

Rt Hon Kwarsi Kwarteng
Secretary of State for Business, Energy and Industrial Strategy
1 Victoria Street
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24 February, 2021

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Dear Secretary of State,

Vehicle rental sector support to aid COVID-19 resilience

The British Vehicle Rental and Leasing Association (BVRLA) represents the demand side of the automotive industry. Our members engage in vehicle rental, leasing and fleet management. BVRLA members own and operate more than five million cars, vans and trucks. They spend more than £30 billion upgrading their fleets each year and are responsible for buying around 50% of new vehicles sold annually in the UK, including 83% of vehicles manufactured in the UK for sale in the UK. The vehicle rental and leasing industry supports over 465,000 jobs, adds £7.6 billion in tax revenues and contributes £49 billion to the UK economy each year.

The fleet sector continues to be impacted by COVID-19 and the national restrictions required to combat its spread, none more so than rental operators. Our most recent Business Impact Survey shows that 77% of member rental businesses report that sales transactions are down year on year and 70% have had to shrink their staffing levels. Government support measures have been critical to the survival of these firms and lessening COVID-19's impact on staffing levels.

The vehicle rental sector has rightly been given 'essential retail' status and many firms have fulfilled a vital role during the lockdowns, keeping key fleets, goods and workers mobile. However, not all parts of the sector are involved in this critical work. Firms focused on tourist rentals have found themselves excluded from support as they are technically open but their business is essentially illegal. Non-essential travel is not permitted, overnight stays are not permitted and campsites, hotels, accommodation providers and hospitality are closed.

Whilst we welcome the Prime Minister's announcement this week giving a permanent route out of national restrictions, we note the planned path is quite rightly phased. This means it is now certain that member businesses will continue to face a restricted trading environment until July at the earliest. For firms to survive and retain staff until the restrictions are fully eased will require current support measures to be updated and extended.

Vehicle rental firms will remain under extreme pressure until people in the UK can more freely and international visitors are welcomed. Without renewed support, otherwise viable firms' operations will be severely impacted and jobs will be put at risk.

We have three key asks to support the rental sector which we would urge you to consider urgently.

1. Produce clear supplementary guidance for Local Authorities on discretionary spending through the Additional Restrictions Grant and Business Rates Relief

For many firms, the only support measure available is the discretionary Local Authority 'Additional Restrictions Grant' (ARG). Unfortunately, our members have reported vastly different approaches being taken by the various local authorities when awarding these ARG payments. As the criteria for these payments is much broader than other grants local authorities have been creating their own, highly arbitrary criterion which often excludes vehicle rental.

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Whilst a degree of variance is understandable, the results of the differences we are seeing amounts to a postcode lottery on the survival of rental firms. Members have provided examples where a firm which has seen a circa 50% reduction in business successfully received £10,000 in one local authority, while a firm in another local authority which has seen its business fall by over 70% has been denied support. Where applications have been rejected the reasons given are often questionable and linked to the firm not explicitly being named as one of the examples of business that could receive the grant.

Additionally, the application of business rates relief is proving inconsistent across different local authorities. Whilst most rental firms found they were automatically included in this relief some are now reporting that their local authority is charging for the parking lot of their business as it is deemed separate to the core business location. The storing of vehicles is a vital element of a rental business and should therefore be included in any exemptions that business is entitled to, regardless of whether the parking lot is technically situated at a separate location.

We are therefore requesting additional guidance be issued to the local authorities which explicitly lists rental firms as eligible for the ARG and specifies that storage of vehicles be included within the scope of business rates relief applied to a rental company.

2. Include vehicle rental in a new Local Restrictions Support Grant to support the industry as we transition out of lockdown

Even as lockdown starts to lift international and domestic travel will still not begin to pick up to pre-pandemic levels for some time. The vehicle rental sector will need continued support during this transition. The Local Restrictions Support Grant was available weekly during the tiered system and although it did not list rental as a specific intended recipient this grant was used extensively by our members to support their business at a crucial point in time.

We would ask that the Local Restrictions Support Grant (LRS (Open)) or an equivalent successor be made available to support businesses move out of lockdown and that this grant explicitly reference vehicle rental as an example of intended recipient.

3. Introduce a new 'airport operators support grant' to assist businesses reliant on airports and international travel

Throughout the COVID-19 pandemic there has been explicit support for the airports sector but unfortunately not for the operators who rely on airports for their business. Rental firms are a vital part of the airport transport offering, especially in more rural airports. Regrettably, rental firms have seen declines in excess of 90% in their airport business.

Support is needed to ensure rental firms and their airport offerings survive until international travel can resume. We would request a grant similar to that available to the hospitality sector (circa £25,000+), made available to businesses whose customers are derived from airports and international travel and that have seen a significant reduction in turnover as a result of COVID-19.

The BVRLA would welcome the opportunity to engage further with your officials on this issue.

Yours sincerely,



Gerry Keaney
Chief Executive

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About the BVRLA

- Established in 1967, the BVRLA is the UK trade body for companies engaged in vehicle rental, leasing and fleet management.
- BVRLA members are responsible for a combined fleet of over five million cars, vans and trucks on UK roads, that's 1-in-8 cars, 1-in-5 vans and 1-in-4 trucks. The vehicle rental and leasing industry supports over 465,000 jobs, adds £7.6bn in tax revenues and contributes £49bn to the UK economy each year.
- On behalf of its 1,000+ member organisations, the BVRLA works with governments, public sector agencies, industry associations and key business influencers across a wide range of road transport, environmental, taxation, technology and finance-related issues.
- BVRLA membership provides customers with the reassurance that the company they are dealing with adheres to the highest standards of professionalism and fairness.
- The association achieves this by maintaining industry standards and regulatory compliance via its mandatory Codes of Conduct, inspection and governance programme and government-approved Alternative Dispute Resolution service. To support this work, the BVRLA promotes best practice through its extensive range of training, events and information-sharing activities.

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