

V O L V O

A new way of working

Why electrification works
in the new business world



Volvo Car UK in partnership with 360 Media Group



Introduction

Changing the way business thinks and works

COVID-19 has forced everyone to adapt. It's ushered in new business practices and new demands on fleets. Volvo Car UK and 360 Media Group have teamed up to explore in detail how electrified engines are offering a solution that works in this new world.

Today's business world is different to what it was before COVID-19 arrived. The dramatic change in working practices has challenged companies to reassess how they operate and devise new, innovative ways for their employees to work. This includes how they travel for business and the vehicle choices they make.

In this document, we'll look at how the working environment has been reshaped by COVID-19 and how these new routines and structures have offered businesses opportunities to rebuild their fleets. In particular, there's been a shift towards plug-in hybrid and electric powertrains that reflects and enables the altered employment landscape.

Understanding how fleet decision-makers can help shape their companies' future is crucial to this. So we'll look at changes in attitude and practices relating to:

- **Plug-in hybrid fleets**
- **Pure electric fleets**
- **Blended fleets**
- **Grey fleets**



Electrification is here to stay

At Volvo, a quarter of all our European sales are now plug-in hybrids. And in the fleet space, we've seen a considerable rise in plug-in hybrid enquiries across our entire range of models.

This echoes the findings of a survey undertaken this year by one of Europe's largest leasing companies¹, which found that 63% of UK businesses either have plug-in hybrids already or are planning to introduce them within three years.

[1] <https://www.fleetnews.co.uk/news/latest-fleet-news/electric-fleet-news> – see article dated 9th July 2020

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Accelerating change

How modern business has shifted



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COVID-19 has demanded a shift in the way people work – and some of those changes could become permanent.

Home working

The use of digital technology has let businesses continue operating with workforces spread far and wide, rather than together in an office. For many, this is not likely to be a temporary situation.

Working in this way is a likely medium- to long-term trend following the pandemic, according to the Chartered Institute of Personnel and Development (CIPD). Its research shows home working more than doubled during lockdown and continues to grow – with 37% now doing so regularly and 22% no longer office based².

In a survey of company directors conducted by the Institute of Directors (IoD), nearly three quarters (74%)³ said they would be keeping increased home working after coronavirus, while a recent Office for National Statistics survey⁴ found that more than a third of companies are conducting or planning to conduct conversations with landlords and managing agents to review their office space requirements.

“Looking ahead, it seems more and more companies will take a blended approach to where they work.”

Roger Barker
Director of Policy at the IoD

Office space

Britain is experiencing a fundamental shift in the way it goes about its business, as the pandemic has created opportunities to challenge long-held beliefs about working systems and habits.

The British Council for Offices (BCO) suggests that Britain is set to move to a “hybrid” working style, with time in the office and time at home balanced. It found almost half of office workers (46%) intended to split their work between both. Crucially though, the novelty of home working is wearing off: only 15% envisaged a future where they worked exclusively from their house⁵.

Richard Kauntze, Chief Executive of the British Council for Offices, said, “Our way of working is changing, and a new, mixed working approach is becoming popular. The coming months and years are an opportunity to reimagine the office and its purpose. Let’s embrace the change.”

[2] www.cipd.co.uk/Images/embedding-new-ways-working-post-pandemic_tcm18-83907.pdf

[3] iod.com/news-campaigns/news/articles/Home-working-here-to-stay-new-IoD-figures-suggest

[4] dailybusinessgroup.co.uk/2020/08/third-of-firms-to-talk-with-landlords-over-office-space

[5] www.bco.org.uk/News/News46982.aspx

Reimagining the future

Bringing electrification to the UK

Hybrid working, hybrid driving

Alongside the change in working conditions is the shift in vehicle powertrain technology to electrification. The two combined provide the opportunity for fleets to fundamentally reimagine their future to one in which hybrid work and hybrid driving sit alongside each other to create a more agile, adaptable, resilient workforce.

The Road to Zero sets the direction

In 2018, the government published its strategy paper Road to Zero⁶ – which set out conditions and plans for the transition to alternative fuels with the aim to lower greenhouse gas emissions and improve air quality.

In fact, the industry has moved so quickly that many targets have already been superseded or are being revised to reflect the rapidly changing needs of drivers and businesses.

Investing in tomorrow

The government recently announced that the ban on the sale of new petrol and diesel cars and vans is to be brought forward to 2030, ten years earlier than was originally planned. Plug-in hybrids will be available for another five years after this deadline.

Deemed by the government as travelling “a significant distance with no carbon coming out of the tailpipe,” plug-in hybrids will continue to be sold until 2035, meaning they’ll still operate in fleets for nearly two more decades.

To support the accelerated deadline, the Prime Minister has also announced a £1.3 billion fund to speed up the roll-out of electric vehicle charging points for homes, streets and motorways in England, as well as £582 million in grants for the purchase of zero or ultra-low emission vehicles.



[6] www.gov.uk/government/publications/reducing-emissions-from-road-transport-road-to-zero-strategy

New power for your fleet

On the path to going
fully electric



The move to electric vehicles is now marked: already in 2020, overall Battery Electric Vehicle (BEV) sales across retail and fleet sectors until September were up 139% year on year to more than 66,000⁷. In fleet, the commitment to electrification is strong – with 81% of fleet managers expecting to order a BEV in 2021⁸.

Undoubtedly, these fully electric cars are going to play a critical role in the future of driving. But right now, they are a large commitment for early adopters

– whether businesses, company car drivers or private buyers. Such a large change in the industry can only be achieved gradually over time. And while that change is still underway, there are plenty of options for companies looking to make progress one step at a time.

[7] www.smm.co.uk/vehicle-data/car-registrations

[8] Source: 360 Media Group EV Barometer

0% BIK 100% electric

Available to order: the Volvo XC40 Recharge Pure Electric

Our first BEV, the Volvo XC40 Recharge Pure Electric, is already here. It can travel over 250 miles on a single charge. It uses a Google operating system. And, for fleet, it's even more appealing, as it produces no emissions while driving – qualifying it for the very lowest Benefit-in-Kind (BIK) tax band.

[Explore pure electric >](#)

Taking the next step

Plug-in hybrids bridge the gap

For some businesses, pure electric will not yet be the ideal choice. Instead, plug-in hybrids bring BIK savings, as well as the environmental and cost benefits of electric-only running, while retaining flexibility and mitigating some of the issues of committing completely to pure electric.

New power for your fleet

Transitioning to an
electrified fleet



VOLVO

Now, an employee who previously ran a diesel car but who is now driving fewer miles due to increased home working and remote meetings may well benefit from a different powertrain choice. After all, diesels are excellent for high mileage driving, but the higher price of fuel and the high taxation may be less easy to offset if their mileage and journey profile has changed.

Similarly, employees who commute every day might find that they can complete this journey without using any traditional fuel at all if they have a plug-in hybrid or a pure electric fleet car.

In the business of managing risk

Petrol and diesel cars still have their place in a blended fleet. However, as changes in legislation and regulation continue to pick up pace, plug-in hybrids let fleets manage risk in a market that's constantly shifting while achieving operational flexibility when it comes to day-to-day business.

On top of this, they offer the benefits of traditional fuel vehicles while also allowing drivers to operate them as EVs. The result is that your business can cover all bases, no matter what lies ahead.

“For the first time, I can confidently predict less miles will be driven in the future as employees embrace home working.”

Russ Danks
Future Factory London

“There is a role to play for the employee in trading-up to BEVs and PHEVs that will become more prevalent in the future.”

Stewart Lightbody
Deputy Chairman, the Association of Fleet Professionals

Once you understand,
you can adapt

It's worth considering asking employees to log journeys in order to ascertain usage. This can be done using tracking technology, like the Volvo On Call app's driving journal, or manually by drivers and fleet managers.

A route back for grey fleet

Electrification for opt-out employees

The British Vehicle Rental and Leasing Association (BVRLA) estimates that “grey fleet” – employees using their own cars for business journeys – drives 12 billion miles annually at a cost of around £5.5 billion in mileage claims and allowances. With the prevalence of remote working now, managing this grey fleet is potentially harder due to a lack of “line of sight”.

So ensuring that obligations to the Health and Safety at Work Act 1974 and the Management of Health and Safety at Work Regulations 1999 for at-work drivers using their own cars are met is increasingly difficult. On a practical level, just checking that cars are roadworthy and safe (and will represent your business adequately) is harder – and so is managing other issues, such as ensuring insurance for business journeys has been taken out and licences are up to date.

[9] Source: BVRLA Industry Outlook Report

Plug-in hybrids offer a route back

Before the onset of the pandemic, grey fleet drivers had begun to consider moving back towards company cars, due to the attractiveness of electric vehicles and their advantageous tax position.

In its Industry Outlook 2019 report, the BVRLA⁹ said, “The impending arrival of a 0% company car tax rate for electric vehicles will be a game-changer. Many of the employees opting out of company cars were low mileage perk drivers. As they begin to look at their next car choice, a low-tax, cheap-to-run electric company car – with all the risk for this new technology borne by their employer – will seem very attractive.”

However, there has been some concern that an increase in home working will coincide with a decrease in business mileage. The result could be that employees will find company cars and the company car tax they pay less attractive benefits, resulting in them wanting to opt out.

Low cost, long range

Plug-in hybrids offer a route back into company cars for opt-out employees, giving them BIK advantages and the ability to drive private miles, commutes and work journeys on electric power. So they can enjoy both low-cost mileage and tax savings at the same time.

Indeed, because of their flexibility, plug-in hybrids give grey fleet drivers the best of both worlds, while you can gain control of the grey fleet and even put in place blended funding solutions that ensure the employer or employee is in a better financial position than when simply taking cash.

On hand and ready to help

If you'd like to find out more, give the Volvo Car Business Centre a call on **0345 600 4027**. Or discover [more ways to contact us](#).

A route back for grey fleet

How to bring them back to company cars

In order to ascertain who would benefit from moving out of grey fleet into plug-in hybrids, you need to:

- Understand why employees are making journeys in grey fleet vehicles: analyse the available data and review existing fleet policies
- Collect data from over 12 months (to account for seasonal variations) on mileages, payments claimed and mileage rate, fuel use, number of claimants and non-car travel use
- Find out where they are going and why, how often, who is authorising travel and what is the total mileage cost

Once you have these figures, you will be able to compare costs and car allowance payments against the total cost of a company car.

[10] Source: 360 Media Group EV Barometer

43%
of fleets expect cash takers to
return to the company car scheme¹⁰



A fleet for here and now

Taking advantage of plug-in hybrids

As with all powertrains, applying plug-in hybrids to the right role can lead to plenty of benefits – both for drivers and your business. For example, let's take a look at how you could use the Volvo V60 Recharge Plug-in Hybrid T6, which has a pure electric range of up to 34 miles.

If one of your employees drives *10,000 miles* per year in the Volvo V60 Recharge Plug-in Hybrid T6

That's *236 days* of driving (excluding weekends and annual leave)

Which means *42 miles per day*

Up to 34 miles pure electric range

It would be possible to travel without traditional fuel *81% of the time*

Of course, this relies on proper use of the car, including charging overnight every day and driving with efficiency in mind. But for longer journeys, your employee would still have the reassurance of a petrol engine to fall back on.

Plus, as the national network grows, the opportunity for top-up charges during meetings and out on the road will mean that your drivers can spend more time than ever in Pure electric mode.



A fleet for here and now

Why now is the time for plug-in hybrids

Right now, plug-in hybrid technology is a strong option for fleets, as you can still benefit from a range of government incentives, and the national charging infrastructure is growing every day.

Plus, there's plenty of choice available – particularly in our Volvo plug-in hybrid range. So whether your business cares about power, list price, CO₂ emissions or BIK, there's a plug-in hybrid for you.

Total Cost of Ownership savings

Although the initial capital outlay can look high compared to traditional engine cars, over the life of the vehicle, a plug-in hybrid can make significant savings due to lower running costs and tax benefits.

Government incentives

With lower BIK, 100% first year allowances, charging grants and more, now is the time to benefit from government support, before these policies change.

Fewer charging worries

There are now more charging points than petrol stations in the UK – and the government has ambitious plans to keep expanding the national infrastructure.

The freedom of choice

We offer plug-in hybrid engines in every one of our models. So your drivers can still pick the ideal Volvo for their needs, while you enjoy all the fleet benefits of a plug-in hybrid.

For all the details, read our plug-in hybrid business case

We break down the current government incentives available, make in-depth plug-in hybrid Total Cost of Ownership calculations and explore a range of ways your business can benefit from choosing Volvo plug-in hybrids.

 [Download business case >](#)



Ushering in a new era

Which benefits matter most to fleet managers

As more and more fleets go electric, 360 Media Group spoke to fleet managers to see what they care about most¹¹. And the research has highlighted some areas where plug-in hybrids provide a particularly strong case for fleet usage.



52% of fleet managers say that **reducing fuel costs** is important

Plug-in hybrids help them switch their drivers out of traditional petrol and diesel cars.

55% value the **vehicle reliability** of electrified engines

Although this depends on driving style, plug-in hybrids often mean longer lasting breaks and less time idling.

52% expect to be **impacted by CAZ and ULEZ** in the next six months

Low-emission plug-in hybrids provide freedom to travel in increasingly common Clean Air Zones (CAZ) and Ultra Low Emission Zones (ULEZ).

71% of fleet managers **do not see Whole Life Costs as a barrier** to choosing PHEVs

With BIK as low as 10%, reduced fuels costs and lower tax, a Volvo plug-in hybrid can make significant business savings over its lifetime.

67% **do not see driving range as a barrier** to choosing PHEVs

Plug-in hybrids have pure electric capabilities without the long-distance range anxiety of a Battery Electric Vehicle (BEV).

[11] Source: 360 Media Group EV Barometer

Choosing the right provider

For fleets looking to choose a provider for plug-in hybrids and BEVs, support and adaptability are just as important as cost. According to the research, the main factor is a provider's support with emission reduction initiatives. This is followed closely by access to flexible contract terms and the ability to switch vehicles as technology develops, as well as provision of a suite of reporting and management tools which will allow them to understand precisely how the fleet is being used¹¹.

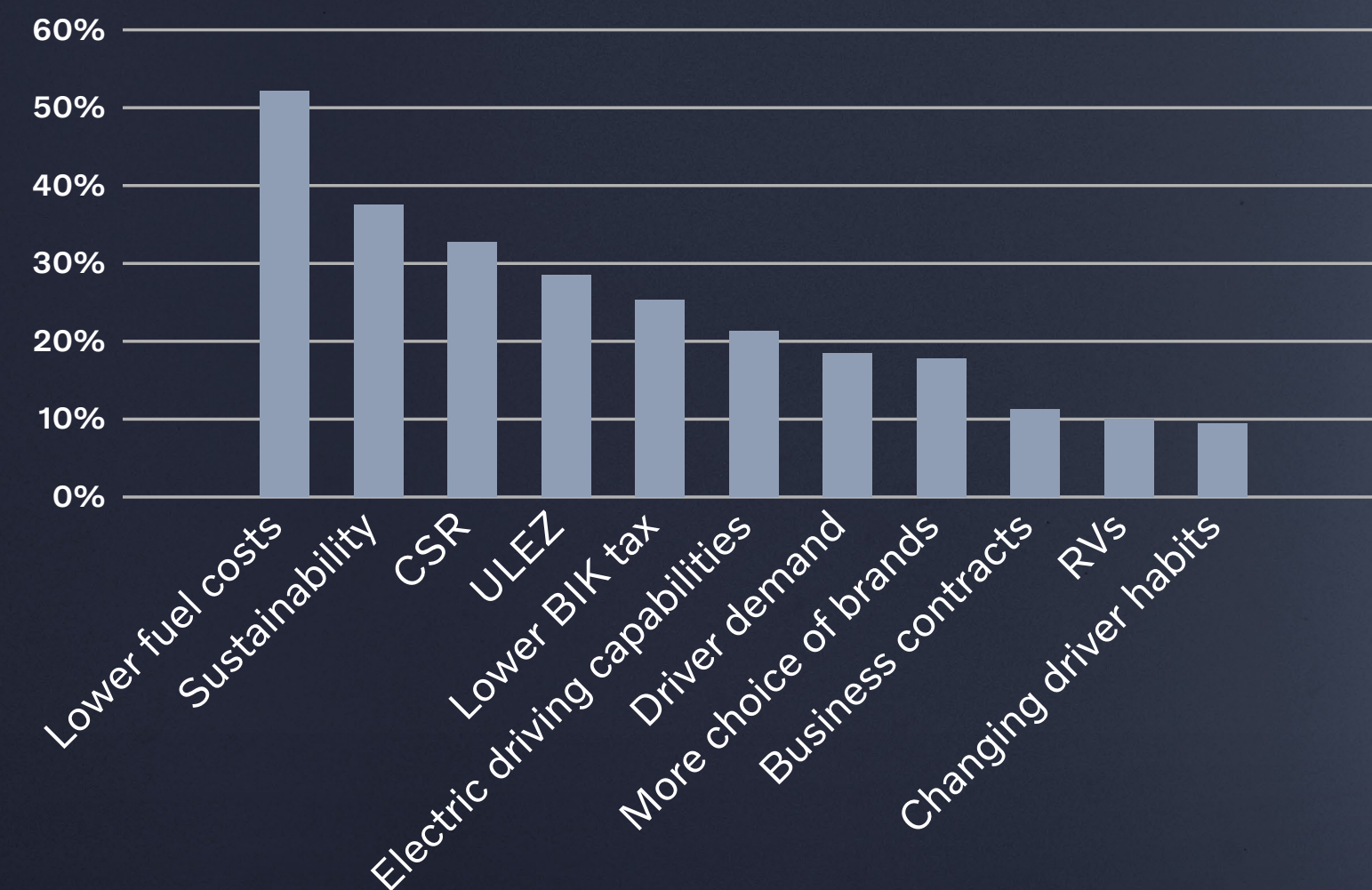
Cheaper lease rates are only the fifth most important factor, suggesting that getting their fleet mix right and operating in an environmentally friendly way are the priorities when switching to plug-in hybrids and BEVs.

Ushering in a new era

A detailed look at fleet manager priorities

In 360 Media Group's EV Barometer research, fleet managers were asked, "What would be the main factors behind the purchase of a plug-in hybrid car?" Costs and corporate governance take priority in their answers, with fuel costs the number one priority.

Driver considerations were lower down the list, with BIK, electric driving capabilities and driver demand all being less of a priority. Here is the full table of results:



How we're making progress

Sustainability by Volvo

Ever since its inception, the Volvo brand has always been synonymous with safety. But as an industry leader in a world where the threat of climate change is growing, it's important that our approach to safety extends to protecting the world around us.

As a result, we have one of the most ambitious sustainability programmes in the automotive sector and were recognised in 2019 by the Ethisphere Institute – a global leader in defining and advancing the standards of ethical business practices – as a World's Most Ethical Company®. This is the third consecutive year that Volvo Cars has received this recognition.

We've also been approved by the Science Based Targets initiative for our progress on the pathway to meeting the Paris Agreement. And recently, our CEO, Håkan Samuelsson, received Autocar's most prestigious personal award in recognition of his pioneering leadership, including the introduction of his ambitious electrification strategy.

By 2025, our aim is to have:

1 million

electrified cars on the road and 1/2 of all annual sales to be fully electric

5

pure electric vehicles available to order, including the first – our Volvo XC40 Recharge Pure Electric, available now

25%

of the plastics used in every newly launched Volvo made from recycled materials

Climate neutral

manufacturing operations

What does this mean for fleet?

Our aim is to minimise our environmental impact and maximise our social impact. And part of our business offering is to help fleets like yours to do the same. We'll assist and support you with your own Corporate Social Responsibility objectives, using our experience to help guide you through this sometimes complex area.



How we're making progress

Our different types of electrified engine

With new working structures in place, many fleets will be taking another look at their operations, analysing whether age and mileage profiles need to change and which powertrains are now best suited.

In the last two decades of emissions-based company car tax, diesel and petrol have fought for popularity. But the shift to a hybrid working environment is leading a shift to hybrid fleets. In this new era, electric, plug-in hybrid, mild-hybrid, petrol and diesel all work alongside each other to provide each driver or business role with the ideal powertrain to suit.

At Volvo, we currently offer three electrified powertrain options for fleets:



Plug-in hybrid

Available across the range

Plug-in Hybrid Electric Vehicle (PHEV)

Combines a battery, electric drive motor and internal combustion engine

- An electric motor and traditional petrol engine working together
- Highly efficient if charged up regularly and driven responsibly
- Can make short everyday journeys up to 37 miles using solely electric power
- Petrol engine means range anxiety is not a concern

Mild-hybrid

Available across the range

Mild-Hybrid Electric Vehicle (MHEV)

An electric motor assists the combustion engine

- A small electric motor assists the combustion engine when accelerating
- For smoother acceleration and a more fuel-efficient drive
- It's recharged by regenerative braking
- It doesn't need to be plugged in to charge

Pure electric

For now, Volvo XC40 only

Battery Electric Vehicle (BEV)

An all-electric vehicle with no combustion engine

- Produces no tailpipe emissions while driving
- Expect lower running costs, as electricity is less expensive than petrol
- Reduced maintenance costs due to fewer moving parts

How we're making progress

Introducing the Volvo XC40 Recharge Plug-in Hybrid T4 R-Design

This new addition to our plug-in hybrid range is particularly attractive for businesses looking to take the first step into the world of electric driving.

As well as all the traditional benefits you'd expect from a plug-in hybrid – such as reduced fuel costs, electric-only driving and tax savings – our latest Volvo XC40 brings with it a P11D price starting below £40k.



From
£39,075
P11D

12%
BIK (2020/21)

100%
First year allowance

From
£647
Employer NIC payment (2020/21)

Up to
28 miles
Pure electric range

Here when it counts

The support you need to electrify your business

Once you've established that your fleet is undergoing a shift in behaviour, how do you enact change effectively?

With management reassessing the way the company operates and employees potentially driving fewer miles, it's the perfect opportunity to retool your fleet for the future. But this requires expertise, measurement, planning and management – and a strong working relationship with your fleet provider.

Understanding your needs

Our expert fleet team can help you with this. They'll take the time to get to know you and your business, understanding exactly what it is you need and how Volvo Car UK can support you and your organisation as best we can.

Electric expertise

With our team's considerable experience in all things electric, we can guide you through the process of transitioning to a future-ready electrified fleet. This includes all of the details – recommending models, finding tailored finance options, installing charging points and more.

Dedicated to your business

Whatever the size of your fleet, we have a team that can help you out. Our Virtual Sales Manager team is armed with all the know-how to help smaller fleets get the most from every car. While our Fleet Sales Manager team assists larger fleets in keeping things moving forwards.

Fleet Sales Managers



Virtual Sales Managers



On hand and ready to help

If you'd like to find out more, give the Volvo Car Business Centre a call on **0345 600 4027**. Or discover [more ways to contact us](#).



Conclusion

Hybrid working, hybrid driving

The ability to work from home using technology – and to travel only when necessary – offers fleet managers an opportunity in the future to create a new way to drive for business. Vehicles that travel for the majority of time using electricity yet are adaptable and operationally resilient allow employees to genuinely look at how they go about their working lives. This is ushering in change for the better, with cleaner, more efficient and smarter business travel.

Plug-in hybrids fit into this new way of working, offering flexibility and cost-efficiency in one. Whether an employee needs to work from home, commute, or take short trips or long journeys, plug-in hybrids can perform every task asked of them, allowing the fleet manager the time and space to plan the transition to a full electric future.

“Businesses are pushing on with EV adoption quicker than I ever imagined they would.”

Paul Hollick
Chair at the Association of Fleet Professionals

2/3

of businesses will invest in workplace charging in the next 12 months¹²

75%

of fleets expect to order plug-in hybrids in 2021¹²

84%

year-on-year increase of plug-in hybrid sales in 2020¹³

[12] Source: 360 Media Group EV Barometer

[13] www.smmmt.co.uk/vehicle-data/car-registrations/

Contact us

For support on your electrification journey, get in touch. We'll be happy to help.

By phone

Call the Volvo Car Business Centre and chat to one of our friendly experts on **0345 600 4027**

By email

Send us an email at **business@volvocars.com** and we'll get back to you with the answers you need.

Live Chat

For a quicker response, chat in real time with one of our team.

Visit the Volvo Car UK website and use **Live Chat** at the bottom right.

Visit our website

Start your journey with Volvo Business Sales and explore the latest cars and offers.

[Visit website](#)

Download our full plug-in hybrid business case

We break down the current government incentives available, make in-depth plug-in hybrid Total Cost of Ownership calculations and explore a range of ways your business can benefit from choosing Volvo plug-in hybrids.



[Download business case >](#)

