

## **Principles of an Automotive Demand Stimulus Scheme**

### **Introduction**

With its massive supply chain, workforce and economic footprint, the automotive sector's recovery from the COVID-19 lockdown will play a major role in determining how the wider UK economy rebounds. An automotive demand stimulus package can kickstart the industry's recovery and support the Government's objectives of decarbonising road transport and delivering clean growth.

Here are ten principles on which a demand stimulus scheme should be built.

#### **1. Act quickly**

Dealerships and factories are already back at work and ready for business. Any delay in introducing a stimulus scheme will put more strain on this cash-strapped sector, threatening jobs and investment.

#### **2. Be bold**

To get the automotive market back on-track, any scheme should have a minimum target of supporting the acquisition of at least 250,000 vehicles.

#### **3. Prioritise NEW and USED EVs**

Any stimulus scheme must prioritise the EV market, both new and used. It should make the UK a more attractive market for OEMs to sell their EVs and help those who can't afford a new car to buy or lease a used EV.

#### **4. Don't forget about air quality**

The imminent arrival of Clean Air Zones (CAZ) across the UK means that millions of people need to ditch their older, polluting vehicle for a newer, cleaner model. By introducing a scheme that supports used as well as new vehicle registrations you can help people upgrade to newer, more affordable Euro 6 cars that are Clean Air Zone compliant.

#### **5. Support fleet and private buyers**

The UK new car market is split 50:50 between private and fleet buyers and any recovery will be driven by both customer groups. Any scheme that focuses solely on supporting new vehicle sales will damage the residual values of ex-fleet cars (typically one-to-four years old). This in turn reduces the ability of fleets to invest in new vehicles.

#### **6. Make a difference where it matters**

Any stimulus scheme should be designed to remove the oldest, dirtiest cars from the road and to support those businesses and people that need the most help in upgrading their vehicles.

#### **7. Drive transport behaviour change**

Make your stimulus scheme a flexible one that encourages people to look at other more sustainable modes of transport. Allow people to scrap an old car in favour of a Mobility Credit\* that enables them to reduce their car dependence.

#### **8. Be purchase-channel agnostic**

Customers choose their vehicles through a variety of channels: car supermarkets, franchised dealers, online brokers and many others. The scheme should be open to all purchase routes.

#### **9. Work with all financing models**

There is more than one way of acquiring a car. Make sure that any stimulus incentive can be accessed by all, regardless of whether you are buying or leasing your new vehicle.

#### **10. Think long-term**

Use a delivery mechanism that can be adapted and used again in future years to drive registrations of zero-emission vehicles and phase-out the use of petrol and diesel cars and vans.

\*Mobility Credit – A sum of money that can be allocated to an integrated 'Mobility as a Service' app or travel card and spent on a range of sustainable public and private transport modes, including car and bike hire, car clubs, trains, buses and trams.



## 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.

## About the FLA

- The FLA is the leading trade association for the motor finance sector in the UK.
- In 2019, members provided £48.0 billion of new finance to help households and businesses purchase cars.
- Over 91% of all private new car registrations in the UK were financed by FLA members.