

# Governing and Paying for England's Roads

## FAQs



RAC  
Foundation

## **1) What's wrong with the way we manage the roads?**

There are 245,162 miles of roads in Great Britain. 2,212 miles of these are motorways. The Highways Agency (an executive agency of the Government) manages, maintains and improves England's strategic road network which comprises the motorways and all-purpose trunk roads (the major A roads). Valued at over £87 billion the network carries a third of all road traffic in England and two thirds of all heavy freight traffic. The rest of the road network comes under the remit of local authorities.

The problems associated with this model include: a lack of long term strategic thinking; a budget which is fixed on an annual basis compared to the five-yearly budget allocated to the railways; the lack of a road user watchdog; the significant imbalance between the £47 billion or so road users contribute to the Exchequer each year and the £9 billion actually spent on the roads; no clear performance indicators for drivers, notably some type of journey-time reliability indicator.

There are also three major challenges that face not just road users but the whole of society:

- An anticipated 33% rise in traffic by 2025 (DfT) - due to economic recovery and a forecast 16% jump in population by 2033 (Office for National Statistics) - without any convincing plan on how extra road capacity might be found to meet it.
- Meeting a government commitment to reduce greenhouse gas emissions by 80% by 2050. Transport currently accounts for a quarter of the UK's CO<sub>2</sub> emissions. 58% of this comes from cars.
- A decline in tax revenue from fuel duty as cars become more fuel efficient and ultimately become ultra-low carbon (the Committee on Climate Change estimates there will be 1.7 million ultra-low carbon vehicles on the roads by 2020).

A Pay as You Go system would help tackle all of these issues.

## **2) How would it do that?**

A road network is at its most efficient when the vehicles using it are flowing smoothly. Free flowing vehicles produce much less harmful emissions than those stuck in traffic jams or subject to stop-start motoring. Congestion also lengthens journey times and this imposes a significant cost on road users and the wider economy.

There are many ways to keep traffic moving: building more roads; managing traffic better; reducing the impact of road works; clearing up accidents more quickly. However none of these will address the fundamental issues outlined above. But switching away from the current taxation system and towards a Pay as You Go scheme – which will deliver significant benefits to drivers – might just do it through large-scale behavioural change. This is because pricing road use differently will encourage people to think more directly about the travel they do. They might reduce their travel, travel on different routes or at different times of the day, all of which are decisions that will provide more road capacity to better cope with the challenges the UK faces.

### **3) Will Pay as You Go solve all the problems?**

No. As mentioned above, more attention needs also to be focused on road management to keep traffic moving. But none of these things address the demand side of motoring. Pay as You Go does. Other things do too, such as the promotion of home working and more flexible working hours. Yet these last measures are likely to make only a marginal difference to demand and will be most effective when used alongside a Pay as You Go system.

### **4) What else needs to be delivered with Pay as You Go to make it attractive to road users?**

There must be a roads administration body separate from government to look after the road network, operating alongside an independent regulator and a road user watchdog. What Pay as You Go does offer all motorists is a direct link between what they use (in terms of miles driven) and what they pay. It encourages us to make informed decisions about journeys in the knowledge that the less we drive the less it will cost us.

### **5) So is Pay as You Go fair?**

Yes. In many walks of life we pay for goods and services in direct proportion to the amount we consume. Gas and electricity usage is metered, increasingly so is water. Charges are levied on the basis of overall consumption and often the time of use. The same goes for telecoms services. It also goes for other forms of transport. We are already used to paying varying prices for flights and train trips dependent on time, date and distance.

In Holland – where the Government is seriously considering the introduction of road user charging – a survey of 400,000 people by the ANWB (the Dutch automobile club) concluded that:

“Paying for use is still regarded as a fair way of calculating costs. A majority accepted it as a logical development that this would lead to higher costs for those who drive a lot.”

## **6) Is Pay as You Go an extra tax on motorists?**

Pay as You Go should be considered as a replacement to the major forms of current taxation - Vehicle Excise Duty (VED, also known as road tax or the 'tax disc') and fuel duty – rather than something additional. However the overall tax take might rise for two reasons: firstly to meet the running costs of the scheme (whilst remaining revenue neutral in terms of income for the Exchequer); secondly if it is decided that extra revenue should be collected to spend on additional road and transportation projects over and above the regulated 'fair share'.

## **7) Would VED and fuel duty disappear completely then?**

This is debateable and depends on the scope of the scheme (all roads, or just the major routes) and its exact aims. A system of VED broken down into different CO<sub>2</sub> emission bands sends out a clear signal about which vehicles society thinks are environmentally friendly and it rewards consumers financially for making green purchasing choices. Alternatively, the amount drivers pay under Pay as You Go might be linked to the emissions of vehicles as under the Dutch model.

There are a number of options for fuel duty if a Pay as You Go scheme were developed. If a system were developed for all roads, fuel duty could be abolished and replaced with a per mile charge, but if there was only Pay as You Go on a more select network there would need to be an element of fuel duty kept to represent the carbon implications of motoring and to ensure that congestion did not increase on the local network. Other more subtle variations could also be looked at.

## **8) Isn't fuel duty already a demand management tool in the sense that the more you drive the more you pay?**

To an extent this is true. However it is a very blunt instrument. Fuel duty takes no account of when you drive or where you drive - or whether you can afford a modern fuel-efficient car. Pay as You Go could be made to recognise all these factors and drivers could benefit financially if they change their behaviour. Depending on the mechanics of the scheme, motorists would incur lower road charges by, for example, reducing the number of journeys they make or by being willing to travel at less congested (and hence cheaper) times. In any case, vehicles are getting more fuel efficient which means the cost of motoring as paid at the pump is falling. This coupled with the fact that lower carbon vehicles will be increasingly hybrid or electric vehicles rather than powered by traditional fuels points to the need for an alternative charging mechanism.

## **9) Will people be better or worse off under road pricing?**

A great many people will be better off. Remember, almost half of all drivers do less than 5,000 miles per year. Many do not live in congested areas. More still have no need to make journeys at peak times. It is true that some people will be worse off, but like any system there are winners and losers.

Even if some people do lose out financially they will gain in other ways. They will be using less congested, better maintained roads (guaranteed by an independent regulator which ensures an appropriate sum of money is wisely spent on the road network). They will also have access to a road user watchdog – similar to that which exists for customers of other utilities - established to protect their consumer interests and provide compensation where appropriate.

As a society everyone will reap the environmental benefits of curbing harmful emissions and reducing noise pollution.

## **10) Won't people start doing more mileage to avoid expensive routes?**

This is a real issue, however the experience in London was that when the central congestion charging zone was introduced the expected 'orbital' traffic – those drivers looking to drive round the zone rather than pay to go through it - did not materialise. Additionally, the further across the road network Pay as You Go is extended, the less incentive and opportunity there is to access 'free' roads.

## **11) So what might a Pay as You Go system actually look like?**

It might be similar to the scheme under advanced consideration in the Netherlands as outlined on the website of the Dutch Ministry of Transport:

[http://www.verkeerenwaterstaat.nl/english/topics/mobility\\_and\\_accessibility/road\\_pricing/index.aspx](http://www.verkeerenwaterstaat.nl/english/topics/mobility_and_accessibility/road_pricing/index.aspx)

Under this scheme:

“The fixed car taxes (motor vehicle tax and vehicle purchase tax) will be eliminated. In the future, you will only pay for the kilometres you actually drive. A base tariff per kilometre driven in the Netherlands will apply. The amount of the base tariff will be based on your vehicle's CO<sub>2</sub> emissions. In addition, you may pay a per kilometre surcharge on driving particularly busy routes during rush hours.

“As we start driving smarter and paying more attention to CO<sub>2</sub> emissions, we will be reducing traffic and helping the environment. If we can reduce the number of cars on the road during peak commute hours by 10%, we can eliminate traffic jams.”

## **12) Do the public actually support the scheme?**

Much depends on how much road users know about the scheme and which roads the scheme covers.

Despite the negative headlines, opinion polls show that when the context of a Pay as You Go scheme is explained, together with its potential benefits, then instinctive nervousness about 'the burden of yet another tax on hard-pressed motorists' falls away significantly.

An Ipsos MORI survey of 1,005 British adults, commissioned by the RAC Foundation, was carried out by telephone over the weekend of 26/27 June 2010.

When asked, "To what extent would you support or oppose the introduction of a Pay as You Go system in which car and van drivers pay to use Britain's motorways and major roads based on the distance they travel, that is a charge per mile?"

18% supported it.  
65% opposed it.

But when subsequently asked, "Car and van drivers would be charged to use Britain's motorways and major roads; that is there would be a charge per mile. At the same time, road tax, the 'tax disc', would be abolished, fuel duty, that is tax on petrol and diesel, would be reduced, some of the money raised by this scheme would be used to improve roads, and compensation would be paid to drivers who are delayed. Overall, to what extent would you support or oppose this proposal?"

47% supported it.  
34% opposed it.

## **13) One of the purposes of the Pay as You Go scheme is to change people's driving behaviour. Is there any indication this might happen?**

Yes. The same Ipsos MORI survey asked drivers, "To what extent do you agree or disagree with the following statement: 'the introduction of a Pay as You Go system on Britain's roads would make you think more about how much you drive?'"

58% agreed.  
34% disagreed.

**14) But surely there will be a lot of opposition to Pay as You Go because of the fear that big Brother will be watching you?**

The Ipsos MORI survey suggests not. When asked to give one or more responses to, "Why do you say that you oppose such a pay as you go proposal?"

17% said it would cost more

13% said they did not know enough about the system

<1% said it would invade the privacy of the motorist

**15) So how much will the scheme cost to implement?**

According to the Dutch government the implementation and running costs of their Pay as You Go scheme was due to be €5,740 million (some £4,700 million) over the first five years.