



## Issue 17 – March 2017

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### RAC response to the Spring Budget – what does it mean for motorists?

Earlier this month, the Chancellor delivered his Spring Budget, and for motorists there was a mixture of relief and concern from what was mentioned in the Speech, and also what wasn't. We look in more detail at how some of the Budget proposals will impact upon motorists:

- 1 £690m investment to combat urban congestion:** The RAC welcomes extra funding to tackle some of those areas with the worst urban congestion. According to the 2016 RAC Report on Motoring, congestion and longer journey times are now of far greater concern than they were in 2015, having risen from 9<sup>th</sup> in the list of overall motoring concerns in 2015 to the 4<sup>th</sup> highest ranked concern in 2016. It is suggested that local authorities will be required to bid for a share of this money but it is important that the bidding process is not time-consuming, resource-intensive and protracted so that schemes go ahead quickly for the benefit of all road users.
- 2 Insurance Premium Tax:** Motorists were relieved that no further IPT increase was announced by the Chancellor. Following the announcement of a reduction in the discount rate applied to settlements awarded for personal injury claims, motorists are facing further increases in the premiums charged by insurers. This will be compounded in June by IPT increasing to 12% (announced in the Autumn Statement 2016) which means that IPT will have doubled since 2015. According to research conducted by the RAC prior to the Budget, 31% of motorists ranked IPT as the least popular motoring tax ahead of fuel duty – which was least popular for only 27%. The RAC believes that the June rise should have been deferred until the Government's proposals to tackle spurious whiplash claims have been implemented. We want the Government to push forward with the latter with greater urgency and to reset the new discount rate to a level that reflects real world returns on investment.
- 3 New tax treatment for diesels:** The Budget also made reference to the Government exploring a 'new tax treatment' for diesel vehicles with a view to announcing changes in the 2017 Autumn Budget. The RAC wants to see the Government engage with stakeholders and motorists to make sure any changes are evidence-based, proportionate and fair to owners of diesel vehicles. Many owners were encouraged by Government to switch to diesel vehicles in order to reduce carbon dioxide emissions, and penalising drivers is likely to disproportionately impact upon those on lower incomes who cannot afford to replace their older diesel with a more modern, less polluting vehicle. Whilst we accept that measures are needed to discourage older, more polluting diesels entering the most polluted areas, this needs to be complemented by targeted help for owners of older diesels to switch to less polluting vehicles. Typically in city centres, Nitrogen Dioxide emissions from diesel cars account for only around a third of all Nitrogen Dioxide emissions from road transport and therefore even greater priority needs to

be given to reducing emissions from diesel buses and taxis and commercial vehicles. There must be a particular efforts to tackle emissions from Light Commercial Vehicles, a sector which has seen rapidly grown in the last five years.

## Launch of Be Phone Smart.uk

On 1<sup>st</sup> March 2017, to coincide with the UK Government's increase in penalties for those caught using a handheld mobile at the wheel, the RAC launched BePhoneSmart.uk, a website which encourages motorists to make a pledge not to use a handheld phone whilst driving.

On the day of the launch, #BePhoneSmart trended on Twitter, and in the last two weeks the website has attracted many personal pledges.

We're delighted the campaign has also reached Westminster, with backing from MPs of all political parties. The aim of the campaign is to make our roads safer by encouraging drivers to act responsibly and change their behaviour. We want to make the use of a handheld mobile phone at the wheel as socially unacceptable as drink-driving. We were also pleased to see that Early Day Motion 1008 has gathered 26 signatures already from MPs of all political parties and we'd welcome many more signatories supporting the campaign's objectives.



Since the publication of the 2016 RAC Report on Motoring in September, which showed epidemic levels of handheld mobile phone use at the wheel, the Government has increased the penalties and announced investment in a hard-hitting education campaign. THINK!, along with high profile road safety organisations, Highways England, Transport Scotland, The Police Federation and many police forces in England and Wales support the Be Phone Smart campaign. The core aims of the campaign are to encourage:

- 1 **Greater individual responsibility** – individual motorists should make a commitment to themselves, their friends and family, not to use a handheld phone while driving. It is about personal responsibility and helping drivers break the habit and share their promise with friends and family. We want to make the use of a handheld mobile phone when driving as socially unacceptable as drink driving
- 2 **Better enforcement of the law** – We believe in effective enforcement of traffic laws. 61% of motorists tell us there are not enough full-time roads police enforcing laws. We understand resources are tight and we welcome more targeted initiatives from police forces to achieve better compliance with the law and make offending drivers believe they will be caught.
- 3 **Better awareness of the risks of handheld mobile phone use at the wheel** – this includes a national THINK! campaign, planned for this year, and a greater focus within driving lessons and the driving test on the dangers of distractions when driving.
- 4 **Best practice among businesses** – appealing to businesses to ensure their current policies around mobile phone use are effective and are being adhered to.

Fancy showing your support? Here's some suggestions for MPs who might wish to back Be Phone Smart:

- Signing the pledge at [BePhoneSmart.uk](http://BePhoneSmart.uk) and following on Twitter @BePhoneSmart.
- Sharing your pledge or encouraging others to sign the pledge via your Twitter profile to demonstrate to your constituents that you support this campaign
- You may also wish to sign EDM 1008 to demonstrate your support

- The RAC is happy to arrange for a photo to be taken of you signing a pledge board which you can use to promote the campaign. Should you or your office wish to arrange this, please contact Nicholas Lyes on [nlyes@rac.co.uk](mailto:nlyes@rac.co.uk)

## 2017 car tax rates – will those buying new cars be better or worse off?

In March, the RAC published analysis of the impacts the new Vehicle Excise Duty rates will have on those motorists choosing to buy a new vehicle from 1<sup>st</sup> April 2017. We compared the differences in how much duty would be paid on a range of passenger cars, bought in March before the duty changes and after 1<sup>st</sup> April 2017 when the new duty rates come into effect. Our analysis found:

- Motorists buying a new Ford Fiesta (Britain's best selling newcar) will be paying up to an extra £260 over the first 2 years of ownership
- Those motorists opting for an efficient Mitsubishi Outlander Plug-in hybrid are likely to be around £130-£145 worse off over the first 2 years. This would be typical for many ultra-low emission vehicles.
- Those buying pure electric cars will continue to pay zero road tax, however for high end electric vehicles (with a list price of over £40,000), such as the Tesla model S, the owner will be subject to a £310 a year supplement from year 2 for 5 years.
- Drivers that buy a car that emits between 91g and 120g per km of CO<sub>2</sub>, typically a small family hatchback, will be up to £270 worse off over the first two years, and up to £680 worse off over the first five years than if they had bought the same car before the end of March.
- Those motorists buying a new vehicle from the three most popular bands are likely to be up to £270 worse off over the first 2 years. Typically, two-thirds of all new cars registered fall within these three bands.
- Our table below provides a brief overview for policy makers on differences in bands before and after 1<sup>st</sup> April

Current CO2 emissions (g/km) bands	Difference between 2016 & 2017 rates over first 2 years - Conventional vehicle	Difference between 2016 & 2017 rates over first 2 years - Alternative fuelled vehicle	Difference between 2016 & 2017 rates over first 5 years - Conventional vehicle	Difference between 2016 & 2017 rates over first 5 years - Alternative fuelled vehicle	NOTES
0	£0	£0	£0	£0	
1 - 50	-£150	-£130	-£570	-£520	
51 - 75	-£165	-£145	-£585	-£535	Ultra-low emission vehicle is <75g/km
76 - 90	-£240	-£220	-£660	-£610	
91 - 100	-£260	-£240	-£680	-£630	
101 - 110	-£260	-£250	-£620	-£610	
111 - 120*	-£270	-£260	-£600	-£590	From April, band will be 111-130
121 - 130*	-£190	-£180	-£280	-£270	From April, band will be 111-130
131 - 140**	-£80	-£80	-£110	-£110	From April, band will be 131-150
141-150**	-£50	-£50	-£35	-£35	From April, band will be 131-150
151 - 170					This is a new banded VED rate, so not directly comparable
171 - 190					This is a new banded VED rate, so not directly comparable
191 - 225					This is a new banded VED rate, so not directly comparable
Current Rate					
226 - 255	-£455	-£455	£625*	£625*	Does not include £310 a year supplement

Over 255	-£505	-£505	£620*	£620*	Does not include £310 a year supplement
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To see a full break down of the figures, please contact Nick Lyes on [nlyes@rac.co.uk](mailto:nlyes@rac.co.uk)

## RAC Fuel Watch

### Bringing transparency to fuel prices

Latest update: fuel prices as of 22<sup>nd</sup> March 2017

- Since the start of March, average unleaded petrol and diesel prices have fallen by an average of 1p a litre to 119.05p and 121.09p
- Cost of filling an average 55-litre petrol car £11 more expensive than on 21<sup>st</sup> March 2016 and a tank of diesel is £11 dearer.
- Since the start of March, the price of a barrel of crude oil has fallen 10% to \$50.13 (as of 21<sup>st</sup> March)
- The sterling/dollar exchange as of 21<sup>st</sup> March was £1 = \$1.25 having risen from £1 = £1.21 earlier in the month.

[Full copy of the Fuel Watch Report](#)

For the most up-to-date average fuel prices, regional prices, and supermarket prices, please contact [nlyes@rac.co.uk](mailto:nlyes@rac.co.uk)

### What is the RAC doing in your constituency?

[RAC publishes guide on how to report a pothole and claim for damage](#)

We advise motorists on how they can do their bit to improve our road surfaces

[RAC publishes guide to new drivers on how to pass their test](#)

Getting prepared and ready to experience the ultimate freedom that being a driver brings



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:

Nicholas Lyes, public affairs manager on [nlyes@rac.co.uk](mailto:nlyes@rac.co.uk) or 07875 423875.

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**RAC**