



Decision Pathway – Report

PURPOSE: Key decision

MEETING: Cabinet

DATE: 23 January 2024

TITLE	Detailed Five Year Programme for Application of Bristol Clean Air Zone net proceeds	
Ward(s)	City Wide	
Author: Alex Hearn	Job title: Interim Director Economy of Place	
Cabinet lead: Mayor	Executive Director lead: John Smith, Interim Executive Director Growth and Regeneration	
Proposal origin: BCC Staff		
Decision maker: Cabinet Member Decision forum: Cabinet		
Purpose of Report: <ol style="list-style-type: none">1. To report the forecast net proceeds (income) from the Clean Air Zone (CAZ) Scheme from years 2022/23 to 2025/26.2. To agree a Detailed Five-Year Programme for applying net proceeds from the Clean Air Zone to enhance public transport and active travel to improve air quality in the city having regard for the legal basis and transport policy framework.		
Evidence Base: <ol style="list-style-type: none">1. A five-year plan is set out within Part 2 Annexe 5 of the Bristol Clean Air Zone Charging Order in 2022 (from now on referred to as ‘the Order’) and the council intend to apply net proceeds in accordance with it. Now that the performance of the Clean Air Zone in improving air quality is starting to be understood with the publication of the State 1 data from the Joint Air Quality Unit (JAQU), and net proceeds can be forecast, the council is in a position to propose a Detailed Five Year Programme.2. This paper describes the forecast net proceeds to be derived from the Clean Air Zone and proposes for Cabinet approval the intended approach to applying these to the objectives of the CAZ Order and Joint Local Transport Plan policies. Net proceeds received thus far, alongside the initial State 1 data from JAQU, is addressed in a separate paper at this Cabinet meeting.3. The Bristol Clean Air Zone was introduced in November 2022 following direction by Government to comply with legal pollution levels and to improve air quality.4. The council is currently forecasting net proceeds of £81m between financial years 2022/23 and 2025/26 once operational costs are deducted. This forecast has been arrived at through internal modelling but with support of external accounting and economic expertise to verify these forecasts.5. Annual net proceeds are forecast to reduce as less-polluting vehicles are used and people drive less within the zone area including because public transport, walking and cycling become a more attractive to people. The term length of the Clean Air Zone depends on when legal compliance is achieved in respect of Air Quality.6. The JAQU State 1 Assessment Report indicates the city may be compliant in meeting the parameters of the		

Air Quality Standards Regulations. The results of the State 1 Assessment are interim and extrapolated from a January to June six month average which JAQU believe to be statistically representative of an expected end of year annual average.

7. State 1 results are high-level and the main purpose is to determine if it is worth carrying out a full State 2 assessment next year on the full 2023 data set because there a chance that compliance will be achieved. The pass at State 1 means JAQU think State 2 compliance is achievable, although the results also highlight locations exceedance of the Air Quality Standards Regulations remains possible.
8. The council agreed the Order in 2022 under the provisions of the Transport Act 2000. This requires proceeds first to be used to set up, operate, manage and then decommission the CAZ, but that following this the council may agree to invest net proceeds to directly or indirectly facilitate the achievement of local transport policies (in Bristol these are contained within the West of England Joint Local Transport Plan).
9. The Order, at Annex 5, also sets out a five-year and a ten-year plan for applying net proceeds. The two plans should be read together.
10. The ten-year plan is a general plan. It provides that any proceeds would be applied, in such proportions to be agreed by the council, to directly or indirectly facilitate the achievement of the local transport policies in line with the following high level spending objectives:
 - promoting cleaner air by offering packages for non-compliant vehicles to upgrade or retrofit their vehicles to meet the standards required by the CAZ (£40m of agreed Government funding is delivering this);
 - supporting active travel and incentivising public transport use;
 - supporting green infrastructure along the most polluted roads where public exposure is the highest;
 - supporting the maintenance of infrastructure to promote active travel and public transport use.
11. The five-year programme provides more detail of how net proceeds will be applied during the first five years, depending on the level of net proceeds generated, the speed of compliance, demand for support etc The Order requires that it achieves delivery in line with not only the 10 year plan objectives (including the local transport policies), but also the following four funding objectives:
 - i. Ensure that the Scheme is sustainable and that future enforcement activity is adequately funded from any excess revenue generated in earlier years, to avoid demands on Council resources as compliance is achieved and revenue declines accordingly;
 - ii. The funding will be awarded on a priority basis and in considering the prioritisation the following factors will be considered:
 - Impact on air quality
 - Value for money;
 - iii. Enabling vehicles which are subject to the exemptions or transitional arrangements set out in this Order to upgrade or retrofit where possible in order to meet the Scheme emissions standards;
 - iv. To support and increase the use of active transport, public transport and low emission vehicles, including a list of schemes for which CAZ proceeds can be invested as match funding towards the City Regional Sustainable Transport Settlement (CRSTS), and then beyond this, proposals likely to include but not restricted to:
 - Further liveable neighbourhoods;
 - Bus service improvements, both physical infrastructure and operational services; and
 - Improve and maintain infrastructure on active travel routes and bus corridors.
12. The impact of the pandemic on public transport patronage and viability and post pandemic, national inflationary shocks in the economy continue to present a major challenge to the council, exacerbating the underlying on-going pressures of increased demands, higher costs and fewer resources facing local

government across all services. These overall pressures make funding and resourcing of public transport, delivering projects and meeting the costs of maintaining a highway network to enable modal shift away from the private car and thus deliver improvements to air quality increasingly difficult. The council continues to need to make both in year and ongoing savings as part of delivering its Medium-Term Financial Plan and as with services across the organisation this puts the continuation of existing local transport and highway budgets under pressure.

13. This detailed Five-Year Programme is presented to apply the net proceeds in line with the Order objectives (being the ten-year and five-year objectives). This is within an overall financial context where public transport continues to face patronage and viability challenges and the capacity and affordability for the council to continue to develop and deliver transport projects and maintain a network upon which transport can operate also continues to be challenged.
14. The detailed Five-Year Programme has been developed to be in accordance with the Order objectives and to deliver relevant objectives and policies of the Joint Local Transport Plan and have been subject to legal advice. The table at Appendix 1 sets out the detailed Five-Year Programme proposals together with the relevant Joint Local Transport Plan policies and objectives.
15. The West of England Combined Authority is the Regional Transport Authority, through which the council has prepared, consulted upon and adopted a Joint Local Transport Plan (JLTP) and it contains Bristol's transport policies. The fourth iteration of this (JLTP4) promotes five key objectives and the proposals within the Five-Year Programme will help to achieve these (within the context of the Order objectives):
 - i. **Take action against climate change and address poor air quality** through lower emissions and a more resilient and adaptive transport network
 - ii. **Support sustainable and inclusive economic growth** attracting investment to unlock and connect new homes, education and employment; and maintaining a network that is efficient, reliable and manages congestion better
 - iii. **Enable equality and improve accessibility** through for people with disabilities, rural, remote and deprived communities through smarter and convenient public transport and supporting measures that reduce the need travel
 - iv. **Contribute to better health, wellbeing, safety and security** through a step change in walking and cycling, fewer casualties with improved road and personal safety for users
 - v. **Create better places** through an integrated and connected transport network that improves the journey experience, enhances the streetscape, public spaces and urban environments and supports regeneration
16. The council forecasts that by the end of financial year 2025/26, net proceeds totalling approximately £81m will be received through the operation of the Clean Air Zone. £7m was collected in year 2022/23, the forecast for 2023/24 is based on monitored proceeds received. In years 2024/25 and 2025/26, it is estimated that proceeds will decline. While the operational period of the Clean Air Zone is limited to confirming and sustaining compliance with legal air quality levels, the net proceeds can continue to be applied after this.
17. These forecasts have been subject to external verification and a high degree of confidence can be assumed for years 2024/25 and 2025/26 based upon assumptions of proceeds received and rates of compliance of vehicle users. The model will need to be regularly updated to ensure projections for future years remain robust as those assumptions continue to be tested.
18. In line with the Order objectives, the council's local transport policies and recognition of the medium-term financial pressures for public transport and the council, a Detailed Five Year Programme for the application of net proceeds will be delivered in accordance with the following four themes.
 - i. **Improving Public Transport:** The ongoing impact of the pandemic on patronage and inflationary pressures on the financial viability of bus services continues to be felt within the city. Funding the

council's contribution to the Transport Levy, will help to ensure bus services can continue to become a more reliable alternative to private car and support sustainable and inclusive economic growth through regeneration, in line with the Joint Local Transport Plan. Providing additional investment (an increase over current levels) into supported buses will enable long-term viability of services. £10.3m is proposed to be committed to meeting the council's contribution to the Transport Levy in year 2023/24 and 2024/25 while from 2025/26 to 2027/28 this will fall to £6.3m with an additional £1.57m provided for investment in supported bus services.

- ii. **Match funding for City Regional Sustainable Transport Settlement (CRSTS):** £10m of match funding will be provided to unlock significant capital investment to deliver improvements to public transport corridors and deliver new active travel routes across the city and with greater connections to the region, enabling better and more frequent connections to opportunities being created through the regeneration of the city. CRSTS will deliver significant infrastructure improvements to support the increased use of reliable public transport and safe and convenient routes for walking and cycling to encourage a shift away from private car use. £2m is committed in year 2024/25, £3m in 2025/26 and £5m in year 2026/27.
- iii. **Improving and Maintaining Infrastructure:** For people to regularly use public transport or active travel and in greater numbers, they need faith in a network of corridors and routes that is invested in and then maintained to be resilient, safe, convenient and viable in the long term. To achieve the objectives of the Joint Local Transport Plan and the Order objectives, the transport network of the city requires a highway asset that is safe, integrated and efficient. If the infrastructure is not maintained, then it can deter people from choosing active modes of travel and disproportionately impact pedestrians and cyclists. A lack of funding to improve the condition of the highway network could lead to increased levels of congestion and be detrimental to the quality of the public realm and air quality. Net proceeds will be allocated to make improvements to the network and to maintain these to support ongoing and growing use of public transport, walking and cycling as alternatives to private car use. £4.59m is committed in year 2023/24 and £3.01m in 2024/25. £2m is allocated to enable removal of parking bays to facilitate bus and cycle lanes in 2024/25. For years 2025/26 and 2027/28, net proceeds will provide additional investment of £0.88m per year into the network.
- iv. **Enabling Local and Neighbourhood Transport Schemes:** Funding for Local and Neighbourhood Transport Schemes that meet the objectives of the Joint Local Transport Plan and Order objectives can supplement the investment through Community Infrastructure Levy. This will also help resource the council's Local Transport, Road Safety, Sustainable Travel and TRO teams to support the development and delivery of the relevant local and neighbourhood transport projects. £1m is applied this year for Transport Studies and a further £10m of net proceeds will be applied from year 2024/25.

19. Further information is contained within Appendix A to demonstrate the linkage with the objectives and policies of the Joint Local Transport Plan.

Cabinet Member / Officer Recommendations:

That Cabinet

1. Notes the forecast Clean Air Zone net proceeds within financial years 2023/24, 2024/25 and 2025/26.
2. Approves the Detailed Five-Year Programme for application of net proceeds from the Clean Air Zone to enhance public transport and active travel to improve air quality in the city having regard for Bristol Clean Air Zone Charging Order 2022 and the Joint Local Transport Plan as set out in this report and Appendix A.
3. Note the implications of the Detailed Five-Year Programme for application of net proceeds from the Clean Air Zone for the council's Medium Term Financial Plan.

Corporate Strategy alignment:

The commitments of the Five-Year Programme will support outcomes across the Corporate Strategy including:

1. Children and Young People: improvements to the convenience, reliability and safety of public transport and active travel to improve connectivity for employment and learning and support physical and mental wellbeing for children and young people.
2. Economy and Skills: better public transport and active travel infrastructure can connect people to opportunities created by the investment in and regeneration of the city and help to remove barriers to employment.
3. Environment and Sustainability: improved air quality through supporting the use of alternatives to the private car and help reduce the carbon emissions from transport.
4. Health, Care and Wellbeing: better connections and improved infrastructure for walking and cycling can support the physical and mental wellbeing of citizens.
5. Homes and Communities: the development of new homes within higher density and mixed-use development can be better.
6. Transport and Connectivity: investment in a more reliable, convenient and safer network of public transport and infrastructure for walking and cycling.
7. Effective Development Organisation: making best use of limited resources to maintain and increase investment in public transport and active travel.

City Benefits:

1. Provide greater bus service frequency, reliability, and punctuality through funding service and bus priority infrastructure.
2. Improving the accessibility of public transport to enable connectivity to jobs, education, and other opportunities across the city for all citizens.
3. Promoting the use of more sustainable travel as preferential modes. Subsequently delivering better air quality by reducing the reliance on private vehicles, and improving the health and wellbeing of the population, and especially for those living with a pre-existing health condition.
4. The delivery of walking and cycling infrastructure improvements will help to contribute to the uptake in active travel methods which offers social value benefits, including health and wellbeing.
5. Highway improvements that will contribute to the reduction in community segregation through the improvement of public transport services.
6. Improvements to the urban environment including enhancing the public realm, creating more green space and planting trees where possible.
7. Better public transport interchange points, ensuring that the bus stop waiting environment is of high quality and where possible improving the trip chain to the bus stop. Making improvements at bus stops and to the trip chain can have indirect benefits including bus patronage growth, improved perception of safety, active travel uptake for the first and last mile of one's journey.
8. Upgrading and maintaining council assets where possible such as the surface of the carriageway, bus stops, and signals to support ongoing use for sustainable travel modes.

Consultation Details:

The proposal has been developed in consultation with Cabinet Members. Answers to questions from the Resources Scrutiny Commission in December 2023 have been provided, including in respect of application of some net proceeds proposed in this paper.

The proposals within this paper will be presented to the Overview and Scrutiny Commission on 17 January 2024.

Background Documents:

[The Transport Act 2000](#)

[The Clean Air Zone Charging Order 2022](#)

[Joint Local Transport Plan 4 2020-2036 \(westofengland-ca.gov.uk\)](https://www.westofengland-ca.gov.uk)

Revenue Cost	£	Source of Revenue Funding	
Capital Cost	£	Source of Capital Funding	
One off cost <input type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice: This report summarises the forecast income derived from the Clean Air Zone (CAZ) and the Council’s plan to use that income to enhance public transport and active travel to improve air quality in the city.

The forecast income of £81m over the lifetime of the scheme is based on the actual income generated since the CAZ was introduced on 28 November 2022 using vehicle numbers and compliance rates over that period. The forecast has been validated externally by the Council’s Strategic Partner and found to be prudent with further work required to estimate compliance levels over the remainder of the scheme, which may lead to an increase in the forecast.

Funding received by CAZ is fungible so can be used to meet costs over the remainder of the scheme. The report lays out the Council’s plan to spend that funding in accordance with the objectives of the scheme with plans to offset part of the council's contribution to the annual Transport Levy to the West of England Combined Authority in future years.

The Medium Term Financial Plan also includes plans to use CAZ funding to improve electrical assets, Public Rights of Way and other highway improvements. The CAZ contribution to the Transport Levy is within the discretion of the Council but should other elements of the planned works prove more or less expensive than the forecast the Council will need to adjust plans to remain within the funding envelop provided by CAZ.

Finance Business Partner: Ben Hegarty – Finance Business Partner 4 January 2024

2. Legal Advice: Schedule 12 of the Transport Act 2000 sets out the requirements and restrictions on accounts and funds related to the CAZ scheme. Schedule 12, paragraph 8, permits the Council, as a non-metropolitan local traffic authority, to use net proceeds for the purpose of directly or indirectly facilitating the achievement of local transport policies of the authority. Apart from this specific use, any net proceeds must be applied towards making good any deficit in respect of the account in the past ten years with any surplus remaining after this is to carried forward to the next financial year.

As well as the Council being able to use net proceeds for the purpose of directly or indirectly facilitating the achievement of its local transport policies, the net proceeds must also be used in accordance with the terms of the general (ten year) plan and the detailed (five year) programme. The terms of the general plan and detailed programme are set out in Annex 5 of the CAZ Order.

The use of net proceeds identified in Appendix 1 should therefore be in compliance with the Transport Act 2000, and the requirements of the CAZ Order, so long as they are allocated for the purposes:

- (1) of directly or indirectly facilitating the achievement of the Council’s local transport policies; and
- (2) under the general plan and detailed programme set out in the Order.

Legal Team Leader: Joanne Mansfield – Team Leader 4 January 2024

3. Implications on IT: I can see no implications on IT in regard to this activity

IT Team Leader: Alex Simpson – Lead Enterprise Architect 12 January 2024

4. HR Advice: There are no HR implications evident

HR Partner: Celia Williams, HR Business Partner 11 January 2024

EDM Sign-off	John Smith Interim Executive Director Growth and Regeneration	20 December 2023
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Cabinet Member sign-off	Mayor's Office	15 January 2024
For Key Decisions - Mayor's Office sign-off	Mayor's Office	20 December 2023

Appendix A – Further essential background / detail on the proposal	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	YES
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	NO
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO