

MINIMISING THE ENVIRONMENTAL IMPACT OF YOUR FLEET



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How to minimise the environmental impact of your fleet

There's an increasing focus on the environmental impact of different fuel types, particularly the affect diesel engines has on air quality. When combined with the ongoing drive to reduce CO₂ levels across the board, fleet operators are under more pressure than ever before to make sure their fleet related decisions take environmental factors into consideration.

Air pollution has far-reaching consequences, with poor air quality being considered the largest environmental risk to public health in the UK. On top of that, air pollution is damaging to the natural environment and can also threaten economic growth. Fleet operators can play their part in reducing the impact their vehicles have on local air quality by seeking ways to reduce and minimise both the NOx and carbon footprints of their fleet.



Benefits

As well as the obvious environmental benefits of running a fleet of vehicles emitting low levels of CO₂ and NOx, there is also the potential for considerable financial benefits for the employer and the employee. The latest low CO₂ vehicles will be more fuel efficient than older models and will therefore keep fuel costs to a minimum, while at the same time providing a reduced tax bill for employees who use their company car for private journeys.



This guide has been created to help you identify opportunities to reduce your fleet's environmental impact which can support your CSR policy.



Assess the current environmental impact of your fleet

To identify carbon reduction opportunities, your organisation must first have a good understanding of its current position. This provides a baseline to calculate the impact of any actions taken. The fleet's current carbon footprint should be calculated using the Defra Greenhouse Gas Conversion factors for company reporting.

As well as commercial vehicles, other segments of the fleet such as cash opt-out drivers, pool vehicles, daily rental and ad hoc/casual drivers should also be included. Once a baseline has been established, you can then identify opportunities for carbon reduction.

Reducing the environmental impact of your fleet

There are three main factors to be considered in managing your fleet in an environmentally responsible way:

- Leasing low carbon vehicles
- Using them more efficiently
- Using them less

To find ways to reduce the amount of carbon your fleet produces, you should look at the areas that are considered to be best practice within the fleet industry. These are covered in more detail over the following pages.



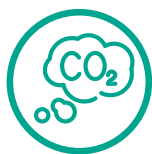
Fuel choice

Assessing all available fuel types (diesel, petrol, hybrid, plug-in hybrid and pure electric) based on the operational needs of your fleet means that you can find ways to reduce your environmental impact without having a knock on effect on the performance of the business. It's not uncommon for a fleet to use a mix of different fuels to meet the needs of both the organisation and their drivers.



Use of whole life costs

Ensuring that every cost element of the vehicle is taken into account before selecting/permitting it to be on fleet provides a number of advantages and ensures that financial savings are maximised. For example, ensuring fuel costs are considered will mean that only the lowest CO₂ vehicle capable of completing the job required of it is allowed.



Use of CO₂ limits

Implementing CO₂ limits can be a simple and straightforward way of positively influencing the decisions made by the driver population. It also demonstrates the company's commitment to more environmentally sensitive working practices as well as realising financial savings.

Introducing CO₂ limits is not a one off policy change; it should be reviewed regularly - at least once a year - and updated to take into account the growing range of low carbon vehicles and the ongoing improvement in overall engine technology alongside the trend in driver choices.



Commercial vehicle selection/potential downsizing

The process for choosing light commercial vehicles needs to be robust, as there are likely to be health and safety issues to be considered e.g. Provision and Use of Work Equipment Regulations. The requirements need to be clearly established (e.g. load, equipment, people) so that the range of vehicles that meet these needs can be identified. Then the whole life cost of each model should be established prior to final selection.



Vehicle selection

if not already in existence, a formal vehicle selection procedure should be put in place for all vehicles to ensure the requirements of all stakeholders are fully addressed and the full lifetime costs, including emissions and fuel costs, are established prior to procurement.



Fuel management

We know that a formal approach to fuel management with a focus on vehicle fuel consumption can reduce usage by upwards of 10%. In turn, this will result in a reduced fleet carbon footprint and business fuel bill.

Careful monitoring of vehicle specific fuel consumption is of paramount importance, as accurate mpg data identifies:

- Poorly performing vehicles
- Poorly performing drivers - from a driving style and therefore health and safety perspective
- Any misuse or misappropriation of fuel

There is evidence that just by introducing a monitoring programme, which drivers are aware of, organisations can reduce fuel consumption by as much as 5%. This is thought to be because it cuts out any misuse and also influences the way people drive.

The contents of any management and improvement programme will vary from organisation to organisation and will largely depend on the fleet's current performance, but would typically involve:

- Establishing a robust fuel use monitoring system
- The setting of fuel economy benchmarks
- Developing a monitoring and communication programme
- Establishing a performance management process



Business Mileage Reduction

It's believed that most drivers could easily reduce their business mileage by 5% or more without affecting operational requirements. There is therefore great potential to reduce the total miles driven across any fleet, delivering reduced business fuel costs and resource cost savings whilst also providing environmental benefits.

Although many journeys made by drivers will be justified, it is important to point out that a crucial part of any carbon/cost reduction strategy is to make sure all mileage is necessary. Monitoring the level of business miles and types of journey covered by individual drivers is an important process within any fleet for a number of reasons:

- To provide an accurate account of the number of business miles being driven
- To enable your organisation to identify areas where driving could be reduced and alternative methods of communication utilised. This will increase employee productivity whilst reducing fuel costs, wear and tear on vehicles and the environmental impact of the fleet
- To ensure excessive mileage or time behind the wheel is not being undertaken



FEWER BUSINESS MILES



Reduced fuel
spend



Lower insurance
costs



Reduced CO₂



Fewer accidents



Reduced
maintenance



Increased
productivity



Lower rentals or
depreciation



Reviewing your grey fleet policies

The term 'grey fleet' refers to any driver who uses their own car for business purposes. For most organisations this can usually be split into two populations:

- **Cash allowance drivers** - employees who have opted out of the company car scheme and receive a cash payment in lieu of a company car
- **Ad hoc or casual drivers** - employees who don't receive any form of car benefit, but occasionally use their own car for business journeys

Defining the types of private vehicles that are allowed to be used for business purposes is essential to ensuring that the carbon emissions from these segments can be managed. This can be done by:

- Reviewing any existing policies relevant to these groups of drivers
- Understanding the vehicle profile and the level of business mileage covered
- Implementing best practice cash allowance/grey fleet policy where appropriate

The implementation and promotion of efficient alternatives to the casual use of private vehicles could significantly cut emissions from this part of the fleet whilst also delivering financial savings as a result of reduced business mileage costs.

It's very unlikely that one solution or option will suit everyone. Therefore, a suite of alternatives and options should be considered, including:

- Providing a company car or van to certain drivers
- Expanding the use of daily rental vehicles
- Using pool cars
- Setting up a car club
- Providing a salary sacrifice scheme

If you'd like help on how you can minimise the environmental impact of your fleet, please contact your Account Manager.

Arval Consulting is our award-winning independent business unit, dedicated to delivering tangible results and added value for our customers.

As specialists in developing business car and van strategies, we regularly provide effective advice and action plans across a range of fleet objectives. These include defining and implementing fleet policy, cost reduction, limiting environmental impact, improving health and safety, complying with regulation and boosting driver satisfaction.

We use the latest tools and techniques, many of which are unique to our business, to model the impact of different strategies and provide actionable recommendations to meet the specific needs and priorities of our customers.

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