



BVRLA

Van Plan

The destiny of road transport
decarbonisation lies
in the hands of the
fleet sector



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, generating £7.6 billion in tax revenues and contributing £49 billion to the UK economy each year.

BVRLA members have almost 800,000 rental and leased vans on their fleets, accounting for 1-in-6 on UK roads, and are responsible for buying up to 65% of new vans sold each year in the UK.

Vans are of huge importance to the UK economy. One in ten workers – 3.4 million people – rely on a van for their job across a broad range of industries, from engineering and construction to emergency and rescue services.¹ The van parc is growing exponentially at a rate double that of cars, given the rise in self-employment and online retail. Vans are also essential tools for transporting equipment, supplies and people to support small enterprise, aid healthcare provision and lay critical national infrastructure, such as broadband, to facilitate wider economic activity.

Due to the diversity of the sector, there is a huge variety in van type based on their individual use cases. For example, a van transporting commercial goods may have onboard refrigeration, whereas an emergency vehicle may carry heavy medical machinery that requires power to operate. These specialisations pose unique challenges for van electrification, varying electricity demands, payloads and effects on vehicle range.

Electric van technology lags significantly behind electric cars. While the car market is already seeing its third and fourth generation electric vehicles, no electric vans are yet capable of delivering longer ranges or towing. Given the growth and economic importance of vans, a special focus on vans is needed if this sector is to achieve parity with the more developed car market. This segmented approach must consider the challenges of supply, demand and infrastructure for the electric van market and develop policies to resolve them well before 2030.

In the next 12 months we would like to see the Government:

1. **Ringfence funding for the van sector**
2. **Introduce new van charging grants and funding**
3. **Ensure the supply chain caters for vans**
4. **Drop the 'super deduction' exclusion for rental and leasing**
5. **Develop van specific targets and requirements for charge point provision**

INFRASTRUCTURE

THE CHALLENGE

- Fleets looking to invest in charging infrastructure for vans on site often must buy 'extra power' by installing a substation to generate power if they tip the grid over capacity. This is a significant barrier to uptake as costs can run to hundreds of thousands of pounds and it may not be possible where the site is not owned.
- Land ownership and planning permission is another barrier to installing depot-based charging. Cases have been reported where a company has found a suitable site for installing charging and is willing to invest in the necessary infrastructure, but planning permission has been rejected because it is not for commercial use.
- Many van drivers take their vehicles home but are unable to charge there. For example, Centrica has predicted that around 65% of their engineers do not have a driveway to charge at home. Van users have to rely on public charging infrastructure, most of which is not suitable for use by vans.
- On-street charging bays are often too small for a van. The location of the charge point socket on many vans can also present issues with cables being too short.
- Van drivers will charge in working time if travelling from job to job and companies will not be able to have their employees spend hours at charge points before they can go on to their next job. Access to rapid charging is even more critical for drivers who are on call with unknown journey timings or distances.
- Van drivers need more reliable charge points than other users. Drivers have less flexibility than the public given their complex route planning requirements and will be significantly disadvantaged if the chargepoint they planned to use is out of order.

THE SOLUTION

- **New van charging grants and funding** Three types of grants should be developed. Firstly, there must be funding for van-specific charge points to be added to housing estates and residential areas for tradespeople. Secondly, a specific 'depot' grant is needed. Thirdly, a 'site grant' for those building a large amount of infrastructure to help with building works and grid costs.
- **Van-specific targets and requirements for charge point provision**
Government must commit to van specific charge point provision targets and ensure a van element in all charge point funding. Spaces need to be large enough for vans with longer charging cables and have priority booking systems. Charging hubs must make reasonable provisions for vans in the planning process to allow them access to state support.
- **Resolve grid upgrade challenges for van fleets**
Government and Ofgem must re-evaluate the grid upgrade process to ensure early EV van adopters do not bear the brunt of the costs. One possible solution could be a green infrastructure allowance that would enable firms to claim the super deduction against all expenditure on charge points, grid upgrade costs, groundworks and installation.

"If we are to meet our transport decarbonisation objectives, it's imperative that we encourage van operators to make the switch from diesel to electric. However, there are significant operational and infrastructure challenges that have to be overcome. It's therefore essential that we help fleets, small businesses and sole traders make the transition by providing financial support and investment."

Jim Blair, Operations Manager, Arnold Clark Vehicle Management

DEMAND

THE CHALLENGE

- Zero emission vans are significantly more expensive than comparator ICE vans. This price differential is 31% on average, but regularly exceeds 50% for specific models.²
- There are many use cases where an electric van has reduced functionality. Even if zero emission and ICE vans were at price parity, the majority of fleets would still be unable to afford the increased operating costs associated with their reduced functionality.
- Those running van fleets must be given the long-term certainty needed to plan their fleet transition. The March 2021 reduction in the small van grant fundamentally changed the "whole life cost" calculations for fleets and caused shockwaves of concern for those considering adoption.
- The current levers of support are far more effective for cars. The van sector needs a more bespoke and nuanced series of support measures to foster the required levels of demand.

THE SOLUTION

- **Ringfence funding for van sector**
Plug-in Grant funds should be ringfenced for vans. These funds should be topped-up and the deadline for the Plug-in Van Grant extended beyond the current end date of 2022-23. The structure and level of the grant should be changed as little as possible to minimise shocks to industry.
- **Drop the 'super deduction' exclusion for leasing and rental**
The 'super deduction' announced in the March 2021 Budget was a powerful piece of policy making. It is entirely inappropriate that the leasing and rental sector was excluded from the measure as it is the strongest route for fleets to be able to afford zero emission van options.
- **Provide van taxation and reimbursement certainty**
There is no foresight of the taxation future for vans. Van VED reform linked to CO2 has been delayed, there is no fuel duty foresight and the Van Benefit Charge, while set at 0%, has no certainty beyond the current year. Additionally, the current Advisory Electricity Rate (AER) of 4p per mile is not enough for vans, meaning a van-specific AER is required.
- **Fleet van charging relief**
Government should introduce a per vehicle tax relief for charging expenses, similar in structure to the SME research and development tax relief which allows firms to deduct an extra 130% of the qualifying costs from their yearly profit on top of the normal 100% to total a 230% deduction. Businesses would be able to deduct up to a maximum value per van based on actual charging costs. This would level the playing field between those who can charge at home and those who cannot.

"The differences between electric and ICE vans and electric and ICE cars are poles apart because their respective development has been approached differently and they serve two very different fundamental purposes: People own cars but use vans. Even if they don't actually own the car, the perception and attachment are the same. A van is functional not aspirational so incentivising use has to be handled very differently too. E-van development lags behind cars significantly so adoption cannot be expected to occur in the same timescales. We need a different approach for each."

Tim Bailey, Fleet Director UK & Ireland, Redde Northgate plc

SUPPLY

THE CHALLENGE

- The supply of battery electric (BEVs) vans is an acute problem. Although we have seen an increase in the number of different makes and models available, there is a particular dearth of vans capable of long ranges or towing.
- Fleets struggle to find electric vans with sufficient on-board power. At least 15% of the vehicles in major van fleets require power for other purposes than driving. Common on-board power use cases include vehicles that provide mobile workshops, carry refrigerated loads or need tail-lifts.
- It is not clear if battery electric vans will ever be able to support all use cases. For example, with current technology a chassis van with a cherry-picker on it will not have sufficient power to complete a two-way journey and fulfil its job function.
- The lack of fit-for-purpose BEV vans means that manufacturers are less willing to channel limited battery supply into vehicles that will not be deemed suitable by end users. Batteries are in short supply and instead prioritised for BEV cars.

THE SOLUTION

- **Encourage UK supply chain to cater for vans**
Vans should receive ringfenced research and development funding for projects across the supply chain to incentivise battery manufacturers to include the van market. Government must work with van users to attract zero emission van manufacturing to the UK.
- **A roadmap for specialist vehicle supply**
To address the needs of fleets that require specialist vehicles or on-board power, the Government must produce a powertrain roadmap which offers an alternative solution to battery power.

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