

## Background note for the TPS response on Lorry Road User Charging (LRUC) – Draft outline only

### 1 Introduction and reporting of annual survey results

Point to important role of road freight, differences between trunk hauls and local distribution, and the types of HGV or van being used, and the substitution between them. This should guide the weights to which LRUC should apply. There are also major differences between environmental impacts and external costs within HGV category (which can go down to 3.5tonnes) and where they are used (urban vs rural).

In terms of raising funds for transport nationally, members support road user charging generally, but also support LRUC in its own right. The top 5 priorities in 2016 were:

Introduce national road user pricing
Increasing VED for the most polluting vehicles
Introduce national Lorry Road User Charging
Increase the scope and raise the level of tax on aviation
Introduce a national parking space levy

### 2 Key drivers for LRUC

- i) Creating a better balance between efficiency and competitiveness – reducing empty running and part loading
- ii) Meeting external costs of HGVs not reflected in annual Vehicle Excise Duty (VED) or fuel duty
- iii) Minimising the environmental and safety impacts not fully addressed in ii)
- iv) Encouraging greater efficiency in terms of fair competition between modes.

### 3 This suggests an approach based on

- i) Charging for the external costs of different vehicle types, according to use
- ii) Limiting the network where the vehicles with the highest external costs are permitted.

### 4 Current position

- i) Annual VED a blunt instrument not well related to unmet costs and damage
- ii) Fuel duty poorly represents external costs of the most damaging vehicles
- iii) Current LRUC scheme time based and does not reflect costs per kilometre travelled
- iv) Freezing of both fuel duty and VED has meant a growing problem in terms of failure to capture external costs
- v) In many countries in Europe there are already LRUC schemes in place with measurable benefits in terms of reduced vehicle kilometres.

### 5 Way forward – what do you think?

- i) Strike a balance between complexity and effectiveness – points to weight distance charging (alternatives would be variations by level of congestion or type of road). Most HGVs will be Euro VI by 2025 so this is not needed as a parameter.
- ii) Need to be compatible across borders (despite Brexit!) – weight distance charging is already in place in Switzerland, Germany, Austria etc.
- iii) Need for proven technology – see ii)
- iv) Reduce annual VED to de minimis level (or eliminate altogether – easier after Brexit)
- v) Support trials for larger vehicles and convoys, but only on motorways and lengths of zero impact road links to them (no compromising as caused the failure of the Dykes Act to regulate HGVs)
- vi) Allow greater freedom for local authorities to regulate where the heaviest HGVs are permitted to go, not just for air quality but for other impacts (severance, safety).
- vii) Once LRUC is fully operational direct subsidies to rail freight could be removed
- viii) Investment in rail and water freight infrastructure in its own right and in light of the predicted attractiveness of alternatives to road should be given higher priority.