



Motorist filling up at the pumps

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Lower petrol prices fuel business expansion

UK businesses have saved on average 11% on their fuel bills in the last year, according to new research by RAC Business*. Company owners have capitalised on the 10p drop at the pump since last June by investing in new vehicles and increasing the number of journeys driven by employees.

The research, carried out among 500 business decision-makers, found that 24% of firms used the money saved on fuel to buy more vehicles; 26% made more journeys by vehicle; 21% increased the average mileage driven by staff

and, more boldly, 22% say they bought larger, less fuel efficient vehicles – suggesting that fuel bills are no longer as punishing.

RAC Fuel Watch data shows that while fuel prices hit an all-time high in April 2012 of 142p per litre for petrol and 148p for diesel, they have been falling steadily since, remaining on average at 108p in the past 12 months, despite a recent increase. In June 2015, the average price per litre was 117p for petrol and 121p for diesel. As of July 2016, prices are now hovering around the 112p mark for both petrol and diesel, resulting in significant cost-savings for businesses across the board.

The outcome of the EU referendum vote has created further volatility, but the fall in the strength of the pound has not sparked a big rise at the pump because it has been coupled with a fall in the price of crude oil too. In fact prices are expected to come down in the next few weeks.

Findings from the RAC Business data also include nearly one in five (18%) firms taking advantage of the extra cash to invest in hybrid vehicles. This could be an indication that the technology driving hybrids is now at the point where businesses can benefit from the potential cost-savings of investing in a fleet.

The research also reveals regional variances, with 40% of London businesses taking the opportunity to invest in more vehicles (compared to national average of 24%) and 24% introducing hybrid vehicles (compared to national average of 18%). This propensity towards electric vehicles was seen most significantly in the West Midlands where 28% added them to their fleets. These findings are backed up by the Department for Transport's own statistics which found that 29,963 ultra-low emissions vehicles were registered in 2015 compared to 4,313 in 2013**, a 594% increase.

Around a third of firms in Scotland, Wales, London and the South West used the extra funds to increase the number of journeys made (compared to national average of 26%). In Wales 41% of firms say average mileage driven by staff has increased and 31% in the South West say the same (compared to a national average of 21%). Interestingly, in the North East only 10% of firms made more journeys by road vehicle preferring instead to simply reduce costs.

The Department for Transport's most recent Annual Road Traffic Estimates

report reflects these findings – in 2015, all motor vehicle traffic grew by 1.6% and in particular, van traffic grew by 4.2%. Last year, 316.7 billion miles were driven on Great Britain's roads, nearly 1% more than the previous high in 2007.

Despite the clear growth of road use, a quarter of businesses do not use fuel cards to manage spend with 47% of businesses feeling they did not have enough vehicles to justify them.

Jenny Powley, sales director for Corporate Business at RAC Business, said: "It's encouraging to see how lower petrol and diesel costs are fuelling the entrepreneurial spirit of the UK's business community. Rather than sitting back and simply enjoying reduced bills, owners are getting out on the road to drive their businesses forward. By adding new vehicles to fleets, embarking on more journeys and covering more miles, companies appear to be doing more business, and we are certain this will be rewarded.

"The RAC Fuel Watch analysis suggests fuel prices are set to remain comparatively low in the medium to long-term, although it's still difficult to predict due to the fluctuations of the global oil price. But we would go further and suggest a 2p cut at the pumps for unleaded petrol would bring down the average price further, and provide more support for UK businesses."

Notes to Editors

*Research conducted among 500 UK business decision-makers by 3GEM Research and Insights in May 2016.

** Department for Transport's Annual Road Traffic Estimates report 2015

For more information on RAC Fuel Watch, visit
<http://www.rac.co.uk/drive/advice/fuel-watch/>

About RAC Business Services

RAC is one of the UK's most progressive motoring organisations, providing

services for both private and business motorists.

RAC Patrols repair vehicles on average within 30 minutes at the roadside and carry more than 500 parts and tools, so we're always well-equipped and ready to fix wherever possible

RAC Business offers a comprehensive range of services and products for UK businesses of all sizes and currently provides cover to around six million vehicles.

Products available include: fleet breakdown coverage, telematics, fuel cards, accident management, inspections, training, commercial and fleet insurance, fleet management (Business Club) and risk management services.

RAC also provides client-branded outsourced services and call centre support for customers of leading car manufacturers, insurance, fleet providers and logistics companies, as well as truck breakdown, truck warranty and insurance for vehicles from 3.5t to 44t.

RAC press releases, news alerts and a wealth of motoring research is available from www.rac.co.uk/press-centre/.

Contacts



RAC Press Office

Press Contact

press.office@rac.co.uk

Emails monitored during normal office hours. For breakdown queries, call 0330 159 0740

ISDN number on request