

THE TRANSPORT AND WORKS ACT 1992

THE TRANSPORT ACT 2000

THE PROPOSED RIVER MERSEY (MERSEY GATEWAY BRIDGE) ORDER

THE PROPOSED A533 (SILVER JUBILEE BRIDGE) ROAD USER CHARGING ORDER

TOLLS AND ROAD USER CHARGES

EXPLANATION

Introduction

1. Halton Borough Council ("**Council**") is promoting the Mersey Gateway Project, which will provide a new road bridge over the River Mersey between the towns of Runcorn and Widnes ("new bridge"). Under the Transport and Works Act 1992, the Council has applied to the Secretary of State for Transport for the proposed River Mersey (Mersey Gateway Bridge) Order ("**proposed Order**") to authorise the construction of the new bridge. The new bridge will be subject to tolls and the proposed Order will also authorise this. The Council made the application for the proposed Order on 30 May 2008.
2. As part of the Mersey Gateway Project, the existing A533 Silver Jubilee Bridge will remain in place and open to traffic. However, it will change in status from being the principal route between Runcorn and Widnes to being a local crossing. Its capacity will be reduced and improved provision will be made for cyclists and pedestrians. It is a central element of the Mersey Gateway Project that the Silver Jubilee Bridge will also be subject to road user charges levied through a road user charging scheme under the Transport Act 2000. ("**Scheme**")
3. The Council made the application for the proposed Order to the Secretary of State for Transport on 30 May 2008 ("**Application**"). It has also commenced a formal consultation about its proposals for the Scheme. The objection period for the Application expires, and the period for representations about the Scheme also expires, on 18 July 2008. The responses to the consultation and representations made in respect of the proposed Order will be reflected in

the Scheme when formally advanced by the Council. If the Scheme is changed, changes may be made to the proposed Order as well.

4. The purpose of this paper is to explain the mechanism by which the Council would levy tolls and charges under both the proposed Order and the Scheme, including how the level of tolls/charges would be set, and the amount of tolls/charges.

Need for tolls and charges

5. Tolls and charges are required for a number of reasons. The principal considerations are set out below:

Financial

- 5.1 The Mersey Gateway Project is the subject of a funding agreement between the Council and the Government where costs would be financed by a combination of toll revenue and public sector investment. The public sector investment comprises a direct grant from Government, which the Council will use to purchase land required for the Mersey Gateway Project, to meet compensation claims and to undertake certain preparatory works. In addition to capital grant, the Government has agreed to support the Mersey Gateway Project through a revenue support facility in the form of Private Finance Initiative (PFI) Credits.
- 5.2 The Council proposes to enter into a concession agreement with a private sector concessionaire for the design, construction, finance and operation of the works comprised in the Mersey Gateway Project. It is expected that the contract will be for around 30 years. Private finance arrangements will put in place to fund the construction of the works. The finance costs will be met over time by toll revenue and PFI Credits payments.
- 5.3 The combination of toll revenue and the annual PFI Credit payment will also provide the funding required to meet all operating and maintenance costs during the concession term.
- 5.4 Toll revenue is therefore a key component of the financial arrangements intended for the Mersey Gateway Project. In overall terms it is expected to provide up to eighty percent of the revenue required to support the concessionaire in delivering and maintaining the Mersey Gateway Project.

Charging for use of both crossings

5.5 As the new bridge will be subject to tolls, the Silver Jubilee Bridge must also be subject to tolls. This is because if the new bridge alone were subject to tolls, traffic would be more likely to use the Silver Jubilee Bridge, even if it were reconfigured to take a lower traffic capacity. This would have adverse environmental and traffic impacts and would also affect the revenue derived from use of the new bridge. To be certain that traffic is managed effectively, that the Silver Jubilee Bridge properly reverts to a local crossing and that revenue is sufficient it will be necessary for both bridges to be tolled..

5.6 The most appropriate method to secure the imposition of a toll on the Silver Jubilee Bridge is by use of road user charging pursuant to the Transport Act 2000. This is not exactly the same regime as will apply to the new bridge, but it will be very similar. One difference is that the sums payable for the use of the new bridge will be called "tolls", whilst those applying to the Silver Jubilee Bridge are called "charges". Nevertheless, the Council is seeking to ensure that the regimes applying to the two bridges are as close as possible to being the same - the amount of tolls/charges should be the same as well.

Amount of tolls

6. It is the Council's intention that the initial tolls /charges payable for use of the new bridge and the Silver Jubilee Bridge should be roughly the same as those payable for use of the existing Mersey Tunnels, based on today's figures. The tolls payable for use of the Mersey Tunnels are currently as set out in the table below.

		Toll Per Vehicle	
Toll Class	Description	Cash Payments £	Fast Tag £
1	Motorcycle with sidecar and 3-wheeled vehicle Private/light goods vehicle up to 3.5 tonnes gross vehicle weight Passenger carrying vehicle with seating capacity for under 9 persons	1.40	1.25
2	Private/light goods vehicle up to 3.5 tonnes gross vehicle weight with trailer Heavy goods vehicle over 3.5 tonnes gross vehicle weight, with two axles	2.80	2.50

	Passenger carrying vehicle with seating capacity for 9 or more persons with two axles		
3	Heavy goods vehicle over 3.5 tonnes gross vehicle weight with three axles Passenger carrying vehicle with seating capacity for 9 or more persons with three axles	4.20	3.75
4	Heavy goods vehicle over 3.5 tonnes gross vehicle weight, with four or more axles	5.60	5.00

7. The draft of the proposed Order and the draft of the order that would implement the Scheme specify ranges within which tolls/charges for use of the new bridge or Silver Jubilee Bridge would have to be set. The ranges proposed are set out in today's values, but would increase with inflation. It can be seen that the Mersey Tunnel toll levels fall within the ranges that are proposed for the new bridge and for the Silver Jubilee Bridge.
8. The ranges for tolls/charges that are proposed for the new bridge and the Silver Jubilee Bridge are set out in the table below, with explanations of the vehicle classes proposed (these are not the specific terms or descriptions used in the proposed Order and Scheme):

Class of vehicle	Description	Toll range
1	Mopeds, motorcycles, motor tricycles or quad bikes.	£0.00 to £2.50
2	Cars, light vans and motor caravans.	£1.00 to £2.50
3	Small goods vehicles and coaches.	£2.00 to £5.00
4	Large goods vehicles and coaches.	£4.00 to £10.00

9. In addition, it is proposed that large and abnormal vehicles and loads should be charged between £6.00 and £220.00 to use the new bridge and the Silver Jubilee Bridge. These are identified by specific regulations, so as not to be confused with other types of goods vehicles. Similar levels of tolls/charges apply to such vehicles and loads on the M6 Toll Road.
10. Ranges are proposed rather than specifying tolls. This is because the Council wishes to preserve flexibility about the amounts of tolls, rather than specifying them now. This will enable it to negotiate with prospective concessionaires so as to achieve the best possible deal for Halton. It needs this flexibility because :

- 10.1 At this stage, the cost of building the bridge, of securing finance to fund its construction (i.e. the cost of loans) and the likely traffic levels cannot be known with any certainty. The range of toll levels means that if cost overruns occur then toll levels can be adjusted to reflect this, and if savings are made, then these can be passed on to users.
 - 10.2 Traffic levels can be predicted up to a point, but absolute certainty will not be gained until the new bridge opens. There is an optimum toll/charge that is attractive to users, so that they do not use other routes. This will be easier to fine-tune nearer to the opening day.
 - 10.3 During operation, using bands within which tolls/charges can be varied without lengthy procedures allows the operator of the bridge to respond to market and traffic conditions as they occur, though always subject to the contractual constraints which will be placed on the operator by the Council, to protect the public interest.
11. It is important to realise that the optimum toll is not necessarily the highest toll/charge. If the toll/charge is made too high, traffic is likely to divert to use other routes, which detrimentally affects revenue. Therefore, having the right toll/charge is important to make the transport system work properly. For this reason it is highly unlikely that the tolls/charges will be at the highest extreme of the range.
 12. A further control on toll/charge levels will be the Council. It has to choose a concessionaire based upon a number of factors, one of which will be whether it can offer best value. The Council will be looking for a concessionaire that will take on as much risk as possible, but also provide as much benefit to the Council as possible.
 13. The ranges themselves will be varied as time passes. This will be by increasing the level of the range by a maximum of one percent above retail price index inflation. This means that although the prospective and future toll/charge levels are not set now, the ranges will reflect prices in existence at the date upon which the tolls/charges come into force. If this modest scope for increases in tolls/charges is insufficient, then it will be necessary for the concessionaire and the Council to undergo more rigorous processes to seek increases in the toll ranges applicable.

Discounts and concessions

14. The proposed Order and the Scheme do not provide for mandatory discounts or toll exemptions, except in some cases. These include an obligation to give discounts to disabled drivers, who must apply for concessions to the Council.
15. Similarly, the Council is taking powers to enable it to offer frequent user or tag-based discount schemes, such as season tickets. It will investigate the feasibility of such an approach when it negotiates with prospective concessionaires.

Representations

16. Anyone who wishes to comment on or object to any aspect of the Mersey Gateway Project including the tolls/charges that are the subject of this paper, can do so in writing by 18th July 2008 to:

- 16.1 In relation to the *Transport and Works Act 1992 Application* for the new bridge and the tolling proposals that it contains (marking the correspondence 'Mersey Gateway'):

The Secretary of State for Transport c/o The TWA Orders Unit,

Zone 9/09

Southside

105 Victoria Street

London SW1 6DT

or via email to transportandworksact@dft.gov.uk (please supply a postal address for correspondence).

- 16.2 In relation to the *Road User Charging* proposals for the Silver Jubilee Bridge to (marking the correspondence 'Silver Jubilee Bridge Road User Charging'):

The Mersey Gateway Project,

3rd Floor

Rutland House

Halton Lea

Runcorn, WA7 2GW

DLA Piper UK LLP

4 June 2008