

Electric vehicle market overview

FLEET & LEASING NEWS

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Why the businesses of today are adopting the fleets of tomorrow

Ultra-low emission vehicles (ULEV) are becoming increasingly accessible to businesses in almost every UK industry.

Electric vehicles are now at the forefront of a major increase in demand for alternative fuels driven by substantial cost-savings, improved access to funding, better infrastructure, and growing environmental concerns.

Yet in this rapidly evolving landscape, just keeping up with the latest developments can be a significant challenge.

This electric vehicle market insight will help your business:

- Better understand why demand for electric and plug-in hybrid vehicles is growing
- Find out how (and why) they are being deployed within six UK industries
- Clarify the long-term potential of electric vehicles through a series of 'quick-read' case studies.

Demand for electric vehicles is growing

- Electric and plug-in hybrid sales have increased by more than 300% in just four years (from 14,532 in 2014 to 59,911 in 2018)¹
- 60% of all new electric and plug-in hybrid vehicles sold in the UK between January 2018 and March 2019 were registered as 'business' or 'fleet'²
- 87% of 150 organisations surveyed said they had seen an increase in demand for electric cars and commercial vehicles³
- 160 UK companies have committed to increasing the size of their electric fleet by at least 5% by 2020.⁴

Why are so many UK businesses choosing to plug-in?

Attractive cost-saving

From 2020, benefit-in-kind tax rates will fall from 16% in 2019 to just 2% for a pure electric vehicle.⁵

Combined with reduced National Insurance contributions, this will deliver attractive cost-saving for both employees and businesses.

An increasingly volatile legislative agenda

In a recent survey, 37% of UK businesses said the decision to increase investment in EV was driven by a long-term shift in government policy.⁶

There has been a rapid increase in the introduction of clean air zones across many UK cities (with some even suggesting an outright ban on the most polluting vehicles in areas with dangerous levels of air pollution).

The significant financial penalties this may introduce is bringing the commercial case for electric cars and vans into focus, especially in vehicle-intensive industries like distribution, utilities and private hire.

25 companies, including Tesco and Network Rail, have pledged to move to zero-emission vans in cities by 2028. In ultra-low emission zone charges alone, the switch will save signatories an estimated £96 million over 10 years.⁷

A growing electric vehicle market

A majority of major players within the automotive industry are now competing for a share of today's rapidly growing EV market.

This increase in competition and investment has brought more choice, improved charging infrastructure, greater consumer awareness, as well as a new generation of EV capable of travelling long distances on a single charge.

A wider range of leasing options is also helping to make electric fleets more accessible to organisations that may not be comfortable with the upfront cost of some vehicles.

While there is evidence to suggest that **reduced running costs** can make going electric a viable option, leasing can help businesses that are still evaluating EV from an operational perspective to feel confident in their decision to transfer permanently, rather than making a significant outlay and discovering other fuel types are more suitable.

In addition, leases can include wider support. For example, Volkswagen Financial Services | Fleet has partnered with **charging specialist, Pod Point**, to remove any pressure from drivers to organise and front the cost of electric car home charger installation. Fleet decision makers also benefit from a single bill for installation and lease costs, and a warranty that lasts the life of the leasing contract.

Increasing environmental concerns

In a recent survey, 49% of UK businesses said they wanted to add electric cars or vans to their fleet as a way of reducing their impact on the environment, while 71% said their organisation was 'nervous about purchasing a diesel or petrol car'.⁸

Early EV adopters continue to lead the way

Private hire and mobility

Private hire and mobility operators were among the earliest adopters of electric cars and vans.

ZipCar and Volkswagen bring on-demand, zero-emissions driving to London⁹

Zipcar Flex is the UK's largest fleet of shared electric cars.

- On-demand access to more than 300 Volkswagen e-Golf cars without the cost and complexity of ownership
- Members can collect and drop-off vehicles at locations across London
- No fuel costs (charging is included)
- The service currently has more than 10,000 UK members

Meet Cornwall's all-electric taxi company¹⁰

St Austell based C&C Taxis is reporting strong annual growth and attractive cost-savings.

- 100% pure-electric fleet
- 13 vehicles purchased outright
- 'Cost neutral' within 2.5 years based on fuel savings alone
- The company's first EV purchase continues to deliver 70% of its original capacity after 174,000 miles
- Switching to an electric fleet has had caused no major disruption to day-to-day trading

Distribution

An increasingly fragmented legislative landscape is proving particularly challenging for the UK's distribution industry. There are now different air quality standards across a number of London boroughs.¹¹

Investment is still concentrated around major urban centres, primarily London.

Although many complex challenges remain, recent announcements show that electric fleets are already taking on a bigger role with major players including DPD and UPS gradually increasing the size of theirs.

DPD opens all-electric 'last-mile' delivery depot¹²

DPD has announced it is investing £3m in a new, all-electric delivery depot in London.

- 2,000 parcels a day delivered by an all-electric commercial vehicle fleet
- Eight micro-vans will make around 60 stops a day on a single charge
- The investment includes a new charging system designed to support the company's growing electric fleet
- Its all-electric vehicles operate alongside Euro 6-compliant diesel vans. DPD currently buys 1,000 of these per year so it can ensure compliant vehicle types can be deployed to the correct locations

Farmdrop is considering a return to diesel on some routes¹³

UK distribution urgently needs fresh innovation if EVs are to become viable on long-range delivery routes.

- Farmdrop delivers fresh food using 27 pure electric vans
- Exemption from London's ULEZ (Ultra Low Emission Zone) charges and congestion charge will save the company £24 a day per van
- Reducing their environmental impact remains a cornerstone of the company's proposition
- Converting vehicles for refrigeration reduces their range, making them unsuitable for long-range deliveries
- Public charging infrastructure is not yet suitable for use on a commercial scale
- The company is considering diesel vans for use on long-range routes, which are expected to make up between 3% and 4% of its total fleet

Utilities

Another carbon-intensive sector, the UK utilities industry is under growing pressure to reduce its environmental impact.

For businesses like ScottishPower and Anglian Water, which often have thousands of employees travelling between multiple sites, there is also a significant financial incentive to reduce the long-term cost of their fleets.

ScottishPower EV trial returns positive results¹⁴

After a successful trial in 2018, ScottishPower has announced plans to expand its electric fleet.

- The company analysed telematics data to build up a clear picture of how (and where) EVs could be used in the future
- Following the trial, feedback from staff was very positive
- The company has announced it will replace its existing fleet with electric cars 'wherever possible'
- Orders placed for 25 pure-electric cars

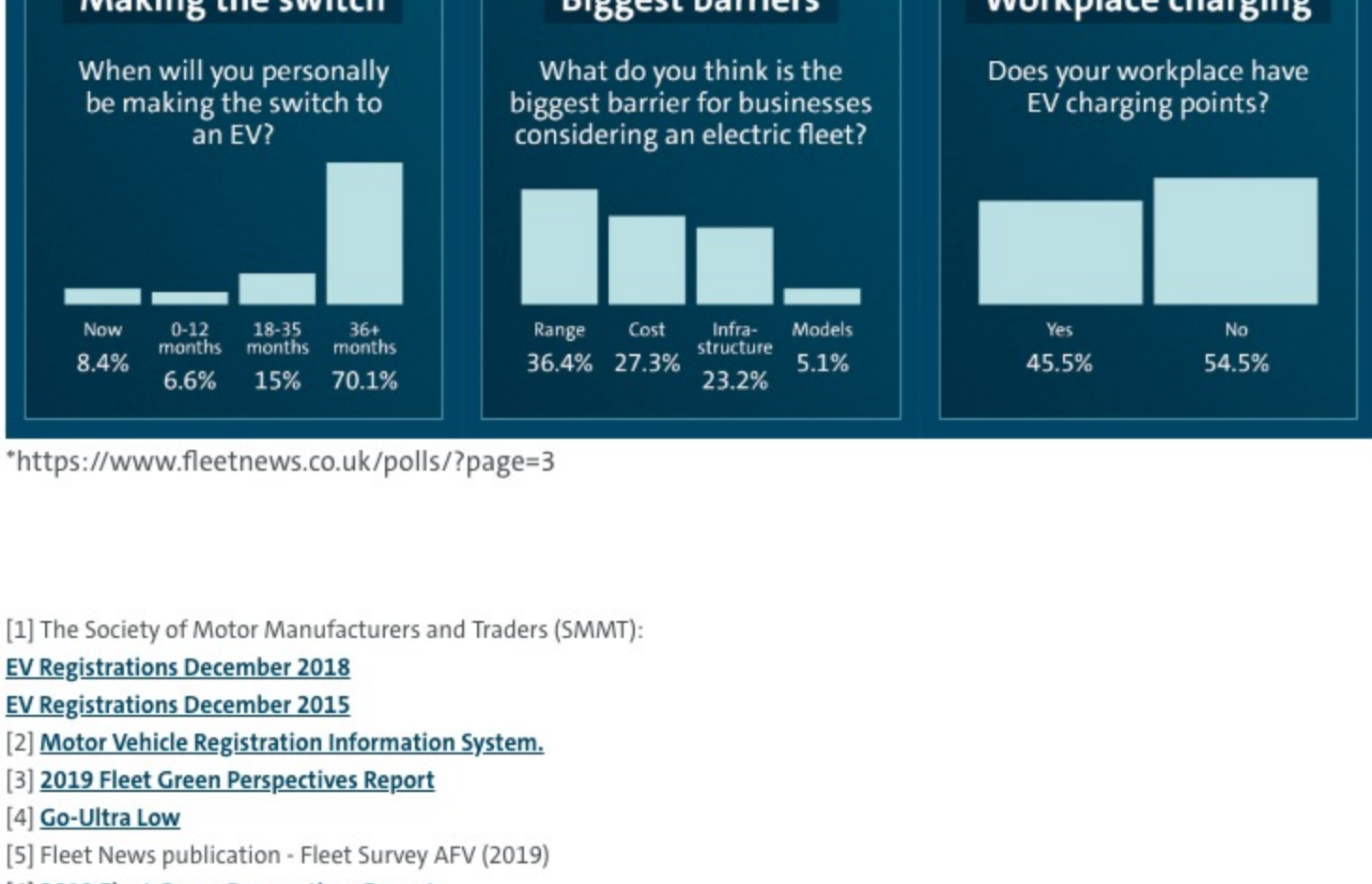
Higher education

The University of Birmingham says its business fleet is now 40% electric or hydrogen¹⁵

The decision was made in response to growing environmental concerns, access to affordable funding, as well as unprecedented demand from staff.

- The cost of outright purchasing had previously put an electric fleet out of reach
- EVs are now sourced through a lease agreement that includes the cost of maintenance
- The business fleet is mostly used for short journeys (company cars cover 8,000 miles a year on average)

What businesses are saying about switching to EV



⁹<https://www.fleetnews.co.uk/polls/?page=3>

[1] The Society of Motor Manufacturers and Traders (SMMT):
[EV Registrations December 2018](#)
[EV Registrations December 2015](#)

[2] [Motor Vehicle Registration Information System](#)

[3] [2019 Fleet Green Perspectives Report](#)

[4] [Go-Ultra Low](#)

[5] Fleet News publication - Fleet Survey AFV (2019)

[6] [2019 Fleet Green Perspectives Report](#)

[7] [CommercialFleet.org \(April 2019\)](#)

[8] [2019 Fleet Green Perspectives Report](#)

[9] [Zipcar and Volkswagen](#)

[10] [Nissan and FleetNews](#)

[11] [CommercialFleet.org \(February 2019\)](#)

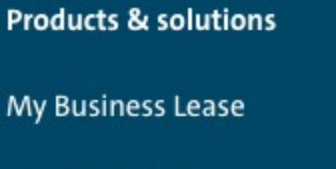
[12] [CommercialFleet.org \(February 2019\)](#)

[13] [FleetNews \(September 2018\)](#)

[14] [FleetNews \(August 2018\)](#)

[15] [FleetNews \(October 2018\)](#)

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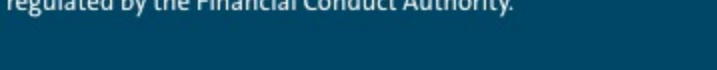
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