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Bath & North East Somerset Council
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Jenny Ward
Joint Air Quality Unit
Department for Environment, Food and Rural Affairs
Seacole Building Ground floor
2 Marsham Street
London
SW1P 4DF

Dear Jenny

Further to our recent discussions and correspondence, we would like to set out the Council's position with respect to the financial aspects of the Full Business Case that has been submitted to you.

1. Revenue costs associated with operating the scheme

When setting the 2020/21 budget the Council is assuming all operating costs for the CAZ that are incurred in advance of receiving revenue from the scheme will be funded by JAQU and paid upfront.

In the event that the Council incurs operating costs for the CAZ in excess of the income generated by the scheme in the years where the scheme is operational and net operating income is forecast to be positive (2021-2027), the Council is assuming that any resulting revenue deficits will be underwritten by JAQU and funded in the year that the shortfall is realised.

In the event that the Council incurs operating costs for the CAZ in excess of the sinking fund allocation in the years where the scheme is operational and net operating income is forecast to be negative (2028-2030), the Council is assuming that any resulting revenue deficits will be underwritten by JAQU and funded in the year that the shortfall is realised.

2. Risk associated with implementing and operating the scheme

The Council is assuming that the risk reserve identified in the Quantified Risk Assessment (QRA) developed as part of the Full Business Case will be funded by JAQU and paid upfront.

The QRA only accounts for risks that can be reasonably foreseen and quantified at this stage in the project. The Council is assuming that any unforeseen and/or national scale risks arising that are not accounted for within the QRA and impact on the capital or operating cost of the scheme will be underwritten by JAQU and funded in the year that the impact is realised.

3. Revenue costs associated with the mitigation measures

The Council is assuming that all operating costs associated with the mitigation measures will be funded by JAQU and paid upfront.

The Council and Cabinet are in full support of taking forward a Clean Air Zone in Bath and will ensure that costs are managed within budgeted levels, however we wish to be clear that the scheme will only be taken forward to implementation on the condition that it does not adversely impact on the Council's capital or revenue budgets, or place a new burden on the Council and local tax payer at a time when the Council's finances are already under enormous strain.

Yours sincerely



p.p. Andy Rothery
Head of Management Accounts (Deputy S151)

Donna Parham
Director of Finance
Bath and North East Somerset Council



Chris Major
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Bath and North East Somerset Council