

HOW CAN FLEETS BENEFIT FROM HOME WORKING?

HOW CAN FLEETS BENEFIT FROM HOME WORKING?

Many things have changed as a result of COVID-19, in particular the way businesses are operating. Many companies have had to adapt to enable large numbers of staff to work remotely, using collaborative conferencing tools to meet and present to customers from the comfort of their home. This has had a knock on effect in the costs associated with company car drivers being out on the road, including vehicle running costs and employee expenses which, in turn, is now generating potential savings for businesses.

Savings are created by reduced mileage with less fuel spend, maintenance, and insurance costs which all affect the total running cost (TCO) of a vehicle. An example of this can be found in our guide 'Changing business travel', where turning one meeting a week into a home video conference can generate significant savings. Savings can also be gained by rescheduling a vehicle's agreement based on a lower contract mileage, which can directly affect the monthly rental (inclusive of maintenance) and fuel savings.

But what about the other associated costs to employees travelling to meetings? There's less risk of damage, parking costs, tolls, fines and penalties, and miscellaneous employee expenses plus the actual cost of an employee's time - all significant expenditure to a business. The ability to utilise home working and developments in technology have shown many businesses that operating a slightly different working model can be hugely effective.



HOW CAN FLEETS BENEFIT FROM HOME WORKING?



So, what kind of savings can be made by a business in the longer term by continuing to employ this model of remote working?

Let's look at the same scenario used in the guide 'Changing business travel'.

Business cost of employee (travel time)	£75	
2 x Coffee	£6	
Lunch with customer	£20	
Cost reduction per working week	£101	
Cost reduction monthly (pro rata)	£387	
Cost reduction annually	£4,646	
Cost reduction over term	£18,584	
Reschedule of contract	48 x 80000	48 x 66000
Effective rental	£406.72	£382.62

An employee with a vehicle on a 48 month, 80,000 mile contract. Typically, they cover around 500 private miles a month and work from home one day a week, travelling to meet customers on the other four. Given public holidays and annual leave, they're on the road 46 weeks of the year. per annum (14,000 business and 6,000 personal).

Let's consider that the employee now reduces their business travel by one day a week, carrying out the meetings via alternative communication methods. That would reduce their business mileage and bring significant savings on the vehicle's TCO. However, let's take this further...

- The employee travels 90 minutes each way to the meeting. This costs the business, based on the UK average salary, £25 per hour. This is effectively non-productive time for the business, and a return trip would cost £75 in driving time alone.
- The employee then also claims back one coffee each way at £3 whilst traveling totalling £6.
- When the employee finishes the meeting they go out for lunch with the customer, say, £20 for food and refreshments at a minimum.
- This is excluding the cost of hotels, evening meals etc. as it is a return journey.

In the above scenario the additional associated costs add up to **£101** per day and if an employee is a higher earner the cost can very quickly escalate.

By switching one day of physical meetings to home video conferences once a week, the savings would equate to over £4,600 per annum or more than £18,000 over a 48 month lease contract. This cost saving alone is more than the cost of the rental for the employee's vehicle based on the revised mileage term.

Combine this with the TCO example in the guide 'Changing business travel' and you could be looking at saving of over £20,000

Conclusion

Changing working practises by utilising conferencing technology has already had a significant effect on business mileage and for some businesses this may be accelerated. An important role for the fleet manager is to recognise the impact and use the benefits of virtual meetings to reduce fleet cost and associated mobility costs.

If you would like to discuss the changing landscape of fleet management and how to prepare for this then please get in touch with your Account Manager or our Business Intelligence and Consultancy Team.

Tel: **0117 908 6490** or email us at enquiries@lombardvehiclesolutions.com

You should seek independent advice to determine if this product is suitable for you. Security, in the form of guarantees or indemnities, may be required. Product fees may apply. Finance subject to status and is only available for business purposes. Lombard Vehicle Solutions (LVS) is provided by ALD Automotive Ltd (ALD), trading as Lombard Vehicle Solutions, Oakwood Drive, Emersons Green, Bristol, BS16 7LB. LVS is a product solution provided for Lombard by ALD and there is a financial connection between Lombard and ALD as a result. The arrangement ensures that Lombard customers as well as those of National Westminster Bank Plc and The Royal Bank of Scotland plc have access to a wider range of products to meet their vehicle asset finance needs. Customers whose agreements are regulated by the Financial Conduct Authority should be aware that Lombard is acting as a credit broker and not a lender, and that Lombard will receive a payment from ALD should you wish to proceed with an agreement. You can ask Lombard or ALD for more information about this.

Let's talk

☎ 0117 908 6490

✉ enquiries@lombardvehiclesolutions.com



www.lombardvehiclesolutions.co.uk