson's employment terms. Many companies have a long way to go in terms of flexibility and ultimately this means they lose valuable people".

Finally, the single issue that Samantha would like to change about the fleet industry is the fact that in today's 24/7 world, leasing and fleet management is perceived as a business where everything is 'free'.

"Banking is in crisis at the moment because intense competition has resulted in crazy unsustainable offers being brought to the market. We must not let that happen in the leasing and fleet management sector," she said.

"Everything in a service driven business such as ours has a value, but some companies are prepared to do business at any price. That is ultimately a recipe for disaster with the provider closing and customers being left high and dry".

"I want to run a business that delivers what it promises and builds a partnership with its customers for the long-term."

