

6

reasons why you shouldn't
ditch company cars...

Company cars can be a substantial expense that involves a certain amount of management and administration, as a result some organisations are choosing to ditch company cars in favour of an easier cash allowance. However, it's not quite so simple; here are **six things you should consider** before giving up on the company car.

1 Impact on employees



Employees become responsible for sourcing, insuring, maintaining and taxing their own vehicles

Individual employees do not have access to the corporate discounts with vehicle manufacturers that companies do.

Your employees will have to support the funding of a vehicle themselves. This may mean dipping into savings or taking out a car finance agreement, which will be dependent upon the individual's personal credit rating.



2 Higher mileage costs

The UK grey fleet comprises of **14 million** cars, some **40% of all vehicles** on the road, and costs employers more than

£5.5bn a year

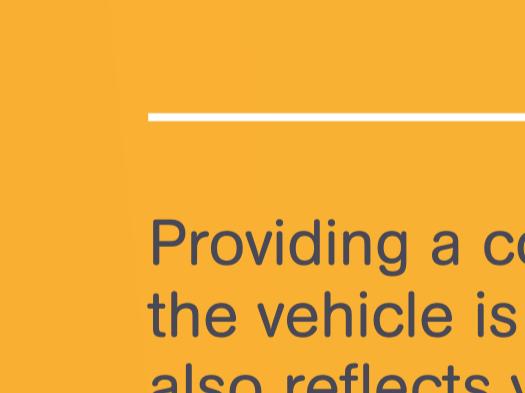
in mileage claims and car allowancesⁱ

Employees using their own car will be able to reclaim mileage costs of 45p per mile for the first 10,000 miles and 25p thereafter, whereas current rates for company car drivers are determined by fuel type and engine size and are typically much lower.

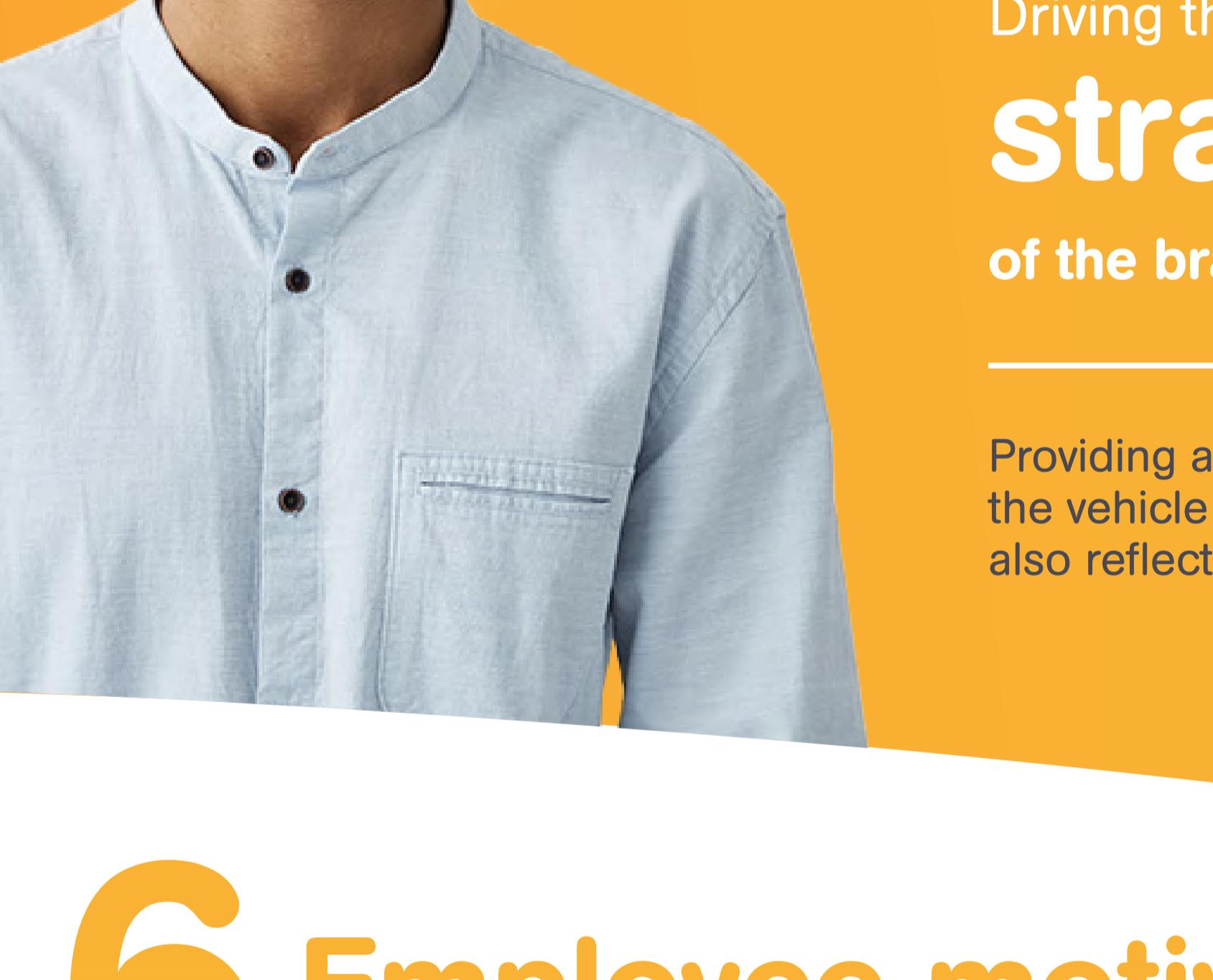


3 Duty of care liability

1 in 6



businesses that rely on grey fleet vehicles carry out no checks on them at allⁱⁱ



Allowing employees to use their own cars means employers have less control over vehicle condition and safety. Businesses that are deemed to have committed a gross breach of their duty of care may be found guilty of corporate manslaughter.

4 Environmental impact

The average grey fleet car is over

8 years old,

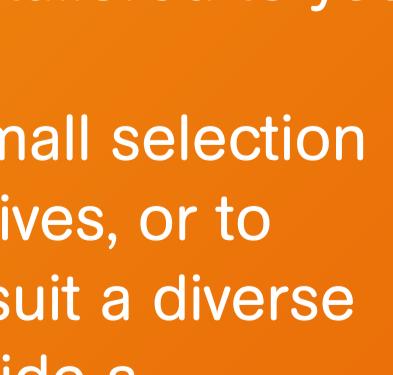
significantly older than many fleet vehicles that are leased and renewed every three years or soⁱⁱⁱ



Grey fleet cars have been shown to be typically more polluting than new company-provided cars, with lower CO₂ emissions.



5 Image and reliability



Driving the right type of vehicle adds to the **strategic value**

of the brand building efforts of the business.

Providing a company car enables you to ensure the vehicle is suitable for business use and that it also reflects your brand's image and personality.

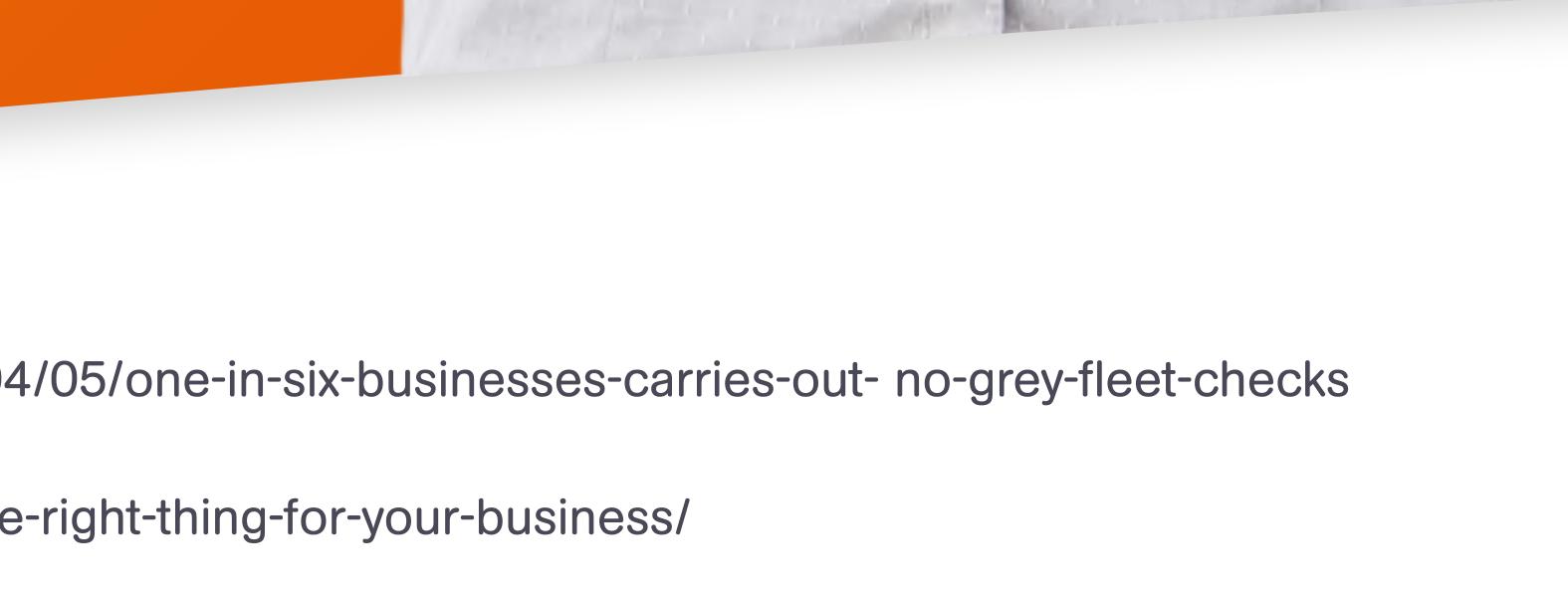


6 Employee motivation



Having a company car is a valued and sought-after benefit which can aid in **recruitment and retention** of the **best employees.**

The employee enjoys the ease of a maintained company vehicle and the support that brings, saving time and hassle.



Whether you are looking for a small selection of company cars for your executives, or to structure a complex scheme to suit a diverse employee base, Maxxia can provide a comprehensive service covering a number of vehicle finance options and associated services.

To discuss your company car or employee car scheme options, speak to us today on

020 7520 9450

or email

contact@maxxia.co.uk

ⁱ <https://www.fleetnews.co.uk/news/fleet-industry-news/2017/04/05/one-in-six-businesses-carries-out-no-grey-fleet-checks>

ⁱⁱ CLM study

ⁱⁱⁱ <https://fluidthinking.shell.co.uk/2017/04/03/grey-fleet-is-it-the-right-thing-for-your-business/>

Deciding how to structure your car, cash allowance or employee benefit scheme can often be a huge challenge. At Maxxia we will work with you to develop a strategy that works. Providing clear and straightforward advice, we focus on your business objectives to develop bespoke financing arrangements that are tailored to you.

Whether you are looking for a small selection of company cars for your executives, or to structure a complex scheme to suit a diverse employee base, Maxxia can provide a comprehensive service covering a number of vehicle finance options and associated services.

To discuss your company car or employee car scheme options, speak to us today on

or email

contact@maxxia.co.uk