



Rt Hon Sajid Javid MP
Chancellor of the Exchequer
HM Treasury
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Dear Chancellor,

Spending Round

Ahead of the Spending Round next Wednesday, I would like to put forward a number of policy proposals on behalf of the fleet sector for you to kindly consider.

We welcomed the Prime Minister's recent reaffirmation of his commitment to the 2050 net zero emissions target. Our sector is well placed to help the Government achieve this target as we provide the quickest route to decarbonising road transportation. BVRLA members purchase around 50% of new vehicles sold annually in the UK – equating to around 1.6 million cars – including a third of all new electric and hybrid vehicles. Furthermore, due to a rapid fleet cycle our sector also supplied an estimated 1.4 million vehicles into the second-hand market in 2017, accounting for nearly 1-in-5 of all used vehicle transactions in that year. These second-hand vehicles help create a crucial reservoir of affordable, low emission motoring options for businesses and individuals, who may find new options unaffordable or unobtainable. The majority of electric cars and vans coming on to the used market over the next few years will be former lease or rental vehicles.

To help the Government lead the world in delivering net zero, we recommend the following proposals in this Spending Round.

Provide continued support for the Plug-in Car Grant to 2025

Plug-in vehicle grants are still of the utmost importance to the rollout of electric vehicles (EVs). From a demand-side perspective, the removal of the grant for plug-in hybrids has had a negative effect on purchasing behaviour, with the most recent figures from the Society of Motor Manufacturers and Traders (SMMT) showing that sales of zero emission-capable plug-in hybrids had fallen by a third. Clearly the grant has been a significant driver in the take up of low emission vehicles, and we would urge the Government to keep it in place for pure EVs to ensure that market does not suffer a similar decline as experienced by plug-in hybrids. From a supply-side perspective, the availability of the grant will help to make the UK an attractive EV market and stimulate manufacturers to make the products available here.

Looking ahead, the Government should continue to provide plug-in grant support until 2025 – with the grant level linked to progress in achieving total cost of ownership parity with conventional vehicles. As progress towards parity improves, funding can reduce and gradually be phased out. We would also urge the Government to consult with the fleet industry on what form incentives should take beyond 2020, as

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committed to within the Road to Zero strategy, due to the experience and feedback the fleet industry can provide with respect to total costs of ownership.

Extend Future Mobility Zone funding for another year and provide extra funds for a London mobility credit scheme pilot

Building on trials already announced and underway, the Government should commit to another year's worth of funding for the Future Mobility Zone to pay for initiatives such as mobility credits, a 'flexible car connectivity fund' to improve integration between flexible car use, public transport and active travel, and the 'national parking data standards pilots' with a prioritisation of flexible car use. Furthermore, London is a test bed at scale for the adoption of EVs and new mobility models and we think the government should provide extra funding for the London Mayor's mobility credit scheme, due to be announced by the end of 2019. These schemes would take the most polluting vehicles off the roads, reduce air pollution and boost the use of cleaner vehicles and public transport.

Fund further charging infrastructure support for businesses and fleets

Charging infrastructure provision is essential to the ease of uptake of EVs in fleets. Engagement with BVRLA members showed that charging infrastructure availability has affected approximately half of BVRLA members' purchasing decisions. Currently, businesses wishing to electrify their fleets are facing a significant cost barrier. For example, if a business's electricity needs places a higher demand on the local grid, the organisation is required to pay for the grid upgrade costs incurred by the distribution network organisation (DNO). The need to upgrade the local grid is quite common when a business is installing multiple rapid chargers. The commonly quoted figure for this is £200,000 but can be more depending on the street works required. Furthermore, the business that upgrades the grid does not own the assets that are created, but essentially funds the DNO's capital project. The BVRLA would like the government to fund further infrastructure support for businesses and fleets who are crucial to the rapid uptake of EVs and other cleaner technologies.

Increase funding for a 'Clean Freight Fund' to support HGVs and van upgrades within the Clean Air Zones

A growing number of cities across England have announced that they are planning the introduction of some kind of HGV charging Clean Air Zone in a bid to reduce levels of roadside NOx emissions. HGVs are an integral part of the economy at a national, regional and local level. Currently, there are no commercially or operationally viable alternatives to diesel in terms of HGV motive power. Over 90% of everything the public eat, drink, wear and build with travels on an HGV at some point in the supply chain. The proposed HGV charges for all trucks other than the latest Euro VI models is typically £100 per day, which could equate to an additional 25% on the daily running cost of a non-compliant vehicle. Unfortunately, the funding so far allocated to support HGV and van upgrades has often fallen short of the amounts requested by local authorities such as Greater Manchester Combined Authority. The BVRLA asks that significantly increased levels of funding be allocated from an expanded Clean Air Fund specifically to support businesses operating these vitally needed HGVs and vans within the new zones to help expedite the greening of these fleets.

In conclusion, the fleet sector can play a significant and influential part in contributing to a cleaner and greener environment – and we are ready and willing to play our part.

Yours sincerely,



Gerry Keane
Chief Executive

Bona-fides BVRLA, the industry and its members

- Established in 1967, the British Vehicle Rental & Leasing Association (BVRLA) is the UK trade body for companies engaged in vehicle rental and leasing.
- 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 programme and conciliation service. To support this work, the BVRLA shares information and promotes best practice through its extensive range of training and events.
- On behalf of its 980+ members, 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 members are responsible for a combined fleet of over five million cars, vans and trucks, supporting around 465,000 jobs and contributing £49bn to the economy each year.