

Bath & North East Somerset Council		
MEETING	Cabinet	
MEETING	10 November 2022	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3401
TITLE:	Consultation to vary the Bath CAZ Charging Order 2021: proposal to introduce a charge for Euro VI diesel HGVs exceeding 12 tonnes	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Equality Impact Assessment		

1 THE ISSUE

- 1.1 Following the Cabinet decision in December 2021 (E3322: Cleveland Bridge Review) officers have completed feasibility assessments on varying the Bath Clean Air Zone (CAZ) Charging Order 2021 (“the Order”), so that all Class N3 Euro VI diesel HGVs (HGVs over 12 tonnes) become chargeable under the charging scheme, for the benefit of air quality and the amenity of the CAZ area (including the Grade II* Cleveland Bridge) and the wider Bath World Heritage Site setting.
- 1.2 This report considers the details of the feasibility assessments and requests Cabinet to agree a period of formal public consultation on this proposal to inform a decision on whether to vary the Order, as set out above.

2 RECOMMENDATION

The Cabinet is asked to:

- 2.1 Note the work completed to assess the feasibility and the highlighted risks of introducing a charge appropriate for the benefit of air quality and the amenity of the charging scheme area (including the Grade II* Cleveland Bridge) and the wider Bath World Heritage Site setting.
- 2.2 Agree that a public consultation, involving key stakeholders as appropriate, is undertaken on the introduction of a charge for Class N3 Euro VI diesel HGVs

(HGVs over 12 tonnes) together with associated local exemptions being proposed to mitigate any impact on local businesses and the economy of the wider area.

- 2.3 As this proposal is distinct from the CAZ charges and outside the scope of the national Clean Air Zone Framework, Cabinet is requested to note the need for the development of local payment processes based upon those created for the CAZ scheme, as central government systems will not be available for use. This will require keepers of chargeable Class N3 Euro VI diesel HGVs to divert to the Council's website to make payment through a separate payment portal, locally created for these vehicles.
- 2.4 Delegate to the Director of Place Management (in consultation with the Cabinet Member for Transport), the decision to vary the Order according to the scheme outputs and the feedback received from the public consultation period and implement the scheme with minor variations as required.

3 THE REPORT

- 3.1 Since implementation some 18 months ago, the Bath CAZ is showing positive progress in improving local air quality. However, to achieve the aims of the Journey to Net Zero strategy by 2030, the Council is committed to continuing to evolve and develop strategies for changing travel behaviours, which build upon the success of the CAZ, and ensure ongoing improvement in environmental quality and amenity once the CAZ is deemed to have achieved compliance with national targets.
- 3.2 Implementing variations to the Order is one of a package of measures set out within the Journey to Net Zero policy that are aimed at improving to the improving local air quality and tackling congestion, whilst also preserving the World Heritage status of the city. Measures already delivered include emissions-based parking charges, liveable neighbourhood schemes, and improved active and sustainable transport infrastructure.
- 3.3 Varying the Order so that all Class N3 Euro VI diesel HGVs become chargeable under the scheme seeks to influence the owners and operators of these heavier HGVs to:
 - a) Redistribute existing hybrid, electric and alternatively fuelled vehicles in their fleets into Bath;
 - b) Further encourage the uptake of hybrid, electric and alternatively fuelled vehicles, in line with the HGV Roadmap; and
 - c) Discouraging unnecessary journeys using larger HGVs and encourage the use of smaller compliant vehicles, where appropriate.
- 3.4 Initial feasibility assessments have considered the legal and financial implications of introducing such a charge, together with traffic modelling, mapping of key routes and business locations and the need for adaptations to the existing IT infrastructure. Early engagement has also taken place with key stakeholders including relevant trade associations.

- 3.5 If agreed, the Order would be varied to introduce a £50 charge for Class N3 Euro VI diesel HGVs which enter the CAZ. This charge is deliberately set lower than the existing HGV charge to deter the use of older, more polluting vehicles. It would be a unique charge (sitting outside of the national Clean Air Zone Framework) to support the Council's aims of going further to improve local air quality, reduce vehicular demand on road space, protect the amenity of the Bath World Heritage Site setting, and respond to the climate and ecological emergencies which have already been declared. For the avoidance of doubt, HGVs weighing under 12 tonnes would be unaffected by this variation.
- 3.6 The Council recognises the considerable fleet improvements already made by owners and operators of heavier HGVs in response to the CAZ. In recognition of this and with a view to protecting local SMEs and their supply chains that may have recently invested in Class N3 Euro VI diesel HGVs, the proposed charging mechanism would be supported by a suite of time-limited local exemptions, shaped by feedback from the public consultation and a period of soft enforcement to help embed the required behaviour change.
- 3.7 Subject to the outcome of the consultation, exemptions are being considered for vehicles based in and around Bath, and for vehicles delivering to/from locations within the charging scheme area. These exemptions would complement the existing exemptions for hybrid, electric and alternatively fuelled vehicles. Charges would be levied through the adaptation of existing local payment systems as central government systems are currently unavailable for this purpose. This does however provide an opportunity for the Council to further develop and enhance its own local systems for future resilience and development.
- 3.8 Initial feasibility assessments have considered the daily average number of Class N3 Euro VI diesel HGVs entering the charging scheme area and the percentage of these HGVs which could have originated and ended their journey locally, therefore benefiting from any time-limited local exemption. This feasibility assessment has initially estimated that more than 80% of HGV trips will be unaffected and, taking into account potential local exemptions, 70-100 non-exempt Euro 6 N3 HGVs could be impacted per day by the charge. However, this estimate will be monitored in the light of the recent re-opening of Cleveland Bridge and ongoing impacts of the pandemic.
- 3.9 Traffic flow, fleet compliance and air quality data in key locations both within and around the boundary of the charging area (including Twerton, Southdown and Weston), have been collected and analysed since before the introduction of the CAZ in March 2021. This will continue throughout the life of the charging scheme and be extended as necessary, to understand any impacts of the proposed charge should it be introduced. The outcomes of this monitoring will be published and appropriate mitigation measures considered.

4 STATUTORY CONSIDERATIONS

- 4.1 The Order, made under the Transport Act 2000 ('the Act'), provides the legal framework allowing local traffic authorities to implement and vary road user charging schemes of all kinds. The Order was last varied in September 2021 to accommodate a minor amendment to the CAZ boundary.

- 4.2 A variation to the Order can be made under section 168 of the Act (Appendix 2) and in proposing such a variation the Council must consult such local persons, and such representatives of local persons, as they consider appropriate about the charging scheme.
- 4.3 If agreed by Cabinet and in view of the unique nature of the proposed charge, the Council will be conducting a targeted public consultation period with appropriate key stakeholders.
- 4.4 If introduced the scheme would likely require supplementary signage to the CAZ signage already in place, which would require authorisation from the Department for Transport.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 There is an allocation of £500k to support the development and implementation of the variation of the Order and the associated requirements which will be funded from the CAZ Revenue Reinvestment Reserve. The outcomes of the scheme are in line with the published use of the funding.
- 5.2 The aim of the proposed charge is to act as a behaviour change mechanism to enhance local environmental quality and amenity and align with the aims of the Journey to Net Zero Strategy, and any income generated from the levy of the charge is secondary to this aim. If approved, a £50 charge is proposed for Class N3 Euro VI diesel HGVs, which is lower than the existing charge of £100 for non-compliant Class N3 Euro V diesel HGVs. In choosing this charge, there is a need to strike a balance between encouraging positive behaviour change and further upgrade, and not inadvertently encouraging the use of more polluting vehicles. If these Euro VI vehicles were also charged £100 there would be no incentive for an operator to use a Euro VI vehicle at all and they may choose to use older, more polluting vehicles since the charge level is the same.
- 5.3 The Council's Medium Term Financial Outlook currently forecasts a significant revenue savings requirement for 2023/24 in order to set a balanced budget. Any costs associated with taking forward this charging area-wide charge on HGVs would need to be developed on a cost neutral basis with additional revenue or capital costs being funded from within the approved budget for the Transport portfolio. Any unbudgeted costs will need to be considered as part of the budget process for 2023/24 and future years.

6 RISK MANAGEMENT

- 6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance.
- 6.2 When considered in isolation, the implementation of the proposed charge represents a significant investment, given the potential benefit it provides. However, in addition to supporting the agreed local policy direction to go further to improve local environmental quality and amenity, this variation would also provide valuable assets in the form of both data and processes to shape the future of transport strategy and maximise future opportunities.

- 6.3 The timescale for delivery of the proposed charge is ambitious and subject to the outcome of public consultation, IT system adaptations and the Council's ability to acquire the required expertise in a constrained marketplace.
- 6.4 The Council is keen to employ the right type of behaviour change mechanism for the right type of vehicle as summarised in the Journey to Net Zero policy; this proposed charge is not intended to target the HGV industry in isolation, but be part of a package of measures to bring about the improvement of local air quality and preserve the World Heritage status of the city, and as such, will be subject to continuous monitoring and review to ensure it continues to align with strategic aims. As with all such ground-breaking schemes, due to its unique nature there is a risk of legal challenge from key stakeholders.
- 6.5 The Council recognises that the delivery of products by heavy freight is critical to the economic vibrancy of the city, however there is a need to manage these vehicle movements for the benefit of air quality and the amenity of the CAZ area (including the Grade II* Cleveland Bridge) and the wider Bath World Heritage Site setting. The Council will continue to work with trade associations to mitigate the impacts of this policy development and maintain the economic vibrancy and vitality of Bath and the wider region.
- 6.6 Due to the long-distance nature of the road haulage business the communications strategy for the variation will require a detailed and intelligent plan to ensure wide ranging awareness of the charge. This will be supplemented by a soft enforcement period on implementation to further raise awareness during the initial period of the scheme.

7 EQUALITIES

- 7.1 The public sector equality duty has been considered during the initial consultation to date and will continue to be evaluated going forward. An Equalities Impact Assessment has been completed and is attached to this report. It will be refined during any public consultation process and the updated version published with future reports.

8 CLIMATE CHANGE

- 8.1 Varying the CAZ Charging Order to encourage owners and operators to replace diesel powertrains with hybrid, electric or alternatively fuelled powertrains, should help reduce vehicle-related CO2 emissions as well as NO2 and Particulate Matter pollution and reduce vehicular demand on road space in line with the Council's local transport policies.

9 OTHER OPTIONS CONSIDERED

- 9.1 Previous reports (E3322- Cleveland Bridge Review and E3303- Cleveland Bridge-update and options) considered options including:
- the introduction of a Traffic Regulation Order (TRO) to restrict HGV movements,
 - a road user charge for HGVs on Cleveland Bridge or another road outside of the CAZ,

- tolling options

These options were deemed unviable at the time due to the high risk of a Primary Route Network appeal to the Department for Transport and this opinion remains unchanged.

10 CONSULTATION

10.1 During previous consultation for the implementation of the CAZ, comments were received from the public about the need to reduce HGV traffic in the city and more generally, reduce traffic levels to preserve the history and beauty of Bath.

10.2 Early engagement has taken place with appropriate key stakeholders and the public consultation will take account of other stakeholder's views including those from the West of England Combined Authority and neighbouring local authorities.

10.3 The Council's s.151 officer, monitoring officer and Cabinet Member for Transport have had the opportunity to review and clear the publication of this report.

Contact person	Chris Major, Director of Place Management - 01225 394231
Background papers	<u>E3322 Cleveland Bridge Review</u> <u>E3303 Cleveland Bridge- update and options</u>
Please contact the report author if you need to access this report in an alternative format	