

Keeping the UK's SMEs

on the road

AA

Foreword

The UK's small and medium-sized businesses (SMEs) are at the centre of everything that is to be celebrated about enterprise, including innovation, dynamism, ingenuity and resilience. As is expected, but often overlooked, SMEs represent a wide range of organisations from single person operations through to multi-site offices. These businesses also span a huge variation of sectors ranging from retail through to construction and finance so they all have very different needs.

Therefore, there's no one-size-fits all approach to supporting SMEs. What is clear, is that for our economy and innovation to thrive, SMEs must also succeed and it's vital these businesses get the right support, tailored to their specific needs.

Managing a fleet, be it one vehicle or 50+, is no exception to this. We understand that every SME will be using, procuring and managing its business vehicles differently. While we work with each organisation to offer bespoke advice, there are core principles that underpin fleet management, be it for breakdown and accidents or regular service, maintenance and repair. We've created this paper to collate all of that advice and insight into one place, to support our SME customers.

Looking ahead is as important as ever right now. As with any sector, the automotive world doesn't stand still and we are on the cusp of some of the biggest changes for decades with the adoption of alternatively-fuelled vehicles and the government's ban on petrol and diesel engines. The electrification of vehicles presents an opportunity for all businesses, regardless of whether you are already embracing alternative fuels, or you have yet to decide how these may work as part of your organisation. In this paper we offer a look at this opportunity and some of the practicalities to consider for your business.

We hope that you'll find this paper to be a valuable resource for your business when it comes to managing your fleet day-to-day and looking to the future.



Edmund King OBE
AA President

Executive Summary

Government data* shows that small and medium-sized enterprises (SMEs) make up 99% of the UK's private sector businesses - almost six million in total. They're the lifeblood of the UK's economy and it's essential that we help to keep small and medium-sized enterprises moving so that they can thrive.

The impact of the pandemic has been different for everyone, but many of the most common fleet and vehicle-related issues facing the SME sector remain. Whether these are breakdowns, servicing and maintenance or planning for the future.

One thing is certain, now more than ever is that we need to embrace the opportunities to adapt, reskill and ensure that operations are as agile as possible. Alternatively fuelled vehicles are a great example of the opportunity to innovate.

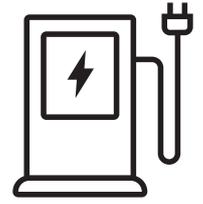
Government data, October 2020 – Business population estimates for the UK and regions 2020

Heading up the SME team is Marc Samuel. With tens of thousands of SME customers relying on us to keep them moving every year, Marc's 20+ years' experience in the fleet automotive sector sees him responsible for direct sales of the organisation's rapidly expanding suite of SME products and services.

This includes smart breakdown services, managed services, remote and virtual support, as well as EV implementation guidance.



The alternative fuels opportunity



The Government's current goal is for zero net emissions by 2050. It has brought forward an end to the sale of new petrol, diesel and most hybrid cars and vans by 2030, which means this milestone is now less than a decade away.

While this seems like a long way off, and electric vehicles may not appear right for every current business need, it is an exciting time for our industry and we're here to support drivers in their next steps into EV. We know van usage has increased over the last 25 years, with 55.5 billion miles driven by vans in 2019. Yet, while the use of ultra low emission vans is increasing, it's relatively low at just 10,400 licensed vans at the end of 2019 (Department for Transport, September 2020). So, there are opportunities for SMEs, whatever the make-up of their vehicles, looking to refresh their fleet and set themselves up for the next stage of growth and we're here to give you confidence as you move your fleet towards an alternative fuel future.

Five reasons to consider alternatively fuelled vehicles:

- 1. You have choice** – There's a range of cars and vans on the market, so it is all about deciding which fuel or power source is right based on your business needs. Take the time to analyse how your vehicles are used and get expert advice from our team who will help you to confidently make the transition over to alternatively fuelled vehicles.
- 2. Employees are positive** – Our 19/20 Operational Fleet Report indicated employees favour EVs for work purposes rather than personal use, while 73 per cent of the fleet managers surveyed felt the use of EVs could actually be better for driver health.
- 3. We have EV breakdown covered** – Most of our Patrols are now trained to the equivalent of IMI Level 2 and a third of our Prestige Network of over 500 garages are already EV capable. The addition of our Freewheeling Hub allows us to recover EVs from the roadside, extending our operational capability. We have also invested in a hybrid training rig and concept hydrogen refuelling van, so we have all bases covered, giving your drivers peace of mind.
- 4. 'Last mile' savings** – The use of 'micromobility' vehicles, such as smaller vans, bikes and scooters, for local and 'last mile' delivery makes the use of alternatively fuelled vehicles more suitable than those run on petrol or diesel, particularly as more clean air zones are activated in UK cities. Not only does this benefit your fleet economically, but environmentally too.
- 5. Tax relief** – Pure EVs will not receive any Benefit-in-Kind tax for 2020/21 – irrespective of the date the vehicle was registered. In 2021/22 they will attract a BiK rate of just 1%, and just 2% in 2022/23.



Getting the right vehicle

Choosing the right vehicle, whether this is a one-off purchase or part of a wider fleet, is an important task. There's lots to consider, especially when buying a second-life car or van, to ensure you get what you pay for. AA Cars has set itself the mission to make buying a used car or electric vehicle easy and stress free, so the team has shared their top advice, championing your business to get the purchase right the first time.

Do your research online and then book appointments at dealerships

The safest way to shop for a used car or van in today's climate is to look online first and then book appointments at the dealerships that have vehicles you are potentially interested in buying. By booking an appointment in advance, dealerships can better manage the number of people inside the showroom at a given time.

Buy from a reputable dealer

Buying from a reputable dealer, through the AA Cars network, compared to a private seller, offers your business extra protection through the Consumer Rights Act if something goes wrong. The Act entitles you to a repair, replacement or some money back if a fault comes to light in the first six months after purchase as long as the problem was present when you bought the car or van.

Ensure a vehicle history check is carried out

Buying from a reputable dealer has an additional benefit, as most carry out a vehicle history check. This should be considered essential when buying a second-hand vehicle, as it confirms that the mileage and number of previous owners is accurate. It will also flag up if a car or van has been stolen, been in an accident or written off, or if there is any outstanding finance associated with the vehicle.

You can always carry out a vehicle history check yourself and it is very inexpensive — for example we offer this service from as little as £6. When you buy from AA Cars, history checks are displayed as standard on all of their vehicles for free and they don't list any write-offs or stolen cars and vans.

Book a pre-purchase inspection

It is also recommended that you book a pre-purchase inspection to have a vehicle inspected by a qualified engineer before handing over any money. Getting an expert to check the vehicle will minimise the likelihood of unexpected repair costs further down the line. Our vehicle inspectors can carry out an extensive mechanical inspection that tests up to 206 elements of the vehicle.

Take the car for a test drive

It's always a good idea for the person who will be driving the car or van in the business to take it for a test drive before you hand over any money. Our approved dealers have been offering private test drives - just the buyer, the vehicle and the open road. Now they're going one step further and are offering to bring test drives or viewings directly to your business or home.

Check oil and coolant levels

Before taking the vehicle to the road for a test drive, check the engine oil level using the dipstick. Have a look under the vehicle to make sure there are no obvious oil leaks. Also, check the coolant level by looking at where the coolant is between the maximum and minimum marks on the coolant reservoir.

Check the brakes and clutch operation

When you're out on a test drive listen for noise and feel for vibration when you apply the brakes. Try an emergency stop too if you are certain you are in a safe place. The car should pull up in a straight line: if the brakes pull the vehicle to one side then there is a problem.

Check that the 'bite' on the clutch is firm and there is no suggestion that the clutch is slipping or juddering - the vehicle should engage gears firmly when you take your foot off the clutch. Replacing a worn clutch is expensive, so it is definitely worth checking before making a purchase.

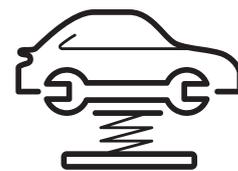
Inspect the tyres

Check for cuts and bulges on the tyres and ensure they meet the minimum legal tread depth of 1.6mm. Ideally the tread depth should not be below 3mm as it will mean the tyre will soon need replacing. In order to check the tread depth, you should either use a tyre tread depth gauge or use the 20p coin test. The band around the edge of a 20p coin is a little wider than the legal limit of 1.6 mm, so you can use one for a quick and simple check. Stick the coin, edge on, into one of the tread grooves and look at it from the side. If the outer band on the coin is completely obscured, then your tread's above the legal limit. If you can see the outer band then your tread may be below the legal limit. Not all cars come with a spare tyre (some are fitted with 'run-flat' tyres or have an inflation kit instead). If there is a spare it might be full size or, more likely, a 'skinny spare'. Make sure it is in a roadworthy condition and that all the necessary tools are present to change a wheel.

Assess the windscreen

Check the windscreen for small cracks and chips, as these can be easily missed but can escalate quite quickly into cracks that will be an MOT failure.

Breakdown and accident management

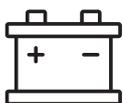


Keeping your employees safe and reducing off-road downtime are key priorities for businesses.

When it comes to breakdowns and preventing them, today there is a lot of data at the fingertips of those managing fleets and this can be utilised to better plan servicing and maintenance to reduce off-road downtime. Depending on the size of your business and the resources available to you, outsourcing this planning may be of benefit.

There's a clear trend for the top culprits for callouts. Being aware of these is useful so that you can encourage good driving practices in the business and plan maintenance and servicing accordingly.

Top causes of breakdowns



Batteries:

Batteries are an issue all year round, but especially in the cold weather. Like every other part on a vehicle, batteries should be regularly checked. Even a well-maintained battery will come to the end of its useful life at some point, and it is better for that to be anticipated and the battery replaced before it fails suddenly, with all the issues that it can cause.



Tyres:

These are a constant issue. The risk of punctures can be reduced by a driver looking well ahead on the road and seeking to avoid potholes, raised ironworks and so on. This should be accompanied by basic checks on tyre condition and pressure to ensure they are safe and legally compliant.



Engines:

When it comes to engines, there may not be any warning that an issue is present. However, any unusual sounds coming from the engine or issues with reduced power and performance should be checked immediately at a garage.



In-car equipment failures:

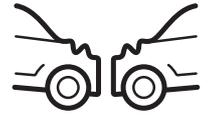
These can cover a multitude of issues, many of which cannot be anticipated. However, ensuring that service and maintenance intervals are adhered to will minimise the risk of unanticipated issues.

How to optimise battery life and performance



- For vehicles that are mainly used on short journeys, a longer trip of 30 minutes-plus will help the battery fully recharge.
- An intelligent charger or solar charger can also help, for vehicles that are not used that often.
- Ensuring electrical items, such as heaters, windscreen wipers and stereo are switched off when parking or starting the car or van also reduces strain on the battery.
- The same is true of dipping the clutch when starting the car.
- Additionally, EV users should keep a close eye on their vehicle's main battery and pull over in good time to recharge. However if you do get caught out, we can provide you with a boost and get you to your nearest charging point.

Breakdown and accident management



Accidents are a concern for all businesses. While there are things you can do to reduce risk on the road, such as keeping up to date with SMR and investing in driver training, unexpected incidents may happen.

You can reduce the impact of accidents on your business by having a clear accident management policy that all drivers and those managing the administrative side follow.

As a trusted partner, we can provide an end-to-end accident management service to minimise the impact on your business. In the event of an accident our dedicated incident coordinators will manage each aspect of your case from arranging repairs, through to insurance claims and legal work.



Service, maintenance and repair



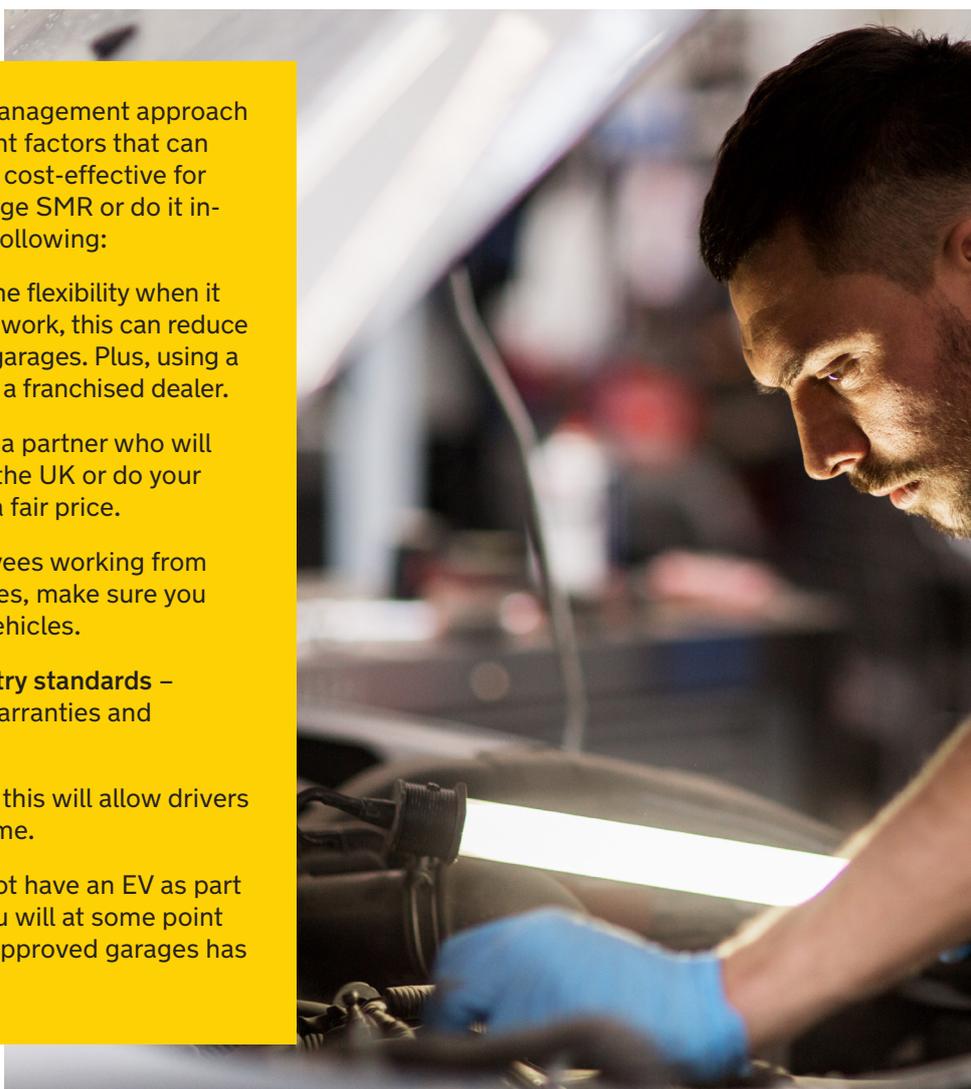
Service, maintenance and repair (SMR) is a vital aspect of fleet management that is being transformed by advances in technology. Fleet managers now have access to a multitude of data and smart solutions promising revolution and opportunities to expand into the growing mobility landscape.

In February 2019, we acquired Prestige Fleet Servicing (Prestige), a technology-led supplier of SMR to the fleet and leasing sector. Through Prestige, we're able to address the planned and unplanned needs of businesses and drivers, providing a robustly operational end-to-end experience enhanced by technology.

We work with more than 60% of the fleet sector and a wide range of SMEs, offering SMR across a nationwide network of more than 500 independent garages via an automated software platform, UNITY.

When you're considering the right SMR management approach for your business, there are some important factors that can make the process much simpler and more cost-effective for SMEs. Whether you use a partner to manage SMR or do it in-house, make sure you have access to the following:

- **Choice of garage** – it's ideal to have some flexibility when it comes to where a car or van goes to for work, this can reduce downtime by enabling you to use local garages. Plus, using a local garage can save up to 30% versus a franchised dealer.
- **Competitive pricing** – either work with a partner who will guarantee consistency of price across the UK or do your research to ensure that you're getting a fair price.
- **National warranty** – if you have employees working from multiple locations, using various garages, make sure you have a warranty covering all work on vehicles.
- **Guarantee work is carried out to industry standards** – this is vital to maintain manufacturer warranties and ensure the safety of your drivers.
- **Real-time updates on vehicle repairs** – this will allow drivers to better manage any potential downtime.
- **Electric vehicle capability** – you may not have an EV as part of your fleet right now, but it's likely you will at some point in the near future, and our network of approved garages has the right expertise to support you.



Driving better



Getting your drivers driving the right way will not only save lives but will also save money for your business and help to protect its reputation.

Well trained drivers will ultimately be safer on the roads and less of a risk to themselves and those around them. They will be better equipped to be able to manage incidents that may occur and adapt their driving to suit different situations and weather conditions.

Through driving more efficiently, businesses will also see a positive impact on their bottom line through reduced running costs – up to £360 potential saving per driver, per year.

Underlining the wider safety, legal and cost saving benefits of driver training, is the duty of care responsibilities businesses have towards their employees and there's lots that can be done to tick all of these boxes. With over 30 years' experience delivering innovative fleet risk and driver training solutions, DriveTech recommends the following;

- **Fleet risk health check** – start by evaluating your fleet, either in-house or using an experienced partner. You'll instead then be able to identify any compliance issues, set areas for action and benchmark results.
- **Licence checking** – are your employees who drive on business qualified and do they pose any risk due to number of penalty points?
- **Driver risk assessments** – these can be done online and are a practical way to identify drivers who are high risk, allowing you to take action.
- **Driver training and coaching** – give your drivers the information and tools they need to be safer on the road and drive more efficiently. DriveTech has a range of different training options to suit all business types, including free e-learning resources and dedicated EV modules.



TOP FIVE EV DRIVING TIPS

1

Conserve momentum – this helps extend the intervals between charging.

2

Avoid harsh braking.

3

Watch your speed. EVs are typically quieter than petrol-fuelled vehicles so it's easier to go faster than you think without noticing.

4

Reconsider use of heating and air conditioning – these drain the battery so charging intervals will be shorter.

5

Know your vehicle's eco features.

Partnership spotlight



In 2019, Reset Compliance Systems Ltd (Reset) embarked on a journey to develop a comprehensive membership package that would demonstrate value to their client base and select partners. With their client base being contractors and predominately small to medium organisations, Reset wanted to show their relevance and benefits to all customers.

A perfect pairing

Considering the fact that all contractors drive to clients' sites, looking for a breakdown recovery partner was one of the first benefit offerings. When looking for a partner Reset wanted to find an organisation that they, alongside their client base, could trust. Reset went out to market but always at the forefront was our breakdown recovery service. We were an excellent fit because of our values, levels of service and history.

By viewing Reset as an entity, instead of a large selection of small or medium sized businesses, we were able to put in place an excellent offer for their client base.

Beyond breakdown

It is important to Reset that their client base remains compliant and that we offer them regular support and articles to help their client base achieve this with their vehicles.

Amanda Pilgrim, Head of Business at Reset, said: "We regularly receive up to the minute articles to help our client base understand any changes that may affect them. In addition, the AA supplies content for our client bases' magazine 'Connected', which produces interesting information for our website as well as articles for our newsletters. Our partnership grows from strength to strength."

The benefits speak for themselves

Now in the second year of the partnership, Reset is proud that the offering has been a great success and has been taken up by many. Examples of the savings made include:

- A medical equipment contractor has saved almost £1,600 on their membership, which more than covered the cost of their Reset membership at £420 + VAT per year.
- A cleaning contractor has saved over £300 with our breakdown service which exceeded the cost of their Reset membership.
- A saving of almost £2,000 has been made by a security equipment company who have renewed their membership for the second year running.

Amanda Pilgrim concluded:

“ Our partnership with the AA is a very strong one. Reset is fully supported by Esther Saho, SME Commercial Account Manager and the AA team. We look forward to our continued relationship which is proving to be of benefit to our client base, our clients, the AA and to Reset itself. ”

The perfect partnerships



We've partnered with hundreds of organisations across the UK, offering access to discounted or specialist business breakdown packages. Just a few examples that may be useful for SMEs are below.



We offer business breakdown services to members of IPSE, the Association of Independent Professionals and the Self Employed. Representing 74,000 members, IPSE provides research and policy activity to provide a better environment for freelancers, interim managers, consultants, contractors, and other self-employed individuals to run their businesses.

Victoria Rodwell, Head of Partnerships at IPSE (the Association of Independent Professionals and the Self-Employed), said: "We are delighted to be partnering with the AA as they can offer our members across the UK their excellent services and benefits. Mobility is especially important for freelancers and the self-employed – not only for travelling to and from client sites, but also for finding new work and clients across the country. We hope this exciting new partnership will help our members stay connected, mobile and able to get where they need to be."



The British Chambers of Commerce (BCC), made up of 53 accredited chambers, represents tens of thousands of businesses of all shapes and sizes, which employ almost six million people across the UK. In partnership with us, the BCC offers members up to 67% off business breakdown cover to help keep them moving.

Luke Flinders, Head of Affinity Partnerships at the British Chambers of Commerce, commented: "Our partnership with the AA is delivering real value to Chamber members. It's key to the British Chambers of Commerce and the Accredited Chamber of Commerce network that we offer our members benefits that reduce costs and, ultimately, contribute to helping businesses grow. Keeping businesses safely on the road and reducing the downtime of breakdowns is vital to this."





Reset Compliance Systems Ltd offers business breakdown cover to their member benefits package by partnering with us. Reset's services are widely used across both the public and private sectors – in the NHS, Education, MOD, sports grounds, facilities management, and construction.

Speaking about the collaboration, Amanda Pilgrim of Reset Compliance Systems, said: "We are delighted to work in partnership with a well-respected brand such as the AA. We have worked hard to deliver the services and discounts that can provide relevant and tangible benefits for our members. With almost all our members running commercial vehicles, the introduction of a fleet cover solution was an obvious choice and will further enhance their Reset membership offering."



Conclusion

We've all faced uncertain and challenging times due to the coronavirus pandemic, and it's not a period we can move to the history books just yet, so we understand that support for SMEs is more vital now than ever before. We're committed to not only keeping businesses on the road but to also offering them wider support to keep their fleet operational and on top of the latest safety, technological, regulatory and legal developments.

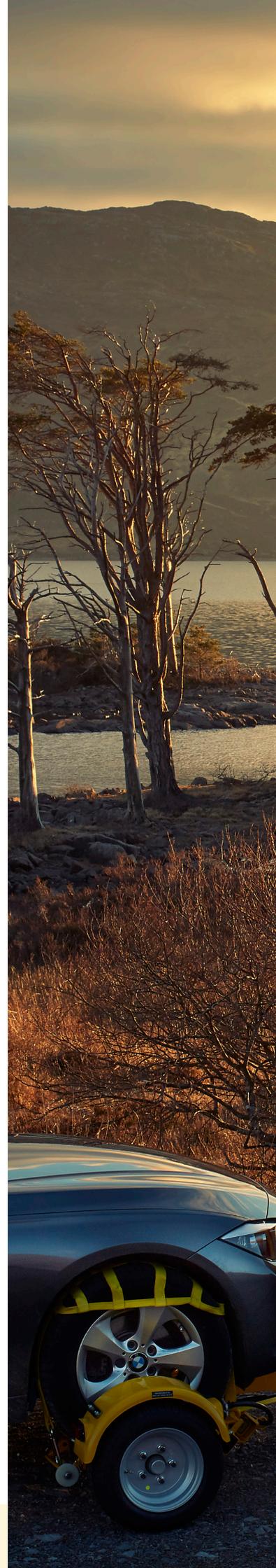
We're on the cusp of significant automotive change with alternative fuelled vehicles and we strongly believe that this presents opportunities for all businesses of different shapes and sizes at the right point. Our business is no exception to this and we're proud to be investing in our EV capability and expertise to remain at the forefront of this change.

Now is the time to re-evaluate your fleet, looking at the complete picture from safety, through to servicing and maintenance. If it's operating as efficiently as possible now, you will be in the best position to embrace change.

Looking forward, one thing is certain, whatever happens in the future we're here to support your business today, tomorrow and beyond.



Gavin Franks
Director of Business Services, The AA



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There are more than 4 million vans and trucks on UK roads. As the UK's number one breakdown service provider, we cover 65% of the UK's top 20 car and van fleets.

We serve almost 10 million business customers, attending 3.5 million business and personal breakdowns each year. Offering 24/7 assistance, we also support more than a quarter of sole traders who operate vehicles and invest in breakdown cover. We have more highly skilled Patrols than anyone else, with almost 3000 of them.

Our cutting edge technology and expert Patrols means that we can fix 8 out of 10 cars at the roadside.

