

# LIVERPOOL CITY REGION COMBINED AUTHORITY

To: Chair and Members of the Combined Authority

Meeting: 3 February 2017

Authority/Authorities Affected: All

EXEMPT/CONFIDENTIAL ITEM: No

## REPORT OF THE LEAD OFFICER: TRANSPORT

### MERSEY TUNNEL TOLLS 2017/18

#### 1. PURPOSE OF REPORT

- 1.1 The Liverpool City Region Combined Authority is responsible for determining the level of tolls payable for use of the Mersey Tunnels.
- 1.2 The schedule of tolls payable for users of the Mersey Tunnels was considered by the Merseytravel Committee of the Combined Authority at its meeting of the 2 February 2017.
- 1.3 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 Committee, as established herein.

#### 2. RECOMMENDATIONS

- 2.1 The Liverpool City Region Combined Authority is recommended to:-

(a) approve the recommendations of the Merseytravel Committee in respect of the schedule of tolls applicable for use of the Mersey Tunnels in 2017/18, as contained within Table 1 (a) and Table 1 (b) below, in effect seeing no change in toll levels for 2017/18.

**Table 1(a) Recommended Schedule of Tolls Applicable for Mersey Tunnels 2017/18**

<b>Vehicle Class</b>	<b>Authorised Toll (November RPI)</b>	<b>2017/18 Cash Toll</b>	<b>2017/18 Fast Tag Toll</b>
1	£1.90	£1.70	£1.20
2	£3.80	£3.40	£2.40
3	£5.70	£5.10	£3.60
4	£7.60	£6.80	£4.80

**Table 1(b) Definition of Vehicle Categories to apply in 2017/18**

<b>Class</b>	<b>Subcategories</b>
1.	(a) Motorcycle with side car and 3 wheeled vehicle.
	(b) Motorcar and goods vehicle up to 3.5 tonnes gross weight.
	(c) Passenger vehicle other than a motor car with seating capacity for under 9 persons.
2.	(a) Motorcar and goods vehicle up to 3.5 tonnes gross weight, with trailer.
	(b) Goods vehicle over 3.5 tonnes gross weight, with two axles.
	(c) Passenger vehicle with seating capacity for 9 or more persons, with two axles.
3.	(a) Goods vehicle over 3.5 tonnes gross weight, with three axles.
	(b) Passenger vehicle with seating capacity for 9 or more persons, with three axles.
4.	Goods vehicle over 3.5 tonnes gross weight, with 4 or more axles.

- (b) approve the waiving of tunnel tolls for liveried emergency vehicles in 2017/18; and
- (c) approve the waiving of tunnel tolls for all vehicles between 10pm on 24 December 2017 and 6am on 26 December 2017.

### **3. BACKGROUND**

- 3.1 The Kingsway (Wallasey) and Queensway (Birkenhead) tunnels are an essential part of the Liverpool City Regions strategic highway network with approximately 25 million vehicles travelling through them each year.
- 3.2 The tunnels were built as a joint venture by the local authorities and, as such, their upkeep and maintenance remains outside of the national highway network and so is not funded through road tax or general taxation.
- 3.3 The County of Merseyside Act 1980 ("the 1980 Act"), as amended by the Mersey Tunnels Act 2004 ("the 2004 Act"), sets out the procedure for revising the tolls. Under Section 91(7) of the 1980 Act, the LCRCA must make an Order in February of each year ("a Section 91 Order") fixing the amount of tolls payable by each class of vehicle from the following April.
- 3.4 The Act presumes that tolls rise in line with inflation and the upper limit of tolls (the 'Authorised Toll') is calculated from an index-linked formula that relates current tolls to their relative value in 1999. The current authorised toll is £1.90 for Class 1 vehicles, and correspondingly higher for all other classes.
- 3.5 The Act does, however, give the Combined Authority discretion to depart from the authorised toll if, after consideration of matters of an economic or social nature

within the City Region, it determines that charging at the level of the authorised toll would not be appropriate.

- 3.6 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.
- 3.7 When making decisions on the amount of tolls to be levied, it is very important that the Combined Authority must also ensure that sufficient funds are available to cover the costs of operating and maintaining the Mersey Tunnels, including the repayment of the historic debt relating to the construction and operation of the Mersey Tunnels.
- 3.8 In making its recommendation, the Merseytravel Committee was happy to receive assurances that the level of tolls proposed is adequate to discharge these financial responsibilities, while also generating sufficient resources for long term asset management of the tunnels, including schemes to ensure business continuity and safety.
- 3.9 The Tunnels Act allows the City Region to benefit from tunnel revenue by making any surpluses not required for the tunnels themselves to be made available to finance other transport infrastructure priorities across the City Region. This will be reflected in the Combined Authority budget for 2017/18.

#### **4. MERSEY TUNNELS USAGE**

- 4.1 A key indicator for Members to consider when determining toll levels is the existing usage data for the Mersey Tunnels. Attached as Appendix A is a line graph showing total toll paying vehicles through the Tunnels since January 2000. This table shows that average usage of the Mersey Tunnels has increased steadily since November 2011 and continues to do so.
- 4.2 Between November 2012 and November 2016, total traffic usage of the Mersey Tunnels increased by over 10%, despite two toll increases during that same period, and despite changes in economic activity over the same period.
- 4.3 Considering patterns of usage alongside local and economic factors, and alongside changes to the pattern of tolls shows very little correlation, and as such it is difficult to predict with certainty the number of journeys that will occur in any year.
- 4.4 The financial forecast for tunnel revenue in 2017/18 is based on an increase in journeys of 1%, offset by an increase in Fast Tag usage meaning income trends for 2017/18 remain as 2016/17.

#### **5. ASSISTANCE FOR LOCAL USERS**

- 5.1 Another key factor that Merseytravel Committee Members were asked to consider was the support that could be made available to local users and local employers and businesses.

- 5.2 Merseytravel has a pre-paid scheme available for all users but that is of particular value for local and regular users. This provides a significant discount to the cash toll and is currently used to pay for around 51% of all journeys and over 80% for commercial journeys. Use of Fast Tag is considerably higher during regular commuter periods.
- 5.3 Take-up of the Fast Tag scheme is particularly high with regular users and effectively acts as a local discount scheme. A 'heat map' is provided at Appendix B and shows the distribution of Fast Tag users by ward.
- 5.4 Appendix B clearly shows a high concentration of Fast Tag users in those wards within the Wirral and within Liverpool City Centre most associated with commuter journeys. There are also concentrations of users in industrial locations, demonstrating the value of Fast Tag to those engaged in logistics and distribution across the City Region.
- 5.5 Following a review of tolls by the Combined Authority in 2015/16 it was decided to provide further incentive for Fast Tag use, and to maximise the financial benefit of this to local users, with that review reducing the Class 1 Fast Tag toll in price by 20p for 2016/17, with corresponding reductions for other classes of vehicle.
- 5.6 The current Fast Tag price represents a 50p discount against the actual cash toll for class 1 vehicles – a discount of 29%. Other vehicles will receive a corresponding increase in the discount they receive.
- 5.7 As a further benefit to local users, travel through the Mersey Tunnels between 10pm on 24 December 2017 and 6.00am on 26 December 2017 will be toll-free in recognition that public transport services are not available during these times. It is the intention of the Merseytravel Committee that this arrangement will continue in future years.

## **6. ASSISTANCE FOR EMERGENCY VEHICLES**

- 6.1 The Merseytravel Committee also considered the needs of the emergency services, and while there is provision for discounted travel for emergency services this was found to be complicated and often problematic for emergency vehicles from outside the City Region.
- 6.2 As a result, the Merseytravel Committee have recommended that the current concession for all emergency service liveried vehicles to be allowed free travel through the Mersey Tunnels should continue into 2017/18.

## **7. RESOURCE IMPLICATIONS**

### **7.1 Financial**

The measures outlined above have been accommodated in the budget setting process for 2017/18 and will see income from toll revenue for 2017/18 remain broadly in line with 2016/17, based on a 1% increase in traffic, but offset against an increased use of Fast Tag as a means of payment. Overall net increase for 2017/18 is £3k.

### **7.2 Human Resources**

There are no specific HR related issues associated with this report.

### **7.3 Physical Assets**

There are no specific asset related issues associated with this report.

### **7.4 Information Technology**

Any change to the toll levels will require modification of the electronic toll system.

## **8. RISKS AND MITIGATION**

The safe and continued operation of the Mersey Tunnels is a key City Region and Combined Authority risk. The schedule of tolls recommended is sufficient to provide adequate resources to manage the operational risks associated with the tunnels, and to provide resources for future investment in tunnels assets.

## **9. EQUALITY AND DIVERSITY IMPLICATIONS**

The equality and diversity implications of the recommendation(s) set out in section 2 above does not negatively impact on any of the identified 'protected characteristics'.

## **10. COMMUNICATION ISSUES**

The detailed proposals within this report will be accompanied by a stakeholder and media communications plan to ensure Merseytravel's key points are summarised.

## 11. CONCLUSION

Members of the Merseytravel Committee have considered all the issues required of them by legislation in recommending an appropriate schedule of tolls for 2017/18. This process has also been informed by findings of the broader Combined Authority review of the Mersey Tunnels in compliance with the Combined Authority's intentions as determined when establishing the 2016/17 schedule of tolls.

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Appendices:

Appendix A – Mersey Tunnels Fast Tag Usage Areas

Appendix B – Map of Fast Tag account areas

Background Documents:

None

# Appendix A

