


WLTP & YOUR FLEET



OVERVIEW

From 1 April 2020, a new way of testing passenger cars' CO₂ emissions and MPG performance was introduced. The new Worldwide Harmonised Light Vehicle Test Procedure (WLTP) replaces the New European Driving Cycle (NEDC) procedure, which was established in the 1980s.

With the switch to WLTP on 1 April 2020, new company cars registered on or after 6 April 2020 are expected to see an increase in the amount of Benefits-in-Kind (BiK) and Vehicle Excise Duty (VED) paid, as well as how Total Cost of Ownership (TCO) is calculated. All electric cars, new and existing, will be subject to zero BiK. We are still awaiting confirmation of the full WLTP Carbon Dioxide (CO₂) emissions data from all manufacturers, however, our current data analysis shows on average vehicle CO₂ emissions will be increasing around 20% for petrol and diesel engines. If you require further information, please visit www.lombardvehiclesolutions.co.uk.



We have prepared the following FAQs to help address any initial questions or concerns you may have.¹

¹ Whilst care has been taken to ensure the information set out in this document is accurate and up to date, Lombard Vehicle Solutions shall not be liable for any loss or damage arising out of or in connection with the use of, or reliance on, the information provided.

1. What is Worldwide Harmonised Light Vehicle Test Procedure (WLTP)?

WLTP is the new method for measuring both fuel consumption and carbon dioxide (CO₂) emissions. It has been applied to all newly registered cars since September 2018.

These tests are designed to be more akin to real-world driving and, therefore, be more accurate. Factory options are likely to impact the vehicle's weight and aerodynamics (e.g. tow bars, roof bars, panoramic roof, wheel size, etc.), which will in turn impact CO₂ values; this has potentially significant ramifications for fleets and their drivers. Various taxes, including Benefits-in-Kind (BiK) tax paid on company cars and Vehicle Excise Duty (VED), are linked to a vehicle's CO₂ emissions. Given that WLTP is likely to give higher CO₂ scores than under the New European Driving Cycle (NEDC), it's possible that vehicles will be pushed into higher tax brackets.

2. What is the New European Driving Cycle (NEDC)?

NEDC is a vehicle testing regime designed in the 1980s and last updated in 1997. With the advances in vehicle technology and changing driving conditions, NEDC has been identified as being outdated and not representative of how vehicles are driven in real-life. Please see the table below for a comparison of NEDC and WLTP.

3. What is Real Driving Emissions (RDE)?

RDE test is the new method for measuring a car's emissions on the road – particularly nitrogen oxide (NOx). To conform to the RDE Step 1 standard mandatory for all newly registered cars since 1 September 2019, a car can emit up to a maximum 168mg NOx/km. For the RDE 2 standard, obligatory for all newly registered cars from 1 January 2021, this will be reduced to 120mg NOx/km.

The old NEDC testing regime has been replaced by WLTP and RDE which will run in parallel with each other.

4. What are NEDC-correlated figures?

NEDC-correlated figures were introduced as an interim measure during the transition from the NEDC regime to full WLTP. To ensure parity between vehicles until WLTP is fully implemented from 6 April 2020, the European Commission developed a model called 'CO₂MPAS' to provide a vehicle tested under the WLTP regime with a comparable NEDC CO₂ value that would be used for calculating BiK.

5. What are the main differences between NEDC and WLTP?

The table below, produced by the European Automobile Manufacturers' Association, highlights the main differences between NEDC and WLTP.

	NEDC	WLTP
Test cycle	Single test cycle	Dynamic cycle more representative of real driving
Cycle time	20 minutes	30 minutes
Cycle distance	11km	23.25km
Driving phases	2 phases, 66% urban and 34% non-urban driving	4 more dynamic phases, 52% urban and 48% non-urban
Average speed	34kph	46.5kph
Maximum speed	120kph	131kph
Influence of optional equipment	Impact on CO ₂ and fuel performance not considered under NEDC	Additional features (which can differ per car) are taken into account
Gear shifts	Vehicles have fixed gear shift points	Different gear shift points for each vehicle
Test temperatures	Measurements at 20-30°C	Measurements at 23°C, CO ₂ values corrected to 14°C

Source: [WLTPfacts.eu](https://www.wltpfacts.eu), an initiative of the European Automobile Manufacturers' Association, which represents the 15 Europe-based car, van, truck and bus makers - <https://www.wltpfacts.eu/from-nedc-to-wltp-change/>

6. Why is it happening?

The European Union identified the need to update the NEDC regime to better test the impact of changing vehicle technology and driving conditions on 'real-world' fuel consumption, pollutants and CO₂ emissions. WLTP expands the process to include testing a number of models in a vehicle range, as opposed to a single model, and also the impact of optional extras, such as tow bars and roof bars, on the overall performance of the vehicle. The 'diesel-gate' scandal simply underlined the urgency for the move to a new testing regime.

7. What is happening in April 2020?

The government has confirmed that it will continue to use NEDC figures for the purposes of taxation until April 2020, and from 1 April 2020 it will switch to WLTP figures. For the 2019/20 tax year, cars that have already undergone WLTP tests will have had their CO₂ data converted to 'NEDC-correlated' figures.

8. What effect will selecting optional extras have?

The addition of options could impact the vehicle's weight and aerodynamics (e.g. tow bars, roof bars, panoramic roof, wheel size, etc.), which will in turn impact CO₂ values.

9. Are all vehicles covered by WLTP?

From 6 April 2020 onwards, passenger cars across all powertrains (i.e. petrol, diesel and alternatively fuelled vehicles such as electric and hydrogen) will be impacted by WLTP. Although the WLTP test has been applied to LCVs since September 2019, the taxation of LCVs currently remains unaffected. However, the government intends to implement a new VED system for LCVs in April 2021.

10. Is there any impact on electric vehicles?

Yes, all electric vehicles will need to be tested using the WLTP measurement system. While the move from NEDC to WLTP will not change the fact that electric vehicles do not emit any CO₂, it will provide a more accurate reading to show the range i.e. the distance a vehicle may be able to go before running out of electric charge.

11. What impact will these changes have for fleets?

Existing fleet vehicles will not be affected as the data held on the current V5 document will not change.

For new vehicles registered after 6 April 2020, WLTP could impact a fleet in several ways.

It is likely that WLTP will result in an increase in BiK and VED; this may result in fleets needing to review their current company car policy. On a more positive note, the new testing should provide businesses with more accurate predictions of their fleet's efficiency and total cost.

From 6 April 2020, the government has provided a second BiK table which reduces the majority of CO₂ bands by 2% to help compensate for the increase in official CO₂ emissions figures.

If your company car policy includes CO₂ restrictions (e.g. to achieve CSR targets), under WLTP it is possible that some vehicles will fall outside of these parameters. Before making any decision to raise your fleet's CO₂ limit, it is worth investigating potential lower emissions alternatives.

12. How will this affect company car drivers?

Drivers of company cars will be affected by WLTP. Various taxes, including BiK paid on company cars and Vehicle Excise Duty are linked to a vehicle's CO₂ emissions. Given that WLTP is likely to give higher CO₂ figures than would have been given under NEDC, it's possible that some vehicles will be pushed into higher tax brackets. It will be important for business drivers to factor in such changes when selecting their new company car.

13. How will WLTP affect Benefits-in-Kind (BiK) tax?

As the old NEDC tests were not representative of how vehicles were driven, it was deemed their emissions values were incorrect. The new WLTP test will provide a more accurate emissions reading which means BiK tax could be affected. BiK taxation is calculated using the vehicles CO₂ emissions, therefore the amount paid by employees for specific vehicles could increase under the new measurement system. Given that WLTP is likely to give higher CO₂ figures than would have been given under NEDC, it's possible that some vehicles will be pushed into higher tax brackets. It will be important for business drivers to factor in such changes when selecting their new company car.

14. How will WLTP affect a vehicle's MPG?

Official MPG figures have been based on WLTP results since January 2019 so no changes are expected in the reported fuel consumption figures after 6 April 2020.

However, in general, a vehicle's fuel consumption performance should not be affected to any material extent by the new WLTP measurement system, as the main purpose of the testing is to give more accurate CO₂ emissions readings. If a vehicle scores a higher CO₂ value in the new testing, this will not necessarily result in increased fuel consumption.

15. What happens if a delivery is delayed beyond 6 April 2020?

Taxation is based on the data held on the Vehicle Registration Document (V5). NEDC-correlated figures will be used on the V5 prior to the 1 April. Any vehicle registered from, and including 1 April 2020 will have WLTP CO₂ figures on the V5. This means drivers of a car registered between 1 and 5 April will have to pay BiK calculated at the current rate until the new BiK bandings, based on WLTP, come into effect on 6 April.

Please contact your Lombard Vehicle Solutions representative to discuss any questions you may have regarding your vehicle order.

GLOSSARY OF TERMS

Benefits-in-Kind (BiK) taxation

A form of tax imposed on the benefits that an employee receives in addition to his or her salary. These benefits may include company cars, medical insurance and living accommodation. The way in which the tax is levied differs from benefit to benefit.

Clean Air Zone (CAZ)

An area where special action is taken to reduce air pollution and improve air quality. These policies can include charging drivers to enter the zone if their vehicles do not meet specified emission standards.

Company Car Tax (CCT)

A form of Benefits-in-Kind taxation levied on an employee's company car. This tax is based on a company car's list price and its CO₂ emissions. A new system of CCT will be introduced in 2020-21, with lower rates for low-emission vehicles.

NOx emissions

Oxides of nitrogen, known as NOx, are emitted during fuel combustion – particularly from diesel vehicles.

The Real Driving Emissions (RDE) tests

A new system for testing vehicles' emissions of oxides of nitrogen and particulate matter. Vehicles are driven for 90 minutes on urban and rural roads, as well as on the motorway.

Total Cost of Ownership (TOC)

Total Cost of Ownership (TCO), sometimes known as Whole Life Costs (WLC), is a measure of a vehicle's cost beyond its original purchase price. It includes costs such as fuel, taxation and even maintenance, as well as savings such as government incentives and grants. Businesses are advised to use TCO in their calculations.

Vehicle Excise Duty (VED)

An annual government tax on cars used on the road, based on their fuel types and CO₂ emissions. Also known as Road Fund Licence (RFL) or road tax.

V5

The V5C document is issued by the DVLA to the registered keeper of a vehicle that provides proof of ownership and the specific details of a vehicle.

The Worldwide Harmonised Light Vehicle Test Procedure (WLTP)

A new laboratory-based system for testing vehicles' CO₂ emissions and fuel consumption. It involves longer tests, with more realistic conditions and driving behaviour, than the previous regime.



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Let's talk

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