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**Let's Talk Fleet Risk - Episode 17**

**Richard Parker, Webfleet**

**Simon:** Welcome to Let’s Talk Fleet Risk - a podcast for those who manage drivers and their vehicles and want to reduce road risk in their organisation.

With the rapid transition that many fleets are making to electric vehicles, I've been interested for some time in how that affects risk management for these fleets. The vehicles are more powerful, have some unique driving characteristics and have different maintenance requirements. Plus, there's recharging, load carrying and driver training to think about.

My guest for this episode of the Let's Talk Fleet Risk podcast is Richard Parker, Corporate Sales Manager at Webfleet – part of Bridgestone Mobility Solutions.

Webfleet is a leader in helping fleets understand the management processes that are needed to ensure safe and efficient operation of EV fleets, so Richard and I are going to get into the key issues that fleet and driver safety managers need to be looking at.

Hi Richard and welcome to the podcast

**Simon:** I'm not an expert in electric vehicles but I've driven a few and there are obviously areas of their operation that are significantly different to operating conventional petrol or diesel vehicles. Where do you think the key challenges in risk management lie.

**Richard:** Let’s start from the very top which is Central Government legislation and remind everyone on some of the timelines –

From 2030 – there’ll be no more diesel or petrol vehicles sold, that doesn’t mean there be zero tailpipe emissions, plug in hybrids will still be able to be sold until 2035.

2035 – this is the cut off date for 26 tonne HGVs, and 2040 for the 44 tonnes and below down to 26, so we’ve really got 16 years before we will no longer have new petrol and diesel vehicles on sale. It’s also worth considering that sitting underneath that is a number of other things that will potentially give businesses some risks that need to be managed. Things like Local Authority changes, with zero emissions, clean air and ULEZ zones. There is financial reporting changes that are coming that will require many of your audience to report on their carbon footprint as part of the supply chains and contracts they hold. That’s here and now and building quickly. Finally the other one is that we are all consumers ourselves and I think that especially after the last few years, weather, and things we see, our awareness of the need to change what we do to protect our climate is that much more visible. As consumers we all look to deal with more businesses that are genuinely looking at their sustainability and how they do business. I think we will take that into our business-to-business conversations and expect organisations we work with to be leading on decarbonising their operations. So that’s the big picture – when I look at an individual business, I think it’s quite easy to split it into 3 key areas of risk.

First one is Operational, second one is financial and the third one, and the most important to me, is the driver. I know we are going to talk in more detail about each of these, as these are the 3 key areas when I’m talking to customers about transitioning and de-risking the change to zero emission tail pipe vehicles.

**Simon:** So, if we look at those in turn, let's start with operational risk. The capabilities of EV's are different when comes to things like range and load capacity, etc. How should businesses be assessing operational requirements and vehicle capabilities

**Richard:** Well, in some ways, the fact that you can’t get vehicles very easily at the moment, especially commercial vehicles, there are real challenges in the supply chains, is also a really good opportunity to plan. When we look at operational and planning, tomorrow’s vehicle is not going to do the same job s today’s vehicle. For businesses, that operational view needs to be - what does the vehicle actually do for for our business? Does it need to do in the same way tomorrow? Organisations are looking at total use of the vehicle in a different way. Previously, going from a large panel van where it was a daily trip to collect stock, to now in a much smaller EV van, and stock is delivered directly to site.

So they’re looking at the operational model and planning how they do it differently. Historically when I worked in the fleet sector, we talked about averages – so the fleet did a average 25,000 miles a year, the average payload was X and actually in this transitioning – it is a transition – not every vehicle has to go tomorrow to a zero tailpipe emission vehicle, but it is about looking at each individual vehicle. Where does it go? How often does it go, how long does it stop there – is that long enough for charging? What loads are we carrying and what impact does that have on the range of the vehicle? If you look at the weather at the moment, in Scotland, it’s minus 11 and the impact on the range of those EVs is significant so operationally planning for that annual cycle is really key. I guess that comes from data and if you’re going to look at things on a vehicle-by-vehicle basis you have to have the right set of data.

**Simon:** Most of the medium and large fleets are well on their way to a full transition to EVs – you recapped the dates and a number of fleets I have spoken to have transitions planned to be completed in the ext 2-3 years - but many smaller businesses often don't seem to realise the amount of change required by a move to EVs. You mentioned governance changes and things like that - It's getting quite urgent, isn't it?

**Richard:** It is getting urgent. The ULEZ Zones and particularly, it might not mean much to listeners, but please research what Scope 3 Emissions look like. A number of larger organisations are going to be required to report their climate position in terms of carbon footprint and also their activities to reduce it and if you’re in their supply chain you may well be required to deliver some of those activities. Anecdotally I did hear a story this week that there is a school and if you’re a provider to it, at then next round of contract supply you will have to deliver in an electric vehicle so there are things that are happening beyond central government that may require your business to change things now.

I would also say for smaller businesses, it’s the larger businesses we tend to see in social media and covered in the news, and we must not forget that they employ very specific resource to help them through this – whether its ESG managers, sustainability managers or their fleet manager has a specific role in transitioning to zero tail pipe emissions fleet. For smaller businesses, that’s so much harder – the people in the business that have that expertise – I would encourage if you’re starting to look at this don’t be afraid to buy in resource to help you do it.

Some expertise – there are plenty of really good EV consultants out there to help you understand all the parts that are needed to successfully transition. That will be things like energy, where’s it coming from, can you substitute some of that power requirement with solar panels on your roof? How much charging infrastructure do you need? And that’s before Driver Training and what vehicles - that’s a lot to undertake for a business that potentially hasn’t got an internal resource. Don’t’ be afraid to go and procure some of that expertise because it will save you the mistakes other people have made.

**Simon**: As you say not having that expertise on hand could exclude you from future work

**Richard**: Yes, start now. If you have to dig up the pavement on your premises to get charging infrastructure in and perhaps even have an increase of power, not only are you talking about a substantial capital investment of hundreds of thousands of pounds, but if you get in wrong - it has to last you, be future proofed, so that takes time and also if you go to the distribution network operators and ask for your pavement to be dug up, you are already looking at several years lead time before that can happen, so waiting until 2027 and pushing then will probably mean that you miss a number of deadlines and cannot achieve the objectives of legislation or of the contracts that will keep your business running.

**Simon:** That’s a massive business risk. If we move onto financial risk, the operational cost of purchasing, leasing and your headline on-the-road costs are far higher than conventional ICE vehicles so what are the considerations here?

**Richard:** Going straight to the heart of it – the only way to truly assess the financial viability for an electric vehicle is through a modelling of total cost of ownership modelling. In my 20 years of leasing previously, a number of businesses still assessed the financial side of their vehicles based on the rental or lease cost including VAT, disallowable VAT - very simple calculations often. As you point out, the purchase prices of EVs are still substantially higher than a traditional petrol or diesel vehicle. However, whether you put them in to your modelling or not, there are a number of elements that will always cost a business money. It doesn’t change under an electric vehicle, but the cost ratios do change between ICE and EVs - so you must also include fuel or energy, service, maintenance and repair because we are finding that the service and maintenance on an EV are running at 40% less than that of an ICE vehicle. I will caveat that potentially the vehicle off road times for EVs are slightly longer, about 2days for a service instead of a day - in purely financial terms it is less. Energy – is less still through depot charging and it’s more fluid than 12 months ago but certainly with home and depot charging energy prices are still less than the pump price for diesel. Insurance needs to be built in – reclaimable VAT, any writing down allowances – a number of different elements that when you stack them all together bringing an electric vehicle on financial terms does make sense. It is cheaper than running an ICE vehicle, but you have to get passed that upfront cost piece and assess it on a total cost of ownership basis.

The final one that you would build in is geographical relevance – don’t discount the costs of operating in London for example with a zero-emission vehicle vs an ICE vehicle and if you’re running something that’s not Euro 6 compliant that could be costing you £35 per day to go into London in an LCV. That soon adds up to a high annualised cost for an ICE vehicle.

**Simon:** When it comes to fuel use with a petrol or diesel vehicle we pretty much know where we are. If you put fuel in at your local station, it’s cheaper than a motorway services for example. Driving style and refuelling location can have an effect on overall fuel use and cost but there seem to be many more variables involves in recharging an electric vehicle? From my own experience there seems to be a difference between higher and lower limits on costs of recharging?

**Richard**: It’s quite a complex area. Let’s try and simplify it – the constituent parts for running a fleet haven’t fundamentally changed. You have got the purchase price and write down; you’ve got fuel costs – energy or petrol – those haven’t changed. While the measures look different, the principles behind it have not. There’s new terminology but you’re still looking at fuelling a vehicle. Suppose the big difference of course that we are now seeing which will affect the risk is when, where and how long it takes to charge. There are costs differences. Charging at home on a 7kW charger if you’ve got a 70kW vehicle you can look at 10 hours to charge that car. I’ll pay a domestic rate that makes it relatively cheap. If I am out on the road and I plug into a 50 or 150kW Charger, the rates are ranging from 48p up to 79 pence per kW hour. That becomes quite expensive for the fleet to run if that’s the way they’re doing it. It’s balanced between the rate of charge and the cost of charge so that needs to be factored in.

The other side of that energy conversation, and it’s been no different with ICE is how the driver’s right foot affects the performance of that vehicle and you’ve mentioned it briefly, an EV has regenerative braking and for anybody out there who doesn’t know, the vehicle has a technological capability if you’re right foot behaves in a certain way the kinetic energy will be put back into recharging the battery, so you can get some additional efficiency from that vehicle. What we’re seeing in some of the customers we are working with, they are not quite getting that education piece right with the commercial vehicle driver.

A car driver, an EV Car driver, is still invested in understanding the technology that is underneath them and the fact that it is not a mechanical instrument – it’s a very different driving experience, but they’re investing in understanding that and getting the most out of it.

With some of the commercial vehicle drivers, and this is the risk for the organisation, they don’t have that level of investment or ownership – of understanding what they’re driving. We see some right foot behaviours that damage that total cost of ownership model. It can also affect the operational model because if they don’t get the vehicle charged it cannot do it’s tasks for the day and that affects revenue for the organisation. It potentially has reputational risks if the driver can’t complete jobs as well, so it’s an interesting time of change for fleets, but again, coming back to one of our earlier bits on planning – planning what vehicles and how you’re going to run that fleet, how you’re going to have conversations with drivers, train them before they get the keys to ensure that you are minimising the risk of change.

**Simon:** So, we've got drivers using technology they're unfamiliar with and businesses getting to grips with new challenges for route planning, work scheduling, loading, etc. How much will the business operating environment impact on the driver? If they get that wrong it’s a lot of stress on the driver isn’t it?

**Richard:** Obviously the business can always put stress on a driver by asking them to do too many jobs in a day – we see that now ion ICE vehicles and we see that leads to the risks that Driving for Better Business try to eradicate – the speeding, the harsh driving events – a lot of these come as a result of a driver under duress. That won’t be any different in an EV. If the business doesn’t plan well for its daily requirements you will still force that into the equation. However, in the opposite sense, we are actually seeing that driver wellbeing and driver behaviours are improving in EVs. One of the reasons if that they are easier to drive. We think about some of the ways we have to operate at rush hour, in manual vehicles, clutch up and down in rush hour and how you get stressed. In an EV there’s none of that.It’s a nice environment you’re sitting in. These vehicles are new, the technology has made a massive difference to comfort and the driving position. There’s no clutch, so actually we are seeing albeit it’s anecdotal at the moment, less accidents in EVs than we do in ICE vehicles. I think the driving environment is a lot better.

**Simon:** So, there’s an improvement as long as they are not overworked.

**Richard**: It comes back to the business about understanding the job management and planning and being realistic about that. We’re really cogniscent – a lot of what is going on is really early stages in what is a huge and significant transformation of how we move goods and do business. For our part we are well down the track in the way we help businesses adopt practices for how many jobs a day they’re going to be able to do. Where are they going to charge these vehicles – private depot charging, public infrastructure charging and all those kinds of things. We’re under quite a drive ourselves to make sure we can support our customers as they transition. At the moment it’s fair to say that many businesses who are taking on electric vehicles are taking on the low hanging fruit. Which vehicles can easily do every day’s work with home to home or depot to depot charging infrastructure. We haven’t yet reached the challenge of understanding how a vehicle has no access to home or depot charging is going to fulfill its operational requirements. If that’s not easily achieved the stress does go onto the driver. Having to go and find a charge point and then finding out it doesn’t work and you have no range left could be hugely stressful, putting them off everything that’s good about driving an EV. The sort of things we do as an organization will be impactful as more and more EVs come on to fleets.

**Simon:** At Driving for Better Business, we are constantly telling fleets they’ve got to measure and monitor what they’re doing – data is a key part of that. Obviously with Web Fleet your business is around understanding and acting on the data that comes out of your systems. There's presumably a wealth of data available to operators from their EVs but much of it will be different data to what they're used to. It's going to be important to quickly get to grips with this new data, based on that total cost of ownership model, to set baselines to monitor it and take quick action where needed in order to optimise and improve fleet efficiency. How do they do that?

**Richard:** It’s really easy in this day and age to bamboozle people with huge amounts of data – we are trying to make that data provision insightful. We’ve already discussed the difference between medium large fleets and smaller fleets and that time resource pressure, so if people are time resource poor then they haven’t got time to go through reams of data to hopefully find something that will make a difference - so the first obligation is to get data to be insightful.

Sometimes for us, we’ve stripped that down to a couple of lines of data, they can for example strip back in terms of driving risk – we are going to concentrate on speeding and idling times. The speeding is risk. Idling is financial. Those 2 elements are really easy for a whole business to get their head round what is going on that is providing risk financially and operationally to that fleet. They can message that down though the whole organisation down to a driver level. It comes with an underlying message that the business is looking at what the driver is doing and they are going to manage that based on these criteria and as a result we find that the improvements happen in all the other areas – harsh braking, harsh steering, aggressive acceleration – all other driver behaviours that provide risk start to come down because you’ve simplified it and the drivers know they’re being managed. Going back to this EV conversation it’s no different. We look at where are they charging, for how long – boiling it down to simple metrics that allow them to have a conversation with the driver – so they can understand and make the changes that will improve the business.

Actually, it can be a complex as you want it to be but if you want to affect change with people who are not yet as invested – like a van driver or someone who’s told they’re having something rather than choosing it, we need to simplify it.

**Simon:** Yes, I think there’s so much for fleet and driver managers to get their heads round to manage that transition effectively and to get the maximum benefit from a fleet of EVs. You made the point you need to start now…

**Richard:** Go and dip into lots of really good monthly webinars, it doesn’t take much of a search – just start drip-feeding that information into your organisation so you can start to understand some of the things that are going to be required in the not-to-distant future.

**Simon:** Richard, thanks for being our guest today and talking us through all the challenges

**Richard:** Thank-you Simon. Really appreciate it.

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**Simon:** If you manage drivers and their vehicles, and you face similar issues to

those discussed in this podcast, there are links in the show notes to some useful

resources on the Driving for Better Business website. And these are all free to

access. If you enjoyed the conversation, please don’t forget to hit subscribe - so you

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word. All our resources are free for those who manage fleets and their employees

who drive for work. Thank you for listening to Let’s Talk Fleet Risk, and I look forward

to welcoming you to the next episode.