

NORTH LINCOLNSHIRE COUNCIL

CABINET

HUMBER BRIDGE TOLLS – RESEARCH FINDINGS

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 This report covers the main findings of independent research into the economic and social impact of the high tolls on the Humber Bridge and recommends the next steps in the campaign to persuade Ministers of the need to take decisive action on the tolls – the highest for any UK crossing.
- 1.2 The key points in this report are as follows:
- For the first time, the four Humber unitary councils have independent research which gives them, the business community, the area's MPs and other interested parties the evidence base to take forward the case for radical action on the tolls;
 - A major finding is that if the tolls were eliminated, the Hull and Humber Ports City Region would benefit economically by approximately £1.1bn over the period 2009 to 2032, or by £580m if the tolls were substantially reduced, with a £1 single crossing for a car, and similar reductions for all other classes;
 - These figures are based on an economic model accepted by the Department for Transport in assessing the viability of major infrastructure projects – and was developed successfully by the consultants for making the case for Crossrail;
 - That of all the policy instruments available to Government to remove barriers to economic development in the City Region, action on the tolls is likely to be the most effective and simplest;
 - It is vital the council, which has led on this project on behalf of the City Region, maintains the momentum and builds on the remarkable degree of consensus which exists; and
 - There is now robust evidence that the tolls are seriously damaging the economic performance and prosperity of North Lincolnshire and the other three unitary council areas, and impacting on the wider Yorkshire & Humber region, and nationally.

2 BACKGROUND INFORMATION

- 2.1 The four Humber unitary councils commissioned Colin Buchanan & Partners to carry out a four-month economic and social impact assessment of high Humber Bridge tolls. The findings were published in the House of Commons on 7 October 2008, with the majority of the City Region's MPs in attendance.
- 2.2 The research sought to quantify the impact of the tolls on the Humber Bridge in the context of the four Humber unitary councils making a success of the emerging City Region for the Humber.
- 2.3 The councils have sought to establish, with a clear evidence base, if it is realistic to create a successful and dynamic Hull and Humber Ports City Region straddling both banks of the Humber, given the constraints imposed by both geography and high tolls.
- 2.4 It is accurate to say that Ministers – and indeed regional bodies – have not been persuaded that action on Humber Bridge tolls was either necessary or a priority in the light of a previous study.
- 2.5 However, this should no longer be the case with the publication of the Colin Buchanan & Partners research, published on 7 October 2008. What sets this study apart from previous research is significant: 1) The fact that it is set in the policy context of a City Region; and 2), more significantly, it uses an economic model now accepted and approved by the Department of Transport.
- 2.6 This now changes the whole debate and dynamic surrounding the Humber Bridge. For that reason, it is imperative to maintain the momentum and consensus to finally make a decisive breakthrough.
- 2.7 In fact, it would be accurate to say that unless action on the tolls is taken, the likelihood of creating a successful Hull and Humber Ports City Region is doubtful. The research makes clear in effect there are two job markets, with little interaction across the bridge.
- 2.8 The key findings are in the appendix 1. Appendix 2 indicates how the four unitary council areas would benefit, sector by sector, with North Lincolnshire performing extremely well. The figures used are at today's prices.
- 2.9 There can be no doubt, that having got this far, and armed with such a powerful evidence base, the four Humber councils, MPs, business community and other parties and individuals, must now take the case to Ministers. With the possibility of injecting up to £1.1bn into the City Region over the period to 2032, action to either abolish or substantially reduce the tolls has to be one of the council's most pressing priorities.

3. **OPTIONS FOR CONSIDERATION**

- 3.1 **Option 1:** Press ahead with the other three unitary councils, MPs, the business community and other interested parties, to take the research findings and the case for decisive and early action on Humber Bridge tolls to Ministers and their civil servants. Make it a clear policy objective to achieve recognition from Ministers that the financial benefit to the City Region (of up to £1.1bn over the period to 2032) is accepted based on the economic model used); and that without Government, action to eliminate or significantly reduce the tolls, the success of City Region is called into question. In pressing ahead, the support of the Grimsby and Scunthorpe Telegraphs, and the Hull Daily Mail, is both welcome and helpful. Their support clearly reflects public opinion across the City Region.
- 3.2 **Option 2:** Cabinet decides not to take forward the main findings from the report given that the Government's initial reaction appears unfavourable – based on the contention that the matter is not one for Ministers as the Humber Bridge was championed locally and should not require the further support of the taxpayer.

4. **ANALYSIS OF OPTIONS**

- 4.1 Option 1 appears the only realistic option. In the light of the overwhelming economic and social benefits available to North Lincolnshire and the City Region from action on the tolls, not to press ahead is inconsistent with the council's wider community leadership role.
- 4.2 Option 2 would signal defeat on the issue of tolls. Moreover, it would be to ignore the considerable barrier high tolls on the Humber Bridge present to greater economic development and prosperity across the emerging City Region.
- 4.3 Option 1 is recommended.

5. **RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

- 5.1 Financial
- 5.1.1 There are no direct financial implications arising from this report.
- 5.2 Staffing
- 5.2.1 There are no direct staffing implications arising from this report.

6. **OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)**

- 6.1 Statutory
- 6.1.1 There are no statutory implications arising from this report.

6.2 Environmental & Other

6.2.1 Earlier Cabinet reports have made clear the growing concern of businesses on the number of vehicles, especially HGVs, travelling greater distances to avoid the cost of toll on the Humber Bridge. This is also referred to in the research from Colin Buchanan & Partners. Further increases in the cost of HGV tolls are likely to increase the trend to bypass the bridge.

6.3 Diversity

6.3.1 Previous Cabinet and Scrutiny reports have highlighted the adverse impact high toll charges to cross the Humber Bridge have on low income families, including the unemployed and those on fixed incomes. Those on the lowest incomes are obviously the most affected by high tolls. The prospect of another increase for those visiting hospitals on the north bank or looking for employment and training opportunities on the other bank is not helpful for North Lincolnshire residents. This research gives the diversity implications a greater evidence base to draw on.

7 OUTCOMES OF CONSULTATION

7.1 The Colin Buchanan & Partners economic and social impact assessment involved detailed consultation and dialogue with a wide range of stakeholders, including focus group sessions with the unemployed.

7.2 Almost without exception, the response has been that action on the Humber Bridge tolls is an absolute necessity.

7.3 The House of Commons launch of the research findings on 7 October 2008 allowed a wide range of interested parties to share in the research and ask questions. A clear consensus emerged that the City Region must unite behind the research.

8. RECOMMENDATIONS

8.1 That Cabinet agrees to work with local MPs to arrange a Ministerial meeting to explore in detail the research findings commissioned from Colin Buchanan & Partners into the economic and social impact of Humber Bridge tolls on the Hull and Humber Ports City Region.

8.2 That a Ministerial delegation, to include a wide range of interested parties, including the Hull and Humber Chamber of Commerce, seeks to achieve Ministerial recognition of the substantial economic benefits of eliminating the tolls on the Humber Bridge, as cited in the Colin Buchanan & Partners research.

- 8.3 That the council and other stakeholders seek Ministerial recognition, based on the research, that for a successful Hull and Humber Ports City Region to become a reality, Government action on the tolls is required.
- 8.4 That Cabinet reaffirms its commitment to play a leading role in the development of the Hull and Humber Ports City Region.
- 8.5 That the Leader and Chief Executive work closely with the Humber Unitary Leaders' Group on the key points to be made to the Minister.
- 8.6 That Cabinet seeks the support of the Regional Minister.

CHIEF EXECUTIVE

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Background Papers used in the preparation of this report

Cabinet report, Humber Bridge Tolls – 23 March 2007
Cabinet report, Humber Bridge Tolls, 6 June 2006
Special meeting of Unitary Leaders' Group on Humber Bridge Research – 8 November 2007
Cabinet report; Humber Bridge Tolls Research – 27 February 2008
Humber Bridge Board, Public Notice on Proposed Toll Increase – August 2008.
Colin Buchanan & Partners research – *Humber Bridge Tolls Impact Assessment*, October 2008.

KEY FINDINGS (Tolls scrapped or substantially reduced)
Leads to clear economic and social benefits for City Region – making it possible to operate at its economic best
Of all policy interventions to remove barriers to economic development in the City Region, action on Humber Bridge Tolls judged to be the most effective – and simplest
Total City Region benefit over period 2009 to 2032 estimated at £1.bn if toll is abolished – or £580m if the toll reduced to £1 for single crossing by car
Creates single job market; increases the size of the labour catchment area and with it widens appeal of developing a number of employment sites on the South Bank of the Humber
Improves the City Region’s productivity, leads to greater employment opportunities, better networking between businesses and increases local competition;
Increases retail spend by reducing leakage out of the City Region
Benefits wider Yorkshire & Humber region by addressing regional imbalances
Benefit to port and distribution industries in and around City Region –strategic importance to the UK as a whole. Humber Ports can provide alleviation from congestion at ports in the South East
Major social benefits – greater movement across the bridge, including for leisure, shopping, education, and health
Using DfT economic model for ‘generalised’ journey times equates the toll of £2.70 to an extra 25 minutes on a journey. From Hull, Grimsby and Scunthorpe are well beyond 60 minutes of generalised journey time by car – explaining why so few workers make these commutes.
Accessibility to jobs, retail, leisure and other services increases significantly, both for Hull and across the City without the toll.
The City Region requires decisive action on bridge tolls – urgently

SECTOR-SPECIFIC AGGLOMERATION IMPACTS				
Hull				
<i>Increase in Output from Agglomeration – direct+ induced, £s Millions, 2008 Prices</i>				
	No toll impact		£1 toll impact	
	2009	2009-2025 undiscounted	2009	2009-2025 undiscounted
Primary industries	0.01	0.15	0.00	0.07
Manufacturing	0.31	5.70	0.15	2.61
Construction	0.15	2.84	0.08	1.29
Distribution/retail/wholesale	0.85	15.68	0.43	7.17
Communications	0.26	5.48	0.13	2.50
Services	0.47	9.38	0.24	4.28
TOTAL	2.05	39.23	1.03	17.92

East Riding of Yorkshire				
<i>Increase in Output from Agglomeration – direct+ induced, £s Millions, 2008 Prices</i>				
	No toll impact		£1 toll impact	
	2009	2009-2025 undiscounted	2009	2009-2025 undiscounted
Primary industries	0.01	0.12	0.00	0.05
Manufacturing	0.24	4.03	0.12	1.85
Construction	0.31	6.11	0.15	2.72
Distribution/retail/wholesale	1.04	20.30	0.51	9.05
Communications	0.14	2.77	0.07	1.23
Services	0.64	13.45	0.31	5.99
TOTAL	2.36	46.78	1.17	20.89

North Lincolnshire				
<i>Increase in Output from Agglomeration – direct+ induced, £s Millions, 2008 Prices</i>				
	No toll impact		£1 toll impact	
	2009	2009-2025 undiscounted	2009	2009-2025 undiscounted
Primary industries	0.05	0.92	0.02	0.38
Manufacturing	0.86	15.92	0.39	6.52
Construction	1.32	24.41	0.60	9.98
Distribution/retail/wholesale	5.20	101.91	2.34	41.68
Communications	0.48	9.79	0.22	4.00
Services	1.92	39.38	0.86	16.08
TOTAL	9.84	192.33	4.43	78.64

North East Lincolnshire				
<i>Increase in Output from Agglomeration – direct+ induced, £s Millions, 2008 Prices</i>				
	No toll impact		£1 toll impact	
	2009	2009-2025 undiscounted	2009	2009-2025 undiscounted
Primary industries	0.02	0.29	0.01	0.15
Manufacturing	0.79	12.30	0.43	6.32
Construction	0.61	11.49	0.34	5.87
Distribution/retail/wholesale	3.67	67.80	2.01	34.73
Communications	0.52	10.15	0.28	5.18
Services	1.43	28.72	0.84	15.70
TOTAL	7.03	130.74	3.91	67.95

Source: Humber Bridge Tolls Impact Assessment Report Section 6 Page 15/16