

# Press Release



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## CBS Survey Reveals Popularity of Funding Methods

FLEET managers responsible for a parc of more than 100,000 vehicles have given their views of the industry in a revealing survey – and fleet funding has proved to be one of the hot topics.

Issues including funding, vehicle choice lists, insurance and management strategies have been highlighted.

The aim of the survey, published by Car Benefit Solutions, was to show the state of fleet provision in some of the UK's major companies, alongside key concerns and issues facing employers and employees.

According to the survey, the most popular funding method for fleets is contract hire/leasing (45%). The research found that half of respondents sourced and funded their fleets via multiple options.

Outright purchase was also still popular (14%), although the report said this was likely to reduce as companies introduced performance measurement criteria which will ultimately force car fleets off the balance sheet.

The most popular contract term is 36 months (61%), with 48 months the second most popular (34%).

What did remain certain was that the bonus of having a company car was still seen as a perk.

More than 50% of respondents believed the provision of a car benefit was an essential tool for recruitment and retention of staff and that it would always be considered part of the remuneration package.

Apart from contract hire and outright purchase, the results showed that 10% of respondents funded their vehicles using employee car ownership (ECO) schemes.

Despite only a tenth of those questioned using this funding method, more than two-thirds claimed there were benefits to using an ECO scheme as a funding method.

A spokesman for Car Benefit Solutions said: 'Although 78% of respondents believed there were potential benefits to be had by implementing an ECO and 78% also believed that increasing company car tax on employees was a growing concern for employers, relatively few had to date implemented an ECO.

'However, the results show that many would consider doing so as they recognise the significant benefit such a scheme could provide.'

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## **Fleet management: Cost factor the key in fleets' decision-making**

ALMOST two-thirds of companies polled managed their fleet in-house. However, more than half of respondents said they would like to outsource fleet administration.

Where companies had outsourced to fleet management providers, more than half of fleets said they were not happy with their current service providers and rated their overall satisfaction with suppliers as average and below.

A third said their service provider did not offer value for money and 52% felt their current provider did not measure up to their expectations.

A potential reason is the incentive for companies outsourcing. Managing costs and, more importantly, reducing them are the number one priority for most fleets. Yet if fleets do not look after their vehicles, even the best fleet management company will struggle to keep down costs.

The majority of fleets believed that reducing the overall costs of operating their car arrangements would be the primary driving force behind any changes they will make this year.

The other three main considerations, according to the respondents, included reducing the time and cost involved in the administration of the fleet, ensuring tax and legal compliance with all aspects of car benefit provision and ensuring health and safety compliance.

Health and safety is becoming an increasing burden for fleet managers trying to stay ahead of continuing developments. The survey showed health and safety compliance ranked higher than both enhancing the level of benefit to employees and ensuring they did not have any benefit-in-kind issues.

A CBS spokesman said: 'We believe this trend will increase with the planned introduction of corporate manslaughter legislation.'

## **Choice lists: Restrictions save money**

VEHICLE choice lists still remain manufacturer specific, according to the survey.

Almost two-thirds of fleets (59%) still restrict vehicle choice to certain manufacturers.

According to CBS, this is to increase the purchasing power and levels of discount obtained with manufacturers. Only 4% of respondents said their employees had no choice in the vehicles they received.

Other key findings in the survey showed that 78% of respondents had a policy of reallocating cars if staff left.

The survey stated: 'This implies that, for new starters at least, employees do not necessarily have a choice of vehicles.'

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A number of fleet managers (14%) also said they restricted choice of cars to certain fuel types.

This included diesel and liquefied petroleum gas (LPG). Respondents claimed this had been done to reduce operating costs.

Operating costs were mentioned several times throughout the survey and remained a priority for fleets.

A total of 550 car fleet operators were polled in the survey. Some 5% of employers had 500 employees or fewer, 11% had 501-1,000 employees, 33% had 1,001-5,000 employees, 17% had 5,001-10,000 employees and a third had 10,000-plus employees. Some 39% of respondents' job function was fleet management, 28% human resources, 17% procurement/purchasing, 11% finance/tax and 5% compensation and benefits.



## About CBS

Car Benefit Solutions Ltd (CBS) is an organisation based in the North West, devoted to the development of cost effective strategies to maximise the perceived value of car benefit for employees whilst minimising the provision cost to the employer. Since their inauguration in July of 2002, CBS have established themselves as a leading authority on structured workplace car schemes and the supplier of choice to several major UK corporates. Their business is dedicated to the design, development, implementation and ongoing management of tax efficient alternatives to the traditional company car.

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