

The RAC 2017 Motoring Manifesto



The RAC has identified six key issues of concern to UK motorists which it is calling on the party, or parties, that form the next government to address during the course of the new Parliament.

**More affordable motoring, cleaner air, better roads
and fairer parking practices**

The RAC 2017 Motoring Manifesto

The 2017 General Election will be fought on many areas of public policy, not least Brexit, but the RAC believes the following six issues, which motorists and business have told us are among the most important for them, should command Government action over the next five years. Ultimately, they will serve to make motoring more affordable, easier, safer and more enjoyable.

The RAC is keen to get a commitment from the party, or parties, that form the next government that they will not take decisions that will increase the cost of motoring further and that these important motoring issues – a majority of which are already being addressed by the outgoing Government – will not be diluted or shelved.

The RAC's eight million members and indeed all of the UK's 38 million motorists, who each year contribute around £40bn to the Exchequer in taxes, have every right to expect that their concerns are listened to and acted upon.

The value of motoring and road transport to the economy cannot be underestimated. The link between jobs and road transport is indisputable with 75% of journeys to work across the UK undertaken by bus or car and 76% of all freight moved by road. In addition, 77% of motorists tell us that they would find it very difficult to adjust their lifestyle to being without a car.

The priority issues identified by the RAC are:

- An **air quality plan** that is both fair to motorists and delivers much-needed improvement to those areas with the poorest air quality
- Continued investment in the **strategic road network – motorways and major A-roads** – beyond 2020, funded by Vehicle Excise Duty
- Publication of a long-term investment plan and ring-fenced funding to bring our **local roads** up to a state that is fit for purpose
- A commitment to introduce better regulation of the largely unregulated **private parking sector**
- Action to reduce spurious whiplash claims and a reform of the personal injury Discount Rate to bring the rising cost of **insurance premiums** back under control
- A promise not to raise **fuel duty or Insurance Premium Tax** for the duration of the next Parliament

1 - An air quality plan that is both fair to motorists and delivers much needed improvement in those areas with the poorest air quality

Health-harming pollution in urban areas from oxides of nitrogen is something the outgoing government understands is a major issue and we anticipate a revised Draft Air Quality Strategy. This work must be continued by the next government and indeed, the next government is under a legal obligation arising from the Supreme Court ruling to do so¹.



The RAC believes any solution must address three key principles:

- 1. It must be evidence-based and tackle the causes of poor air pollution from all sources and not just road transport**
- 2. It must be proportionate and prioritise for action those vehicles which contribute the most to poor air quality in urban areas – buses, taxis, lorries, vans as well as private cars**
- 3. It must be fair, particularly to owners of diesel vehicles who were encouraged by previous governments to switch to diesel in order to help deliver the UK's commitments to tackle climate change by reducing carbon dioxide emissions**

In addition, the RAC believes the next government should give consideration to implementing the following measures to reduce harmful pollution from private vehicles:

- **Sustain and expand the plug-in grant scheme**
 - The plug-in grant scheme, which is due to end in October 2017, should be extended and offer increased grants for all ultra-low carbon vehicles. i.e. for pure electric and hydrogen fuel cell vehicles and for plug-in hybrids
- **Review and change the recently amended Vehicle Excise Duty system to incentivise the take-up of all ultra-low emission vehicles (ULEVs)**
 - The new VED regime, introduced on 1 April 2017 for newly registered cars largely removed the incentives for purchasing ULEVs other than those with zero emissions (pure electric and hydrogen fuel cell vehicles) in year 2 and beyond.²
- **Better infrastructure to encourage electric vehicle take-up:**
 - Until such time as ultra-rapid recharging becomes an option, the next government should commit to providing access to charging infrastructure in places where motorists leave their vehicles for longer periods such as car parks at supermarkets, shopping centres, railway stations etc. The Vehicle Technology and Aviation Bill began to look at this so another bill must be forthcoming.
- **Look at updating guidance on traffic calming:**
 - The next government should look at ways of promoting safe driving alongside smoother traffic flow through urban areas. We question whether speed humps and chicanes are the right way to do so as these may encourage excessive braking and acceleration which can increase local air pollution.

¹ www.theguardian.com/environment/2016/nov/02/high-court-rules-uk-government-plans-to-tackle-air-pollution-are-illegal

² www.rac.co.uk/press-centre#/pressreleases/buyers-of-new-low-emission-cars-to-be-unreasonably-hit-by-aprils-tax-rise-1864246

2 - Continued investment in the strategic road network funded by ring-fencing Vehicle Excise Duty

In December 2014, the Government committed to investing £15bn in England's strategic road network between 2015 and 2020. The RAC welcomed the Road Investment Strategy (RIS). A significant plank of the strategy is to increase capacity on some of the busiest sections of motorway by converting them to smart motorways based on All Lane Running where the hard shoulder is converted to a permanent running lane for traffic.

While supporting the introduction of more smart motorways, the RAC continues to have safety concerns regarding aspects of the All Lane Running design and would like to see as a minimum a doubling of the number of emergency refuge areas.

RIS 2, which comes into effect from 2021, will be funded by ring-fencing Vehicle Excise Duty which currently generates approximately £6bn per year for the Treasury. This figure is expected to increase further from 2020-21.³

With RIS 1 well underway the RAC seeks assurance from the next government that it will be committed to the development and delivery of RIS 2 and the on-going hypothecation of VED to fund RIS 2 and future roads investment strategies to cope with the rising demand expected on the network.



3 – Publication of a long term investment plan and ring-fenced funding to bring our local roads up to a state that is fit for purpose

Research for the RAC Report on Motoring 2016⁴ found that concern about the state of local roads had grown despite some attempts by the current government to increase expenditure on local road infrastructure.

The current government has committed a dedicated fund of £6bn for local road maintenance between 2015 and 2021 while in the March 2016 Budget, the current government announced the further creation of a £50m-a-year Pothole Action Fund to target the roads in greatest need of repair. The current government also announced a fund of £690m in the 2017 Budget for improvement projects for which local authorities must compete.



The RAC calls on the next government to recognise the importance of local roads to the economy as an essential component of the UK's transport infrastructure by ring-fencing a proportion of motoring tax receipts to create a dedicated fund to tackle the maintenance backlog and fund future local improvement schemes. Such action should mirror that taken to develop and fund Road Investment Strategies for strategic roads in England.

³ <http://researchbriefings.files.parliament.uk/documents/SN01482/SN01482.pdf>

⁴ www.rac.co.uk/pdfs/report-on-motoring/rac-report-on-motoring-2016.pdf

4 - A commitment to introduce better regulation of the largely unregulated private parking sector

The current government's response to the Tackling Unfair Parking Practices Discussion Paper in 2015 is long overdue.

Motorists have very strong feelings about the poor practices of private parking companies. Three-quarters of 2,194 motorists (73%) surveyed on the RAC Opinion Panel in 2016 felt the sector should be subject to government regulation rather than continuing to 'self-police' through membership of a trade association.

Due to the strength of feeling from motorists on this issue, the RAC is calling on the next government to urgently bring forward concrete proposals that improve motorists' experiences of the private parking sector.



With the best interests of motorists in mind, the RAC believes that the next government should consider introducing the following measures to raise consumer confidence in the sector:

- **Minimum standards of conduct which would include a set of enforcement standards, improved conditions for access to the DVLA database, a ban on 'shop a motorist' style practices that incentivise ticketing and a fair and an effective appeals process.**
- **Guidance on the size of penalties to ensure that they are proportionate to the amount of time overstayed and subject to an overall cap.**
- **Minimum standards of conduct for private parking companies when attempting to recoup penalty charges, to discourage over-aggressive debt management.**

5 - Action to reduce spurious whiplash claims and a reform of personal injury discount rates to bring rising insurance premium costs back under control

Insurance premiums are rising and are now at their highest levels since the Association of British Insurers started tracking data.

A consultation was opened on 30 March 2017⁵ into how the Discount Rate for life-changing personal injuries should be set, how often it is changed and by whom.

In February 2017 the current government made the first change to the rate in 16 years – cutting it from +2.5% to -0.75%, effectively increasing the lump sum payments made. This has already caused insurers to increase premiums by 10% or more – adding approximately £50 a year to the cost of an average policy, as well as adding an estimated £6bn to the running cost of the NHS.



⁵ https://consult.justice.gov.uk/digital-communications/personal-injury-discount-rate/supporting_documents/discount-rateconsultationpaper.pdf

The RAC believes that a new methodology is required urgently to set rates that reflect real-world discount rates and are fair to all parties. And, in the meantime, given the impact that the change to the rate has had that the current government should reverse it immediately.

The Prison and Courts Bill, which would have radically changed the way personal injury claims for whiplash are dealt with, has been dropped in the run-up to the General Election.

The RAC would like the new government to honour the commitment of the outgoing government to introduce measures that will reduce or eliminate spurious whiplash claims. The RAC would also like clarity from the next government around how it will ensure that the resulting £40 savings on each motor insurance policy premium quoted previously will be passed on to motorists by insurers rather than simply being retained by them.

6 - A commitment to not raise fuel duty and Insurance Premium Tax (IPT)

Fuel duty has been frozen since it was reduced by 1p a litre in 2011. Even when the price of petrol and diesel plummeted to under £1 a litre at some retailers the Government chose not to increase fuel duty. With the fall in the value of sterling against the US dollar and with some recovery in world oil prices, the average price of unleaded has risen to around 118p/litre for petrol and 120p/litre for diesel as of April 2017.



In 2014, a Treasury report indicated that lower levels of fuel duty help boost economic growth.⁶ Any rise in duty from the current rate of 57.95p a litre could therefore prove damaging to the UK economy.

For this reason the RAC urges the next government to commit to no further increases in fuel duty for the duration of the entire next parliament.

The new Government may be tempted to discourage the use of diesel by creating a differential between the fuel duty rates for petrol and diesel. However, it will need to recognise that for many commercial vehicles, there is no practical alternative to diesel and an increase in duty on diesel would directly impact on businesses and economic growth. It would also be hugely unfair on those owners of diesel cars who were encouraged to purchase these by previous governments in order to help reduce carbon dioxide emissions.

Today's diesels are far cleaner than previous generations and new testing to better reflect real-world driving will be introduced later this year.

The RAC believes there is a place for diesel vehicles, particularly for anyone that drives long distances in non-urban environments who wants to benefit from greater fuel economy. This is, of course, the case with the road haulage and distribution sectors.

⁶ www.theguardian.com/politics/2014/apr/14/fuel-duty-freeze-benefits-offset-loss-income-tax-treasury-report

Insurance Premium Tax (IPT) has been increased from 6% in 2015 to 12% effective from June 2017. This substantially increases costs for every motorist, but especially those who pay the highest premiums, notably younger and older drivers.

Research for the RAC Report on Motoring 2016 found that drivers are already feeling the effect of higher premiums with the cost of insurance being ranked as the number-one cost of motoring concern. This was prior to the most recent increase in IPT and the further increase in average premiums caused by the 2017 change to the personal injury Discount Rate.



Data from the Association of British Insurers (ABI) shows the average car insurance premium now stands at £462⁷, which represents an 8% rise since the first quarter of 2016, adding an extra £34 a year to the cost of cover. This is the highest rate recorded since the ABI started tracking prices in 2012.

Sadly, well over half of the motorists (57%) surveyed by the RAC believe the outgoing government was planning to increase the standard rate of IPT progressively until it matched VAT at 20%. The RAC strongly opposes any such move and seeks an assurance from the next government that it will not follow this path.

The RAC believes next government should instead commit to no further increases in IPT given the level of price increases seen as a result of the change to the Discount Rate.

The RAC urges the next government to use IPT to incentivise and encourage safer driving, especially among new and younger motorists who, in cash terms, pay the most tax as their premiums are the highest but are generally least able to afford them. The RAC believes the next government should introduce exemptions for those drivers who have 'black box' telematics-based insurance policies.

⁷ www.abi.org.uk/news/news-articles/2017/04/up-8-motorists-face-bumpy-ride-as-motor-insurance-premiums-continue-rise/