Appendix 4: Financial summary of the CAZ

Non-compliant vehicles contribute the most towards a worsening of air quality and daily charges for their use are designed to encourage drivers to consider an economic decision whether to use their vehicle within the zone or not. Charges are set at such a level to also encourage vehicle owners to consider upgrading, replacing, or switching travel mode entirely to maximise the air quality improvements and health benefits of the zone. Charges are designed to influence behaviours and disincentivise non-compliant vehicle use rather than generate income for the council.

Revenue from daily charges and penalty charges is used to fund the running of the scheme. Any surplus revenue must be used for the purposes set out in the [CAZ Charging Order](https://beta.bathnes.gov.uk/policy-and-documents-library/clean-air-zone-charging-order) with benefits towards sustainable transport projects or schemes which compliment wider air quality improvements.

**Finances 1 January 2023 – 31 December 2023:**

Operational costs: **£2.25m**

Of this amount, **£290k** has been paid back to Central Government to cover the cost of its services associated with the CAZ.

Net revenue generated from daily charges and penalty charges 1 January 2023 to 31 December 2023: **£4.57m**

**Finances from scheme launch 15 March 2021 to 31 March 2024:**

Operational costs: **£8.29m**

Of this amount, **£909k** has been paid back to Central Government to cover the cost of its services associated with the CAZ.

Net revenue generated from daily charges and penalty charges 15 March 2021 to 31 March 2024: **£15.99m**

Surplus revenue from operation of the CAZ is split across four reserves:

**-Smoothing reserve:** to cover future operational deficits as vehicle compliance improves. **£3.52m**

**-Decommissioning reserve:** B&NES remain under a ministerial direction to deliver the CAZ at this time, this reserve provides resilience to costs should a future decision be made to remove the CAZ. **£400k**

**-Monitoring and Modelling reserve:** to cover air quality monitoring and future year modelling predictions. **£400k**

**-Re-investment Reserve:** used for the purposes set out in the [CAZ Charging Order](https://beta.bathnes.gov.uk/policy-and-documents-library/clean-air-zone-charging-order) with benefits towards sustainable transport projects or schemes which compliment wider air quality improvements.

This reserve receives the highest contribution of net revenue with a current balance of **£6.25m**. It is forecast this will increase to **£7.4m** with the continued operation of the CAZ.

To support our commitments to reinvestment of CAZ proceeds we have allocated these funds to provisionally support the following:

**£2.5m** – delivered over two years to the West of England’s Combined Authority (WECA) fund; a part of our local contribution to support delivery of sustainable transport improvements across the West of England region and within wider WECA transport programmes.

**£2m** – to fund delivery of the western section of Scholars Way – a new walking, wheeling, and cycling route to improve connectivity between residential areas and educational institutions with aims to provide a healthier, safer and greener route for people in the south of Bath.

**£1.7m** – to support the councils Local Highways Improvement Capital Programme over two years which has a wider aim of making walking and cycling more feasible and attractive at locations across B&NES through the provision of new pedestrian crossing installations, cycle schemes and footpath improvements together with bus stop improvements.

**£500k** – to support future transport strategy development and delivery action plans for B&NES

**£440k** – for feasibility works to scope a variation to the charging arrangements to Euro 6 HGVs - <https://beta.bathnes.gov.uk/class-n3-euro-6-hgv-charge-consultation>

**£250k** –to explore provisions of a School Streets Pilot scheme to enhance safer, healthier and a more pleasant environment with cleaner air and less traffic during school drop off/pick up times.

**£30k** – to fund pilot bike hangar schemes providing lockable and secure storage for residents.

**£20k** – to enable wider development works for a car club scheme through the B&NES area.

**£18k** – to fund replacement of a failed real time monitoring particulate matter (PM) analyser at London Road, Bath critical to understanding air quality issues associated with this pollutant.

**£5k** - to fund and support the council’s bereavement services with operating costs of an onsite pollutant capture device which reduces harmful airborne pollutants associated with crematoria

**Associated contributions:**

Within the Full Business Case for (CAZ), the Council requested funding from government to support the introduction of non-chargeable measures within the city including the ‘Queen Square traffic signals and public realm enhancement scheme’, Following the completion of the signals work and associated infrastructure the council is now focusing on local improvements to the public realm within this area of the city including:

**£130k** - carriageway resurfacing to Old King Street and Queens Parade Place.

**£200k** - footway improvements replacing worn and damaged concrete paving with pennant stone complimentary to the city’s heritage on the south and east sections of Queen Square and along Chapel Row.

Both improvements support a safer walking and wheeling environment.

The council continue to review and develop wider public realm improvements which may be achieved at this location.