



Issue 6 – November 2015

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Autumn Statement – How much do motorists pay in taxation?

Ahead of the Chancellor's Autumn Statement and Comprehensive Spending Review, motorists will be keeping an eye on those policies that directly impact on their day-to-day motoring costs. British motorists already pay some of the highest fuel duty rates in Europe. On top of this, they pay 20% VAT on both the duty and the fuel itself. Motorists also pay Vehicle Excise Duty and Insurance Premium Taxation on their car insurance. IPT increased from 6% to 9.5% on the 1st November this year. The table below summarises how much revenue is raised annually for the Treasury from motoring taxation:

Tax	Description	Motorists' total contribution in 2014*
Fuel duty	57.95p paid on every litre of fuel bought	£26.4bn
VAT on fuel	20% on all automotive fuel sales	£6.3bn
Vehicle Excise Duty	Paid every year according to a vehicle's CO ₂ emissions	£5.9bn
Insurance Premium Tax	Forms part of the cost of motor insurance	£624m
Insurance Premium Tax extra cost - 1 November 2015 rates	An extra £386m	£386m
TOTAL	Total cost for 2014 (exc. The 2015 additional IPT rate)	£39.1bn

CALLS TO ACTION:

1

Protect the Road Investment Strategy: Given the importance that infrastructure plays in economic growth, protecting

the road investment strategy's £15.2bn budget should be a Treasury priority. The Road Investment Strategy identifies that on average, for every £1 spent on the projects identified, the return for the Government is £4 in the long term. We urge the Government to protect the RIS budget as part of its commitment to improving infrastructure.

2 Local Roads Investment: In the Summer Budget, the Chancellor set out plans for a "roads fund" from 2020 with the revenues generated from Vehicle Excise Duty. Whilst it is good news that the strategic road network has a long term funding mechanism in place, the RAC believes the amount of revenue generated from motorist taxation should encourage the Treasury to ring fence further for a 'local road infrastructure fund'. Around 85% of all journeys begin on local roads and the state of local roads is seen as the top issue for motorists, with Research for the 2015 RAC Report on Motoring showing that the condition of local roads is the top concern for motorists with 10% ranking it number one and a further 20% listing it as a top-four concern. Our message is that local roads are just as important as the strategic road network and new long-term funding mechanisms should be considered.



3 Fuel Duty: Research conducted for the 2015 RAC Report on Motoring shows that motorists are realistic and whilst a minority (32%) are calling for further cuts in fuel duty, a far higher percentage (46%) recognise that this is unlikely in the current economic climate and support an ongoing freeze on duty. The Treasury's own modelling has confirmed the link between the cost of fuel and economic growth. The freezing of fuel duty has contributed to the UK's economic growth in recent years. The RAC believes that it would be beneficial to the economy, as well as popular with motorists if the Chancellor extended the freeze on duty for the remainder of this Parliament.

4 Plug-in Grant Extension: With the Government rightly looking at how best to improve local air quality, it is important that motorists are incentivised to take up ultra-low emission vehicles. In the first quarter of 2015, take-up of ultra-low emission vehicles rose by 366% on the same quarter last year. Research for the 2015 RAC Report on Motoring suggests that the primary motivation for motorists considering the purchase of low emission vehicles is an expectation of lower running costs. Almost one in five (19%) of motorists say they would consider a hybrid or electric vehicle as their next car. But among this group, half (47%) say this would be because of potentially low running costs rather than mentioning the environmental benefits. We therefore encourage the Chancellor to extend the plug-in vehicle grant beyond February 2016.

How safe are the roads in your constituency?

Safety on the UK's roads remains a crucial issue, and although Britain has some of the safest roads in the world, last year for the first time in 20 years, there was an increase in the number of road casualties. Although the latest figures show a small improvement we need to ensure that we return to year-on-year reductions in casualties.

In March's newsletter RAC shared data from the Parliamentary Advisory Council for Road Safety (PACTS) showing the breakdown of road safety data by constituency, measuring the period 2008-2013. The following data shows the period 2009-14.

The RAC is a member of PACTS and enjoys a close working relationship with them on road safety policy.

Car occupants make up the majority of those injured on the roads, however this proportion is declining. The data below, however, reports total casualties for all road users and for all severities.



The casualty rate is measured and expressed as an index value where 100 represents the national average. Values lower than 100 represent a lower than average casualty rate for the population while values above 100 indicate a higher than average casualty rate. The numbers can also be interpreted in terms of a percentage so an index value of 150 means 50% more resident casualties than would be expected based on the constituency population:

Highest casualty rates	Index
Great Grimsby	156
Boston and Skegness	144

Lowest casualty rates	Index
Na h-Eileanan an Iar	51
Aberdeen South	53

Preston	144
Louth & Horncastle	143
Blackpool South	142
Mitcham and Morden	142
Peterborough	142
Bradford West	141
Derby South	141
Blackburn	140

Dunfirmline and West Fife	53
Glasgow North	54
North East Fife	55
Orkney and Shetland	57
Cities of London and Westminster	59
Dundee West	59
Kirkcaldy and Cowdenbeath	59
East Dunbartonshire	60

Source: PACTS - To create the index full STATS19 casualty data provided by the DfT was used for the period 2009 - 2014. Casualty home postcode was matched to a constituency using the 'small area' in which the casualty lives. A 'small area' is a lower layer super output area (LSOA) in England and Wales and a Data Zone in Scotland. Once all the 'small areas' were matched to constituencies this enabled the analysis to take place. Casualty data was corrected, due to postcode reporting variations between police forces, using an algorithm devised by Road Safety Analysis. Population figures were obtained from ONS and GRO for Scotland at 'small area' level and built up to constituency level.

RAC and PACTS have comprehensive statistics for every constituency – should you wish to find out your constituency's index, please contact Nicholas Lyes (nlyes@rac.co.uk)

Hand-held Mobile phone use at the wheel

Earlier this month, the RAC highlighted the issue of hand-held mobile phones use by drivers at the wheel and the declining number of prosecutions for mobile phone offences.

OUR FINDINGS:

- Fewer motorists are being prosecuted for using their mobile phone while driving than ever before, with prosecutions down by 47% between 2009 and 2014, according to official figures ([source](#)).
- Figures from the Department for Transport show a persistent number of drivers are still using a hand-held mobile phone at the wheel – highlighting a worrying mismatch between what motorists see happening on our roads and what drivers are being prosecuted for. A study in 2014 found that 1.6% of all drivers in England – that is equivalent to more than half a million people – observed using a mobile phone, slightly up from 1.4% in 2009. ([source](#)).
- Between 2011 and 2013, the number of Fixed Penalty Notices handed to drivers dropped from 123,100 to 52,400 – a fall of 57% ([source](#)).
- New figures show prosecutions for offences related to mobile phone use at the wheel have also fallen sharply. In 2014, 17,414 prosecutions were made in magistrates' courts in England and Wales, which is 15,157 fewer than in 2009 ([source](#)).
- Hand-held mobile phone use is increasingly a contributory factor in accidents in the UK – in 2014, 492 accidents were as a result of a driver using a phone, up 40% on 2010 ([source](#)).
- The findings chime with research conducted for this year's Report on Motoring, which found over a third of motorists (34%) rank the dangers of drivers using a hand-held mobile phone to talk, text or using the internet as one of their top concerns – unchanged on 2014 figures.



WHAT IS DRIVING THIS?

- Lower enforcement as a result of front line cuts to dedicated road traffic police officers. Between 2010 and 2014, there was an average 23% cut across Forces in England and Wales.
- Poor enforcement also encourages motorists to believe that they are likely to get away with it. Research for the 2015 RAC Report on Motoring suggests 79% of motorists would like to see better enforcement.
- 'Smarter' phones have increased the opportunities for driver distraction – when the use of hand-held mobile phones whilst driving was outlawed in 2003, most offences involved the driver using mobile phones to talk and text. Since then, motorists have been caught on social media, gaming and all other manner of websites and even watching films on their tablets.

RESPONSE – RAC head of external affairs, Pete Williams:

"There is still an enormous gulf between what the law states – that handheld mobile phones should not be used behind the wheel – and what motorists see happening on our roads. Drivers are routinely using their phones at red traffic lights, or even while on the move.

"We have already highlighted the large reductions in the numbers of full-time roads policing officers affecting many police forces.

"With budgetary constraints, roads policing officer numbers are not going to dramatically increase in the near future, but we believe that now is time to halt the decline and stop further year-on-year cuts. We also look to the Government to propose other means of enforcing the existing law. Can technology play a greater role in helping catch offenders?

"Is there also a role for a national public awareness campaign on the dangers of using a hand-held phone at the wheel, similar to the hard-hitting campaigns which have helped stigmatise drink-driving?

"The goal for ministers and policymakers is surely to make the use of hand-held mobile phones at the wheel as socially unacceptable as drink-driving. With this the number one road safety concern for motorists, coupled with official data showing fewer people are being caught, there will be an overwhelming frustration that too many drivers are simply getting away with it."

RAC Fuel Watch

Since last month, world oil prices have fallen to around \$40 a barrel in mid-November immediately after the tragic terrorist attacks in Paris. This is the lowest price for a barrel of oil since 2009. The \$ has remained fairly stable against the £ and whilst the average price at the pumps has fallen slightly, the RAC believes there is still scope for retailers to cut pump prices of both unleaded and diesel by up to 2p a litre.



Year-on-year comparison 17th November 2014 to 17th November 2015

The average UK cost of unleaded on 17th November 2015 was 14.8ppl cheaper than it was on 17th November 2014. This represents a 12.1% price drop in one year. The average UK cost of diesel on 17th November 2015 was 17.01ppl cheaper than it was on the 17th November 2014. This represents a 13.4% price drop in a year.

	17 th November 2014	17 th November 2015
Fuel Type	Average pump price ppl	Average pump price ppl
Unleaded	122.86	108.03
Diesel	127.27	110.26

Monthly price comparison 17th October 2015 to 17th November 2015

The average UK cost of unleaded on 17th November 2015 was 1.24ppl cheaper than it was on 17th October 2015. This represents a 1.1% price fall in a month. The average UK cost of diesel on 17th November 2015 was 0.51ppl cheaper than it was on 17th October 2015. This represents a 0.5% price fall in a month.

	17 th October 2015	17 th November 2015
Fuel Type	Average pump price ppl	Average pump price ppl
Unleaded	109.27	108.03

Diesel	110.77	110.26
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The facts - the cost of filling a typical family car:

Fuel	Petrol	Diesel
Fuel tank in litres	55	55
Avg forecourt price in per litre	108.03	110.26
Total cost to motorist	£59.42	£60.64
Duty	£31.87	£31.87
VAT @ 20%	£9.90	£10.11
Cost of fuel	£17.64	£18.66
Exc VAT	£49.51	£50.54
VAT & duty	£41.78	£41.98
% tax of fuel cost	70%	69%

*Source: Experian Catalist – UK prices as of 17th November 2015

- The RAC notes that despite the recent welcome fall in prices at the pump since last year, UK motorists are still paying some of the highest fuel prices in Europe.
- The RAC and its members believe strongly that a fall in oil prices should not be seen as an opportunity to raise additional tax revenues by increasing fuel duty. Independent modelling by the National Institute of Economic and Social Research (NIESR) and the Centre for Economic and Business Research (CEBR) demonstrated that there is a direct link between the price of fuel and economic growth and jobs. The Treasury's own estimates suggests lower fuel prices can contribute to economic growth. The RAC is calling on the Chancellor to extend his freeze on fuel duty for the life of this Parliament.



For further information, please visit our fuel pages: www.rac.co.uk/fuelwatch

What is the RAC doing in your constituency?

RAC Rally

November 2016 sees the return of one of the most iconic and famous rallies in the world, the RAC Rally of the Tests. The event was first staged in 1932 and enjoyed huge success up until 1939. Returning after the war in 1951 it went from strength to strength and became the keystone of modern stage rallying as we know it today. From its inception in the 1930's, huge crowds have flocked to witness the spectacle of competitors battling against some of the most challenging routes and conditions in motor sport, the event was pivotal in bringing rallying to mainstream media and launched many household names throughout its history.

A three-way partnership has been forged to allow the RAC Rally of the Tests to return. HERO (Historic Endurance Rallying Organisation) Events will organise the event with the support of the RAC, and the Royal Automobile Club. The revival of this

most famous of sporting occasions further strengthens the relationship between HERO Events and the Royal Automobile Club – a partnership that led to the Royal Automobile Club 1000 Mile Trial being awarded Rally of the Year at the International Historic Motoring Awards and nominated again in 2016

RAC partnership with Scouts Association

Last month, the RAC announced a partnership with the Scouts Association to promote road safety among their 500,000 young people. Our road safety mascot Horace, created with Aardman Animations, will be visiting many Scout and Cub pack across the UK during the course of the year and the RAC is sponsoring the Cub's Road Safety Badge. Should you wish to register your interest in potentially joining us at a local road safety workshop with the Cubs or Scouts, please contact nlyes@rac.co.uk for further details.



As the Motorist's Champion, the RAC is expertly placed to advise and guide effective road and motoring policy. Should you wish to discuss anything within this newsletter or any wider policy issues, please contact:

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RAC is a founding member of FairFuelUK

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