



LeasePlan

Introducing WLTP for Light Commercial Vehicles

What's next?

Following the challenges of the WLTP (Worldwide Harmonised Light Vehicle Test Procedure) and RDE (Real Driving Emissions) testing that came into force for cars, the industry is now facing the next step in the journey for more sustainable and environmental commercial vehicles.



What does WLTP aim to achieve?

WLTP for cars and vans is the new type approval method that aims to address the difference between manufacturer-published fuel consumption and CO₂ emission figures and those achieved out in the real world.

WLTP was developed with the aim of being used as a worldwide test cycle, so that emission and fuel consumption values could be comparable from country to country.

What is the timeline for WLTP?

In September 2018, all new Light Commercial Vehicles (LCV) models have been subject to WLTP type approval and RDE testing. The initial results have meant that manufacturers have had to revisit engine specifications in order to meet the stringent CO₂ targets set.

From September 2019, all new sales of LCVs will have received type approval under WLTP, and all registrations will be subject to RDE testing.

This will be of a greater concern for heavily converted vehicles, including chassis cabs, particularly when the Vehicle Excise Duty (VED) system is revised in April 2021, so that first-year registration fees are in line with CO₂ output.

WLTP Calculation

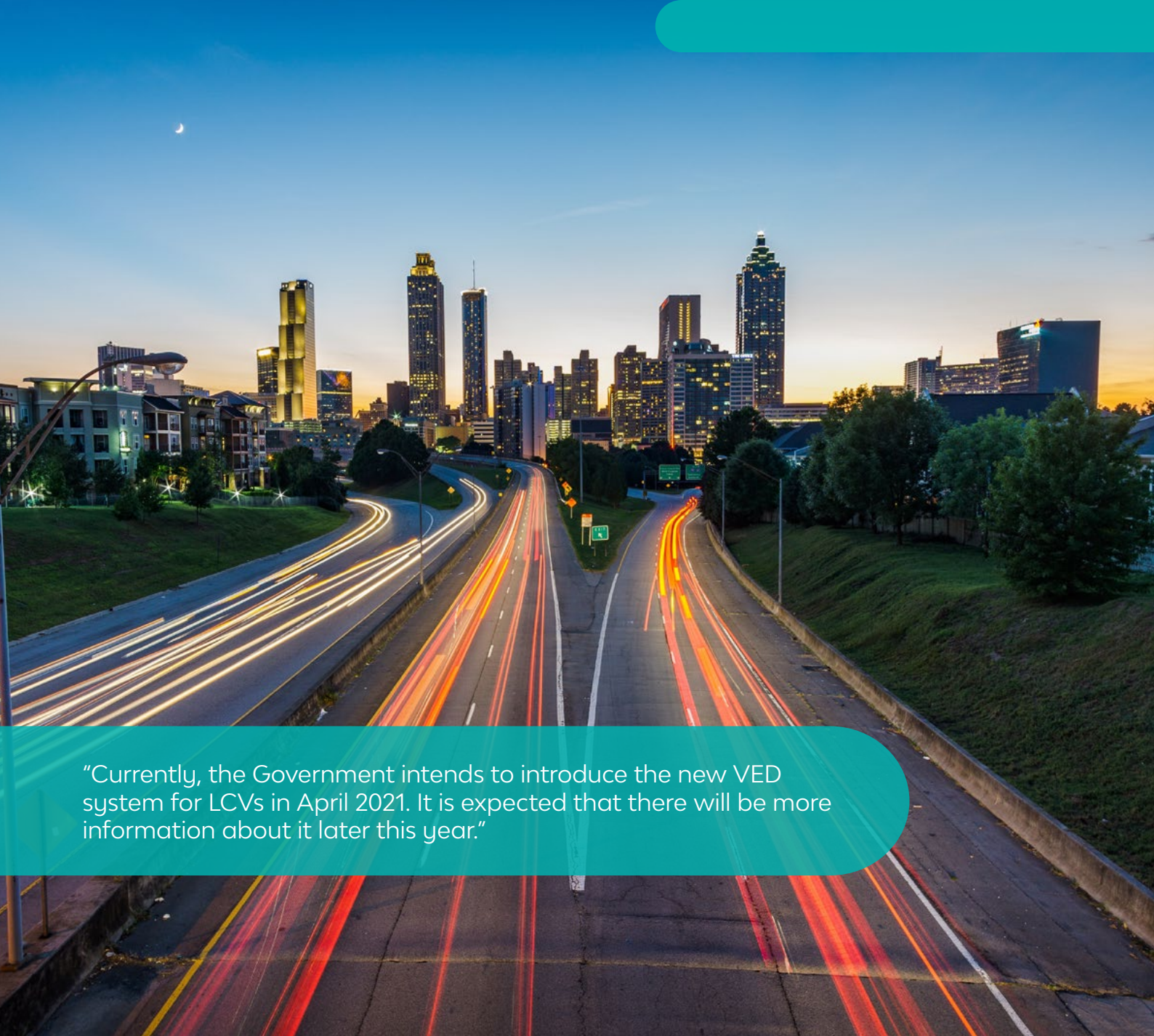
Currently, the number one question remains unanswered, this being how the CO₂ is calculated for vehicles where the actual weight of the completed vehicle is unknown. Until the decision concerning the point of measurement is made, it is almost impossible to predict the extent to which the vehicle build will impact its weight and therefore emissions.

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In simple terms, will the calculation be based on an empty vehicle, fully loaded or somewhere in the middle? Similarly, will vehicles have to be tested by the manufacturer in relation to every configuration, trim level, engine type and derivative?

Even once we have a decision on the above and conformity certificates are issued, who is to know what has been added or changed since registration? Will the Driver and Vehicle Licensing Agency (DVLA) really have a database to capture all of this information?

The WLTP measurement will require manufacturers to review the engines which they are able to offer and noticeably reduce the number of vehicle models and options.



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Emission-based Vehicle Excise Duty

After a period of consultation, the Government is currently considering the introduction of a CO₂-linked VED system for light and heavy-duty vans. Example emission bands and tax rates have been circulated, and these are shown in the table below. However, these have not yet been confirmed.

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LeasePlan’s concern will be ensuring that customers continue to operate vehicles that are fit for purpose. Opting to downsize a passenger car in order to save costs can make perfect

financial and environmental sense; however, an LCV is bought for the purpose of undertaking a job, whether that be based on size and/or on the payload required by the operator.


Many clients might like to choose a smaller vehicle, or an alternatively fuelled van, but simply cannot as it would not meet the required criteria to complete the job legally and safely.

LeasePlan would not wish to see drivers and fleet operators deliberately downsizing a vehicle, to a point where the vehicle size or weight is not appropriate, simply to drop into a lower VED band.

Weight Category	CO ₂ emissions	Proposed first year rate	Proposed Standard Rate
A - small / medium sized vans	0	£0	£0
	1-50	£10	£125
	51-75	£100	£265
	76-90	£150	£265
	91-100	£190	£265
	101-110	£230	£265
	111-130	£270	£265
	131-150	£310	£265
	151-170	£500	£265
	171-190	£1,000	£265
	191-225	£1,500	£265
	226+	£2,000	£265
B - large vans	0	£0	£0
	1-50	£10	£125
	51-75	£100	£265
	76-100	£150	£265
	101-130	£190	£265
	131-160	£270	£265
	161-190	£310	£265
	191-220	£350	£265
	221-255	£390	£265
	256+	£500	£265

Example: Emissions-based first registration fee and future annual VED rate
 We are currently awaiting confirmation of the final bands and rates from the Government





Many companies may find it makes financial sense to replace vehicles to avoid the daily charges. At £12.50 per day (currently in the ULEZ), the penalty could become a greater monthly cost than the cost of a new lease.

First registration fees

With this fee being set at £55 since it was launched a number of years ago, no-one has really paid much attention to it. However, under new proposals being reviewed, we can expect to see a significant increase in the first registration fees for vehicles with the highest CO₂ output. Initial suggestions indicate that this fee could stretch beyond four figures.

It is important to note that this will only impact the first registered user after April 2021.

Benefit-in-Kind for private van use

At present, the Government has advised that they have no immediate plans to link the Benefit-in-Kind (BIK) for private use of an LCV to that vehicle's emissions. This differs from BIK for cars, but understandably so. In reality, an LCV has to be equipped to meet the requirements of its role, as a priority, so an emission-based method would unduly penalise LCV drivers.

Future resale values

Given the current pace of legislative change – from the introduction of Clean Air Zones (CAZs) to the extension of London's Ultra Low Emission Zone (ULEZ) to the more exacting emissions tests – the demand for Euro 6 and WLTP-compliant vehicles in the near future will be very strong.

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Summary

In summary, there remain significantly more questions than answers. The Government has understandably been distracted with other things; however, there are still areas where a lot more clarity is needed so that we can fully understand the impact that WLTP will have on the LCV market in terms of timings, the ability to order vehicles, and, of course, running costs.

In the short term...

- LeasePlan is keeping a constant eye on stock levels, which are changing daily. Please contact us the moment you are considering your next leased LCV.
- WLTP is having a major impact on the availability of LCV ordering from factory.
- Manufacturers are indicating that WLTP-compliant vehicles will begin to filter through towards Q3.
- There will undoubtedly be price increases across most manufacturers.
- Manufacturers will rationalise model ranges, removing uncompliant engines, transmissions and less popular models where the cost of testing is simply too excessive.
- The change to an emission-based VED regime is likely to happen in April 2021.

In the long term...

- The process for measuring the compliance of van conversions is likely to be lengthy, at least at first, as every vehicle-body specification will need to be submitted. If the Vehicle Certification Agency (VCA) continues to be the measuring partner, then they already experience a six-week lead time for type approvals.
- The first registration fee will become emission-based to encourage less-polluting vehicles.
- It is very likely that the BIK taxation level for LCVs will be reviewed.

Want to find out more?

Of course, LeasePlan is here to guide our commercial vehicle customers through this shifting landscape. Please get in touch with a member of our expert Commercial Vehicle team lcv@leaseplan.co.uk if you would like further guidance.

Read our up-to-date Q&A, download our WLTP whitepaper or watch the WLTP webinar on insights.leaseplan.co.uk

[Find out more](#)