

# ***The Reasons for Change***



***Karl Anders, Key Account Manager  
Energy Saving Trust***

# *The Reasons for Change*

- Introduction
- Global warming
- Increasing focus / external pressures
- Taxation & the budget
- The green fleet business case
- The changing market

# *The Energy Saving Trust*

- Set up by the UK Government after 1992 Earth Summit in Rio de Janeiro
- Aim is to cut CO<sub>2</sub> emissions by promoting the sustainable and efficient use of energy
- Non-profit organisation funded by government and private sector

# *Global warming*

- “Scientific evidence of global warming was overwhelming and its consequences disastrous if the world failed to act”
- Impact on environment
- Impact on us
- Finite non-renewable oil resources

# ***Just one day***

British companies  
forecast chilly outlook in  
face of global warming

***China at war  
over climate  
change***

**Climate change  
may bring malaria  
to UK**

***IEA warns of global  
gas shortage***

**Spy plane  
to shame  
owners of  
heat loss  
homes**

**No  
concession  
on CO<sub>2</sub> for  
car makers**

# ***Beyond the hype***

- **EC Target- 130 g/km by 2011**
- **120 g/km - 10% BIK rate**
- **London Congestion Charging**
- **CO<sub>2</sub> based residents parking**



# *External Pressure*

- Agenda 21 (1992)
- Kyoto Protocol (Dec 1997)
- Stern Review (Oct 2006)
- Eddington Transport Study (Dec 2006)
- King Review (Part 2 – March 2008)
- Renewal Transport Fuel Obligation



## *Getting Harder*

- Non Annex 1 - China, India, Brazil and other developing economies
- Rising fuel costs (it's not going down)
- Government increasingly using taxation to influence the agenda



## *Changing taxation*

- Benefit in kind vehicle taxation
- National Insurance
- Private fuel
- Write Down Allowances
- VED Changes
- Approved Mileage Payments

## *Benefit in kind taxation*

- Has been CO<sub>2</sub> based since 2002
- Limits for bands lowering
- New 10% rate - Band A and B
- Band creep
- Drivers starting to notice



## *National Insurance*

- National Insurance Class 1
- 12.8%
- More company car tax = higher costs to the organisation
- Translates personal tax variations to company bottom line

## *Free fuel taxation*

- £14,400 to £16,900 from 2008/09
- Break even usually around 12,000 miles per annum
- Promotes excess driving – need to get worth
- Also attracts NIC



## *Write down allowances*

100% below 110 g/km to 2013

20% pa from 110-160 g/km

10% pa from 160 g/km +

# *VED Changes*

- **New VED levels**
  - The two-phase shake-up in VED will see:
  - From April 1, 2009 there will be a total of 13 VED bands ranging in rates from £0 for cars emitting up to 100 g/km of CO<sub>2</sub> to £440 for those emitting more than 255 g/km.
  - The standard rate of VED from April 2010 for existing cars will range from £0 for cars up to 100 g/km to £455 for the highest emitters.
- **New first registration rate**
  - From April 1, 2010 a first year VED rate will be introduced. It will range from £0 for cars with CO<sub>2</sub> emissions of 130 g/km and below to £950 for those emitting more than 255 g/km.

## *Approved mileage rates*

- Budget announcement – stable at:
- 0-10,000 miles = 40p per mile
- 10,000 miles + = 25p per mile
- Rising fuel pricing impacts on drivers



# *Government procurement*

- ***UK government sets 130 g/km benchmark for its own fleet***

- All new vehicles acquired from the summer and used by government ministers and permanent secretaries - except a small number exempt for operational reasons - will have CO<sub>2</sub> emissions below 130 g/km.

- ***EU requirement to include environmental impact in all purchasing decisions***



# ***Green fleets – the business case***

- **Green fleets save money**
- **Drivers want cleaner cars**
- **Customers want greener suppliers**



## *The true cost of 1000 business miles*

- **Fuel** £120
- **Wear & tear** £ 80
- **Vehicle costs** £200
- **Time @ 25hrs** £700
  
- **Total Cost** £900



# *Choosing cleaner vehicles*

**Easy step**  
**Save £330 p.a.**



# *Choosing cleaner vehicles*

**Save £2100 p.a.**

Lower driver resistance



# **<120 g/km cars 2005 - 2008**

## **2005**

**Citroen C3**

**Honda Civic IMA**

**Toyota Prius**

**Vauxhall Corsa**



## **2008**

**Audi A3**

**BMW118d**

**BMW 318d**

**Citroen C3**

**Citroen C4**

**Ford Fiesta**

**Ford Focus**

**Honda Civic**

**Mini**

**Peugeot 207**

**Renault Clio**

**Renault Megane**

**Toyota Prius**

**Toyota Yaris**

**Vauxhall Corsa**

**VW Polo**

# *Increasing manufacturer focus*

- Ford - Econetic
- VW - Bluemotion
- Mercedes – Bluetec
- BMW – Efficient Dynamics
- Seat - Ecomotive



**2007 SMMT**

**Private = 165.8**

**Fleet = 164.2**

**Fallen 13% since 1997**

# *Grey Fleet*

- **‘Hidden’ Fleet**
- **Higher CO<sub>2</sub>**
- **Higher cost / rental**
- **Higher risk / control**
- **Corporate  
Manslaughter**



# ***Conclusions***

- Global warming is very topical and dangerous
- Increasing focus – it is not going away
- Increasing taxation
- Increasing legislation from government
- Increasing fuel costs
- Rising driver awareness
- Rising customer requirements

# **Energy Saving Trust**

**Web – [www.est.org.uk](http://www.est.org.uk)**

**Hotline 0845 602 1425**

**[karl.anders@est.org.uk](mailto:karl.anders@est.org.uk)**

**07506 721899**