

# **Charging Heavy Goods Vehicles**

A consultation document

January 2012

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## Foreword

1. The Government is proposing to introduce charges for the use of the United Kingdom road network by heavy goods vehicles (HGVs) of 12 tonnes and over, fulfilling a commitment in the Coalition Programme for Government. The objective is to ensure a fairer arrangement for UK hauliers. Currently, foreign-registered HGVs do not pay to use the general road network in the United Kingdom, whereas UK-registered HGVs pay charges or tolls in most European countries.
2. This consultation seeks views on the Government's proposed HGV road user charging scheme.

## Executive summary

3. The Government proposes to charge HGVs of 12 tonnes and over for the use of the UK road network. Charges would apply to all categories of road and to both UK and foreign-registered HGVs.
4. The Government proposes a simple time-based user charge, of up to £1,000 a year or £10 a day for the heaviest vehicles. Charges would vary according to vehicle type, weight and number of axles. In this way, the charging scale would be linked to the amount of damage an HGV caused to the road.
5. Keepers of UK-registered HGVs would pay an annual (or six monthly) user charge at the same time and for the same period as they paid Vehicle Excise Duty (VED). Foreign-registered HGV operators could choose to pay daily, weekly, monthly or annual user charges.
6. The user charge would be applied to UK-registered HGVs in a rolling manner, as their VED is renewed during the 11 months preceding the imposition of the user charge on foreign-registered HGVs.
7. The Government will also come forward with measures to offset the additional user charges for UK-registered HGVs, through reductions in the taxes, duties or charges which HGV operators currently face, or through appropriate spending measures. The Chancellor has discretion over tax and spending measures, but the most likely balancing measure in practice will be a reduction in VED towards minimum EU levels.
8. The introduction of user charging should result in no more than £50 per year extra costs for the vast majority of UK-registered HGVs.

## How to respond

9. The formal consultation period began on 25 January 2012 and will run for 12 weeks until 18 April 2012. There has already been a considerable

amount of informal consultation with the UK road transport industry and their representative bodies. Their views have helped shape the current proposals.

10. Please ensure that your completed questionnaire (see Annex D) reaches us by that date. If you would like further copies of this consultation document it can be found at [www.dft.gov.uk/consultations/dft-2012-03/](http://www.dft.gov.uk/consultations/dft-2012-03/) or you can contact us if you would like alternative formats (Braille, audio CD, etc).

Please send consultation responses to:

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When responding, please state whether you are responding as an individual or representing the views of an organisation. If responding on behalf of a larger organisation please make it clear whom the organisation represents, and where applicable, how the views of members were assembled.

### Consultation criteria

11. The consultation is being conducted in line with the Government's Code of Practice on Consultation. The criteria are listed at Annex A; a full version of the Code of Practice on Consultation is available on the Better Regulation Executive web-site at: <http://www.bis.gov.uk/files/file47158.pdf>

12. If you consider that this consultation does not comply with the criteria or have comments about the **consultation process** please contact:

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### Freedom of Information

13. Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the Freedom of Information Act 2000 (FOIA) or the Environmental Information Regulations 2004.

14. If you want information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

15. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

16. The Department will process your personal data in accordance with the Data Protection Act (DPA) and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

## The proposals

### Why we are proposing introducing charging for HGVs

17. The objective of the Government's proposals is to ensure a fairer arrangement for UK hauliers, as stated in the Coalition's Programme for Government<sup>1</sup>. Currently, foreign-registered HGVs do not pay to use the general road network in the United Kingdom, whereas UK-registered HGVs pay charges or tolls in most European countries. For example, a large HGV pays between €25 and €46 for a 100 mile autobahn journey in Germany, depending on the emissions of the vehicle, and a vehicle doing a two-day return trip from the UK to the Benelux countries pays €16 in user charges.

18. Over time, the different ways in which countries across Europe charge for use of their road network has created an imbalance that is unfair to UK hauliers.

19. UK road freight transport operators and organisations have consistently called for the introduction of charging, provided that the overall level of taxes and charges on UK hauliers does not increase significantly.

20. The proposals in this document set out a package of proposed user charging and other measures that meet this objective, as far as is possible within the European legal framework.

### How HGV road user charging would work

#### Quick summary:

- There will be a new road user charge for both foreign and UK-registered HGVs of 12 tonnes and over;
- The charge will apply to HGVs driving on any road in the UK;
- The charge will range from £85 a year for the smallest HGVs, up to £1,000 a year for the largest;
- Keepers of UK-registered HGVs will pay the user charge for the same period and in the same transaction as VED;
- Foreign-registered HGV operators will be able to pay daily, weekly, monthly or annual charges. The daily rate will be up to £10 a day;
- User charge rates will be closely related to existing VED rates, which in turn are intended to reflect the damage done by different types of vehicle to the road.

21. Any charging scheme must comply with the relevant European legislation, the "Eurovignette" Directive<sup>2</sup>. This Directive ensures that Member States do not discriminate against foreign hauliers in the way they set

<sup>1</sup>

[http://www.direct.gov.uk/prod\\_consum\\_dg/groups/dg\\_digitalassets/@dg/@en/documents/digitalasset/dg\\_187876.pdf](http://www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/documents/digitalasset/dg_187876.pdf)

<sup>2</sup> Directive 1999/62/EC as amended by Directive 2011/76/EU

charges, in order to safeguard fair competition within the European Union. It sets limits on the type of charges that can be introduced, and limits on the levels of charges.

### Who will pay and how much will the charges be?

22. The proposed user charge will apply to foreign and UK-registered HGVs that meet both the following criteria:

- their maximum gross vehicle weight is 12 tonnes or more;
- they are carrying goods related to a trade or business, or for hire and reward.<sup>3</sup>

23. The user charge will apply to individual HGVs (not their operators) driving on any UK road, at any time. To make enforcement easier, the charge must be paid before the HGV enters the UK road network.

24. Charges will relate to specific periods of time. Keepers of UK-registered HGVs will pay the user charge for the same period and in the same transaction as they pay VED. Foreign-registered HGV operators will be able to pay a daily, weekly, monthly (or any combination thereof, to make up the desired length of trip) or annual user charge.

25. The user charge will vary by vehicle type, weight and axle configuration, as set out in the table below. As with Vehicle Excise Duty, the “weight” is the maximum gross vehicle weight, the total weight that the vehicle is licensed to carry, of both the vehicle itself and the payload.

26. The proposed user charges are expressed in the form of pounds sterling. However, European rules on maximum daily user charges and minimum VED rates are expressed in euros. The proposed sterling user charge rates are not therefore absolute: they may change slightly owing to exchange rate movements<sup>4</sup> and inflation between now and the date of implementation.

27. The table below sets out the proposed charges, by existing VED band. A more detailed table, showing charges by HGV type (rigid, articulated, or rigid/drawbar combination), weight and axle configuration, is at Annex B. Criteria for which VED band a vehicle falls into are published in form V149<sup>5</sup>.

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<sup>3</sup> For UK-registered vehicles, this means those in the tax classes “HGV” (numbers 01 and 45), “Combined Transport” (numbers 23 and 53), and “Special types vehicles” (numbers 57 and 58). The HGV tax class is for a mechanically propelled vehicle constructed or adapted for the conveyance of goods or burden of any description, where it carries good for or in connection with a trade or business or for hire and reward. Combined Transport is where a vehicle is used at either end of a journey which involves mainly rail or water transport; there were fewer than 2,000 such vehicles registered in the UK at December 2010. Special types vehicles are used to carry very large loads that cannot be separated, in conjunction with a Special Types General Order.

<sup>4</sup> The exchange rate applied to figures in this consultation document is £1 = €1.16.

<sup>5</sup> [www.dft.gov.uk/dvla/~media/pdf/leaflets/v149.ashx](http://www.dft.gov.uk/dvla/~media/pdf/leaflets/v149.ashx)



VED band	User charge rate: (foreign vehicles only)			User charge rate (foreign and UK vehicles)
	Daily	Weekly	Monthly	Annual
A	£1.70	£4.25	£8.50	£85
B	£2.10	£5.25	£10.50	£105
C	£4.80	£12	£24	£240
D	£7	£17.50	£35	£350
E	£10	£32	£64	£640
F	£10	£40.50	£81	£810
G	£10	£50	£100	£1,000

28. The proposed user charge rates are, in each band, just over half the existing VED rates. The VED structure reflects damage to the road caused by different types of vehicles: this is also the rationale for the level of the road charges. So a vehicle with a weight and axle configuration that places it in band A causes less damage to the road than a vehicle whose configuration places it in band G. The lower user charge reflects this.

29. The Eurovignette Directive sets the daily charge at a maximum of €11, which equates to around £9.50 at current exchange rates. However there is provision in the Directive for limits to be increased by inflation and rounded up to the next euro. Therefore (unless there is deflation), the EU's maximum daily charge will have increased to €12 – around £10 - by the time the UK's HGV user charge comes into force.

30. The Government proposes to set the daily user charge at the maximum permitted rate where it can. A rate of £10 a day is still low when compared to what the same sum will buy for a 40 tonne HGV on a German autobahn (around 80km) or French autoroute (about 50km on a typical stretch).

31. The Eurovignette Directive also stipulates that the daily, weekly and monthly user charge rates must be no more than 2%, 5% and 10% respectively of the annual rate. This explains the proposed lower daily user charges in bands A-D.

32. The Government recognises that the proposed user charging scheme contains a degree of complexity. However, this is necessary if we are to charge lighter and less damaging HGVs significantly lower annual charges than the heaviest and most damaging. Although there are 28 different user charge cells in the table above, this compares with 24 cells in the tariff table applied by the "Eurovignette" user charging scheme in Benelux and Denmark, which works well in practice.

33. In practice, we expect more than 90% of foreign-registered HGVs to fall into bands E, F or G. And aligning user charges with existing UK VED bands will make the administration of the charge for UK-registered HGVs quick and easy.

34. The Government also intends to explore how charges could be varied in future according to the environmental impact of the vehicle in terms of its emissions. However this is unlikely to be introduced when the charge first comes into operation. There is further information in the section below on “How charging fits with wider Government policy”.

#### How the charge would be administered

35. We propose to contract with a private-sector company to administer the charging scheme for foreign-registered HGVs. Foreign operators will pay the user charge over the internet, or at points of sale at or near borders, in ports or on ferries into the UK, before driving on UK roads. The contractor will be required to maintain an electronic database of foreign-registered HGVs for which a user charge has been paid. UK enforcement authorities will have access to this. There will be no requirement to display a physical permit on the vehicle.

36. Refunds will be possible for user charges that have at least a full month outstanding, although an administration fee may be charged. Transfers between vehicles will not be possible.

37. We propose that the Driver and Vehicle Licensing Agency (DVLA) will administer the user charge for UK-registered HGVs, alongside the existing collection system for Vehicle Excise Duty. As with VED, UK-registered vehicles will pay either an annual charge, or a six monthly one (at six times the monthly rate). This restriction, permitted under the Eurovignette Directive, will significantly simplify the administration (and cost) of charging and of enforcement, and will reduce the cost of compliance for most businesses.

38. Refunds will be possible in the same way as they are available for Vehicle Excise Duty. That is, under a specified set of circumstances, a refund of the annual or six-monthly charge can be obtained for the remaining full months of the charging period.

39. In Northern Ireland, the Driver and Vehicle Agency could administer the user charge as DVLA’s agent (as it currently does with VED). Or DVLA may bring both activities in-house.

#### How the charge will be enforced

40. The Vehicle and Operator Services Agency (VOSA) in Great Britain and the Driver and Vehicle Agency (DVA) in Northern Ireland currently check UK and foreign hauliers’ compliance with regulations on vehicle roadworthiness, drivers’ hours and other road safety regulations, and take action when breaches are found. The Police also have enforcement powers. Action can take the form of an on-the-spot fine and/or immobilisation of the vehicle until the defect is remedied. We propose that VOSA and DVA extend their enforcement activity to include checking compliance with the road user charge, by referring to the database of vehicles for which a charge has been

paid. A vehicle could be stopped if it had not paid a charge, and not allowed to proceed until the charge, as well as an on-the-spot fine, was paid. This approach to enforcement is possible only if there is a requirement to pay road user charges before using the UK road network, rather than after the event.

41. There is an additional process to ensure that keepers have paid the user charge for UK-registered HGVs. Since the user charge and VED will be covered by a single payment, any HGV for which the user charge had not been paid would not have the necessary VED paid either. DVLA (DVA in Northern Ireland), already enforce VED effectively from their records, automatically sending notices to keepers of vehicles for which VED has not been renewed, including a penalty and a notification of arrears. The same enforcement strategy will also pick up UK-registered HGVs for which the annual (or six months) road user charge has not been paid.

Consultation questions on charging:

1. Do you agree with the proposal whereby keepers of UK-registered HGVs will pay the charge at the same time and for the same period as Vehicle Excise Duty, and payments by operators of foreign-registered HGVs will be collected by a private contractor? If not, what would you propose?
2. Do you agree with the proposed charges and charge bands? If not, what would you propose?
3. Are you content with the proposals for enforcing the user charge?

### **Minimising the additional burden for UK hauliers.**

42. The Government is committed to ensuring that the HGV road user charging scheme imposes no additional costs overall for the greatest possible number of UK road transport operators. However, in practice, the need to remain within EU rules regarding state aid and minimum rates of vehicle tax, and the need to strike the right balance between the cost of administering any aid system and the amounts of aid involved, mean that it may not be possible to ensure that 100% of vehicles are no worse off.

43. The precise mechanism for minimising the cost burden on UK operators will not be decided until the Budget preceding the implementation of the charge for UK-registered HGVs, because the Chancellor will have to take account of the wider economic picture at that time.

44. At present, we foresee that the likeliest course of action will be to reduce VED to levels at or just above the minimum rates set out in the Eurovignette Directive<sup>6</sup>. By doing this, we believe that around 98% of the

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<sup>6</sup> This approach would also entail changes to the Reduced Pollution Certificate (RPC) system, replacing the existing VED reductions for vehicles holding a valid RPC with grants of the same economic value under either European Commission Regulation No. 800/2008, which declares certain categories of aid compatible with the common market, or European Commission Regulation No. 1998/2006, which describes the rules for providing “de minimis” aid.

current UK HGV vehicle fleet of 12 tonnes and over will pay no more than £50 extra per year, and 94% will pay nothing extra at all. This is in the context of typical HGV running costs of around £80,000-£100,000 a year.

**Examples: what would happen if VED reductions were used**

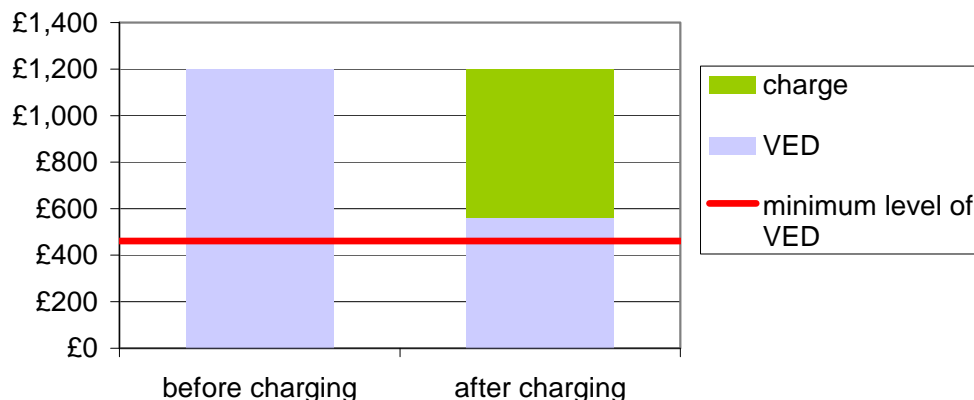
This box gives illustrations of how this would work, for certain types of vehicle, if we introduced charging now, and if reductions in VED were chosen as the method for ensuring that most UK hauliers do not pay more. It uses a recent exchange rate with the Euro (£1=€1.16) and current VED rates. Actual rates may change between now and the introduction of charging in 2013-14.

In December 2010, there were almost 71,000 heavy goods vehicles with an articulated body, a total of six axles, registered to carry a total weight of 23 tonnes and above. Such vehicles currently pay VED of £1,200 a year.

The proposed charge is £640 a year for such vehicles. If VED were reduced by £640, the total paid for such a vehicle would remain at £1,200, as before.

This new VED rate of £560 would be above the minimum rate set by EU law, which is €535, or £461.

**Example showing articulated HGV with 6 axles, weighing 40 tonnes and above**



Taking another example, there are currently around 3,200 articulated vehicles weighing between 26 and 28 tonnes and having two axles on the tractor unit and two on the trailer. The VED for such vehicles is currently just £165 a year. The proposed charge is £85 a year. However the minimum VED rate according to EU law is £146. So if charging were introduced now, and VED were reduced to the minimum possible level, the total payment would be £231 – £66 a year extra. This is the single biggest category of vehicles that would pay more.

Consultation questions on minimising the additional burden for UK registered hauliers:

4. Do you agree that the effect of the charge on UK hauliers should be compensated as far as is possible within EU rules?
5. Do you agree with the option presented here of reductions in VED rates? If not, please offer alternative proposals.

## A summary of the impacts of charging

45. The HGV road user charge will be classified as a tax. A Tax Impact Assessment has therefore been prepared and can be found at Annex C.

46. When responding to the consultation, please comment on the analysis of costs and benefits set out in the Tax Impact Assessment, giving supporting evidence wherever possible. A number of specific questions on impacts are included below.

47. Broadly speaking the average cost of operating an HGV is around £300 a day. So a £10 daily charge would be roughly equivalent to a 3% increase in the daily cost of operating an HGV on UK roads.

48. Based on a typical trip of a foreign-registered HGV to the UK (see footnote 7), the proposed daily road user charge would be equivalent to around 5 pence per mile, which (assuming a consumption rate of 1.75 miles per litre) is just over 40% of the c12p per mile cost advantage given by the c20p per litre difference in fuel prices (ex VAT) between the UK and neighbouring EU Member States.

49. The user charge is forecast to raise around £0.5 million per year from UK-registered HGVs (after expected offsetting measures) and around £22-25 million from foreign-registered HGVs, with annual cost of administration and enforcement of £3-4.8 million.

Consultation question on the impacts of charging:

6. The Department is not aware of any specific evidence on the price sensitivity of transport by foreign-registered HGVs in the UK, or whether there are markets which are particularly price sensitive. Do you have any information on this issue?
7. If you are a road transport operator licensed elsewhere in the EU or a customer of such an operator, how might the HGV user charge affect your business (please justify by evidence where possible)?

## Other options

50. In developing these proposals for charging, we have considered other potential solutions and would like to hear stakeholders' views on them. The key factor to bear in mind is that the objective of charging is to ensure a fairer arrangement for UK road freight transport operators, which implies that there

is a package of accompanying measures so that, as far as possible, the cost burden faced by such operators will not increase in overall terms.

51. The main alternative to the proposed time-based charge is a charge related to distance travelled (tolls). There are higher maximum charges set by the Eurovignette Directive, which would mean that tolls could be set to raise more revenue, from both foreign and UK-registered HGVs.

52. If a distance-based scheme were introduced that raised as much revenue on average from a typical visit by a foreign-registered HGV as the proposed time-based scheme, this would equate to a charge of approximately 5 pence per mile for vehicles in the top charge band (assuming charges are proportional to VED bands).<sup>7</sup> This would mean a UK-registered 40 tonne HGV with six axles doing 85,000 miles a year would be charged almost £2,700 at 3.1 pence per mile<sup>8</sup>, compared to the time-based annual charge of £640. Compensating UK operators for such a large cost increase, within EU rules, is unlikely to be possible.

53. In addition, the set-up and running costs of a distance-based charge would be considerably more than for a simple time-based charge as proposed. The costs are likely to significantly outweigh the benefits from charging foreign-registered vehicles, which make up only around 6% of HGV vehicle miles on UK roads<sup>9</sup>.

54. However, the Government welcomes any evidence or views on the merits of a distance-based scheme and how it could work in practice, bearing in mind some of the problems highlighted above.

Consultation question on other options for HGV road charging:

8. What do you consider to be the likely advantages and disadvantages of a charging system based on distance travelled (as in Germany) as opposed to a time-based charge?
9. If a distance-based charging system were adopted, should it apply to all roads or only certain categories of roads?
10. Would you prefer a distance-based system even if this meant large cost increases for UK operators?

<sup>7</sup> Based on figures from the Department for Transport Survey of Foreign Road Goods Vehicles 2009. The average distance driven by a foreign vehicle visiting the UK was 649km (406 miles) over two calendar days. This would be charged as £20 for the proposed time-based scheme (two times the £10 daily charge). The equivalent charge per mile is £20 / 406m = 4.9 pence per mile.

<sup>8</sup> The mileage figure is one used by the Freight Transport Association as a typical average for a 44 tonne vehicle. The 3.1 pence per mile is calculated using 4.9 pence per mile as the price for band G vehicles, and producing a band E per mile price using the same proportions at the time-based charges used in this document, ie  $4.9 \times 640 / 1000 = 3.1$ .

<sup>9</sup> DfT estimate for vehicles 12 tonnes and over (previously published figures related to HGVs 3.5 tonnes and over). Uses "weigh-in-motion" information applied to existing traffic estimates, and total vehicle miles driven from foreign vehicles survey.

## How we intend to introduce charging

55. Primary legislation will be necessary before any system of HGV road user charging can be introduced. Subject to the constraints of the legislative programme, the Government intends to introduce an appropriate Bill into Parliament in the third session (which commences in May 2013) at the latest, with a view to implementing the user charging scheme before the end of the current Parliament (May 2015).

56. The main steps towards implementation are as follows:

- Consultation on Government's HGV user charging proposals
- Government's response to consultation
- [if appropriate] HMT consultation on changes to VED structures
- Bill on HGV user charging introduced into Parliament
- Invitation to tender for contract to collect user charges from foreign-registered HGVs
- User charging for UK-registered HGVs starts, alongside compensatory measures
- Charging for foreign-registered HGVs starts.

57. We propose to introduce the user charge for UK-registered HGVs on a rolling basis, as their VED is renewed during the 11 months preceding the introduction of the user charge for foreign-registered HGVs. We need to do this because, otherwise, keepers of UK-registered HGVs would not pay the charge until the date that they renewed the VED **after** the introduction of the charge (which could be many months later). This would discriminate against foreign-registered HGVs and would not therefore be permissible under EU law. Because the total of VED plus user charge is not expected to be much different to current VED, the cost implications for operators should be minimal.

58. The tendering process for the contract to administer charging for foreign vehicles is subject to European rules on how much time must be allowed for companies to bid.

## How charging fits with wider Government policy

### Setting charges by the environmental performance of the vehicle

59. We are not proposing that charges differ according to vehicle emissions when the charge is first introduced. The first priority is to have in place a charging system which begins to deliver a fairer arrangement for UK operators.

60. However we are looking to apply different charges for vehicles with different environmental performance as soon as practical after the introduction of charging. We will be actively examining a number of considerations to this end, including the full range of costs and benefits involved, the relationship with the existing EU directive and the scope for securing EU agreement for

amending it. For example, the directive currently sets an absolute limit on the daily charge that could be levied, meaning that vehicles with high emissions cannot be charged more. We will continue to make the case in discussions on the future shape of the Eurovignette Directive that there should be more flexibility in the setting of the daily charge, allowing a higher limit, at least for vehicles that are less environmentally friendly.

61. At the moment, Vehicle Excise Duty for cars differs depending on CO<sub>2</sub> emissions. This is not currently possible for HGVs, since there is no methodology for measuring their CO<sub>2</sub> emissions. The European Commission is currently working on a way of measuring CO<sub>2</sub> emissions from HGVs. A method may be in place by early 2013, but we are not able to rely on this, and we cannot yet be sure that it will be suitable for the purpose of setting charges based on it.

62. We will hold discussions with industry representatives, ahead of the introduction of charging, on the practicalities of differential emissions-based charges, including methods for doing so, so we could change the scheme to include them quickly following an EU agreement to allow higher charge limits.

#### Minimising the administrative burden on business

63. The Government is committed to reducing the burden on business and simplifying tax structures where possible. Paying the user charge at the same time as VED will impose no additional administrative burdens on operators, as only one transaction will be needed to cover both VED and the new user charge.

#### Devolution issues

64. The HGV user charge is legally defined as a tax. As a tax, it is for the UK Government to set throughout the UK. Revenues would, as with any other tax, go to the UK Government and decisions on how those revenues are used would be made in the usual ways. Enforcement activity would be carried out by the Police, DVLA, and VOSA (DVA in Northern Ireland).

#### Other potential objectives for charging – such as reducing congestion, addressing environmental problems, or raising revenue

65. The primary objective of HGV charging is to ensure a fairer arrangement for UK hauliers, addressing the problem where UK hauliers currently pay charges to use roads in most other European countries, whereas foreign hauliers coming to the UK do not. Previous attempts at introducing a more complex charging scheme, with a broader set of objectives, have proved to be too complex and unworkable in the UK context.

66. As set out above we will be looking at whether we can vary charges by the environmental performance of the vehicle in future.



67. The proposed charging scheme will raise some revenue, as explained above, but this is not the primary objective. The user charge is unlikely to have much effect in reducing congestion, as the proposed rates are not high enough to bring about significant modal shift.

## Questions and answers

68. Below is a list of frequently asked questions about these proposals. If you still have questions after you have read this section please contact the Department; see the section “How to respond”.

**Q Will my vehicle (private HGV/specialist vehicle/bus etc) be charged?**

**A** Only vehicles currently licensed for carrying goods, and weighing 12 tonnes or more, will be charged. For UK-registered vehicles, this relates to the following categories of Vehicle Excise Duty:

- the “HGV” tax class (number 01 and 45). There were around 248,000 vehicles in this category weighing more than 12 tonnes at December 2010;
- the “Combined Transport” tax class (numbers 23 and 53). There are just under 2,000 vehicles in this category, all weighing over 12 tonnes;
- the “Special types vehicles” tax class (number 57 and 58), used for carrying exceptionally large loads that cannot be separated.

Vehicles in other UK tax categories, such as private (non-commercial) HGVs or HGVs on small islands, will not be charged (nor will their foreign-registered equivalents). Vehicle Excise Duty for such vehicles will not be changed as a result of introducing the charge.

See also below about drawbar trailers.

**Q Why not just charge foreign vehicles? Or have a higher charge for foreign vehicles? Or charge vehicles when they enter the country?**

**A** Discrimination against HGVs registered elsewhere in the EU is illegal under European law. The Eurovignette Directive aims to ensure fair competition in the EU road haulage market. It prevents, among other things, charging only foreign vehicles, having a daily charge of higher than €11 (subject to inflation), or stopping vehicles at the border to charge them. The proposals set out in this document are consistent with this Directive.

Note that Switzerland is not a member of the EU, so the charging scheme they operate is not bound by the Eurovignette Directive.

**Q. How will drawbar trailers be treated?**

**A.** Vehicles pulling drawbar trailers are taxed separately from other HGVs (tax class 02 and 46), at relatively low levels. Vehicles pulling such trailers are subject to minimum tax rates within the Eurovignette Directive for the

combined vehicle and trailer. Annex B indicates initial thinking on charges for such combinations, although further analysis is required on charges and VED rates in such cases. Analyses in this document do not take account of vehicles pulling drawbar trailers; there are relatively few registered in the UK.

## Conclusions and what will happen next

69. The Government considers that the proposed package of charging and other measures will achieve the objective of a fairer arrangement for UK hauliers. It would remove the imbalance where UK-registered HGVs are subject to charges for the use of roads in other European countries whereas foreign-registered HGVs using the UK road network are not. The proposals represent what can be achieved within European rules set out in the Eurovignette Directive.

Consultation questions on overall proposals:

- 11.** Do you consider that the principal objective of charging should be to ensure a fairer arrangement for UK hauliers?
- 12.** If not, what should be the principal objective?
- 13.** Do you consider that the charging proposals outlined above should be implemented?

70. The results of the consultation will be considered by the Government. A summary of responses, including the next steps, will be published within 3 months of the consultation closing on [www.dft.gov.uk/consultations/dft-2012-03/](http://www.dft.gov.uk/consultations/dft-2012-03/) . Paper copies will be available on request.

## Annex A – Civil Service Code of practice on consultation

### Code of practice on consultation

The Government has adopted a Code of Practice on consultations. The Code sets out the approach Government will take to running a formal, written public consultation exercise. This consultation is being conducted in line with the Code of Practice.

While most UK Departments and Agencies have adopted the Code, it does not have legal force, and cannot prevail over statutory or other mandatory external requirements (e.g. under European Union Law).

The Code contains seven criteria. They should be reproduced in all consultation documents. Deviation from the code will at times be unavoidable, but the Government aims to explain the reasons for deviations and what measures will be used to make the exercise as effective as possible in the circumstances.

#### The seven consultation criteria

1. **When to consult:** Formal consultation should take place at a stage when there is scope to influence the policy outcome.
2. **Duration of consultation exercises:** Consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible.
3. **Clarity of scope and impact:** Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals.
4. **Accessibility of consultation exercises:** Consultation exercises should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach.
5. **The burden of consultation:** Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained.
6. **Responsiveness of consultation exercises:** Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation.
7. **Capacity to consult:** Officials running consultations should seek guidance in how to run an effective consultation exercise and share what they have learned from the experience.

A full version of the Code of Practice on Consultation is available on the Better Regulation Executive web site at:

<http://www.berr.gov.uk/files/file47158.pdf>

## Annex B – proposed HGV charges by vehicle type

Vehicle type	Weight (tonnes)		Charge band	Day	Week	Month	Year
	>=	<					
<b>Main HGV types</b>							
<b>Rigid 2 axle</b>	12	15	B	2.1	5.25	10.5	105
		15	D	7	17.5	35	350
<b>Rigid 3 axle</b>	12	21	B	2.1	5.25	10.5	105
	21	23	C	4.8	12	24	240
	23		D	7	17.5	35	350
<b>Rigid 4 axle</b>	12	23	B	2.1	5.25	10.5	105
	23	25	C	4.8	12	24	240
	25	27	D	7	17.5	35	350
	27		E	10	32	64	640
<b>Articulated, 2 tractor axles &amp; 1 trailer axle</b>	12	25	A	1.7	4.25	8.5	85
	25	28	C	4.8	12	24	240
	28	31	D	7	17.5	35	350
	31	34	E	10	32	64	640
	34		FG special	10	34	68	680
<b>Articulated, 2 tractor axles &amp; 2 trailer axles</b>	12	28	A	1.7	4.25	8.5	85
	28	31	D	7	17.5	35	350
	31	34	E	10	32	64	640
	34	38	F	10	40.5	81	810
	38	G	10	50	100	1,000	
<b>Articulated, 2 tractor axles &amp; 3 trailer axles</b>	12	31	A	1.7	4.25	8.5	85
	31	34	C	4.8	12	24	240
	34	38	E	10	32	64	640
	38		G	10	50	100	1,000
<b>Articulated, 3 tractor axles &amp; 1 trailer axle</b>	12	28	A	1.7	4.25	8.5	85
	28	31	C	4.8	12	24	240
	31	36	E	10	32	64	640
	36	38	F	10	40.5	81	810
	38		G	10	50	100	1,000
<b>Articulated, 3 tractor axles &amp; 2 trailer axles</b>	12	31	A	1.7	4.25	8.5	85
	31	33	C	4.8	12	24	240
	33	36	D	7	17.5	35	350
	36	38	E	10	32	64	640
	38		G	10	50	100	1,000
<b>Articulated, 3 tractor axles &amp; 3 trailer axles</b>	12	34	A	1.7	4.25	8.5	85
	34	36	C	4.8	12	24	240
	36	38	D	7	17.5	35	350
	38		E	10	32	64	640
<b>Other HGV types</b>							
<b>Rigid+drawbar max charge</b>			Drawbar	10	25	50	500
(there may be further development of charges for drawbars)							
<b>Special Types Vehicles</b>			G	10	50	100	1,000