



Europcar

moving *your* way

Switching sustainability from buzzword to business benefit

AN INDEPENDENT REPORT FROM EUROPCAR

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Foreword

What does sustainability mean for business?

With increased understanding of our impact on the world, 'sustainability' has become something of a buzzword. Sustainable energy, sustainable food supply chains, sustainable clothing, sustainable travel, sustainable business to name a few.

Today, the term sustainability is commonly used when discussing reducing environmental impact. But it goes further than that. Businesses that look closely at their operational behaviours and make considered changes will cut costs and improve efficiency as well as reduce their impact on the environment. The two objectives should go hand-in-hand.

Mobility is a major contributor to business carbon emissions. It can also have a significant impact on budgets. As such, setting sustainability targets for business mobility can bring valuable commercial and environmental benefits.

The hybrid working model, which has become increasingly accessible and popular since the first Covid-19 lockdown, is certainly changing some aspects of business travel. The ability to work remotely and meet virtually is reducing general commuting and business travel. This, in turn, encourages more efficient use of time for meetings. It also reduces costs and congestion on the roads. However, people and goods still need to get from A to B and businesses are thinking about how this can happen more efficiently and with less impact on the environment in the future.

Changing a business policy on travel not only saves money; it saves emissions too. Which is why businesses are now asking what forms of mobility can be used for a trip? Where can multiple tasks or meetings be handled by one journey? Can employees share journeys? Even small changes add up; every petrol or diesel vehicle mile removed from the road reduces carbon emissions.

Planning for new Clean Air Zones and the extended Ultra Low Emission Zone in London, as well as looking ahead to the 2030 ban on the sale of new petrol and diesel vehicles, is also critical. But with employers already facing rising costs for everything from insurance and fuel to new vehicles, can they really afford to upgrade their fleets now?

We spoke to 300 professionals responsible for fleet management and business travel decisions, to find out about their current operations as well as their priorities and plans for the future. In this paper we share the findings and explore some of the options available to help businesses meet sustainability targets as soon as possible. I hope it will provide useful food for thought and insight to inspire further progress to make the planet better.



Mark Newberry

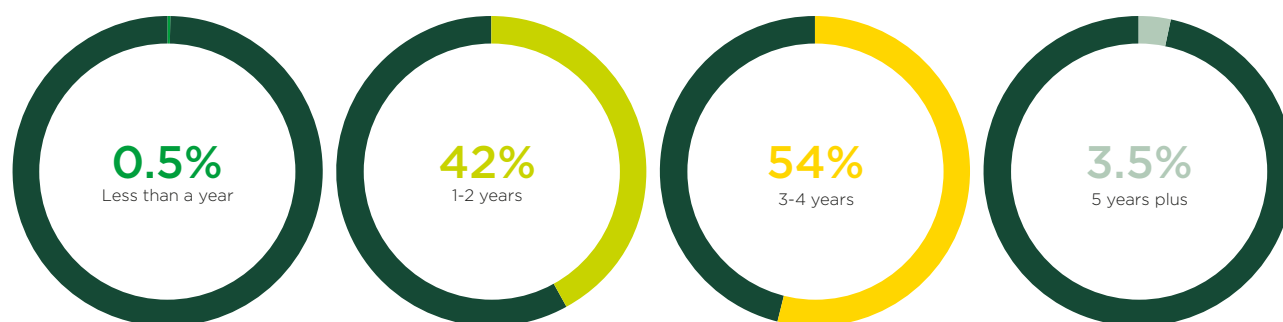
*Commercial Director and Sustainability spokesperson
Europcar Mobility Group UK & Ireland*

CHAPTER 1

The current make up of UK company fleets

More than half of respondents stated that the average age of vehicles on their fleet is 3-4 years. This is potentially hampering their ability to meet emissions targets. Newer petrol and diesel vehicles produce less carbon dioxide at the tailpipe, but replacing an entire fleet with brand new vehicles every year or two years is financially unsustainable for most businesses.

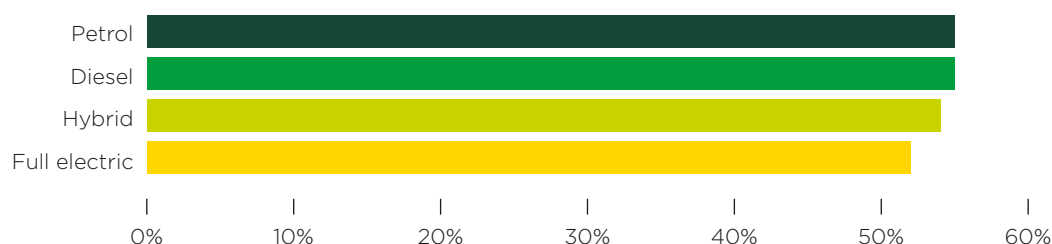
WHAT'S THE AVERAGE AGE OF YOUR COMPANY CAR FLEET?



Encouragingly, 54% of respondents said they already have hybrid vehicles on fleet; 52% have at least some fully electric vehicles. However, the reality is that very few businesses are able to make a wholesale switch to electric right now.

Instead, a transitional strategy, reducing emissions alongside testing new powertrains, is being widely adopted and will become ever more important as current fleet vehicles age.

WHAT TYPE OF CARS MAKE UP YOUR FLEET?





CHAPTER 2

Market pressures

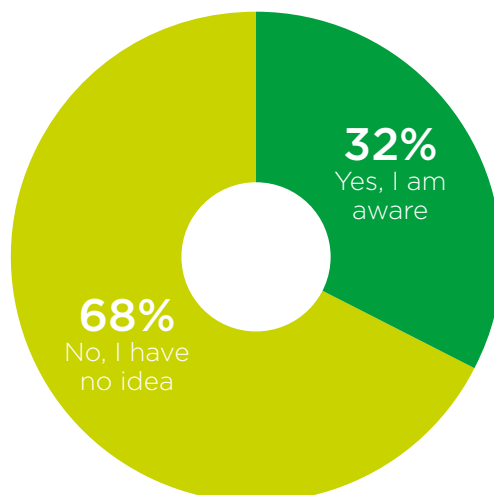
Brexit, Covid-19 and Russia's invasion of Ukraine are just some of the events to have had a dramatic economic impact on the UK in the last few years. An industrial strategy built for the future, encouraging inward investment in battery plants and electric vehicle manufacturing, has also been somewhat lacking. The lasting effect of these issues means business mobility and fleet management are experiencing greater pressure than ever before.

The cost of fuel, drivers and vehicles are all rising¹ due to multiple global factors. The driver shortfall is growing² largely thanks to post-Brexit employment restrictions. Supply chains continue to struggle to keep up with demand.

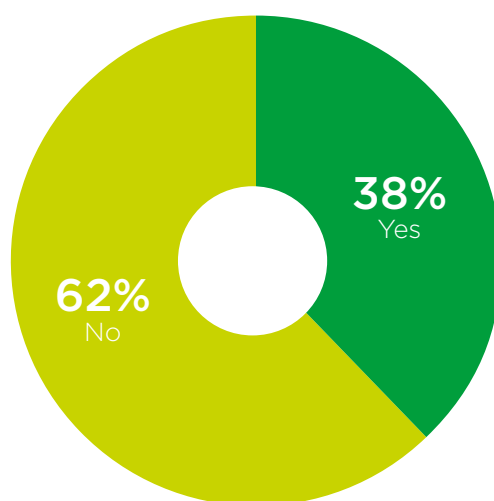
Another factor facing so many businesses is the growing prevalence of clean air, low, ultra low and zero emission zones springing up in key cities around the UK. Local authorities are under pressure from central government to address pollution and congestion issues. But for many businesses, the cost of non-compliant vehicles going into these zones is another difficult challenge. They need to get to their customers but they can't always afford to make a wholesale upgrade of vehicles.

Recent LinkedIn polls carried out by Europcar found that two in three people (68%) "have no idea" how many Clean Air Zones (CAZs) there will be in the UK by the end of 2023. Despite many of these zones not having fully launched, 38% of respondents confirmed their business has already incurred CAZ charges.

DO YOU KNOW HOW MANY CITIES IN THE UK WILL BE A CLEAN AIR ZONE BY THE END OF 2023?



HAVE YOU NEEDED TO INCUR CLEAN AIR ZONE CHARGES AS PART OF YOUR BUSINESS?



Clean Air Zones are already in full or partial operation across eight UK key cities³, with more planned in the future. There is also a pilot scheme for a Zero Emissions Zone (ZEZ) in Oxford⁴ and the Ultra Low Emissions Zone⁵ (ULEZ) will be extended to cover all London Boroughs in August 2023.

Clearly businesses need to adapt their mobility choices to avoid CAZ fees hitting their bottom line, so it is unsurprising that 41% of those surveyed for a recent study⁶ confirmed that the environmental impact of their fleet was their biggest fleet-related concern.

On top of that, the post-Covid increase in home working is creating issues for classification of journeys and workplaces⁷. There is also mounting government pressure for businesses to upgrade to newer, less polluting vehicles. It's hard for fleet managers to know where to start to tackle such widespread challenges.

CHAPTER 3

Sustainability targets

The Europcar study of 300 fleet decision makers showed that businesses are looking at several sustainability targets directly related to mobility.

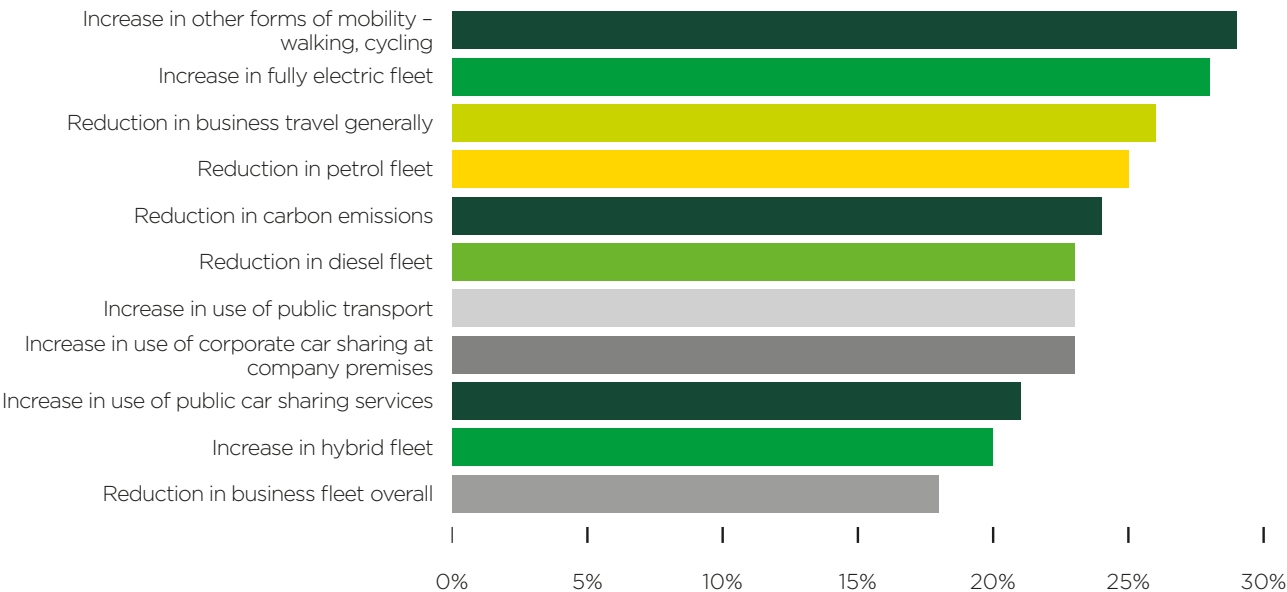
On your bike!

The most common, a target for 29% of respondents, is to increase use of alternative mobility solutions such as cycling and walking. This was closely followed by increasing the number of electric vehicles on fleet (28%) and an overall reduction in business travel (26%).

It is encouraging to see so many positive changes planned for the coming two years, but it is not just about planning for the future. Businesses have already made many important changes to their mobility policies and operations.



WHAT, IF ANY, ARE THE CURRENT SUSTAINABILITY TARGETS OF YOUR ORGANISATION BY 2025?

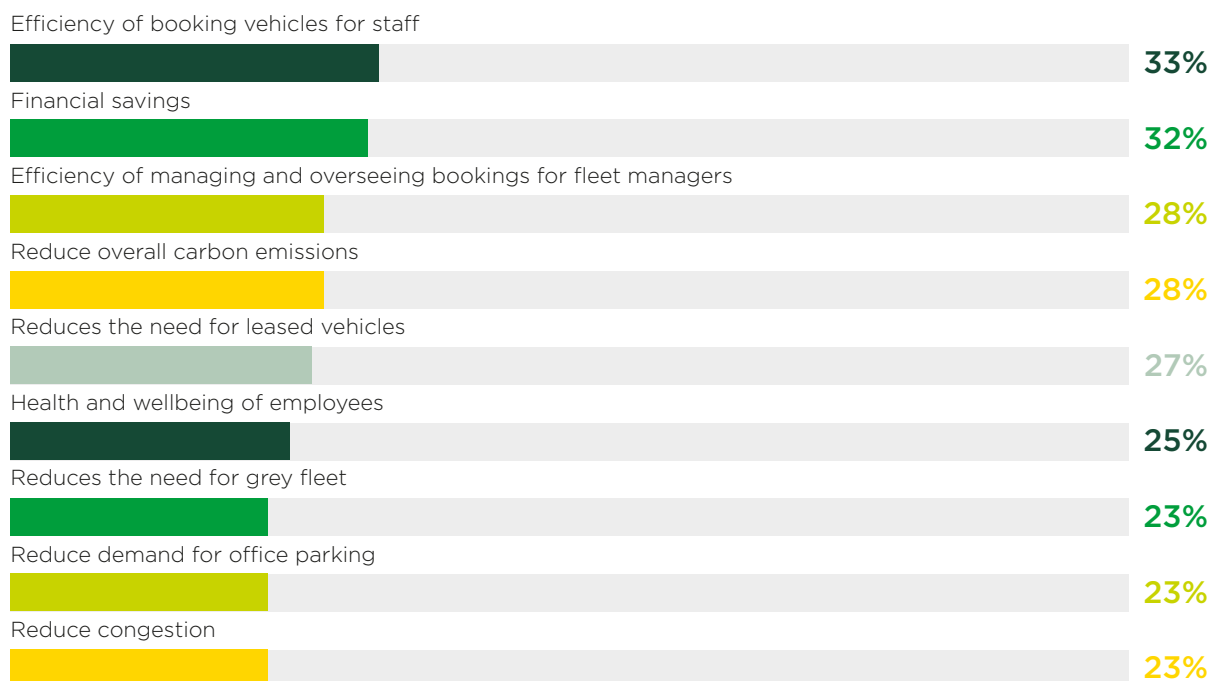




Sharing is caring

55% of businesses taking part in the study currently offer their employees access to a public on-street car sharing solution; 28% are considering this in future. 48% have a corporate car share offering with 38% considering this option for the future. Of those who are considering car sharing schemes, their main driver is efficiency of booking vehicles for staff (33%), closely followed by financial savings (32%).

THE MAIN BENEFITS OF CORPORATE CAR SHARING





Plugging in

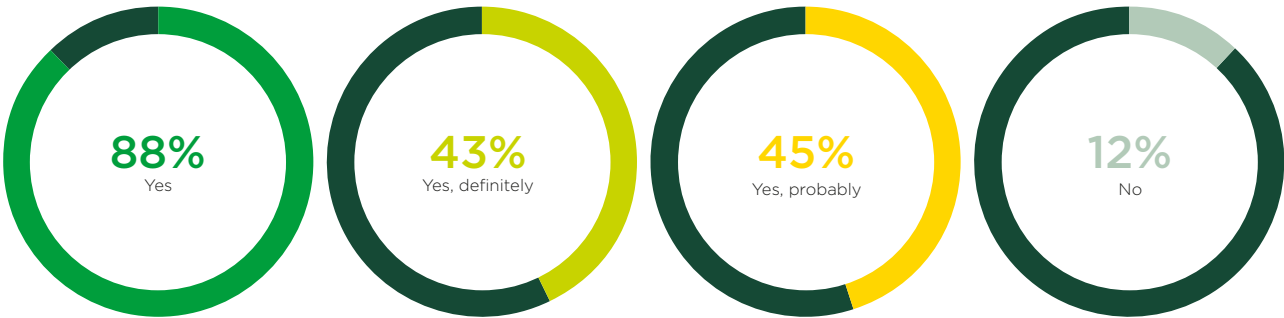
Going further than sharing lifts, more than half of workplaces confirmed they provide charging facilities on the business premises. 52% contribute to the cost of at-home charging and 50% provide EV drivers with company charging cards for charging in other locations.

Of those businesses not currently providing charging facilities on-site, 88% believe this will “definitely” or “probably” change within the next 3 years.

WHAT VEHICLE CHARGING FACILITIES DO YOU OFFER TO EMPLOYEES, IF ANY?

| | |
|--|-----|
| Charging at business premises | 53% |
| Contribution to ‘at home’ charging | 52% |
| Provision of company charging card for use ‘on the go’ | 50% |
| Do not offer any charging facilities – employees claim expenses in the same way as for petrol/diesel | 1% |

IF YOU DON’T CURRENTLY OFFER CHARGING AT BUSINESS PREMISES, DO YOU EXPECT THIS TO CHANGE IN THE NEXT 3 YEARS?





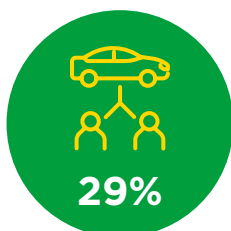
CHAPTER 4

Roadblocks

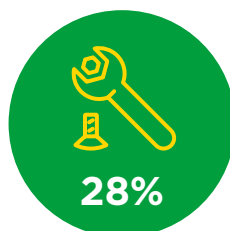
Other challenges businesses face in reducing emissions and making the switch to hybrid and fully electric vehicles include the current fleet supply restrictions, cited by nearly a third of respondents in the study. A lack of understanding regarding running and maintenance costs came a close second.

The same proportion are constrained by having limited finance available to purchase or lease vehicles, while almost as many (26%) are struggling to get their drivers on board with the idea of alternative fuels.

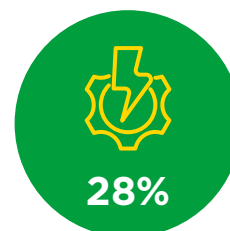
WHAT, IF ANY, DO YOU BELIEVE ARE THE CURRENT BARRIERS TO SWITCHING TO A MORE SUSTAINABLE FLEET FOR YOUR ORGANISATION?



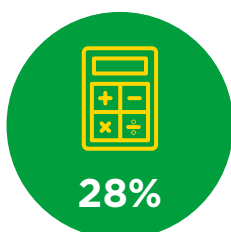
Current fleet supply restrictions



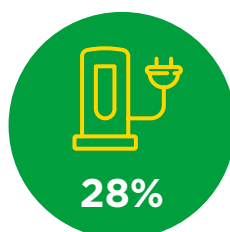
Lack of understanding about the maintenance costs – maintenance, servicing, repair, etc



Lack of understanding about running costs – charging, etc



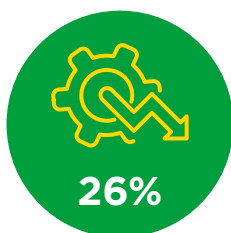
Restricted finance to purchase/lease



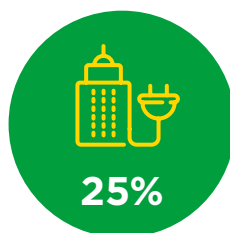
Limited charging infrastructure in the UK generally



Employee resistance to low and zero emissions



Operational resistance because of perceived impact on productivity



Limited charging infrastructure at your own organisation's premises



Lack of employee knowledge about low and zero emissions motoring

Winning hearts and minds

Converting scepticism to enthusiasm amongst the people driving vehicles every day is a sizeable challenge which should not be overlooked. Range anxiety and the perceived lack of charging infrastructure during journeys are significant barriers.

Europcar clients often state that employees resist moving to lower emissions fleet options because they believe it will impact their productivity and potentially even their earnings – due to downtime while an electric vehicle charges, for example. Especially for drivers paid per delivery, this is a fair concern. However, it highlights a need for much more education and greater understanding around what is fit for purpose for drivers for the majority of time. The range of options available is growing almost by the day, meaning there are vehicles that will effectively and efficiently meet a multitude of fleet requirements.

Unfortunately, it is not all plain sailing once businesses do manage to get employees on board for the switch to hybrid and electric vehicles. The purchase price for new low and zero emissions vehicles remains far higher than for petrol and diesel models, and supply is severely lacking due to parts shortages and shipping delays.

The good news is that new EV manufacturers are entering the market, and established manufacturers are stepping up to take on the new competition and get ahead of the 2030 deadline. The market should open up more in the near future, with businesses able to access a wider range of more competitively priced vehicles.

A slowly growing charging infrastructure

Also on the list of challenges, is charging infrastructure. Many businesses and employee drivers alike are put off from making the switch due to a perceived lack of charging infrastructure.

There is still a long way to go before EV charging is as available, accessible and convenient as petrol stations. But big strides are being made, helped along by some progressive organisations pushing forward the mass development of the charging infrastructure.

As it stands today, drivers travelling mainly within towns and cities can be well served by a mixture of home, workplace and occasional 'on the go' charging, with little to no impact on productivity. However, those regularly travelling longer distances will find their options more limited and will therefore be more dependent on improvements being made to the existing infrastructure.

Other barriers

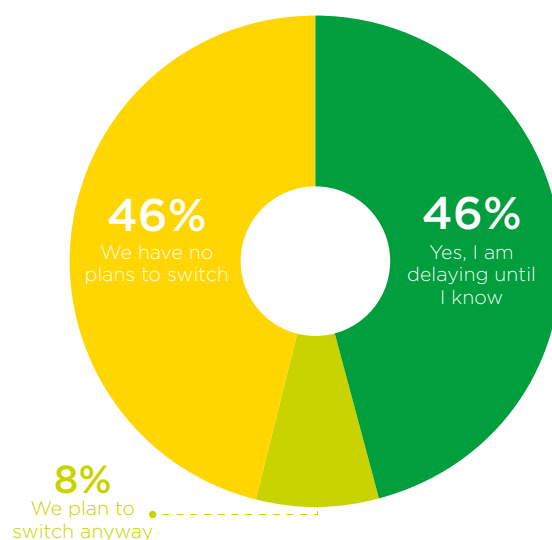
In the past 12 months there have been changes to previous benefits and incentives for driving electric cars. The previous Vehicle Excise Duty exemption for electric vehicles was an attractive benefit. However, from 2025 this will only apply to certain older electric vehicles.

A LinkedIn poll carried out by Europcar soon after the change was confirmed revealed that fewer than half of respondents (49%) agreed with the change. Similarly, ongoing uncertainty surrounding the government increasing the Benefit in Kind tax rate for fully electric cars has made 46% of the poll respondents hold off making the switch to an electric fleet. Just 8% of respondents said at the time that they still planned to make the switch despite the uncertainty.

However, the biggest shift seen is as a consequence of the energy crisis. With unpredictable and fluctuating costs for gas and electricity, it is perhaps unsurprising that 60% of respondents to another Europcar poll said the rising cost has put them off ever investing in an electric vehicle.

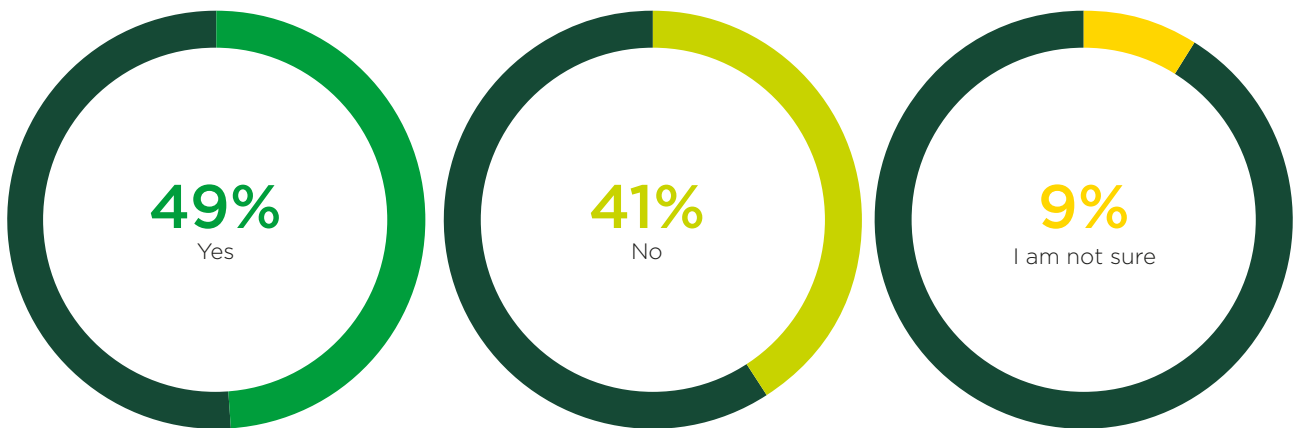
This response clearly demonstrates a lack of understanding about the true cost of EV ownership. A number of market studies suggest that electric vehicles remain cheaper to run than their petrol or diesel counterparts despite the price hikes seen during the Winter of 2022/23. What's clearly needed is for businesses and individuals to have easier access to calculators that take account of all aspects of ownership.

IS THE UNCERTAINTY ABOUT THE GOVERNMENT INCREASING THE BIK TAX RATE FOR PURE ELECTRIC CARS AFFECTING YOUR FLEET BUYING DECISIONS?





THE AUTUMN STATEMENT SET OUT THAT ELECTRIC VEHICLES WILL NO LONGER BE EXEMPT FROM VEHICLE EXCISE DUTY FROM APRIL 2025, DO YOU AGREE WITH THIS?



HAS THE RISING COST OF ELECTRICITY PUT YOU OFF EVER INVESTING IN AN ELECTRIC VEHICLE?



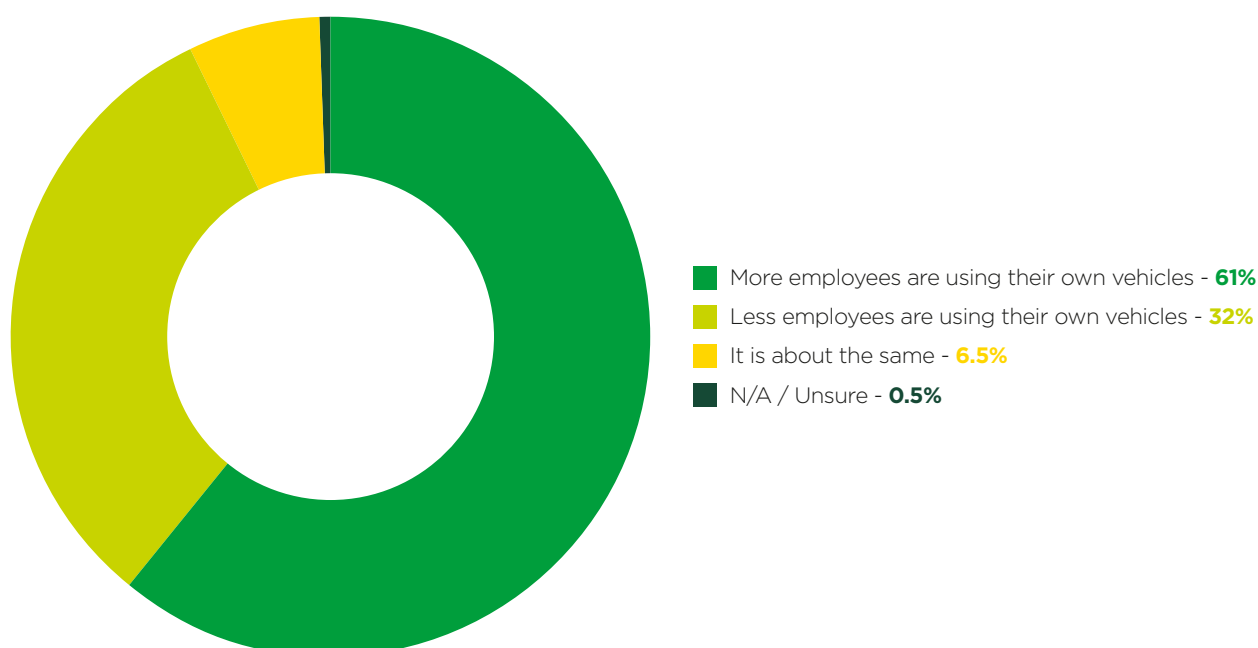
CHAPTER 5

A grey area

Grey fleets - that is vehicles owned by employees and used for business travel - present a specific set of challenges in addition to those applicable to company cars and vans. The reality is that the supply challenges of the last few years have actually pushed employers into relying on grey fleet more than perhaps they would have liked.

The study found that employees of 4 in 5 businesses (81%) use their own vehicles for business travel - 38% always use their own vehicles and 43% use their own sometimes. Respondents confirmed that this has become more common post-Covid, with 61% of businesses saying grey fleet use has increased since the pandemic.

HOW, IF AT ALL, HAS THE LEVEL OF EMPLOYEES USING THEIR OWN VEHICLES FOR BUSINESS TRAVEL CHANGED IN THE LAST 12 MONTHS COMPARED TO PRE-COVID? RESPONDENTS WHO SAY THEIR EMPLOYEES USE THEIR OWN VEHICLES FOR BUSINESS TRAVEL



It was interesting to hear that 90% of the firms surveyed that are currently running grey fleets are actively looking into ways to reduce or stop employees using their own vehicles for business travel. In the meantime, they are employing a range of strategies to manage the environmental impact of their grey fleets.



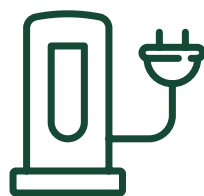
To reduce environmental impact, 43% impose limits on vehicle emissions, the same percentage offer incentives for those driving hybrid or electric vehicles and 39% have vehicle age limits in place.

WHAT CONTROLS, IF ANY, DO YOU HAVE IN PLACE TO MANAGE THE ENVIRONMENTAL IMPACT OF GREY FLEET (EMPLOYEE'S OWN VEHICLES) USAGE?



43%

Limits on
vehicle emissions



43%

Incentives for use of
hybrid or fully electric



39%

Limits on
vehicle age



CHAPTER 6

Conclusion

The clear message from the research is that businesses are increasingly focused on improving sustainability and reducing their impact on the environment. Cutting fleet emissions will make a significant dent in businesses' total carbon output, as mobility generates such a substantial proportion of business carbon emissions. And certainly conditions are improving to help them achieve this.

At time of writing, vehicle availability is starting to improve, investment in charging points, both in the public and private sector is getting better and pricing for charging is also improving. This all means that businesses will find it easier to start to make the transition to zero.

Now what they need are partners who will provide them with the right stepping stones. Businesses and drivers need to understand what is right for them now and in the future, and it is critical that this is done in real-world conditions.

CHAPTER 7

Europcar solutions

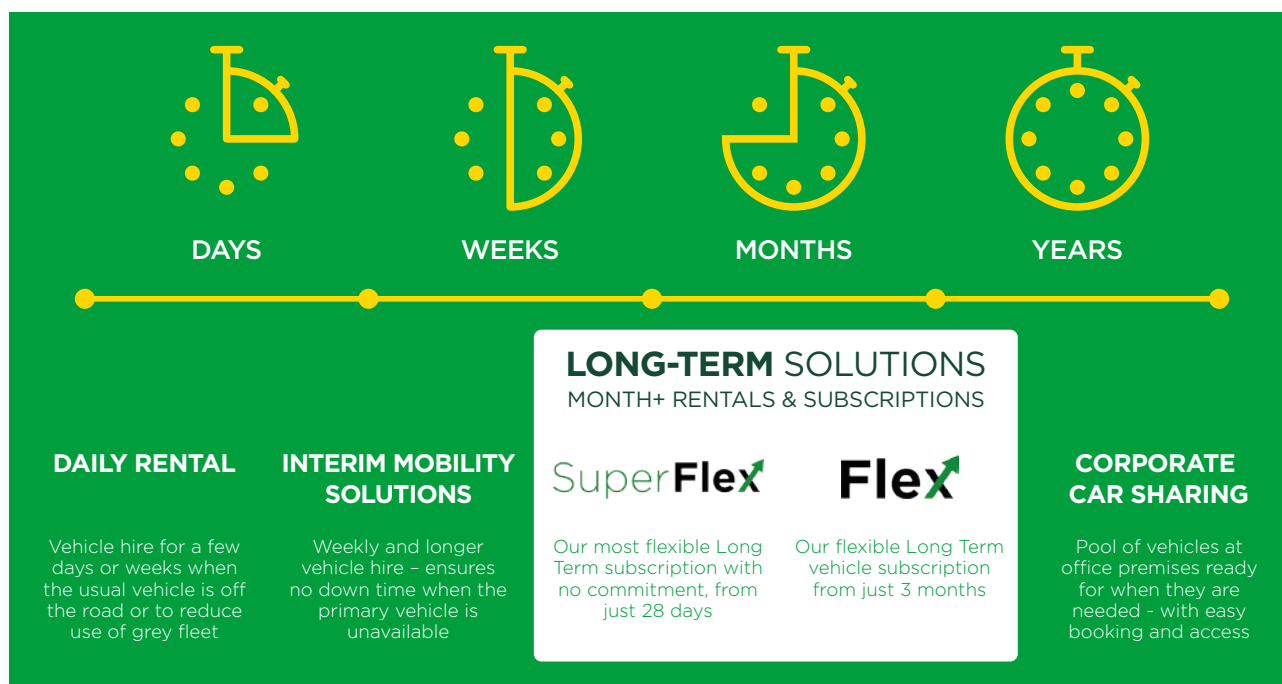
With transport accounting for a significant proportion of global CO2 emissions, Europcar is committed to helping motorists – whether for business or leisure – be part of the solution to the climate crisis through a range of solutions. Recognising that there are still barriers to change – vehicle supply, charging infrastructure, driver resistance and impact on productivity to name but a few – Europcar is working with many organisations, supporting their sustainability journeys.

Europcar believes the answer is to reduce emissions – and that means moving to younger, more modern cars and vans; not just trying to switch all motorists to fully electric right now. It also means adjusting motorists' behaviour to use the right vehicle for the job, rather than own one larger vehicle that simply may not be necessary for a large proportion of the time.

Operating one of the youngest rental fleets in the market which features the latest automotive technology and is regularly serviced and maintained, Europcar enables motorists and businesses to access vehicles that are less polluting and more efficient than many vehicles on UK roads.

Flexible vehicle usage – from Corporate Car Sharing accessible from a company's car park to daily, weekly, monthly or several years – also helps motorists and businesses reduce emissions. And for many organisations now in a transition period learning how EV works for their operations, Europcar solutions help them understand the impact of low and zero emissions mobility in a practical, accessible and cost-efficient way.





With the steady addition of sustainable vehicles to the Europcar fleet, electric vehicle rental offers a way to use the newest, most efficient and environmentally friendly vehicles as and when required. It is a great ‘try-before-you-buy’ solution to help drivers and employers gain a real-world picture of all areas of electric vehicle driving and ownership. The fact that long-term rental is commitment-free gives businesses an important safety net; they’re not locked into agreements before they know what works for them.

A more flexible approach also provides reassurance that the investment in a greener fleet will work with operations and bring business benefits. It can dispel concerns drivers have regarding charging infrastructure and driving range as well as help businesses understand what is right for them now and in the future.

Ready to talk about your sustainability journey?

Click here to request a call from a Europcar sustainability specialist.

Appendices

Europcar surveyed 300 professionals responsible for fleet management and business travel across UK businesses in February 2023 via Censuswide.

Source References

- 1 <https://fleetworld.co.uk/new-study-reveals-fleets-top-concerns-and-action-plans/>
- 2 <https://www.fleetpoint.org/fleet-management-2/driver-shortage/why-the-uk-is-struggling-with-driver-shortages/>
- 3 <https://www.gov.uk/guidance/driving-in-a-clean-air-zone>
- 4 <https://www.oxford.gov.uk/zez>
- 5 <https://tfl.gov.uk/modes/driving/ultra-low-emission-zone>
- 6 <https://www.fleetnews.co.uk/news/fleet-industry-news/2023/02/28/environmental-impact-a-major-concern-for-fleets>
- 7 <https://www.fleetpoint.org/fleet-industry-news/news-by-date/how-to-prevent-fleet-safety-from-falling-short/>

Disclaimer: All data was correct at time of going to press