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CC: Rt Hon Ed Miliband MP, Keir Mather MP, Lillian Greenwood MP, Dan Tomlinson MP, Katie White MP

Joint letter: Introduce social leasing of electric vehicles to bring down bills and tackle the climate crisis

Dear Chancellor of the Exchequer and Secretary of State for Transport,

As representatives across civil society and industry, we are calling for the introduction of a social leasing scheme for battery electric vehicles (BEVs) in the UK. A social leasing scheme would provide discounted BEV leases to lower-income households from just £77 a month.¹ For less than the cost of another fuel duty freeze, the scheme could fund lower transport costs for 200,000 lower-income households per year, allowing them to directly benefit from the climate transition.²

The electric vehicle transition is well underway in the UK and across Europe, with 23.4% of new UK registrations in 2025 being BEVs.³ But so far, BEVs have typically remained a purchase of those with higher incomes, with manufacturers historically prioritising BEV models in the large and 'luxury' segments. Less than half of households earning under £40,000 would consider an electric vehicle for their next car, compared with 73% of households earning above £40,000.⁴

Manufacturers are finally expanding BEV production into smaller and more affordable vehicle segments, with over 50% growth in sales in 2025, and a strong pipeline of more affordable

¹ T&E UK (2026) [No one left behind: unlocking affordable clean mobility](#)

² T&E UK (2026) [Mitigating rising fuel costs: Fair alternatives to cutting fuel duty](#)

³ T&E UK (2026) [ZEV Mandate Delivers: Nearly a quarter of 2025 Registrations Show BEVs Are Now Mainstream](#)

⁴ Autotrader (2026) ["Wealth divide" shuts poorer households out of EV market](#)

BEVs expected over the next two years.⁵ But leasing costs even for small BEVs are still too high right now. While the bottom 4 income deciles spend under £100 on average on motoring purchases or leasing each month, the cheapest available EV lease is currently £141 - a clear affordability gap.⁶

This entrenches social inequalities, as higher-income households can benefit from the lower running costs of a BEV, while lower-income households end up driving older internal combustion engine vehicles (ICE), which cost more to run and are more polluting. This inequality is only going to get more pronounced in the wake of the current Middle East crisis, with the rise in oil prices from the conflict set to hit petrol drivers five times more than BEV drivers.⁷

France has shown that an alternative is possible. Their social leasing scheme, which provides subsidies for lower-income and car-dependent households to lease BEVs, was a great success. The scheme received 90,000 applications in the first month and a half for only 25,000 places, and there have now been 100,000 social leases granted across two cohorts.⁸

The UK can replicate this success by introducing our own social leasing scheme, alongside support for active travel and public transport. Modelling by Cambridge Econometrics demonstrates several practical options that the government could take to implement social leasing in the UK - all of which would lower bills for households, while accelerating the green transition.⁹

The government could introduce:

- A pure social leasing scheme, to bring battery electric lease costs down to as low as £77 a month for households below the median income.
- A bundled social leasing scheme, which includes the costs of lease, insurance, maintenance and charging - available from as low as £222 a month to clearly demonstrate that EVs cost less to run, tackling misinformation barriers.
- A scrappage-for-leasing discount scheme, to incentivise households to scrap their old ICE cars and bring lease costs down to as low as £156 a month, or £56 if households were also eligible for social leasing on top. This would take the most polluting vehicles off the road, curbing air pollution and its corresponding impacts on public health.

⁵ T&E UK (2026) [ZEV Mandate Delivers: Nearly a quarter of 2025 Registrations Show BEVs Are Now Mainstream](#)

⁶ T&E UK (2026) [No one left behind: unlocking affordable clean mobility](#)

⁷ T&E (2026) [Iran conflict set to hit petrol drivers five times more than EVs – analysis](#)

⁸ T&E UK (2026) [No one left behind: unlocking affordable clean mobility](#)

⁹ Cambridge Econometrics (2026) [Access to lower cost electric cars and vans](#)

Driving Fairer EV Access: UK Social Leasing Options

£77

Pure Social Leasing

A monthly subsidy on the price of a BEV lease

- **Purpose:** Removes cost barriers
- **Monthly Subsidy:** £100
- **Eligibility:** Bottom 50% of households by income
- **Cheapest lease cost:** £77
- **Cost:** £1.2 billion for 125,000 households

£222 *(bundled lease)*

Bundled Social Leasing

A monthly subsidy package including: lease, insurance, maintenance & charging costs

- **Purpose:** Predictable monthly payments
- **Monthly Subsidy:** £100
- **Eligibility:** Bottom 50% of households by income
- **Cheapest lease cost:** £222 (bundled lease)
- **Cost:** £1.2 billion for 125,000 households

£156

Scrappage-For-Leasing

A bonus for scrapping an old ICE car, applied to discount a BEV lease

- **Purpose:** Remove polluting old ICE cars
- **Monthly Subsidy:** £21
- **Eligibility:** Universal
- **Cheapest lease cost:** £156
- **Cost:** £650 million for 325,000 households

Source: T&E



This policy could be funded by redirecting the £1.3bn uplift to the Electric Car Grant budget, announced in the Autumn 2025 Budget, to a more targeted social leasing policy. Alternatively, targeted reforms to vehicle taxation could generate just under £2 billion annually, funding almost 200,000 social leases a year.¹⁰ If funded annually until 2034, this would lead to 950,000 more BEV sales by 2035 and an emissions reduction equivalent to 9% of current domestic transport emissions.¹¹

The BEVs available to lease under the scheme should be the same as those currently eligible for the Electric Car Grant, which are made in the UK or Europe or assembled with significant UK content.¹² This means the policy would support British manufacturing of affordable BEVs such as the Ford Puma and Nissan Leaf - supporting the UK automotive industry to meet the ZEV mandate's 2030 targets and 2035 phase-out.

The policy would also have a significant impact on working people, particularly those who have to make frequent car journeys for work, such as social care workers, or those who live in poorly connected rural areas where car use is essential for freedom and mobility.¹³ Looking at the example of Gina, a care worker who relies on a car to visit clients, a social lease could save her

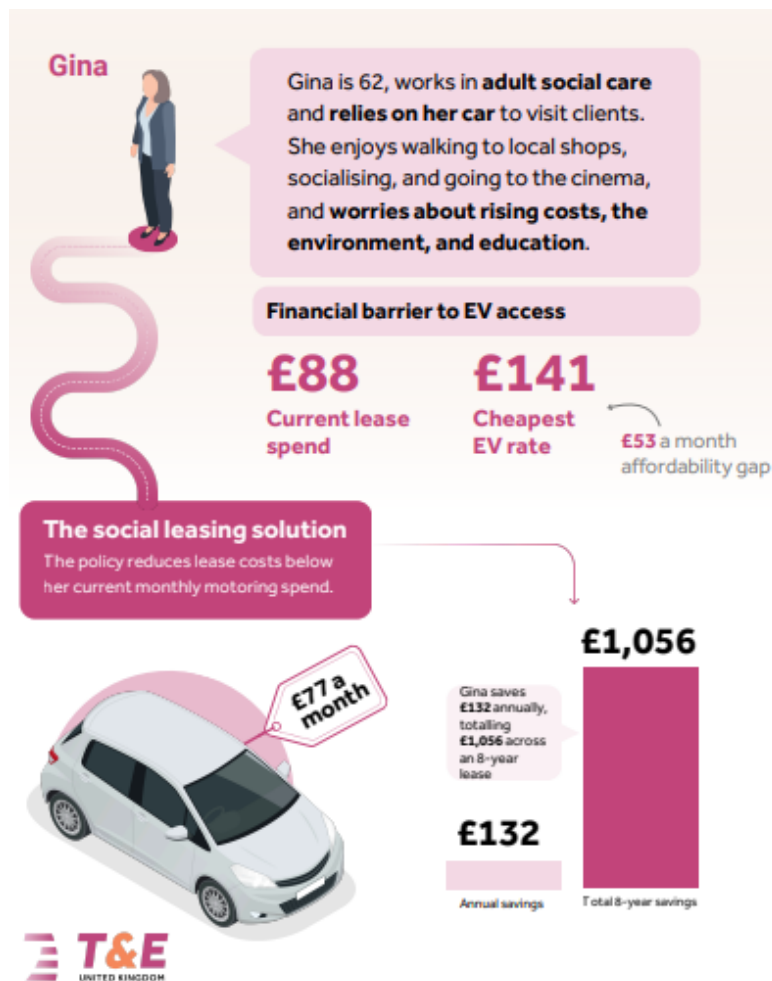
¹⁰ T&E UK (2025) [Large Vehicle Levy Briefing](#)

¹¹ T&E UK analysis of [DfT data](#)

¹² T&E UK (2026) [No one left behind: unlocking affordable clean mobility](#)

¹³ Possible (2024) [Clean Cars for Carers](#)

£1056 over an 8-year vehicle term.¹⁴ Beyond this, she would benefit from cheaper day-to-day running costs by charging at home instead of relying on price-volatile petrol.



We hope that the government will seize this opportunity to lower bills for households while tackling the climate crisis. You can view the full research and policy briefing [here](#). We would be delighted to meet to discuss the subject further.

¹⁴ T&E UK (2026) [No one left behind: unlocking affordable clean mobility](#)

Yours sincerely,

