Motability Operations/ Motability Foundation joint response to the Zero Emissions Vehicle Mandate Consultation

17 February 2025

Motability Operations

Motability Foundation

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Introduction

The Motability Scheme provides independent mobility to **more than 815,000 disabled people** and their families across the UK. **Motability Operations** is the commercial organisation that **delivers the Motability Scheme** and is the **UK's largest fleet operator**. It acts under the stewardship of the **Motability Foundation**, a registered charity, who oversees performance, as well as funding, supporting, researching and innovating to help all disabled people make the journeys they choose.

Between the two organisations we have **unique firsthand experience**, evidence and research of the challenges faced by not only Scheme users, but also the wider population of 16 million disabled people across the UK**. It is important that disabled people are not left behind in the transition to electric vehicles**, and many of the interventions that will benefit disabled people will have a positive impact on broader society and make the transition to EVs easier for everyone.

Our response uses some of the lessons we are learning in the current environment, the challenges Scheme customers are facing, and our deep understanding of this subject. We are committed to sharing our unique understanding with Government through this consultation and in any other way, to help ensure the transition works for as many people as possible and is delivered fairly and effectively.

Eligibility to the Motability Scheme is determined by the receipt of certain benefits, mainly the higher rate mobility part of Personal Independence Payment, or in Scotland the enhanced mobility part of Adult Disability Payment or higher mobility component of Child Disability Payment. Customers exchange their allowance for a three year vehicle lease, or five years for a Wheelchair Accessible Vehicle (WAV). Every customer lease includes insurance, servicing, tyres and breakdown cover all taken care of as part of a worry-free package.

The Scheme contributes directly to the Government's five National Missions through;

- **Supporting sustained growth** with a **£4.3 billion contribution to UK GDP**[1] in 2022/23, supporting both UK automotive manufacturing and the UK dealership network.
- **Supporting the drive to net zero** by being the **single largest purchaser of EVs in the UK** (20%), operating the largest EV fleet and being crucial to the electrification of the UK vehicle parc.
- **Supporting EV demand benefits the UK automotive sector** and provides an opportunity to provide demand-side stimulation that will help the industry meet its obligations under the ZEV Mandate.

[1] https://www.mo.co.uk/media/ljblcmj5/new-the-impact-of-motability-operations-and-the-motability-scheme.pdf

- **Supporting the NHS** by improving the quality of life of more than 800,000 disabled people and their families, **saving the service £157m in 2023** through improved health outcomes and enabling patients to make it to appointments[2].

- **Reducing barriers to opportunity** by supporting our disabled customers in work, education or volunteering. **30% of our customers are in work, education or volunteering**, and 69% of customers agree that the Scheme currently or has in the past helped them maintain a job, be in education or to volunteer[3]. The Social Market Foundation estimates electric vehicles can pull over one million people out of poverty – if accessibility improves[4].

By the end of this Parliament EVs will make up the vast majority of vehicles available to Motability Scheme customers, so it is vital that EV infrastructure is in place to enable their use. **The EV transition has to work for everyone across the country**, especially those with mobility needs and it's important that the government creates a supportive environment where public and private sectors can work together to enable the transition.

We want to continue to provide a sustainable Scheme for the long term. **The EV transition is perhaps the biggest change the Motability Scheme has experienced since it was established over 45 years ago. MO operates the largest EV fleet in the UK,** with more than 80,000 customers currently driving an EV.

Over the last three years, £300m has been used to support customers with the cost of electric vehicles, with the objective that the Scheme transitioned to EVs at the same rate as the national retail market – and it has broadly achieved that objective. Scheme EV registrations over the twelve months to September 2024 were 13.2%. **The current EV order take is approximately 20%, and the percentage of EVs on the fleet is now over 10%.**

Scheme customers report public charging is the main barrier to EV uptake. Motability Operations cover the cost of installation of a home chargepoint for all first-time EV users with off-street parking, but around half of Scheme customers need on-street charging solutions. Motability Operations are working with local authorities on data-sharing as well as solutions for terraces and social housing, including accessible solutions for cross-street charging.

The Motability Foundation has conducted extensive research into the accessibility of the public charging network. As many as one in four people in the UK are disabled and research estimates there will be 2.7 million disabled drivers in the UK in 2035. Of these 2.7 million, it is estimated up to 1.35 million, or 50%, will be at least wholly or partially reliant on public charging infrastructure, however for a variety of reasons, infrastructure is not currently

[2] https://www.mo.co.uk/media/ljblcmj5/new-the-impact-of-motability-operations-and-the-motability-scheme.pdf
[3] https://www.mo.co.uk/media/ljblcmj5/new-the-impact-of-motability-operations-and-the-motability-scheme.pdf
[4] https://www.smf.co.uk/wp-content/uploads/2024/07/Electric-avenue-July-2024.pdf

accessible[5]. To address this problem, we cosponsored a world leading accessible charging standard for public EV chargepoints with OZEV – BSI PAS 1899. It provides clear guidance to industry on how to make all types of chargepoints accessible and was developed with disabled people and key stakeholders including industry bodies, manufacturers, charge point providers.

Motability Scheme customers have a different demographic profile to other EV users, having lower income, more budget focused and living in different locations. EV take up among our customer base is most prevalent in the urban north, West Midlands, and parts of Wales, and more than half do not have access to off-street parking. **The challenges Scheme customers face are indicative of those that will soon be faced by wider society as it electrifies.**

Encouraging EV uptake in underrepresented demographics supports the UK's commitment to net zero emissions by 2050 and the 2030 ban on new petrol and diesel car sales by facilitating affordable alternatives. Incentivising home and public charging investments aligns with the UK Government's commitment to building a robust EV infrastructure. **Increased EV adoption in low-income and rural areas also contributes to national emission reduction targets**, supporting commitments under the Climate Change Act.

5 https://www.motabilityfoundation.org.uk/media/nghmmyu0/electric_vehicle_charging_infrastructure_for_people_living_with_disabilities_ricardo_energy_and_environment.pdf

Part One

Question 1: Do you agree with the Government's view that full hybrid and plug-in hybrid technologies only should be considered? Please explain your answer.

We agree that only full hybrid electric vehicles (FHEVs) and plug-in hybrid electric vehicles (PHEVs) should be considered for sale in the new car market beyond 2030. This is for three key reasons:

1. **CO2 Emissions Reduction**

   Under the current Worldwide Harmonised Light Vehicle Test Procedure (WLTP) testing regime, FHEVs and PHEVs deliver substantial reductions in CO2 emissions compared with traditional internal combustion engine (ICE) vehicles. By comparison, the savings from mild hybrids, which rely on their ICE for propulsion, are far more modest. This is demonstrated by table 1:

Table 1: Comparison of CO2 g/km between different types of hybrid[6]		
	Ford Focus 1.0L EcoBoost Petrol	Ford Focus 1.0L EcoBoost Hybrid (MHEV)
CO2 (g/km)	107	93
Reduction vs. petrol	-	-13%
	Toyota Corolla 1.8L Petrol	Toyota Corolla Hybrid (FHEV)
CO2 (g/km)	132	84
Reduction vs. petrol	-	-36%
	BMW 3 Series 2.0L Petrol	BMW 3 Series 330e Plug-In Hybrid (PHEV)
CO2 (g/km)	144	37
Reduction vs. petrol	-	-74%

2. **Zero Emission Driving Capability**

   The UK government has previously stated its aim for all vehicles sold beyond 2030 to offer "significant zero emission capability". PHEVs are capable of driving significant distances in zero emission mode, which is crucial for reducing urban air pollution and meeting climate targets. FHEVs also offer zero emission driving capabilities, especially in stop-and-go traffic where are able operate on electric power alone. Mild hybrids, however, are incapable of driving significant distances in zero emission mode, limiting their effectiveness in reducing tailpipe emissions (see table 1) and putting them at odds with the UK government's stated aim.

[6] https://www.fleetnews.co.uk/cars/Car-CO2-and-fuel-economy-mpgfigures?CarType=&Manufacturer=ford&Model=&CO2To=&MpgFrom=&SortBy=Manufacturer&SortDesc=False &FuelType=petrol,hybrid

3. **Clarity, consistency and our own emissions targets**

The government's main objective should be to provide clear, consistent communication about the underlying goals of the mandate to prevent confusion among customers and the general public. Given the reasons outlined earlier, it makes sense to focus on FHEVs and PHEVs for sale beyond 2030.

We understand the significant responsibility of managing the UK's largest vehicle fleet, which includes over 815,000 vehicles. In the 2023 financial year, our fleet emitted 8.5 million tonnes of CO2, accounting for more than 99% of our total emissions. Transitioning our customers to EVs will be the most important step we take to reduce emissions. We have set science-based targets to reduce our fleet's emissions per vehicle by 58.1% by 2032. We believe mild hybrids do not provide the necessary emissions reductions to meet this target

Question 2: Do you prefer a technological definition that permits both HEVs and PHEVs, or a technological definition that permits PHEVs only? Please explain your answer.

We support a technological definition that permits both FHEVs and PHEVs for sale in the new car market beyond 2030.

PHEVs are typically more expensive than FHEVs, meaning that they are often less accessible to lower income households, including those with Scheme customers. Our customer research shows 42% of our customers have a household income of less than £20,000, compared with a UK median disposable income of £34,500[7]. Customer research also indicates that 60% of our customers are put off by the upfront and running costs of an EV.

At present, the manufacturer retail price (MRP) of PHEV transactions is on average +c.50% more expensive than FHEVs[8]. This is due to the additional costs of running two powertrains in parallel in the vehicle, as well as manufacturers focusing their attention on making models premium to appeal to the fleet sector where benefit-in-kind (BiK) rates are a key driver.

As a result of this, Motability customer penetration into PHEVs is currently very low (c.2% of apps). This compares to c.14% applications into FHEVs. Although some of these factors may abate as we approach 2030, we anticipate that PHEV vehicles will remain considerably more expensive than BEV vehicles. Although we support the government's target of 80% BEV market registrations by 2030, we also consider it critical that an affordable new car alternative is available for those unable to transition to a fully electric vehicle by this point. Customers may continue to find EVs less attractive than ICE vehicles due to factors such as charging time and facilities, and therefore some of our customers may be left behind if we don't resolve these issues. Our modelling indicates that 25% of our customers may be

[7] https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/ bulletins/householddisposableincomeandinequality/financialyearending2023

unable to transition by the end of 2030, primarily because of lack of access to home charging and inability to afford both the upfront and running costs of EVs[8].

Oxford Economics found that 75.4% of customers reported that the Scheme had a substantial impact on their wellbeing, so access to a vehicle is critical to customers' mobility and ability to access employment and wider social life[9]. Motability Operations therefore considers it critical that an affordable non-BEV option is available beyond 2030, with FHEVs most likely to offer this.

The second reason Motability Operations supports the sale of new FHEVs in the UK new car market beyond 2030 is their environmental performance, which still offer considerable improvements vs. ICE vehicles and do not require any change in user behaviour. Although the consultation references that there may be certain FHEVs that emit more CO2 than internal combustion engine (ICE) vehicles, this is not the case when comparing like-for-like models. For instance, the Honda CR-V Hybrid emits around 120 g/km of CO2, compared to the 162 g/km emitted by its petrol counterpart[10]. This demonstrates that FHEVs can offer significant CO2 reductions, making them a viable option for the government's aim of reducing carbon.

Question 3: Do you support no further CO2 requirements, a vehicle level CO2 cap, or a fleetwide CO2 requirement? Please explain your answer.

Motability Operations supports adding no further CO2 requirements to the sale of PHEVs and FHEVs beyond 2030 for several reasons.

Car manufacturers are already investing significant sums into bringing affordable, longer-range and faster-charging BEVs to market. For instance, Volkswagen Group has committed €73bn to investments in electrification and digital technologies between 2020 and 2025[11]. Asking manufacturers to invest further into achieving additional CO2 reductions on their remaining non-BEV sales would place another challenging burden on them. This could potentially detract from the key focus of achieving full electrification of the UK car market.

Introducing another element for car manufacturers to manage closely may also create further distortions around supply and demand, possibly impacting model availability and pricing in both the new and used markets. For example, stringent CO2 caps could force manufacturers to pull certain models from sale, driving prices higher and restricting consumer choice.

[8] MO internal customer research.

[9] https://www.mo.co.uk/media/ljblcmj5/new-the-impact-of-motability-operations-and-the-motability-scheme.pdf

[10] https://www.honda.co.uk/cars/new/cr-v-hybrid-suv/specifications.html

[11] https://www.volkswagen-group.com/en/press-releases/volkswagen-group-raises-investments-in-futuretechnologies-to-eur-73-billion-17108

Question 4: Should a minimum range be required for new PHEVs and, if so, at what level should it be set? Please explain your answer.

Motability Operations is in favour of imposing a minimum EV range of 50 miles or more for PHEVs sold in the new car market from 2030. A minimum range would ensure zero emission miles are realistic and also be a realistic stepping stone experience for reluctant drivers from ICE to full EV.

In recent years, we have observed several examples of longer-range PHEVs coming to market, suggesting that achieving a 50-mile minimum range does not require a substantial technological leap. For instance, the Audi A3 and Volkswagen Golf PHEVs offer an electric-only range of 88 miles. These examples demonstrate that longer-range PHEVs are feasible with current technology.

Research from the International Council on Clean Transportation (ICCT) (September 2020) has also found that the likelihood of plugging in and driving a PHEV in zero-emission mode increases with greater electric range[12]. Imposing a minimum range threshold could therefore support the aims of reducing CO2 emissions and improving air quality.

PHEVs with greater electric range are also expected to prove more attractive in the used car market. Although they are more expensive to buy and to maintain, they offer the dual benefits of local urban driving in electric-only mode on a day-to-day basis, with the reassurance of a petrol engine for rarer longer distance driving. This makes them a more practical choice for consumers.

Question 6: What are your views on establishing a CO_2 requirement for vans from 2030? What is your preferred measure, if any, and at what level should the target be set? Please explain your answer.

As we set out in question 11, it is critical for our customers requiring Wheelchair Accessible Vehicles (WAVs) that the supply of suitable vehicles for conversion is maintained.

Thinking in terms of future contingency, it is possible that there could be circumstances post-2030 that ICE N1 vans are the only option for conversion into Wheelchair Accessible Vehicles. This would be the case if electric vehicles prove impossible or uneconomic to convert. This may be the case because the small and medium electric base vehicles which are currently on the market have the battery positioned under the chassis, making it difficult to lower the floor to enable wheelchair use. Our conversations with aftermarket battery manufacturers show lingering scepticism about the commercial feasibility of producing a battery that can accommodate a lowered floor, in addition to various engineering concerns.

To forestall this risk, we propose an extension of the supportive CO2 exemptions that currently exist for M1 ICE vehicles built as WAVs across into N1 vehicles. This would be an essential addition to the support that DfT are already providing to ensure that 40,000

[12] https://theicct.org/wp-content/uploads/2021/06/PHEV-FS-EN-sept2020-0.pdf

wheelchair users with WAVs post 2030 are not excluded from the opportunity of personal mobility.

Question 8: What are your views on current measures to support demand for zero emission vehicles? What additional measures could further support the transition?

Demand-side financial incentives for EVs to date have skewed towards the fleet sector and company car drivers due to favourable Benefit-in-Kind (BiK) changes. These have proven popular, with BEVs accounting for 33.2% of the fleet business channel's registrations in 2024, and have helped to support wider BEV adoption.

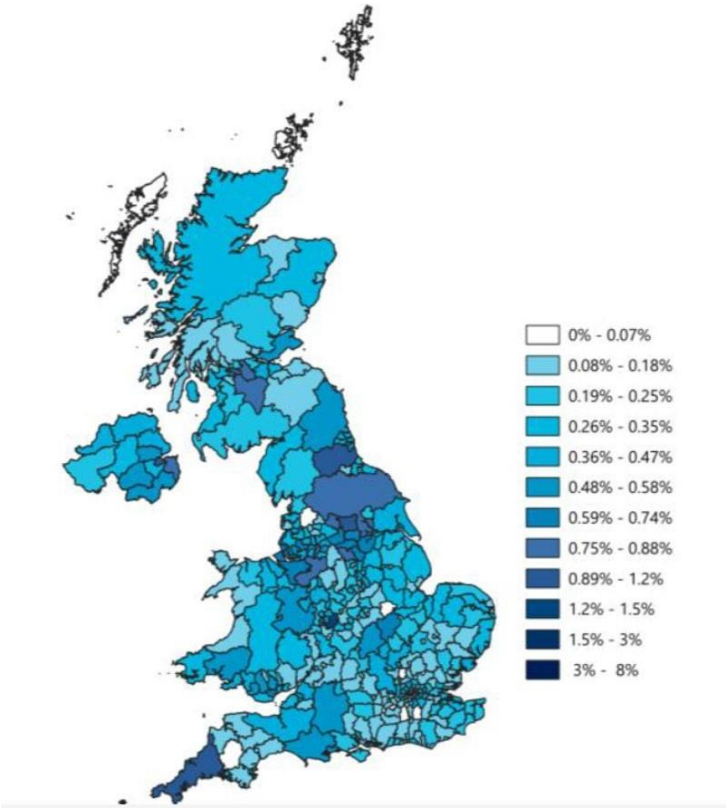
However, there is a risk that current incentives skew towards higher earners and place an overreliance on the fleet channel. There is a relative absence of incentives for retail buyers, especially in the used car market. This represents a major risk as there is a huge used supply expected to come back due to rising BEV registrations – we project an increase in 3-4 year used BEV volumes by 2028 of +310% vs. today.

Used electric values have already fallen c.-50% since 2022. If the used consumer is not encouraged to adopt these vehicles, it could negatively impact residual value calculations and ultimately push new car monthly payments higher, potentially adversely impacting the ability to achieve ZEV Mandate path. Energy pricing is crucial in the transition to EVs. There is a real need for better education about electricity tariffs; most people could be paying lower rates for home charging if they were aware of the opportunity[13]. This will only become more of an issue as Vehivcle to Grid technology becomes more available.

Despite progress in the volume of installations, public charging infrastructure is not accessible or affordable enough. Currently, most BEV buyers can charge at home, with DfT research in 2022 indicating that 93% of EV users had access to home charging[14]. However, as we approach 2030, this will no longer be the case. According to the Department for Transport, around 40% of UK households do not have access to off-street parking with our research indicating that this figure increases to c.50% for our customers. Ensuring widespread, affordable, and accessible public charging infrastructure is critical to supporting a fair and just transition to ZEVs.

Figure 1: location of Motability Scheme EV customers by proportion of EV fleet and local authority area[15]

[13] https://www.current-news.co.uk/lack-of-awareness-a-key-barrier-to-ev-energy-tariff-adoption/
[14] https://www.gov.uk/government/publications/electric-vehicles-costs-charging-and-infrastructure/electricvehicles-costs-charging-andinfrastructure#:~:text=Most%20EV%20drivers%20charge%20at,90%25%20of%20them%20charged%20overnig ht
[15] https://www.mo.co.uk/media/ljblcmj5/new-the-impact-of-motability-operations-and-the-motability-scheme.pdf



As a result we propose several additional measures which we believe should be considered to support the transition:

Policy suggestion 1: Greater focus on and support for public EV infrastructure, especially for terraced and social housing charging

Expanding public EV infrastructure, particularly for terraced and social housing, is essential to ensuring equitable access to electric vehicle ownership and supporting the UK's transition to net zero. Policy measures could include best practice sharing among local authorities and planning reforms to standardise cross-pavement charging. With infrastructure being delivered at pace, we believe Government should mandate the PAS1899 Standard, which is currently voluntary, to ensure public chargepoints are accessible to all, and that no public money should be used to fund inaccessible chargepoints.

Additional interventions, such as targeted funding and innovative charging solutions, can address disparities in access to EV infrastructure and incentivise private sector collaboration. Expanding public EV infrastructure for terraced and social housing is critical to achieving the UK's climate, economic, and social equity goals.

As mentioned in our introduction, Motability Scheme customers have a different demographic profile to other EV users, having a lower income, and being more dependent on public charging. Figure 1, above, shows how the Motability EV fleet is concentrated in different areas from the UK average.

By addressing disparities in access, reducing regional inequalities, and fostering private sector collaboration, this policy intervention aligns with the government's priorities of

economic growth, netzero commitments, and efficient public spending. With targeted funding, planning reforms, and innovative charging solutions, the UK can ensure a fair and inclusive EV transition while driving environmental and economic benefits. This aligns to key Government policy objectives by:

1. **Economic Growth and Investment**: Developing public EV infrastructure fosters economic growth by creating jobs in installation, maintenance, and technology sectors, while also boosting local economies by encouraging consumer spending near charging points.
2. **Net-Zero Targets**: Accessible public charging infrastructure accelerates EV adoption, helping the UK meet its 2050 net-zero commitments by reducing emissions from transport, a key sector for decarbonisation.
3. **Regional Growth**: Expanding public infrastructure in underserved areas, such as regions with high concentrations of terraced and social housing, ensures equitable access to EVs and reduces regional disparities.
4. **Efficient Public Spending**: By investing in sustainable infrastructure, the government reduces long-term costs associated with pollution, public health, and reliance on fossil fuels.

Economic and Fiscal Arguments

1. **Enhancing EV Accessibility for All**:
    - Accessible public infrastructure ensures residents of terraced houses and social housing, who often lack driveways or private parking, have equal access to EV ownership.
    - Reducing reliance on petrol and diesel vehicles supports low-income communities by providing affordable and sustainable transport options.
2. **Boosting Economic Activity**:
    - Investments in public charging create jobs across the EV ecosystem, including installation, maintenance, and manufacturing.
    - Local businesses benefit from increased foot traffic near charging points, boosting consumer spending.
3. **Encouraging Private Sector Investment**:
    - Clear government support for public EV infrastructure signals opportunities for private investment, fostering innovation and shared funding models.
4. **Driving Environmental and Social Benefits**:
    - Reducing urban emissions improves air quality, leading to lower public health costs.

- Public infrastructure ensures inclusivity, preventing lower-income households and renters from being left behind in the EV transition.

Policy levers

There are a range of policy levers, but the interventions most directly relevant are:

- **Targeted Subsidies:** Provide grants to councils for charging infrastructure in underserved areas, with match-funding for projects partnering with private firms.
- **Private Sector Collaboration:** Co-funding private sector initiatives to de-risk and co-finance private sector investments in public charging infrastructure. This approach fosters collaboration and innovation, particularly in hard-to-reach locations. By offering matchfunding schemes, businesses and developers are incentivized to install chargers in underserved areas, ensuring equitable access to charging facilities and supporting the broader adoption of electric vehicles.

Background Points

- Many terraced houses lack driveways, making home charging impossible, while social housing often has shared or no parking facilities, creating significant barriers to EV adoption.
- The UK faces wide disparities among local authorities in EV infrastructure deployment, particularly in less affluent areas, perpetuating a postcode lottery.
- Without intervention, lower-income and urban residents will remain disproportionately excluded from the benefits of EV adoption, hindering progress toward net-zero targets.
- Examples of innovative solutions, such as streetlight chargers and shared community hubs, have shown promise in providing affordable and accessible charging options in densely populated areas.

Policy suggestion 2: Revise criteria for the low emission plug in grant for Wheelchair Accessible Vehicles (WAVs)

OZEV has already put in place some measures to incentivise E-WAVs, but a series of changes to the low Emission Plug-in Grant for WAVs would further improve uptake, support the growth of the "EWAV" market with the introduction of new products and OEMs into the conversion space, improve converter buy-in and provide more customer choice.

We propose;

- Raising the current £35k maximum list price cap can be raised to £50k, allowing a variety of new models to be considered for the grant including the;
    - Maxus eDeliver 7
    - Kia PV5, PV7 and potentially also PV9

- Ford E-Transit Custom

- Extending the grant to include N1 base vehicles with the proviso that they have to be changed to M1 as part of the conversion, superseding Type Approval as WAVs already do.
- Updating the list of qualifying base vehicles for the grant and creation of a bi-annual review mechanism to maintain efficacy:
  - Remove the Nissan NV200 as it is no longer available;
  - Change the Citroen SpaceTourer Business model to SpaceTourer Plus and Max models as these are the new variants;
  - Add the Maxus eDeliver5 and eDeliver 7
  - Add the Ford E-Transit Custom

Finally, we have previously suggested to DfT that the WAV Plug-In grant concept could be extended to support disabled motor vehicle drivers more broadly. This could take the form of additional credits for any motor vehicle supplied to a disabled person. There already exists a process to apply zero rated VAT to a retail car purchased by a disabled person, using form VAT 1615A to confirm eligibility. The obvious benefit to us is that Motability Scheme cars would be automatically eligible. Like the WAV plug-in grant there is no cost to Government, as the administrative means is already in place and OEMs would have the same compulsion to follow the mandate as currently

Policy Suggestion 3: Addressing EV Residual Values

Supporting the used EV market is critical to ensuring a sustainable and widespread transition to zero emission transportation. Targeted measures, such as time-limited grants, scrappage schemes, VAT adjustments, and infrastructure expansion, can stabilise the used market (and deliver consumer savings of £1,800 in year 1 and £6,000 over 5 years), bolster consumer confidence, and ensure market effectiveness which is also important for keeping new EV prices affordable and to maintain market growth. An additional 375,000 used EVs (from market penetration growth above current levels encouraged by policy interventions) could save 4.5 million tons CO_2 over 10 years.

This aligns to key Government policy objectives in a variety of ways:

- **Net-Zero Commitments**: Supporting used EV adoption accelerates the replacement of high emission vehicles, directly contributing to the UK's climate goals.
- **Economic Growth and Investment**: Stimulating the used EV market creates jobs, supports the broader automotive ecosystem, and attracts investment in associated services like charging infrastructure and battery recycling.
- **Regional Growth:** Ensures equitable access to affordable EV options for lower-income households and underserved regions, reducing regional disparities.

- **Efficient Public Spending**: Policies such as scrappage schemes can be partially self-funded through VAT receipts and contribute to public health savings by improving air quality.

Economic and Fiscal Arguments

1. **Stabilising Market Dynamics**: Declining residual values in the used EV market threaten affordability of new EVs. Government intervention ensures residual value stability, preventing cascading effects on leasing costs.
2. **Driving Affordability**: Measures like VAT reductions, time-limited grants, and reduced taxes lower upfront costs, making EVs accessible to a broader demographic.
3. **Maximising Emissions Reductions**: Expanding the used EV market replaces older, polluting vehicles with zero-emission alternatives, achieving significant environmental benefits.
4. **Boosting Consumer Confidence**: Initiatives such as battery health certifications and warranties address concerns about reliability and repair costs, encouraging purchases.
5. **Economic Multipliers**: Increased used EV demand stimulates associated industries, including charging infrastructure, servicing, and recycling, creating jobs and driving economic growth.

Potential supporting mechanisms

The following interventions could substantially boost used EV adoption and save consumers £500-£2,000 per vehicle through incentives and tax breaks while achieving significant emissions reductions by replacing high-emission vehicles with used EVs.

Financial Incentives for Used EV Purchases

- **Subsidies**: Grants or rebates (e.g., £1,500) for purchasing used EVs to lower costs.
- **Reduced Taxes**: Remove or lower registration fees and road tax for used EVs.
- **VAT Adjustments**: Lower VAT rates to make used EVs more affordable.

Battery Health Certification Programs

- **Certification**: Create a government-backed grading system for battery health to boost transparency.
- **Replacement Incentives**: Subsidise or offer financing for battery replacements in older EVs.

Financial Support for Leasing and Financing

- **Low-Interest Loans**: Offer government-backed loans for used EV purchases.

- **Leasing Programs**: Provide subsidised leasing options for lower-income households.

Education and Awareness Campaigns

- **Public Campaigns**: Educate buyers on the benefits of used EVs and address misconceptions.
- **Online Tools**: Develop transparent marketplaces with price comparisons and battery certifications.

Warranties and Consumer Protections

- **Mandatory Warranties**: Require dealers to offer warranties for key EV components like batteries and drivetrains.

Policies to Lower Upfront Costs

- **Residual Value Guarantees**: Provide guarantees to stabilise EV pricing in the used market.
- **Depreciation Incentives**: Collaborate with manufacturers to stabilise depreciation through buyback programs or guarantees.

Illustrative example

1. ***Direct Savings***:
    - *Cost reductions from policies such as:*
        - ***Subsidies**: A one-time grant (e.g., £1,500) directly lowers the purchase price.*
        - ***VAT Reduction**: Lowering VAT from 20% to 5% on used EVs.*
        - ***Example**: For a £20,000 used EV, VAT at 20% adds £4,000, whereas at 5%, it adds £1,000—a £3,000 saving.*
2. ***Reduced Operating Costs***:
    - *Estimate lower fuel and maintenance costs compared to petrol/diesel cars:*
        - *Annual savings: ~£800–£1,200 (electricity vs. petrol, lower maintenance).*
        - *Over 5 years, this adds up to £4,000–£6,000 in operating savings.*
3. ***Policy Impact***:
    - *Combine the upfront savings (subsidies, VAT reductions) with long-term operating cost reductions:*

- *Total savings per consumer:* ***£500 (lower-end policies)*** *to* ***£2,000+ (comprehensive incentives)****.*

Illustration:

- *A consumer buys a £15,000 used EV and saves:*
  - *£1,000 from VAT reduction (20% to 5%).* o *£800 annually in running costs (electricity vs. petrol).*
  - *Total savings:* ***£1,800 in Year 1****, growing annually with further running cost reductions.*

The estimated costs to the UK Exchequer would be:

1. **Subsidies**: £562.5 million for one-time grants (£1,500 per vehicle for 375,000 vehicles).
2. **VAT Reduction**: £1.125 billion in revenue loss from reducing VAT from 20% to 5% on used EVs (assuming an average vehicle price of £20,000).
3. **Total Cost**: £1.6875 billion over the implementation period.

Background Points

- The used EV market has experienced a 50% decline in values since late 2022, reflecting a mismatch between supply and demand.
- A rapid increase in used EV supply is projected as the UK's vehicle fleet electrifies, risking further value depreciation without policy intervention.
- The Plug-in Car Grant (PiCG) demonstrated the effectiveness of financial incentives for new EVs. Extending similar incentives to the used market can replicate its success.
- Scrappage schemes can remove older, high-pollution vehicles while funding themselves partially through increased VAT receipts.

Policy suggestion 4: Expand EV repair and maintenance trained workforce

Expanding the EV repair and maintenance workforce is a critical policy intervention to support the UK's transition to electric vehicles and aligns with the government's objectives of economic growth, net zero ambitions, and efficient public spending. Addressing the current skills gap—where only 6% of technicians are qualified to work on EVs[16]—will

[16] https://tide.theimi.org.uk/industry-latest/news/breaking-news-imi-flags-ev-technician-shortages

mitigate repair bottlenecks, reduce costs for consumers and businesses, and ensure EV adoption accelerates at the required pace.

Creating high-quality jobs, fostering regional growth and strengthens the UK's position as a global leader in green technology. Specific EV safety training is required for all technicians working on an EV. A skilled EV workforce will also improve long-term fiscal efficiency, preventing future repair inflation and reducing reliance on expensive, unregulated services. With a projected return of £5–8 for every £1 spent on upskilling, this policy provides substantial economic and fiscal benefits, including reducing repair backlogs, building consumer confidence, supporting fleet electrification, and lowering warranty repair costs.

Expanding the EV repair and maintenance workforce directly aligns with the UK Government's key priorities:

1. **Economic Growth and Investment**: Developing a skilled EV workforce drives economic growth by creating high-quality jobs, fostering regional development, and attracting private sector investment into green industries. This supports the government's goals of building a dynamic, high-growth economy.
2. **Net-Zero Targets**: A well-trained EV workforce ensures the affordability and accessibility of EV ownership by addressing repair and maintenance bottlenecks, accelerating the transition to clean transportation. This aligns with the government's commitment to achieving net-zero carbon emissions by 2050 and meeting interim climate goals.
3. **Efficient Public Spending**: Investing in workforce training now prevents future economic inefficiencies, such as inflated repair costs and slower EV adoption and the need for future intervention or hinder progress toward long-term climate and economic goals.
4. **Global Competitiveness and Innovation**: Strengthening the UK's EV ecosystem supports its position as a global leader in green technology and innovation, aligning with the government's ambition to position the UK as a hub for clean energy and advanced manufacturing.

Economic and Fiscal Arguments:

1. **Driving Economic Growth and Investment**: Expanding the EV workforce will generate new, high-quality jobs, particularly in areas of economic deprivation, contributing to regional growth. Investments in training and upskilling programs will foster innovation and attract private sector funding into the EV ecosystem, boosting overall economic productivity.
2. **Supporting Net-Zero Targets**: A skilled EV repair workforce ensures the longevity and affordability of electric vehicles, encouraging greater adoption and reducing reliance on fossil fuels. This directly supports decarbonisation objectives, helping the UK meet its climate commitments while reducing public health costs associated with pollution.

3. **Reducing Long-Term Public Spending**: A shortage of trained technicians could increase repair costs, leading to inefficiencies and slowing EV adoption. Investing in workforce expansion now will avoid higher costs later, such as government subsidies for EV maintenance or repair price inflation. **Background points**

   - The UK currently faces a significant skills gap, with only **6% of vehicle technicians qualified to work on EVs** (IMI, 2023), while the EV market is growing exponentially.
   - Without intervention, the cost of EV repairs is expected to rise by **30–50%** over the next decade, disproportionately impacting lower-income households and slowing EV adoption.
   - Investment in training could yield substantial returns: for every £1 spent on upskilling, there is an estimated **£5-8 return** through economic growth, reduced repair costs, and increased consumer spending.
   - Expanding the EV workforce would create opportunities in regions with high unemployment or a reliance on declining industries, such as traditional automotive manufacturing.

Practical Benefits of Expanding the EV Repair Workforce

- **Reducing Repair Backlogs**:
  - Increases the number of EV-trained technicians to address longer repair times.
  - Speeds up diagnosis and repairs for EV-specific issues, reducing vehicle downtime.
- **Building Consumer Confidence**:
  - Faster repairs ease concerns about EV reliability and technician availability.
  - Critical for fleet operators reliant on minimal vehicle downtime.
- **Supporting Fleet Electrification**:
  - Ensures timely maintenance for large EV fleets, encouraging fleet electrification.
  - Improves operational efficiency for businesses like delivery services and taxis.
- **Lowering Warranty Repair Costs**:
  - Reduces reliance on manufacturer service centres, cutting warranty repair costs.
  - Speeds up warranty servicing, benefiting manufacturers and consumers alike.

Policy suggestion 5: Support a New Public Information Campaign

The UK government should consider funding a new public awareness campaign to promote electric vehicle (EV) usage and dispel common misconceptions around them, such as frequent fires, collapsing car parks, and rapid battery degradation.

Data has shown that misconceptions and media misrepresentation of EVs significantly impact the attitudes of potential buyers and make purchasing less likely. For instance, consumer research by AutoTrader in 2024 found that 72% of respondents had heard news stories of "electric vehicles catching fire" with 43% less likely to buy a BEV as a result[17]. Educating the public on how to adapt to EVs is crucial if we want them to make the switch, and the DfT has had success with previous campaigns such as the THINK! campaign for road safety.

Question 11: What is your opinion on exemptions for Special Purpose Vehicles from the 2030 requirements for cars and vans?

More than 35,000 of our customers use Wheelchair Accessible Vehicles (WAVs), which are generally converted from passenger variants of LCV-derived vehicles. This is due to the need for a vehicle with a square back, which can easily accommodate a wheelchair. Most modern passenger cars have a sloping rear, and so LCVs are preferable.

The move to "E-WAVs" has been difficult. Base vehicles used for WAV conversion are in most cases at present last generation ICE chassis adapted for a battery because they are primarily commercial platforms. As such they are 3-5 years behind equivalent passenger offerings. Customers generally view their vehicle as a distressed purchase, seeing a WAV as a "solution" rather "a new car". This leads to the converters who are the customer's source of advice as to suitable product being less invested in the change, which then results in the customers receiving less of a positive push towards the product.

Nonetheless it is crucial to ensure the continued supply of suitable LCV-derived vehicles for WAV conversion. At the moment WAVs are included with other Special Purpose Vehicles (SPVs). This has created some difficulties for the OEMs to accurately assess the benefit of the Plug-In grant. Creating a specific WAV category at the DVLA would be advantageous.

More widely, exemptions for SPVs (in this case WAVs for the Motability scheme) whilst welcomed, will mean little if the necessary base vehicles are not available from the OEMs as a result of their adherence to the ZEV mandate.

While some OEMs, such as Stellantis, build a WAV specific ICE product that is not on sale to the public, this is an existing product already developed and previously for sale so small-scale production can continue. This is likely to come to an end either due to end of model line overall, or if numbers that can be produced drop to a level too low to justify continuing.

[17] https://www.autotrader.co.uk/content/features/electric-cars-facts-and-figures

When an OEM builds an ICE chassis even if destined for the WAV market, it is still counted as an ICE from the point it is produced until it is finally registered as a WAV post-conversion. Clarification is needed to confirm whether an OEM could technically continue to build an existing ICE model line solely for the WAV market on the condition that any chassis built are then registered as a WAV.

It would be helpful for DfT to confirm whether N1 LCV platforms could be used as the basis of a WAV. This should be possible as such platforms can be changed to M1 passenger classification after conversion as part of the superseding Type Approval process. However, the existing guidance details that only M1 Passenger base vehicles can benefit from the grant for eWAVs. We have set out proposals for reforming the low emission plug in grant for WAVs in question 8.

Part Two

Question 13: Are the time limits on the current flexibilities in the ZEV Mandate for cars and for vans still appropriate? Please explain your answer.

The Motability Scheme is not directly involved in the VETS, but as a major buyer of new vehicles Motability Operations will potentially be impacted upon extensively. On this basis we have some concerns over elements of the proposals.

The removal of flexibilities in the ZEV Mandate prior to 2028, when the required ZEV volume for manufacturers increases from 14% to 52%, could risk aggressive and substantial discounting by manufacturers as other compliance levers are removed. This could distort the market and adversely impact the residual values of used vehicles. For instance, the influx of discounted new EVs could depress the prices of used EVs, creating a challenging environment for both consumers and dealers[18].

Another concern is the potential shrinkage of new car market volumes if flexibilities are removed too early and ahead of sufficient demand. Manufacturers might choose to ration the volume of internal combustion engine vehicles to achieve compliance with the ZEV targets, especially if there is insufficient demand for BEVs. This scenario could lead to a significant reduction in new car sales, making customer pricing more challenging, reducing the number of vehicles suitable for our customers, and having broader implications for the UK economy.

Recent analysis by CAP HPI highlights the possible scale of this impact. They anticipate that the UK new car market could shrink considerably due to the stringent ZEV Mandate requirements. They forecast that the number of new cars sold in the UK will continue to decline, with projections showing fewer new cars sold in 2029 than in the COVID-affected year of 2020[19]. This decline in new car sales could have a ripple effect on the entire automotive industry, affecting jobs, investments, and overall economic growth.

In conclusion, maintaining the current flexibilities in the ZEV Mandate until at least 2028 should be considered to avoid market distortions, protect used vehicle values, and ensure a stable transition to zero-emission vehicles. Adjusting the timeline for removing these flexibilities would provide manufacturers with the necessary leeway to adapt to market conditions and consumer demand, ultimately supporting a more sustainable and balanced automotive market in the UK.

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[18] https://www.motortrader.com/motor-trader-news/automotive-news/zev-mandate-targets-risk-damagingused-car-residual-values-25-01-2024

[19] https://www.am-online.com/news/zero-emissions-mandate-to-stall-uk-car-sales-growth-for-years-cap-hpiexpert-warns?utm_campaign=16_01_2025_AM_daily_newsletter_new_design&utm_content=AM%20-%20Newsletter%20-%20Daily&utm_term=ZEV%20Mandate%20to%20stall%20new%20car%20sales%20growth%20for%20years%2C%20warns%20Cap%20HPI&utm_medium=email&utm_source=adestra&gutid=46628

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