



Where next for the company car?

Toby Poston, Director of Corporate Affairs, BVRLA



Aim

“The company car is the lifeblood of the motor finance sector and a vital tool for thousands of businesses, but as a market, it is very difficult to pin down.

It often feels as if no two people have the same definition of what a company car is, how many of them there are, or where the sector is going. BVRLA members own and manage hundreds of thousands of company cars, so if anyone can produce a definitive guide to the market, it should be us.”

Gerry Keaney, Chief Executive, BVRLA



Company car:

“A car made available by an employer to their employee for business and/or personal travel.”

Grey fleet:

“All personal vehicles that are used for business purposes.”

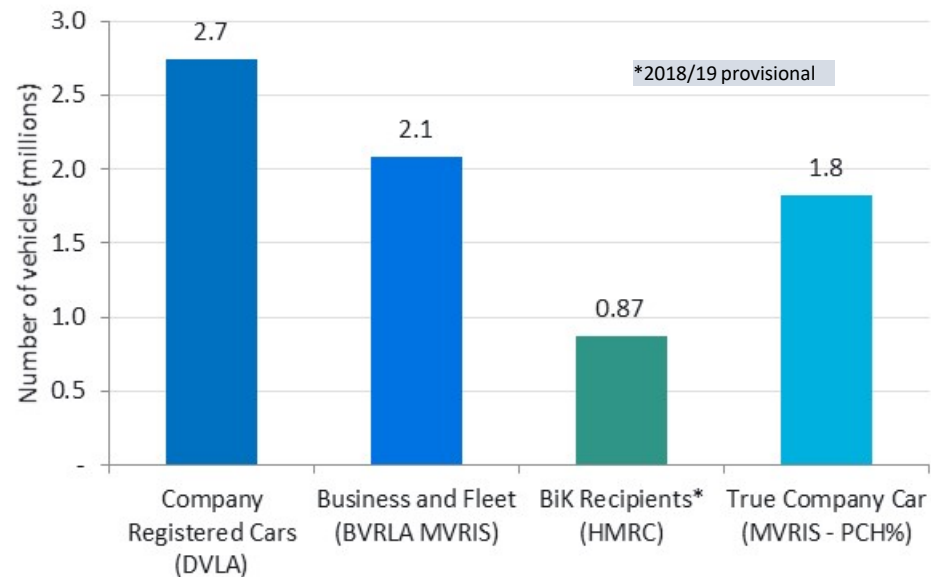
Definition



Size of the company car market

We have compared sources which measure different parts of the market:

- **Company Registered Cars:** Based on registrations with DVLA
- **Business and Fleet:** Based on the last 3 years of First Time Registered Cars recorded by SMMT MVRIS sales data
- **BiK Recipients:** The number of people claiming Benefit in Kind for company cars (based on provisional data for 2018/19)



These different sources show the different market sizes depending on the definition (as illustrated).

We have derived a best estimate of the true company car market using these sources and BVRLA member data. We have estimated the 'true company car' to reflect as close as possible to the agreed definition of a company car for this study.

The **True Company Car** figure is based on the Business and Fleet data from MVRIS with Personal Car Hire (PCH) vehicles removed using BVRLA member data. This shows that ***in 2019 the company car market included 1.8 million vehicles.***

Key findings

Estimated
1.8 million
company cars in
2019

down from
2 million
in 2018

average company car
emissions

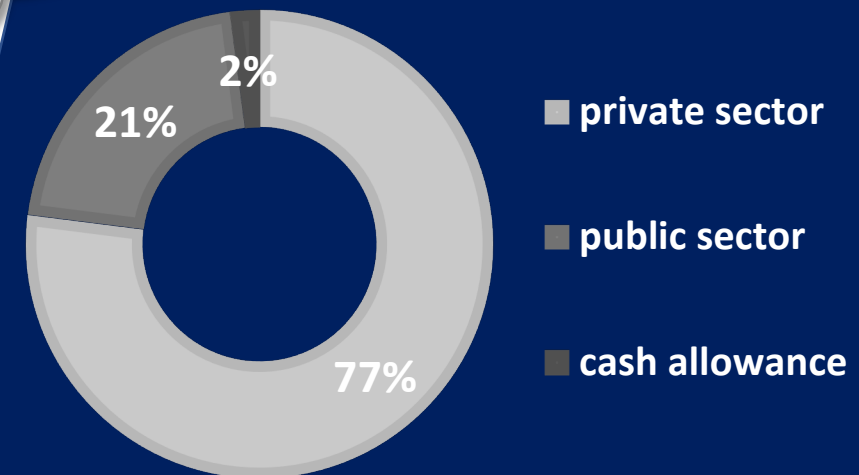
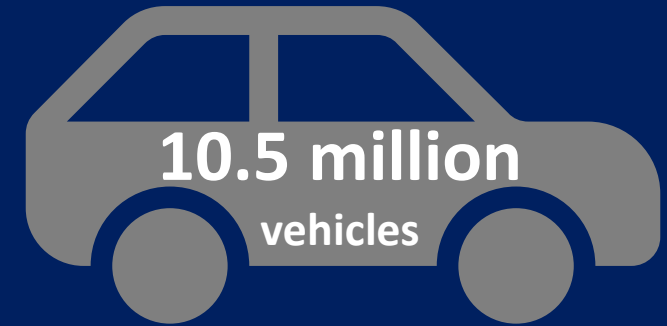
111g/km CO₂

Average leased company car is

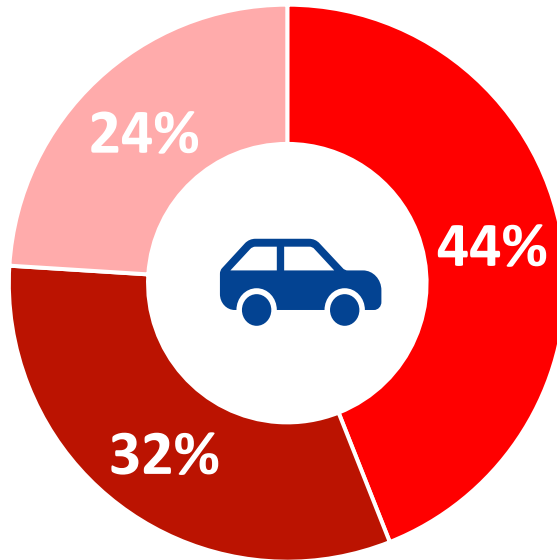
18% cleaner
than grey fleet
(131g/km CO₂)

and **29% cleaner**
than cash allowance
counterparts
(143g/km CO₂)

Grey fleet



Key findings: Profile of a company car driver



- High mileage essential user
- Standard mileage essential user
- Non-essential user



High mileage users are more likely to be employed in sales and manual roles



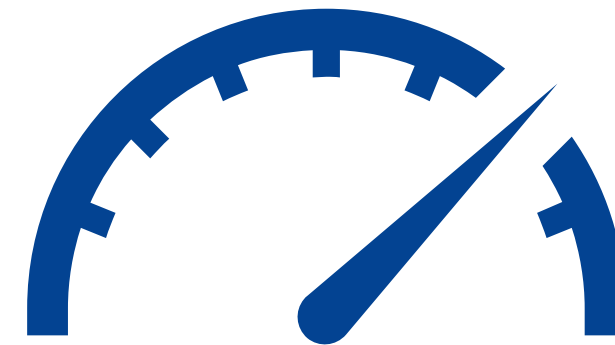
A high proportion of **non-essential users** work as a Managerial/professional occupation – the more classic ‘perk’ user

54%

in lower tax brackets
(basic or personal allowance)

£50,000

median average salary



12,001 – 16,000

average mileage, **55%** business-related

Key findings: Decision making

Company car ✓

Main motivations for taking a company car:

value for money and the option to get a new car



Just over 50% said **costs involved** were simple to understand*



60% said **the amount of tax** they would pay influenced whether or not they chose a company car*

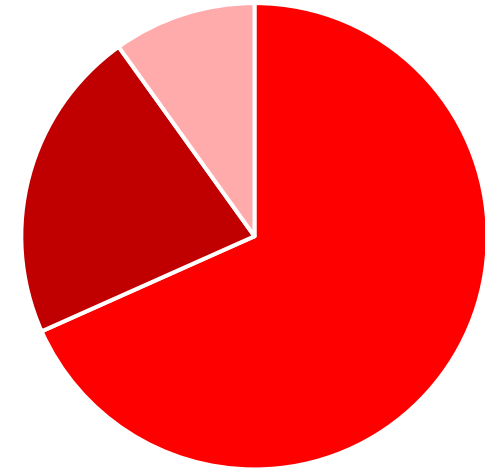


64% of respondents were offered **alternative mobility options** in the form of a pool car, cash allowance, mileage reimbursement or car club membership



*Based on survey of current and former company car drivers

Company car drivers: What are you planning to do at the end of your lease?



- 69% would get a new company car
- 22% maybe would get a new company car
- 10% would not get a new company car


Key findings: Decision making

Former company car **X**

Main motivations for no longer choosing a company car:

 **52%** due to either a **change of job or employer**

 **16%** because of a **change in company policy**

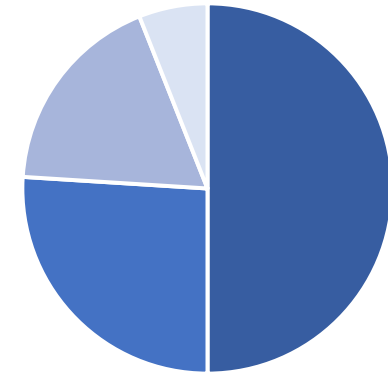
 **15%** because they chose a **cash allowance** instead



Cash allowance

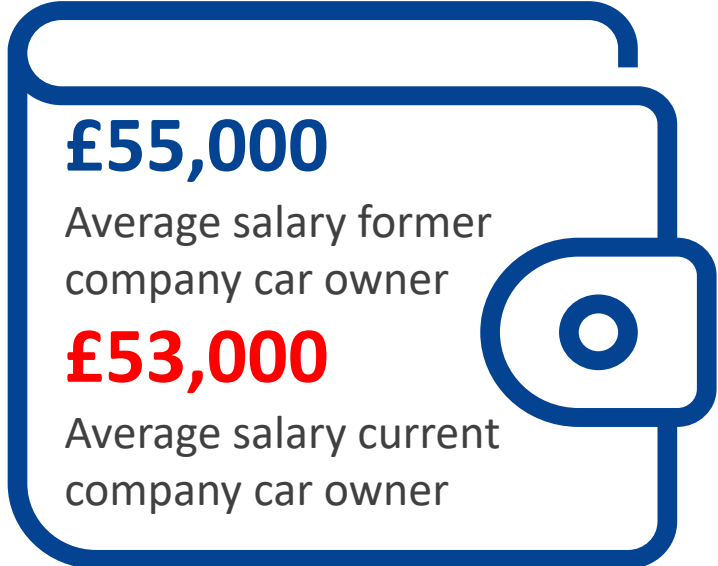
- **67%** received between **£101 - £600** a month
- **39%** **break-even** with the cash allowance covering the cost of car
- **16%** have **surplus money** after car costs
- **45%** have to make a **personal contribution** to cover car costs

Former company car drivers: Do you still have access to a car for work-related travel?



- 50% own a new car
- 26% bought a second hand car
- 18% use a car already had access to in their household
- 6% no access to a car

Key findings: current vs former company car drivers



Average age

49 Current company car owner

47 Former company car owner



3,400 Former **8,300** Current

Former company car drivers also drove a **lower proportion of business miles** but felt that they travelled the **same amount** as when they had a company car.

Where next?



- **Company car tax**

Time will tell if the WLTP adjustments and 0% EV incentive introduced in Spring 2020 result in a stabilisation or return to growth for the company car market

- **PCH market cannibalism**

From 2014-20 the Personal Contract Hire (PCH) fleet for BVRLA leasing brokers surged 330% to reach nearly 155,000 cars.

- **Covid 19 travel reduction**

How these short-term trends develop in the coming months and years will have a big impact on the company car market.

- **EU exit**



Acknowledgements

BVRLA would like to thank Steer, the companies represented by the Steering Group and those who helped with case studies for their contributions to this study.

The logo for Steer, featuring the word "steer" in a bold, lowercase, black sans-serif font.The logo for Autohorn Fleet Services, consisting of a green square with a white circle containing a white 'Q' shape, followed by the word "Autohorn" in white on a green background and "FLEET SERVICES" in white on a dark grey background below it.The logo for ALD Automotive, featuring a red and black square icon to the left of the text "ALD Automotive" in a black sans-serif font.The logo for Alphabet, featuring a blue rectangle with a white and orange triangle on the left side and the word "Alphabet" in white on a blue background.The logo for Enterprise Rent-A-Car, featuring a green square with a white circle containing a white 'e' shape, followed by the word "enterprise" in white on a black background and "rent-a-car" in white on a black background below it.

LEX AUTOLEASE

The logo for Avis Budget, featuring the word "AVIS" in red and "Budget" in blue, with a small orange and white triangle icon to the left of "Budget".The logo for TMC, featuring the letters "TMC" in orange and black, with a stylized orange and black graphic element to the right.The logo for Zenith Intelligent Vehicle Solutions, featuring the word "Zenith" in blue and "Intelligent Vehicle Solutions" in a smaller black font below it, with a colorful sunburst icon to the right of "Zenith".

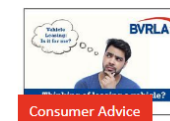
The BVRLA Fair Wear and Tear Standard

- Established in 1998
- The only industry recognised standard for the return of leased vehicles
- Backed up by the BVRLA Alternative Dispute Resolution Service and the BVRLA Code of Conduct
- Standards are reviewed regularly with all parties in the supply chain including customers
- Available in hard copy or personalised e-licence version
- Customer advice available on returning your leased vehicles
- Training courses available to assist with understanding of the end of contract process

Email fleet@bvrla.co.uk for more information & pricing

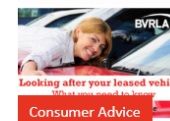


Leasing Advice



22 Jan 2020

Before you lease – is it for me?



22 Jan 2020

**Looking after your leased vehicle
what you need to know and do!**



22 Jan 2020

Returning your leased vehicle



The Industry Fair Wear & Tear Standard

for drivers and operators of contract-hired, leased and financed light commercial vehicles and minibuses up to 17 seats

