



LeasePlan

What's next?

LeasePlan Flexible

Whitepaper 2021

Introduction

It's sometimes said that "change is neither good nor bad. It simply is." But I don't believe that's right. Just look back over the last few years. The leasing industry has seen clear examples of good change: the steady rise of electric motoring, for example, which has made zero-emission transport an achievable aim rather than something dreamed up by a science fiction writer.

And we have seen clear examples of bad change: in just the past year, the coronavirus pandemic has thrown everyone's business plans – and their lives – into disarray. Although hope is on the horizon with the widespread vaccination programme, the social and economic consequences of Covid-19 will be felt for many years to come.

We thought we would try to take stock of these good and bad changes – so we carried out a detailed survey over 1,700 SMEs, large enterprises and fleet managers to answer two key questions. First, we wanted to know where they are right now and how they are addressing the twin business challenges of the pandemic and Brexit. Then, we were interested in where they are going, with a focus on the key fleet challenges of making the switch to electric vehicles.

Here at LeasePlan UK, we believe we can do a lot to help our customers with their challenges and opportunities, thanks in part to our range of products that have been designed to give our customers the flexibility they need. You'll also find out more about these later in the report.

But we can also help in an even more straightforward way – with advice. This is a time of good change and of bad change. If you would like to discuss what it means for your fleet, please get in touch with us today.

After all, it's a lot harder for a smaller business to defend themselves from prosecution or come back from the reputational damage associated with losing their case – or simply being involved



A stylized, handwritten signature in black ink that reads "Chris".

Chris Black,
Commercial Director,
LeasePlan UK.

“Introducing flexibility to fleets is now more important than ever, given the impact of the pandemic.”

Chris Black
Commercial Director, LeasePlan UK

Section 1:

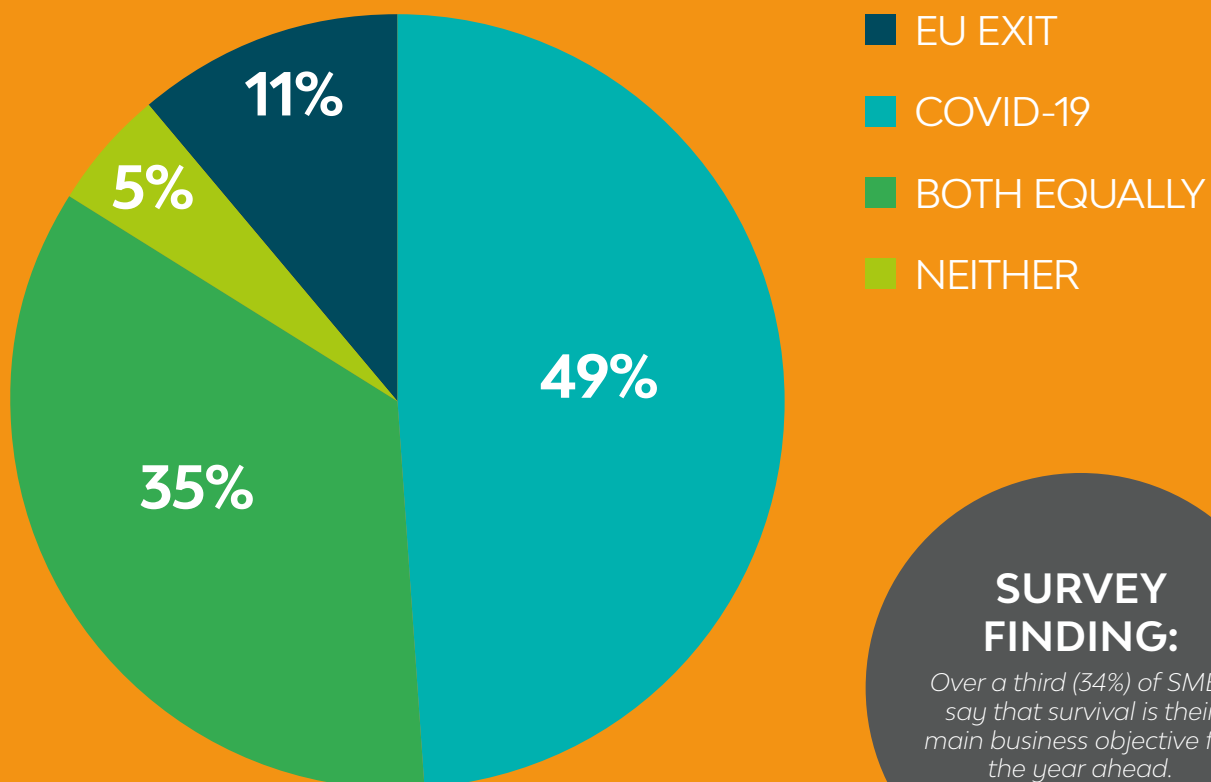
Where we are



What's the biggest threat to your business in 2021?

A tough time to be in business

Despite all the challenges of the pandemic in 2020, it's possible that 2021 could be even more difficult for businesses. It's not for nothing that a significant proportion of SMEs are focused purely on survival at the moment.



SURVEY FINDING:

Over a third (34%) of SMEs say that survival is their main business objective for the year ahead.

**SURVEY
FINDING:**

Over half (54%) of SMEs are saying that they are not or not at all confident that the government will come through for them

The challenge of the pandemic

Even if the vaccines can be rolled out quickly, there is a long way to go before Covid-19 is behind us – and after this happens, the social and economic effects are still likely linger for years. The nature of the challenge is captured in the International Monetary Fund's latest World Economic Outlook. It forecasts that the UK economy will grow by 5.9% in 2021, which sounds good until you set it aside the 9.8% shrinkage expected in 2020.

If that forecast holds true, the economy will still be considerably smaller in 2021 than it was before the pandemic began. Plus, businesses may have to work in an environment with significantly less emergency government support end April 2021.

The challenge of Brexit

The UK finally agreed a trade deal with the EU on 24 December 2020. This meant that, when the transition period ended on 31 December 2020, the country avoided a no-deal Brexit.

This is a positive outcome. As LeasePlan and the wider leasing industry have long argued, a no-deal Brexit would have been bad for fleets and motorists – not least because it would have resulted in import tariffs and significant delivery delays for new vehicles. There will now be no tariffs to be passed on to consumers in the form of higher vehicle list prices.

However, it should be emphasised that not all of the challenges have been overcome. The up-to-the-wire nature of the negotiations meant that the economy will now face a period of adjustment, away from planning for the worst and towards accommodating the deal as it is.



How LeasePlan can help?

We understand the value of flexibility, which is why we've developed a couple of services to suit different business requirements.

Fully flexible short-term leasing:

LeasePlan Flexible offers immediate access to vehicles on a flexible hire basis. It allows you to keep them for as long as you want, so they feel like your own fleet, with the freedom at any time after three months

[FIND OUT MORE](#)

Longer-term leasing with confidence:

LeasePlan Confident gives you a way to grow your business fleet with the lower costs of long-term contracts, while also having the ability to end your lease commitments without an early termination charge if your business suffers an unexpected event, such as an employee's resignation, redundancy or death.

[FIND OUT MORE](#)

“Fleet managers need increased support as they face sustainability demands and start their journey to electrification.”

Chris Black
Commercial Director, LeasePlan UK



Section 2: Where we're going

There's a lot of interest in electric vehicles...

87% of UK fleet managers would be interested in having an electric vehicle fleet.

...but not enough urgency

2/5 of large companies aren't confident the UK can meet the 2030 ban on new fossil fuel vehicles.

1/3 of fleet managers are reluctant to prepare for the ban as they think it will be pushed back.

An electric future

Companies definitely want electric vehicles. But many of them don't seem to want them just yet. When you consider that the ban on new fossil fuel vehicles is due in 2030, which is only a couple of contract cycles away for many fleets, it would suggest that decisions may have to be made sooner rather than later.

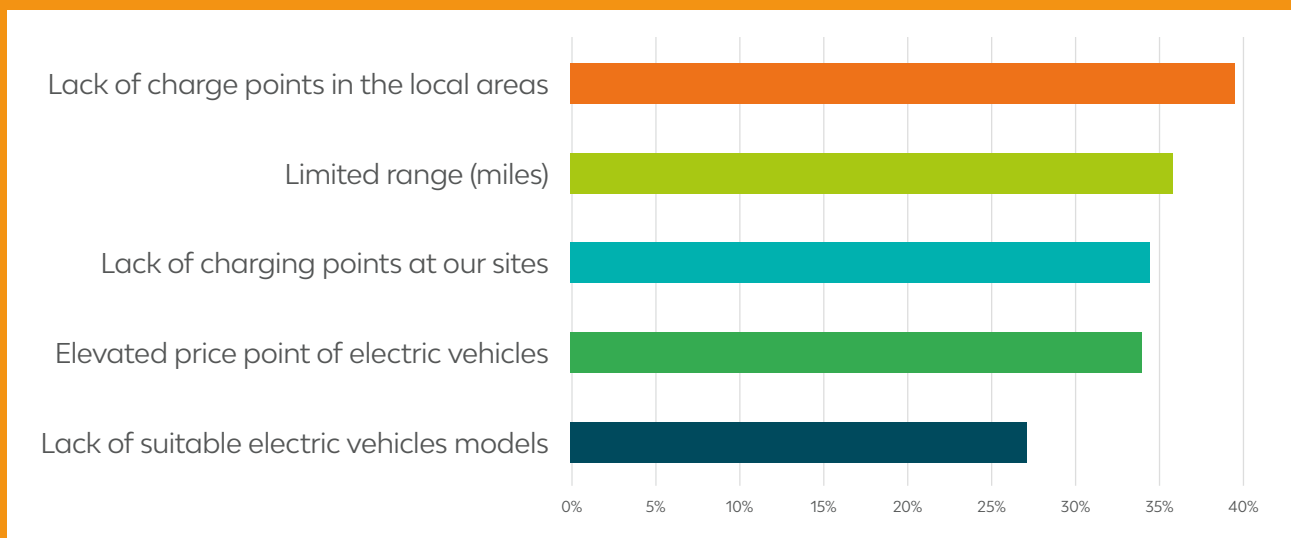
As our research suggests, some companies may be banking on the deadline being pushed back. But if you look at the direction of travel, that doesn't seem very likely. In July 2018, Theresa May's government published its 'Road to Zero' strategy which included the statement "we will end the sale of new conventional petrol and diesel cars and vans by 2040."

In early 2020, Boris Johnson's government announced a consultation on changing the deadline to 2035. By November, an even more ambitious target was official government policy and the deadline became 2030.

Let's not forget that electric vehicles help with other business challenges as well, such as the increasing number of clean air zones. At the moment, some petrol and diesel engines still meet the requirements, but this might not always be the case. CAZs are only going to get stricter in future, encouraging us all along the Road to Zero.

What might be holding companies back?

Our research highlights a few key concerns about switching to an electric fleet:



There are undoubtedly some companies that are not yet ready to switch to a fully electric fleet. However, it's also the case that some of the concerns may be based on old news. Technology is moving rapidly with electric vehicles and they are becoming more viable for more businesses on what feels like a monthly basis.

Addressing the concerns

1. Local charging

There are now over 35,000 public charge points around the UK's road network – over 230% more than just five years ago – and the number of rapid and ultra-rapid charge points has grown more than 420% in the same period. Almost every motorway service station now has at least one rapid charge point.

Plus, there are more on the way. In their manifesto for the 2019 general election, Boris Johnson's Conservative Party pledged to ensure that "everyone is within 30 miles of a rapid electric vehicle charging station". To this end, as part of its recent "Ten Point Plan for a Green Industrial Revolution", his government has earmarked £1.3 billion to accelerate the provision of charge points.

35,000 public charge points around the UK's road network.



2. Range

This is an understandable concern for businesses, but the situation is improving on two fronts. First, vehicle range is rising dramatically. Second, charging is speeding up as well. It won't be as fast as filling up at the pumps any time soon, but it is still significantly quicker than it was even a few years ago.

Vehicle range is rising dramatically.



3. Business charging

This can be more of a challenge depending on where you are based, but it is worth noting the Government's Workplace Charging Scheme offers vouchers worth £350 for each of the first 40 charge points installed by an employer. Plus, there is a 100% First-Year Allowance for businesses installing charge points that runs until at least 2023.

Workplace Charging Scheme offers vouchers worth £350.



4. Cost

It's true that electric vehicles tend to have a higher up-front cost. But that hides a lot of ways that they can be more affordable.

- **Company car tax:** Benefit in kind tax on a fully electric vehicle is 0% for 2020/21 and stays low for the next few years as well. Compare it with the tax for a similar petrol or diesel car, particularly for more premium models, and the difference can be significant.
- **Road tax (VED):** Zero emission vehicles pay zero road tax. The highest emitters pay over £2,000 – plus zero-emission vehicles are exempted from the “expensive car supplement” of £325 that applies for vehicles costing over £40,000.

Grants: Cars worth less than £50,000 can get up to £3,000 off the sticker price as long as they emit less than 50g CO₂/km and can travel at least 70 zero-emission miles. Vans get 20% (up to £8,000) off the purchase price if emit no more than 75g CO₂/km and have a zero-emission range of at least 10 miles.

- **Maintenance and servicing:** Electric vehicles can be cheaper to keep on the road, as their engines are much more straightforward and there are fewer parts that can wear.
- **Mileage:** The one benefit that everyone knows about – electricity costs less than petrol or diesel, particularly when you use your own charging points.
- In fact, our Car Cost Index research suggests that in many cases electric cars in the UK have already reached the same total cost of ownership as the equivalent petrol or diesel cars.

5. Models

If you can't find an electric car or van that does what you need, it can be a deal breaker for switching to electric. However, if you haven't checked recently, it may be worth taking another look as new models are being introduced all the time.

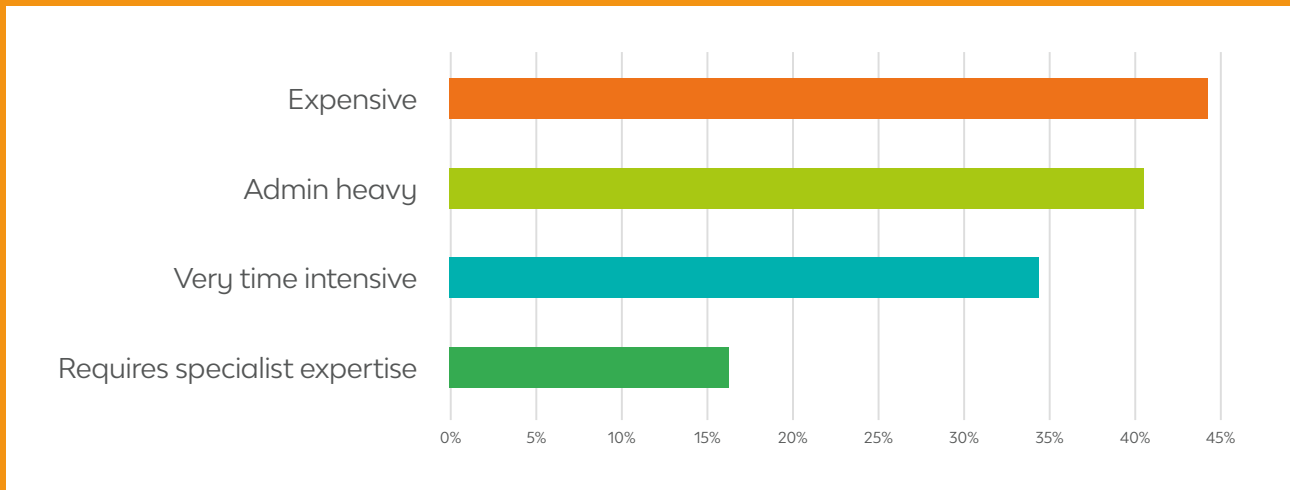
Plus, there are flexible leasing solutions that could allow you to use a 'nearly perfect' electric vehicle for a limited time while you wait for a solution that does exactly what you want.

New models are being introduced all the time.



How LeasePlan can help

What are your issues with the switching process?
Our survey highlighted four key challenges:



We help with all of them. Our teams have the expertise and will do a lot of the heavy lifting, particularly with administration. It's can also be a lot less expensive than you might expect.

So, if you know the electric vehicles you want or are keen to make the switch but want some help choosing your EVs, please get in touch and our experts can help you sort everything out, with a lease that's right for you.

Need an easier way to get started?

If you're still a bit unsure about electric vehicles, we have two services that could help you get started:

1. The instant electric option

LeasePlan Flexible gives you access to a wide range of electric vehicles that you can take for as little as three months. It can be a great way to test electric cars or vans within your fleet – or bring them on board as an interim solution while you wait for the technology to move a bit further forwards.

[FIND OUT MORE](#)

2. Electric with confidence

LeasePlan Confident means you can sign a longer-term contract for an electric vehicle right now, in the knowledge that if your employee or business situation changes you can potentially return the vehicle to us without paying an early termination fee.

[FIND OUT MORE](#)



“The pandemic has put an unprecedented strain on fleets of all sizes and that more flexible leasing options, with the ability to make changes when necessary, would give fleet managers peace of mind.”

Chris Black

Commercial Director, LeasePlan UK

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