

Rt Hon Rachel Reeves MP
Chancellor of the Exchequer,
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Wednesday 20th May 2026

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

Joint letter: U-turning on fuel duty is not a solution to the energy cost crisis - social leasing is an effective alternative that will support the UK's energy security.

Dear Chancellor of the Exchequer,

As representatives across civil society and industry, we are calling for the government to urgently rethink the proposed reversal of the 5p fuel-duty hike. Cutting fuel duty in response to the US-Iran conflict would not support the majority of UK households. Instead, the government should provide targeted support to lower-income households to access affordable electric vehicles through an affordable social leasing scheme and take concrete action to bring down the price that drivers pay for public charging - a barrier to EV uptake. These policies would cut bills while securing the UK's energy independence.

Delaying the reversal of the 5p fuel duty cut would represent a regressive and costly policy, disproportionately benefiting higher-income drivers who tend to own larger and more expensive cars. Research shows [large cars consume around 20% more fuel](#) than medium-sized family cars, and that wealthier households [tend to drive further distances](#), meaning they gain the most from fuel duty cuts.

In Labour's [2024 manifesto](#), this government vowed to bring about an end to "sticking plaster politics". Yet postponing the planned fuel duty increase is a temporary measure that would do nothing to reduce the UK's dependence on oil imports, which totalled [£43 billion in 2025](#), 58 per cent of which was used in transport. It would [cost the Treasury £2.2 billion per year](#), while providing the greatest benefits to the most affluent and doing little to support those on low incomes most affected by rising fuel prices.

Cutting our oil dependency is an economic no-brainer: the additional cost of a single fossil fuel price spike of 2022 magnitude is likely to be as large as the total net additional cost of meeting Net Zero by 2050, according to [the CCC](#). Yet continuing to cut fuel duty will only reinforce this dependency, weaken the UK's energy security, and cost households in future price shocks.

Social leasing could provide targeted support on transport costs while increasing the UK's energy security

An alternative is possible. Instead of cutting fuel duty, the government could implement [a social leasing scheme](#) to bring battery electric lease costs down to as low as £77 a month. The scheme would do this by subsidising leases for small BEVs by £100 a month for households earning below the median income. For [the same cost](#) as keeping the 5p fuel duty cut, the scheme could fund cheap EV leases for 230,000 households per year, lowering bills and allowing households to directly benefit from the climate transition.

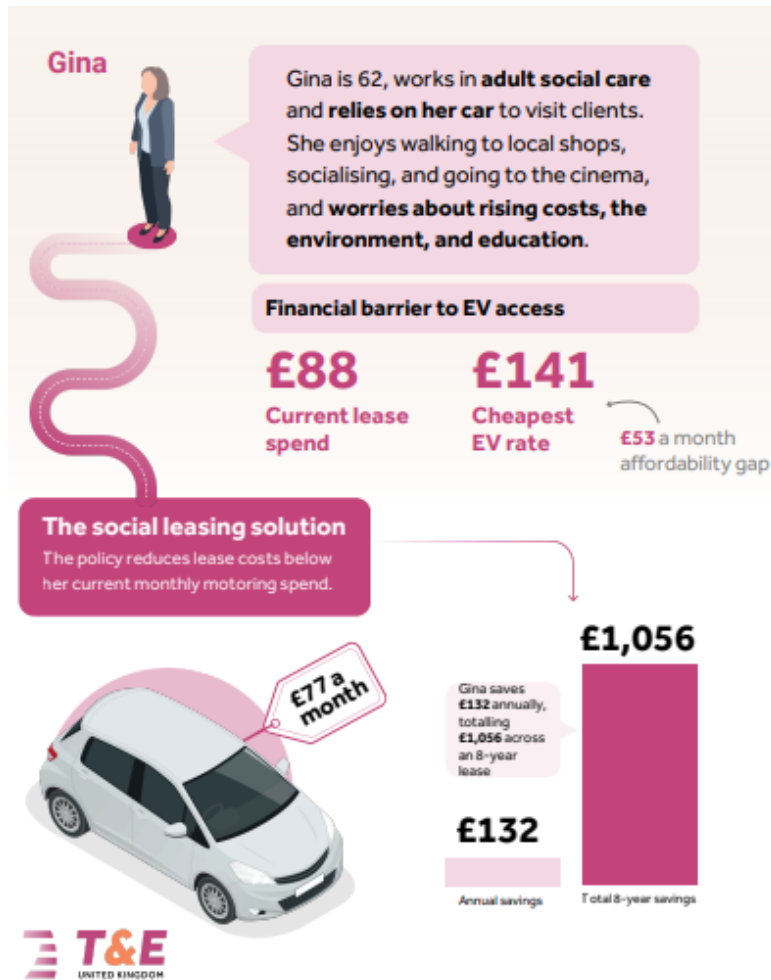
By actively targeting the lower half of the income distribution, social leasing tackles the inequalities currently present in EV access. Currently, the bottom four income deciles [spend under £100 monthly on motoring](#), while the cheapest EV lease is £141. This affordability gap means that those on lower incomes are often stuck driving costly and polluting petrol and diesel cars, which are [5 times more impacted by oil price spikes](#). Switching to a discounted EV lease would lower these households' lease and running costs while protecting them from future fuel shocks.

France has shown that social leasing is a popular and successful policy. Their social leasing scheme received [almost four times](#) the number of applications as there were places in the first month and a half. There have now been 100,000 social leases granted across two cohorts, with another 100,000 places [just announced](#) in the wake of the US-Iran conflict.

The policy would also support the British automotive industry as it transitions to an electric future. By targeting eligibility for the scheme to British and European BEVs, the policy could support UK 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. Further, it would deliver significant environmental benefits: if funded until 2034 it could deliver a CO2 reduction equivalent to [9% of current domestic transport emissions](#) - crucial for fighting the climate crisis and tackling toxic air pollution.

It 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 communities. Looking at the example of Gina, a care worker who relies on a car to visit clients, a social lease could save her [£1,056 over an 8-year vehicle term](#). Beyond this, she would benefit from cheaper day-to-day running costs by charging at home instead of relying on price-volatile petrol. The [latest research](#) has shown that driving an EV saves on average £870 on fuel a year, and this has jumped to over £1000 in the current crisis.

As part of its current cost of public charging review, the government should also take real action to lower the price drivers pay for public charging - one of the most significant barriers preventing [nearly half of households in the country from switching to electric](#). This would ensure the substantial cost savings of driving electric would also reach those who aren't able to charge at home.



We hope that the government will rethink the reversal of the 5p cut, and instead choose to provide targeted support for lower-income households while tackling the climate crisis and reducing the UK's oil dependency. You can view the full research and policy briefing on social leasing [here](#). We would be delighted to meet to discuss the subject further.

Yours sincerely,

