Consultation on the HGV levy

Campaign for Better Transport response to Department for Transport consultation

July 2022

About us

Campaign for Better Transport is the national charity championing greener, fairer transport solutions. Our vision is for all communities to have access to high quality, sustainable transport that meets their needs, improves quality of life and protects the environment.

Summary

Campaign for Better Transport supports the Government's proposal to simplify the Heavy Goods Vehicle (HGV) levy bands and to align them to the vehicle's environmental performance. However, the charge levels would be too low to incentivise a switch to cleaner vehicles and a shift to greener modes such as rail. The proposed lower charge levels would result in increased congestion, pollution, and emission levels.

Question 1: Do you support or oppose the government's proposal to reform the levy to align it more closely with the environmental performance of the vehicle?

Campaign for Better Transport supports the principle of aligning the HGV levy more closely with the environmental performance of the vehicle. We recognise the vital role that freight and logistics play in our economy and keeping our society functioning. However, HGVs are an environmentally damaging way of moving freight and goods.

HGVs contributed 19 MtCO2e in 2019 and this has barely changed in absolute terms in the last 30 years. By comparison, rail freight produces 76% less carbon emissions than HGVs on average and currently prevents 7 million lorry journeys per year. Rail boasts 96% reliability, increasing transport efficiency by moving larger payloads with greater speeds. HGVs are also more likely to be involved in fatal crashes per mile travelled than other vehicles. Therefore, the levy needs to be set in such a way as to encourage the movement of freight and goods in the greenest way possible. This includes rail freight, zero emission lorries and cargo bikes for last mile deliveries.

Question 2: Do you support or oppose the proposed reformed levy having three levy bands and rates?

Campaign for Better Transport supports the simplified levy structure of three bands. However, the consultation document states that on average vehicles would pay around 20% less than the previous HGV levy. This signifies that the levy rates are set at too low a level to meaningfully account for the full environmental and societal cost of HGVs, and effectively rewards continuing to use polluting vehicles. A higher rate would promote a shift to cleaner vehicles and modes and a reduction in overall HGV mileage, while still being competitive to equivalent charges in other European countries.

Question 3: Do you have any concerns relating to specific vehicle types or circumstances (such as particular business requirements or use cases) for the proposed reformed levy?

No.

Question 4: Do you have any other thoughts on the proposed reformed levy?

Broadly, we believe the levy should charge vehicles on the basis of distance travelled. This would incentivise hauliers to be more efficient in consolidating deliveries and it would more accurately reflect the environmental and societal impacts and the greater impact on road surface damage of HGV use. Moving to distance-based charging for HGVs would also offer an opportunity to pilot a reform of vehicle taxation to distance-based road pricing – which is widely acknowledged as required going forward. Many HGVs are currently fitted with tracking devices to monitor their journey's progression so measuring distance travelled for the purpose of charging would not be an issue.

Question 5: Do you support or oppose the proposal to charge foreign HGVs only on major roads (motorways and A-roads)?

Campaign for Better Transport opposes this proposal because it may lead to unintended consequences of foreign HGVs electing to use minor roads where this is an option, thus increasing congestion, road danger and air pollution in more residential areas.

Question 6: Do you support or oppose the proposal to charge foreign HGVs only when driven on a road, not when kept on a road (parked)?

We support this proposal but the levy should be charged on the basis of distance driven as outlined in question 4.

Question 7: Do you have any other thoughts on the proposal to reform the scope of the levy?

No.

Question 8: Would any of the proposed reforms to the levy result in administrative or enforcement difficulties distinct from the previous levy?

Not that we are aware of.

Question 9: Would you support or oppose zero-emission HGVs paying a reduced rate of HGV levy under the proposed reformed levy?

Campaign for Better Transport supports a reduced rate of levy for zero-emission HGVs. Although the priority should be to set the levy rates at a level which would promote consolidation and modal shift to rail, road freight would remain a significant feature of our economy. A reduced levy rate for zero-emission vehicles would promote their accelerated manufacture and the take-up.

Question 10: What suggestions do you have for how the HGV levy should treat HGVs with alternative drivetrains or fuels, such as battery electric, fuel cell or natural gas powered vehicles?

It is crucial that the levy charge levels reflect the vehicles' relative environmental damage. As

outlined above, battery electric vehicles should be rewarded with a lower rate, albeit not zero rate as they still produce harmful non-tailpipe emissions. There is uncertainty on whether hydrogen technology is best utilised for HGVs, so we do not believe this should be promoted.

For more information, please contact:

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