



## ZEV Mandate Consultation Response

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October 2026

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### About this response

This response is submitted by Just Economics Research Ltd, an independent research consultancy with a track record in the field of freight decarbonisation.

The response is focused on the ZEV mandate as it applies to vans and, in particular, how it impacts sole traders and microbusinesses. The consultation response draws on fieldwork conducted between March and June 2026 with disadvantaged small businesses (90% with less than 10 employees) operating in London. To our knowledge, it is the only UK study focused specifically on how sole traders and microbusinesses experience the switch to electric vans.

The research was funded by Impact on Urban Health. The full findings report - *Building an Equitable Transport Transition for Microbusinesses and Sole Traders in London* – is available for download here: <https://www.justeconomics.co.uk/building-an-equitable-transport-transition-in-london>

Key features of the research:

- **45 interviews with van drivers** who own or work for sole traders and small businesses operating in inner and central London (mainly Southwark, Lambeth and Clerkenwell/Shoreditch). Two-thirds were businesses with 1–3 employees and a further 22% were businesses with 4–10 employees. Participants were from a diverse range of sectors: food and catering (27%), retail (24%), trades and construction (20%), mobile services (13%), couriers and logistics (9%) and property maintenance (7%).
- **The sampling adopted an equity lens:** recruitment prioritised businesses with low profitability/turnover that are at risk of being left behind in the transition to zero emission vehicles. 69% of participants identified as other than White British (26% Asian, 22% Black, 15% Arab).
- **The majority of interviews were conducted as intercept interviews in London** with researchers approaching van drivers, rather than relying on self-selection. This is to counter bias in previous research which has often used self-selection that tends to have a bias towards participants that are already interested in sustainability.
- **The business engagement was complemented with 12 expert interviews and** a literature, data and policy review.

The fieldwork with businesses started in late March 2026 and ran till late May 2026 (i.e. after the fuel price rises linked to the Middle East conflict).

Our response is focused on Qs 6, 8, 9, 14, 28 in the consultation document.

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**Question 6: What are your views on the current ZEV Mandate van trajectory, and the four alternative van trajectories presented? Which, if any, is your preference?**

**We support retaining the current van trajectory (70% in 2030) and oppose Options 1 to 4, because each would weaken the Mandate.** The Mandate is the main force making electric vans more affordable and affordability is key for small businesses to be enabled to participate in the transition to zero-emission vehicles.

Affordability was the single most important barrier to accessing a zero-emission van for the sole traders and microbusinesses in our research. For almost every business we interviewed, cost was the primary reason they had not switched.

It is also important to note that the decision to buy an ICE or electric van for these types of businesses is informed principally by **upfront affordability or month-to-month cost**. Total Cost of Ownership (TCO), which is often cited in efforts to encourage businesses to switch to electric vehicles, is not relevant to these types of businesses as they are operating on very thin monthly margins.

Most of the business owners in our research buy used vans outright, typically for £10,000–£12,000. For them, ZEV affordability depends on a healthy supply of used electric vans, and that supply is created by new sales made under the Mandate in the next several years. Every reduction in the trajectory before 2030 means fewer electric vans reaching the used market in the early 2030s. **That is, the short-range trajectory matters to disadvantaged small businesses because the new van sales today determine what is on the market as a second-hand vehicle in 2-3 years time.**

The back-loaded options are the most damaging in this respect. Option 3 holds the target at 40% in 2030 and then requires 12 points a year. This leaves sole traders facing the end of new ICE van sales with little affordable used electric supply, and pushes the steepest change into the period when small businesses have the least time to adapt.

Weakening the mandate also risks undermining investment in charging infrastructure and this is something that sole traders and microbusinesses are more likely to rely on. Many of our interviewees said they would not be able to install a charger at their home or work and were concerned about a lack of van-suitable public charging facilities (particularly for long-wheel base vans).

Finally, the sole traders and microbusinesses talked about how shifts in the policy environment had eroded their trust and, consequently, their confidence to invest in zero-emission vehicles. Interviewees cited, for example, the shift in policies and incentives around diesel vehicles. As one business owner put it: *“When the goalposts shift, trust breaks down and you need trust to make investment decisions.”* Weakening the mandate would add to the sense of instability in the policy environment.

**Question 8: Do you have views on whether an extension of the current flexibilities beyond 2030 should accompany a change in the headline trajectory for vans? Please explain your answer including any supporting evidence.**

**Flexibilities should not be extended beyond 2029, and certainly not alongside a lower trajectory.**

Combining the two would weaken the Mandate twice: a lower headline target, and more ways to meet it without selling electric vans.

As set out under Question 9 below, extended CO<sub>2</sub> conversion would let manufacturers comply by selling cleaner combustion vans rather than competing to sell electric ones. That directly undermines the price pressure that makes electric vans more affordable for small businesses. It would also prolong diesel and PHEV tailpipe emissions and the attendant impacts on air quality.

If the Governments nonetheless change the trajectory, they should not extend flexibilities alongside it. Any relief should be time-limited, announced well in advance, and conditional on manufacturers taking actions that widen access to electric vans, such as accessible finance and certified used vans (see Question 14).

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**Question 9: What are your views on extending the CO<sub>2</sub> conversion flexibility to 2034?**

**We do not support extending CO<sub>2</sub> conversion beyond 2029 for vans.** If it is extended, it should be on much tighter terms than the caps currently in place.

Conversion is already doing a large share of the work for vans to meet the mandate. The gap between actual electric van sales and the headline target is wider than for cars, and conversion is filling much of it. Conversion, therefore, weakens the incentive to sell electric vans and, as a consequence, the incentive to reach businesses that are further from being able to participate in the transition to zero-emission vehicles.

Our research found the main barriers were affordability, inaccurate information (for example on battery life and range) and a lack of peers using electric vans. Manufacturers and dealers are well placed to address each of these barriers through marketing and discounting, but will only be incentivised to do so if they need sales to meet their mandate target.

As noted in response to Q8, conversion flexibility will likely reduce future used electric van supply that small businesses rely on. New electric vans sold in 2027–2032 become the used vans these businesses can afford in the early-to-mid 2030s. Every new sale displaced by conversion is a used electric van that will not be on the secondhand market for these types of owners.

We are also concerned that PHEV vans turn conversion into a carbon and air-quality loophole. PHEV vans rose from under 0.5% of sales in 2024 to nearly 3% in 2025 (paragraph 132). Real-world PHEV CO<sub>2</sub> emissions are estimated at 3 to 7 times official values (paragraph 121). In other words, PHEV sales let manufacturers bank savings that do not occur on the road.

Should the Governments decide some extension is needed, we recommend:

- **Steeply declining caps** that reach zero before 2034, starting well below the current 50% in 2029. For example, a 20% cap on a 70% target would allow at most 14 points of conversion in 2030.
- **Excluding PHEV-derived savings**, by applying Euro 6e-bis-FCM or Euro 7 CO<sub>2</sub> values to PHEVs for conversion purposes from 2030 (consistent with Option 1 in Part 3D).

- **A clear end date announced now**, so that manufacturers, charging infrastructure investors and small businesses can plan.
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#### **Question 14: Should any further flexibilities be considered?**

**Any new flexibility should reward manufacturers for getting electric vans to underserved buyers, not offer further ways to comply without selling them.** Flexibilities that substitute for sales (such as CO<sub>2</sub> conversion) weaken the incentives our research suggests are most needed. Flexibilities or credits tied to specific actions that remove barriers to access for underserved populations could strengthen them.

Our interviews point to several things manufacturers, finance companies and dealers could offer in this regard:

- **Accessible finance for small and new businesses.** Leasing and hire purchase products with eligibility criteria suited to sole traders, low-deposit options and longer terms that bring monthly payments close to those of a used diesel van.
- **Payment structures that reflect savings.** For example, finance that factors expected fuel and maintenance savings into the monthly payment, or short-term try-before-you-buy leases.
- **Transferable battery warranties and certified used programmes.** A battery health certificate and remaining warranty that pass to the second and third owner would address the main concern about used electric vans, as well as options to buy extended battery warranties.
- **Residual value or battery buy-back guarantees**, reducing the perceived risk of an unfamiliar technology.
- **Bundled home or depot charging**, including support for cross-pavement solutions, and access to van-suitable charging networks at off-peak rates.
- **Range-appropriate models at lower prices.** Affordable vans with a real-world range of 300+ miles, since cheaper short-range models do not meet many traders' needs.
- **Targeted marketing and demonstrations** through trade associations, markets and builders' merchants, using early adopters as ambassadors.

The Governments could consider a credit for zero-emission vans placed with sole traders and microbusinesses through accessible finance or certified used schemes, similar in principle to the car club and wheelchair accessible vehicle credits. Design would need care to prevent misuse. For example, it could require verifying business size through Companies House or HMRC records and capping the credit's contribution. The low take-up of the car club credit (11 credits in 2024) shows that administrative burden must be kept low.

Alternatively, if the Governments decide to extend CO<sub>2</sub> conversion for vans, access to it could be conditional on manufacturers offering measures like those above. This would link any relief from the headline target to actions that widen access to electric vans, rather than to sales of combustion vans.

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**Question 28: What are your views on the effectiveness of current measures to support EV uptake? What if any additional measures should be introduced to support more rapid EV uptake? Please explain your answer including any supporting evidence.**

**Current measures are designed primarily around fleet operators and car buyers, and largely miss sole traders and microbusinesses.** These make up around 96% of London's businesses, with many

depending on a relatively low-cost van. Within this context, diesel vans are still the default for most: at the end of 2025, diesel vans registered by businesses in London passed 100,000 for the first time, outnumbering electric vans by 18 to 1.

**The main barriers for sole traders and microbusinesses are:**

1. **Cost.** Almost every interviewee described margins squeezed by fuel, insurance, business rates, National Insurance and (in London) the Congestion Charge. In this context an electric van was repeatedly described as a luxury: *“Look around, there is nothing luxury about our business. Having an electric van would be a luxury.”* Crucially, these businesses are not making decisions based on total cost of ownership (TCO), but rather on whether they can either afford the upfront cost or the month-to-month payment. It is also important to note that lower-turnover businesses often cannot pass credit checks for leasing or hire purchase and that the more affordable electric vans (priced around £20,000–£25,000) typically do not have sufficient range for businesses that travel in from outside London or make out-of-town trips. Suitable vans with a real-world range of 200–250 miles still cost upwards of £40,000 and there are very few suitable used vehicles on the market.
2. **Charging.** Many interviewees in our research lived in flats or houses without driveways and so cannot install a home charger. Without home charging, they cannot access cheap overnight tariffs and lose much of the running-cost savings. Public chargers are often unsuitable for long-wheelbase vans, and searching for an available working charger after a long day was a strong deterrent: *“After a long day at work, I do not want to be driving around looking for a place to charge.”*
3. **Used electric vans are seen as risky.** Almost all interviewees would only consider a new or near-new electric van. They trust a diesel van to run for “a few hundred thousand miles” but have no equivalent confidence in a used electric battery.
4. **Trust and confidence to invest.** Interviewees cited numerous examples of shifts in the policy environment, including the promotion of diesel vehicles and subsequent disincentivisation, the reduction of the Congestion Charge Cleaner Vehicle Discount for electric vans from 100% to 50%, Vehicle Excise Duty for EVs, and the planned per-mile charge for EVs. These examples have eroded trust in the policy environment and reduced confidence to invest.
5. **Information gaps and lack of electric van visibility among peers.** Only one out of the 45 interviewees raised concerns that might be described as ‘disinformation’. Most said they would like an electric van if they could afford one and charge it without hassle. There are, however, information gaps particularly around battery lifespan and health. It was also noticeable that seeing others in the same sector using an electric van increased the propensity to adopt a van. Where a trader saw a peer using an electric van, adoption followed: at one Southwark market, three stallholders bought electric vans after a fellow stallholder’s positive experience. Adopters were almost uniformly positive about running costs, driving in traffic and maintenance.

**Current measures do little to address these barriers.** For example, the Zero Emission Van Grant (up to £5,000) is welcome, but mainly helps buyers who purchase upfront or lease through standard channels. It

does not reach businesses that cannot access such finance or buy used vehicles due to their lower upfront cost.

**To enable disadvantaged businesses to benefit from the transition to zero-emission vehicles, we recommend consideration of the following measures:**

1. **Targeted government-backed low- or zero-interest loans** that can be used towards the purchase of a new or used electric van or cargo bike. The scheme should target sole traders and microbusinesses who cannot access commercial finance or where this would make the purchase unaffordable. The Scottish Government's EV loans for businesses are a useful model (<https://energysavingtrust.org.uk/grants-and-loans/used-electric-vehicle-loan/>).
2. **A targeted scrappage scheme paid monthly**, subsidising lease or hire purchase repayments over 24–36 months for businesses with fewer than five employees, rather than a one-off payment that helps only those able to buy outright.
3. **Permanent alignment of VAT on public charging with the 5% rate on domestic electricity bills** to reduce the cost of public charging.
4. **Van-suitable charging hubs** in areas of high van activity and near homes, prioritising off-street sites such as council car parks and depots that fit long-wheelbase vans, with off-peak prices passed on to users.
5. **A used electric van accreditation scheme**, with a standardised battery health and range certificate.
6. **Peer-led information campaigns** through trade associations, market trader networks and business organisations. These should profile local adopters, focus on monthly costs and battery longevity.

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## Contact

We would welcome the opportunity to discuss these findings.

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**Reference:** Just Economics (2026), *Building an Equitable Transport Transition for Microbusinesses and Sole Traders in London: Final Research Report*, <https://www.justeconomics.co.uk/building-an-equitable-transport-transition-in-london>