



29 January 2017

Dear Councillor,

As usual the MTUA is contacting members of the Authority running the Tunnels before the meeting which sets the Tunnels tolls.

Though the Combined Authority has not yet met to decide on tolls there has been recent publicity that tolls are to be kept the same as now. Though it is a relief that tolls may not be increased, the Tunnels are still being used by Merseytravel and the Authority to fund their other spending. This practice falls far short of what was said by the Liverpool Mayor at the Authority's annual budget meeting in 2015 - "all the profits that are made from the Tunnels should go into driving down the Tunnel tolls costs."

We believe that any tolling is unfair and divides families, friends and businesses in our region. The situation is made worse by the Authority continuing to profit from the Tunnels and we ask that you stop the profit taking and that you introduce concessions that will ease the tolls burden on all drivers. There could be a substantial reduction in all tolls and / or the Authority could reconsider some of the suggestions that we have made in the past.

Attached is a document which goes into more detail. The Authority and Merseytravel seem to ignore what we say, but as usual we invite you to point out to us anything that we say which you think is untrue, inaccurate or misleading.

Yours sincerely,

Dave Loudon
Chairman
Mersey Tunnels Users Association

To Council Leaders who are full members of the Combined Authority
Copy to Councillors on Merseytravel Committee

To Merseytravel Committee & LCRCA from MTUA – Tunnels Tolls

Deciding on the actual tolls payable and setting the budget

We have in previous years pointed out that the Tunnels tolls can and should be set by the Authority before it meets to decide on its overall annual budget. Our suggestion has again been ignored, this puts pressure on Authority members to agree to tolls that are at least at the level that is recommended in the tolls report as otherwise there is a hole in the budget.

At the annual meetings to determine the budgets and the tolls for the coming year, the Merseytravel Committee consider a toll report whose wording changes little from year to year. The reports imply that the tolls have to be set at the maximum level permitted under the 2004 Act unless there are special circumstances. As we have pointed out each year this is not so, and we have cited the part of the Act – Subsection 1 of Section 92C of the 2004 Act (re-enacting previous legislation) - which permits the Authority to reduce or remove tolls under any circumstances and we have also cited examples where the Authority has used this power. Merseytravel in their reports still do not mention the Subsection 1 of Section 92C powers.

The Combined Authority have been involved in the toll setting process from February 2015. The wording of the 2017-18 tolls report is largely a repeat of what was said last year with some interesting differences -

Para 1.3 says - “This report conveys the recommendations of the Merseytravel Committee in respect of the schedule of tolls payable for 2017/18 and seeks formal approval of the Combined Authority to the recommendations of the Merseytravel (sic) Committee, as established herein.”

Para 3.6 says “The Merseytravel Committee paid due regard to economic and social factors at its meeting of the 2 February 2017 and determined that with current and historic low rates of inflation, there would be no justification for increasing tolls in 2017/18.”

Para 3.8 starts “In making its recommendation, the Merseytravel Committee was happy to receive assurances..”

As the Committee have not met it seems that they and the Authority will only be going through the motions of considering the tolls.

Apart from the fact that the Committee has not met, there are no “economic and social factors” mentioned in the report to the Committee apart from the usual “comparative costs for rail bus and ferry commuter fares”. Neither is there any

mention of “current and historic low rates of inflation” apart from the usual paragraphs claiming that the tolls should be increased because of inflation

Following last year's meetings, we made a complaint to the Authority about the tolls setting process and the meetings. There was no response to the complaint and we will be considering who we can complain to outside the Authority.

Promises about reducing or removing tolls and stopping the profit taking

As you know various statements about tolls were made at the Authority meeting two years ago and there were also various statements made before the 2015 General election on behalf of both Labour and the Conservatives. In part the statements indicated that there would be a “task force” set up to look at tolls and that there would be discussion between the Authority and the Government about possible changes to the law and an end to profit taking and a substantial reduction in tolls.

As we mentioned in our letter to you last year the MTUA made various requests to the Authority for information about this “task force” and what had been said in any negotiations with the Government. The Government refused to answer and the matter is with the Information Tribunal. There was an answer from the Authority about contacts with the Government but it was partly redacted. More information may eventually become available but it seems that far from the Authority discussing with the Government stopping the profits and reducing the tolls, the discussions were about cancelling amounts owed to the Government and using increased toll profits to finance non Tunnels spending.

Tunnels profits

Over the years the public has been misled over whether there were any Tunnels profits at all, what the size of the profits was and what the profits were used for. We have detailed this in documents that have previously been sent to members.

As usual the report to the Committee says (para 3.7) says that the purpose of profits (which the report calls “a surplus of income over immediate expenditure”) “is to provide sufficient resources for long term asset management of the tunnels”. We have pointed out to you before, the profits taken by the Authority are gone with the wind and are *not* transferred to Tunnels reserves (any transfers to or from Tunnels reserves are *before* the profits taken by the Authority).

The Tolls reports to both the Committee and the Authority as usual make no mention of what the profits are though the Authority are told at para 3.8 that “The Tunnels Act

allows the City Region to benefit from tunnel revenue by making *any* (our emphasis) surpluses not required for the tunnels themselves to be made available to finance other transport infrastructure priorities across the City Region.”

Whether there was “any” profit might have been clear from the separate Budget reports. In 2016-17 the budget did show a “Net Expenditure” for the Tunnels of *minus* £12,747,000 (in other words a profit of £12,747,000). But for 2017-18 the presentation has been changed so that what goes to the Committee shows the Tunnels as apparently just breaking even. The tolls income is reported to the Authority but is no longer shown separate from other Tunnels income. The amount of the profit is not clearly shown but can be deduced, the amount of tolls profit in the proposed 2017-18 budget seems to be about £13,260,000 though there is a small difference between what Merseytravel says it is being given for the Tunnels by the Authority and what the Authority says that it is giving to Merseytravel. £13,260,000 is higher than the £12,800,00 profit that was budgeted for 2016-17, and is also one of the highest ever *budgeted* appropriations of tolls income

Mersey Tunnels compared with other crossings in the UK

The cash tolls for cars at the Mersey Tunnels is currently the joint (with Tyne Tunnels) third highest in the UK. The only car tolls which are higher are those on the Severn and Dartford crossings. Nearly all crossings in the UK have no tolls. Of the 100 or so 'tidal' crossings only 9 are tolled <http://www.tunnelusers.org.uk/cross.htm>

The only planned new tolls anywhere in the UK are on the so called “Mersey Gateway” and the existing bridge between Runcorn and Widnes. In contrast to what is happening in this area it is expected that the new Forth crossing will open to traffic this summer – there will be no tolls. This month Government consultation started on the route for a two mile tunnel near Stonehenge, there is no suggestion of tolling it.

Tunnels users compared with users of passenger transport

As usual the Tolls reports suggest that Tunnel users get a good deal compared with users of public passenger transport. We remind you that Tunnel users are in effect taxed while passengers may be subsidised. We say “may” but as we have detailed to you before there is a massive public subsidy going to those people who use local rail or the Ferries. We would like to update our figures but the Merseytravel budget has substantial spending which is not apportioned between rail, bus and ferry so the full extent of the subsidy for each transport mode can not be calculated from published information. Presumably members of the Authority are also not aware of their spending by transport mode or by how much each journey is being subsidised

Using toll profits to benefit all users of the Tunnels

We suggest that the profits from the Tunnels should be used in ways that will benefit all. Possible changes that we have suggested before include -

- a) Reducing all tolls, not only the tag tolls, by a significant amount.
- b) Removing or reducing all tolls at certain times (e.g. evenings) or on certain days (e.g. weekends and public holidays).
- c) Having one way tolls (with the toll in the reverse direction increased) thus halving the congestion and pollution that is caused by tolling.

It is expected that those who prepay should get some discount but there is now a large differential between those who prepay and those who pay cash. The current tag toll is equivalent to a discount of 29.4% on the cash toll, Prior to the 2004 Act the Mersey Tunnels cash toll for cars was £1.20 and the tag toll was £1.10, a discount of 8.3%. At the Tyne Tunnels and the Humber bridge there is a discount of 10% and at the Severn bridges there is no tag discount unless you have a monthly 'season' tag.

For some time most Class 2, 3 and 4 journeys seem to have used a tag. For Class 1 (cars and vans) the number of journeys using a tag is now nearly 50%. But this means that half of car and van journeys do not use a tag. It is likely that those who use the Tunnels the most are the most likely to have a prepaid tag, so the proportion of car drivers using the Tunnels without a tag will be far greater than 50%.

It is also likely that the drivers without prepaid tags will be those who are either less well off or without bank accounts or who are visitors to the area. We again question whether it is reasonable that the less well off pay the most per journey or that people are deterred from visiting the area.

In any case research in America has shown that tolls increase more frequently where tolls have to be paid automatically. So the fear is that if the Tunnels were ever to go 100% cashless, then there is a strong chance that the prepaid tolls would go up. This happened when the Dartford tolls went 100% cashless at the end of 2014 and the cost of the prepaid toll was increased by 25%.

The Authority say that they will encourage more people to use tags, but it appears from the proposed budget that the Authority expects that there will be limited extra take up of tags as the Tunnels income is budgeted to increase from £40.6 million this year to £41.0 million next year.

The report to the Authority suggests that tag users equates with 'local' users and

includes a map which shows that there is a bigger concentration of tagged drivers in the Wirral and in the City Region than elsewhere. But this probably reflects the fact that these areas make up a high proportion of Tunnels users, *as would be clear if there was also a map of where cash users lived.*

In any case the Tunnels concession for paying in advance and being tagged does *not* depend on where you live. This is completely different to the situation at the Dartford Crossing. Those who live in the area either side of the crossing (Dartford Council and Thurrock Council) can cross for 20 pence (the normal prepaid charge for a car is £1.67) or have unlimited journeys for £20 a year.

It is also different from the situation for the Halton Council area. The residents there have been told that they will not pay anything to cross at Runcorn when tolls at Mersey Tunnel levels are introduced for everyone else. As you will be aware there were promises made before the General Election about extending the area that would be toll free. On the 24th January the Government announced that it would not be honouring those promises. The reasons given by the Government were as nonsensical as all the other announcements about the new crossing, but the main point is that the people of Halton will continue to be able to cross toll free whereas everyone else in our area will have to pay whichever Mersey crossing they use.

Local economy

This year the Tolls reports make no mention of how well or badly the local economy is said to be doing. Due to massive EU subsidies, cheap money for developers and growth in the national economy, Merseyside may well be doing better than it was but it is still a poor relation to most of the UK.

Last year we pointed out how Liverpool and Wirral compared with other authorities as per the English Indices of Deprivation for 2015. On the Employment ranking, out of 326 local authorities Liverpool was the 2nd worst, and Wirral was the 15th worst. On the rankings for Local Enterprise Partnership areas, the Liverpool City Region was ranked as the worst in England on the Index of Multiple Deprivation, as well as worst for indices of Income, Employment, and 'Health Deprivation and Disability'.

In December 2016 the ONS reported on “Regional gross value added (income approach), UK: 1997 to 2015”. The data included indices of Gross Value added per head. The UK average is 100, London is 172.1, Manchester city is 126.7, Liverpool is 89.9 and Wirral is 57.3. This is no indication that tolls have helped the Liverpool or Wirral economies, or that things will somehow get better later this year when the Mersey tolling regime is extended upriver.

End