Motoring aspects of the ‘splash the cash’ budget

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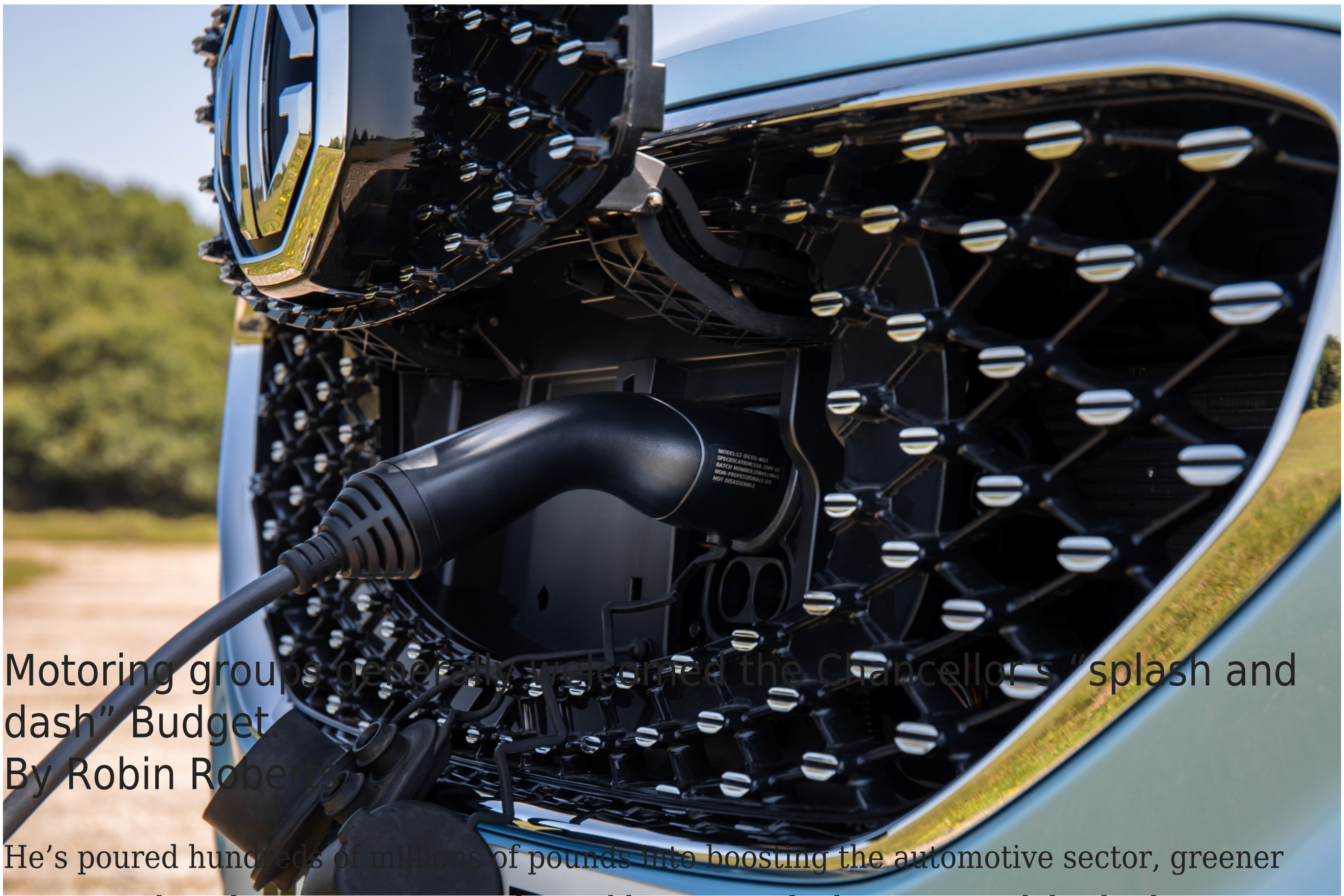

Motoring groups generally welcomed the Chancellor's "splash and dash" Budget.

By Robin Roberts

He's poured hundreds of millions of pounds into boosting the automotive sector, greener energy and road improvements, and eased borrowing for businesses while also boosting technology.

Some thought, however, that he could have gone further in particular areas and the end of a tax relief for Red Diesel will be expensive for some businesses but not the agricultural sector which can still get it with a low duty, and the extension of PHEV grant will not apply to the more expensive models over the next few years.

"Unprecedented situations call for unprecedented measures so today's emergency funding and wider measures to support businesses and workers in managing the likely effects of coronavirus is very welcome," said Mike Hawes SMMT Chief Executive.

"Given the immediate challenges, however, we are pleased to see the Chancellor find room in his Budget to help make zero emission motoring a more viable option for more drivers – essential if we are to begin to meet extremely challenging environmental ambitions. The continuation of a plug-in car grant is an essential step in the right direction and, alongside the removal of the premium car surcharge on VED and reduction in company car tax for these vehicles, as well as a strategic review of national charging infrastructure requirements, should help encourage consumers and support the beginnings of a market transition.

Of course, much more needs to be done to maximise the opportunities as we transition the UK market and industry to new technologies, and the promised spending review will be a crucial moment for government to set out a long term vision for transport decarbonisation and industry investment in the UK."

The Budget provides something for today's and tomorrow's drivers, said RAC head of policy Nicholas Lyes.
"The Chancellor has chosen to give a boost to drivers of today's vehicles with a fuel duty freeze while also investing in tomorrow with funding for rapid charging hubs for electric vehicles, an extension to the plug-in car grant, funding to repair Britain's roads and a commitment to spend on our motorways and strategic roads.

We welcome the Chancellor's freeze in fuel duty which will be a relief to drivers up and down the country. While the Chancellor might have been tempted to increase duty, the reality is that for millions this would have simply increased their everyday driving costs and done nothing to encourage them to switch to cleaner vehicles. And while many want to seek alternative transport options to using their vehicles for some journeys, in so many parts of the country reasonable public transport provision simply does not exist.

We also welcome a commitment from the Chancellor to extend the plug-in car grant until 2022-23, something we called for and which will provide a real long-term boost for drivers who plan on changing their vehicle in the next couple of years but find the current upfront costs prohibitive. More expensive electric vehicles will also not now face a higher rate of vehicle excise duty, increasing their attractiveness to new buyers.

Our research suggests that cost is one of the biggest barriers for drivers who want to switch to an electric vehicle and the steps taken today provide clarity and certainty for both consumers and manufacturers.

Alongside this, while additional funding from the Chancellor to fix our local roads is helpful, what has been committed is simply not enough. The condition and maintenance of local roads continues to be a major concern for more than a third of drivers, with a majority believing the state of local roads has worsened in the last year. However, £2.5bn over the course of five years may not by adequate, particularly if the UK is hit by extreme winter weather.

Finally, we are pleased with the commitment from the Chancellor to continue the investment in our strategic road network. Congestion is a major concern for over a fifth of drivers and it is vitally important that we continue to keep both drivers and Britain moving."

Fuel suppliers were also delighted with two bonuses in the Budget."We are delighted by the provisions made by the Treasury on key issues impacting independent petrol retailers," said Brian Madderson, Chairman of the Petrol Retailers Association. Madderson spoke today to Matthew Dix, Head of Commercial Property Tax at the Treasury, who confirmed the abolishment of business rates for the tax year 2020-21 for small businesses in the retail sector. This applies to businesses with a rateable value of less than £51,000 and will be of enormous help to filling stations in order to cope with the economic hardship of coronavirus.

"The freeze on fuel duty for another year is also welcome, keeping fuel costs down for consumers. We are also pleased with the decision to exclude the agriculture industry from the abolishment of the red diesel tax relief, especially in relation to the recent floods in the northern former 'red wall', to keep the sector thriving."

The Chancellor has announced a number of positive measures to support businesses through a period of external challenges including the coronavirus outbreak, said Sue Robinson, Director of the National Franchised Dealers Association. Their views on the different motoring-related elements of the budget are as follows:

Consumer incentives and plug-in grant

The Government has announced it will provide £403 million for the Plug-in Car Grant, extending it to 2022-23. The government will also provide £129.5 million to extend the Plug-in Grants for vans, taxis and motorcycles to 2022-23. But it has brought down the grant support to £3,000 and excluded PHEVs over £50,000, so buyers will have to stump up more of their own money to run the more luxurious PHEVs.

Vehicle Excise Duty (VED)

The government is publishing a call for evidence which will include how VED can be used to support the take-up of zero and ultra-low emission vehicles and reduce overall emissions from road vehicles

"Following our lobbying efforts, we are pleased to see that the Government will publish a call for evidence on VED. NFDA will continue to liaise with the Government to outline franchised dealers' priorities on the issue. Additionally, we are pleased to see that zero emission cars will be exempted from the Vehicle Excise Duty VED 'expensive car supplement'".

Company car tax (CCT)

As set out in July 2019, the Government will reduce most CCT rates by 2% in 2020-21 for cars first registered from 6 April 2020. Rates will return to planned levels over the following two years, increasing by 1% in 2021-22 and 1% in 2022-23. Rates will then be frozen until

2024-25.

“Further clarity on the company car tax is positive news for businesses”.

Electric cars

The Government has announced an extra £900 million investment for R&D, space, nuclear fusion and electric vehicles.

The Budget has announced investment in electric vehicle charging infrastructure, ‘which will ensure that drivers are never more than 30 miles from a rapid charging station’. The Government has committed to spending £1 billion on ‘green transport solutions’. This includes £532 million for consumer incentives for ultra-low emission vehicles.

“It is extremely encouraging to see that more than £500 million will be invested to support the rollout of new rapid charging hubs. Access to charging infrastructure is one of the key barriers preventing consumers from buying an electric car and, as a result, we welcome further investments which will continue to encourage motorists to purchase low and zero emission vehicles”.

Fuel Duty

“It is positive that fuel duty will remain frozen for another twelve months. This decision will benefit motorists and the whole automotive industry throughout a period of significant changes and financial pressure”.

Transport infrastructure

“It is positive that a total of £27 billion will be invested to improve the condition of 4,000 miles of roads in the UK. An efficient transport infrastructure is key to a strong economy and the investment is welcome news”.

“Combined, this has been an excellent Budget for small businesses such as garages”

For the Freight Transport Association, Christopher Snelling, Head of UK Policy, observed, "FTA has been urging government to commit to a programme of infrastructure improvement for several years; we are thrilled to see the Chancellor has pledged to spend billions of pounds on upgrades across the UK.

"Businesses within the logistics sector rely on safe, effective and well-maintained road networks to keep goods moving across the UK, but the poor state of roads across the nation has compromised their ability to do so; the economic performance of the country has suffered as a result.

"Now, we are calling on government to press ahead urgently with its plans; the UK's road and rail network has been subject to chronic underinvestment for many years and this programme is long overdue."

Rick Green, Chair, Asphalt Industry Alliancewent on,
"£500 million extra a year divided across English local authorities is still a fraction of the amount needed to deal with decades of underfunding, which have led to deteriorating conditions and a rising one-time catch up cost to fix the problem.
It's a positive move that the new Government has recognised the need to allocate much-needed additional funding to our vital local road network. It is certainly a large step in the right direction and we look forward to hearing more detail from the Secretary of State for Transport.
We believe that what's needed is an investment of £1.5 billion extra per year, for 10 years, to bring local road conditions up to a level from which they can be maintained cost effectively to ensure a more resilient network going forward."