

[News story: Reformed Plug-In Car Grant extended into next decade](#)

The government has today (11 October 2018) announced changes to funding to support purchasing the next 35,000 of the cleanest vehicles.

For the last 7 years, the Plug-in Car Grant (PICG) has provided a discount to the price of over 160,000 new ultra-low emission vehicles.

These changes to financial incentives reflect the ongoing success of the PICG in increasing uptake of electric vehicles, a key part of the government's [Road to Zero strategy](#).

The PICG has helped the plug-in hybrid market become more established, and the government will now focus its support on zero emission models like pure electric and hydrogen fuel cell cars.

The changes to the grant announced today will mean that the grant rate for Category 1 vehicles will move from £4,500 to £3,500 and Category 2 and 3 vehicles will no longer be eligible for the grant.

The PICG was first introduced in 2011, designed to help stimulate the early market for ultra-low emission vehicles.

So far it has supported the purchase of over 160,000 new cars. With plug-in hybrid models like the Mitsubishi Outlander becoming popular among consumers the government is focussing its attention to zero emission models such as the Nissan Leaf and BMW i3.

Plug-in hybrid vehicles are among the cleanest on the road, and can deliver significant CO2 savings compared to petrol/diesel cars. These vehicles will continue to receive support through lower car tax rates, grants for charging infrastructure and local incentives (such as free parking).

Following the success of the PICG scheme the government has rolled out Plug-In Van, and Motorcycle grants, available to both private and business buyers across the UK.

Following the [Last Mile call for evidence](#), and in light of evidence from other countries, a £2 million fund is planned. This will contribute 20% of the purchase price of new e-cargo bikes, up to a threshold of £5,000. Funding will be conditional on individual businesses following a code of cycle safety good practice.

This new fund will help to cut congestion and improve air quality, encouraging companies to replace older, polluting vans with a zero emission alternative to create a cleaner, greener future. Money will be split between larger fleets and smaller operators to ensure benefits are available to and spread between all sizes of business.

Furthermore, the department has separately set aside £100,000 for capacity building in the industry, and will be reviewing opportunities and potential measures to encourage commercial leasing of e-cargo bikes in order to support widespread uptake over the longer term.

We are investing in the design, development and infrastructure needed to speed up the uptake of green vehicles. We are providing £1.5 billion for ultra-low emission vehicles by 2020, and creating a £400 million fund to invest in the roll-out of charging point infrastructure, in partnership with industry.

Since its introduction in 2011 the PICG has:

- supported the purchase of over 160,000 new cars. 100,000 of which are plug-in hybrids
- seen over half a billion pounds of investment in the cars of the future
- ultra-low emission vehicles are already placed into different categories on the basis of their CO₂ emissions and their zero emission range:
 - Category 1 – CO₂ emissions of less than 50g/km and a zero emission range of at least 70 miles
 - Category 2 – CO₂ emissions of less than 50g/km and a zero emission range between 10 and 69 miles
 - Category 3 – CO₂ emissions of 50 to 75g/km and a zero emission range of at least 20 miles
- the changes to the grant announced today will mean:
 - the grant rate for Category 1 vehicles will move from £4,500 to £3,500
 - Category 2 and 3 vehicles will no longer be eligible for the grant
- new grant rates will come into effect on Monday 12 November – if sales are higher than expected, we may reduce grant rates earlier than this date
- a new grant rate for category 1 vehicles will be set at £3,500 to reflect the recent reductions in the price of electric vehicles – Category 1 vehicles have CO₂ emissions of less than 50g/km and can travel at least 112 kilometres (70 miles) without any CO₂ emissions from the tailpipe at all

See [Low-emission vehicles eligible for a plug-in grant](#) for more details of what support is available via the PICG, and how we will implement the changes to the grant.