



## Autumn Budget 2017

### Air quality

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- **Action to improve air quality, including a new £220m Clean Air Fund, will be funded by targeted changes to company car tax and to vehicle excise duty for those buying new diesel cars.**
  - **Drivers of petrol and ULEV cars, those who have already bought a diesel car, and vans and HGVs will not be affected, while all motorists will benefit from the Budget decision to freeze fuel duty.**
1. There have been significant improvements in air quality in recent years, with nitrogen oxide (a key air pollutant) emissions falling 19% between 2010 and 2015, and 69% since 1970. However, air pollution is still at harmful levels in some of our towns and cities, disproportionately harming some of the most vulnerable in society.
  2. The government published its National Air Quality Plan in July 2017, which required local authorities in England to draw up plans to improve air quality. In this Budget, the government goes further with funding for a new Clean Air Fund to help people and businesses adapt.

#### Diesel cars

3. Road transport is responsible for 80% of nitrogen dioxide emissions in roadside tests. Even new diesel vehicles are a significant source of emissions: a test on the 50 bestselling diesel cars in 2016 found that, on average, they emitted over six times more nitrogen dioxide in real-world driving than is permissible under current emissions standards.
4. To encourage manufacturers to bring the next-generation of clean diesels to market more quickly, the government is introducing a temporary levy on diesel cars. From April 2018:
  - new diesel cars will go up one Vehicle Excise Duty (VED) band in their first-year rate
  - the existing Company Car Tax diesel supplement will increase by 1 percentage point
5. Impacts in practice for some common diesel cars are shown in the table on the following page.
6. Neither charge will apply to next-generation clean diesel cars that meet the Real Driving Emissions Step 2 standard.
7. Drivers of HGVs, vans, and petrol or ULEV cars will be unaffected by these changes, as will those who have already bought a diesel car. And all will benefit from the Budget decision

to freeze fuel duty. This change will benefit motorists by over £4 billion over the next 5 years, nearly nine times more than the changes to diesel taxation will raise for air quality.

### Funding for cleaner air

8. In support of the National Air Quality Plan, the government will use the money raised through these tax changes to pay for a new £220m Clean Air Fund. English local authorities with the most challenging pollution problems will be able to use this fund to support people and businesses to adapt as measures to improve air quality are implemented.
9. A consultation is being launched on Budget day on some of the options that the fund could support. Guidance on applying to the Clean Air Fund will be issued early next year, alongside the consultation response. Funding will be available from 2018.
10. This new fund is in addition to the £255m funding for the plan announced in July, and takes the total amount invested in air quality and cleaner transport to £3.2bn since 2010. Because air quality is devolved, the devolved administrations will receive corresponding funding to spend on their priorities.

CO <sub>2</sub> band	Examples	First-year one-off VED increase	CCT increase in 18-19 Basic rate taxpayer	CCT increase in 18-19 Higher rate taxpayer
76-90	Peugeot 208	£20	£32	£64
	Hyundai i20	£20	£25	£51
91-100	Ford Fiesta	£20	£32	£64
	Ford Focus	£20	£43	£86
	Vauxhall Astra	£20	£35	£70
101-110	Audi A3	£20	£54	£108
	Mercedes Benz A Class	£20	£52	£104
111-130	VW Golf	£40	£54	£108
	BMW 3 Series	£40	£60	£120
131-150	Vauxhall Mokka	£300	£46	£92
	BMW 6 Series	£300	£125	£250
151-170	Nissan X-Trail	£300	£70	£140
	Kia Sportage	£300	n/a	n/a
171-190	Land Rover Discovery	£400	n/a	n/a
191-225	London Taxi Company TX4	£500	n/a	n/a
	Porsche Cayenne	£500	n/a	n/a