Call for evidence: ZEV mandate

The UK Sustainable Investment and Finance Association (UKSIF) welcomes the opportunity to respond to the Department for Transport's consultation on phasing out sales of new petrol and diesel cars from 2030 and supporting the zero-emission vehicle transition.

UKSIF is the leading membership association for the sustainable financial services sector, with 300+ members who, between them, have more than £19 trillion of global assets under management. We represent asset managers, pension funds, banks, financial advisers, and NGOs, many of whom have notable investments and holdings in the British transport sector. Our mission is to grow a fair, inclusive, and sustainable financial system by empowering the financial services industry to accelerate the transition to a sustainable economy.

The Zero Emission Vehicle (ZEV) Mandate has been one of the primary market signals responsible for attracting billions in private capital towards surface transport decarbonisation via electric vehicle (EV) supply chains and charging infrastructure. We were therefore pleased when the government pledged to reintroduce the 2030 phase out date for new internal combustion engine vehicles, as well as maintaining the operation of the zero-emission vehicle mandate. As such, we are concerned that renewed uncertainty will damage the confidence investors have in the UK as a leading market for EVs and associated infrastructure.

In our response below, we outline our reluctance to support any changes to the Zero Emission Vehicle Mandate due to the impact it will have on long-term certainty and investor confidence. We also highlight the significant economic opportunities that accompany surface transport electrification and propose several measures to stimulate EV demand without weakening the mandate, including by tackling charging costs, addressing planning and grid connection delays, and improving the accessibility and visibility of charging infrastructure.

Q1: Do you think any change is required to the current ZEV Mandate trajectory for cars? Please explain your answer including any supporting evidence.

We do not support any further changes to the current Zero Emission Vehicle Mandate trajectory, having been supportive of retaining the operation of the ZEV mandate as well as the government's manifesto pledge to reintroduce the 2030 phase out date for the sale of new internal combustion engine (ICE) vehicles.

The case for transport electrification is both an environmental and an economic one. Analysis by LCP Delta earlier this year estimated that surface transport electrification could contribute £385 billion to the British economy over the decade to 2035, with 334,000 jobs anticipated across the wider EV sector and supply chains. However, it is important to note that these forecasts assume no further changes to the ZEV mandate which could inhibit investment decisions.

Investors require long-term certainty and plan against expected future EV demand. If the government reneges on the 2030 mandate date or diminishes targets in any way, demand will fall, reducing the forecasted profitability of new charging sites and thus causing investment that would otherwise have materialised to be delayed or cancelled. In essence, the investment case for EVs, batteries, and charging infrastructure would be significantly damaged.

In conversations with our members, many of whom are significant investors in the decarbonisation of the UK's transport sector – including electric vehicles and associated infrastructure – we have heard repeatedly that greater policy certainty would bolster investor confidence, unlock further investment and enable the sector to capitalise on the significant opportunities presented by transport decarbonisation.

This is reflected by our 2024 survey of large transport businesses which found that 57% had moved, or were planning to move, investments out of the UK into a market that was more supportive of their sustainability goals. In the same survey, 60% of respondents were confident that reinstating the initial 2030 phase-out date and aligning this with the ZEV mandate would have a positive impact on companies investing in the EV transition.

The Department for Transport recognised last year that changes to electric vehicle policy created "doubt in the minds of investors and boardrooms" and put at risk "billions of pounds of committed investment in the automotive and chargepoint sectors." Further uncertainty is leaving investors in limbo and weakening the UK's ability to capture the estimated £385 billion economic opportunity from transport electrification.

The review itself is already creating uncertainty and heightening risk for investors, irrespective of whether any changes follow. The Global Infrastructure Investor Association's latest investor survey shows sentiment towards alternative fuel infrastructure, including EV charging, has weakened across Europe, while UK investors increasingly cite political instability, uncertainty over funding models and regulatory uncertainty as barriers to investment. Similarly, a recent survey of chargepoint operators found that further weakening of EV sales quotas could halve investment over the next five years, representing up to £2 billion of capital expenditure that would be spent on charging infrastructure. Conversely, strengthening the mandate could increase charging investment by 40% over the same period. With operators making investment decisions now about infrastructure that will be required over the coming years, renewed uncertainty over the mandate could lead to capital being withheld or delayed.

The damage to investor confidence will not necessarily manifest in an immediate withdrawal of existing investment. The broader effect is more likely to be on future capital allocation: investors may choose competing opportunities elsewhere with stronger risk-adjusted returns as policy uncertainty continues to reduce confidence in the UK.

Critically, watering down the ZEV mandate presents an additional investment risk because charging infrastructure is built years ahead of demand. Charge point operators invest based on the expectation of future EV uptake. Fewer EVs, or greater uncertainty over anticipated demand, results in a weaker business case and produces lower investment. Repeated changes to the ZEV mandate make it harder for charge point operators to raise debt or equity capital, limiting the new investment which is essential to expand the charging network and, in turn, support consumer confidence in switching to EVs.

The country-wide charging points that are needed to support rising numbers of EVs will only be built with the backing of private capital. The ZEV mandate is crucial for attracting finance into this infrastructure as it sets out a clear, predictable pathway for the growth of the EV market.

Secondary to the investment case, but important nevertheless, there is a clear public mandate for transport electrification and specifically electric vehicle infrastructure. Recent More in Common polling, commissioned by UKSIF, found that 74% of Britons want their local council to maintain or increase support for EV charging, with support extending across voters of all major parties (88% Green, 84% Labour, 83% Lib Dem, 78% Conservative, and 63% of Reform UK).

Q28: What are your views on the effectiveness of current measures to support EV uptake? What additional measures, if any, should be introduced to support more rapid EV uptake? Please explain your answer including any supporting evidence.

In addition to retaining the 2030 phase out date and the existing ZEV mandate, we would like to see a core focus on encouraging greater consumer and business demand for EVs, including by reducing ownership costs and increasing the convenience of switching to an EV. This is especially important in assisting industry efforts to meet these twin ambitious requirements. The government should therefore maintain the Electric Car Grant while taking further steps to support EV demand, EV infrastructure and the development of the second-hand EV market.

One of the primary barriers to EV demand remains electricity pricing, both the wholesale price of electricity and the disparities between private and public charging. High electricity prices are an impediment for general electrification, but particularly so for EVs where there are insufficient market incentives to switch from ICE vehicles. The government should therefore consider further electricity market reform, to incentivise drivers to switch, including continued efforts to decouple electricity prices from gas.

Linked to this, while we very much welcome the government's decision to cut VAT on domestic electricity bills to 0% from October 2026, disparities remain between driveway owners and those reliant on the public EV charging network. Electricity supplied via public chargepoints remains subject to the standard rate of VAT – 20% – and our members specifically highlighted that those who live in flats or terraced housing (over 40% of the UK population) risk being disadvantaged from this discrepancy. This needs urgent redress given that average public charging prices have risen by 38% since 2021.

Bringing the VAT treatment of public charging closer to, or ideally in line with, home charging could undoubtedly support affordability and stimulate demand. YouGov polling, commissioned by ChargeUK, found that the proportion of people likely to buy an EV rises from 25% to 37% if public charging is cheaper than petrol – a 48% increase. This could address some of the demand-side challenges facing automotive manufacturers without weakening the mandate.

Notably, reducing VAT alone would be insufficient to close the price gap between public and home charging. According to Zapmap, public rapid charging averaged 79p/kWh in September 2026, compared with around 26p/kWh for domestic electricity, or as little as 8.9p/kWh on off-peak tariffs. The government must therefore go further in addressing the underlying costs of public charging and on electricity market reform.

Government should treat charging cost policy and the ZEV mandate together rather than as separate, siloed exercises. The public charging review and mandate review are running alongside one another, but reducing charging costs could help manufacturers to sell more EVs and support compliance with the existing targets. Moreover, lower charging costs would have further investment benefits. Reducing

operators' ongoing costs would give the charging sector greater headroom to invest in expanding infrastructure, reinforcing the link between cheaper charging, stronger consumer demand and greater private investment.

Further consideration should also be given to the impact of business rates on EV charging bays. Where these costs undermine the commercial case for investment, changes to the business rates regime could help to create a more attractive environment for further EV infrastructure deployment. Reducing standing charge costs for chargepoint operators could also improve the commercial viability of new infrastructure and improve the investment case for charging sites.

Another consequential barrier to EV uptake that we have identified with our members is access to adequate charging infrastructure across the country. Planning approvals, grid connectivity for EV chargers and the need for greater infrastructure investment are all stifling the rollout of charging infrastructure. The government's own work has identified delays in planning approvals and grid connections as barriers to deployment. To address this barrier, our *Financing the Future: Transport* report suggested that there should be firm targets for EV charging points, to ensure that charging infrastructure is appropriately scaled, distributed, and widely compatible. The government should outline clearer long-term expectations for the scale, type and geographical distribution of charging infrastructure required, giving chargepoint operators and investors greater visibility of future need.

As noted previously, recent More in Common polling found that 74% of Britons want their local council to maintain or increase support for EV charging, with support extending across voters of all major parties. There are certain cross-cutting policy changes that lie with other departments (MHCLG and DESNZ) that could help further drive demand, such as: requiring local authorities to produce clear EV infrastructure plans; broadening the conditions under which home charge points qualify for permitted development rights, including allowing these closer to the highway; simplifying planning and permitting for cross-pavement installations, including through standard licence agreements that can be easily rolled out across all local authorities; and ongoing grid connection reforms which will become necessary as more people move to EVs.

Grid connection delays were a significant concern for members as a bottleneck to the rollout of charging infrastructure. In 2025, approximately one third of new GRIDSERVE charging bays were delivered later than planned because grid power was unavailable, despite the infrastructure being complete and ready to operate. Charging operators do not control the grid connection process, which sits with Distribution Network Operators (DNOs), meaning they carry the financial exposure from delays while having little influence over timelines. These delays increase costs, delay revenues and slow the deployment of high-power charging in locations where it is most needed. Government should therefore introduce a more transparent delivery framework for network upgrades, with clearer accountability for timelines, standardised legal processes across DNOs, and equivalent access powers and rights over land to those available to other utility providers to enable faster rollout.

Finally, an overlooked barrier to greater utilisation of public charging networks is not simply the availability, but visibility of infrastructure. Recent AA research found that 56% of prospective EV owners believe improved signage would significantly increase awareness of the public charging network, while Compare the Market found that drivers underestimate the scale of the UK's charging infrastructure, despite public charging infrastructure growing by more than 500% across many leading staycation destinations since 2021. Reforming signage rules could therefore make existing charging

sites easier to find and help build confidence in the availability of public charging. National Highways should consider revising the criteria for motorway signage, which currently prevent some independent EV charging sites from being signposted from adjacent motorways.

We do recognise that government subsidies like the Electric Car Grant cannot be sustained indefinitely. Therefore, the government could consider some other measures to provide more sustained support for demand. Extending favourable Benefit-in-Kind tax rates over a longer period would provide greater certainty for businesses and employees considering electric company cars. Similarly, salary sacrifice schemes have proved an effective mechanism for making EVs more affordable by allowing employees to lease vehicles through their pre-tax salaries.

Greater attention should also be paid to the second-hand EV market, which is a key means of ensuring EVs are accessible to a wide range of consumers. Addressing concerns around battery longevity, resale values and reliability could help to build confidence among prospective buyers. Alongside this, measures to tackle both the actual and perceived higher costs of EV ownership, particularly insurance premiums and repair costs, could stimulate demand.