

Leasing Outlook

Oct
2026

Private drivers step on accelerator

Quarterly report

Lease fleet rises by 9.6%
year-on-year, fuelled by PCH

Market spotlight

How BIK changes could
supercharge used EV leasing

Industry outlook

ZEV Mandate review in focus

Opinion

EV targets, used vehicle values and
aftersales support



In association with:



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Market Headlines



BVRLA lease fleet grows **9.6%** year-on-year to 2,144,743 cars and vans (p4)



Car fleet up **12.8%** year-on-year; van fleet down **-0.4%** (p5&9)



BCH car fleet up **6.6%** year-on-year; salary sacrifice up **51%** YOY; PCH up **19.6%** YOY (p5)



BEVs account for **49%** of the BCH car fleet, and average new additions to BCH fleet emit **37.1g/km** CO₂ (p6)



66.5% of all new BCH car contracts and **68%** of new BCH van contracts include maintenance (p7)



+168% year-on-year rise in used car salary sacrifice, to reach 10,685 cars (p8)



-50% - leasing companies' pessimistic outlook for their margins (p9)

Executive Panel

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Each quarter, we obtain the views of a selection of members of our Executive Panel to enhance our report insights. To join the panel email Phil Garthside at phil@bvrla.co.uk.

The number of vehicles leased by BVRLA members expanded by almost 10% year-on-year in Q2, 2026, with industry directors confident that they have the right product at the right time.

The gains are most marked in the consumer sector, both personal contract hire (PCH) and salary sacrifice, where (unlike PCPs) leasing companies are able to deliver the heavy discounts available from manufacturers, and provide end-of-contract protection at a time when uncertainty swirls around the residual values of new brands and new powertrains.

In the business sector, executives describe trading conditions as like being held in a holding pattern. Demand for business contract hire (BCH) is steady and stable, but could be so much better if there were more clarity over certain key factors. Chief among these is the Zero Emission Vehicle Mandate, which is driving manufacturer strategies, as well as future benefit in kind tax rates for company cars beyond 2030, and the general economy, where businesses are waiting for the first budget of the new prime minister.

Stagnating light commercial vehicle leases, down -0.4% year-on-year, reveal a broad community from micro-companies to SMEs and major corporates that is acutely aware of its cost base, unsure of future business, and strongly inclined to hold onto vehicles that it already owns, rather than take the risk of investing for growth.

Price sensitivity across all markets is abundantly clear, evidenced by a fall in the percentage of new contract hire agreements that include maintenance, down -6% year-on-year in BCH and -23% lower in PCH. Customers want to minimise their fixed costs as much as they can, with leasing companies

reporting rapid growth in PCH agreements for 5,000 annual miles.

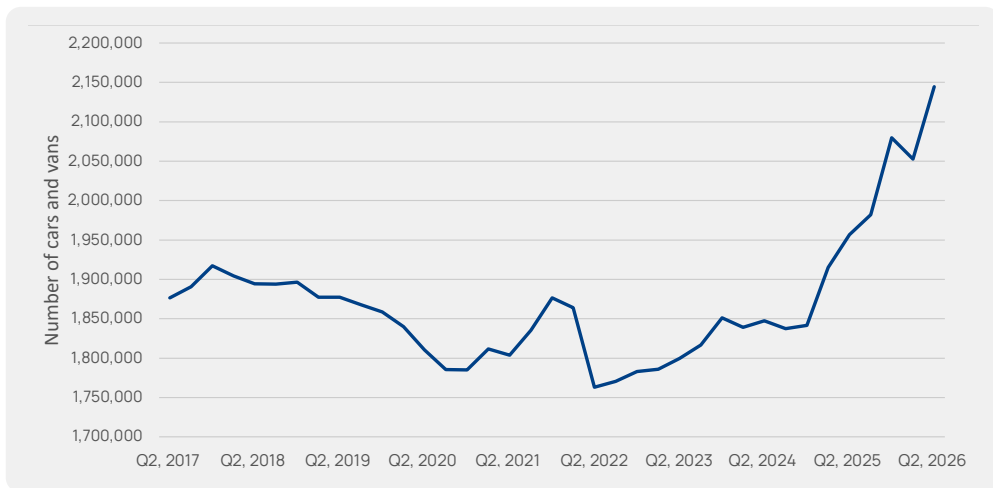
The good news is that deals are becoming more and more competitive as manufacturers engage in what one leasing executive described as a 'blood bath'. New entrant brands from China are fighting tooth and nail for market shares with exceptional levels of discount, forcing legacy OEMs to follow suit in order to protect their sales. Hi-tech product at attractive prices is finding a ready audience. Furthermore, the ZEV Mandate is driving heavy discounts on electric vehicles as manufacturers strive to avoid fines for missing their Government targets. The SMMT says the level of discount required to meet ZEV commitments is financially unsustainable, and the eyes of the leasing industry are closely focused on the review currently being conducted into the mandate, given the impact it could have on EV residual values.

Used EVs have been selling more quickly than used ICE models, albeit for prices that continue to underperform massively the residual values originally forecast for them. Most leasing companies have at least another year of disposal losses heading their way before they can correct the situation, so getting the balance right between the new and used markets remains a very live issue. Volumes of secondhand EVs are rising exponentially – 49% of the car fleet is now battery electric – and demand has to increase to meet this fresh influx, or the current hiatus risks collapsing. The impact of the eVED pence per mile charge on demand for new and

used EVs is equally troublesome to residual value risk takers. Used car buyers do not conduct the same forensic total cost of ownership calculation as fleets, and any policy that sours the mood music around battery-powered cars also threatens their future prices.

One disposal channel that is strengthening is used vehicle leasing, with outstanding triple-digit progress made in both PCH and salary sacrifice, albeit from a very low starting point. Leasing companies believe there is much greater opportunity in the used EV leasing market if there were more supportive conditions, such as benefit in kind (BiK) tax rates based on the real-world value of the used EV rather than its RRP when new. Meanwhile, they are addressing the operational side of used vehicle leasing – inspecting, collecting, refurbishing and delivering used cars as quickly and efficiently as possible. These costs matter because without BiK support, demand for used vehicle leases depends on the rentals being meaningfully lower than for a new car. Holding periods for EVs are stretching out, with some funders prepared to keep vehicles on their books for up to seven years, although forecasting residual values out to this point is requiring a change to systems. These systems are increasingly integrating artificial intelligence, which holds the key to identifying the optimum time and sales channel to remarket used cars and vans. The technology is also being used to capture and synthesise meetings and customer calls, and to provide more comprehensive answers to frequently-asked questions, improving customer services.

Vehicles operated by BVRLA members



Private car market pushes leasing upwards

New car leasing volumes rose on the rising tide of new car sales in the first half of 2026. Car leasing numbers were up 10.6% in a new car market where registrations rose by 9.2% between January and the end of June compared to the same period of 2025.

Sustained discounting by car makers competing to defend or win market share drove demand, particularly in the private car market, where registrations were ahead by almost twice as much as fleet sales (12.6% up compared to 6.8% respectively, according to the SMMT). The gains made by the car lease fleet were offset by a fractional fall in van lease numbers. Leasing companies report that van fleets are extending their LCV lease contracts for as long as possible, despite rising maintenance costs, to avoid the inflation in new van lease rentals.



+9.6%

YEAR-ON-YEAR GROWTH
IN BVRLA CAR AND VAN
LEASE FLEET

Overall fleet

Total fleet
2,144,743 vehicles

Share of total fleet

	Q2 2025	Q2 2026
Cars	76%	78%
Vans	24%	22%



Cars drive forward whereas vans stall

The different degrees of dynamism in the new car and van markets appear likely to see cars continue to gain share at the expense of vans on the BVRLA lease fleet.

Even by mid-year cars had gained a percentage point in market share on vans in the lease fleet, edging up to 78% of members' fleets. Year-on-year the increase is two percentage points, which in real terms represented an additional 190,000 cars joining the fleet during the past 12 months, compared to a decline of 1,700 vehicles in the van fleet.

The latest SMMT forecast sees UK new car sales rising by 8% this year, compared to 2025, to reach 2.18 million units, whereas it forecasts the LCV sector to edge just 0.2% higher by the end of 2026.



1,671,318

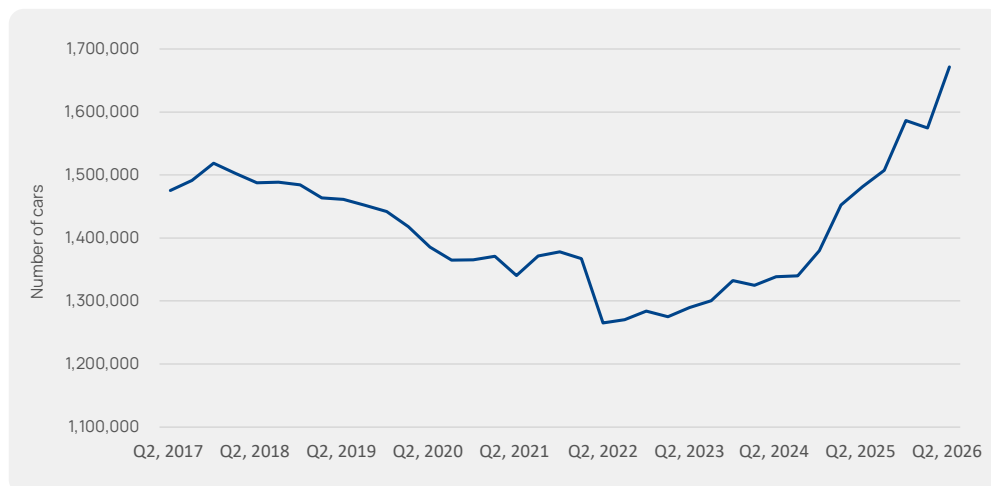
(+12.8% YEAR-ON-YEAR)
CARS ON BVRLA LEASE FLEET



473,425

(-0.4% YEAR-ON-YEAR) LCVs
ON BVRLA LEASE FLEET

Total car fleet



Cut-throat car prices propel rise in leasing

Heavy discounting by OEMs, attractive commit-to-purchase deals negotiated by leasing companies and brokers, and a desire among customers to avoid residual value risk have fuelled impressive growth in car leasing. Consumer car finance (primarily personal contract hire and salary sacrifice) has been the winner, rising by 32.4% year-on-year, over seven times as fast as business car finance, up 4.5%. In Q2 2024, consumer car finance accounted for 27% of the BVRLA car lease fleet, a share that had risen to 35% by mid 2026. With new entrant manufacturers aggressively pursuing sales growth, and legacy brands forced to respond in kind to defend their market shares, new cars are becoming financially viable to drivers who previously would have opted for a secondhand model. Canny consumers are timing new leases for quarter ends and manufacturer year ends, when even better deals become available.

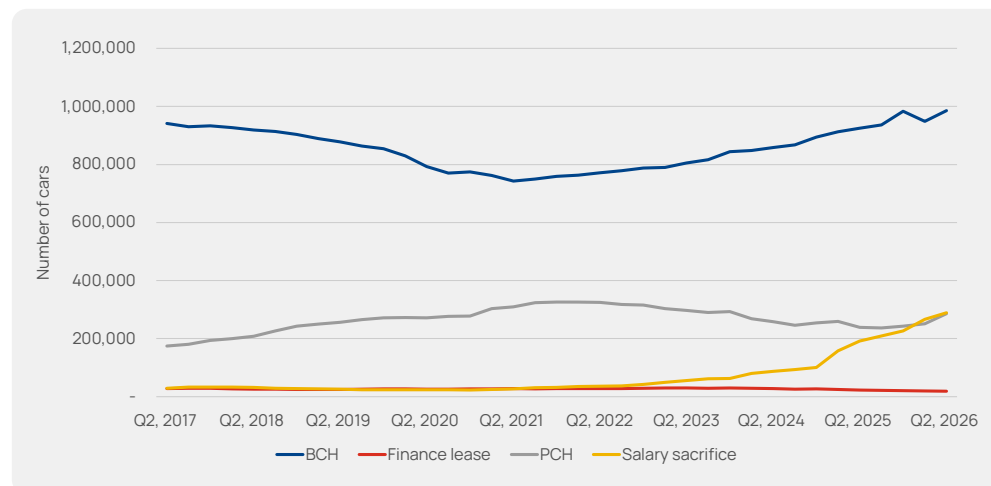
TREND **+4.5%**

YEAR-ON-YEAR RISE IN BUSINESS CAR NUMBERS (BCH, FINANCE LEASE, FLEET MANAGEMENT) TO 1,086,466 UNITS

TREND **+32.4%**

YEAR-ON-YEAR RISE IN CONSUMER CAR NUMBERS (SALSAC, PCH, ETC) TO 584,852 UNITS

Car finance alternatives



Salsac continues to grow

The growth of salary sacrifice slowed to a 51% rise year-on-year in Q2, although the figure continues to be inflated by more accurate recording of salsac cars that were previously reported as business contract hire. Leasing firms say salsac remains the most effective tool for supporting the uptake of EVs in the retail sector.

Personal contract hire had a good quarter for all powertrains, registering a 19.6% increase. Together, salsac and PCH share strengths, giving customers fixed cost motoring and protecting them from the residual value uncertainty that swirls around both EVs and new entrant manufacturers. PCH is also able to extend the advantageous procurement terms negotiated between funders, brokers and OEMs in commit-to-purchase agreements to private drivers, whereas PCP finance is based on a single car order. Consequently, PCH's monthly payments are typically cheaper.

TREND

986,033

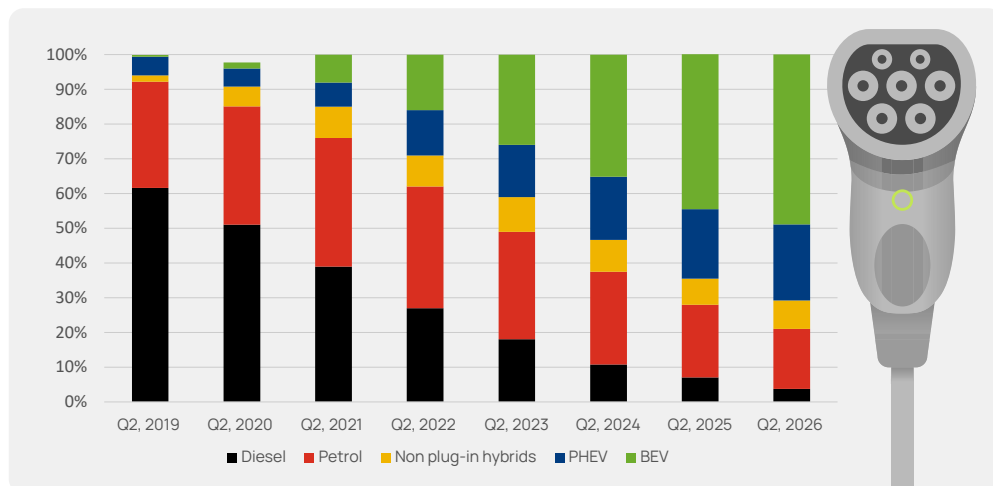
(+6.6% YEAR-ON-YEAR)
BUSINESS CONTRACT HIRE
CARS ON BVRLA LEASE FLEET

TREND

285,469

(+19.6% YEAR-ON-YEAR)
PERSONAL CONTRACT HIRE
CARS ON BVRLA LEASE FLEET

Powertrain mix of BVRLA car lease fleet



BEV lease rentals at parity with ICE cars

Battery electric cars have increased their penetration of the BVRLA lease fleet to account for almost half of the entire fleet. These zero emission cars now account for more than 90% of many leasing company BCH orders, virtually 100% of salary sacrifice cars, percentages well ahead of the ZEV Mandate, thanks to the supportive BiK environment.

Leasing executives report that some private drivers are still not considering BEVs, due to range and charging concerns, but the arrival of sub-£25,000 electric cars, from both new entrant and legacy brands, has removed the price barrier previously cited by 'BEV curious' customers. The PCH market is extremely price sensitive, so the combination of the Electric Car Grant with heavy discounting by OEMs chasing market share or striving to comply with the ZEV Mandate, has brought BEV lease rentals in line with other powertrains and won over customers.

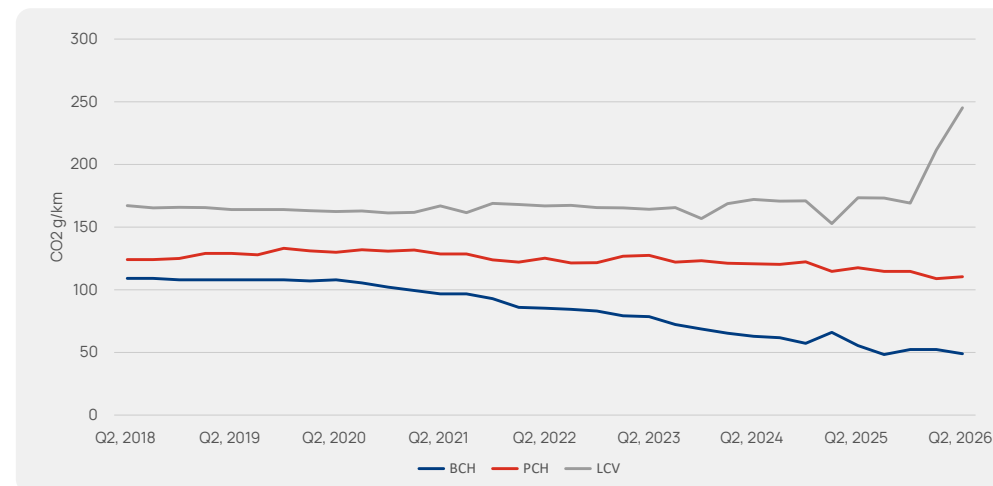
49%

OF THE BVRLA CAR
LEASE FLEET IS BATTERY
ELECTRIC

23%

OF THE PCH MARKET IS
BATTERY ELECTRIC

BVRLA fleet CO₂ emissions



Will private car market be ready for 2035 hybrid ban?

The average CO₂ emissions of the total BVRLA lease car fleet have fallen below 50g/km as mainstream fleet and salary sacrifice customers transition to battery electric cars. A combination of green commitments and supportive benefit in kind tax rates has made electric motors the clear winner in these sectors. But the CO₂ emissions of personal contract hire cars remain stubbornly above 110g/km, and even new additions exceed 89g/km as petrol, hybrid and plug-in hybrid continue to dominate. Some executives question whether the 2035 phase-out of hybrid cars is possible, given the fact that 40% of UK households do not have off-street parking where they could install a charger, and public charging remains so much more expensive. The sharp rise in LCV emissions is likely due to larger vans joining the fleet, rather than vehicle performance deteriorating, although diesel continues to dominate van leases.



37.1g/km

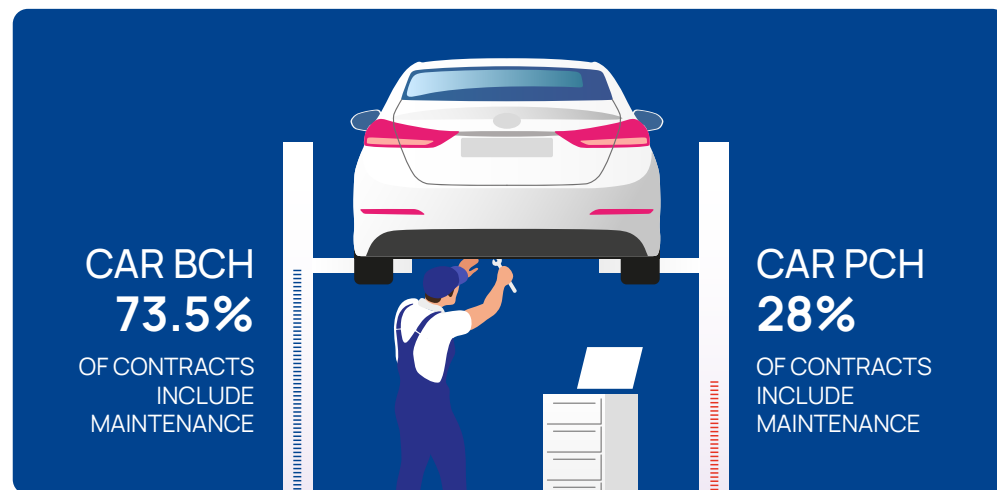
AVERAGE CO₂ EMISSIONS
OF NEW ADDITIONS TO BCH
CAR FLEET



232.1g/km

(+36% YOY) AVERAGE
CO₂ EMISSIONS OF NEW
ADDITIONS TO VAN FLEET

Maintenance contracts - proportion of maintained fleet by funding method



Maintenance-inclusive contracts decline

Leasing companies are quietly reviewing the price of maintenance within contract hire agreements as shrinking annual mileages mean a significant proportion of cars will only need one service and one change of tyres during the lease.

Maintenance remains an area where leasing companies can add value for customers, bringing to bear both their leverage to secure convenient appointment times for drivers and their purchasing power in an inflationary market. But in an economic environment where businesses are focused on their bottom lines and private drivers face cost-of-living pressures, there is an obvious temptation to save tens of pounds per month by excluding maintenance. Year-on-year the percentage of BCH contracts including maintenance has fallen by 6%, and it's 23% lower in PCH. Meanwhile, keeping vehicles on the road has become more challenging as faults and recalls overwhelm dealer workshops.

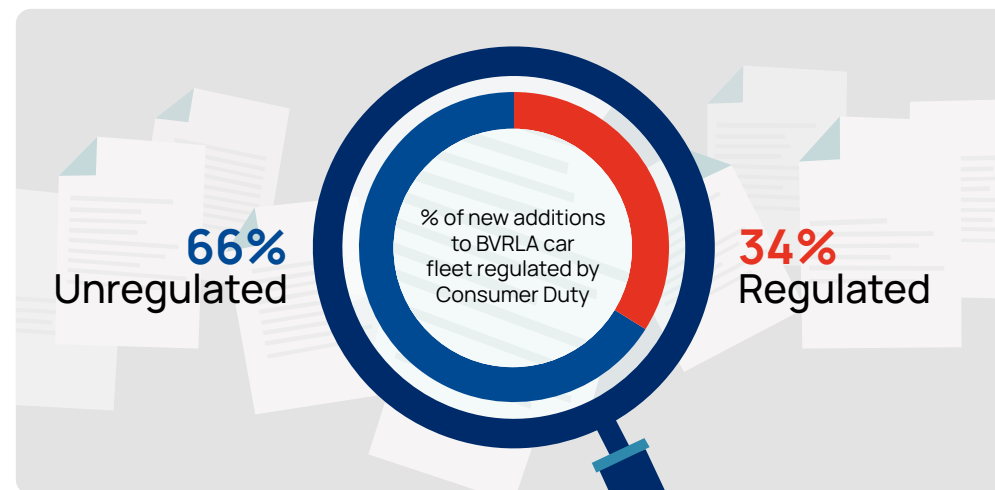
66.5%

OF NEW BCH CONTRACTS
INCLUDE MAINTENANCE

20.8%

OF NEW PCH
CONTRACTS INCLUDE
MAINTENANCE

Regulated contracts



Fairness at top of lenders' agendas

Consumer Duty responsibilities to evidence fair treatment of customers in regulated contracts have become so forceful that some lenders are introducing special measures for longer term PCH agreements.

Firms are seeking additional confirmations from customers before signing them up for four-year leases in anticipation of future changes in rentals. OEMs are adjusting new car prices to qualify for the Electric Car Grant, discounts are fluctuating depending on manufacturers' market share objectives and the ZEV Mandate (currently under review), and the residual values for new brands and powertrains remain highly uncertain. Add into the mix the prospect of interest rate cuts if peace breaks out in the Middle East, and lease rentals could fall sufficiently over the next four years that leases taken out today look uncompetitive in 2030.

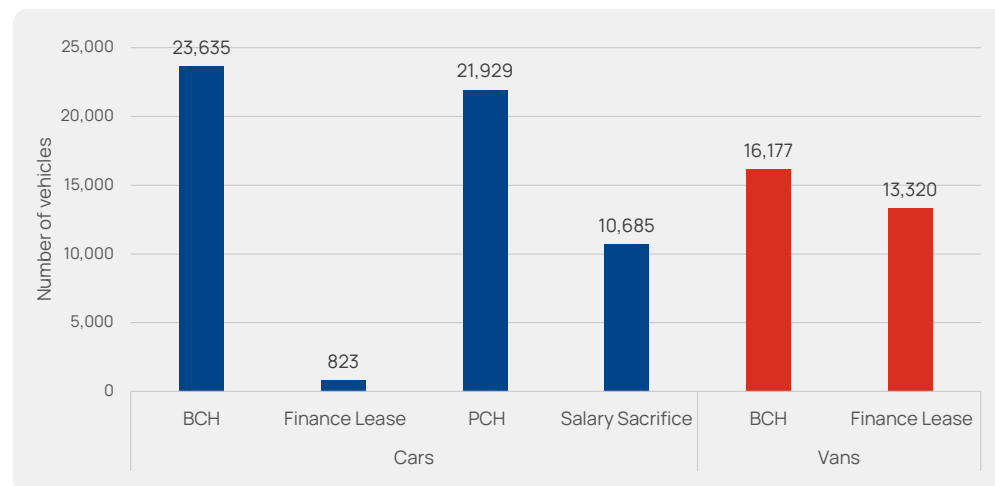
5.9%

NEW BCH CAR
AGREEMENTS ARE
REGULATED

4.9%

NEW BCH VAN
AGREEMENTS ARE
REGULATED

Used vehicle leasing



Private car market latches onto used leasing

Lack of supply is constraining the growth of used vehicle leasing, with leasing firms and brokers reporting strong demand from salary sacrifice and PCH customers if the price is right. The challenge is sourcing enough of the right stock, particularly EVs, and then creating a lease that beats new car offers. Rentals have to be 10% to 40% cheaper than a new lease, depending on the desirability of the car, say executives.

Achieving this saving is no easy task, as OEMs discount new EVs with longer ranges and richer specifications. This is particularly difficult for first generation electric vans. Moreover, first generation electric cars were typically larger and more expensive than normal private cars. Firms say a BiK rate based on these EVs' used market values, rather than original RRP, would open sales demand for used EVs considerably.



+529%

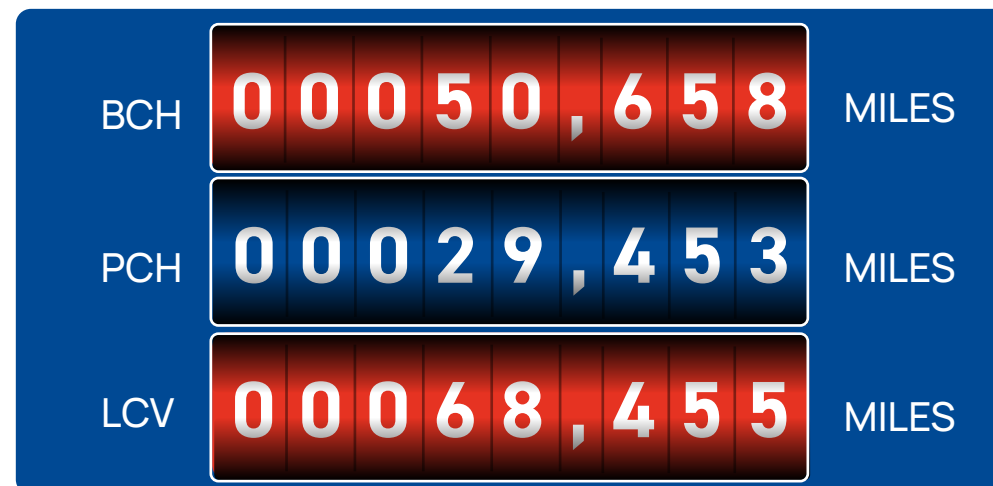
YEAR-ON-YEAR INCREASE IN USED PCH IN Q2, TO 21,929 CONTRACTS



+168%

YEAR-ON-YEAR INCREASE IN USED SALARY SACRIFICE, TO 10,685 CONTRACTS IN Q2

Contract mileage



Car mileages fall but van mileages rise

The divide is widening between the terms of business and personal contract hire agreements, with leasing companies reporting that four-year arrangements are increasingly common for business customers, whereas private motorists are evenly spread across two-, three-, and four-year contracts. The PCH spread helps leasing firms avoid concentrations of residual value risk and should generate higher volumes of used stock that can be remarketed through franchise retail networks.

Mileage terms are falling across all contracts, and are likely to shorten further when the eVED mileage charge for EVs and PHEVs comes into force. Leasing firms anticipate billing customers an annual or monthly eVED charge pegged to their contract mileages, giving both fleets and private drivers an incentive to minimise their mileages.

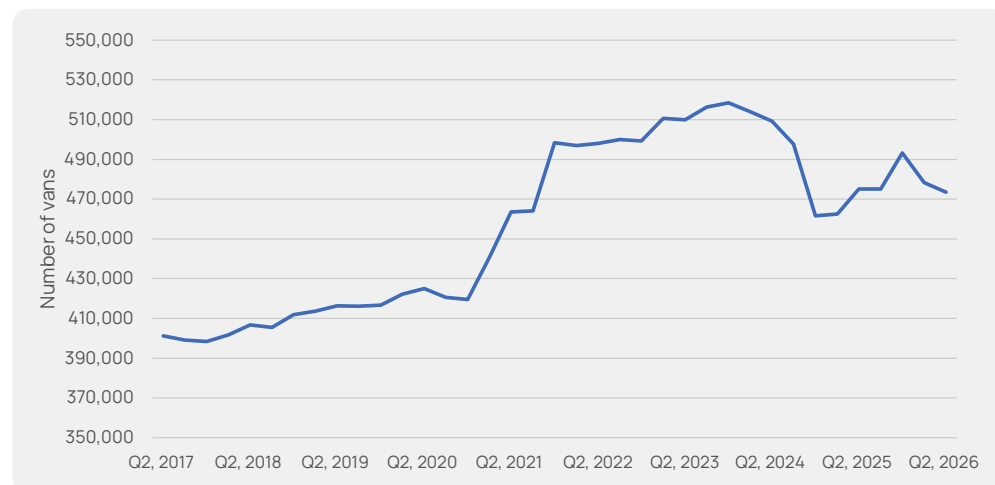
41 months / 47,000 miles

THE AVERAGE TERM OF NEW BCH CAR LEASES

38 months / 29,650 miles

THE AVERAGE TERM OF NEW PCH CAR LEASES

Van fleet



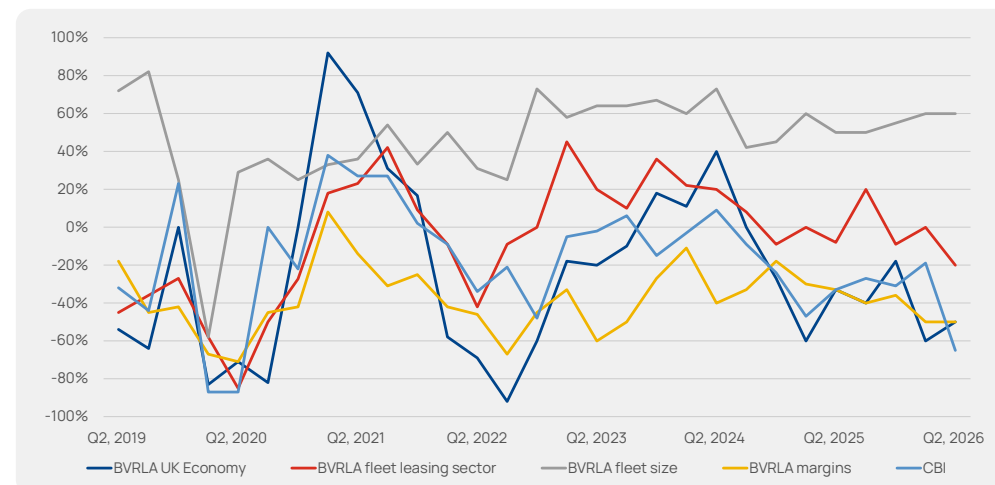
Van lease fleet stagnates

The BVRLA van fleet continues to show little sign of movement, with numbers -0.4% down year-on-year in Q2. Leasing companies report that businesses are extending contracts, and only replacing light commercial vehicle when ageing vehicles start to suffer downtime and approach cliff-edge maintenance spends.

Funders report good availability of new vans, but acquisition prices have risen sharply since the pandemic, pushing up lease rentals. Plus, some ZEV Mandate-conscious OEMs are making any discounts they offer contingent on fleets including a percentage of electric LCVs in their orders. Many businesses still don't want these battery-powered models, preferring to keep their existing diesel vans or switch to a more accommodating manufacturer. Plus, leasing companies are extremely wary of eLCV future residual values, fearing depreciation declines akin to those that beset electric cars, which is making rentals uncompetitive against diesel.



Industry confidence



Leasing outlook: fleet up, but margins down

Leasing executives are bullish that BCH and PCH are ideally suited to the needs of customers.

The certainty of fixed monthly costs is a trump card in today's turbulent car market, where new entrants and relatively new powertrains leave fleets and private drivers unsure of how much their cars will be worth in three or four years' time. Leasing companies and brokers have amassed growing evidence that for private drivers the excitement of getting a new car is undermined by the stress of selling or part-exchanging the old car – a hassle that leasing avoids. These factors underpin the +60% confidence score for fleet growth.

However, snail's pace growth in the UK economy, fierce competition between lessors, and the need to invest heavily in IT mean the outlook for margins remains pessimistic.



Certainty is in short supply in the vehicle leasing industry, with question marks hanging over the Zero Emission Vehicle Mandate, the new Chancellor's company car plans, and future demand for used cars made by new entrant manufacturers.

The answers to these questions could impact the supply of electric vehicles, the discounts offered by OEMs, and the residual values of a fast-growing share of the new car market.

Leasing executives are phlegmatic about the outcome of the ZEV Mandate review, beyond perhaps pegging any requirements for an increase in electric vehicle sales to an expansion of the public charging network. But they are impatient for a conclusion that endures. The flip-flop over the phase out of new cars and vans powered solely by internal combustion engines, from 2040 to 2035, then accelerated to 2030, delayed to 2035, and finally restored to 2030 has left firms and the customers they support unsure of the best course of action.

There is consensus that the future light vehicle parc will be battery-powered, but the timeline to eliminate tailpipe emissions matters, too. Supportive benefit

in kind tax rates have made electric cars the default option for the majority of company car drivers, and virtually all salary sacrifice customers, but fewer than a quarter of personal contract hire agreements are for a zero emission car. Brokers think private motorists that do go green are more likely to be lured by price than environmental commitments.

To achieve lease rental equivalence with petrol models, leasing companies depend on two factors – heavy discounts by EV manufacturers and stable residual values. The median RRP of an electric car is still 15-20% higher than an ICE equivalent, although in the real world this gap is narrowed by OEM discounts and the Electric Car Grant (for cars costing less than £37,000). A dilution of the mandate is likely to weaken EV-specific discounts and therefore increase the depreciation costs that leasing companies have to cover, which would inevitably increase rentals.

Furthermore, after a summer in which EV residual values appear to have stabilised – or “hit rock bottom” as leasing firms ruefully say – any official statements that appear to weaken the Government's resolve to decarbonise road traffic risk undermining demand for used EVs, and therefore weakening residual values.

In theory, lower OEM discounts could bolster residual values and give leasing firms the opportunity to generate more income from the finance element of leases.

But directors warn that any such gains would be eclipsed if the public mood turns against EVs. Used car purchases are not exclusively rational from a financial perspective, and the emotional element is susceptible to negative media stories. Hostile press reports about long queues at public chargers or EVs spontaneously combusting have subsided in recent months, but the embers are still burning and

Car and van fleet forecast

	Q2 2026	Q3 2026	Q4 2026	Q1 2027	Q2 2027	Forecast change Q2, 2026 to Q2, 2027
Cars	1,671,318	1,691,379	1,705,115	1,721,769	1,743,543	4%
LCVs	473,425	473,584	474,338	475,970	477,633	1%
Total	2,144,743	2,164,963	2,179,453	2,197,739	2,221,176	4%

Car fleet forecast by fuel type

	Q2 2026	Q3 2026	Q4 2026	Q1 2027	Q2 2027	Forecast change Q2, 2026 to Q2, 2027
Petrol	289,723	281,989	284,084	279,716	272,538	-6%
Diesel	62,103	57,674	56,567	53,240	49,751	-25%
BEV	814,106	850,255	858,440	893,564	929,662	12%
PHEV	367,440	396,222	401,118	433,057	498,482	26%

a pushback of the mandate allied to the imminent 3 pence per mile eVED charge risk reigniting the fire.

Firms are still losing sizeable sums on every EV they defleet, and will continue to do for the next year or more. Currently, used EVs may be selling more quickly than their ICE rivals, but only “if they’re the best value for money.”

A similar value proposition underpins demand for new EVs among company car drivers and salary sacrifice customers, thanks to the tax treatment of the technology, although the latter cohort is starting to show signs of nervousness about not knowing benefit in kind tax rates from 2030.

“If you commit to a four-year lease today, you don’t know what the tax is going to be on the last year, and that’s really unhelpful for customers,” said one CEO. “The more uncertainty, the more hesitation and the more people say, ‘I’ll make this decision next year when maybe I’ll know for sure’.”

BEV drivers will see their BiK rates almost double between today and 2029, from 5% to 9%, and executives see any higher figure as a cliff-edge

– stepping beyond could trigger a sharp drop in demand. The tolerance of both company car and salary sacrifice drivers to benefit in kind tax rises is an unknown factor, jeopardising both new car sales and EV adoption at a time when UK-built EVs from Oxford, Sunderland and Ellesmere Port are coming online.

Leasing directors are urging the new Chancellor to maintain the 9% BiK rate for at least another two years, and warn of the danger of creating an environment where salsac schemes only make financial sense to higher rate tax payers, effectively pricing out lower paid employees that have become a dynamic force in electric adoption.

A more immediate risk is the rising share of car sales accounted for by new entrant OEMs, which is starting to raise concerns among residual value setting committees. Will the enthusiasm of fleets and especially private drivers for these new brands be mirrored in the used market in three years’ time?

“Logically, if people want them when they’re new, somebody’s going to want them when they’re used, but it doesn’t always work like that. It’ll be very

interesting to see whether they hold their value,” said one director.

More of these cars are hybrid and plug-in hybrid than pure electric, and leasing firms are starting to have concerns about the longevity of demand for hybrid technologies from all brands. The residual values of PHEVs in particular look vulnerable as the range offered by new EVs meets customer expectations. There are also concerns and questions about their usage and policy treatment, both through the ZEV Mandate review and their inclusion in eVED.

In the meantime, keeping all brands of cars on the road has become increasingly difficult as faults and recalls overwhelm dealer workshops. Some manufacturers are worse than others, but there’s a suspicion among leasing executives that certain vehicles have been rushed to market with software and sensors that have not been tested as rigorously as previous technology might have been. The result is a kaleidoscope of warning lights, impromptu immobilisation of vehicles, and dealer networks that do not have sufficient technicians trained to fix the latest vehicles. Workshops can identify

Car and LCV fleet forecasts by funding method

Finance product	Q2 2026	Q3 2026	Q4 2026	Q1 2027	Q2 2027	Forecast change Q2, 2026 to Q2, 2027
BCH CARS	986,033	995,925	1,011,063	1,020,204	1,023,379	4%
PCH CARS	285,469	282,402	283,604	285,663	287,146	1%
BCH LCVs	327,551	328,825	330,187	333,913	332,833	2%
PCH LCVs	4,305	4,315	4,250	4,291	4,252	-1%

and confirm faults, but not resolve them, leaving leasing companies in the firing line of customer exasperation.

Leasing companies also report rising insurance premiums, with insurers appearing more inclined to write off any EV with battery damage, rather than attempt a repair. This is also an area where new entrant OEMs appear to be struggling – their availability of standard replacement parts for routine service and maintenance work is generally as good as any other manufacturer, but sourcing other components that might be damaged in a collision can take much longer.

In the light commercial vehicle market, vans are reaching an age when customers have no option but to replace them, rather than suffer downtime and spiralling maintenance costs. But any opportunity to postpone this renewal is being seized, thanks to lease rentals almost doubling over the past six years. New lease terms of 60 or even 72 months are not uncommon as businesses seek any way to minimise their costs.

Some of this inflation is due to manufacturers channelling their discounts to their electric LCV ranges, in order to meet their ZEV Mandate commitments, but customers remain wedded to diesel, which accounted for 84% of new sales in the first half of the year. There is precious little confidence among residual value setting committees for the future values of electric vans, which means higher depreciation and raised rentals.

“Why would a customer pay more for a vehicle that does less operationally?” asked one director, echoing a question that has been asked consistently for the past five years, but received no satisfactory answer.

While all of these developments occupy boardroom bandwidth, leasing companies are also engaging more with the possibilities presented by artificial intelligence. Some companies are more advanced in their adoption than others, but all are exploring ways to enhance customer communication, via both bots and human agents armed with instant AI access to contract details, as well as enhancing internal efficiencies. Increasing fleet sizes without growing head counts is a common target across the industry.

In the light commercial vehicle market, vans are reaching an age when customers have no option but to replace them, rather than suffer downtime and spiralling maintenance costs.



Opinion: Aftersales key to new OEM fleet onboarding

Nikos Kotrozos, Fleet Assist's supply chain director on why aftersales forms part of a fleet's due diligence process when onboarding a new OEM



Nikos Kotrozos
Supply Chain Director,
Fleet Assist



It is easy to get excited by the growing array of new vehicles being launched into the UK market, and this trend is expected to continue as new manufacturers and brands seek to establish themselves.

However, for those responsible for managing fleets and the drivers who rely on them, the question needs to extend beyond the vehicle itself. What does the arrival of a new OEM mean once the vehicle is on the road and part of a fleet?

For fleet operators, the focus needs to be on the complete ownership and operating experience:

access to servicing, availability of parts, repair times, warranty support, technical expertise and the resilience of the manufacturer's UK support network. For drivers, weaknesses in these areas can translate directly into increased downtime, longer VOR periods (which can cost up to £800 per days on LCVs alone) and a less predictable ownership experience.

This is particularly important where a vehicle is being introduced at scale before the OEM has established a mature UK infrastructure. The initial vehicle proposition may be compelling, but the risks associated with supporting that vehicle over its full fleet lifecycle may be less visible at the point of acquisition.

As the number of new OEMs entering the UK market increases, residual risk committee consideration should move beyond the traditional question of RVs

and consider whether the manufacturer has the capability and infrastructure to support both the fleet operator and driver throughout the vehicle's life. A strong managed garage network resource where new OEM garages are onboarded to a garage network that a fleet uses is vital.

The key point is the headline cost of the vehicle may not represent the true cost of running it. The assessment should therefore consider the total lifecycle risk - from acquisition and operation through to disposal.



Our list of questions for new OEMs will ensure a smooth aftersales onboarding to BVRLA member fleets:

Network capacity to support drivers, not just coverage - understand technician numbers, operating hours and fleet-priority arrangements.

Service-level agreements. Define expected booking lead times, work turnaround, repair authorisation times, parts ordering and escalation times.

Warranty clarity. Can independent repairers undertake warranty work i.e. manufacturer diagnostic software availability. What is the typical lead time for warranty repairs?

Mobile and alternative repair options. Can servicing, diagnostics, software updates be completed at a driver's home or workplace?

EV-specific capability. For EVs, confirm high-voltage-trained technicians, battery diagnostics, battery

repair/replacement capability and the availability of specialist equipment.

Parts resilience. What is their parts fill rate, back-order performance, emergency supply process, overseas distribution centre dependency. What distribution model is utilised - lead times and first-time pick rates?

Vehicle-off-road support. Is there a culture to support a VOR process, i.e. helpdesk, escalation contact and appropriate resolution provisions - does the retailer have the power to provide drivers with a hire car until the VOR case is resolved?

Diagnostics. Can repairs and diagnostics be conducted by fast-fit providers and independent garages - do they have the correct diagnostic equipment and access to servicing data?

Vehicle downtime. What are the expected downtime and escalation procedures agreed with retailers and how are recalls, software updates and technical campaigns managed?

Coping with fleet growth. Can the OEM demonstrate its fleet customer support at scale.

Business continuity. What happens if dealers close, lose franchises, reaches capacity or a parts distribution issue affects the network?

Technical training. How quickly is the repair network trained when a new model launches, and are diagnostic tools, software and technical information available from day one?

Opinion: VETS – a massive source of uncertainty

At cap hpi, we have been saying for some time that the Vehicle Emissions Trading Scheme (VETS, or ZEV Mandate) must change. The shape of the adoption curve was never going to reflect the reality of BEV penetration, with the market ultimately governing how far and fast the move to electrification happens, with a role for government to shape it to a small extent via carrot, or stick, or both.

The overall market is behind the mandated curve and moving increasingly far away. August year to date shows that over 350,000 electric cars have been registered, contributing 25.6% of the overall market but substantially below the target market share of 33% and equating to -7.4% below target (compared to -5.3% behind for full year 2025).

If left unchanged, the problem escalates significantly in 2028. Moving from a mandated level of 38% in 2027 to 52% in 2028 would imply a 37% increase in electric cars registered in a flat new car market – simply unachievable in a natural market and incredibly difficult to attain through consumer incentives for BEVs or penalties for drivers of petrol and diesel cars. Under the status quo, we are already hearing from manufacturers that they are either dropping ICE versions of new models or facelifts, or severely limiting supply compared to historic registration levels.

Our new car forecast currently reflects an overall reduction in registrations from 2027 onwards for that reason. There are two ways of maximising the proportion of electric cars: sell more BEVs, sell fewer ICE cars, or both.

VETS is currently under review, with the government consultation ending 23rd October and results of any changes due to be announced in January. The most likely outcome would appear

to be a change to the mandated adoption curve, allowing a higher proportion of non-BEVs up to 2030 and potentially permitting a greater proportion of hybrids out to 2035. There may well also be further changes to the 'flexibilities' manufacturer groups are allowed to use to minimise their liability for fines (or buying expensive credits from competitors).

To date, CO₂ credits have been the main tool many OEMs have used to avoid fines, but this is increasingly unlikely to close the gap and the potential fines racked up for some already run into the billions.

The range of possible changes to VETS is almost infinite and the Conservative Party and Reform UK have already committed to scrapping it if they come into power in future. Until we know the details, it is impossible to determine what the potential impact might be on new car registrations and used car supply and demand.

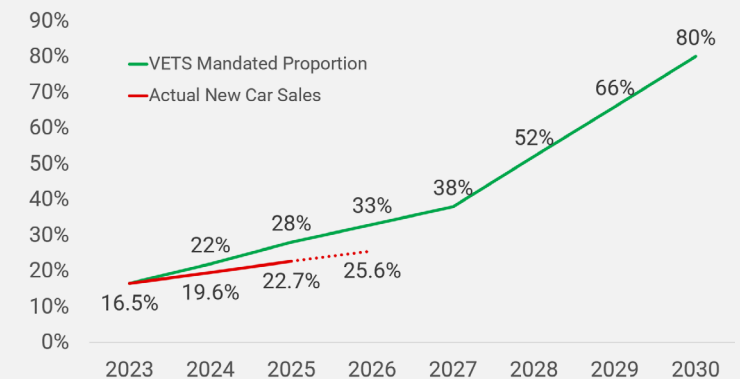
At cap hpi, we have not applied the full impact of the reductions in registrations we would expect from the current scheme in our forecasts, as we know VETS has to change. It is even feasible that the current review becomes an 'interim review' and more substantial changes are needed further down the line. Uncertainty upon uncertainty.



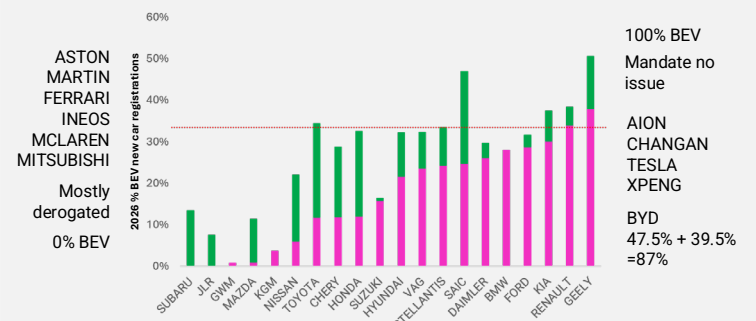
Dylan Setterfield
Head of Forecast Strategy,
cap hpi



New car sales vs. VETS Mandate Levels



VETS including estimated CO₂ credits – 1H 2026



NOTE: All CO₂ credits calculated from 2026 registration data compared to 2021 baseline
33% is a nominal target – widespread use of 'flexibilities' expected

Opinion: EV durability strengthens the case for leasing

For leasing companies, confidence in an electric car's second life has a direct bearing on the economics of its first. If used buyers doubt how long a vehicle will last, that uncertainty feeds into what they will pay. Residual value assumptions then influence the monthly cost facing the next new EV customer. It is an equation that the sector knows inside out, with the numbers to date making for some painful reading.

Our research for the BVRLA gives good reason for buyers to revisit some of those doubts.

We analysed 47.4 million MOT tests to understand how electric vehicles perform as they age and accumulate mileage. Britain's electric fleet is younger than its petrol fleet, but EVs typically reach their first MOT having travelled considerably further. Looking at age or mileage alone can give a misleading answer.

Once we account for both, a clear pattern emerges.

Not all miles are felt the same

At lower mileages, electric and petrol cars perform similarly. Beyond around 60,000 miles, electric car failure rates level off at approximately 16%, while petrol and diesel rates continue rising.

Among cars aged three to eight with 90,000–120,000 miles recorded, 16.5% of EVs failed, compared with 22.1% of petrol cars. That makes the electric cars around 25% less likely to fail. Above 120,000 miles, the gap widens further.

There is encouraging evidence about longevity too. Of electric cars tested at age 15, 94.6% returned for another MOT within 30 months, compared with 88.1% of petrol cars. Older EVs also recorded higher median annual mileage than petrol cars at every age examined between four and 16.

These findings challenge the assumption that a higher-mileage electric car has little useful life left. That is a strong feather in the cap for businesses

remarketing vehicles after their first or second life and provides some much-needed confidence in long-term values.

Turning evidence into confidence

The commercial opportunity is to help buyers judge those vehicles more accurately. Greater confidence in their remaining life can broaden demand, reducing the uncertainty that weighs on used prices. Over time, that should support more stable residual values and more competitive new EV lease rates, helping more customers make the switch.

Durability evidence cannot guarantee resale prices. Supply, manufacturer discounting and changing technology will continue to play a central part. But it gives residual value setters a firmer basis for assessing one important source of risk.

Leasing companies can put this into practice through better information at disposal, combining maintenance records and vehicle condition with credible battery health evidence.

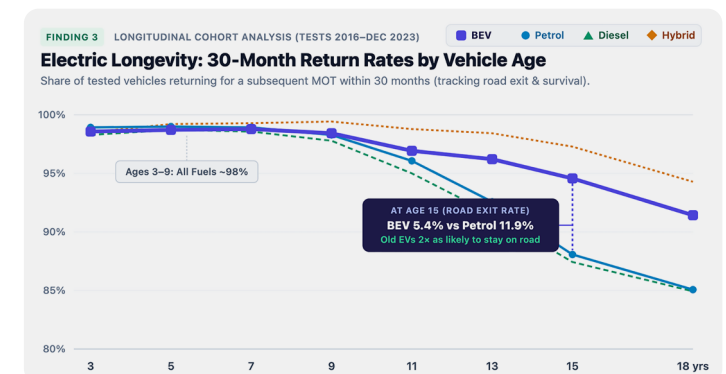
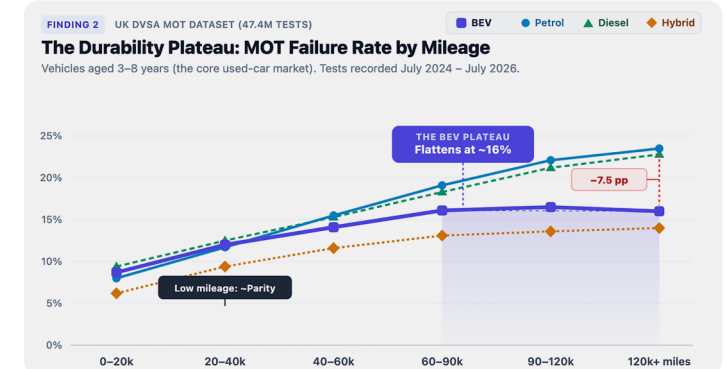
Giving the buyer the complete picture is as important as it has always been. An MOT measures roadworthiness; it does not measure battery degradation or charging performance. Our findings also show more tyre defects among EVs and corrosion affecting friction brakes on older, low-mileage examples. There was no evidence of greater suspension problems associated with EV weight. Maintenance needs to reflect these differences.



Ben Nemes
Chief Executive,
New AutoMotive



The industry now has stronger evidence to explain why a well-maintained electric car can remain a useful proposition long after its first or second lease ends. Making that evidence accessible to dealers and customers should be part of everyday remarketing. For leasing companies, helping the next owner buy with confidence is an investment in the affordability and appeal of the new EVs they put on the road today.





For full data, visit the BVRLA data hub at:
<https://www.bvrla.co.uk/resource/bvrla-data-hub.html>

This report provides a consolidated view of the Quarterly Leasing Survey and the forward-looking Leasing Outlook report. In addition to the data highlights provided in this report, you can now access an extensive list of tables as part of the Quarterly Leasing Survey online, by following the link provided above.



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