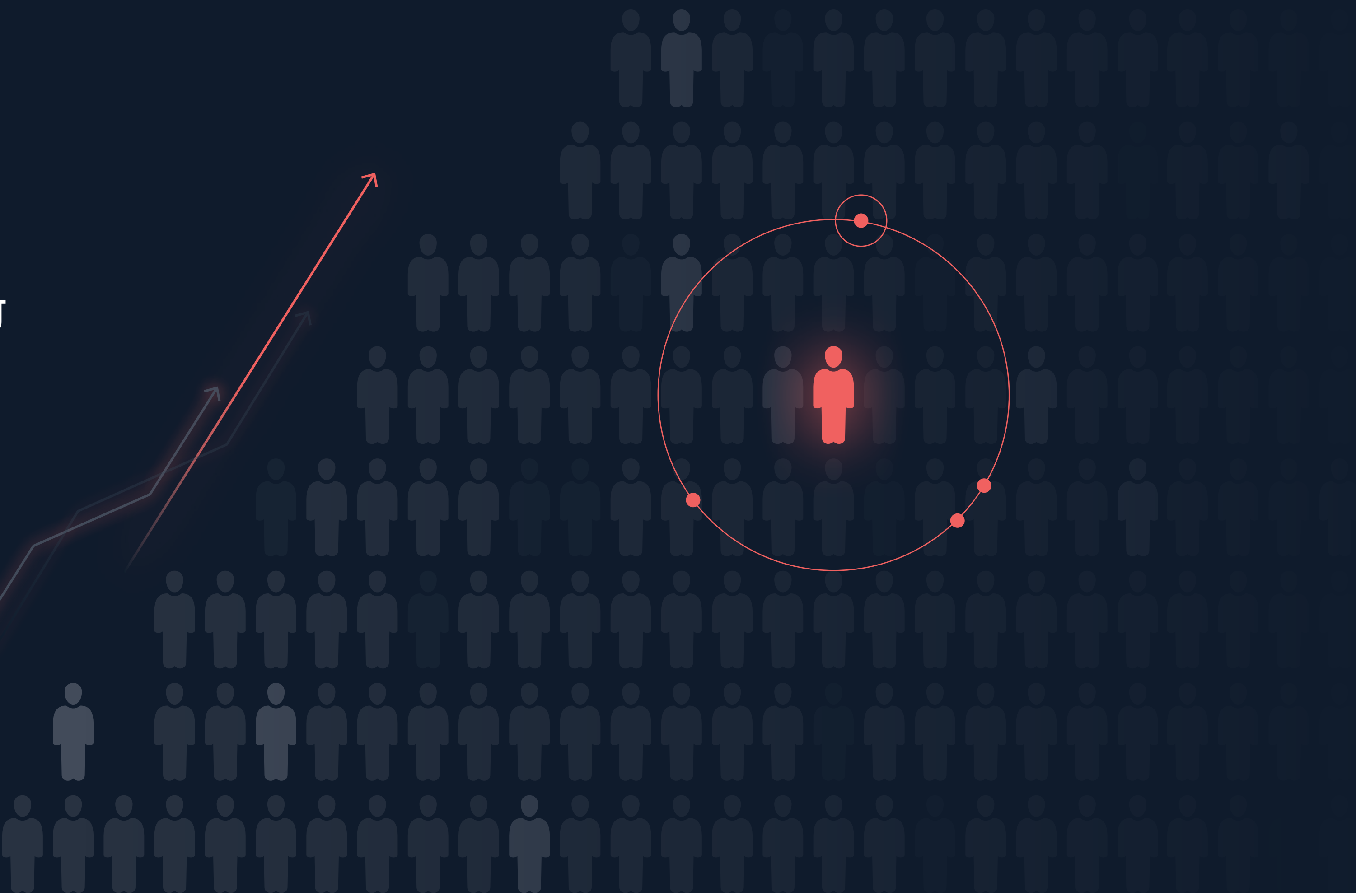
Leasing Outlook

RESEARCH &INSIGHT

Q2 AUGUST 2019

BVRLA



Making it personal

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In association with Solera | cap hpi

FOR SMARTER AUTOMOTIVE DECISIONS™

About this report

The BVRLA Leasing Outlook report combines the aggregated market data and insight of experts from across the sector to provide an unrivalled perspective of what is happening to the market and where it is heading.

Each quarter the association analyses a range of automotive market data and puts a series of questions to a panel of senior executives from across the industry and its supply chain. Full of strategic insight and analysis, this report provides the BVRLA's forecasts for key areas of the leasing market.

Leveraging its knowledge and understanding of the policy and regulatory environment, the BVRLA Leasing Outlook report also presents a unique 'Risk Register' of upcoming items that will have a major impact on fleet procurement and operations.

The BVRLA is the home of reliable, robust and compliant fleet industry data. If you would like to find out more about what we do, or participate in our research and insight activities, please get in touch.

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Executive Summary

Leasing companies are facing a double-edged sword as they continue to help their fleet customers navigate an increasingly complex operating environment. Relationships are closer than ever, but there are real challenges in maintaining service levels.

A clearer fleet picture

After months of campaigning, the fog of uncertainty hanging over the market is starting to lift, with much-needed clarity on company car tax plans for 2020 onwards being provided in recent weeks.

The design of the new system is focused on two aims; to support the transition to new WLTP-based emissions standards without causing excessive hikes in company car tax; and to lay the foundations for an industry shift to a zero-emission transport system.

In practice, this means fleets having to deal with added complexity, as from next year there will be two tax tables, with drivers paying slightly different rates depending on whether their car is registered before or after the adoption of WLTP standards for assessing company car tax.

The new tax tables from 2020 onwards include a clear incentive to operate zero-emission-capable vehicles, which is certain to accelerate adoption from next year.

This will be part of a decades-long shift to ultra-low emission transport. It means blended choice lists will become much more common than fleets opting for a single fuel. Diesel will remain a core, although less universal option, which will bring new operational challenges for fleets and suppliers alike.

Where next for PCH?

Personal contract hire is expected to be the engine of growth in the leasing market over the next year, as interest expands among corporate customers and consumers.

In the fleet market, uncertainty over tax and restricted supplies of core fleet vehicles are persuading drivers to opt-out in favour of alternatives, such as personal leasing, while consumers are being drawn by the simplicity of the offering.

However, there are early indications that the business contract hire market could show signs of a fleet renewals-based resurgence later in 2019, as it benefits from a longer company car tax roadmap and a clearer political and economic perspective on Brexit.

> *The fog of confusion hanging over the future shape of the market is starting to lift, with much-needed clarity on company car tax plans for 2020 onwards.*

Business Confidence

With Boris Johnson appointed as the new Prime Minister and greater certainty about the shape of company car tax for the next three years, Brexit is now the final hurdle to long-term strategic certainty for business.

Once a clearer picture emerges, fleet customers should be able to establish longer-term planning that may kick-start renewal programmes in sectors that have been subject to delays.

Overall business confidence improved slightly at the start of the year and the economy continues to remain stable, despite ongoing political upheaval.

Short-term sentiment remains negative and there is a slightly more pessimistic view within the leasing industry when it comes to the performance of the sector and the size of the fleet, but for the year ahead, the industry is predicting a return to growth.

There continue to be numerous challenges facing the market, with growing concern emerging around the potential for lead times to be disrupted ahead of the arrival next April of lower taxes for newly registered company cars.

The decline of diesel is also an ongoing challenge, with leasing companies having to balance the changing short-term demands of customers with disruption to vehicle availability as manufacturers rebalance their production capacity.

Diesel will remain a core fleet fuel, despite the recent sales decline, but demand for petrol and zero-emission vehicles is showing rapid growth.

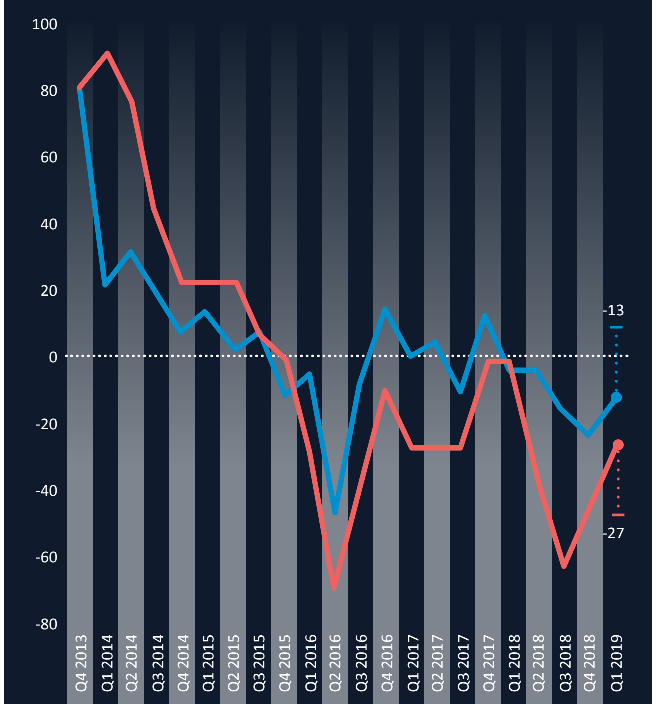
Diesel demand is predicted to stabilise in a post-Brexit economy, buoyed by the arrival of RDE 2-compliant models that escape the costly four percentage point company car tax surcharge.

The current decline in sales of new cars overall is inspiring new product strategies and the introduction of consumer-focused services. This includes personal contract hire, which is seen as the engine of growth in the next year.

Other mobility service options under consideration range from subscription services to used vehicle leasing and include more niche products such as car sharing and integrated ‘mobility as a service’ (MaaS) platforms.

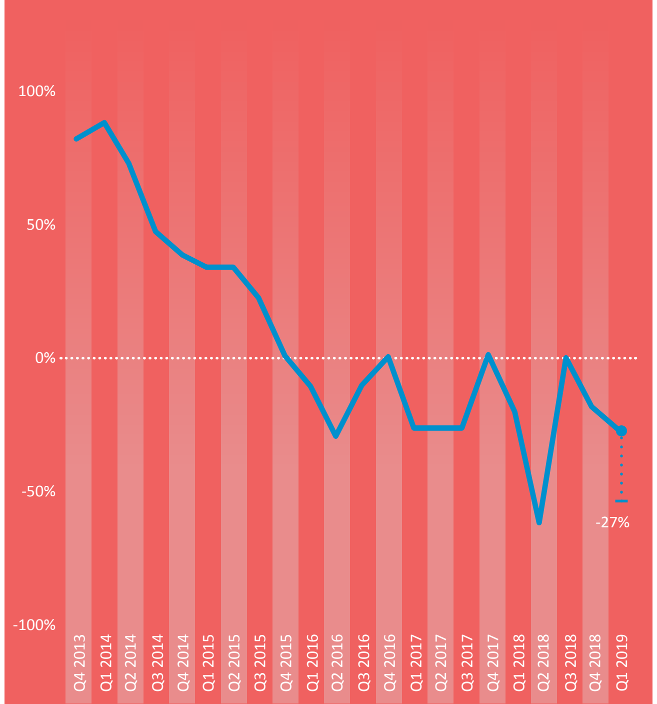
From a leasing industry perspective, the longer-term outlook is positive, as new opportunities for growth emerge in this rapidly changing market.

UK Economy



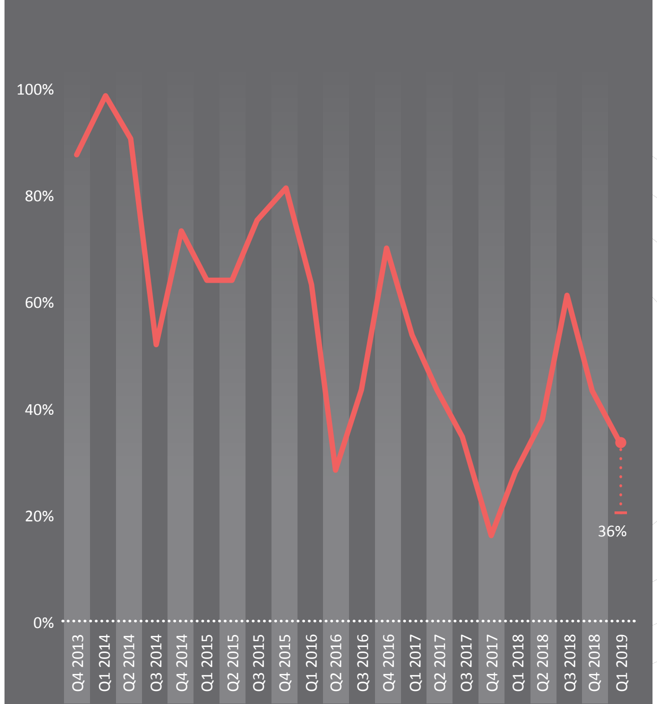
Confidence measures take the form of improve/ stay the same/ diminish for the next six months compared to the previous. The percentage quoted is the difference between the percentage of respondents taking each view. While negative overall, the trend is improving as the economy remains stable, despite the political disruption that is affecting business continuity.

Fleet leasing sector



The downward trend in confidence levels seen since 2013 has continued into 2019 amid ongoing disruption and falling sales in core markets. This trend might be reversed next year when lower company car taxes come into force, supplies increase for RDE2-compliant diesel vehicles and zero-emission models, and there is clarity on Brexit.

Fleet sizes



Declining confidence reflects the falling new car market, but in part, fleet demand has been disrupted following the introduction of WLTP-based emissions testing, combined with contract extensions as businesses wait for a resolution to Brexit negotiations. As these barriers are removed over the next year, confidence could improve, particularly as leasing companies attract a wider customer base, including consumers, with new services.

Market Spotlight

Risks

Responding to new tax rules

The introduction of new company car tax bands from April next year brings potential for market disruption. An initial concern is the incentive to delay vehicle replacements until after the new system comes into place, so drivers can take advantage of the new, lower rates. For drivers of cars registered before April 2020, most of those in cars emitting 95g/km or more (around 80% of company car drivers) will pay more tax if they aren't changing cars. Communication will be important to ensure managers and drivers understand how the new tax rules will affect their decision-making.

Longer lead times

The transition to WLTP-based taxes and the introduction of new zero-emission models is disrupting lead times for a range of models and it is often the leasing company that breaks the bad news to customers about the longer than expected wait. This affects a range of models, from diesels to the latest battery-electric cars. It is important to proactively update customers about market conditions ahead of the ordering process and ensure they are given the clearest possible timeline for delivery to avoid customer service issues.

A more complex customer base

Personal contract hire accounts for a growing proportion of customers, which is creating new challenges for leasing companies. For example, a personal leasing customer could be a single consumer or a former company car driver who still works for an employer that is also a customer of the leasing company. If the latter is the case, will the fleet manager consider their experience alongside those of company car drivers when it comes to contract renewal? If drivers opt out of a leased company car, it is important to establish channels with the fleet customer that make it easy for drivers to remain with the same provider for PCH. Anecdotal evidence suggests that the customer retention rate is as low as 25% once drivers have started exploring the wider leasing market.

Brexit uncertainty

Brexit remains a problem for business continuity and although there is hope for a resolution on the horizon, nothing is certain in the current environment. With Boris Johnson and his pro-Brexit cabinet taking centre stage, it has reignited the debate about the future of the country and the economy, but clarity may be lacking even as the current departure deadline nears.

For drivers of cars registered before April 2020, most of those in cars emitting 95g/km or more (around 80% of company car drivers) will pay more tax

Market Spotlight

Opportunities

A return to growth

After four consecutive quarters of decline, leasing companies are predicting a return to growth in 2019, driven by a steady year-on-year rise in demand for personal contract hire. While demand for business contract hire is predicted to be below 2018 levels, there are indications of a market recovery towards the end of the year, amid expectations of a resolution to Brexit that will aid business planning.

Added-value PCH services for cash-for-car drivers

When drivers opt out of company car schemes, their expectations regarding service levels tend to remain. When opting for personal contract hire, they are more likely to opt for the additional services that they were used to from their company car provider. Leasing companies that attract drivers from this community could generate demand for additional services beyond the standard vehicle provision that may be favoured by consumers, who are using private contract hire as an alternative to personal contract purchase or outright purchase.

Plug-in vehicle demand

Changes to the company car tax regime next year are likely to increase demand for hybrids and plug-in vehicles. For the 2020-21 tax year, battery electric vehicles will benefit from a 0% company car tax rate, rising to 1% the year after and 2% by 2022-23. Plug-in hybrid vehicles with an extended battery-only range also benefit from very low rates of tax for the next three years. Over the next year, a growing number of models will be available, which will increase the proportion of the market held by ultra-low emission vehicles.

Rise of the blended fleet

A one-size-fits-all approach is becoming irrelevant as fleet operators are faced with a growing range of vehicle choices. There is an increasing focus on adapting vehicle choice to suit the specific requirements of different roles within businesses, with diesel remaining a cost-effective choice for high-mileage drivers, while electric vehicles are now capable of fulfilling a much greater number of roles as battery technology improves and their range increases. This added complexity in the decision-making process will suit the consultative approach of leasing companies, which can provide advice on total cost of ownership and guidance on both the suitability of fuels for different roles and the best strategies when it comes to making a transition. This includes providing advice on Mobility-as-a-Service and its potential to support leasing customer transport requirements.

Used vehicle leasing and subscriptions

Used vehicle leasing offers the potential to extract increased value from vehicle assets during their operational life. Instead of a vehicle being lost to the used car market after its first use, it can recycled through the leasing process. Availability will be dictated by vehicles being returned from lease and maintenance costs may be higher, but it offers a potentially valuable additional revenue stream for leasing companies to explore that meets the needs of a broader customer base and breaks away from the traditional three to four-year business cycle. Subscription services provide an alternative approach to market, where customers can choose from a pool of vehicles for a set monthly fee. This subscription market is being supported by a growing community of software companies that are developing programmes to automate and streamline processes, including fleet allocation, and reduce administration costs.

A partnership approach

The current fleet climate is one of the most complex for a generation and this provides an ideal opportunity for leasing companies to offer their expert advice and guidance on fleet strategy for the coming years. Fleets face more complex choice lists and an updated benefit-in-kind tax regime, while also assessing the impact of the Worldwide Harmonised Light Vehicle Test Procedure (WLTP) and RDE2 on their fleet. The leasing industry can offer fleets advice and support to develop updated strategies for exploiting the opportunities that develop in this new fleet landscape.

Fleet actuals and BVRLA forecast: Leasing Market

The car leasing sector is expected to grow overall during 2019, but the business landscape is changing.

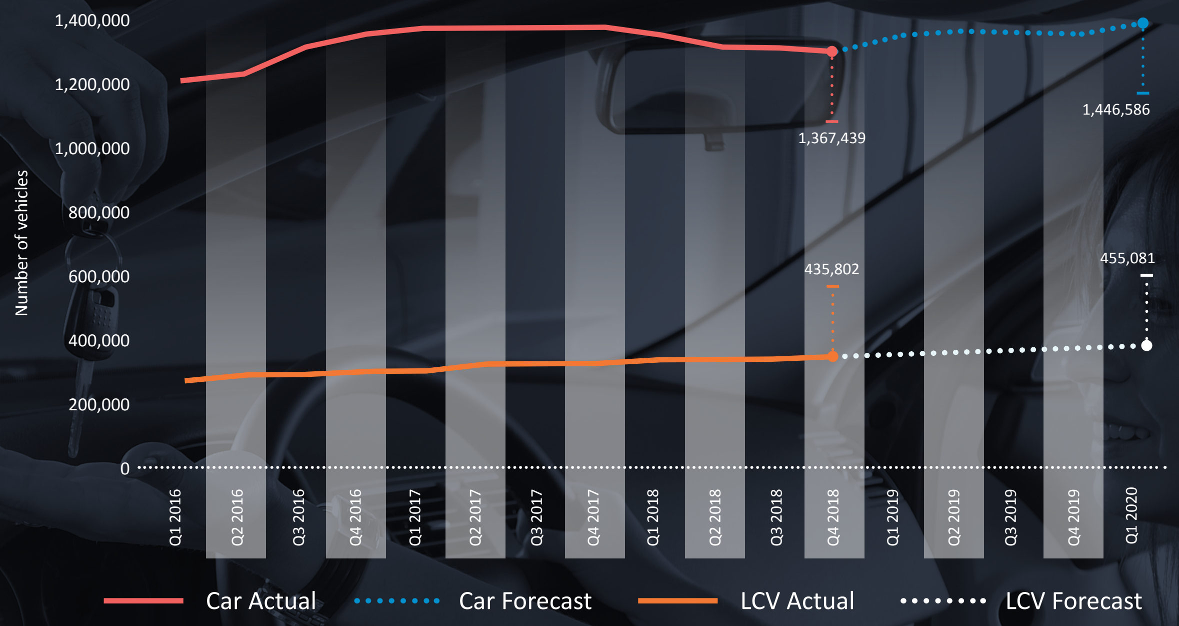
After a year-on-year decline in the car leasing fleet throughout 2018, industry leaders predict a return to modest growth by the end of the year.

However, demand is being affected by a changing customer base.

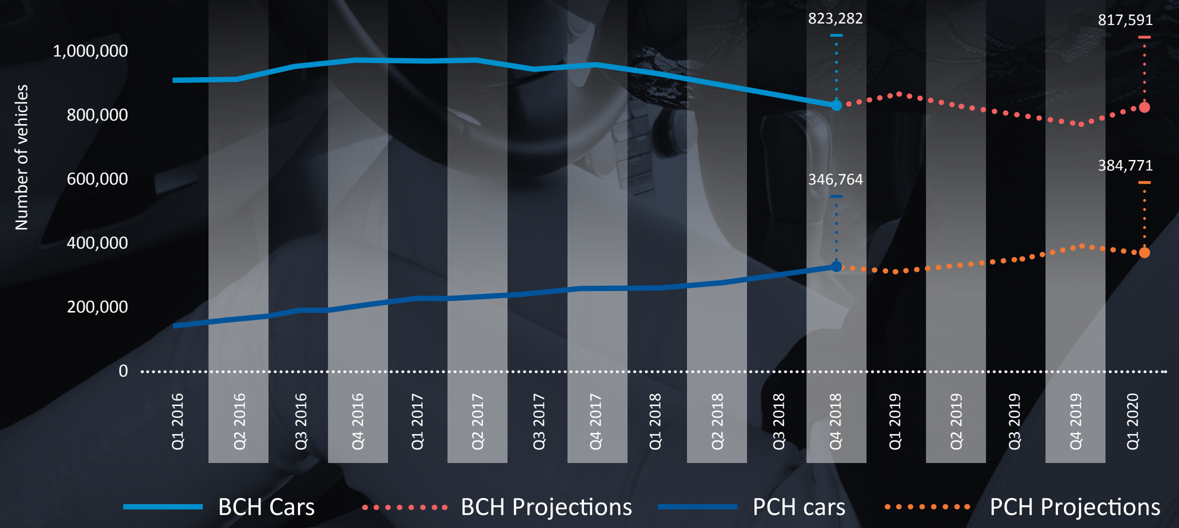
Personal contract hire (PCH) will continue to power the leasing market throughout 2019, with the latest BVRLA quarterly data for Q1 showing a 25% year-on-year increase in demand.

This is reshaping the traditional customer base of leasing companies, as they shift from a fleet to a retail-focused business model, which brings new challenges when it comes to customer service and communication.

Leasing fleet actuals and BVRLA forecast – Car & LCV



Fleet actuals and BVRLA forecast – BCH v PCH



The changing fleet market is partly responsible for this change, as drivers opt out of company cars in response to higher benefit-in-kind taxes and limited availability of core fleet models, following the disruption caused by the introduction of WLTP-based emissions tests across Europe.

PCH has also attracted a growing audience of consumers who are increasingly attracted to leasing as an alternative to personal contract hire or outright purchase.

Channels to the growing market may include direct sales, offers through brokers and affinity schemes through workplaces that provide PCH offers to employees who don't qualify for a company car.

By contrast, business contract hire volumes (BCH) continued to decline at the start of the year, with the fleet down 10% in Q1 2019 compared to the same period last year. However, the association forecasts that this segment will rebound during the latter part of 2019 as a clearer tax perspective restores some confidence to the company car market.

Brexit remains a key consideration for customers and if a future relationship with the EU becomes clearer towards the end of 2019, this may trigger an improvement in business demand as companies renew their fleets after delaying replacement until they were more certain about the future of the UK economy.

During 2019, the LCV market is also expected to maintain modest growth of around 3-3.5% each quarter; while there are some concerns over the potential impact of emissions-based taxes in the commercial vehicle market, these have yet to be reflected in a reduction in predicted demand.

Expert analysis

A clearer vision of the future

Towards the latter part of the year, with greater clarity on Brexit and the arrival of more attractive company car tax rates, we expect to see a decreasing decline in fleet demand. Moving into 2020, confirmation on tax positions coupled with the new releases of key fleet vehicles (including a greater choice of plug-in cars and RDE2-compliant diesels that are exempt from the four percentage point surcharge) should see the downward trend stabilise as drivers take advantage of the availability of cars with lower benefit-in-kind costs. LCV fleet market registrations will remain static and we only predict limited short-term disruption on LCV availability.

Fleet actuals and BVRLA forecast: Electric Vehicles

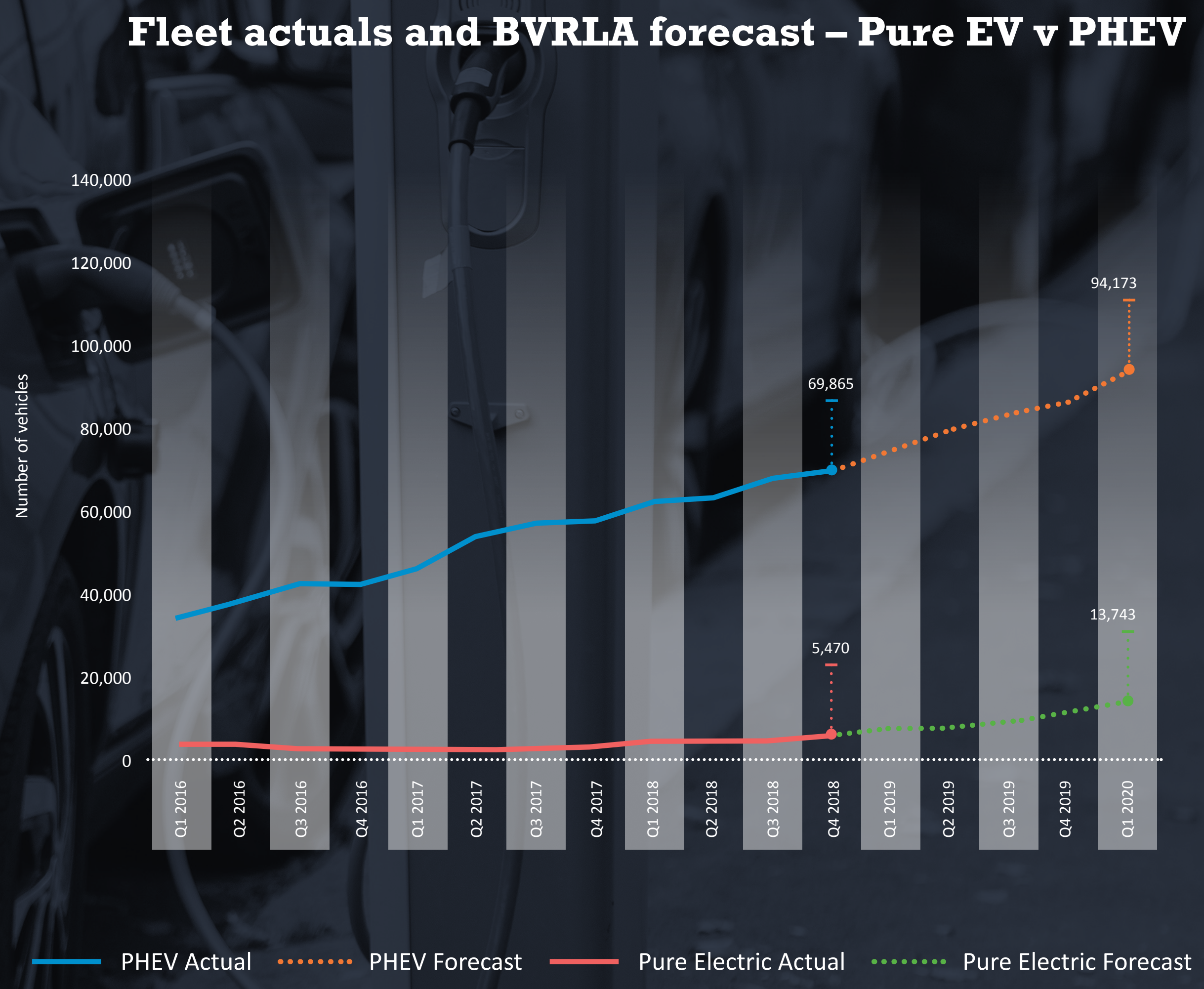
Demand for zero-emission vehicles is predicted to rise strongly next year when new company car tax incentives come into force.

For the 2020-21 tax year, company car drivers in new battery-electric vehicles (BEV) will pay zero benefit-in-kind, rising to 1% the year after and 2% in 2022-23.

The incentive has been broadly welcomed by the leasing industry, especially as the tax applies retrospectively to all company car drivers in BEVs.

The number of EV drivers is growing rapidly, although it is still a very niche market (fleet operators' association ACFO refers to the tax incentive as a "token gesture").

According to the BVRLA Quarterly Leasing Survey, hybrid and plug-in vehicles accounted for 7.5% of leasing company fleets in Q1 2019 and 8.3% of new deliveries.



The BVRLA Leasing Outlook is predicting a rapid expansion in demand for electric vehicles, so that by the end of Q1 2020, plug-in vehicles will account for one-in-10 lease cars, with BEVs alone responsible for around 1% of the fleet.

By 2021 there could be 92 BEVs and 118 PHEVs on the market, according to analysis by Transport & Environment. Product diversity is not what is concerning leasing companies, whose main challenge over the next 12 months is whether OEMs will be able to meet demand, as they have limited capacity to meet growing interest throughout Europe.

Consumer concerns about range anxiety are being alleviated by the improved range of many new models, which far exceeds the typical daily mileage of most drivers.

There is a growing number of models with a range of 200 miles or more. Furthermore, public charging infrastructure is improving rapidly (although critics argue is it not enough), including fast-charging units that reduce waiting times to as little as half an hour.

One current concern is the lack of interoperability between charging providers, with drivers requiring several different apps and accounts.

Another key unknown is what impact Brexit will have on the market, particularly in the event of 'no deal', as manufacturers may divert production to meet demand in mainland Europe to avoid any UK tariffs, exacerbating current vehicle shortages.

Expert analysis

Fleets vital to Road to Zero targets

We welcome the adjustment that has been made by government to limit or remove the impact of the change to WLTP CO_2 emissions for many cars, and to freeze company car tax for existing cars.

It is especially pleasing that the electric rate has been reduced for electric cars to zero benefit-in-kind tax in 2020 with a commitment to low tax rates for the following two years, which see a year-on-year one percentage point increase.

No doubt with the ever-increasing releases of hybrid, plug-in and electric cars, this commitment to lower tax will provide attractive cost options for perk company car drivers, particularly those paying higher rate tax, or for employees with the option to obtain a new, clean, cost-efficient car through a salary sacrifice car scheme.

This is a clear sign that government recognises the pivotal role fleet vehicles play in achieving the objectives set out in the 'Road to Zero'.

Fleet actuals and BVRLA forecast: Fuel Types

The pace of decline in diesel registrations may slow towards the end of 2019 as an increasing proportion of vehicles qualify for company car tax breaks that make them much more cost effective to operate compared to their petrol equivalents.

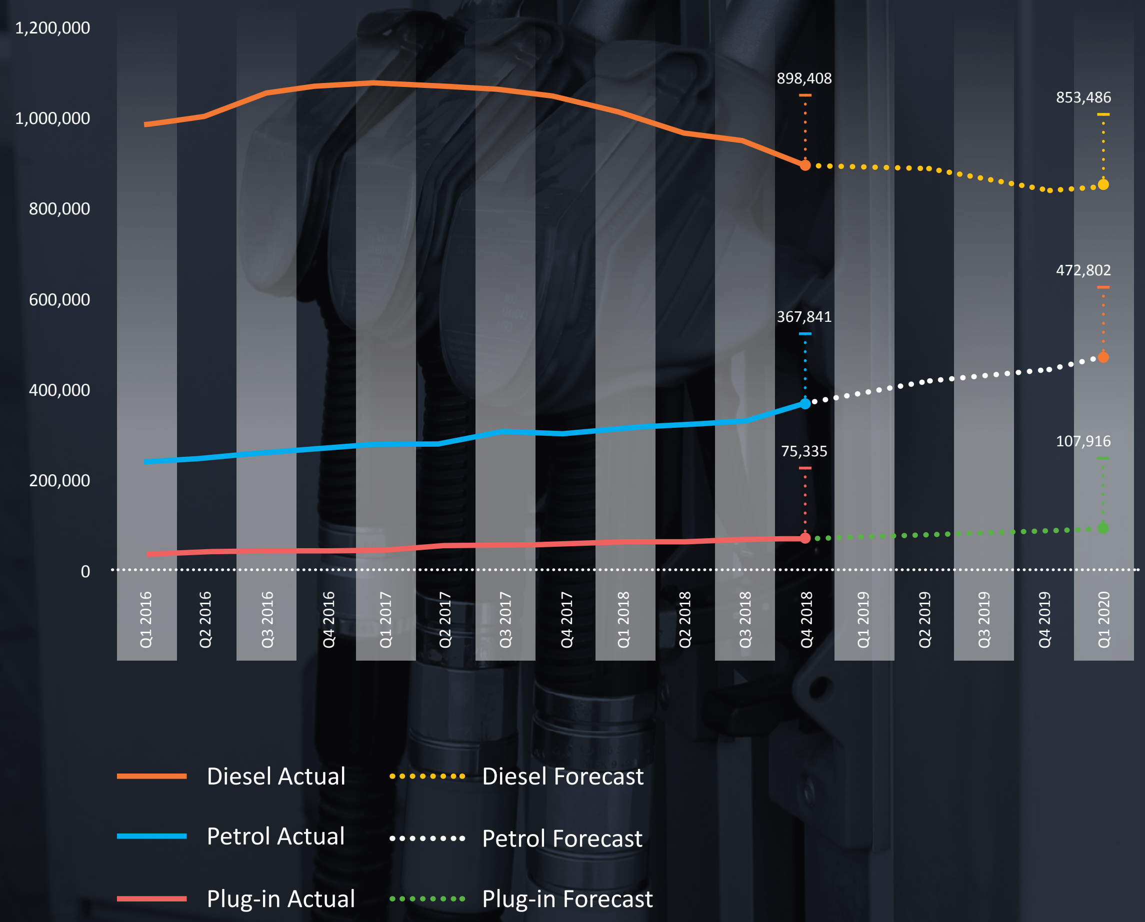
Currently, drivers of diesel company cars are subject to a four percentage point 'diesel supplement' to their tax band, unless their vehicle is compliant with the most stringent European standard, RDE2.

A growing number of manufacturers in key volume segments are planning to introduce compliant models, which would revive the running cost advantage that diesels have historically enjoyed.

The current tax imbalance, combined with high-profile negative publicity about diesel, has seen demand plummet among BVRLA members.

The BVRLA Quarterly Leasing Survey revealed that new deliveries of petrol vehicles exceeded diesel for the first time in decades during Q4 2018; this gap widened in Q1 2019 to 51.7% petrol and 40.1% diesel.

Fleet actuals and BVRLA forecast – Diesel v Petrol v Plug-in



The BVRLA Leasing Outlook forecasts that petrol will account for around 33% of the BVRLA car fleet by the end of Q1 2020, with diesel slipping to 58%.

Just three years ago the ratio was 20% petrol to 76% diesel.

Diesel is unlikely to regain its unrivalled dominance, particularly as the government is encouraging a switch to hybrids, plug-in hybrids and electric vehicles, but it will retain its role at the heart of many high mileage fleets.

The BVRLA predicts that the pace of decline will rise until Q3, before slowing towards the end of the year and starting to recover into the first quarter of 2020.

According to one manufacturer, its RDE2-compliant diesels offer approximately 25% better fuel economy than petrol equivalents, produce around 15% less CO_2 and emit around the same amount of NOx.

For fleet operators, this potential saving will be hard to ignore when making fleet policy decisions and this will establish a new balance between petrol and diesel amid informed discussion about the best fuel choice, based on traditional factors such as total cost of ownership, rather than the latest headlines.

The introduction of Clean Air Zones and the Ultra-Low Emission Zone in London will be a key consideration when choosing fuels for some fleet operators, but if a fleet operates diesel vehicles that meet the latest Euro 6 standard, they are typically exempt from charges and restrictions.

Furthermore, continuing diesel demand in the used vehicle market is expected to keep prices strong and maintain a total cost of ownership advantage.

Within the van fleet sector, diesel still accounts for the vast majority of sales and there is little sign of any change, although there is a growing niche opportunity to support fleets that operate ultra-low emission alternatives, including an increasing number of electric vehicles that are now available.

Looking ahead, there are concerns about the potential impact of WLTP emissions-based taxes for vans, particularly considering the massive disruption this caused to supply in the company car market, although there is little evidence the commercial vehicle sector will be as badly affected.

Expert analysis

Diesel to enjoy a resurgence

The introduction of more RDE2-compliant diesels that avoid the four-percentage point BIK surcharge is likely to stem its decline, as drivers and employers recognise once again that the latest diesel vehicles can be cleaner and cheaper to run than petrol for higher mileages and longer journeys.

Companies have corporate social responsibility and environmental targets and they are trying to make improvements, but they are still commercial entities and that means choosing the most cost-effective vehicle.

Diesel emissions are now very low for the latest RDE2-compliant models and it remains resilient from a residual value perspective with prices likely to improve in the longer-term because of restricted supply. Petrol will continue to see growth in popularity for certain car types and usage in segments where it can deliver lower whole life costs.

Forecasts: Used vehicle prices

In recent months, used car values have fallen substantially. This article puts the reductions into context against historic movements and the unusually strong market of 2018, and reassures that we are very unlikely to have a repeat of the situation in 2008.

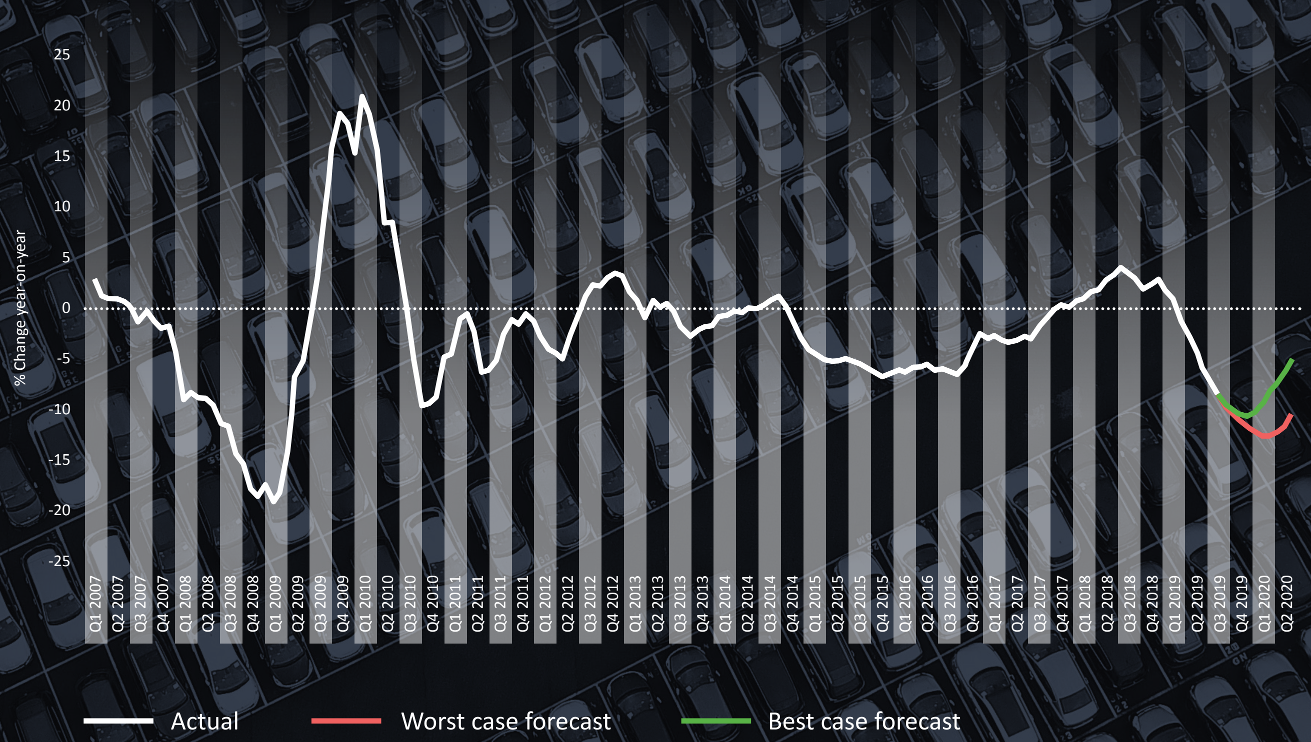
At cap hpi, we monitor and forecast the year-on-year change in used car values, by comparing the value of exactly the same model at the same age and mileage, one year apart. Figure 1 shows this year-on-year change as a percentage, averaged over the long term using 36/60k used values of all models.

Unavailability of credit in the 2008 banking crisis caused extreme falls in values, followed by a strong recovery when credit became available.

Since then, year-on-year change has been relatively stable, and from late 2014 there was a prolonged period of deflation, reflecting the steady increase in used supply resulting from more new car registrations in prior years. However, from early 2017 there was a period of temporary inflation, despite continuing increase in used supply, and now 2019 has seen a return to deflation.

Confidence in Used Car Values

Long Term Year-on-Year % change in 36/60K values for all cars



Source: cap hpi

Following a period of unusual strength in values in 2018, the year-on-year change in values has now returned to levels of deflation more consistent with the past.

In the case of petrol, values grew in strength from early 2017 because of anti-diesel press, with buyers prepared to pay more for relatively low volume petrol cars. The resulting inflation in values was never going to be sustainable and as we predicted, the strength ebbed away from mid-2018 as petrol cars looked too expensive compare to diesel, and as much more volume started to come onto the used market.

In the case of diesel, values held up very well despite anti-diesel press, with plenty of demand for increasing used volumes. In late 2018 values went into inflation, buoyed by a strong overall market and a temporary fall in used supply temporarily due to the WLTP impact on new car deliveries and part-exchanges,. As these factors have waned, so too has the temporary diesel strength.

We do not expect to see the current fall in values turn into a repeat of 2008.

Recent reductions are primarily due to market correction following a period of unprecedented strength, especially last year.

In 2018, used values for petrol increased by 2.8%, taking into account plate changes, compared to an average of -1.4% decrease for prior years since 2010. For diesel, the figures were a 2.3% increase compared to an average -2.4% decrease.

Other contributing factors to recent reductions are:

- high levels of used supply resulting from peak 2016 registrations, which are now appearing in the used market;
- an increase in ex-demonstrators and pre-registered cars, with many manufacturers increasing UK stock ahead of the original March Brexit deadline, which has put pressure on older used cars which have to be priced relative to these ‘late-plates’;
- this time of year traditionally sees a seasonal drop off in demand.

Contributed by Andrew Mee
Head of Forecast UK, cap hpi.

Expert analysis

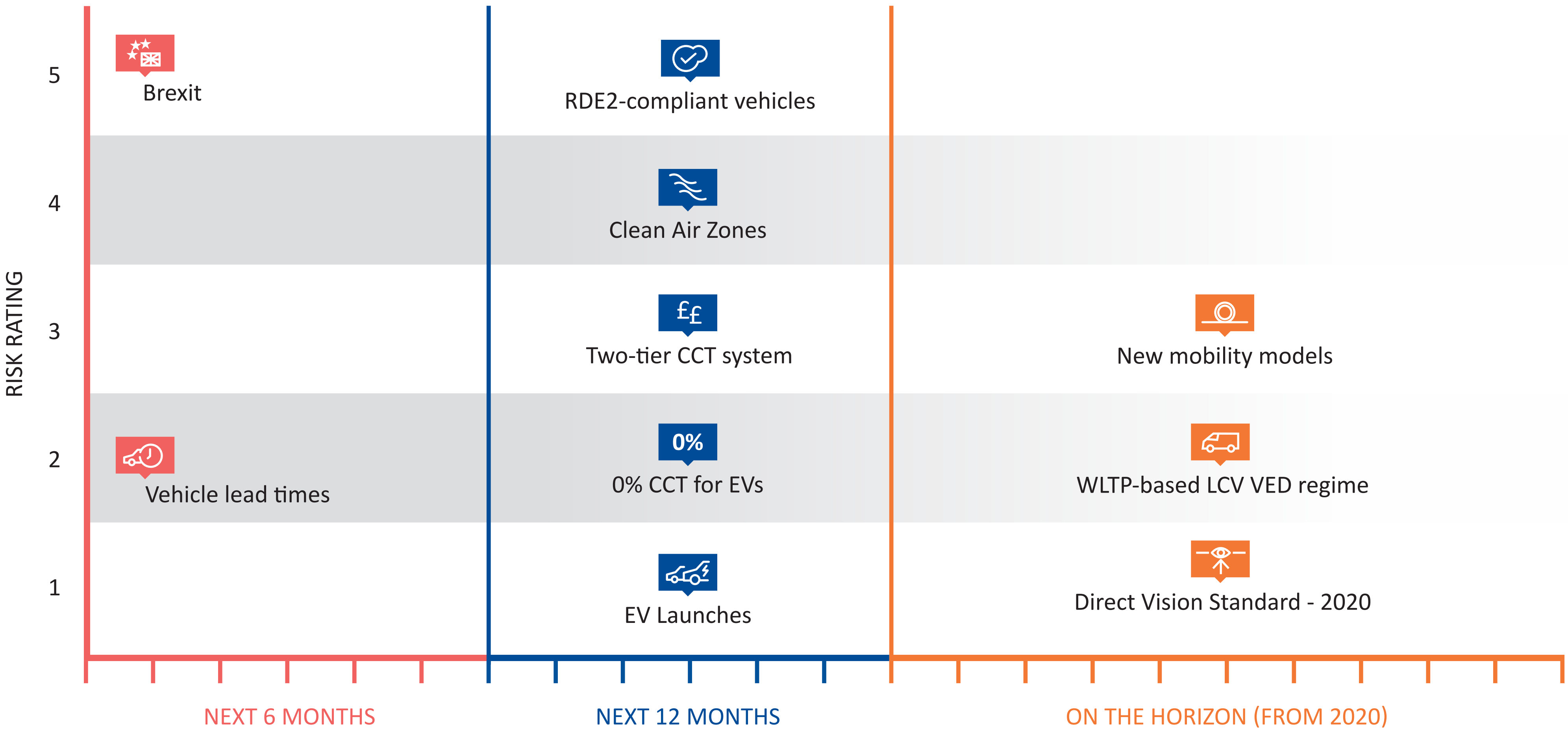
What of the future?

For the remainder of 2019 we expect a return to more normal levels of change, as the market correction loses momentum. However as values normally tend to fall more in the latter part of the year, we can expect further reductions, and overall 2019 will be seen as a poor year for used values. However, this must be looked at in the context of the very good times during 2018.

Looking further ahead into 2020 and beyond, once the market correction has passed, we expect to see year-on-year change in values resume at levels more consistent with historic patterns. For used diesels, there will be much less demand but this will be balanced by falling used supply. For used petrols, there will be more demand but this will be balanced by increasing used supply.

The impact of Brexit (if and when it happens) on the UK economy and car market is still unknown. The latest independent forecasts for the UK economy were published in May, and remain positive for GDP, inflation, unemployment and interest rates. Our assumptions and forecasts therefore do not include any negative Brexit impact. Indeed, Brexit may have a positive impact on used car values if it results in tariffs on new car prices and a reduction in new car sales.

Fleet
Forward Planner



Summary

Next 6 months

Brexit

Brexit related uncertainty continues to cause serious concern for the vehicle rental and leasing industry, as the October deadline for 'no-deal' becomes closer every day. As businesses try to make long-term strategic decisions about supply arrangements, they will have to make costly preparations to ensure they aren't caught out if an agreement can't be reached. The government is expected to launch a major public information advertising campaign to prepare people and businesses for Brexit, whether there is a withdrawal deal or not, which will encourage leasing companies to consider how they might be affected by fluctuating supply and the potential impact of tariffs, changing exchange rates and customer uncertainty.

Vehicle lead times

Supply issues caused by ongoing Brexit discussions are being exacerbated by the disruption caused to manufacturer production from changing emissions standards and vehicle technology. The issue is affecting a wide range of models, from clean diesels through to electric vehicles and plug-in hybrids. As drivers are encouraged to switch fuels by government policy, there are likely to be ongoing problems with vehicle lead times.

Next 12 months

Clean Air Zones

Several Clean Air Zones are set to be introduced in the coming year affecting a number of major cities, starting with Birmingham and Leeds, followed by Manchester and cities including Oxford, Bath, Sheffield and Bristol. Each zone is being developed by the relevant local authority, meaning that different standards and charges are being introduced, which could create challenges, such as an increase in penalty charge notices being received by leasing companies when non-compliant vehicles inadvertently enter one of the zones.

0% CCT for EVs

Next year could bring a surge in demand for electric vehicles as drivers make the most of new, lower company car tax rates. For the 2020-21 tax year, EV drivers won't pay any company car tax at all, followed by 1% the year after and 2% for the 2022-23 tax year. This significant tax incentive could lead to a surge in demand and a shortage of supply for the most popular vehicles, including a range of new models from major manufacturers being launched in the next 12 months. Leasing companies will also have to be prepared to provide support with charging infrastructure, along with advice on adapting fleet policies. There may also be an increase in helpdesk enquiries as drivers take delivery of their vehicles.

Two-tier CCT system

Fleets will face added complexity with the launch of two tax tables for company car fleets next year. One table is for vehicles registered before April 6, 2020, while a second is for all vehicles registered after that date. Newly registered vehicles will typically qualify for a lower tax band because their official emissions figures are expected to rise with the adoption of WLTP-based emissions test figures for all new registrations; WLTP figures tend to be higher than the old NEDC-based system. The change could add complexity to leasing company quotation systems and online services.

RDE2-compliant vehicles

Over the next year, a greater number of diesels that are compliant with RDE2 emissions standards will be available to fleets. As RDE2-compliant diesels are exempt from the four-percentage point surcharge to their company car tax band, this could lead to increased demand for models that qualify, creating supply bottlenecks, particularly as manufacturers are increasingly focusing production capacity on plug-in vehicles and petrol-engined models, following recent declining demand for diesel.

Summary

Next 12 months

EV launches

2020 could be a landmark year for the supply of EVs as several major manufacturers launch volume models into the UK market. The increasing availability of zero-emission models will generate new conversations with clients covering range, recharging networks, electricity costs, servicing requirements and safety. Although the number of EV models is increasing there may be limited availability at first, which will require careful management of fleet manager and driver expectations.

On the horizon

New mobility models

Is mobility management the new fleet management? Digital technology allows businesses to access a much wider range of transport options and there is increasing demand for leasing companies to manage all of a company's mobility needs with a single platform or solution. Services can range from flexible rental or subscription services through to car sharing and public transport. This requires extensive investment in IT as much as services, so that customers can enjoy a seamless service and one-touch reporting, while drivers are able to easily choose the best travel option for their requirements, where and when they need it.

Direct Vision Standard – 2020

London's Direct Vision Standard (DVS) for heavy goods vehicles (HGVs) assesses and rates how much a driver can see directly from their HGV cab in relation to other road users. The DVS forms part of a proposed Safety Permit for all HGVs over 12 tonnes entering London and, under current plans, from 26 October 2020 all 0-star HGVs over 12 tonnes will be banned unless they are modified. Leasing companies will need to work closely with customers to prepare for the introduction of the scheme and provide detailed guidance once the proposals are approved.

WLTP-based LCV VED regime

The government plans to launch new tax bands for vans based on WLTP from April 2021, which is intended to incentivise low-emission vehicles. It is planning to introduce a two-category approach, graduated by CO2, when the van is first registered, followed by a standard rate, with different tax bands for small/medium-sized vans and large vans. The exact weight categories, banding and rates will be set out by the government at a future date, which will require leasing companies to monitor developments closely.

Fleet industry insight from the BVRLA

The BVRLA Research and Insight team produces a range of market reports and analysis that provides a clear picture of the scope, scale and direction of the vehicle rental and leasing sector.

*You can find out more on the **BVRLA website**.*

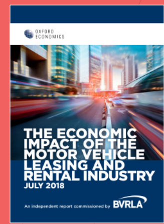
BVRLA in Numbers

Our annual breakdown of BVRLA membership and fleet profile provides a useful snapshot of the industry. Our historic data can give a more detailed perspective of how it is changing over time.

Quarterly Leasing Survey

Now five years old, this survey provides a fascinating insight into the changing profile of the UK fleet leasing market. It gives a detailed analysis of trends in product type, vehicle type, fuel type, emissions and business confidence.

Economic Impact of the Vehicle Rental and Leasing Industry



What is the Big Picture? This unique report provides a macro-economic view of the role the vehicle rental and leasing sector has plays in the UK. It includes in-depth analysis of the industry's buying power and contribution to public finances.

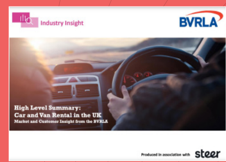
Industry Outlook

Our annual look ahead to the key trends that will be driving the vehicle rental and leasing industry in the year ahead. Published each December, this report includes contributions from senior executives from across the industry and its supply chain.

Quarterly Leasing Outlook

This new BVRLA looks ahead at the key market trends and issues that will be driving the leasing market in the short and medium term. Combining the latest insight from leasing executives and supply chain experts, it also provides an aggregated industry forecast on key industry metrics.

Vehicle Rental Report



Representing some of the most comprehensive research to-date into the vehicle rental market, this report is the culmination of six key research projects. Transport consultants Steer have lent their expertise to unearth important insights from a survey of 4,500 rental customers, a market-sizing omnibus survey, a detailed rental operators' study, a series of in-depth interviews with rental sector leaders as well as an analysis of both the economic impact and the sustainability credentials of the rental sector.

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