

## An Eco Levy for driving: cut carbon and clean up toxic air

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### **A pay-per-mile Eco Levy on driving plus free local buses and Swiss-style public transport frequencies would meet our obligation to tackle the climate impacts of cars**

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Transport is the UK's biggest source of carbon emissions. And whereas emissions from other sectors of the economy are falling, transport carbon emissions are still going up. The government's strategy of gradually switching from petrol and diesel to electric cars while allowing traffic to grow will not reduce carbon emissions fast enough to meet the Paris Climate Agreement. Even with a faster switch to electric cars (which is necessary), we will need to cut car mileage as well<sup>1</sup>.

We believe the fairest and most effective way to reduce car mileage is through a form of road pricing – a **pay-per-mile Eco Levy on driving**.

So far, no country has introduced such a scheme, although Singapore will bring in a distance-based charging scheme in 2020. However, existing road pricing schemes in Singapore, London, Stockholm, Gothenburg and Milan show that even a basic flat-rate daily charge can cut traffic volumes by around a fifth, and sometimes more<sup>2</sup>. The London congestion charge cut carbon emissions in the central charging zone by 16%<sup>3</sup>. A pay-per-mile Eco Levy would be more effective than a flat-rate daily charge, because it would charge drivers according to their actual environmental impact<sup>4</sup>. A driver who only drives a short distance in a fuel-efficient car would pay little, and someone who drives a lot in a large SUV would pay more<sup>5</sup>.

A pay-per-mile Eco Levy should have the **explicit aim of cutting carbon and air pollution**. This is different to a congestion charge. Previous proposals for a fiscally-neutral national congestion charge (exactly offsetting declining fuel duty revenue, but charging more for driving in cities, and less than at present for driving in rural areas) are not fit for this purpose. They risk increasing carbon emissions by displacing activity to rural and peri-urban areas.

All the **revenue raised by the Eco Levy should be invested in providing excellent alternatives to driving**. There should also be extra up-front investment in public transport, funded by national government, in the months before an Eco Levy comes in.

The charge per mile for driving on local roads should be **set by local authorities**, within a range defined by national government. Local authorities could vary their charge, or use other tools such as a workplace parking levy, so long as the resulting cut in traffic is enough to meet a **transport carbon budget agreed with their sub-national transport body** (in turn based on a transport carbon budget allocated to each sub-national transport body by the Department for Transport<sup>6</sup>). On the strategic road network, the charge per mile should be set by Highways England, again at a level that is enough to reduce traffic (and therefore carbon emissions) to stay within a carbon budget agreed with the Department for Transport.

Local authorities should be able to supplement income from the Eco Levy with other locally-raised income. For example, an Eco Levy should be complemented by new powers for local authorities

to apply a **public transport payroll levy**, paid by larger employers. This is one of the main funding sources for public transport in France<sup>7</sup>. Employers would benefit from a payroll levy because excellent public transport would increase the catchment from which they could attract employees. The levy would enable better transport to city centres, which would make them more productive, and it would improve access to jobs for people in less prosperous towns and rural areas.

The main groups to benefit from an Eco Levy would be **young people, older people, those on a low income and women**, all of whom are bigger users of public transport. But across the whole population, an **Eco Levy would have more winners than losers**. In London, support and opposition to the congestion charge was evenly balanced shortly before its introduction; but afterwards, over two-thirds of Londoners felt they had gained from the congestion charge or it made no difference to them, whereas only a quarter felt they were worse off<sup>8</sup>. In Milan, nearly four in five voters supported a proposal in 2011 for the Ecopass charging scheme to be extended to all vehicles, and more of the city, with the aim of halving traffic and pollution<sup>9</sup>.

Over the last two decades, discussion about road pricing in the UK has been framed in terms of congestion-relief, or as a way of dealing with the impending decline in fuel duty or raising money for roads. This technocratic framing doesn't strike enough of a chord with voters, and so nothing happens. It's too much about efficiency and not enough about values. An Eco Levy, framed as a way of tackling climate change, cleaning up toxic air, and making towns and cities healthier and more liveable, has a higher chance of winning public support.

To maximise public support, an Eco Levy should be combined with two things:

- **Public transport frequency standards<sup>10</sup>**, set down in law, ensuring a Swiss-style comprehensive public transport network across the whole country. These would be like the standards in Zurich canton<sup>11</sup>, where settlements of over 300 people are guaranteed an hourly bus service; corridors with multiple settlements receive a half-hourly service; and large dense settlements receive a service at least every 15 minutes. Services run from 6am till midnight, seven days a week. Buses and trains connect, and services repeat hourly at regular intervals.
- **Fare-free local bus services<sup>12</sup>**, following the examples of Dunkerque in 2018, Calais in December 2019, and Luxembourg in March 2020. Fare-free bus travel in Dunkerque has been a game-changer for a working class town that was culturally very attached to the car. One year on, bus trips are up 85%. Half of new bus users previously drove and one in ten new bus users have sold their second car<sup>13</sup>. This is exactly the kind of game-changer that income from an Eco Levy (especially if combined with a public transport payroll levy) makes possible.

Both public transport frequency standards and fare-free local buses require bus services to be regulated. This is the norm in other European countries.

Rising public concern about climate change and air pollution means that we now have an opportunity to draw up a completely different sort of “transport deal” between people and government than the one that has prevailed for the last 40 years. An Eco Levy should be part of that new deal. The two big changes in how we provide public transport would be the practical acknowledgement that in a low-carbon world, everyone should have a **basic right** to live a good life without having to own or drive a car. And alongside that basic right, an Eco Levy would provide the means for us to cut carbon emissions from cars, sufficient to meet our **obligation to tackle climate change**.

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<sup>1</sup> Hopkinson L and Sloman L (2019) [More than electric cars: why we need to reduce traffic to reach carbon targets](#)

<sup>2</sup> Sloman L and Hopkinson L (2019) [An Eco Levy for driving: cut carbon, clean up toxic air, and make our towns and cities liveable](#) section 4

<sup>3</sup> Transport for London (2008) [Central London congestion charging impacts monitoring: sixth annual report](#)

<sup>4</sup> In Singapore, the switch from a flat-rate daily charge to a toll that was applied each time a vehicle passed a control point led to a further drop in traffic. The original Area Licensing Scheme (introduced in 1975) cut traffic entering the central area by 44%. By 1988, traffic was 31% less than before the ALS. In 1998, when the ALS was replaced by electronic road pricing with a charge each time a vehicle crossed a control point, traffic in the central area fell by a further 10-15%. In 2020, the system will change to a GPS-based charging system with vehicles charged per km driven. Lehe L (2019) [Downtown congestion pricing in practice](#) Transportation Research Part C, 100, pp200-223 and Chin K (2005) [Road pricing - Singapore's 30 years of experience](#)

<sup>5</sup> This meets the important principle that an Eco Levy must be fair. Professor Phil Goodwin sets out six principles for road user charging, which are (1) consistency with wider policy objectives, including the primary imperative of carbon reduction; (2) plugging the 'fiscal gap' as income from fuel duty falls; (3) fairness, to users of all transport modes, and to all groups of motorists; (4) charges should take account of mileage, vehicle type, location and time of day; (5) getting the sequencing right, to ensure public acceptability; (6) designing a system that uses current technologies but is flexible to future technological change. Goodwin P (10 January 2020) [Road user charging again? New principles for an old issue](#). Article in Local Transport Today.

<sup>6</sup> Hopkinson L and Sloman L (2019) [Getting the Department for Transport on the right track](#)

<sup>7</sup> Sloman L and Hopkinson L (2019) [Transforming transport funding to meet our climate targets](#)

<sup>8</sup> Sloman L and Hopkinson L (2019) [An Eco Levy for driving: cut carbon, clean up toxic air, and make our towns and cities liveable](#) section 5

<sup>9</sup> Danielis R, Rotaris L, Marcucci E and Massiani J (2012) [An economic, environmental, and transport evaluation of the Ecopass scheme in Milan: three years later](#)

<sup>10</sup> Sloman L and Tyler J (2019) Radical Transport Policy Two-Pager #6 [Public transport everywhere with a national timetable](#)

<sup>11</sup> Taylor I and Sloman L (2016) [Building a world-class bus system for Britain](#), p106

<sup>12</sup> Sloman L, Hopkinson H, Cairns S, Stewart J, Newson C and Goodwin P (2018) Radical Transport Policy Two-Pager #1 [We need fare-free buses! It's time to raise our sights](#)

<sup>13</sup> Huré M, Javary C-M and Vincent J (2019) [Le nouveau réseau de transport gratuit à Dunkerque](#) Observatoire des Villes du Transport Gratuit