



— FINAL RESEARCH REPORT — PHASE 1

Building an Equitable Transport Transition for Microbusinesses and Sole Traders in London

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Executive Summary

1. This report presents the findings of Phase 1 of an 18-month project funded by Impact on Urban Health (IOUH) and conducted by Just Economics. The project investigates the barriers preventing microbusinesses, sole traders and very small businesses in central and inner London from switching to zero-emission vans, with a particular focus on those from underrepresented and economically disadvantaged groups.
2. The research addresses a significant gap in the existing literature. While there is a growing body of work on electric vehicle (EV) adoption among larger SMEs and fleet operators, the specific challenges facing sole traders and microbusinesses, who constitute 96% of all businesses in Greater London, have received very little systematic attention. This is especially important if there are further moves to decarbonise freight in London, such as the introduction of zero-emission zones (ZEZ-Fs). Such measures could impose significant costs on this group in the absence of adequate support.
3. The research combined a literature and policy review, twelve expert and stakeholder interviews, and 45 interviews with small business owners in London (89% with less than 10 employees). Interviews were conducted across the following target sectors: construction and trades; delivery and logistics; retail and food, mobile specialist services; and property maintenance. These sectors were chosen due to the mobile nature of their operations and vulnerability to new vehicle restrictions. Given the focus on developing an equitable transport transition, the sampling strategy adopted an explicit equity lens and targeted businesses at risk of being left behind in the move to decarbonise freight. The research interviews commenced late March 2026, after the fuel price increases due to the Middle East conflict, and concluded in late May 2026.

Key Findings

4. Microbusinesses and sole traders face a fundamentally different decision-making environment compared to larger SMEs and fleet operators. Fleet managers make multi-year total cost of ownership calculations (TCO); for sole traders and microbusinesses, on the other hand, monthly affordability is central to their decision-making. Some of the businesses with lower turnover and/or operating in the informal economy face additional barriers in passing credit checks and so may be excluded from leasing or hire purchase options.
5. Cost is the most significant barrier for sole traders and microbusinesses in the target sectors. There was a consistent message that 'business is hard', with many reporting that margins have decreased as a result of compounding costs due to factors including Brexit, increased regulatory costs, employment cost increases, congestion charging, and parking, and an inability to raise their own pricing in line with this. In this context, an electric van is an unaffordable 'luxury' for many of these businesses.
6. The cost factor is exacerbated by the limited supply of used electric vans and a perception among many of the business owners that buying a used electric van is riskier than buying a used internal combustion engine (ICE) van.

7. Charging is another consideration and interacts with cost, particularly as many of these business owners are on a lower income and so less likely to be living in housing suited to the installation of home chargers that would allow them to benefit from low cost night-time smart charging rates. In addition, the lack of convenient charging, exacerbated by the fact that public charging infrastructure is sometimes not suitable for use by long-wheel base vans, creates ‘friction’ that acts a barrier for business owners who are already finding their daily life challenging.
8. Misinformation about electric vans was not a significant barrier to electric van adoption. Most business owners said they would like to have an electric van, provided they had reliable access to charging and could find an affordable and suitable van for their business. Indeed, some either already had an electric car as their personal vehicle or were thinking of getting one. For many, the recent arrival of low cost electric vans (£20,000-£25,000) is not a solution as their ranges are too short for their business needs.
9. While misinformation is not a significant concern, lack of information about current and future incentives for electric vans and about the reliability of used electric vans was observed. For example, it was commonly (incorrectly) perceived that the per mile charge for EVs, which will be introduced in April 2028, will also apply to commercial vans and there was a lack of knowledge about the longevity of lithium batteries.
10. Trust in the policy and regulatory environment has been eroded and this impacts confidence in relation to investment decisions. There was a feeling that goalposts were shifting on a frequent basis, with business owners citing the changing messaging, regulation and incentives around diesel and electric vehicles as examples. This means that some business owners are reluctant to factor an incentive into their decision-making as they feel it may be taken away at short notice.
11. Network effects are powerful: businesses are strongly influenced by whether peers in their trade have already adopted EVs. This can work both positively – leading to electric van adoption because they see a peer successfully using an electric van – and negatively – a feeling that it wouldn’t work for their business as they haven’t seen anyone ‘like them’ with an electric van.
12. There are significant demographic variations: older sole traders see no point in investing, while some migrant business owners are more environmentally motivated due to direct experience of climate change in their countries of origin.
13. The key factors shaping EV adoption among sole traders and microbusinesses are summarised in Figure 1.

Conclusions and recommendations

14. The focus of policymakers has been primarily on achieving fleet transitions, leading to a significant risk that microbusinesses and social traders, particularly those on lower incomes, are at risk of being left behind in the green transition.
15. From an equity perspective, therefore, it is important to consider how the key barriers around cost and charging can be ameliorated for this group. This will require action at the local level and national level.

What shapes EV adoption among sole traders and microbusinesses

FACTORS THAT INCREASE THE LIKELIHOOD OF ADOPTION

Visible, trusted peer adopters

Seeing similar local businesses successfully running an EV builds confidence and normalises the switch.

Access to home charging

Off-street parking or a driveway enables cheaper, more convenient overnight charging.

Predictable, shorter mileage

Routine urban routes that fit comfortably within the range of lower-cost electric vans.

Access to lease/HP finance

Larger microbusinesses (4–9 staff) with steadier margins can spread costs via leasing.

Stable, credible incentives

Reliable savings that clearly offset monthly costs.

Strong environmental motivation

Personal experience of climate impacts (e.g. some migrant business owners) increases willingness to adopt.

FACTORS THAT DECREASE THE LIKELIHOOD OF ADOPTION

Tight margins, high upfront/monthly cost

Cost is the most cited barrier; many cannot absorb purchase, lease or HP payments.

No home charging

Reliance on costlier, less convenient and less reliable public charging.

Long or unpredictable mileage

Usage that leads to higher mileage and so requires pricier long-range vans to be practicable.

Being an older business owner

Owners close to retirement are unlikely to invest in a new vehicle.

A sense of shifting goalposts

Repeated withdrawal or reduction of incentives (e.g. Congestion Charge, ULEZ) discourages investment.

Absence of visible adopters

Lack of peers using electric vehicles can create sense that an electric van ‘wouldn’t work for someone like me’.

FIGURE 1 Factors shaping EV adoption among sole traders and microbusinesses

16. At the local level, key recommendations for the Mayor of London, Transport for London (TfL), and Local Authorities include:
- Consider linking any further reduction in the Cleaner Vehicle Discount for electric vans being linked to meeting national targets for electric van uptake.
 - Introduce a targeted scrappage scheme for microbusinesses structured as monthly payments to subsidise lease or hire-purchase repayments of a new or used electric van or cargobike over 24–36 months.
 - Invest in van-specific public charging infrastructure in areas of high van activity and near residential areas where van drivers are likely to require charging overnight. This should prioritise off-road solutions (e.g. depots in Council carparks) to avoid further impacts on traffic congestion and allow for LWB van charging. It should also seek to make available cheaper offpeak charging.
 - Develop peer-led, trusted information campaigns via trade associations, market trader communities and ethnic minority business organisations to take advantage of positive network effects and drive electric van uptake.
 - Plan any further decarbonisation measures, such as for example a Zero-Emission Zone (ZEZ), with a minimum five-year lead-in time and stable, targeted and transparent incentive that mitigate unintended negative equity impacts.
17. Key recommendations at the national level include:
- Introduce government-backed low-interest loans for new and used electric van purchases by microbusinesses and sole traders that may struggle to access commercial finance.
 - Reduce VAT on public EV charging from 20% to align it with the VAT rate on domestic electricity bills.
 - Develop a 'kitemark' or standardised testing protocol for used electric vans, particularly around battery health, to instil greater confidence in the used electric van market.
 - Promote the development of van-friendly charging infrastructure.



Introduction

1. Business freight is essential to modern city life, yet it is associated with major negative externalities, most notably air and noise pollution, greenhouse gas emissions, and congestion. In London, light goods vehicles (LGVs) and heavy goods vehicles (HGVs) account for between 25% (central) and 30% (inner & outer) of all road transport CO₂ emissions, despite making up approximately one-fifth of the vehicle fleet. The same outsized-impact is also visible in the case of harmful NO_x and PM_{2.5} and PM₁₀ emissions: LGVs and HGVs are responsible for 39% of NO_x road transport emissions in inner London and 31% of PM_{2.5} and PM₁₀ road transport emissions.¹
2. London has been at the forefront of efforts to reduce road transport emissions through measures such as the Congestion Charge (CC) and, more recently, the Ultra Low Emission Zone (ULEZ). This has led to emission reductions and improvements in air quality, but more needs to be done. At the end of 2025, diesel van registrations in London reached their highest level ever, exceeding 100,000 for the first time.²
3. Some cities in Europe, particularly in the Netherlands, have gone further to restrict access to areas of the city to zero-tailpipe emission vehicles only through the establishment of zero-emission zones for freight (ZEZ-F). A previous Mayor's Transport Strategy included a plan for such a zone in central London, but this was postponed in 2023.³
4. A critical but underexplored dimension of this transition is its distributional impact. Larger businesses with access to capital often benefit from the shift to electric, investing in fleet transitions that take advantage of the lower total cost of ownership (TCO) of electric vans. For smaller businesses, particularly microbusinesses and sole traders, the barriers to electric van adoption can be considerable, and there is a risk they will be left behind in the decarbonisation of business freight and actively disadvantaged if further restrictions on ICE vehicles, such as ZEZ-Fs, are introduced without appropriate mitigation.
5. This project, funded by Impact on Urban Health (IOUH) and conducted by Just Economics, addresses this gap. Phase 1 sought to answer three core research questions:
 - What are the key financial, logistical, and informational barriers preventing sole traders and microbusinesses from switching to clean vehicles, and how can these be overcome?
 - How can policy and campaign strategies be designed to ensure that small and micro businesses and sole traders - especially those facing social or economic disadvantage - are supported to adopt zero-emission vehicles in an equitable way?
 - Which policy levers at local, regional and national levels have the greatest potential to remove barriers to clean vehicle adoption among this group?

6. The research focuses particularly on businesses most at risk of being left behind: sole traders and microbusinesses (fewer than 10 employees) in target sectors where van use is often a core part of business operations but electric van uptake has been low. Further, in support of the equity objectives, interview sampling was directed towards engaging business owners likely to be experiencing social or economic disadvantage, including ethnic minority-owned businesses, women-led businesses, and businesses operating on very low margins.
7. This report is structured as follows:
 - Section 2 sets out findings of a literature review into air quality and freight emissions in London, the effectiveness of freight decarbonisation measures and the barriers to EV uptake faced by small business.
 - Section 3 describes the research methodology.
 - Section 4 summarises the key findings from the interviews with businesses and experts.
 - Section 5 concludes with a series of recommendations for local and national policymakers.



Literature and evidence review: Freight decarbonisation and small businesses

1. This section summarises the key themes from the literature review conducted as part of Phase 1. The review covered evidence on air quality and freight emissions in London, the effectiveness of freight decarbonisation measures, and barriers and enablers to electric van adoption for small businesses.
2. While cities around the world have sought to reduce the negative impacts of urban logistics through various initiatives, including widespread experimentation with low emission zones (LEZs) that restrict older, polluting diesel vehicles from city centres and, more recently, zero-emission freight zones (ZEZ-Fs), only very little is known about the distributional impact of these measures.
3. Similarly, while there is a considerable and growing literature around fleet transitions by SMEs, this has ignored the experience of sole traders and microbusinesses. As such, little is known about the barriers (and solutions) to EV adoption by these actors.

Air quality in the London and the case for further action on freight emissions

4. Air pollution has been described by the WHO as the greatest environmental threat to human health worldwide. In London, policy efforts centred primarily around the Ultra-Low Emission Zone (ULEZ) have achieved significant improvements: NOX levels are estimated to be 24% lower and PM2.5 are estimated to be 29% lower across London due to all phases of the ULEZ (compared to a without ULEZ scenario, 2019-24). However, the entire population of London is forecast to remain exposed to concentrations above WHO guidelines in 2030 without further significant action.^{4,5,6}
5. Crucially, the distributional impact of poor air quality is not equal. Black Londoners and those from minoritised ethnic communities disproportionately live in areas with the poorer air quality and this is not expected to change significantly by 2030, according to the most recent analysis by the Mayor's office.⁷
6. Achieving the Mayor's carbon-neutral targets is dependent on reducing freight emissions, given LGVs and HGVs outsized share of road transport CO₂ emissions. In London, light and heavy goods vehicles (LGVs and HGVs) account for between 25% (central) and 30% (inner and outer) of all road-transport CO₂ emissions despite making up only around one-fifth of the fleet.

7. LGVs and HGVs are also responsible for a disproportionate share of NOX and PM2.5 and PM10 emissions, which are the particulates that contribute to poor air quality and related health impacts. Table 1 shows the percentage share of emissions across inner, central and outer London relative to the percentage of vehicles.

TABLE 1 *Source of emissions (Source: NAEI, LAEI)*

	Central London	Inner London	Outer London
% of all vehicles that are LGVs or HGVs	21%	20%	21%
% of all NOx road transport emissions that are from LGVs & HGVs	31%	39%	38%
% of all PM2.5 road transport emissions that are from LGVs & HGVs	27%	31%	28%
% of all PM10 road transport emissions that are from LGVs & HGVs	28%	31%	28%

8. The continued growth of e-commerce and remote working means van kilometres are projected to rise by roughly 43% between 2019 and 2041. Department for Transport data shows that at the end of 2025, diesel van registrations in London reached their highest level on record, exceeding 100,000 for the first time. By contrast, there were only 5,582 electric vans registered by companies in London at the end of 2025, meaning that diesel vans outnumber electric vans by 18 to 1.^{8,9}

Evidence for ZEZ-Fs and the impact on small businesses

9. One suggested policy intervention to reduce freight transport emissions further is the introduction of a ZEZ-F in central London and this was included in the Mayor's 2018 Transport Strategy but subsequently paused in 2023.¹⁰
10. Evidence from the Netherlands, which is the first country to implement a nationwide ZEFZ programme, points to localised improvements in air quality but that these may be modest when layered on top of existing LEZs. There is also some evidence from the Netherlands that such a zone may disproportionately disadvantage smaller businesses, leading some authors to characterise ZEFZ policy as closer to 'low regrets' than 'no regrets'.¹¹

"Besides the practical challenges, a key issue is that the burden of zero-emission zones is not distributed evenly. For large companies with access to capital, expertise and strong customer relationships, the transition to electric fleets is manageable and sometimes even an opportunity. For smaller businesses, however, the costs and complexity can be overwhelming."¹²

11. The extent to which such a zone disproportionately impacts small businesses depends on the mitigations that are put in place.

The ULEZ extension in London, for example, was accompanied by a scrappage scheme that sought to offset the cost burden on lower income drivers and small businesses. Evaluation of the scrappage scheme found that 25% of all grant payments were issued in the five London boroughs with the highest deprivation, compared with 5% in the five least-deprived boroughs.¹³

12. Other work points in a similar direction regarding the added value of emission reductions. In a study of road pricing, Axsen and Wolinetz find that stringent, well-designed road pricing can deliver significant air-quality and emissions benefits. They conclude that there is much weaker evidence for zero-emission-vehicle zones, which do not appear necessary for greenhouse-gas mitigation except as exemptions within a road-pricing scheme.¹⁴
13. While there is weaker evidence for the additional value of ZEZ-Fs in regard to achieving material carbon emission reductions, such zones are predicted to have a significant impact on NOx. and, to a lesser extent, PM emissions. The only source of NOx from road transport is fuel combustion and so this is eliminated in the case of zero-emission vehicles. Some PM emissions are still present for electric vehicles due to braking. Modelling of the likely impacts of the Amsterdam ZEZ-F projects a 95% reduction in traffic-related NOx and 50% reduction in PM emissions.¹⁵
14. The net climate effect of zero-emission light goods vehicles is itself not always clear-cut, given that much freight emission comes from long-distance haulage and that realised net reductions depend on the energy mix used for charging, grid infrastructure and the delayed atmospheric response. Immediate, localised benefits can, therefore, mask longer-term, broader climatic effects when considered in aggregate.¹⁶
15. Further, there is concern that the focus in the freight-decarbonisation literature and in policy on technological solutions, with far less attention paid to demand reduction, modal shift, or integrated strategies across all three, is misguided. Some authors argue that future policy should pursue 'zero-impact' logistics rather than zero-emission logistics, where this is focused on demand reduction and consolidation, fewer and lighter vehicles, and the redesign of urban space to enable this.^{17,18}

The SME sector: understanding scale, vulnerability and disadvantage

16. As of early 2025, there are approximately 5.7 million SMEs in the UK, employing 16.9 million people and generating £2.8 trillion in turnover. Microbusinesses - those with fewer than 10 employees, including sole traders - make up most of this number. In London specifically, there are around one million microbusinesses, representing approximately 96% of all businesses in the city.^{19,20}
17. Although about 6% of UK SMEs are minority-owned, this is expected to be far higher in London, where close to half the population identifies as having a non-white background. Minority-owned businesses face greater financial challenges than SMEs on average: they are less likely to report making a profit and significantly less likely to have full credit applications approved, with one study reporting that around 19% of minority ethnic-led SME applications are accepted, against 58% for White-led SMEs.^{21,22}

18. The wider context is challenging for all microbusinesses in London. The number of SMEs in UK has fallen since Covid-19 and Brexit, with non-employing and single-employee firms worst affected in terms of closures, employment and turnover. Unregistered businesses fared worse than registered ones, as did urban SMEs. Furthermore, the high cost of living has both raised operating costs and reduced consumer spending.^{23,24,25}
19. In terms of emissions, SMEs tend to have higher emission intensity relative to their size than large enterprises, owing to older infrastructure and limited investment capacity, and are estimated to account for around half of business emissions and a third of total emissions, while being less likely than larger firms to take steps to reduce them. Microbusinesses, on the other hand, have the lowest emissions per head.²⁶
20. Recent research finds that, while 71% of SMEs are confident they understand net zero, only 16% rate it as a high priority for the coming year, with prioritisation lowest in the mobile transport, logistics, storage and construction sectors. On EVs specifically, small (34%) and medium-sized businesses (37%) were significantly more likely to have already acted than microbusinesses, and far more likely than non-employing businesses (10%).²⁷

Barriers and enablers of EV Adoption among SMEs

21. Freight-decarbonisation research has tended to overlook the specific circumstances of the smallest operators. As such, the literature in this section primarily draws on evidence from the wider SME literature, with interviews conducted as part of this project setting out to test relevance of these findings to microbusinesses.²⁸
22. Research among UK SMEs consistently shows that money is the largest single barrier to decarbonisation. Upfront purchase costs for electric vans remain substantially higher than for equivalent diesel vehicles, and vans with a longer range and larger capacity usually cost upward of £40,000. Higher cost of capital and low take-up of discounted finance products among SMEs compounds the problem.²⁹
23. The availability and reliability of charging infrastructure is a further critical constraint. Public charging stations are not keeping pace with electric van adoption, and for mobile businesses that cannot rely on home charging, this creates a fundamental operational problem. Moreover, most positive TCO calculations assume overnight smart-charging, but in urban London this assumption frequently does not hold.^{30,31}
24. Consumer knowledge of EV features and specifications, cost implications and environmental impact is among the most prominent drivers of adoption, with established relationships between advertising, EV technology and pro-environmental attitudes and purchase intention. Perceived risk and perceived ease of use, on the other hand, have been identified as barriers.^{32,33,34}
25. There is significant scope for misinformation: Ford's Go Electric report, covering 500 UK van drivers, found considerable knowledge gaps. The average van range was thought to be 70 miles, when it is in fact over three times that and SME delivery firms reported finding the prospect of switching to electric vans complex and daunting and were unsure where to begin or whom to trust.³⁵
26. Furthermore, a report by Frontier Economics for Lloyds Banking Group concludes that the switch may be held back more by misperception than by other factors, that lower-income

households hold significantly more negative views than higher-income households, and that direct experience of driving a BEV, or even knowing others who do, substantially resolves most misperceptions.³⁶

27. At the same time, not all negative perceptions are false: charging infrastructure has failed to keep pace with demand, particularly for long-wheel base vans, and for the more vulnerable sectors and demographics, continuing to use an existing ICE vehicle may make sound business sense.
28. Low-emission vehicle and electric van adoption is sensitive to policy and regulatory change. In London, TfL data show that 95–96.7% of vehicles in the expanded ULEZ zone now meet emissions standards, up from 39% in 2017 and 91.6% just before the August 2023 expansion. The Netherlands has likewise seen a sharp rise in new electric-freight-vehicle registrations since the implementation phase of its ZEZ-F policy. Positive evidence also exists for preferential 'pull' policies such as free EV parking, subsidised charging, convenient charging and green taxes. There is consistent evidence that combining policies that incorporate both push and pull factors is more effective than isolated measures.^{37,38,39,40,41,42,43}
29. Behaviour change research suggests that the decision to adopt EVs is not simply a rational economic calculation. Values, identity, peer influence and habit all play a role. Network effects are particularly important: if a business owner does not see anyone in their sector using electric vans, they are unlikely to perceive the technology as suitable for their needs. Conversely, a single early adopter can generate a ripple effect among peers.⁴⁴



Methodology

1. The research consisted of three phases: Literature, data and policy review; expert and stakeholder interviews (N=12); sole trader and microbusiness interviews (N=45).

Literature, Data and Policy Review

2. The literature review examined:
 - urban freight and air quality;
 - the policy context in London and UK, including existing incentives and regulation to support electric van adoption;
 - the profile and vulnerability of the SME sector in relation to freight decarbonisation;
 - barriers to EV adoption particularly for sole traders and microbusinesses;
 - freight decarbonisation solutions from comparable international contexts and equity implications thereof.
3. The literature review drew on peer-reviewed research, government and local authority publications, industry reports, and evidence from comparable cities internationally, particularly the Netherlands, Germany, Belgium and Sweden.
4. The data review was concerned with identifying target sectors for the qualitative research with businesses. The aim was to identify sectors that met the following criteria: significant in size to the London economy and/or to transport emissions; high requirement for van use as part of business operations; low uptake of electric vans; and potential equity implications. Data sources included: British Business Bank (2025); annual business population estimates, Department for Energy Security and Net Zero, and industry bodies. Table 2 overleaf sets out the target sectors as identified through the literature and data review.^{45,46,47}
5. The policy and incentive review consisted of a systematic review of existing policy measures and regulations to support the decarbonisation of business freight at both local and national scales. This included a review of measures by Transport for London (TfL), Department for Transport (DfT), and Department for Business and Trade (DBT).

SME Category	Approx size of sector in London	% emissions from transport	EV adoption	Minority ownership	Predominant Gender	Margins	Research Target
Trades & Field	160,000-165,000	20-30%	Low	Low	Men	Mix	Yes
Self-employed Local Delivery & Couriers	47,000-50,000	55-70%	High	Medium	Men	Low	Yes
Cleaning & Property Maintenance	50,000-60,000	30-45%	Average	High	Mix	Low	Yes
Food Producers & Small Wholesalers	50,000-60,000	10-20%	Low/Average	Medium	Mix	Low	Yes
Passenger Transport	44,000-55,000	70-85%	High for taxis and buses due to incentives	Medium/High	Men	Low	No
Mobile Specialist Services	30,000-35,000	25-40%	Average (very dependent on type)	Medium/High	Women/Mix	Mix	Yes
Construction Subcontractors	85,000-100,000	15-25%	As for trades	Low	Men	Mix	As part of trade & field
Retailers with Own Delivery	40,000-50,000	5-15%	Low/Average	Medium	Mix	Mix	N

TABLE 2 Sector characteristics (Sources: British Business Bank, 2025; DBT 2025; DESNZ 2023)

Expert and Stakeholder Interviews

6. Twelve interviews were conducted with academic experts, policy stakeholders and representatives of intermediary organisations between February and June 2026.
7. The interviews were conducted on a confidential basis. Experts were asked about the state of evidence, gaps in research, and specific barriers and solutions. There was strong consensus among academic and policy experts that the focus on sole traders and microbusinesses specifically represents a genuine and important research gap.

Sole trader and microbusiness interviews

8. A total of 45 interviews were conducted with van drivers that owned or worked for sole traders or small businesses operating in, or around, central London. The sample was developed through a combination of intercept fieldwork and online and phone interviews facilitated by intermediary organisations and referrals.
9. Fieldwork was conducted in two main phases: a pilot phase of intercept interviews in March 2026 to refine the topic guide and methodology, followed by further in-person and online fieldwork during April and May. All fieldwork took place after the start of the Middle East conflict and its impact on fuel prices.

10. The geographical focus of the intercept interviews was on areas in and around central London (focused primarily on Southwark, Lambeth and Clerkenwell/Shoreditch), where businesses would be most likely to be affected by the introduction of a ZEZ-F or further restrictions on ICE vehicles. Intercept interviews were adopted as the primary method to ensure that the sample reached businesses outside the sustainability community.
11. To support the online and phone interviews, more than 30 intermediary organisations were contacted to assist with participant recruitment.[22] This included trade associations, City of London worshipful companies, trade unions, and local business organisations.
12. Sampling criteria prioritised businesses in target sectors with fewer than 10 employees – particularly sole traders and microbusinesses – that were likely to be experiencing social or economic disadvantage, including ethnic minority owners, women, and those operating on low margins. A total of 29 intercept interviews and 17 online/phone interviews were conducted.
13. Interviews lasted between ten and 30 minutes and followed a semi-structured topic guide covering: current vehicle use and purchasing decisions; awareness of and attitudes to electric vans; barriers and motivators; experience of ULEZ; and reactions to a potential ZEFZ. All interviews were conducted confidentially, with no personal identifying information recorded. Interviewees were provided with a £15 voucher in recognition of the time they had given to the research.
14. The sample was comprised of 87% male interviewees and 13% female, reflecting the gender imbalance in van ownership and among drivers of commercial vans. Figure 1 shows that the sample was ethnically diverse.⁴⁸

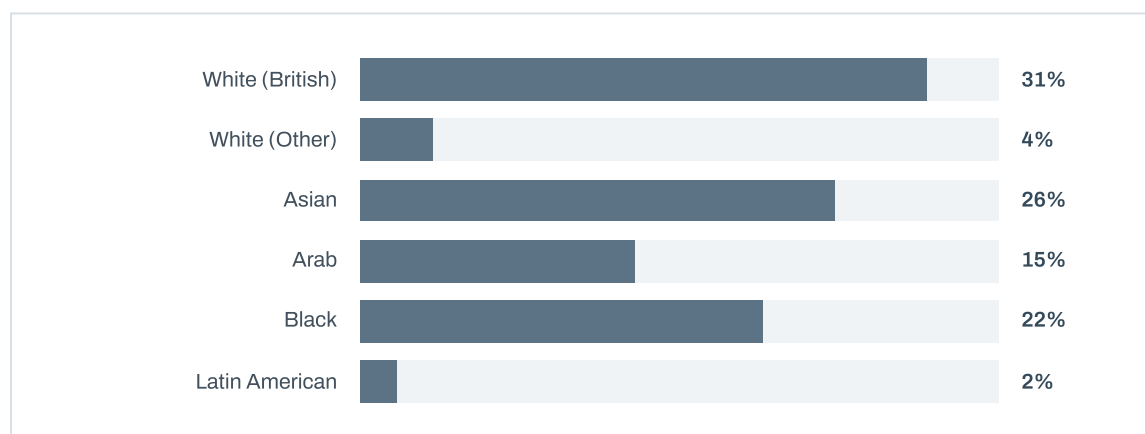


FIGURE 2 *Participants by ethnicity*

15. Two-thirds of interviewees were in businesses with between one and three employees, and a further 22% were in businesses with 9-10 employees (Figure 2). Limited numbers of interviews were conducted with individuals driving vans in larger businesses to explore whether there were differences in the barriers to EV adoption.

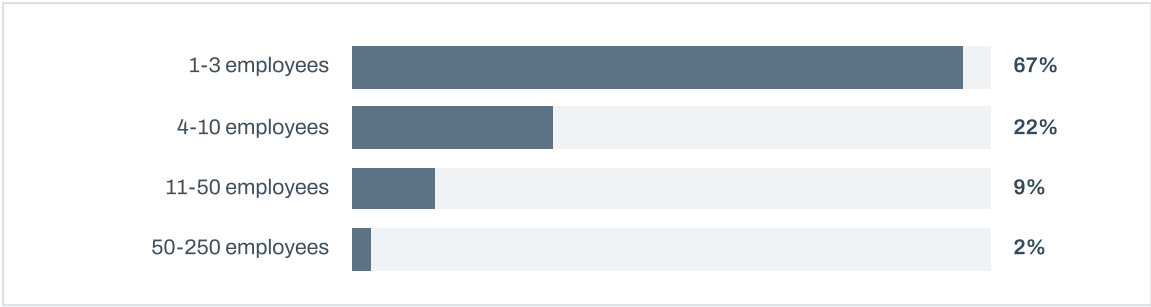


FIGURE 3 *Number of employees*

16. Each of the target sectors identified in the literature and data review was adequately represented, with some over sampling of retail and food and under-representation of couriers, logistics and delivery. The latter were challenging to engage during the intercept interviews as many were on timed delivery runs and so could not stop to participate in the interviews. To address this under-representation, an interview was conducted with a union representative involved in organising self-employed couriers.

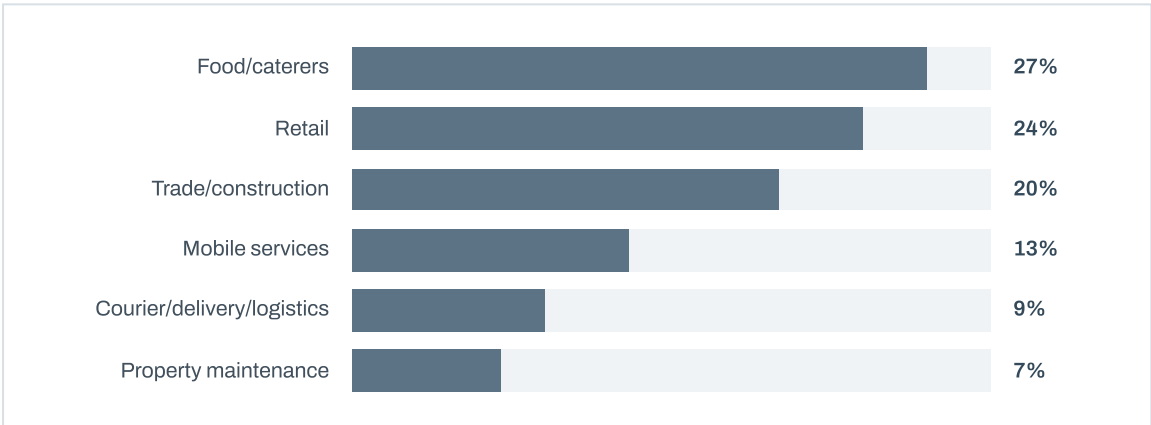


FIGURE 4 *Sectors*

Limitations

17. Given that there is no existing literature in the UK around the experience of sole traders and microbusinesses in transitioning to electric vans, the qualitative methodology was appropriate as it allowed for the research to be exploratory in nature. However, this also introduces limitations:
- Despite conducting 45 interviews, this is considered a small sample and we would recommend that future research is conducted to test the findings among a larger, representative sample.
 - The interviews were semi-structured to explore issues that might not have been anticipated. This means that, while a topic guide was followed, the interview was partially guided by the respondents’ experience and so not every interviewee will have been asked identical questions.

- Further to the point above, as the interviews progressed issues emerged that were subsequently integrated into the topic guide but that earlier interviewees were not asked about.
- Some sectors were more readily able to engage via the intercept interviews. As a result, couriers and construction/trades businesses are somewhat underrepresented in the final sample and further targeted research with these sectors would be valuable.
- The research was conducted primarily in inner and central London (Southwark and Lambeth) in order to reach businesses most likely to be impacted by further measures to decarbonise business freight. Experiences and barriers may differ in outer London boroughs, where distances are greater, public transport less available, and the Congestion Charge less directly relevant.



Findings

1. There was consensus among the expert interviewees that the research addresses a critical gap in the evidence base. While there has been significant attention to SMEs as a group, the focus has been on influencing fleet decisions, which by their nature will be the preserve of larger SMEs with the ability to invest in decarbonising their fleet. This was also reflected in our engagement with policymakers, who expressed strong interest in the findings.
2. This section sets out the key findings from the business interviews.

Cost

KEY FINDINGS

- Cost is the single biggest barrier to EV adoption, with margins already squeezed by rising overheads such as fuel, insurance, business rates and National Insurance.
- Month-to-month affordability, rather than total cost of ownership (TCO), is the key consideration for sole traders and microbusinesses.
- Withdrawal of the 100% Congestion Charge Cleaner Vehicle Discount (now 50%) removed a tipping point that had made electric vans cost-competitive with ICE for some small businesses.

3. The most pervasive finding across all interviews was that running a small business in London is difficult and becoming more so. Business owners across sectors and demographics consistently described margins being squeezed by rising costs on multiple fronts: fuel and transport-related costs, insurance, business rates, National Insurance increases, and long-tail impact of Brexit on supply chains. We were repeatedly told they have not been able to increase their prices in line with increases in their cost base. One sole trader who'd been in business for several decades said:

“Now [we] have ULEZ, parking permit, congestion charge, insurances etc. how are we supposed to make it work? Takings are now a fraction of what it used to be. Couldn't do it if I had a mortgage and two kids. I'd be stacking shelves in Sainsbury's instead.”

4. Within this cost context, cost was universally identified as the most significant barrier to EV adoption:

“Only the money puts me off. When the price comes down, maybe I’ll do it. I’m thinking to buy a small electric car for the family.”

“Look around, there is nothing luxury about our business. Having an electric van would be a luxury. We just buy a van and drive it till it dies.”

“It’s too expensive for a small cleaning company”

“The cheapest route is still a ULEZ-compliant used diesel van.”

5. Such sentiments, expressed in various forms by many participants, reflects the lived experience of running a business at or near the margins of viability. For these businesses, in the current climate investing in an electric van is simply not an option.
6. The very smallest businesses (typically less than 3 employees) with low turnover and/or profit margins tend to buy a used van outright and run it until it fails. Their turnover is often too small, or sometimes also partially in the informal economy, to enable them to access finance, either through a lease or hire purchase arrangement. For these businesses, the key question is: ‘Can I afford this upfront?’ Given the limited used electric van market and perceptions of risk around used electric van (see below), this almost always restricts consideration to used diesel or petrol vans.
- “I’d rather struggle for a few months [than get a lease or HP] and then spend ten or twelve grand on a van. If I spend that on an electric van, I’ll be getting a battered one”*
7. Slightly larger microbusinesses (4-10 employees) or those with larger turnover and/or margins might consider a lease or hire purchase. The question becomes: ‘Can I afford the monthly payments?’. For these, the withdrawal of the 100% Cleaner Vehicle Discount on the Congestion Charge was described as making a material difference. Several businesses said that, prior to the removal of the full discount (now 50% for electric vans), they had been considering an electric van for their next purchase as the savings on congestion charge would have ‘roughly added up to the monthly lease payment’.

**Key affordability question:
‘Can I afford the monthly payments?’**

Before: 100% Congestion Charge discount for electric vans

Savings on Congestion Charge ≈ monthly lease payment

After: discount reduced to 50%

Monthly cost gap between electric and ICE van reopens

→ EV became cost competitive on a monthly basis; some sole traders and microbusinesses were actively considered switching

→ Tipping point removed; some that had considered an EV reverted to ICE vans

8. The economic case for EVs is strongest when total cost of ownership over three to five years is considered, particularly given lower fuel and maintenance costs. But this framing does not match how the majority of sole traders and microbusiness owners described thinking about vehicle purchases or indeed what was financially within the realm of possibility for them. Interventions designed around TCO arguments are, therefore, unlikely to resonate with this audience.

“What would make electric possible is knowing the full costs, including the charging costs, and that I can afford it month to month.”
9. For many of the interviewees, the recent arrival of cheaper electric vans on the market has not ameliorated cost concerns as many of these have short ranges that are not practical for their businesses, with suitable electric vans (real-world range of at least 200-250 miles) still retailing for upwards of £40,000. Even in a city such as London the range consideration should not be underestimated: a large proportion of the businesses we spoke to either travelled in to London for their work from a considerable distance away and/or needed the van to be able to cover longer distances for trips outside of London (e.g. collecting materials from an out-of-London supplier or the occasional out-of-London job).

Charging

KEY FINDINGS

- Sole traders and microbusiness owners are often lower incomes and so are less likely to have access to home charging.
- With public charging more expensive than home charging, many of the cost benefits of switching to electric are therefore not available to this group.
- In addition, real and perceived concerns about the availability, reliability and suitability of public chargers (e.g. for long wheelbase vans) add friction and stress, particularly for those already working long days, that act as a substantial barrier to EV adoption.

10. Concerns related to charging were also a significant barrier to electric van adoption in our sample. These both interacted with cost considerations and were concerns in their own right.
11. Sole traders and microbusiness owners are more likely to be on lower incomes. As a result, particularly if living in London, they are unlikely to be living in housing that is suitable for the installation of home charging. Many of the business owners we spoke to were living in flats or houses without their own driveway. One had sought permission from their Local Authority for parking in their front garden in order to install a chargepoint, but this was refused.

“What would let me change my mind? ... Council letting me do a driveway [for a charger]”

“I live on the second floor of block of flats. I can’t get a charger at home, so it’s just not worth it.”

12. Public charging comes at a significantly higher cost than home charging, particularly because it eliminates the ability to take advantage of cheaper night-time charging rates. This significantly affects the cost considerations for these businesses. From an equity perspective, it means that if there are further restrictions on ICE vehicles in London, this group is likely to shoulder significant costs rather than benefit from electrification in the way that those with access to their own chargers will. Businesses that operate at nighttime or require van refrigeration are also at a disadvantage in relation to existing charging and range limitations.

“The downside is the cost of charging at public charging stations. And on the van I can afford the range is too small for the delivery work.”

13. Availability, reliability and convenience are also concerns for those dependent on public charging. Participants in our sample said they did not want to be driving around for extended periods looking for a suitable, unoccupied and working charger. Many said their working days were already long and tiring, and that they did not want to add unnecessary inconvenience:

“After a long day at work, I do not want to be driving around looking for a place to charge.”

“The other day the trader near me had to drive around for longer than it takes him to get home just to find a charger that wasn’t occupied or out of use”.

“Charging is a hassle. It takes a long time, and sometimes there is no space at the station.”

“The recharge points just aren’t available the way a diesel station is.”

14. Some business owners that had considered electric vans were concerned about the suitability of public chargers for long-wheel base vans. One business owner that had seriously considered getting an electric van for his business earlier in the year said they had driven around their local area to see what public charging would be available. They could not find chargers suitable for a long-wheel base van. This was a key factor in deciding to stick with their current diesel van.
15. The cumulative effect of these concerns was captured by participants as friction, or the additional complexity and stress that comes with adopting an EV, particularly when home-charging is not an option. For business owners who already face significant operational pressures, minimising friction is an important consideration.

“I’ve got enough to worry about. I don’t need to add charging to it.”

Used electric vans

KEY FINDINGS

- Most business interviewees said they would only consider a new or very near-new electric van.
- Used electric vans are seen as risky, largely because of uncertainty about battery condition and lifespan, especially given the higher mileage typical of commercial use.

16. The limited supply of used electric vans and the perception of these also fed into the cost issue. Almost all the business interviewees said they would only consider purchasing a new or very near-new electric van.
17. Used electric vans were perceived as risky with many saying there was limited knowledge of how long batteries would last, particularly in the context of not knowing how carefully a previous owner had looked after them. This, understandably, is a more significant concern in the used commercial van market than the used car market, as it is likely that a commercial van will have done significantly more miles.
“A second-hand electric van might have done 25,000 miles. Are the batteries battered? You don’t know”
18. Business interviewees said they knew a diesel van would go a ‘a few hundred thousand miles’ but didn’t have the same confidence in an electric van. So, with a limited budget, they felt safer purchasing a used ICE van. This suggests that providing more information about the lifetime of batteries and/or a recognised kitemark for used electric vehicles could help to build confidence in the used market. This will become increasingly important as current fleet vehicles flow into this market.

Erosion of trust in the policy environment

KEY FINDINGS

- There is scepticism about the stability of the policy environment, rooted in past experience of shifting treatment of diesel vehicles and, more recently, electric vehicles.
- Repeated reduction or reversal of EV incentives – the Congestion Charge exemption, Vehicle Excise Duty, parking permit changes and the planned per-mile charge – have undermined confidence of sole traders and microbusinesses to invest in EV vans.
- Understanding of new charges is sometimes poor.

19. A recurring theme was deep scepticism towards policy reliability. Multiple participants described feeling misled by previous policy signals and incentives, and this eroded trust was directly affecting their willingness to make investment decisions.
“When the goalposts shift, trust breaks down and you need trust to make investment decisions.”
20. The most frequently cited example was the historical promotion of diesel vehicles as environmentally preferable, followed by what they perceived to be heavy penalisation through ULEZ:
“We were all told to get diesels because they were good for the environment. Now we get penalised for it.”

21. More immediately relevant to EV adoption, participants described the progressive reduction or reversal of EV incentives: the removal of the Congestion Charge exemption (replaced by a 50% discount for electric vans), the introduction of Vehicle Excise Duty for EVs, changes to parking permit charges for EVs in London boroughs, and the introduction of a proposed per-mile charge. Several participants had actively been considering an EV purchase when these changes occurred and had decided against it as a result:
- “Was on the verge of buying an electric van but then the congestion charging exemption was removed. Now I’m about to buy a [ICE] Mercedes van.”*
- “I’d worked out I’d save about £300 per month on the congestion charge when the exemption was in place. About the same as my hire purchase payments.”*
22. The per mile charge that will come in for EVs in April 2028 was poorly understood among the interviewees, with the vast majority not aware that commercial vans would be exempt from the charge.
- “Now there’s a 1.5p per mile charge coming in for EVs. Who is going to buy one with that?”*
23. There was widespread support for addressing poor air quality in London and tackling climate change. However, this was coupled with scepticism about whether the policies, particularly ULEZ, were really designed to do this, with some feeling they were first and foremost about revenue-raising:
- “If the air pollution is so bad it’s killing people, then you shouldn’t be allowed to pay £18 to keep doing it. Just ban the polluting vehicles. Otherwise it looks like a money-making opportunity, not a health policy”.*
- “If they can charge tradesmen for coming into London, they will. They’re charging people a clean-air tax [ULEZ] but it’s not going back in [to clean air measures]. If you pay a tax, you want to see it going in.”*
24. The rationale for the shifting regulatory and policy incentives are often not well-understood. The result is a risk-aversion towards making a significant capital investment in a technology that may be penalised in the future.

Network effects, visibility and peer influence

KEY FINDINGS

- Peer networks and the visibility of successful adopters strongly shape decisions in both directions: seeing EVs used successfully encourages uptake, while their absence breeds doubt about whether an EV would ‘work’ for someone like them.
- In male-dominated sectors such as construction, EVs can sit at odds with perceptions of masculinity. Notably electricians, with more exposure to battery and solar technology, are more likely to adopt.
- Electric van adopters are almost uniformly positive about their electric vehicle, citing lower running costs, less stressful driving in London traffic, and reduced maintenance costs.

25. Social influence and peer networks were found to be a significant factor in EV adoption decisions in both directions. This finding aligns strongly with evidence from the academic literature on EV adoption, which identifies peer-to-peer networks and visibility of adoption as important mechanisms to bring people over the line.
26. Positively, the research documented several examples where businesses had made the decision to purchase an electric van because they knew someone like them who had done so. For example, at one street market in Southwark, three stall holders had purchased an electric van after the positive experience of a neighbouring stall holder. Traders reported that seeing this business operate successfully with electric vans had directly influenced their own decision.

"I know a few people with electric van. They say it's very efficient, fast and smooth. I tried a friend's once. Only the price is stopping me."
27. Negatively, other participants reported that they did not know anyone in their sector or line of work that used an electric van, and that this absence of visible examples led them to doubt whether EVs were suitable for their business:

"Haven't seen any traders at this market with an electric van and that makes me think it maybe isn't viable."
28. For interviewees in male-dominated sectors, particularly construction, there were also indications that having an electric van challenged received notions of masculinity. One builder, who didn't know any builders with an EV, said:

"Even if they did [have an electric van], they probably wouldn't admit it... it's not very manly. You've got to have a diesel."
29. It is noteworthy that electricians in our sample, who likely have more exposure to battery and solar PV technology were more likely to have an electric van.
30. Participants who had already adopted electric vans were almost uniformly positive about the experience. Common themes were: lower running costs (particularly fuel savings), the pleasure of driving in congested London traffic without the stress of gear changes and engine noise, reduced maintenance requirements, and in some cases a positive brand and marketing dimension with customers. These businesses tended to drive lower miles and so could make use of lower range vehicles.

"The experience is much less stressful. When you're stuck in traffic, you're not changing gears. I've only had it serviced ones and never again: there are not moving parts."

"I'd recommend it to others, and I have done."

"Customers love it."

"I added an electric van recently [already has one diesel van]. I use it mainly for the vet side of the business because that does fewer miles. It's very good for inner city driving."
31. These positive experiences, combined with the network effects finding, suggest that targeted programmes to increase the visibility of early adopters could be highly effective.
32. Disinformation or conspiracy theories about electric vehicles were not a significant barrier. Only one interviewee out of the 45 referred to concerns about radiation and surveillance.

Demographic variations

KEY FINDINGS

- Older sole traders nearing retirement see little reason to invest in a new vehicle and are unlikely to respond to financial incentives.
- Businesses with 10 or more employees behave more like fleet operators when making purchase decisions and have better access to leasing and finance than sole traders or microbusinesses.
- Predictable, shorter urban mileage is linked to greater EV adoption likelihood.
- Some migrant business owners often show stronger environmental motivation from direct experience of climate change in their home countries.

33. The research identified several important demographic patterns in attitudes and barriers.
34. Several older sole traders (in their 60s or approaching retirement) expressed no intention of investing in a new vehicle of any kind. For them, their remaining working life does not justify the investment. This group is unlikely to respond to financial incentives.

“I’ve worked here all my life. With only a few years of work left, there’s no point investing in a new van.”
35. A significant distinction emerged between sole traders and microbusinesses with less than four employees and businesses with 10 or more employees. The latter group is more likely to be able to access leasing arrangements, has slightly higher margins in some sectors (such as electrical contracting), and can absorb investment in a way that sole traders cannot. From 10 employees upwards, while significant challenges remain, decision-making appears to more closely mirror the type of decisionmaking that occurs around fleet replacement in larger SMEs. Policy interventions should be calibrated to this difference.
36. Some participants from migrant backgrounds expressed a stronger environmental motivation, linked to direct experience of the effects of climate change in their countries of origin. This group may be more receptive to environmental messaging and may be disproportionately effective in seeding network effects.

“We already see climate change in my home country [the Phillipines]. Being neutral isn’t good enough.”
37. There was a clear relationship between weekly mileage and likelihood of EV adoption. Businesses doing shorter, more predictable urban routes were the most natural early adopters. Businesses requiring longer distances, or with irregular or unpredictable routes (such as construction workers travelling across London and beyond), faced the most significant range-related barriers that, in turn, fed into cost considerations as they would necessitate the more expensive, long-range vans.

Propensity to adopt an electric vehicle

38. Taken together, the findings from the interviews with sole traders and microbusinesses point to a series of factors that either increase or decrease the likelihood of EV adoption as summarised in the diagram below.

FACTORS THAT INCREASE THE LIKELIHOOD OF ADOPTION

Visible, trusted peer adopters

Seeing similar local businesses successfully running an EV builds confidence and normalises the switch.

Access to home charging

Off-street parking or a driveway enables cheaper, more convenient overnight charging.

Predictable, shorter mileage

Routine urban routes that fit comfortably within the range of lower-cost electric vans.

Access to lease/HP finance

Larger microbusinesses (4–9 staff) with steadier margins can spread costs via leasing.

Stable, credible incentives

Reliable savings that clearly offset monthly costs.

Strong environmental motivation

Personal experience of climate impacts (e.g. some migrant business owners) increases willingness to adopt.

FACTORS THAT DECREASE THE LIKELIHOOD OF ADOPTION

Tight margins, high upfront/monthly cost

Cost is the most cited barrier; many cannot absorb purchase, lease or HP payments.

No home charging

Reliance on costlier, less convenient and less reliable public charging.

Long or unpredictable mileage

Usage that leads to higher mileage and so requires pricier long-range vans to be practicable.

Being an older business owner

Owners close to retirement are unlikely to invest in a new vehicle.

A sense of shifting goalposts

Repeated withdrawal or reduction of incentives (e.g. Congestion Charge, ULEZ) discourages investment.

Absence of visible adopters

Lack of peers using electric vehicles can create sense that an electric van ‘wouldn’t work for someone like me’.



Conclusions and recommendations

1. The findings from this research address an important gap in the literature and policy discussions. It shows that sole traders and microbusinesses in sectors with low turnover or squeezed profit margins face particular barriers to electric van adoption and are poorly served by a policy and regulatory environment focused on fleet transitions. In this context, these businesses are unlikely to benefit from the green transition and will bear the brunt of costs associated with any tightening of restrictions.
2. This section sets out the key conclusions from the research and recommendations for policymakers at the local and national scale.

Key conclusions

3. One of the most important contributions of this research is to document how different the decision-making environment is for sole traders and microbusinesses compared to larger SMEs and fleet operators. Existing literature on EV adoption among businesses has largely focused on the latter group.
4. Interventions designed with fleet operators in mind are often poorly suited to the sole trader and microbusiness context. Policies designed for sole traders and microbusinesses need to reduce month-to-month costs, rather than building an argument around total cost of ownership, and be geared towards reducing the ‘friction’ that still comes with adopting an electric vehicle, particularly where home or business charging is unlikely to be available. They also need to consider access to finance for businesses with the lowest turnover or those that are informally constituted.
5. The extent and depth of distrust towards policy signals and its impact on confidence to invest was striking. This is not simply scepticism, but borne out of a history of policy instability. This has implications for any new policies: whenever incentives or policy measures are implemented, there should be a clear indication of the time horizon over which these will apply in order to give business owners the confidence to plan. Similarly, if further restrictions are introduced, such as a ZEZ-F, sufficient lead-in time should be provided to enable particularly smaller businesses to plan for the transition.
6. The research confirms that the distributional risks of the current transport transition are concentrated among specific groups: sole traders and microbusinesses, those without access to home charging, businesses with limited access to finance, older business owners approaching retirement, and businesses in sectors with particularly high mobility requirements and thin margins.
7. An intersectional lens is important here. A sole trader running a cleaning business from a flat in south London, relying on a second-hand diesel van bought outright, with credit access challenges and no off-street parking, faces a fundamentally different

set of barriers than a medium-sized electrical contractor with 15 employees who leases vehicles regularly and has a depot with space for charge points. Policy that does not account for these differences will reproduce and deepen existing inequalities.

8. The research identified opportunities presented by utilising network effects. Peer influence, and the visibility of successful early adopters are potentially powerful mechanisms for change. This suggests that targeting connected peer networks to support early adopters, and leveraging their experience to reach others, can increase uptake in low-adoption sectors.
9. Given the urgent need to achieve large-scale emission reductions, the focus of business and freight transport decarbonisation has been on encouraging fleet transitions, particularly at the national level. The policy recommendations below are designed to promote equity by reducing the barriers to electric van adoption for businesses that are at risk of being left behind in the transport transition.
10. Although this research was conducted in London, many of the challenges it identifies will apply to other towns and cities introducing clean air and freight decarbonisation measures. The findings and recommendations set out here should therefore be of relevance to policymakers and transport authorities beyond London who are seeking to design an equitable transition to zero-emission freight and commercial transport.

Recommendations for Transport for London (TfL), the Mayor of London, and Local Authorities

To mitigate the month-to-month and upfront cost barrier:

- Consider the role of the Congestion Charge exemption for electric vans. The reduction of the Cleaner Vehicle Discount for electric vans from 100% to 50% was the single most frequently cited negative impact on decision-making across all the interviews. It is currently planned that this will be further reduced to 25% in 2030. However, given both the slow uptake of electric vans and the importance of this incentive to particularly lower-income business owners, a longer time horizon, such as 10 years, should be considered. A clearly communicated commitment to a longer time horizon would provide greater stability in the forward investment environment. Consideration should also be given to anchoring the timeline to meeting the national uptake targets around electric vans (current uptake is approximately 50% short of targets).
- Introduce a new targeted scrappage scheme for microbusinesses with less than five employees structured monthly payments to subsidise lease or hire-purchase repayments for a new or used electric van or cargobike over 24–36 months.
- Ensure that equity considerations and assessments that reflect the experiences of sole traders and microbusinesses facing social and economic disadvantage are central to policy design and decision-making.

To improve the ease of operating an electric van in London:

- Invest in van-specific public charging infrastructure in areas of high van activity and near residential areas where van drivers are likely to require charging overnight. This should prioritise off-road solutions (e.g. depots in Council carparks) to avoid further impacts on traffic congestion and allow for long wheel base van charging. Where Council car parks are used, explore ways to pass the lower cost of night-time electricity on to those using the chargepoints to ameliorate some of the equity disadvantage associated with not having access to a home or business charge point.
- Introduce reserved parking for electric vans combined with dedicated charging facilities. Dedicated EV van parking in areas where businesses regularly operate would reduce the operational friction of charging and provide a visible incentive. A combined parking/charging facility would address both the cost and convenience dimensions simultaneously.

To improve information about electric vans, their suitability, and the policy environment:

- Consider a public-awareness campaign that works through peer influencing in targeted sectors to profile early adopters. This should focus on their experience of having an electric van and the incentives they accessed. This should be structured around monthly costs, rather than TCO, and include information about the longevity of used electric vehicles.

To provide stability and build trust:

- Plan any further decarbonisation measures, such as for example a Zero-Emission Zone (ZEZ), with a minimum five-year lead time and stable, targeted and transparent incentive structures that addresses unintended negative distributional impacts.⁴⁹

Recommendations for National Government**To mitigate the month-to-month and upfront cost barrier:**

- Introduce government-backed low- or zero-interest loans for new or used electric cargo or commercial vehicle purchases by sole traders and microbusinesses. The inability to access (affordable) finance is a fundamental constraint for this group. Government-backed loan products specifically designed for microbusiness EV purchases and structured to reduce monthly repayments could unlock a significant portion of the latent demand identified in this research. The Scottish Government's EV Loans for Businesses provides a good model of how to structure these in a targeted way to enable low-income businesses to purchase a new or used electric vehicle.⁵⁰
- Introduce a nationwide targeted scrappage scheme structured to support leasing or hire purchase payments for new or used electric cargo or commercial vehicles. The plug-in van grant primarily benefits those purchasing upfront.

Rather than simply offering a one-off payment towards purchase, a scrappage scheme that provides monthly payments, effectively subsidising lease or hire purchase repayments over a period of 24–36 months, would be far better matched to the affordability constraints of sole traders and microbusinesses.

- Introduce a second-hand electric van accreditation scheme. Concerns about battery condition and longevity in used EVs are deterring purchases of used vans. A government-backed accreditation scheme for second-hand electric vans that can certify particularly battery health and remaining range would address a significant barrier for the segment of the market that typically buys used vehicles but currently does not have confidence in used electric vans. There are a number of commercial operators in this space and, anecdotally, there is a suggestion that they would welcome a standardised approach. While the used electric van market is very limited currently, this recommendation will become more important as electric fleet vehicles come on to the used market.⁵¹
- Reduce VAT on public charging to align it with rate on domestic electricity. The current 20% VAT rate on public charging (compared to 5% on domestic electricity) disproportionately penalises those who cannot charge at home, who are also the very group that is least able to afford it.⁵²

To improve information about electric vans, their suitability, and the policy environment:

- Ensure that incentives and the regulatory context are widely understood. This includes awareness of existing incentives and the detail of new charges that will be introduced. Almost all the businesses interviewed for this research believed the per mile charge coming in for EVs in April 2028 would also apply to commercial vans.
- Consider a nationwide awareness-raising campaign that profiles businesses from low-uptake sectors, particularly trades and construction, using electric vans.

To improve the ease of operating an electric vehicle:

- Explore the availability of van-suitable public charging infrastructure and how this can be improved, particularly on main arterial routes and service stations.

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