



COVID-19 Recovery

**Sustainable
transport for a
stronger economy**



During the Covid-19 pandemic the fleet industry has reasserted its role as the lifeblood sustaining the vital organs of the UK economy and society. It is the trucks taking PPE to our hospitals and groceries to our supermarkets; the vans delivering prescriptions to our loved ones and emergency plumbers to our houses; and the cars transporting NHS staff to their patients and other key workers to their place of work.

Fleet operators do not just enable life as we know it, they make a massive economic contribution to the UK automotive sector through the millions of vehicles they purchase and their activity in dealerships, garages and the used vehicle market. This enormous purchasing power can and must be harnessed to deliver a swift rebound in the economy and a faster trajectory towards transport decarbonisation.

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 83% of vehicles that are produced and sold in the UK.

The fleet sector has embraced the 'Road to Zero' and already owns and operates over 90,000 electric vehicles. As well as renting or leasing Clean Air Zone-compliant vans and trucks to businesses across the UK, it is encouraging city-dwellers to abandon vehicle ownership by providing flexible access to car use that gives people the confidence to make greater use of public transport and active travel.

BVRLA members have a unique perspective of the issues facing road transport in the UK and have the purchasing power to tackle them. They have a long track record of working constructively with policymakers in driving down emissions, improving road safety and making transport more cost efficient and accessible.

This paper provides more details on our credentials and sets out a range of policy measures for delivering a swift and sustained recovery for the UK economy and its transport ecosystem.

Our plan of action for the Government's next 90 days:

1. Maintain the financial liquidity that underpins the motor finance market.
2. Provide a tax and incentive regime that will stimulate vehicle demand.
3. Focus on the key levers for accelerating road transport decarbonisation.
4. Take a more active role in supporting and managing the roll-out of Clean Air Zones.
5. Support the role of flexible car models in enabling more sustainable transport choices.

Support the automotive industry and deliver transport decarbonisation

Work with the fleet sector to support UK automotive and drive the Road to Zero.

WHAT OUR INDUSTRY OFFERS

- **Massive purchasing power.** BVRLA members buy around 50% of all new cars, vans and trucks purchased in the UK.
- **A key customer for UK automotive.** BVRLA members buy more than 80% of UK vehicles produced in the UK and sold to domestic customers.
- **Updating the used vehicle market.** BVRLA members dispose of around 1.5 million cars, vans and trucks each year. They are a key supplier of affordable, Clean Air Zone-compliant Euro 6 vehicles.
- **Affordable motor finance.** Millions of people rely on fixed-cost, monthly motor finance to free-up cash for investing in their business or home.
- **Leading the uptake of electric vehicles.** BVRLA members own and operate a combined fleet of more than 90,000 battery electric vehicles (BEVs).
- **Big EV ambitions.** Our sector has pledged to increase its plug-in fleet to 720,000 by 2025, by when it will be registering 300,000 per year.

HOW POLICYMAKERS CAN HELP

- **Liquidity and forbearance.** The government must maintain liquidity across the entire motor finance market and cover 80% of the economic risk associated with consumer forbearance.
- **0% BiK for BEVs in 2021-22.** The BEV market has lost valuable momentum. Extending the 0% BiK rate for another year will regain any lost ground.
- **Automotive Demand Stimulus.** Introduce a targeted scrappage scheme that encourages people to scrap their older, more polluting cars and purchase or lease a new or used BEV, PHEV or Euro 6 ICE vehicle.
- **Eliminate first year Vehicle Excise Duty on cars and vans until April 2021.** Reducing VED costs will encourage fleets to invest now rather than extending vehicle lifecycles.
- **100% first year allowances for leased and rental vehicles.** This tax incentive would encourage cash-strapped businesses to go electric.
- **VAT on EV rental and car club.** Make these VAT-exempt. This will bring them in line with other forms of shared transport and enable operators to provide EVs at comparable rates to ICE vehicles.

Tackling Air Quality and Emissions today

Support fleets and drivers in upgrading to low emission road transport.

WHAT OUR INDUSTRY OFFERS

- **Clean Air Zone (CAZ) compliance.** The BVRLA members provide a vital source of CAZ-compliant vehicles. Their car fleet is already 96% CAZ compliant.
- **Lower emissions.** The average leased, rental or car club car emits much less CO2 than the average privately owned vehicle (24.5%, 8.8% and 35.7% respectively).
- **Younger, greener freight.** The average rental or leased HGV is nearly half as old as the UK average (3.3 years compared to 7.5 years).
- **Source of affordable EVs.** Rental and leasing companies have a regular fleet replacement cycle, meaning that they are a key supplier of one-to-four-year-old BEVs to the used car market.

HOW POLICYMAKERS CAN HELP

- **Targeted Clean Freight Fund.** Establish a new, ring-fenced fund that local authorities can use to support commercial vehicle operators in upgrading their vans and trucks.
- **More CAZ support for national fleets.** Upgrade your central web portal and provide fleets with more support as they tackle a myriad of local air quality measures.
- **Grey fleet.** Set national targets to reduce the use of older and more polluting 'Grey Fleet' cars (an employee-owned vehicle used for work related journeys) in both the public and private sectors.
- **Road-user charging.** Develop a national road-user charging framework that supports cities and regions in implementing local charging schemes.
- **Mobility Credits.** Provide additional funding and support for the roll-out of Mobility Credit-based scrappage schemes in CAZ areas to mitigate the financial impact on local residents and businesses

Drive transport behaviour change

Embrace shared transport to cut congestion and promote safer, more sustainable travel options.

WHAT OUR INDUSTRY OFFERS

- **Reduced parking demand.** Car clubs provide access to cars and help reduce car ownership. Each car club vehicle is responsible for up to 13 fewer cars on the road.
- **Less congestion.** Drivers reduce their overall mileage when they join a car club.
- **Safer transport.** During the Covid-19 pandemic, car rental and car clubs have stayed open to keep essential services and key workers mobile.
- **Greater use of public transport and active travel.** Car club and car rental act as a catalyst for people making greater use of more sustainable transport.
- **Improving access and social inclusion.** Car rental and car clubs can help tackle social exclusion and inequality by providing access to vehicles for people who cannot afford to own them.
- **At the forefront of future mobility innovation.** BVRLA members operate the newest fleet on the road and are early adopters of electric, connected and autonomous technology.

HOW POLICYMAKERS CAN HELP

- **Short-term waiver on fees and charges.** Utilisation is way down, but car rental and car clubs are still helping people make essential journeys while public transport is not an option. Temporary relief on permits and charges would help operators to cover any losses.
- **Invest in multi-modal mobility.** The government should push ahead with Mobility-as-a-Service (MaaS) pilots to support people in making safer, more sustainable travel choices.
- **Sustainable Transport Recovery Forum.** Help industry, government and local authorities to come together and explore the role of sustainable transport in the post-coronavirus recovery.
- **Establish a Mobility Innovation Fund.** To help cash and resource-strapped local authorities as they work with local transport operators and residents to develop new, integrated mobility services.
- **Promote flexible car modes.** Sometimes a car trip is the ONLY option. Promote car rental and car clubs as an affordable, flexible alternative to car ownership.

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