UK Automotive Sector Analysis

A comprehensive review and analytical perspective

Contents

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Executive summary

Anyone working in the UK's automotive sector feels the ground is shifting beneath them and understands that the changes taking place are real, immediate, and pressing. From Electric Vehicle (EV) mandates and skills shortages to strained supply chains and exposure to cybercrime, it's a tough, unpredictable road ahead for the sector.

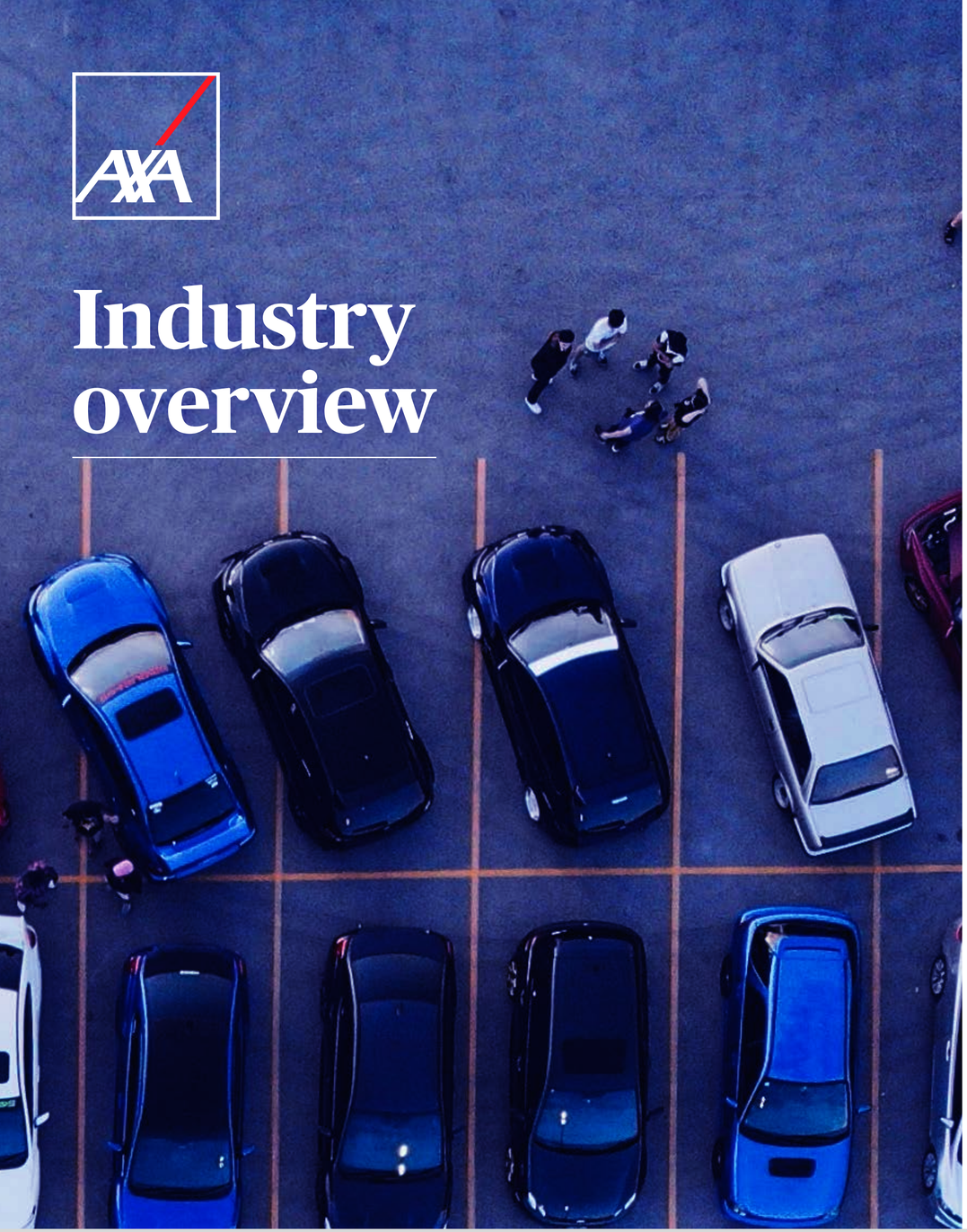
To try and make sense of the myriad of issues at play, we've brought together data and insight on the most significant short and long term trends, highlighting the risks – and the opportunities – they bring. The need for a wholesale transfer to EVs creates huge challenges across the automotive industry, and its ability to manage them will have a significant influence over the UK's transition to net zero.

EV infrastructure is patchy, commercial vehicle choice is limited and costs are rising all the time. While more and more technicians are being trained to work on EVs, even more are required to keep pace with rising demand for EV servicing. Inflation is cooling, but not quickly enough and supply chains remain vulnerable to geopolitical turmoil. Meanwhile the regulatory goalposts on emissions keep moving and the cyber risk keeps growing, all of which leaves a sector with a lot of heavy lifting to do.

But this industry is nothing if not resilient. From embracing connected tech to rethinking how fleets are managed, there are signs of real innovation and adaptation. Businesses aren't just reacting - they're planning, investing,and finding new ways to manage risk.

We hope this report helps you take stock, spot what matters, and make stronger moves in a fast-changing landscape. Because while the road ahead might be bumpy, it promises huge opportunity to those who can manage the inherent risks.

Louis Rudd,
Regional Director – South



Industry overview

Highlights

- The UK automotive sector contributes £37bn in Gross Value Added (GVA) to the economy and employs 758,000 people.
- It remains the UK's largest exporter of manufactured products, with exports of cars, vans, and components amounting to approximately £47bn in 2023.
- Motor Trade has the sixth highest vacancy rate of all UK sectors, with an estimated 17,000 unfilled vacancies.
- In 2024, **nearly 20% of all vehicles sold** [1] were EVs but only 1.7% of all light commercial vehicles (LCV) and just 0.5% of heavy goods vehicles (HGV) on the road today are electric.
- The rollout of connected and automated mobility (CAM) technology could benefit the economy by £66bn per year while contributing to greater safety levels in the sector.
- 70% of automotive sector firms working on delivering digital transformation projects don't have a well-planned data strategy while 72% said they don't have the infrastructure to effectively gather, collate and manage data.

Economic powerhouse

The automotive sector is an economic powerhouse, one that has long made a significant contribution to the UK economy. But today it is grappling with rapid transformation.

Contributing tens of billions of pounds to the economy and supporting hundreds of thousands of jobs, the industry's importance is undeniable. But beneath the surface, shifting employment trends, soaring vacancies, and mounting regulatory pressures reveal a more complex picture. With pressures to adopt EVs growing and the labour market showing signs of strain, businesses are navigating a landscape defined by both opportunity and risk.

According to **the Institute of the Motor Industry (IMI)** [2], the UK automotive sector contributes £37bn in GVA to the economy, employing 758,000 people across 100,000 business, with more than three quarters (78%) of those jobs found in the retail and motor trade sectors.

This huge sector has been juggling several priorities in recent years but according to a survey from the **British Vehicle Rental and Leasing Association (BVRLA)** [3], there are some key issues that fleet managers are focused on:

- Reducing overall costs (64%).
- Finding affordable insurance (36%).
- Transitioning to EVs (35%).
- Managing residual value risk (30%).
- Managing supply chain constraints (27%).

£37bn in GVA to the economy

Employing **758,000** people

100,000 businesses

78% in retail and motor trade sectors

The search for talent

Another long-standing issue has been the ability to recruit drivers and qualified technicians to work on EVs, and its absence from this list suggests that pressures here are easing. However, even if the heat is coming out of the job market, vacancies are still a concern. In April this year, the **IMI found that the vacancy rate in the motor trade sector sat at 2.8%** [4], a sharp drop from the 4.9% recorded in 2023. This is still the sixth highest vacancy rate of all UK sectors, with an estimated 17,000 vacancies unfilled across motor trade.

> "If recruitment doesn't keep pace with the development of EVs, the labour gap will get wider and that's something the industry knows it needs to address," says Louis Rudd, Regional Director – South, at AXA Commercial.

> "Many are actively addressing this gap by setting up dedicated training centres to develop the skills they need and AXA is supporting that with bursaries and connecting them with specialist third-party support."

The adoption of EVs has resulted in a growing demand for technicians qualified to repair these vehicles, with the sector recording a 4% increase in demand for these skills in early 2025, following a dip in late 2024.

"It's becoming harder and harder for business to recruit the drivers, engineers and technicians they need. They can't compromise on the quality and training of individuals as bad drivers or poor repairers bring risk into their businesses," says Mark Sutcliffe, Commercial Motor Technical Risk Manager at AXA Commercial and former Head of Transport at Warburton's and the Co-op.

> "They're working hard to find the right drivers but also the right technicians to keep down-time and repair costs to a minimum."

Vacancy rate in motor trade **2.8%**

6th highest **vacancy rate** of all **UK sectors**

Estimated **17,000 vacancies** across motor trade

4% increase in demand for qualified **EV technicians**

A lack of choice

Despite Government incentives such as the Zero Emission Vehicle (ZEV) mandate and the introduction of more affordable models, **the UK EV market appears to be in contraction with sales up to April 2025 falling by 11.4%** [5]. The introduction of the new Vehicle Excise Duty, including a fee for EVs and the Government's relaxation of the ZEV mandate, have been blamed for this decline.

The UK's commercial fleet is also struggling to gain the necessary momentum. As of April 2025, **there were 83,632 electric vans on the road** [6] and while this represents a 15 fold increase on 2020 volumes, EVs still only account for 1.7% of all LCVs in the UK. For HGVs, data from **the Society of Motor Manufacturers and Traders (SMMT)** [7] shows that 217 zero emissions trucks were registered in 2024, representing just 0.5% of the UK-wide fleet. In 2024, **nearly 20% of all vehicles sold** [8] were EVs, the vast majority in the private car market.

With ZEV regulations banning the sale of combustion engine vehicles by 2035, the industry has a lot of catching up to do in the coming years if those mandates are to be met.

> "There is good choice in the personal EV market but the commercial market is still in its infancy in terms of different makes and models. There isn't a huge amount of choice for vans and commercial vehicles and the lack of reliable infrastructure places further restrictions on the adoption of commercial EVs," says Mark.

Macro economics

Despite falling from a peak of 11.1% in October 2022, inflation in the UK remains above the Bank of England's target, standing at 3.5% in April 2025, with the **Consumer Price Index rising by 3.5%** [9] in the 12 months to April 2024. In addition, growing manufacturing costs - driven by raw materials - are being passed on to consumers, leading to increased new car prices and reduced affordability, placing further pressure on manufacturers and dealerships.

> "Inflation is a huge issue for the motor trade sector. If you are a vehicle repairer, you are in the supply chain and we have seen high inflation for a couple of years in motor repair costs," says Louis, adding that these have been a significant contributor to rising insurance premiums in recent years.

> "Those premium increases feel like they are slowing down and easing off now and in the second half of this year, increases will probably come down to single digits. But as insurers, we have to keep up with claims costs in motor markets," adds Louis.

The cost of living crisis remains a key challenge for the sector. One survey found that for 25% of dealers, **the affordability of repairs was a key concern for customers** [10] while 43% said that increased price sensitivity was the most obvious change in customer preferences in recent years, with more than one in five noting a rise in the use of interest-free loans to settle workshop bills.

The **Bank of England's efforts to curb peak inflation** [11] through higher interest rates have significantly impacted car financing in the UK. However, since August 2024, three interest rate cuts have been implemented, lowering the effective rate to 4.25% as of May 2025.

Additional rate cuts could be on the horizon and these are expected to enhance financing options for both individuals and commercial motor customers. Manufacturers are also likely to benefit from lower interest rates, particularly through eased capital requirements, which are crucial for investment in research and development, operational efficiencies, and the adoption of emerging technologies.

Affordability of repairs a key concern for **25%** of **dealers**

43% report increased **price sensitivity** from customers

1 in **5** noting a rise in the use of **interest free loans** to settle repair bills

A broader view

Geopolitical events such as Russia's invasion of Ukraine, attacks on cargo vessels in the Red Sea and the risk of a global trade war, have exacerbated supply chain vulnerabilities in the automotive sector. In recent years, the service, maintenance, and repair of vehicles has grown increasingly reliant on global logistics to source parts for repairs, with the scarcity of parts posing significant challenges for businesses. The issue has been further aggravated as manufacturers prioritise the retention of parts for new vehicles over those necessary for the repair market.

The transition to EVs has heightened demand for certain raw materials - particularly those used in batteries such as lithium, cobalt and nickel - while Chinese factories hold a significant monopoly on EV components, including the lithium batteries essential for EVs.

The ongoing crisis in the Red Sea has intensified supply chain challenges for those importing batteries from China, leading to longer transit times and increased freight costs. Shippers in the region are on high alert following the **March 2025 announcement by Yemen's Houthi rebels** [12] that they would resume attacks on Israeli cargo ships. The EOS Risk Group, which provides security advice to the shipping industry, has indicated that the Houthis may also target UK-affiliated vessels in retaliation for the UK's involvement in airstrikes in Yemen, potentially impacting the sector further.

The automotive sector is the UK's largest exporter of manufactured products [13], with cars, vans, and components worth approximately £47bn traded in 2023. The EU remains the largest market for UK-built cars, **accounting for approximately 54% of exports** [14], and serves as the primary export-import destination for vehicle components. Firms are still managing the impact of Brexit which has been multi-faceted, influencing trade, production, investments, and workforce dynamics.

A limited trade agreement between the UK and the US has brought relief to the automotive sector with tariffs on vehicles reduced from 27.5% to 10% on up to 100,000 units, and there is a proposal to completely remove the 25% tariffs that had been applied to steel, a major component in automative manufacturing.

For UK manufacturers, expanding trade beyond traditional partners in Europe and North America will be critical to diversifying risk and capturing new growth markets. While challenges remain, particularly around regulatory alignment and tariffs, countries such as India could emerge as strategic long-term partners for the UK's motor trade sector.

Technology

Technology is having a profound effect on every aspect of the economy but that impact is perhaps far more fundamental and potentially disruptive in the automotive sector. The shift towards EVs and fully autonomous driving at some point in the future, as well as the increased connectivity and digital complexity of vehicles, brings huge benefits as well as significant challenges.

It has been estimated that **the rollout of CAM technology** [15] could result in annual economic benefits of as much as £66bn per year by 2040, could help prevent 60,000 serious accidents and 3,900 deaths, and add 342,000 new jobs. Promisingly for commercial operators, on-road logistics are poised to benefit the most with an estimated £15bn boost with the widespread adoption of CAM technology, while off-road logistics - vehicles in warehouses, ports and airports – are predicted to benefit by more than £2bn per year by 2040.

"The advent of self-driving vehicles could have profound implications for both road safety and the economy. It has the potential to effectively eliminate human error, and impact of poor driver behaviour which are significant contributors to road accidents. As a safer alternative to the way we drive today, it could not only save lives, but significantly lower the costs associated with accidents which in turn alleviates the financial burden on healthcare systems and emergency services." says Mark.

"Bringing self-driving technology into our transport networks could be a game-changer for businesses too. Imagine a world where vehicles communicate seamlessly with one another, optimising traffic flow and reducing congestion, whilst making our roads safer. With fewer traffic jams and quicker travel times, companies can streamline their operations and get products to their customers faster and offer a real boost in productivity."

The Internet of Things is expected to have a significant short and long-term impact on the automotive sector. The connection of various pieces of technology in the vehicle and surrounding infrastructure enables real-time data exchange, predictive maintenance, enhanced safety, and seamless communication between vehicles and their surroundings.

This connected, digital landscape should improve safety levels for drivers and engineers, create greater efficiency for fleet managers and dealerships, and the insight gained from the data will allow insurers to assess and price risks far more accurately and deliver even more effective risk management support.

Technology in every part of the value chain

The influence of technology is being felt across the automotive landscape and is being used in every conceivable form. For example, the use of chatbots in dealerships has accelerated in recent years and they are being applied to ever-more complex discussions.

Customers are becoming as comfortable engaging with digital assistants as they are with humans, with **data from one provider** [16] showing that over a 15-month period between 2023-25:

- The number of car servicing discussions conducted via chatbot nearly tripled – from 12.8% to 36.2%.
- Chatbots managed 37.5% of sales and trade-in conversations, up from 13.1%.
- The proportion of chats dedicated to general information requests plunged from 69.2% to just 21.7%, indicating customers are increasingly comfortable having more consequential interactions with chatbots.

The benefits of technology are clear but it must be adopted and implemented effectively if these benefits are to be felt across the sector. Research from **one technology provider** [17] shows that the broader automotive sector is struggling to undergo the necessary technological evolution:

- 84% of UK motor employees are not trained in new technologies.
- 72% of business leaders say they don't have the infrastructure to effectively gather, collate and manage data.
- 70% of automotive sector firms working on delivering digital transformation projects don't have a well-planned data strategy.

Regulation

According to the BVRLA, **71% of its members feel the regulatory burden is too heavy** [18] while 70% say that uncertainty over what regulations will come into force and when, is hindering business growth.

In April 2025, **the Government significantly relaxed the deadlines** [19] for compliance with the ZEV mandates:

- Hybrid vehicle sales were extended to 2035: manufacturers are now permitted to sell hybrid vehicles until 2035, extending the previous 2030 deadline.
- Reduced penalties for non-compliance: fines for manufacturers failing to meet ZEV targets have been reduced from £15,000 to £12,000 per vehicle.
- Increased flexibility for manufacturers: the updated mandate allows manufacturers to shift more EV sales to later years, providing greater flexibility in meeting targets.

These are the latest in a series of back and forth changes to the regulations, starting with then Prime Minister Rishi Sunak's decision to extend the ban on new diesel and petrol cars from 2030-35. The 2030 deadline was later reinstated by Sir Kier Starmer's government but with the above concessions.

> "The lack of stability and certainty in the regulatory environment makes it increasingly difficult for manufacturers, retailers and repairers to plan ahead properly and secure the resources and the skills they will need to manage the future zero emissions landscape," says Louis.

Fourteen Low Emission and Clean Air Zones have been established across the UK – from Aberdeen to London and Bristol to Glasgow – and while they are designed to help push the adoption of EVs and improve public health, they do create further pressure for fleet managers, dealers and motor traders.

Older, combustion engine vehicles will have to be replaced more quickly to ensure a fleet's compliance as resale values plummet, and while this transition takes place, operators are forced to overhaul well-established routes and processes to ensure compliance.

> "It will be interesting to see how businesses manage these clean air zones in the long term. Freight operators that have to go into these areas to do their job have no choice but to pay to enter or pay the fine if their vehicles aren't compliant," says Mark.

> "They have to deliver the products and services we all need, so they have no choice. The way clean air zones are implemented is driving cost into businesses."

Sustainability

Domestic transport is **the largest contributor to greenhouse gas emissions in the UK** [20], accounting for 28% of the total emissions in 2022, making it a crucial focus in achieving the UK's net zero goals. At end of 2021, only 396,945 electric cars were in circulation but fast forward to February 2025, and the EV landscape is rapidly evolving, with a three-fold increase in adoption. The UK is now home to **over 1,500,000 fully electric cars, representing 4.4% of the approximately 34 million vehicles** [21] on the road.

While there is clear public interest in transitioning to EVs, the current economic climate and financial pressures faced by many UK households are hindering broader adoption. Additionally, concerns about the charging infrastructure are prompting many consumers and businesses to choose hybrid vehicles as a stepping-stone towards a fully electric vehicle.

The **ratio of chargers to plug-in vehicles** [22] has only marginally improved - from one charger for every 29 plug-in vehicles on the road in 2023, to 28 in 2024. Moreover, regional disparities remain, with two in five charge points located in London and the South-East.

However, the UK has reached **a milestone of 75,000 public EV charge points** [23], with a new charger added every 29 minutes. The Government is investing over £2.3bn to support the switch to EVs, with February seeing record sales - one in four cars sold that month was electric. The initiative includes £381m for local chargers in smaller towns and rural areas, improving accessibility outside of London and the South East.

Three fold increase in **adoption** of **electric** vehicles

1.5m fully **electric** cars representing **4.4%** of the approximately **34 million** vehicles on the road

1 charger for every **28** plug-in vehicles

2 in **5** charge points located in **London** and the **South-East**

75,000 public **EV** charge points

£2.3bn to support **switch** to **EV's**

£381m for local **charging infrastructure** in smaller towns and rural areas

The stuttering uptake of EVs

The ZEV mandate is a cornerstone of the UK's sustainability strategy which states that by 2035, **all new cars and vans sold in the UK must be fully zero-emission** [24]. An interim target for 2030 requires 80% of new cars and 70% of new vans to meet zero-emission standards.

By 2024, **new car registrations for EVs had reached 19.6%** [25], reflecting a 21.4% year-on-year increase. However, this still falls short of the 22% target set by the ZEV mandate. Demand for second hand EVs has surged, with consumers and businesses acquiring **188,382 cars in 2024, 57.4% more than the previous year** [26], with second hand EVs making up 2.5% of the used car market.

EVs are witnessing record annual volumes and market share, however, consumer demand hasn't yet reached the levels necessary to complete the transition. This weak demand, along with the mounting pressure of mandated targets compelled manufacturers to subsidise sales, leading to **an estimated £4.5bn in discounts for fleet, business, and consumer EV purchases** [27] in 2024 alone. These subsidies won't last.

While the future offers huge opportunity for the sector, it is not without its challenges. When asked about key business risks, **a survey of BVRLA members** [28] found that:

- 61% were concerned about the residual value of EVs.
- 41% were struggling to manage the increasing regulatory burden.
- More than two thirds (36%) pointed to supply chain constraints.
- 32% said the cost of finance was a key concern.
- And 26% highlighted rising costs as a core business risk.

With the exception of EVs, these concerns could be applied to any part of the economy but the automotive sector generates some specific risks that require tailored expertise to manage effectively.

Health and Safety

Health and Safety in the workplace is now thankfully just part and parcel of running a modern business but despite all the progress made, accidents and ill health at work continue to be the source of a huge number of claims every year. In the motor trade sector for example, the **Health and Safety Executive (HSE) reported** [29] that from 2021-23, the wholesale and retail trade category (which includes motor trade) experienced 1,960 non-fatal incidents per 100,000 employees and an ill health rate of 3,410 per 100,000.

While most organisations have strong controls and processes in place, the advent of EVs threatens to change the nature of risks that have been well controlled for many years.

> “As EVs become older, my concern is how stable the lithium batteries are going to be. We are seeing more and more EVs on the roads and coming into the second hand market but what does that mean for the fire risk?” asks Louis.

He says that some organisations, such as car supermarkets, can have hundreds if not thousands of vehicles parked in one location and even if EVs make up just a fraction of those vehicles, if one catches fire, a large proportion of the fleet could be lost and the risk to life would be significant.

> “We haven’t seen any claims like that yet so it’s too early to quantify the risk, but it is definitely something that we recognise and are planning for,” he adds.

The interconnected nature of risk

But the risks go beyond the physical. According to Ben, **a non-profit organisation dedicated to improving the health and wellbeing of people working in the automotive sector**[30], 99% employees have experienced a health or wellbeing issue in the last 12 months. Stress was the number one experience (56%) with poor sleep (51%) and feelings of anxiety (43%) following closely behind. Over a quarter (27%) of automotive workers had issues managing their mental health, compared to 16% across all sectors.

In a glaring example of how risks are often interlinked, of the 14% of workers who said they were considering leaving the automotive industry, 63% said they were experiencing stress at work. And when asked to rate the support they currently receive from their employer, just 26% had something positive to say compared to 40% who expressed negative sentiments.

Failure to help manage the broader health and wellbeing needs of employees is more than an attendance risk; it also compounds the recruitment challenge facing the industry. But as Louis points out, more and more organisations are opening up to insurers and their expertise to understand how they can better insulate their people and their business from risk.

> "In almost all the meetings I go to today, the client will be very open about their controls and processes but they want advice on how to improve them, they want us to use our experience and data to help them reduce their risk exposure," he says.

Supply chain

Strained and disrupted supply chains have been an issue since the pandemic and they have been further exacerbated by war in Ukraine and attacks on shipping in the Red Sea by Houthi rebels. The situation had begun to stabilise but uncertainty has once again come to the fore with conflict between Israel and Iran and the new US administration's trade policies. Threats to place tariffs on steel, aluminium, auto parts and cars place added pressure on an already strained sector, with increased production costs and further disruption to supply chains the most likely outcome.

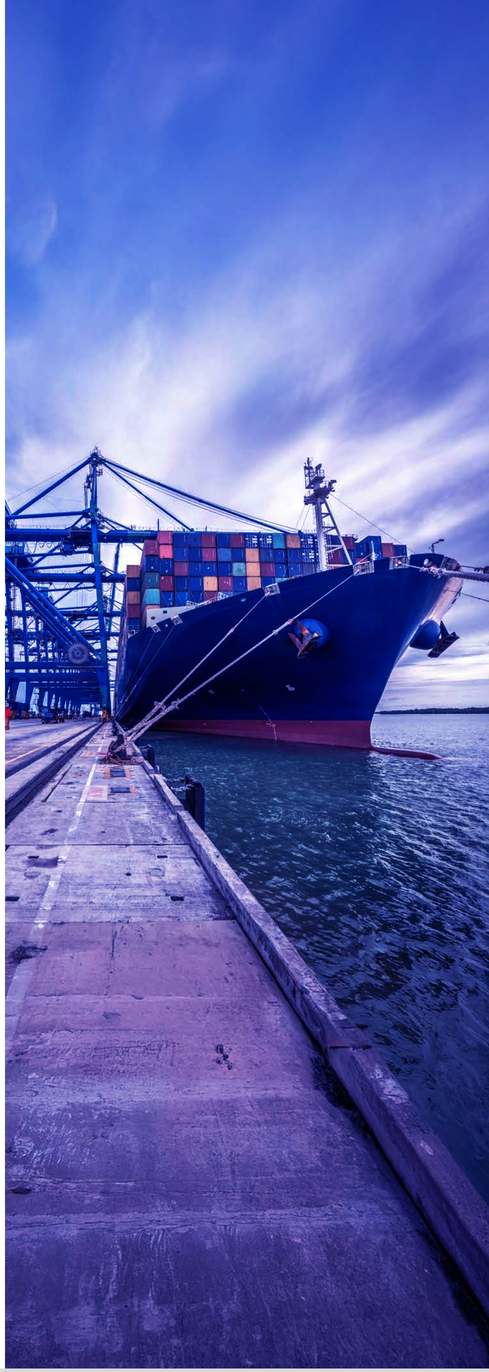
The **UK and US recently signed a trade agreement** [31] which could see much of this risk removed but such is the volatility of US trade policy, any organisation within the automotive supply chain is faced with a huge amount of uncertainty in the immediate future.

And as the sector moves increasingly towards EVs, the complexity and vulnerability of supply chains increases. According to **research conducted by Thatcham** [32], EVs are 25% more expensive to repair than combustion engine vehicles and take 14% longer to repair. This not only brings a direct resource and cost challenge to repairers, it also contributed to a 12% increase in insurance premiums in the last quarter of 2024.

> "The supply chain is improving and the repair networks are settling down. That won't be the case for every organisation but we are not seeing any major issues and it feels like some normality is coming back. However, as we have seen recently, that could change overnight," warns Mark.

The raw materials supply chain, so crucial to the development of EVs, is looking increasingly vulnerable. By 2040, global demand for lithium - vital to the production of EV batteries – is **projected to grow by a factor of 14** [33] compared to 2020. While the EU, Canada and Australia are all ramping up production, with the vast majority of lithium production controlled by China, what scarce resources available will be subject to the whims of global politics.

As the automotive sector makes the transition to an EV dominated landscape, supply chains look set to make a perennial appearance on any list of key concerns and as such, should become an integral part of any organisation's risk management programme.



Cyber

Of all the risks that have arrived with EVs, none are more opaque and potentially devastating as the cyber risk, and it comes in many forms. According to Government data, **half of all businesses have experienced some form of cyber security breach or attack** [34]. While businesses are responding – 31% undertook risk assessments, 33% deployed security monitoring tools and 43% took out insurance – only 10% consider the vulnerability of their supply chain.

In another example of the interconnected nature of risk, the cyber threat in the automotive sector isn't purely concerned with data, finances and operations. According to one cyber security firm, **64% of leaders in the automotive sector believe their supply chain is vulnerable to cyber-attacks** [35] with 34% considering connectivity software to be the biggest supply chain risk. This threat is predicted to evolve with Over-the-Air updates and vehicle to vehicle communication identified as the biggest emerging cyber security challenge over the next two years.

The vulnerability of supply chains to cyberattacks is evident in the **recent targeting of Marks & Spencer's (M&S) and the Co-op** [36]. Not only have the attacks had a huge financial and reputational impact – the hack on M&S is expected to cost the retailer in the region of £300m – it left supermarket shelves almost bare for many days and made online purchases impossible.

> "These attacks will have caused M&S and the Co-op major operational issues," says Mark.

> "We all see the public side of it but the supply chains and ordering profiles will be badly affected and the longer it goes on, the more likely it is that people will change their shopping habits. There is the obvious immediate impact of lost data and sales, but there is a far longer-term impact that I don't think is well enough understood yet."

Beyond the disruption risk, there are growing fears that as vehicles become increasingly digital and connected with each other and their surroundings, people's lives could be at risk when a connected car is attacked.

One **cybersecurity firm reported that the cyber threat to vehicles** [37] is on the increase:

- 409 new incidents were recorded in 2024, a 39% increase on the previous year.
- 60% of cases were data and privacy-related, a 20% increase on 2023.
- And over 35% of incidents involved the manipulation and control of vehicle systems.

> "The more digital and connected cars are, the greater the risk of the vehicle itself being attacked. In terms of future risks, hackers taking control of vehicles concerns me the most," says Louis.

EV infrastructure

The switch to EVs is a key element of the UK's plan to reach net zero emissions by 2050. However, the automotive sector is facing a number of infrastructure challenges that could severely hinder this transition.

A 2024 study identified **three key infrastructure challenges** [38] to the widespread adoption of EVs:

- Range anxiety.
- Expenses related to charging.
- Reliability of payment systems.

In more detail, 36% of drivers said finding chargers was a significant challenge and when they could find one, 46% said they couldn't be used, either due to a malfunction or because access was blocked by a petrol or diesel vehicle.

The report suggests that the cost of charging an EV at a public station can sometimes cost as much as, if not more than, petrol making the cost of charging a concern for 16%. In addition, for 15% of EV drivers, the complexity of managing and using different apps for different charging networks was a significant frustration.

> "As a driver you need to understand how you drive and manage the car in regards to refuelling. Where are you going to get your supply of electricity and is it reliable?" asks Mark.

He says the lack of widespread infrastructure in the UK could act as a break on the adoption of EVs, particularly in the commercial world. But it's not just reliability that is giving companies pause for thought – it's the cost of recharging too.

> "If you are a fleet manager, how are you going to organise and pay for charging? If it's onsite, that is a major, multifaceted investment decision. The public network is improving but the home charging aspect of it requires a lot more thought and work, which is why it needs a united approach across Government and industry," he adds.

36% of **drivers** said finding chargers was a **challenge**

46% of available chargers out of action due to **malfunction** or accessibility

16% cited cost of public charging a **concern**

Complexity and variety of charging network apps a **frustration** for **15%** of **EV** drivers

Insurance has a far broader role to play

This added cost will be a concern for the **64% of fleet managers who told the BVRLA** [39] that cost reduction was their number one priority. While half (51%) said they expected to increase the number of EVs in their fleet, more than a quarter (27%) still don't have any. It could be they are working on the infrastructure first, with 66% having plans to provide workplace charging in the next 12 months, and more than a third (37%) are turning to the experts to install this charging infrastructure, something that AXA is supporting on.

> "AXA clients can secure reduced rates on their EV charging installation if they work with one of our partners, PodPoint. Insurers have a far broader role to play than simply paying claims. That will always be our core purpose, but we are focused on helping clients manage their risks more broadly and cost is a key one," says Louis.

The support provided is specific to each industry, based upon feedback and more importantly, a deep understanding of the pressures each sector is under. AXA has had a long-standing policy of hiring from the sectors it protects and this is case in the automotive industry.

> "Clients are under a lot of pressure and they want to speak to risk experts who know their industry and understand how it works," says Louis.

> "Mark's whole career has been in fleet management so when he goes out to a client to talk about their risks, they know they are dealing with someone who understands them and their business."

Managing the risks

The automotive sector isn't alone in grappling with a multitude of evolving and interconnected risks, but what is somewhat unique, is the impact that digitisation in general, and electrification of vehicles in particular, is having on the sector.

> "Most people support the removal of combustion engines from the roads, but it's not a clear, simple path towards that future," says Louis.

Replacing tens of millions of petrol or diesel engines with battery-powered ones is a huge undertaking and requires the confidence of businesses, as well as consumers, to make it happen. However, **according to research conducted by AXA** [40], nearly two-thirds (63%) of motorists have no plans to buy an EV, and of those drivers, more than a third (37%) say concerns over battery lifespan is one of the main causes of their reluctance.

> "It may seem like a technical point, but understanding and measuring the lifespan of EV batteries is something we believe can really unlock the second hand EV market and ease some of the pressure," says Louis.

AXA has been engaged at a Government level on EVs and driverless cars for around a decade and there aren't many insurers that know more about the sector or are better connected to decision makers in Government on this issue.

> "For the last few years, we've been lobbying Government on establishing Battery Health Certificates which we think is the best way to give consumers the confidence they need to create a viable EV resell market," says Louis.

> "We've been working with a range of stakeholders, including the IMI and the SMMT, to figure out how we can agree standards and create consistency and confidence in these batteries. It's early days but we believe we'll get there, and we're confident that when we do, it will make a big difference to the second hand EV market."

Managing the risks (Cont.)

This kind of macro-level support for the sector is complemented at AXA by risk management and business support at an individual client level, as Mark explains.

> "Risk management is part and parcel of how we help protect our clients but increasingly, we are looking for ways to do more than protect them from risk. We want to help solve other problems and support them in their growth ambitions," he says.

AXA **clients can access a range of products and services**[41], at a discounted rate, from a host of AXA-approved partners, the kind of services that could answer some of the challenges facing operators in the automotive sector - everything from telematics and charge point installation to driver training and fleet safety programmes.

> "If there is a will at the right level of a business to have risk management processes in place, driven through with KPIs and accountability, then the risks faced and the impact they have, can be hugely reduced," says Mark.

> "It's a cultural thing rather than anything else. Of course there are laws that drive businesses to do certain things, but you've got to want to do something properly to get the most out of it."

The challenges and opportunities facing the automotive sector, in all its guises, are huge. But as businesses evolve to adapt to these changes, so too does the insurance sector. With a greater focus on long-term partnership, taking a more consultative approach towards risk management and bringing all its expertise and connections into play, insurance has a significant role to play in supporting the automotive sector as it moves towards a more stable, better understood, and better managed risk landscape.

Risk management is part and parcel of how we help protect our clients but increasingly, we are looking for ways to do more than protect them from risk. We want to help solve other problems and support them in their growth ambitions

Louis Rudd, Regional Director – South

Further information

Click here for further information on AXA's Mid-Corporate Motor and Motor Trade propositions

Contact your local **AXA branch here**

AXA Mid Corporate UK YouTube

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