



Merseytravel

# Mersey Tunnels Tolls - Evaluating the Impacts

November 2009

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Final Report

TRANSPORT  
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DEVELOPMENT  
PLANNING  
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# Mersey Tunnels Tolls - Evaluating the Impacts

## Final Report

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## Executive Summary

### Purpose and scope of this study

Each year the level of the tolls payable for using the Mersey Tunnels must be increased in line with inflation. But before doing so Merseytravel is obliged by law to consider whether the actual tolls payable should be discounted from those levels because of social or economic reasons. This report has therefore been commissioned by Merseytravel to update its evaluation of the economic and social impact of the Mersey Tunnels tolls.

This report updates a large amount of similar work conducted in 2003. In addition we have sought to estimate the impact of a 'no tolls' scenario on tunnel traffic and congestion, and reviewed evidence of suppression of car trips from the Wirral by analysing long term trends in tunnel traffic, existing congestion levels and recent origin and destination surveys. The Merseyside economic profile examines a range of economic indicators over the last decade and compares the performance of Wirral relative to the rest of Merseyside. It also takes a closer look at economic and social trends within Wirral itself and how these relate to use of the tunnels.

The retail analysis presents a baseline of the current pattern of retail spending on the Wirral by residents and non-residents and how this is likely to change with a 'no tolls' scenario. The spending impact is interpreted in terms of jobs and how this is distributed between Wirral, Merseyside and external locations. The business survey presents insights into the strengths and weaknesses of business location and the relative importance of transport costs to businesses in all five Merseyside districts. In each case we have compared Wirral to the rest of Merseyside to identify whether there is a distinct difference between the two, and if so whether any of this can be attributed to the tunnels tolls.

### Conclusions

The tunnels are used almost exclusively by those living in Merseyside, with about nine in every ten trips made by residents of Merseyside. The implication of bringing in a discount for local residents is that this would apply to the overwhelming majority of vehicle trips through the tunnels.

Volumes of traffic using the tunnels have grown steadily over the decades, reaching a peak in 2005 and a small decline since which mirrors the trend on urban roads nationally and the economic downturn.

Nevertheless congestion remains a problem, with 6 out of 10 tunnel users queuing during the morning and evening rush hours. These users experience delays of around 7 minutes in both directions.

Were the tolls to be removed, the traffic demand could increase by up to 40%; if all the additional tunnel users were actually to travel during the morning peak, the average delay would increase to approximately 20 minutes for both directions and be experienced by approximately 8 out of 10 tunnel users.

In practice a proportion of existing tunnel users would travel at different times or divert to alternative routes or modes of transport or not make the trip, meaning in reality the actual increase in traffic without the tolls would be less than 40%.

The cost of the additional congestion to the economy, based on a 40% increase in tunnels demand would be in the region of £12m per annum.

The Wirral economy is relatively self-contained, with two thirds of employed residents working within Wirral. However, the economy – particularly in East Wirral – is fragile:

- Average earnings of those *employed within* Wirral have grown more slowly than the rest of Merseyside, and are now the lowest of all the Merseyside districts (including Liverpool itself)

- However, the average earnings of *residents* – including those who commute out via the tunnel – are the second highest in Merseyside
- Employment has grown more slowly than the rest of Merseyside
- Unemployment in Wirral has increased in the last three years while declining in the rest of Merseyside

Half of retail spending by Wirral residents stays within Wirral, with a quarter in Birkenhead itself. Were the tolls to be removed, we estimate that a net £80m of retail spending would be lost to Wirral, equivalent to some 600 retail jobs (full time equivalent). Up to 85% of these job losses would occur within the less affluent East Wirral wards.

Our survey of business in Wirral and the rest of Merseyside indicates that:

- Wirral businesses do not perceive location issues any differently from other Merseyside businesses
- Accessibility to customers and clients is slightly less significant for Wirral businesses
- Less than 1 in 5 of Wirral businesses view the tolls as a barrier to doing business across the river, and more than 3 in 5 perceive no transport barriers at all.

In summary:

- The effect of the tolls is to manage demand so as to prevent congestion at peak periods reaching unacceptable levels
- The effect of the tolls is to protect the Wirral retail economy; without them some 600 retail jobs would be lost to Wirral, which would be disproportionately felt by those parts of the Wirral with already high levels of unemployment.
- Location and transport barriers are not seen as any more significant to Wirral businesses than anywhere else on Merseyside, and the tolls are specifically mentioned by less than 1 in 5 Wirral businesses



# 1 Introduction

1.1.1 Colin Buchanan (CB) has been commissioned by Merseytravel to evaluate the economic and social impacts of the Mersey Tunnels tolls.

## 1.2 Background

1.2.1 The Mersey Tunnels are subject to the tolling regime set out in the County of Merseyside Act 1980 (as amended by the Mersey Tunnels Act 2004). The 1980 Act requires that each year the Merseyside Integrated Transport Authority (MITA) must make a legal order, effective from 1 April, setting the amount of tolls that the Authority is authorised to levy for use of the Mersey Tunnels. The 1980 requires that the 'authorised' tolls must rise in line with inflation (set as the Retail Prices Index- RPI).

1.2.2 But at the same time as deciding to make each order the 1980 Act obliges the MITA also to consider whether it is necessary or appropriate to discount the tolls from the 'authorised tolls', having regard to matters of an economic or social nature within Merseyside that MITA considers to be relevant. As a result tolls have been discounted and remain discounted – e.g. the most recent legal order made by MITA in February 2009 for tolls to apply from 1 April 2009 raised the authorised tolls by between 10p (for Classes 1 and 2) and 20p (for Classes 3 and 4) but, by virtue of the discount, held the actual cash and tag tolls at their 2008-09 levels. This now increases the discount on the 'authorised tolls', for example to 20p for Class 1, up to 60p for Class 4.

1.2.3 As this decision to discount the tolls must relate to where it is viewed by MITA as necessary or appropriate to do so, having regard to matters of an economic or social nature within Merseyside that MITA considers to be relevant, the purpose of this report is to set out the economic and social context to inform this decision for the foreseeable future. The MITA wishes to have an up to date assessment of the economic and social impacts of the current and recent levels of toll, with particular focus on the Wirral. Specifically, the question of whether the current level of tolls is likely to have had a detrimental or a beneficial effect is to be examined. This will update a large part of the material contained in an earlier report by Steer Davies Gleave (SDG) and used as evidence in the Parliamentary committee examination of the Mersey Tunnels Bill in 2004.

1.2.4 Table 1.1 below sets out the recent history of authorised and discounted toll levels by vehicle class.

**Table 1.1: Mersey Tunnels Tolls Rates from 1999**

Vehicle Class	Rate*	From Nov 1999	From Apr 05**	From Apr 06	From Apr 07	From Apr 08	From Apr 09
1	Authorised Toll	£1.20	£1.40	£1.40	£1.40	£1.50	£1.60
	Actual Cash toll	£1.20	£1.30	£1.30	£1.30	£1.40	£1.40
	Discounted AVI Toll	£1.10	£1.15	£1.15	£1.15	£1.25	£1.25
2	Authorised Toll	£2.40	£2.70	£2.80	£2.90	£3.00	£3.10
	Actual Cash toll	£2.40	£1.30	£1.30	£1.30	£2.80	£2.80
	Discounted AVI Toll	£2.20	£1.15	£1.15	£1.15	£2.50	£2.50
3	Authorised Toll	£3.60	£4.10	£4.20	£4.30	£4.50	£4.70
	Actual Cash toll	£3.60	£3.90	£3.90	£3.90	£4.50	£4.20
	Discounted AVI Toll	£3.30	£3.45	£3.45	£3.45	£3.75	£3.75
4	Authorised Toll	£4.80	£5.40	£5.60	£5.80	£6.00	£6.20
	Actual Cash toll	£4.80	£3.90	£5.20	£5.20	£5.60	£5.60
	Discounted AVI Toll	£4.40	£3.45	£4.60	£4.60	£5.00	£5.00

*\*As determined under Part XIII of the County of Merseyside Act 1980; \*\*Tolls rates from 1 April 2005 onwards determined under Part XIII of the County of Merseyside Act 1980 as amended by the Mersey Tolls Act 2004*

### 1.3 Previous assessment

1.3.1 A 2003 study by SDG profiled the economic impacts of the tolls, and this was supplied as evidence to the Mersey Tunnels Bill. This study included the following components:

- Regional context for the tunnels
- Percentage of Mersey crossings by mode
- Estimated suppression of trips to Liverpool City Centre (LCC) by Local authority district (LAD) – survey comparing number of trips per household to LCC, and comparing that across LADs
- Current traffic flows in tunnels
- Comparison of current tunnel flows to expected flows if capacity were infinite (=+27% during am peak).
- Profile of use of public transport across the Mersey

- Inferred toll suppression, based on public transport use and growth in tunnel users being at half the rate of all traffic growth nationwide
- Interviews of tunnel users, profiling origin and destination
- Comparison of toll increases to RPI index, salary increases, increases in costs of alternative modes
- Comparison with Dartford Tunnel
- Merseyside economic profile
- Distribution of retail spend by residents' LAD to LCC and the rest of Merseyside
- Industrial breakdown of the Wirral
- Merseyside business survey (161 businesses, 23% in Wirral); asking how significant transport costs are to their businesses (then inferring impact of tunnel costs), strengths and weaknesses of their location, share of market within Merseyside
- Small business assessment – showing that small business formation rates are not lower in the Wirral than the rest of Merseyside

1.3.2 CB have been asked by Merseytravel to update the earlier assessment, and to carry out additional analysis of the potential impact of the tolls on retail spending, profiling of the economic and social characteristics of Wirral and an expanded business survey. In summary therefore this report is structured as follows:

- Analysis of tunnel usage, traffic and toll levels
- Profiling of the Merseyside economy and Local Authority districts
- Socio-Economic context of the Wirral
- Retail Impacts
- Business Survey
- Summary and Conclusions

## 2 Tunnel Trends and Analysis

### 2.1 Introduction

2.1.1 This section provides an overview and analysis of a wide range of historical tunnels data to help understand broad trends in traffic flows, usage, tolling and how these have changed over time. It also includes an analysis of the potential impact of varying the tolls on traffic flows and congestion.

2.1.2 In summary this section is structured as follows:

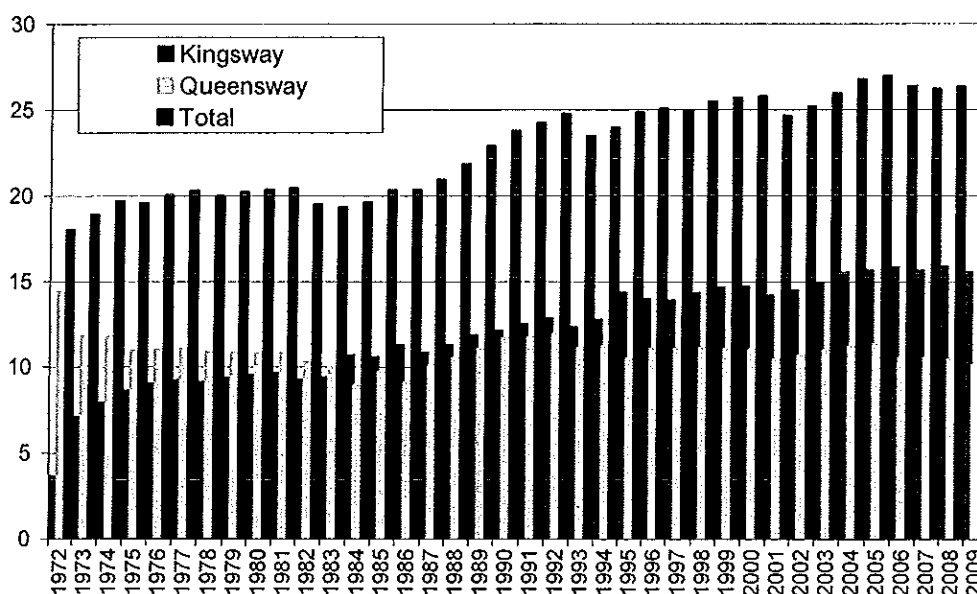
- Historical throughput since 1972
- Average Weekday and Weekend throughput
- Traffic Split by vehicle type
- Payment by Cash and AVI methods
- Origin and Destination of Tunnel Users
- Impact of a 'no tolls' scenario on traffic and congestion

### 2.2 Throughput since 1972

2.2.1 Figure 2.1 displays total annual throughput of traffic for 1972 to 2009 and for each of the two tunnels (1971 was the opening year of the Kingsway second tunnel). Currently the tunnels handle approximately 26 million vehicle trips per annum, and the record for throughput was just under 27 million trips in 2005.

2.2.2 There is a steady long term upward trend in the total throughput which has grown on average by 0.9% per year since 1972. Traffic in the Queensway tunnel declined sharply following the opening of the Kingsway tunnel in 1971, which has subsequently become the busiest tunnel. Traffic levels have been relatively stable in the Queensway for much of the period since the mid 1970s, at approximately 10.5 million annual trips per annum. Its share of total throughput has steadily declined, to roughly 40% in 2008 as traffic in the Kingsway tunnel continued to grow, on average by 1.4% per annum since 1990.

Figure 2.1: Mersey Tunnels Annual Throughput of Traffic 1972-2009\*



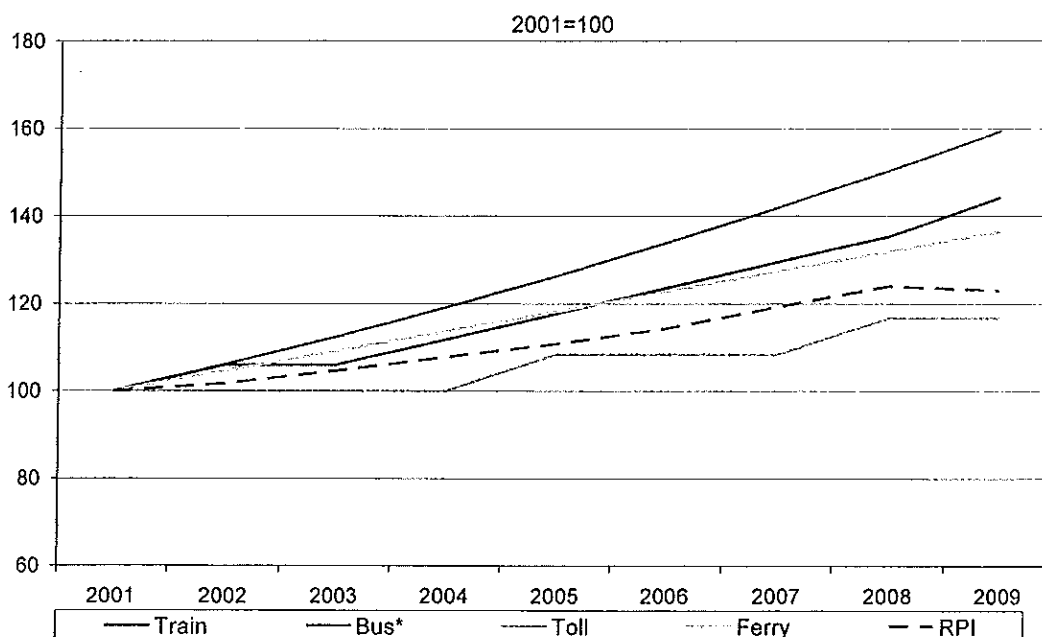
Source: Merseytravel; \*2009 estimate based on throughput to June

- 2.2.3 The temporary dips in throughput during the 1980s, early 1990s and post-2000 reflects the impact of economic downturns which have reduced employment and demand for travel. The more recent decline in tunnel traffic, of around 5% from the 2005 peak occurred prior to the latest economic slowdown but is generally consistent with a fall-off in traffic levels on major urban roads in the UK since 2006. This wider trend can be explained primarily by the steady upward climb in oil prices since the beginning of 2004.
- 2.2.4 The impact of the recent credit crunch will undoubtedly have an additional knock-on effect of tunnel traffic. However, traffic levels are likely to recover after the recession as they have every other time in the past.

### **Cost of Crossing the Mersey by different Modes of Transport**

- 2.2.5 Figure 2.2 shows that the level of tunnels tolls has risen by approximately 17% since 2001 - less than the RPI inflation index which has increased by 23%. The average rail and bus fare for a cross-river journey, meanwhile, has increased by a respective 44% and 59% over the same period.

**Figure 2.2: Changes in the Cost of Crossing the Mersey by different Transport Modes vs change in RPI 2001-2009**



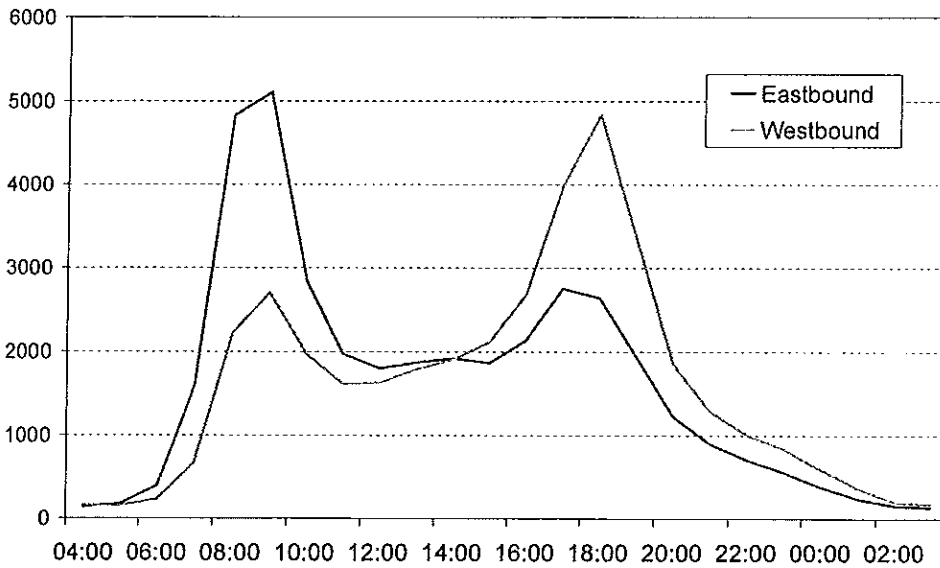
Source: Merseytravel, CB Calculations; \*extrapolated from data for 1999 and 2009

## **2.3 Weekday and Weekend Flows**

- 2.3.1 Figures 2.2 and 2.3 shows hourly weekday and weekend trips for both directions in June 2009. On a typical weekday there are approximately 38,000 vehicles going each way through the tunnels for the whole 24 hour period. During the weekend the number of vehicles falls to roughly 26,500 in each direction.
- 2.3.2 Eastbound trips towards Liverpool during the morning rush-hour peak at approximately 5,000 vehicles compared to 2,700 in the opposite direction towards Wirral. This is repeated vice-versa in the evening peak with eastbound trips peaking between 4pm and 5pm and westbound trips peaking one hour later. On an average day (week or weekend) eastbound trips exceed westbound trips by roughly 500.

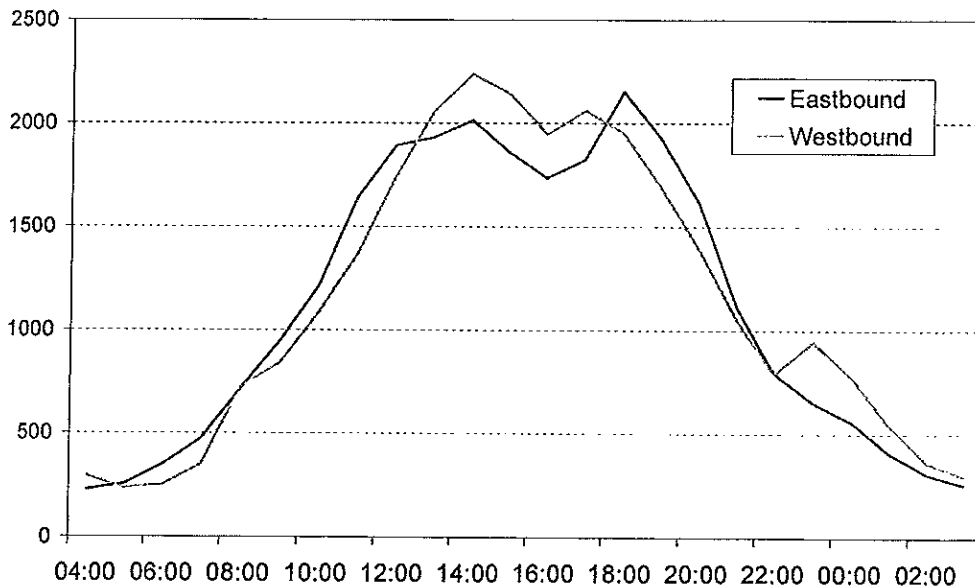
2.3.3 During the weekend, traffic in both directions builds up steadily to a peak in the mid afternoon before dipping slightly and then picking up again in the early evening. The pick-up in the westbound flows presumably reflects shoppers and some commuters returning from Liverpool City Centre. The eastbound traffic, on the other hand, actually reaches an inter-day peak in the early evening as people head into Liverpool for socialising and entertainment. The subsequent return trips are then reflected by a small pick-up in westbound traffic prior to midnight.

**Figure 2.3: Weekday Trips by Hour, East and Westbound both Tunnels**



Source: Merseytravel

**Figure 2.4: Weekend Trips by Hour, East and Westbound both Tunnels**



Source: Merseytravel

## 2.4 Split by Vehicle Class

2.4.1 Table 2.1 shows the percentage breakdown of monthly Tunnels throughput by vehicle class. Cars and small vans (Class 1) make up the overwhelming share of trips with larger vans and HGVs (classes 2 to 4) making up just 5%. The split between vehicle types have remained generally stable over the last 20 years although there is evidence of a gentle long-term upward trend in HGVs and a levelling off in class 2 vans.

**Table 2.1: Average Monthly Throughput by Vehicle Class July 2008-June 2009**

	Class 1	Class 2	Class 3	Class 4
No. Vehicles	1,991,525	56,971	8,927	31,467
% share all traffic	95.1%	2.7%	0.4%	1.6%

Source: Merseytravel

## 2.5 Payment method

2.5.1 Table 2.2 shows that cash payment of the tolls has declined for all vehicle classes since 2005 although still accounts for more than 70% of car trips through the tunnels. In the other classes, however, cash payment is very much in the minority with AVI payment on average accounting for around three quarters of trips. The figures suggest that the AVI share, at least for non-car classes will continue to grow for the foreseeable future.

**Table 2.2: Toll payment by Cash and AVI Fast Tag by Vehicle Class**

	Cash	AVI	% Change in Cash since 2005
Class 1	71%	29%	-5%
Class 2	24%	76%	-11%
Class 3	27%	73%	-5%
Class 4	23%	77%	-4%

Source: Merseytravel

## 2.6 Resident Location of Tunnel Users

2.6.1 Table 2.3 breaks down the home location of tunnels users for each Merseyside local authority district (LAD) as recorded by the 2008 tunnels user survey. It suggests that well over 50% of tunnel users live in Wirral with around a fifth based in Liverpool and 36% in non-Wirral Merseyside. Overall 92% of tunnel users live within Merseyside with the remaining 8 % living outside.

2.6.2 An analysis of the origin and destination of a sample of tunnel trips shows that only 2% of tunnel users have an origin and destination which are both outside of Merseyside, with 79% being movements completely within Merseyside and 19% having an origin or destination outside the city-region. Taking the home location into account therefore implies that 6% of tunnel users live externally but are either working or visiting Merseyside.

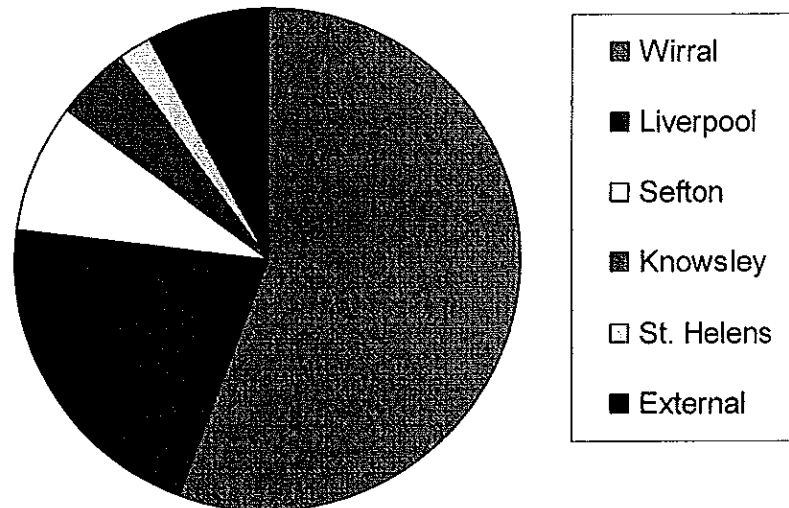
2.6.3 The implication of a residents discount is therefore that this would ultimately apply to a large majority of tunnels users.

**Table 2.3: Home District of Tunnel Users**

Home District	Percentage
Wirral	56%
Liverpool	21%
Sefton	8%
Knowsley	5%
St. Helens	2%
External	8%
<b>Total</b>	<b>100%</b>

Source: MORI 2008 Postcode Survey, Merseytravel

**Figure 2.5: Home District of Tunnel Users**



Source: MORI 2008 Postcode Survey, Merseytravel

## 2.7 Tolls, Trip Rates and Congestion

2.7.1 In addition to the tunnels data we have analysed a large amount of roadside interview, postcard survey and traffic count data commissioned by Liverpool City Council to compare household willingness to travel by car to Liverpool City Centre between parts of the Wirral, Liverpool and Sefton districts.

2.7.2 As the most recent postcard survey was undertaken on the Queensway (Birkenhead) Tunnel into central Liverpool we have analysed trips from the wards in the Wirral most likely to be served by this tunnel. These have been compared with trips into the city centre from those wards in Liverpool and Sefton which are roughly a similar distance to the centre (ie 5 to 8 miles). These were assessed for AM and inter-peak periods.



- 2.7.3 In contrast to the SDG analysis we have estimated trips for the whole period rather than a single hour. Hence AM peak was taken to be 7.00-9.30 and inter-peak as 10.00 to 15.45 meaning the results are not directly comparable with SDG's.
- 2.7.4 Table 2.5 shows the results of the analysis. Vehicle trips to Liverpool City Centre per 1,000 households from the Wirral wards are approximately 41% lower for the AM peak and 37% lower in the inter-peak than the Liverpool wards of a similar distance.
- 2.7.5 The Sefton wards show roughly 30% more trips into the centre than the Wirral wards in both the AM peak and inter-peak. Overall it suggests that the tunnels do play a role in suppressing car trips, though to a lesser extent than was indicated by the earlier SDG work.

**Table 2.4: Car Trips into Liverpool City Centre per 1,000 Households**

	AM Peak	Inter Peak
Selected wards in Wirral	45	36
Selected wards in Liverpool	76	57
Selected wards in Sefton	58	49

Source: derived from Mott McDonald data on behalf of Liverpool City Council,

**Impact of the Toll on Traffic Levels**

- 2.7.6 The main Class 1 toll has increased on three occasions since 1999, although there has been greater use of the discount applied to tolls for HGVs and vans (classes 2-4) over this period, as detailed in table 1.1 in the introductory chapter.
- 2.7.7 To estimate the impact of the toll on traffic levels and congestion, we have analysed monthly trends in total throughput against the average toll paid. This average toll is based on the composition of traffic by type of vehicle and payment method since 1999. Table 2.6 sets out the estimated average toll since 1999.

**Table 2.5: Toll Levels - Weighted Average Paid by Tunnel Users since 1999**

	1999	2005	2006	2008
Average Toll	£1.27	£1.30	£1.32	£1.47

Source: Colin Buchanan

- 2.7.8 Each increase in tolls has been followed by a temporary reduction in traffic levels, and likewise an increase in demand when tolls have been reduced ( as in the case of class 2 and class 4 vehicles in 2005) . This relationship can be used to assess the sensitivity of traffic levels to changes in the toll level (ie how traffic can be expected to respond to variations in tolls).
- 2.7.9 In this case we want to estimate what role the tolls play in suppressing demand for the tunnels. Using the increase in tolls for the years 1999, 2005 and 2008, and comparing these with the response of traffic in the following months (taking out seasonal influences) we estimate that complete removal of the tolls would result in a substantial increase in total tunnel demand, and possibly by a margin of up to 40%.

**Impact on Congestion**

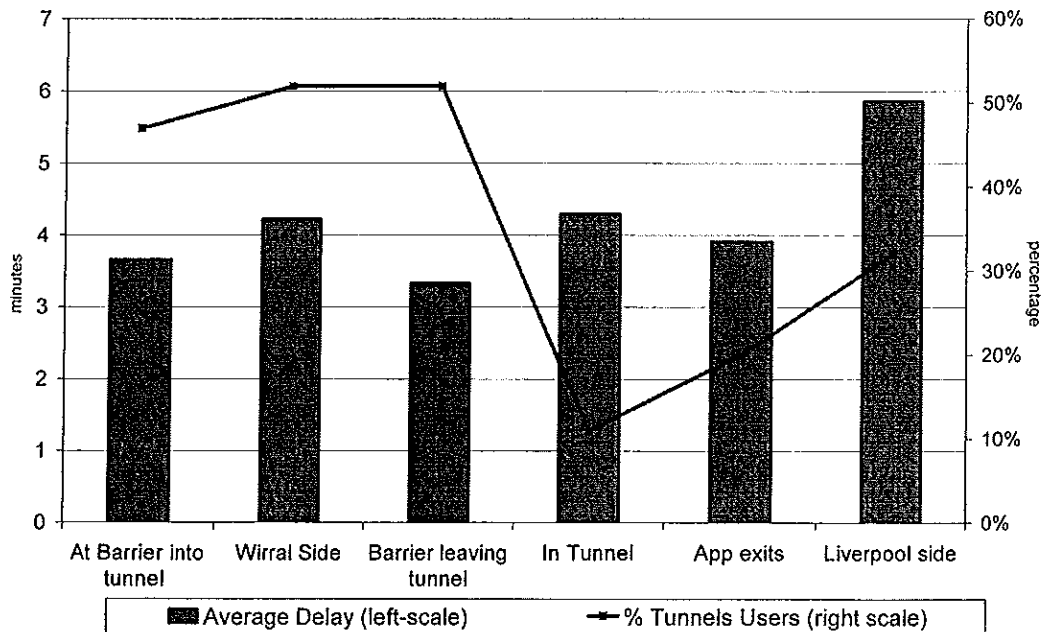
- 2.7.10 Tunnel user surveys over the last decade have monitored the average queuing time at different points along the full section of both tunnels. Figure 2.5 summarises the average delay at each location as reported in 2008. It shows that queues are experienced most

frequently on the Wirral side (approaching the tunnel), at the toll booth barriers and at the barriers leaving the tunnel.

2.7.11

Merseytravel have informed us that the barriers are not actively used to manage traffic levels or congestion within the tunnel on a day-to-day basis (eg at peak times). It is assumed therefore that queues at each location are entirely attributable to constraints on tunnel capacity at peak times.

**Figure 2.6: Average Delay at Different Tunnel Locations and Proportion of Users Experiencing delays 2008**



Source: MORI on behalf of Merseytravel; Colin Buchanan

2.7.12

The 2008 tunnel user survey found that 46% of all tunnel users experience queues on their trip with this share increasing to approximately 56% in the AM peak and 58% during the PM peak when the tunnels are at or close to capacity. For eastbound trips, the average delay was reported as just over 6 minutes and for westbound trips the average delay was approximately 7.5 minutes.

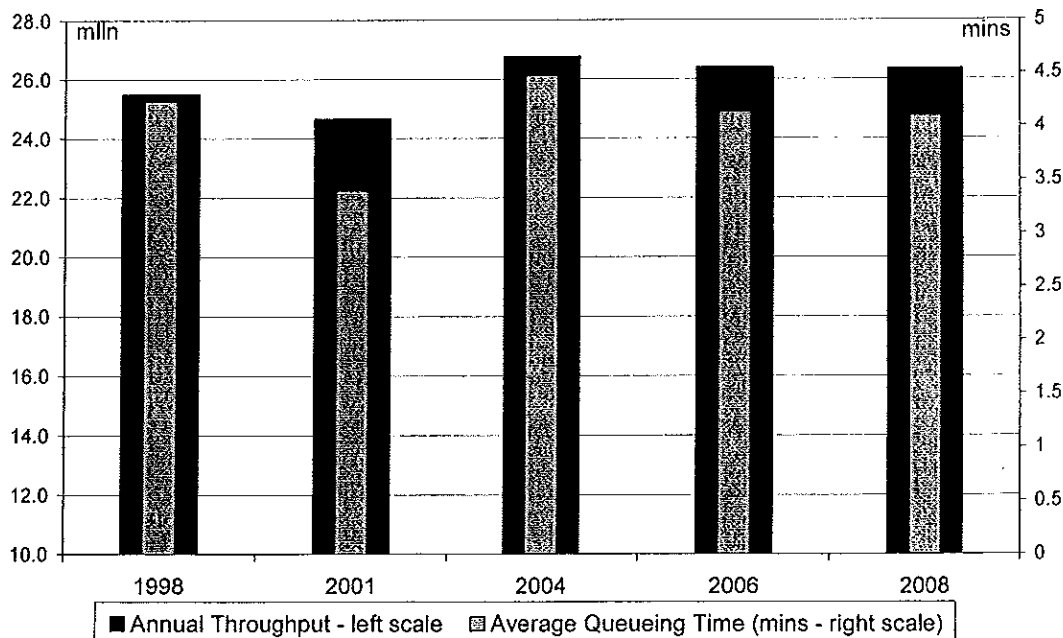
2.7.13

The potential impact of a 40% increase in tunnel demand, assuming that this occurs with no change in the behaviour of existing tunnel users, can be assessed by looking at the relationship between annual throughput and average queue times as recorded in tunnel user surveys.

2.7.14

Figure 2.6 compares the average delay reported with total throughput for survey years 1998 to 2008. It indicates a broadly positive correlation between the two variables, with delays moving in line with changes in throughput. As the current level of throughput for 2009 to date is only slightly down on 2008 we have assumed that the average delay per tunnel trip of approximately 7 minutes for both directions still applies to 2009.

**Figure 2.7: Average Delay for all points in the Tunnels and Annual Throughput for Survey Years 1998-2008**



Source: Merseytravel, Colin Buchanan

- 2.7.15 To estimate the impact of a possible 40% increase in traffic resulting from the tunnel becoming free of charge we have taken the year-to-year percentage change in throughput and compared this with the percentage change in average queuing times to develop an elasticity of delays to changes in tunnel demand.
- 2.7.16 Based on this calculation we estimate that a 40% increase in traffic would almost treble the current delay in the morning peak, adding around 12 minutes to a Liverpool-bound trip and around 14 minutes to a Wirral-bound trip. The result is average delay of approximately 20 minutes in both directions. Table 2.6 summarises the impacts.

**Table 2.6: Impact on Average AM Peak Delays of a 40% Increase in Tunnels Demand**

Direction	Current Delay (mins)	Additional Delay (mins)	Total Delay (mins)
Wirral-Liverpool	6.3	12.2	18.5
Liverpool-Wirral	7.4	14.3	21.7

- 2.7.17 It can also be expected that under a 'no tolls' scenario the proportion of tunnel users experiencing queues during peak times would also increase from its current level of approximately 6 in 10 vehicles to 8 in 10 vehicles.
- 2.7.18 However it should be noted that this scenario represents the upper limit of what could happen to tunnel demand and congestion. In practice a proportion of tunnel users will alter their travel time to avoid the inconvenience, divert to alternative routes or modes of transport, or not make the trip - meaning that the actual increase in traffic is likely to be

less than 40%. The purpose of the above analysis is to illustrate that the Mersey Tunnels tolls play a significant role in managing traffic and congestion through the tunnels.

***Economic Cost of Delay***

2.7.19 The additional delay to tunnel users as calculated above can be converted into an economic cost to both commuting and business related journeys through the tunnels using Department of Transport values of time. Based on the current traffic flow during the AM peak and an average 7 minute delay to 60% of users as highlighted above, we estimate a current cost of congestion of approximately £4m per annum. With a 40% increase in demand and a 20 minute average delay to 80% of users, this figure increases to around £16m per annum, giving the estimated additional cost to the Merseyside economy of congestion associated with a 'no tolls' scenario of £12m per annum.

**Table 2.7: Economic Impact of Additional Tunnels Congestion Associated with a 'no tolls' Scenario**

<b>AM Peak</b>	<b>Per Annum</b>
Average 7 minute Delay (both directions)	£4.3m
with 20 minute average delay	£16.3m
<b>Additional Cost</b>	<b>£12.0m</b>

**2.8 Conclusion**

***Impact of 'no tolls' Scenario***

- 2.8.2 Our analysis of the impact of recent toll increases on tunnel demand suggests an increase in traffic of potentially up to 40% if the tolls were removed completely. This represents the upper limit of our estimate as a proportion of existing users are likely to change behaviour to avoid the increased congestion by travelling at different times, take alternative routes/ modes to cross the river or suppressing their trip altogether.
- 2.8.3 On the basis of this theoretical increase in demand, however, it would result in an increase in average journey delays to approximately 20 minutes through the tunnels during the AM peak. The additional cost to the Merseyside economy of the increased congestion is approximately £12m per annum.

***Trends in Demand***

- 2.8.4 Traffic through the Mersey Tunnels has shown a steady long-term upward trend with little sign that this trend will be broken in the future.
- 2.8.5 Usage of the tunnel remains extremely local to Merseyside residents with only a tiny fraction of trips beginning and ending outside of the city region. The implication of a resident's discount scheme is that this would apply to a large majority of tunnels users.
- 2.8.6 Cars form the overwhelming proportion of tunnels traffic while the proportion accounted for by larger HGVs has increased marginally but steadily since the early 1990s.
- 2.8.7 Payment by AVI Fast Tag has also steadily increased its share of tunnels trips in all vehicle classes, although cash payment still accounts for more than 70% of car trips while accounting for, on average, 25% of other vehicle trips.

- 2.8.8 There is evidence of car trip suppression from Wirral households to Liverpool City Centre compared to locations within a similar distance in Liverpool and Sefton districts. Although the level of trip suppression from Wirral relative to comparable areas on the opposite side of the Mersey is less than suggested by earlier analysis.

## 3 Merseyside Economic Profile

### 3.1 Introduction

3.1.1 This section describes the economic picture of the Merseyside city region and its recent performance by reviewing key economic and social indicators. It is necessary to derive an overall picture of the Merseyside economy as it currently stands in terms of the sectoral composition of employment, business structure and state of the labour market; and to benchmark this with national, regional and other city regions.

3.1.2 In each case specific attention is paid to the performance of Wirral relative to the rest of Merseyside.

### 3.2 Brief Historical Context

3.2.1 The problems which beset the Liverpool economy and the wider city-region between the late 1960s and 1990s are beyond the scope and aim of this study. Though to summarise, the decline of shipping and connected industries through the rapid growth of containerisation and the switch in the focus of trade from the North Atlantic to Europe severely dented the region's port infrastructure as a major source of employment and growth.

3.2.2 This was further compounded by major manufacturing recessions during the early 1980s and 1990s which severely damaged the industrial base, which at the time employed the largest share Merseyside's workforce. The combination of these two factors was principally responsible for the unprecedented decline in employment, with total private sector jobs falling by more than 60% between 1971 and 1991.

3.2.3 Only in the last 10—15 years has Merseyside begun to reverse this decline through a series of public sector and more recently private sector interventions. Also important has been the relatively benign economic environment and continued expansion in the service and leisure industries, which have focused growth on city centres. These have provided a sounder platform for restructuring of the city region's economy.

3.2.4 However, the earlier decline has resulted in a variety of economic and social challenges and these are partly reflected in the indicators reviewed in the following section.

### 3.3 Economic Profile and Performance

3.3.1 This section summarises key economic indicators and performance for Merseyside as a whole, Wirral Local Authority District and where, appropriate, the remaining four districts.

#### *Employment by Broad Sector*

3.3.2 Table 3.1 provides a 2007 snapshot of the breakdown of employment in Merseyside compared with the UK. The most notable difference is that public sector activities such as health, education and social services account for a much larger share of Merseyside employment – just under 40% - which is approximately 10% above the UK average. However, this relatively high share is in part due to the fact that private sector employment in Merseyside has been recovering from a low base level since the end of the early 1990s recession.

3.3.3 Outside of the public sector, the employment mix of both Merseyside and the UK is broadly similar –although the percentage employed in professional business and financial

services is comparatively low for a city-region. The proportion employed in other services, many of which provide support to other firms, is also below the UK average.

3.3.4 Manufacturing now accounts for a slightly lower share of employment than the UK average having for long being the major employer in the region. The proportion employed in leisure and creative businesses (eg. media production and publishing) is also below the UK average.

**Table 3.1: Employee Breakdown by Broad Sector**

Broad Employee Sector	Knowsley	Liverpool	Sefton	St Helens	Wirral	Mersey-side	UK
Manufacturing	24%	7%	8%	17%	13%	11%	14%
Public Sector inc. Health and Education	39%	48%	49%	33%	42%	44%	35%
Leisure & Creative Activities	6%	11%	12%	10%	10%	10%	12%
Financial and Professional Services	5%	7%	4%	5%	6%	6%	8%
Passenger Transport, freight and storage	4%	5%	3%	12%	2%	5%	5%
Goods Retailing	3%	6%	8%	7%	7%	6%	7%
Other Services	10%	9%	5%	6%	9%	8%	10%
Local Activities	10%	7%	11%	9%	11%	9%	9%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Annual Business Inquiry 2007

3.3.5 Between the various districts within Merseyside the public sector is the dominant employer, accounting for nearly one half of jobs in Liverpool district with only St Helens having a share below the UK average. Manufacturing accounts for nearly one in four jobs in Knowsley and is also a big employer in St Helens with transport and related activities. In addition this sector accounts for just 2% of employment in Wirral. Professional, financial and other services combined are highest in Liverpool district reflecting the tendency to concentrate in the main city centre.

### **Business size**

**Table 3.2: Proportion of Employees by Firm Size**

Area	1-4	5-10	11-24	24-99	100+	Total
Knowsley	66%	14%	10%	8%	2%	100%
Liverpool	63%	17%	10%	8%	2%	100%
Sefton	68%	15%	9%	7%	1%	100%
St. Helens	63%	17%	10%	8%	2%	100%
Wirral	66%	16%	10%	6%	1%	100%
<b>Merseyside</b>	<b>65%</b>	<b>16%</b>	<b>10%</b>	<b>7%</b>	<b>2%</b>	<b>100%</b>
<b>North West</b>	<b>68%</b>	<b>15%</b>	<b>9%</b>	<b>7%</b>	<b>2%</b>	<b>100%</b>
<b>Great Britain</b>	<b>71%</b>	<b>14%</b>	<b>8%</b>	<b>6%</b>	<b>2%</b>	<b>100%</b>

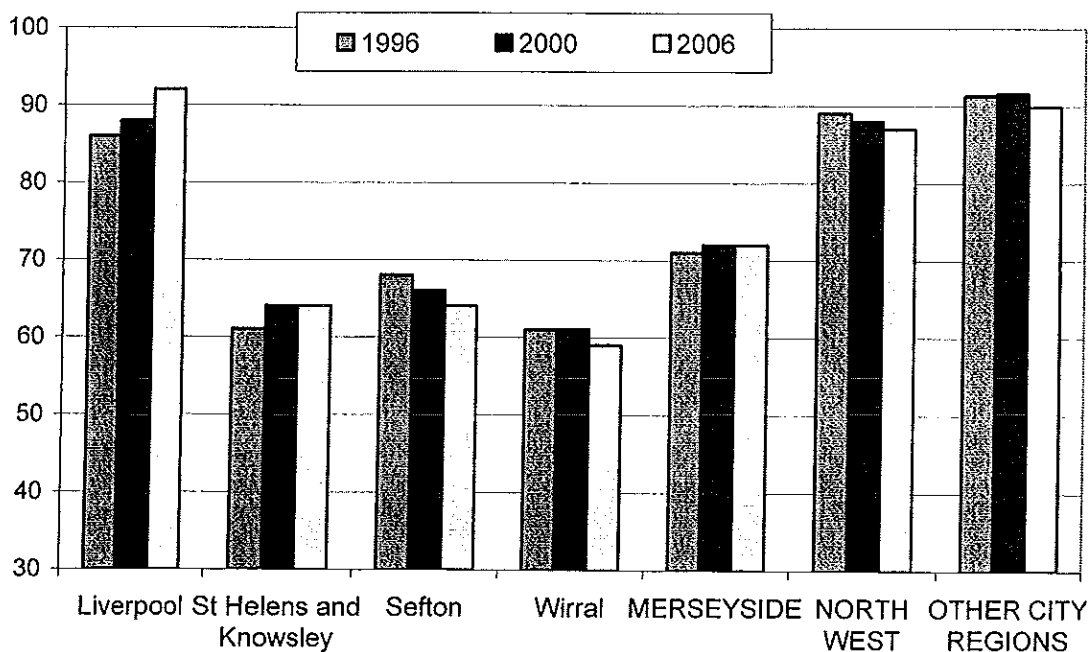
Source: Nomis

- 3.3.6 Table 3.2 above profiles the breakdown of firm size for Merseyside, North West and UK. Merseyside has a below average proportion of small businesses with less than 10 employees compared to the North West and Great Britain (GB). There are a marginally higher proportion of firms with 5 to 24 employees in Merseyside than in the North West and GB, while the share of larger firms with 100+ employees is in line with the regional and national average.
- 3.3.7 The size structure of Wirral businesses has changed little over the last decade, although firms employing 24 employees and above has declined over the last five years. Overall however the figures do not suggest that the size structure of Wirral businesses is greatly out of line with the other districts outside of Liverpool district.

**Output per Head**

- 3.3.8 Figure 3.1 compares an index of output per resident head for each Merseyside district as a proportion of the UK average (ie UK=100) and compared with the North West and the average for five major UK city-regions<sup>1</sup> outside London.
- 3.3.9 Output per head in Merseyside has changed little relative to the UK since 1996 at just over 70% of the national average. This is some way below the North West and City-Region averages which are both close to 90% of the UK level.
- 3.3.10 Liverpool district itself has grown strongly since 2000, much of this reflecting growth around the city centre area, while the neighbouring districts have either declined or stagnated. Output per head in Wirral has become the lowest out of all the districts, although Sefton has also showed a steady decline.

**Figure 3.1: Output per Resident Head 1996-2006**



*“Output per head in Wirral is the lowest in Merseyside and is falling behind the regional and national average”*

<sup>1</sup> Metropolitan areas of Greater Manchester, Birmingham, Nottingham, Sheffield and Newcastle



### Average Earnings

3.3.11 Table 3.3 summarises average workplace<sup>2</sup> earnings and residence earnings by district for Merseyside, North West region and UK and the ratio between the two (residence over workplace).

**Table 3.3: Average Earnings 2008- Workplace and Residence**

District/ Area	Workplace £ Per Year	Resident £ Per Year	Ratio: Residence To Wplace
Knowsley	22,693	20,970	0.92
Liverpool	24,509	22,874	0.93
Sefton	22,934	24,136	1.05
St. Helens	23,141	23,152	1.00
Wirral	21,279	23,628	1.11
Merseyside	23,063	23,129	1.00
North West	23,729	23,853	1.01
UK	25,123	25,123	1.00

Source: Annual Survey of Hours and Earnings

3.3.12 Between the districts of Merseyside, workplace earnings are highest in Liverpool, about 6% above the Merseyside average. This reflects a familiar pattern of higher-paying jobs (eg accountancy, business consulting, advertising etc) concentrating in major city centres and to a lesser extent is also reflected in St Helens, where the employment base is concentrated around a large town centre.

3.3.13 From a Wirral perspective, it has the lowest workplace earnings per annum in Merseyside which itself is lower than the North West and UK averages (ie Wirral workplaces on average pay the lowest wages in Merseyside). However, the earnings of Wirral residents is second only to Sefton, higher than Merseyside as a whole and closer to the North West average.

3.3.14 The key finding is that there is a major difference between Wirral workplace earnings and Wirral residents' earnings – which is the largest differential in the region. This reflects the out-commuting of Wirral residents to Liverpool City Centre and Chester from the more affluent parts of Wirral.

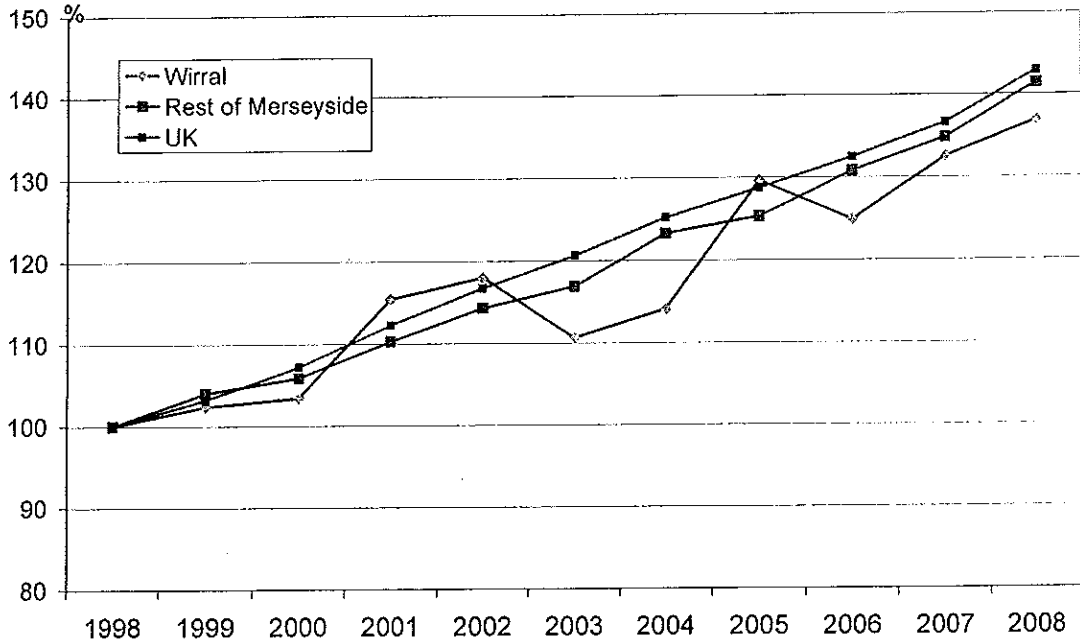
### Earnings Growth

3.3.15 Figure 3.2 shows the growth in average workplace earnings in Wirral, rest of Merseyside and the UK over the last decade. Merseyside earnings growth has been consistently lower than the national average albeit by a relatively small margin. However this means that average earnings are now roughly 94% of the UK average compared to 95% in 1998.

3.3.16 Workplace earnings in Wirral have increased by less than the national average in seven out of ten years, although has caught up slightly since 2006. However, the fact that it has lagged the UK for most of the 10-year period means that workplace earnings in Wirral are now 85% of the UK average compared to 91% in 1998.

<sup>2</sup> Workplace earnings relate to the average wages for all workers whose workplace is in the district meaning it includes the earnings of those who live outside the district.

**Figure 3.2: Growth in Workplace Earnings: Wirral, Rest of Merseyside and UK 1999-2008 (1998=100)**



Source: Annual Survey of Hours and Earnings

"Average workplace earnings in Wirral have grown more slowly than the rest of Merseyside and UK over the last decade"

### **Commuting Patterns within Merseyside**

- 3.3.17 Table 2.4 summarises the commuting destinations of Merseyside residents. In summary the figures show the influence of Liverpool City Centre on the wider city region. Approximately 14% of Wirral residents commute to Liverpool compared to 22% of Sefton residents and 34% of Knowsley residents.
- 3.3.18 Approximately two-thirds of Wirral residents live and work within the district, meaning that, after Liverpool, it is the most self-contained Merseyside district. In addition to Liverpool as a key workplace destination, a further 16% of Wirral residents commute beyond Wirral to employment centres in Chester and neighbouring Ellesmere Port.
- 3.3.19 The figures also highlight the relatively low proportion of residents commuting to Wirral from elsewhere in Merseyside. Around 6-7% of Liverpool residents work in neighbouring Knowsley or Sefton, compared to 2% who commute to the Wirral.

**Table 3.4: Residents' Place of Work: Merseyside Districts**

Residence	Workplace						Total
	Knowsley	Liverpool	Sefton	St. Helens	Wirral	External	
Knowsley	43%	34%	5%	4%	2%	13%	100%
Liverpool	7%	74%	6%	1%	2%	9%	100%
Sefton	4%	22%	60%	1%	1%	12%	100%
St. Helens	8%	7%	2%	56%	0%	28%	100%
Wirral	1%	14%	1%	0%	67%	16%	100%
External	12%	36%	15%	20%	17%	N/A	100%

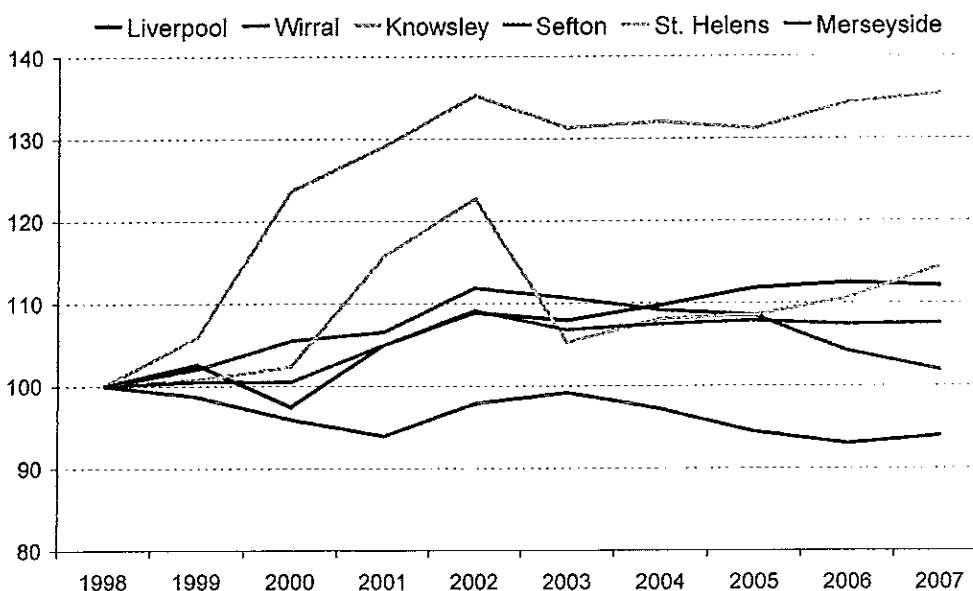
Source: Census 2001

**Trends in Employment**

3.3.20 Figure 3.3 compares trends in total employment levels in each district over the recent decade, with 1998 set to an index of 100. Most notable is the decline in the Wirral figure over this period compared to growth in every other district. Since 1998 total Wirral employment has fallen by approximately 6%, while in Liverpool it has grown by 12%, in Knowsley by 35%, in St Helens by 14% and in Sefton by 2%. The overall figure for Merseyside over the same period was growth of 8%.

3.3.21 In summary the figures show a divergence in employment levels between the Wirral and the rest of Merseyside which has been evident for at least the last decade.

**Figure 3.3: Employment Levels over the last decade, 1998=100**



Source: Nomis

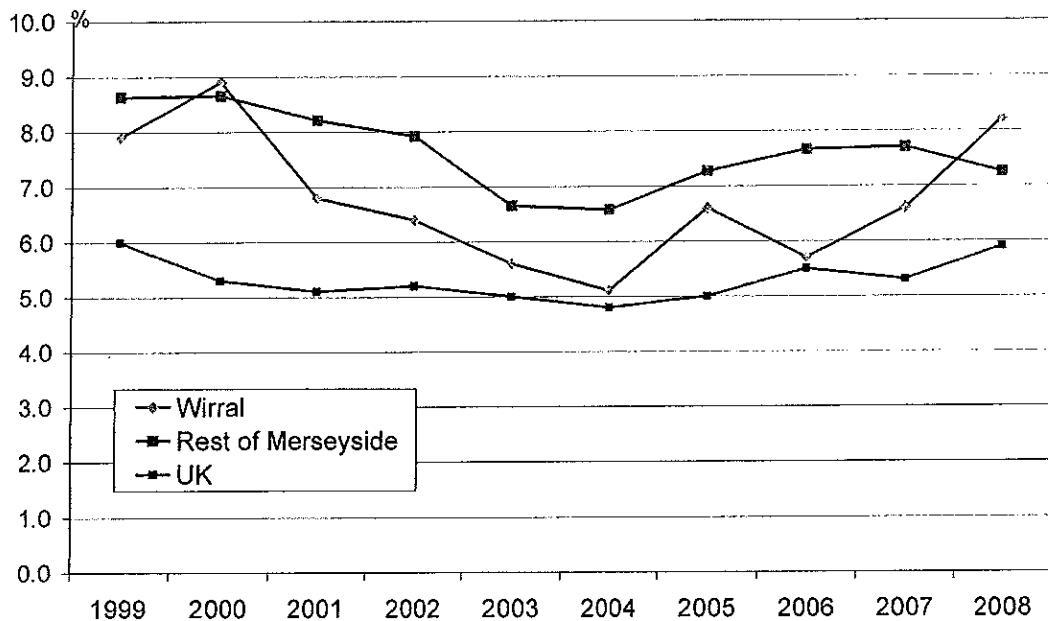
*"A divergence in employment levels between Wirral and the rest of Merseyside is evident over the last decade"*

**Trends in Unemployment**

3.3.22 Figure 3.4 summarises trends in the ILO unemployment rate between the Wirral, the rest of Merseyside and the UK since 1999. For much of the last 10 years the proportion of working age population who are registered unemployed has been lower in the Wirral than in the rest of Merseyside. Indeed between 2000 and 2004 unemployment in the Wirral declined relatively steeply and was converged with the UK average.

3.3.23 The following period, however, has seen a turn-around in this trend with the unemployment rate increasing in three out of the last four years. These rises have been relatively sharper in the Wirral, to the extent that the unemployment rate now exceeds the average for the rest of Merseyside. It should be noted, nonetheless, that the 2008 Capital of Culture will at least have had a temporary impact on the unemployment rate, particularly for Liverpool, and in turn lowering the rest of Merseyside average.

**Figure 3.4: Unemployment as a Percentage of Working Age Population: Wirral, Rest of Merseyside and UK 1999-2008**



Source: Nomis

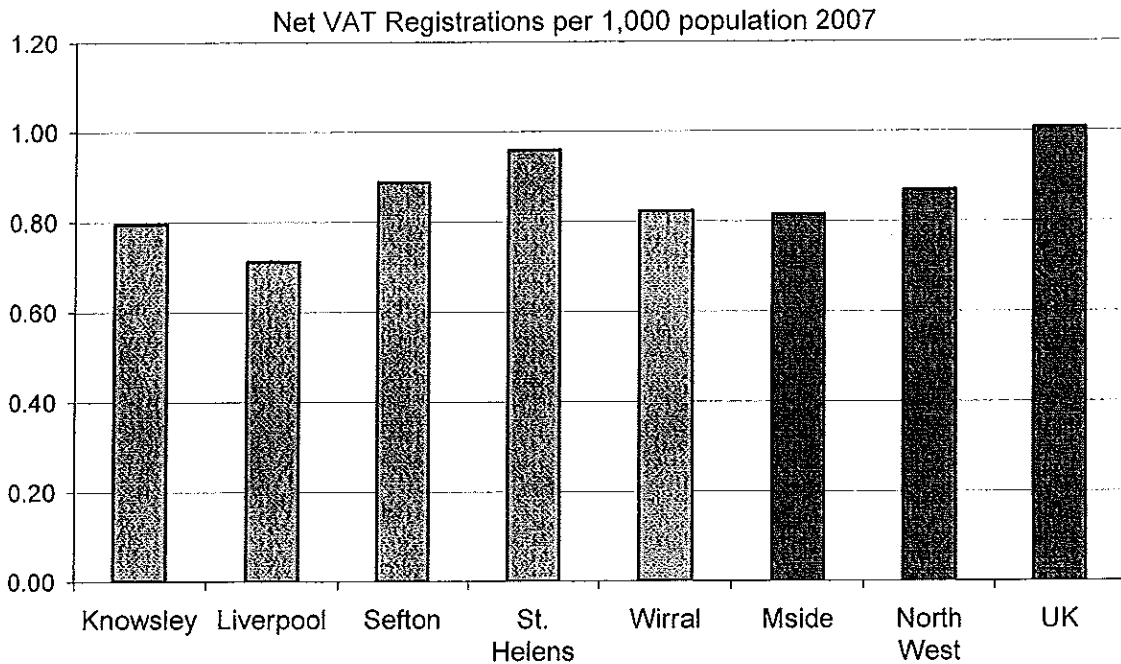
*"Wirral's unemployment rate now exceeds the that of the rest of Merseyside"*

**Business Creations**

3.3.24 Figure 2.5 shows net business creations<sup>3</sup> per 100,000 population in 2007 for Merseyside, North West and the UK. The business creation rate in Wirral is in line with the Merseyside average, which is slightly below the North West and around 20% lower than the UK as a whole.

<sup>3</sup> VAT registrations minus de-registrations and is taken to reflect the level of business start-ups

**Figure 3.5: Net Business Creations per 100,000 population**



Source: Nomis

*"Net Business Creations in Wirral are in line with the Merseyside average"*

### 3.4 Conclusions

#### 3.4.1

This chapter has reviewed a range of key economic indicators for Merseyside and the UK with a focus on the relative performance of the Wirral. In summary our conclusions on the above are as follows:

- Wirral is not performing well economically and has performed worse than the rest of Merseyside and UK in average earnings growth and employment levels.
- Moreover where it has traditionally fared well economically such as the unemployment rate the data suggests that it has begun to fall behind the neighbouring Merseyside districts.
- Wirral is relatively self-contained in the commuting patterns of its residents although the relationship between average residents' earnings and workplace earnings in the district shows that those who commute out generally earn significantly higher wages than those living and working in the district.

#### 3.4.2

The next chapter goes on to look more closely at socio-economic trends within Wirral itself.

## 4 Socio-Economic Trends within Wirral

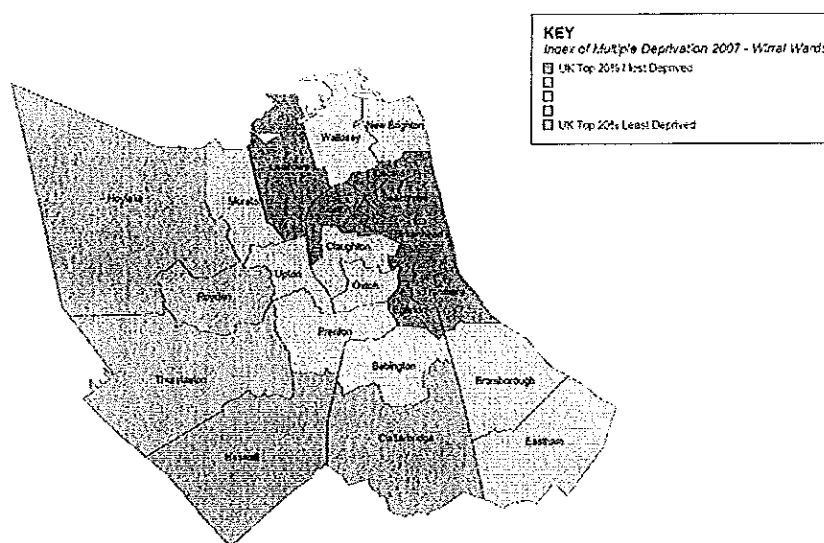
4.1.1 This section considers a range of socio-economic indicators at a more detailed geographical level within Wirral itself. The purpose is to identify whether there are strong variations within the district itself and to what extent these influence use of the Mersey Tunnels.

### Deprivation

4.1.2 Figure 4.1 maps the 2007 Index of Multiple Deprivation (IMD)<sup>4</sup> rankings for the Wirral. The map shows many parts of East Wirral are within the top 20% most deprived areas in the UK. These are largely clustered around the former industry, dock and shipbuilding areas of Birkenhead, Tranmere, Seacombe and Rock Ferry. These are areas which have suffered from a consistent decline in the main industrial employment base over several decades, leading to high rates of long-term unemployment and worklessness.

4.1.3 By contrast much of the rest of Wirral is considerably better off, with very few areas of social and economic deprivation. These are less industrial, more suburban areas and include locations such as Heswall, Hoylake, West Kirby and Greasby.

Figure 4.1: IMD 2007 Ranking: Wirral by wards



Source: CLG and Colin Buchanan

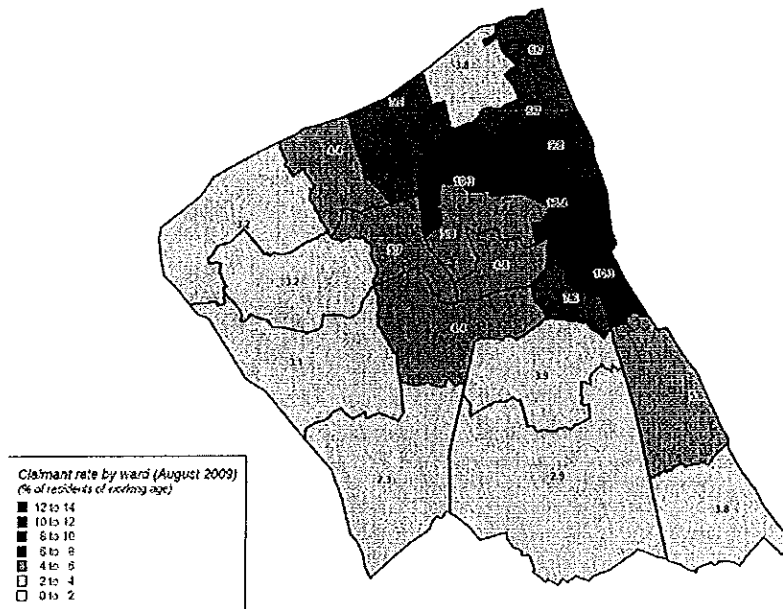
### Claimant count unemployment

4.1.4 Figure 4.2 maps the Wirral claimant count for August 2009 by ward as a percentage of working age- population. The areas with claimant count rates above the average of 5.8% are almost entirely to be found in the east of the borough. Only the wards of Oxton and Wallasey have below average claimant count rates in this part of the borough.

4.1.5 Claimant count rates in the rest of the Wirral, on the other hand, are all below the borough average and in most cases by a considerable margin.

<sup>4</sup> The IMD is based on the idea of distinct dimensions of deprivation which can be recognised and measured separately. These are then combined into a single composite measure

Figure 4.2: Wirral Claimant Count Rate by Ward August 2009



Source: NOMIS

4.1.6

Indeed, the current economic downturn appears to have impacted on East Wirral more greatly than West Wirral, with claimant count rates rising more sharply in the wards with already high levels of unemployment. Table 4.1 summarises the most recent claimant count rate by ward and the percentage point change since June 2008.

Table 4.1: Claimant Count by Ward (as percentage of working age population)

East Wards			Rest of Wirral Wards		
Ward	CC rate % (Aug 09)	change Jun 08	Ward	CC rate %	change Jun 08
Birkenhead	13.4%	4.1%	Prenton	4.4%	2.1%
Tranmere	10.3%	3.9%	Moreton	4.4%	1.8%
Bidston	10.3%	3.1%	Thurstaston	3.1%	1.7%
Seacombe	9.8%	3.9%	Bebington	3.9%	1.7%
Leasowe	7.6%	3.0%	Eastham	3.8%	1.7%
Egerton	7.6%	3.4%	Clatterbridge	2.9%	1.5%
New Brighton	6.7%	3.0%	Hoylake	3.2%	1.4%
Liscard	6.7%	2.3%	Royden	3.2%	1.4%
Cloughton	5.8%	2.9%	Heswall	2.3%	1.4%
Upton	5.7%	2.4%			
Bromborough	5.6%	2.4%			
Oxton	4.8%	2.1%			
Wallasey	3.8%	1.6%			
<b>Average</b>	<b>7.0%</b>	<b>2.7%</b>	<b>Average</b>	<b>3.4%</b>	<b>1.6%</b>

Source: Nomis

*"The claimant count has risen sharply in the East Wirral which contains wards with already above average levels of unemployment"*

- 4.1.7 The IMD and claimant count statistics confirm that there are prevailing geographical differences within the borough economically, with the weaker areas mostly centred in the north eastern wards around Birkenhead. These wards also appear to be disproportionately bearing the brunt of the recent economic downturn, with increases in unemployment the strongest in already deprived areas.
- 4.1.8 For the purposes of the following analysis we are going to assess Wirral as two separate areas on the basis of the ward breakdown in table 4.5. For simplicity these will be referred to as East Wirral, with areas mainly having well above-average unemployment levels and West Wirral having largely well below average unemployment.

### **Car ownership**

- 4.1.9 The Census data as shown in table 4.2 shows that car ownership amongst households is distinctly lower in East Wirral than in West Wirral, by a margin of approximately 18%. Moreover, ownership of 2 or more cars in West Wirral is almost twice that of East Wirral and well above the average for England and Wales.

**Table 4.2: Percentage of Households Owning at least one Car or Van**

Area	1 Car /Van	2 or more Car / Van	% Total
East Wirral	44%	18%	62%
West Wirral	45%	35%	80%
England and Wales	44%	29%	73%

Source: Census 2001

### **Commuting from Within Wirral**

- 4.1.10 Table 4.3 summarises the origin and destination of commuting trips from within the two parts of the Wirral. The figures show that a similar proportion of residents commute to Liverpool from the two sub-district areas.
- 4.1.11 Furthermore, nearly 60% of East Wirral residents also work in the East Wirral wards with a further 14% working in West Wirral. By contrast, 28% of residents in West Wirral work in the eastern wards, with 36% remaining in West Wirral.
- 4.1.12 The results further show that a higher proportion of residents, up to 37% in West Wirral commute beyond the district for their workplace, compared to 29% in East Wirral which is relatively more self-contained in the commuting reach of its residents.

**Table 4.3: Travel to Work Patterns from within Wirral**

Area of Residence	Area of Workplace					Total
	East Wirral	West and Lower	Liverpool	Cheshire West & Chester	Elsewhere	
East Wirral	58%	14%	14%	7%	8%	100%
West Wirral	28%	36%	15%	10%	11%	100%

Source: Census 2001



### Commuting Trips to Liverpool

- 4.1.13 Breaking down the commuting trips to Liverpool made from each part of the Wirral, table 4.4 shows that the proportion of trips made by car across the Mersey from West Wirral is 10% higher than from East Wirral. Rail and bus, on the other hand, together account for higher proportion of cross river trips from East Wirral.

**Table 4.4: Mode Share of Trips across the Mersey**

	East Wirral	West/Lower Wirral
Car	54%	64%
Train	26%	23%
Bus	14%	9%
Ferry	2%	0%
Other	4%	4%
Total	100%	100%

Source: Census 2001

- 4.1.14 The variation in commuting patterns and the method for crossing the Mersey between the two Wirral sub-districts reflect differences in the level of car ownership, and partly accessibility to public transport (the ease of using public transport is likely to be better in the more built-up eastern side than in the more suburban western half).
- 4.1.15 However this also reflects socio-economic factors such as occupational background. Table 4.5 shows that the working population in West Wirral contains a considerably higher proportion of residents in more senior occupations and a lower proportion in process and elementary occupations.
- 4.1.16 Approximately 46% of West Wirral residents are in manager, senior or professional and technical occupations compared to 33% in East Wirral. In view of the differential between workplace and resident based earnings in Wirral identified in Chapter 3, this suggests that out-commuting by Wirral residents to higher paid jobs is concentrated in West Wirral.

**Table 4.5: Areas of Wirral by Occupation**

Occupation	East Wirral	West Wirral	Difference: W-E
Managers and Senior Officials	11%	15%	4%
Professional Occupations	9%	15%	6%
Associate Professional and Technical Occupations	13%	16%	3%
Administrative and Secretarial Occupations	13%	14%	1%
Skilled Trades Occupations	12%	10%	-2%
Personal Service Occupations	9%	7%	-2%
Sales and Customer Service Occupations	9%	7%	-2%
Process; Plant and Machine Operatives	11%	7%	-4%
Elementary Occupations	13%	8%	-5%
Total	100%	100%	

Source: Census 2001

## 4.2 Tunnels Users in the Wirral Peninsula

4.2.1 In order to cross-check the Census Travel-to-Work analysis which was recorded in 2001, this section reviews origin and destination data and users of the Tunnels AVI Fast Tag system. This will also provide a more up-to-date picture of trips patterns through the tunnel and their relative share between residents within the Wirral.

### *Home Postcode of Westbound Tunnel Users*

4.2.2 Table 4.6 summarises the home location of tunnel users living on the west side of the Mersey based on the results of postcard and roadside interview surveys undertaken in 2008. The results show that 50% of users come from the East Wirral wards, with the West Wirral wards accounting for 36%. West Cheshire, which includes Chester, Ellesmere Port and Neston accounts for 13% of tunnel trips.

**Table 4.6: Eastbound Tunnel Users Home Location by Percentage**

Survey	East Wirral	West Wirral	West Cheshire	Wales	Elsewhere	Total
2008	50%	36%	10%	3%	2%	100%

*Source: Merseytravel and MORI on behalf of Liverpool City Council*

4.2.3 By applying the percentages for East Wirral and West Wirral to the average daily throughput for the AM peak and inter-peak periods, we can estimate the approximate number of car trips per 1,000 households. This is summarised in table 4.7.

4.2.4 The results show there are just over 2,000 more trips through the tunnels from East Wirral per day than West Wirral. However, when this is controlled for the number of households in each sub-area there are approximately 9% more trips from West Wirral than from East Wirral.

**Table 4.7: Estimated Trips by Wirral Sub Area per 1,000 Households**

Wirral Sub-Area	Trips (Average weekday)	Households	Per 1,000 Hholds
East	10,331	77,325	134
West Wirral	8,133	56,014	145

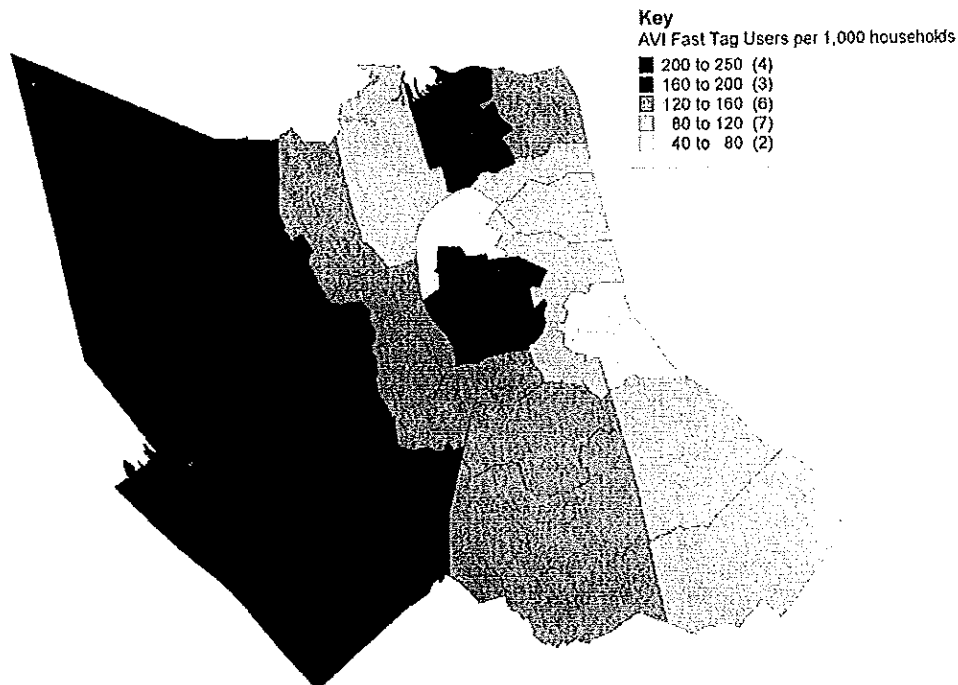
*Source: CB Calculations*

### *Fast Tag Usage*

4.2.5 The Fast Tag system allows regular tunnel users to set up a pre-pay account which is debited automatically with each tunnel trip. This avoids having to pay cash at the tunnel barrier and has the benefit of a discount to the actual cash toll. Figure 4.3 maps the location of Fast Tag Users in the Wirral per 1,000 households. It shows that Fast Tag membership is concentrated mainly in the West Wirral.

4.2.6 Outside of the Wirral the main concentrations of AVI Fast Tag users are around Ellesmere Port, Neston and Chester.

**Figure 4.3: Location of AVI Fast-Tag Users in the Wirral**



Source: Merseytravel

4.2.7 The geographical breakdown of Fast Tag users shows that over 80% of them are based on the Wirral, with this split fairly evenly between the two Wirral sub-areas. A further 13% of users live in Chester or Ellesmere Port and Neston with 4% based in North Wales.

**Table 4.8: Breakdown of Fast Tag Users West of the Mersey 2009**

Area	No. Users	Per Cent
East Wirral	9,254	41%
West Wirral	9,432	42%
Chester	1,065	5%
Ellesmere Port & Neston	1,828	8%
North Wales	947	4%
Other	196	1%
<b>Total</b>	<b>22,722</b>	<b>100%</b>

Source: MerseyTravel, CB Calculations

4.2.8 When accounting for the number of households in table 4.9 Fast Tag ownership is much higher in West Wirral than in East Wirral, with just under 170 Tag users per 1,000 households in the former compared to 120 in the latter – a difference of approximately 40%. When analysed on the basis of car-owning households the gap between East and West is around 8%.

**Table 4.9: Tag User Ownership within Wirral**

Area	Total Households	Fast Tag Users	Tag Users per 1,000 Households
East Wirral	77,325	9,254	120
West Wirral	56,014	9,432	168

### 4.3 Conclusions

- 4.3.1 This chapter has assessed variations in the social and economic geography of the Wirral and whether these are reflected in use of the tunnels and wider commuting patterns.
- 4.3.2 The analysis shows that poorer areas of the Wirral are concentrated in the eastern half of the borough around the former industrial and shipbuilding locations, with around half of the wards in the top 20% most deprived in the UK. Areas to the west by contrast suffer from relatively little deprivation.
- 4.3.3 This spatial split is reflected by the latest claimant count measures. Wards with an above average rate of benefit claimants are almost entirely concentrated on the eastern side of the borough with the West having consistently lower claimant count rates. Furthermore that the gap between east and west has widened during the recent economic downturn.
- 4.3.4 West Wirral residents are more likely to commute out of the Wirral and to more senior and higher paying occupations, of which Liverpool is the main destination.
- 4.3.5 Households in West Wirral are around 10% more likely to use the tunnel than East Wirral residents. There are also 40% more Fast Tag owners per household in West Wirral than in East Wirral.

## 5 Retail Impact of the Tolls

### 5.1 Introduction

5.1.1 This chapter considers the potential impact the Mersey Tunnels tolls have on spending patterns on Merseyside. The existence of the toll is likely to have a bearing on household decisions regarding where to shop on Merseyside, as it represents an additional cost to other motoring costs incurred as part of the shopping trip.

5.1.2 In summary this section analyses the following:

- Where Wirral residents currently spend their money with the tolls in place
- How spending patterns are likely to change with a 'no tolls' scenario
- The impact on selected town and shopping centres without the tolls
- The impact on retail employment in Wirral and East Wirral

### 5.2 Methodology

5.2.1 To assess the impacts on retail spending with and without the tolls we have used CACI's Comparison Goods Retail Centre Modelling System. This model estimates the retail footprint of shopping centres based on the strength of each centre's retail offer and the journey time to each retail destination from resident postcodes within Merseyside.

5.2.2 The analysis relates almost entirely to comparison goods retailing ie. it covers mainly durable items such as clothing, electrical goods and furnishings rather than food and drink and other everyday items for which households are more likely to shop locally.

5.2.3 The analysis pays specific attention to impacts on the spending of Wirral residents and how much of this is retained within the district with and without the tolls. The selected retail centres are as follows:

- Birkenhead
- Rest of Wirral including Croft Retail Park
- Cheshire Oaks outlet centre
- Liverpool City Centre
- Chester town centre

5.2.4 It should be noted that the modelling system takes into account the recent introduction of the 'Liverpool One' development in Liverpool City Centre and the impact this has had on its retail offer.

#### *The Tolls as a Time Penalty*

5.2.5 To estimate the impact of the tolls on shopping patterns it is necessary to convert the current toll into an estimate of additional travel time for each shopping trip. This is calculated using standard value of time parameters (as recommended by the Department of Transport) which is converted into minutes, taking into account the average vehicle occupancy for non-peak period car trips through the Tunnels. This is then incorporated into CACI's drive-time model.

### 5.3 The Base Scenario

5.3.1 The base scenario captures the current distribution of Wirral resident's spending between the key destinations set out above as it currently stands (ie with the tolls in place). This is displayed in table 5.1.

**Table 5.1: Destination of Wirral Residents' Spending per annum**

Total Spending By Wirral Residents £m	Spend In Wirral	Of Which In Birkenhead	Spend in Merseyside	Of Which In Liverpool CC	Spend In Chester	Spend In Cheshire Oaks	Spend Elsewhere	Total £m
Total £m	£366	£195	£229	£227	£50	£53	£34	£732
Per cent	50%	27%	31%	31%	7%	7%	5%	

Source: CACI

- 5.3.2 Of the £732m spent annually on comparison goods by Wirral residents it is estimated that half of this is spent within Wirral borough itself, with £195m accounted for by the largest centre Birkenhead. Just under a third of spending flows across the river to the rest of Merseyside, with virtually 100% of this spent in Liverpool City Centre.
- 5.3.3 Of the remaining amount, approximately £50m per annum is each spent in Cheshire Oaks outlet centre (which is part of the Wirral peninsula but not within Wirral borough) and Chester, each accounting for 7% of Wirral residents' spending. A further 4% of spending leaks out to other destinations beyond Merseyside.

## 5.4 With a 'No Tolls' Scenario

- 5.4.1 This scenario estimates what would be the effect on the distribution of Wirral spending (as set out above) should the tunnels tolls be removed. Table 5.2 summarises the results.

**Table 5.2: Impact on Wirral Spending of a No Tolls Scenario**

Total Spending by Wirral Residents £m	Spend in Wirral	Of which in Birkenhead	Spend in Merseyside	Of which in Liverpool CC	Spend in Chester	Spend in Cheshire Oaks	Spend Elsewhere	Total £m
Total £m	£275	£147	£350	£341	£40	£41	£27	£733
Per cent share	38%	20%	48%	47%	5%	6%	4%	
Change from base scenario £m	-£91	-£48	£121	£114	-£10	-£12	-£2	0
Per cent change	-25%	-25%	53%	50%	-20%	-23%	-7%	n/a

- 5.4.2 The removal of the tolls leads to a significant redistribution of spending from the Wirral to the rest of Merseyside, with Liverpool City Centre again the chief beneficiary. Approximately £91m that was originally spent in the Wirral flows across the river with the tolls removed, and £48m of this total would leak from Birkenhead town centre.
- 5.4.3 A further £22m originally spent by Wirral residents in Chester and Cheshire Oaks with the tolls in place also leaks away to Liverpool City Centre once the tolls are removed.
- 5.4.4 In summary, the retail modelling suggests that, without the tolls, Wirral retailers would potentially lose up to £91m per annum from their residents which represents

approximately one quarter of what they currently spend in Wirral. Birkenhead would feel the greatest impact as the main town centre with a remaining £43m distributed around smaller centres in Wirral such as Liscard and retail parks such as the Croft Retail Park.

### **Spending from non-Wirral Shoppers**

- 5.4.5 However the removal of the tunnels tolls will affect the spending patterns from residents in the rest of Merseyside and beyond who also shop in the Wirral. Table 5.3 summarises the distribution of spending towards the Wirral from shoppers coming from outside the district. This also includes Cheshire Oaks Outlet centre due to its proximity to Wirral and importance as a regional retail destination.
- 5.4.6 The results show that although Wirral retailers gain from shoppers coming from the rest of Merseyside (who spend an extra £13m mostly in Birkenhead) they also lose a small amount of spending (around £2m) from residents in Ellesmere Port and Neston who now go to Liverpool City Centre.
- 5.4.7 The overall impact on Wirral from non-residents therefore is a net gain of £11m in spending from Merseyside residents.

**Table 5.3: Impacts on Spending in Wirral from non-Wirral residents of**

Total Spending By Non-Wirral Residents £M	Spend In Wirral	Of Which In Birkenhead	Spend In Rest Of Wirral	Spend In Cheshire Oaks	Total £M
with tolls £m	£33	£8	£25	£245	£310
% share	11%	3%	8%	79%	
without tolls £m	£44	£18	£26	£228	£294
% share	14%	6%	8%	74%	
<b>Change if tolls removed £m</b>	<b>£11</b>	<b>+£10</b>	<b>+£1</b>	<b>-£16</b>	<b>-£5</b>
<b>% change</b>	<b>+33%</b>	<b>+127%</b>	<b>+4%</b>	<b>-7%</b>	<b>-2%</b>

Source:: CACI and Colin Buchanan

### **Overall Impact on Wirral Retailers**

- 5.4.8 Taking together these two effects of a 'no tolls' scenario, the overall impact of the redistribution of retail spending on Wirral retailers is net loss of spending of **approximately £80m per annum**. Roughly half of this amount would be lost from Birkenhead town centre, with the remaining amount coming from town centres and retail parks elsewhere on the Wirral. Table 5.4 summarises the overall impact.

**Table 5.4: Summary of Impact of Tolls/No Tolls Scenario on Wirral Retailers**

Per Annum	With Tolls	w/o Tolls	Net Impact
Wirral Residents £m	£366	£275	-£91
Non-Wirral Residents £m	£33	£44	+£11
<b>Total net Impact £m</b>			<b>-£80</b>

- 5.4.9 While there are benefits to Liverpool City Centre of additional spending from the Wirral and other locations from the West side of the Mersey with the tolls removed; the negative impact on Wirral businesses and residents in terms of spending and jobs is likely to be disproportionate in view of the relatively fragile state of its economy.

## 5.5 Impact of Tolls Removal on Jobs in Wirral

- 5.5.1 The analysis of retail spending suggests there would be a considerable impact from the removal of the Mersey Tunnels tolls on the spending behaviour of Wirral residents and other residents who shop in the Wirral. To summarise, there is considerable evidence that the tolls play a role in retaining retail spending within the Wirral.
- 5.5.2 This section considers the impact that the loss of spending would have on retail jobs within the Wirral taking into account the East-West split of the borough identified in chapter 3. To recap, the analysis showed a fairly clear divergence between the two areas with deprivation and unemployment rates significantly higher in East Wirral, together with lower car ownership and out-commuting rates.
- 5.5.3 Table 5.4 shows the total number of jobs in the relevant retailing activities in Wirral and by sub- area. Roughly 85% of these jobs are located in the East Wirral wards, reflecting the fact that key shopping centres of Birkenhead, Croft Retail Park and Liscard town centre are located within this half of the Borough.

**Table 5.4: Comparison Retail Jobs in the Wirral**

Area	Jobs	Per Cent
East Wirral	4,669	85%
West Wirral	824	15%
Wirral Total	5,493	100%

Source: Nomis

- 5.5.4 Using CACI's spending figures we can estimate the average retail turnover per job in Wirral and, in turn, the impact on retail employment that is likely to arise from the leakage of retail spending in a 'no tolls' scenario. On this basis it would lead to a total loss of 600 retail jobs in the borough which amounts to just under 1% of Wirral jobs. Moreover, taking the current spatial distribution of retail jobs it can also be expected that this job loss will be concentrated in East Wirral as shown in table 5.5.

**Table 5.5: Impact on Retail Jobs from Loss of Spending at Wirral Retail Centres**

Area	Est. Job Loss
East Wirral	-510
West Wirral	-90
<b>Total Wirral</b>	<b>-600</b>

Source: Nomis, Colin Buchanan

### **Impact on East Wirral Residents**

- 5.5.5 East Wirral is more self-contained in its residents' workplace locations compared to West Wirral, with 58% working locally. Based on its commuting patterns, therefore we can estimate the number of these jobs that will be lost by East Wirral residents as well as the impact on all Wirral residents, as shown in table 5.7.



**Table 5.6: Wirral Retail Job Loss by Area and Residents**

Description	Loss of Retail Jobs
<b>Total loss of retail jobs in Wirral</b>	<b>-600</b>
Of this, jobs lost by Wirral residents only	-402
<i>Loss of retail jobs in East Wirral (85% of total)</i>	<i>-510</i>
<b><i>Of this, jobs lost by East Wirral residents (58% of East Wirral jobs)</i></b>	<b><i>-296</i></b>

Source: Colin Buchanan

## 5.6 Conclusions

- 5.6.1 This section has set out the potential impact on retail spending and jobs in the hypothetical scenario that the Mersey Tunnels tolls are removed. It suggests that the distribution of retail spending between both sides of the River Mersey is significantly influenced by the existence of the tolls; and in particular that the tolls help to retain a large amount of spending within the Wirral.
- 5.6.2 Removal of the tolls would increase the current leakage of spending from the Wirral and also reduce spending coming into the Wirral from outside the borough as households switch to Liverpool City Centre from other major shopping centres. The overall net impact on Wirral retailers is expected to be approximately £80m in reduced spending per annum.
- 5.6.3 The loss of spending from the Wirral would amount to the loss of up to 600 retail jobs (excluding wider indirect impacts on jobs) with just over 500 of these jobs being located within the most deprived wards of the Wirral. Approximately 300 of these jobs are likely to be filled by East Wirral residents.
- 5.6.4 In conclusion, removal of the tolls would impact negatively on Wirral employment with this effect concentrated in the most deprived parts of the district. This would have a disproportionate impact on an relatively fragile economy and particularly areas with already high rates of unemployment.

## 6 Business survey

### 6.1 Introduction

6.1.1 Colin Buchanan commissioned a survey of over 300 Merseyside businesses to gauge their opinions on the importance of location and transport to their operations. The sample frame is based on the sectoral composition of Merseyside employment in each local authority district (see chapter 2) and business size.

6.1.2 As this report focuses on the condition of the Wirral economy in the context of the Mersey tolls, half of the survey sample was conducted in the Wirral with the remainder distributed in the other 4 districts, according to their relative share of Merseyside employment.

### 6.2 Survey Topics

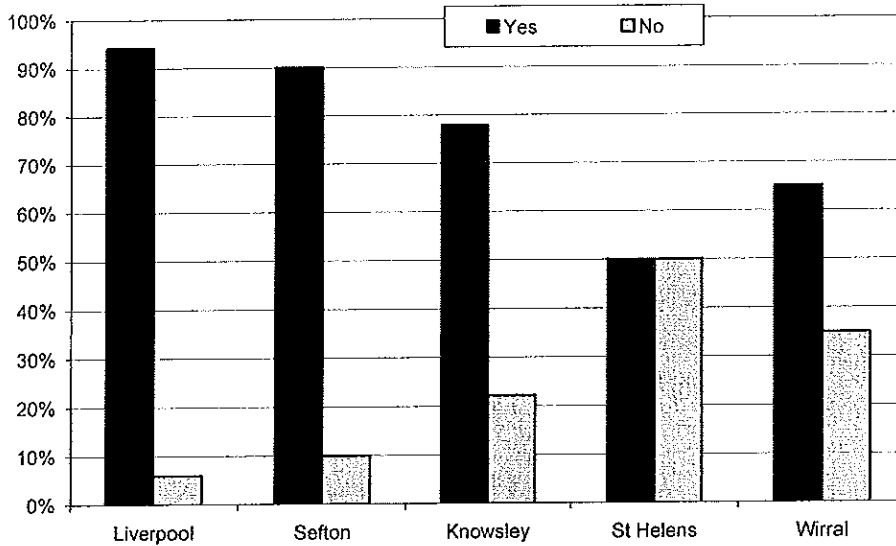
6.2.1 The survey is aimed at understanding the role of location and transport costs in determining business competitiveness in each of the Merseyside districts and to explore wider issues affecting business performance. There is also a focus on the Wirral with regard to the importance of the Mersey Tunnels tolls relative to other types of transport costs. In summary this chapter sets out results on the following:

- Location and principal market served
- Future prospects
- Factors affecting business performance
- Relative importance of different types of transport costs
- Strengths and Weaknesses of Location
- Commuting and business trips across the Mersey
- Barriers to doing business across the Mersey

6.2.2 The remainder of this chapter charts the results for each of the above with a short bullet point analysis, followed by conclusions. Where appropriate comparisons are made with the results of the 2003 SDG business survey.

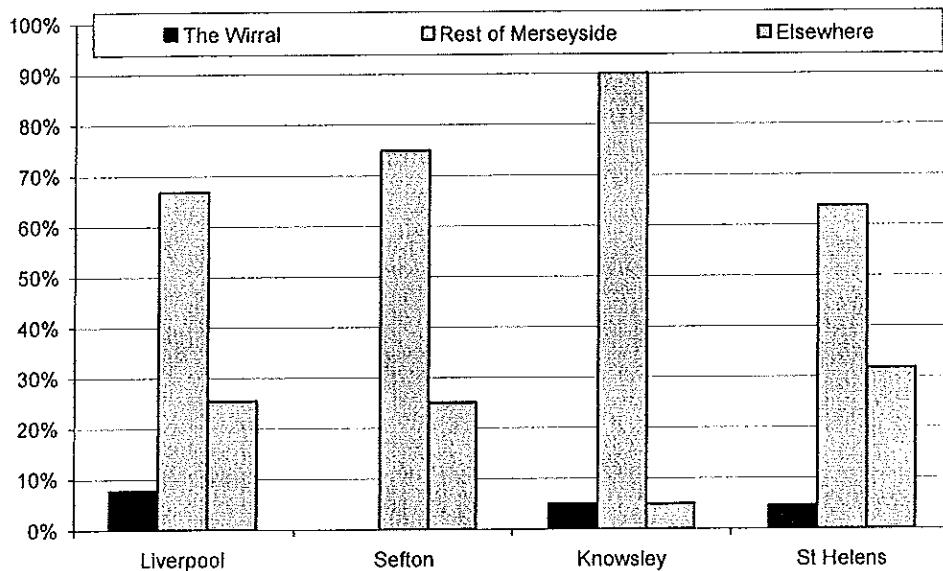
### 6.3 Location and Principal Market

6.3.1 Figure 6.1: Is this the main location in Merseyside?



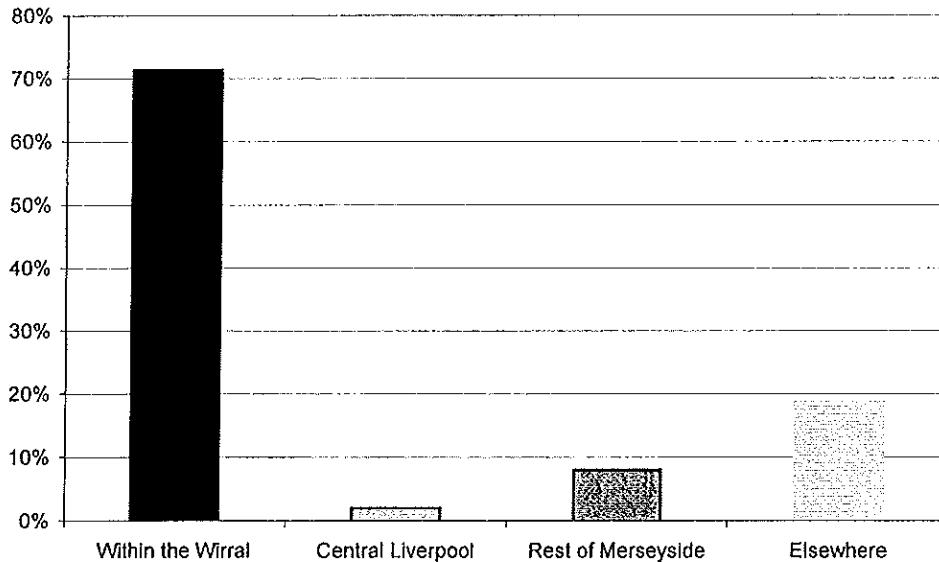
- Business' main locations in Merseyside are more likely to be in Liverpool and Sefton districts

6.3.2 Figure 6.2: Where would you say is the principal market served from this location (for Merseyside excluding the Wirral)?



- Liverpool has the highest proportion of businesses whose main market is in Wirral
- Sefton businesses appear to have few or no linkages to markets in the Wirral
- On average 20% of Merseyside businesses have principal markets outside of the city region

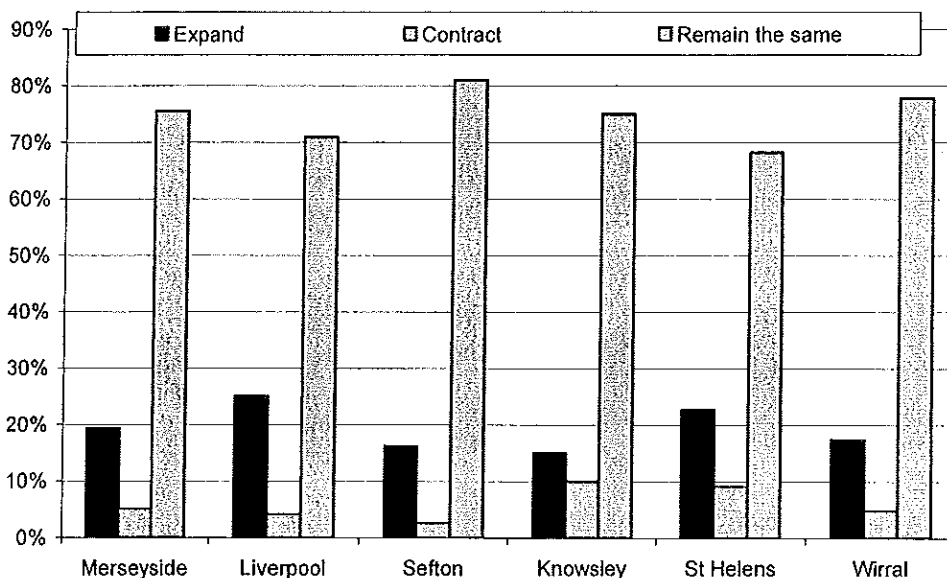
**Figure 6.3: Where would you say is the principal market served from this location (for Wirral only businesses)?**



- 71% of Wirral businesses principally serve the Wirral area
- Very few serve Central Liverpool
- 10% serve the rest of Merseyside outside of Wirral

## 6.4 Future Business Prospects

**Figure 6.4: Do you expect employment at this location to expand, contract or remain the same over the next 12 months?**

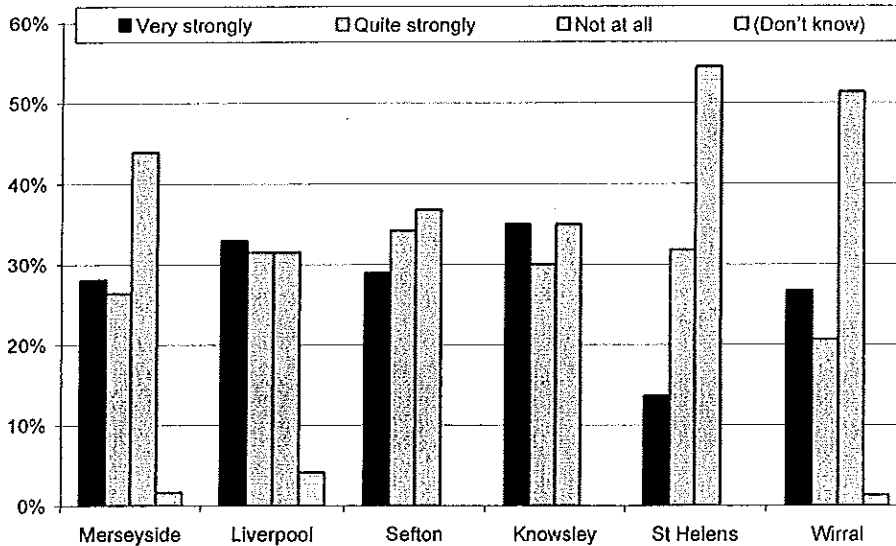


- There is very little difference in business expectations for employment between Wirral and the rest of Merseyside as a whole
- The overwhelming proportion of businesses across Merseyside including Wirral expect employment to remain unchanged

## 6.5 Factors Affecting Performance

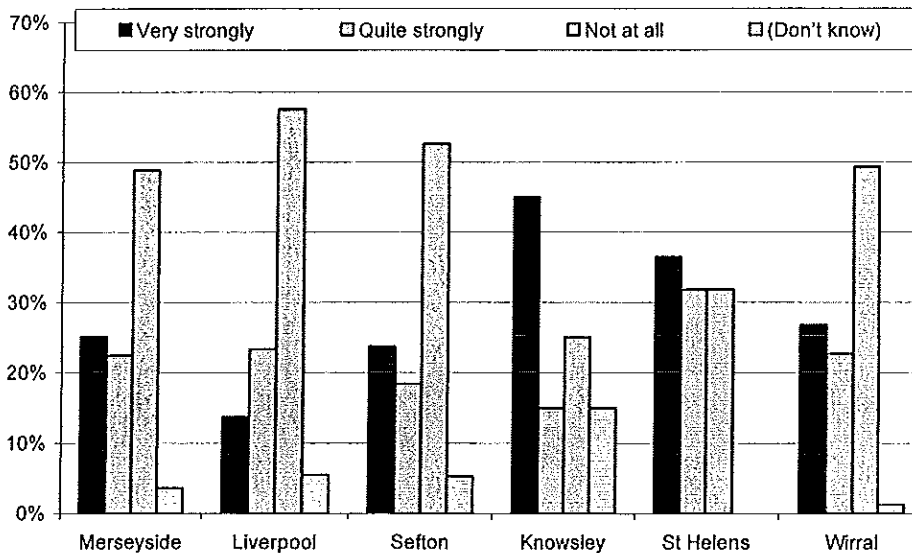
6.5.1 On a scale of very strongly, quite strongly or not at all, how do the following factors affect your organisation's performance?

Figure 6.5: Ability to recruit and retain key staff



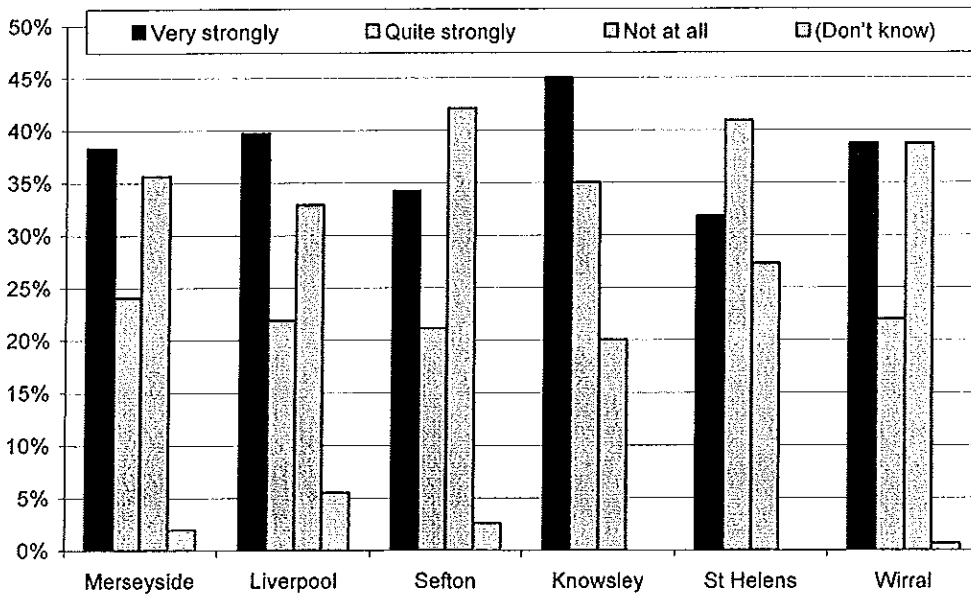
- Recruitment and retention of key staff considered important for the majority of businesses in Merseyside but relatively less important in St Helens and the Wirral.

Figure 6.6: Transport Costs



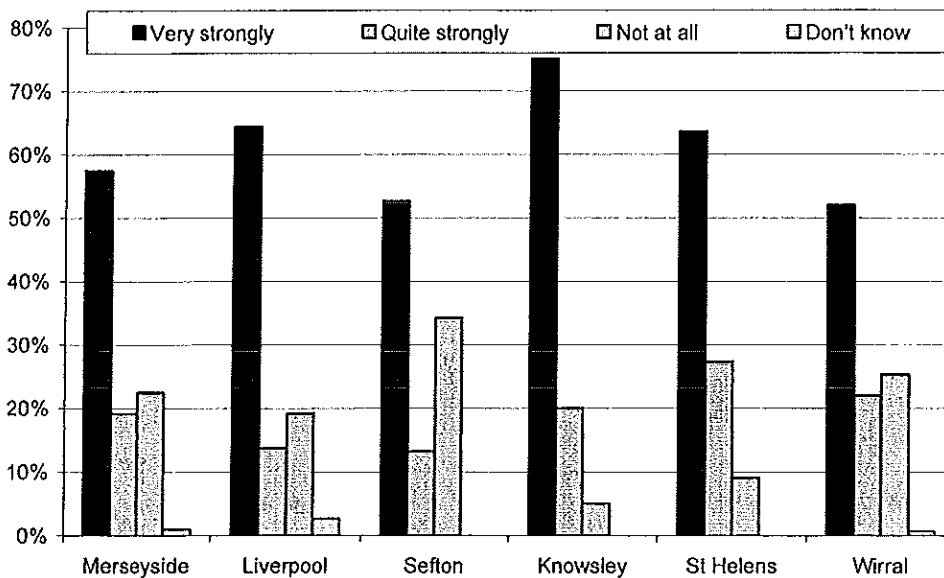
- Proportion of businesses citing transport costs as very important has increased in all districts with the exception of Liverpool since the 2003 survey
- Importance of transport costs to Wirral businesses generally in line with the Merseyside average and proportion stating 'not important' unchanged since 2003 survey

**Figure 6.7: Image of your Location**



- Importance of image cited 'very' or 'quite strongly' to just over 60% of Merseyside businesses
- Wirral responses show little difference with that of Merseyside as a whole

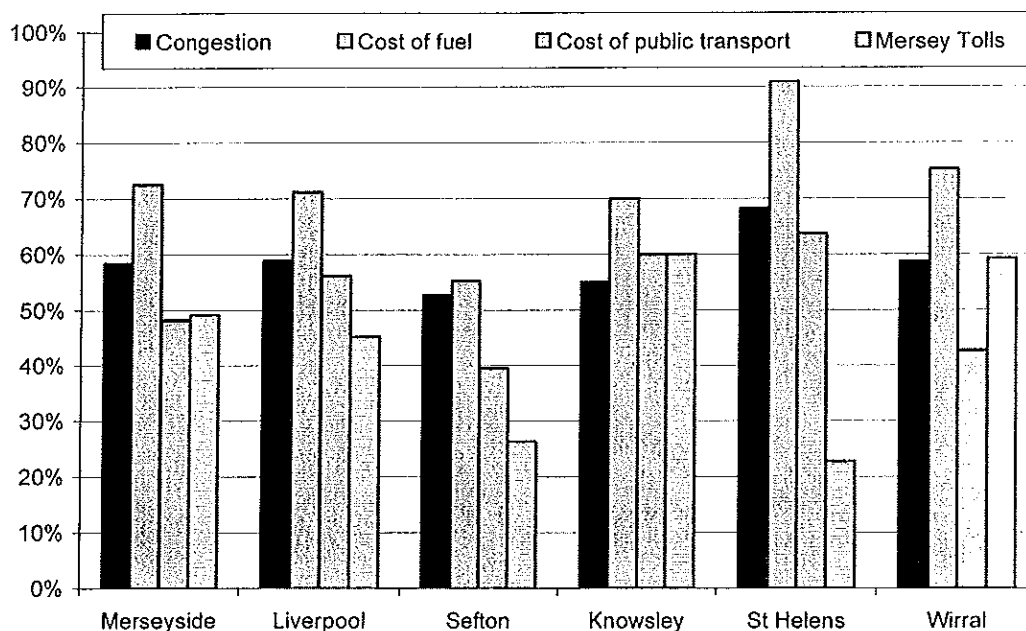
**Figure 6.8: Ability to Access Customers/Their Ability to Access You**



- Accessibility to customers rated as most important by Merseyside businesses relative to other factors
- Importance of accessibility cited most strongly in Liverpool and Knowsley, least in Sefton and Wirral

## 6.6 Relative Impact of different Transport Costs

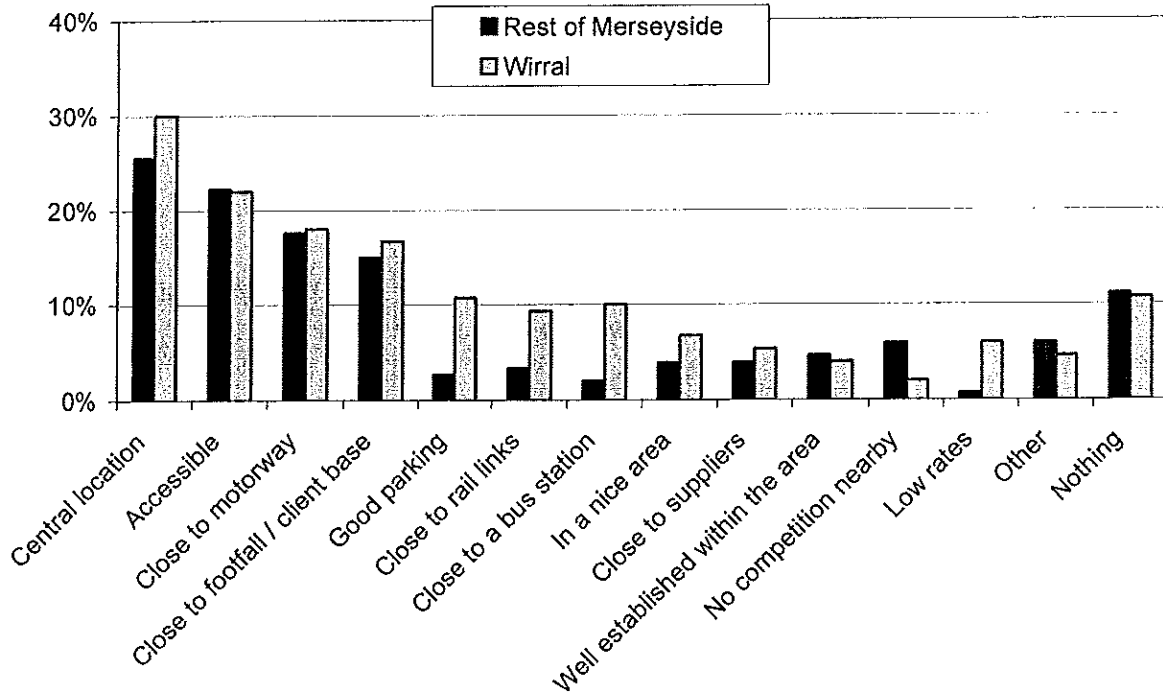
Figure 6.9: Proportion of Firms rating impact of different factors on overall transport costs as very strong or quite strong



- Cost of fuel rated as the most important factor in overall transport costs in all districts
- Mersey tolls rated as most important in Knowsley and Wirral, though in the latter case is less significant than fuel costs and equal in significance to congestion
- Importance of congestion more significant to businesses in Liverpool, St Helens and Wirral

## 6.7 Strengths and Weaknesses of Location

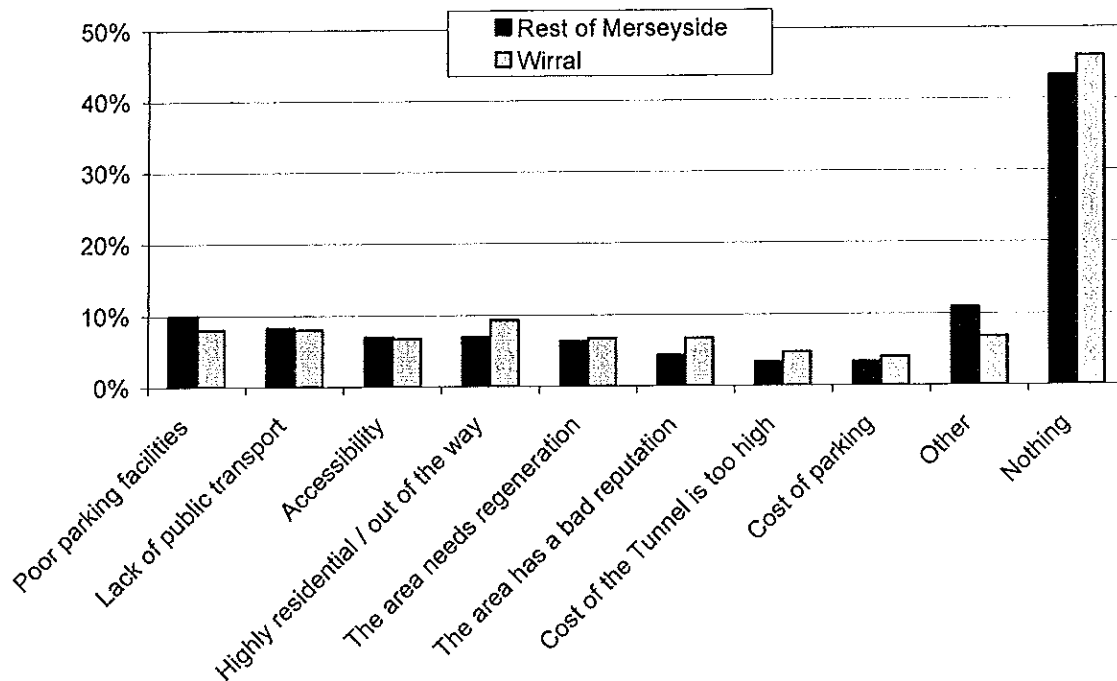
Figure 6.10: What are the strengths of this location as a place to do business?



- Central location and accessibility are greatest strengths in Liverpool and Wirral and feature strongly in all districts. Overall responses are broadly similar to the 2003 survey
- Public transport and parking cited as a strength by a greater proportion of Wirral businesses than businesses in the rest of Merseyside



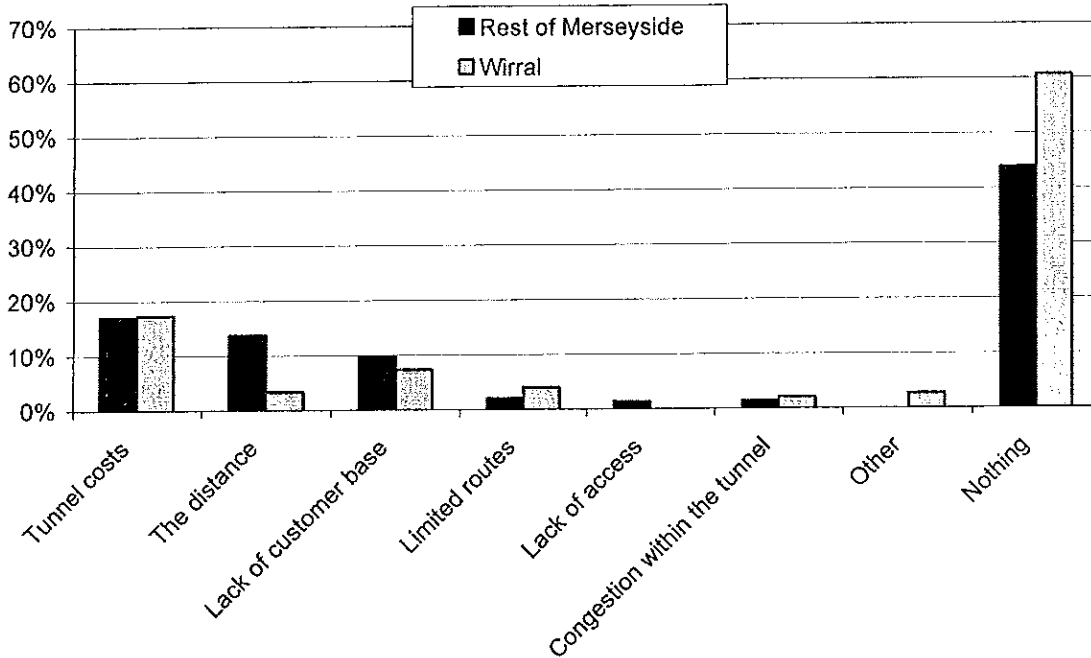
Figure 6.11: What are the weaknesses of this location as a place to do business?



- Level of Tunnels tolls cited by 5% of businesses in the Wirral as a weakness of their location
- Parking, public transport, accessibility and regeneration-related issues most often highlighted as weaknesses of location
- Overall, responses are similar to 2003 survey and proportion of Wirral businesses unable to identify a weakness of location virtually unchanged from 2003

## 6.8 Barriers to doing Business across the Mersey

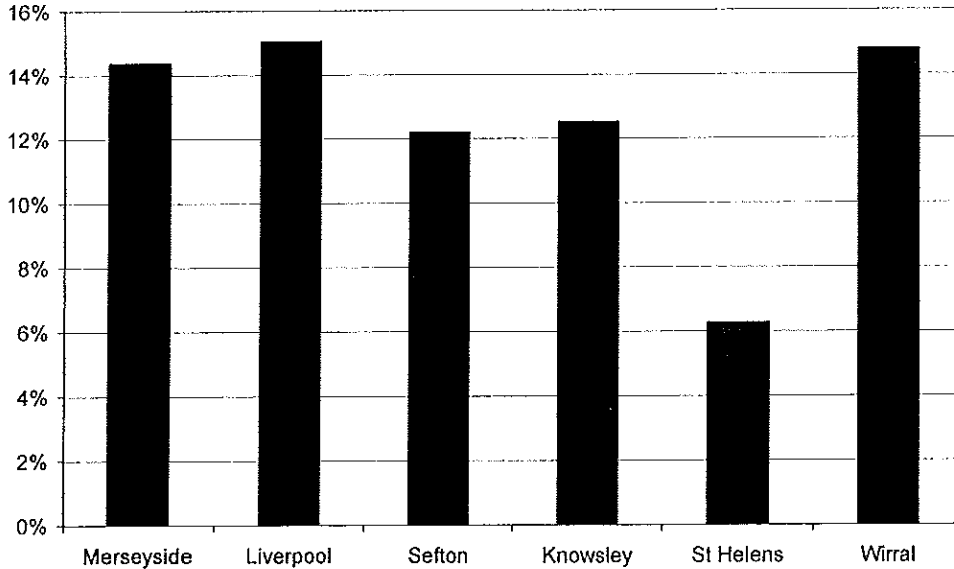
Figure 6.12: What if any, would you say are the main barriers to doing business in the rest of Merseyside/Wirral? (Wirral/non-Wirral businesses)



- Approximately the same proportion of businesses in both the Wirral and rest of Merseyside cited the tunnels tolls as a main barrier to doing business across the Mersey
- Distance to Wirral the next largest factor cited as a barrier to doing business across the Merseyside by businesses in the rest of Merseyside
- Approximately 60% of Wirral businesses and 44% of business in the rest of Merseyside indicated there were no barriers to doing business across the river

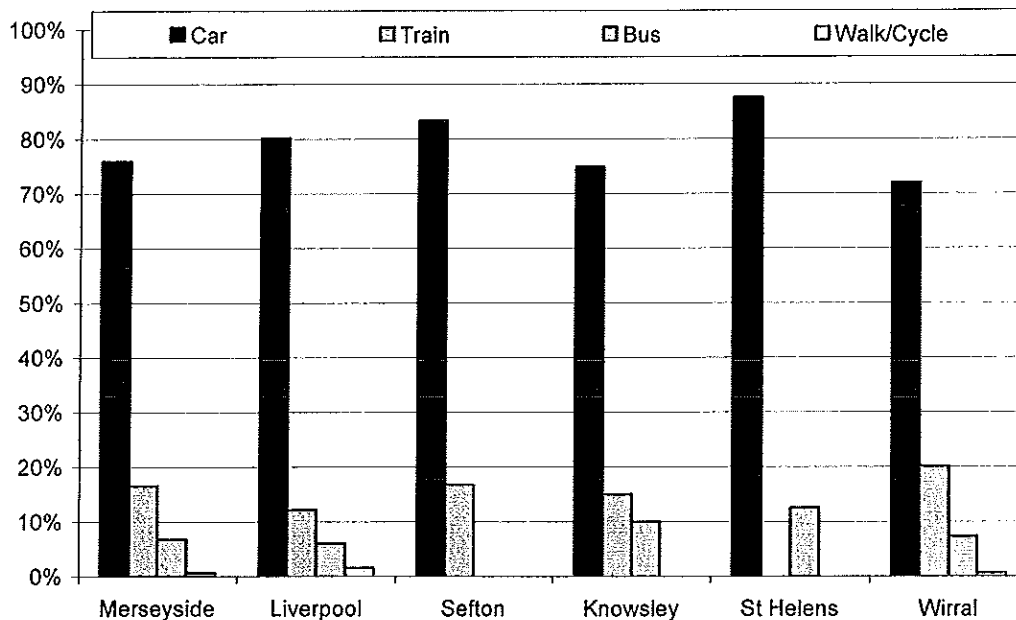
## 6.9 Commuting and Business Trips Across the Mersey

Figure 6.13: What percentage of staff have to cross the River to get to this site?



- With the exception of St Helens the proportion of staff who commuted from the opposite side of the Mersey varied between 12% and 15% in all districts

Figure 6.14: If you are doing business across the River Mersey, what form of transport would you take to get there?



- Car dominates business trips across the Mersey accounting for around 75% of all trips
- Just under 30% of trips from the Wirral are taken by public transport

## **6.10 Conclusions**

- 6.10.1 Wirral businesses overwhelmingly serve their local area (within the Wirral) with approximately 1 in 10 having a principal market in the rest of Merseyside.
- 6.10.2 The business survey suggests that Wirral businesses do not perceive any weaknesses of their location that are distinct from businesses in the rest of Merseyside, or can be directly or indirectly attributable to the tunnels tolls.
- 6.10.3 Wirral businesses do not show evidence that they are less confident about future expansion of their site than businesses in the rest of Merseyside.
- 6.10.4 The proportion of Wirral businesses highlighting transport costs as a strong factor affecting their performance is consistent with other businesses in the rest of Merseyside. The proportion (49%) indicating that they have no impact is virtually the same as recorded in the 2003 survey.
- 6.10.5 While a majority of Wirral businesses cite the tunnels tolls as having an important impact on overall transport costs this is rated no more highly than congestion and is viewed as less significant than fuel costs.
- 6.10.6 As in the 2003 survey accessibility and a central location are ranked as particular strengths of business location by Merseyside businesses and more so in Liverpool and Wirral. Just over 40% of Wirral businesses state that they saw no weaknesses in their location which is virtually unchanged since 2003.
- 6.10.7 Accessibility to customers/clients is cited by the largest majority of businesses in Merseyside as a factor affecting performance. The proportion of Wirral businesses stating that it plays no part in performance is slightly above the average for Merseyside.
- 6.10.8 A slightly below average proportion of Wirral businesses would go by car to do business across the Mersey, with the proportion going by train the highest in Merseyside as a whole.
- 6.10.9 Less than 1 in 5 businesses in Wirral and in the rest of Merseyside view the tunnels tolls as a barrier to doing business across the river, with 60% of Wirral businesses perceiving no barriers to doing business whatsoever.

## 7 Conclusions

7.1.1 This report has considered a wide variety of evidence in relation to the Mersey Tunnels tolls and what the potential impact could be of their removal or variation. The key conclusions are as follows:

### *Tunnel traffic*

7.1.2 Overall traffic levels through the Mersey Tunnels have maintained a long term upward trend and although levels have declined in recent years much of this can be attributed to wider national traffic trends and the recent economic downturn. There is little evidence to suggest that this marks the beginning of a major downward trend.

7.1.3 Recent survey data shows that only a small fraction of tunnel users live outside of Merseyside, with the origin and destination of trips becoming more contained within the Merseyside city region over the last 5 years. The implication of a resident discount is that this would apply to most users of the tunnels.

7.1.4 The tolls continue to play a role in managing car trips from the Wirral into central Liverpool, with complete removal of the tolls likely to result in a 40% increase in total traffic. This in turn would result in increased congestion through the tunnel section and an average queuing time of approximately 20 minutes for each tunnel trip at AM peak time. The additional cost of this congestion in terms of longer commuting and business travel times would be in the region of £12m per annum.

7.1.5 Cash payment of the tolls continues to decline in favour of electronic payment but still accounts for around 70% of car users.

### *Wirral economy*

7.1.6 Wirral's economy has underperformed relative to the rest of Merseyside over the last decade. Workplace earnings are the lowest in the city region and have not kept pace with Merseyside, North West and UK averages. Areas where Wirral has performed traditionally well such as the unemployment rate are worsening relative to the rest of Merseyside.

7.1.7 However much of the recent increase in unemployment has been concentrated in the poorer areas of the Wirral which have suffered from the long term decline of industry and high levels of relative deprivation. There is evidence to of an East-West split with residents in the West having more senior occupations, higher average earnings and much lower incidence of unemployment.

7.1.8 Residents in West Wirral are more likely to commute by car and out of the Wirral to other destinations including Liverpool and Chester. They are more likely to use AVI Fast Tag when using the Mersey Tunnels.

7.1.9 East Wirral, on the other hand, is more self-contained in its commuting patterns with the majority of residents living and working in the area. There is slightly less out-commuting to Liverpool per household and considerably less to other destinations.

### *Retail Impacts*

7.1.10 Analysis of current retail spending patterns in the Wirral suggests that without the tunnels tolls, retailers would lose a significant amount of spending by Wirral residents but gain from shoppers coming from the rest of Merseyside. However the overall net effect would

be a loss spending to the tune of approximately £80m per annum and approximately 600 Wirral retail jobs.

- 7.1.11 Given the current location of retail jobs and commuting patterns this loss of spending would disproportionately impact on the East Wirral which has the highest levels of unemployment in the borough. It is estimated that this would result in a loss of approximately 300 jobs to East Wirral residents working in the retail sector.

***Business Survey***

- 7.1.12 The business survey suggests that Wirral businesses do not perceive any weaknesses of their location which are divergent from businesses in the rest of Merseyside or can be directly or indirectly attributable to the tunnels tolls.
- 7.1.13 While a majority of Wirral businesses cite the tunnels tolls as having an important impact on overall transport costs this is rated no more highly than congestion and is viewed as less significant than fuel costs.
- 7.1.14 Just over 40% of Wirral businesses cite no weaknesses to their location which is virtually unchanged from 2003.
- 7.1.15 Less than 1 in 5 businesses on both sides of the Mersey view the tolls as a barrier to doing business across the river with 60% of Wirral businesses perceiving no barriers to doing business whatsoever.



**Our ref:** JDW/GB  
**Date:** 5 June 2003

**Direct Line:** 0151 330 1249  
**Direct Fax:** 0151 330 1520

Mr. John McGoldrick  
Secretary  
Mersey Tunnels Users Association  
57 Hambledon Drive  
Greasby  
Wirral CH49 2QH

Dear Mr. McGoldrick,

## MERSEY TUNNELS

I refer to your letter dated 2<sup>nd</sup> June, the key issues in which are as follows :-

### Levy Repayment

**You imply that you were inaccurately quoted in the article in the Daily Post on the 23<sup>rd</sup> May. However, it is clear from your letter published in the Daily Post on the 30<sup>th</sup> May that you have publicly maintained that Merseytravel has acted in an illegal and disingenuous manner.**

As your views are defamatory and factually inaccurate, they are therefore actionable. I offer you the opportunity however to publicly retract your views and apologise to Merseytravel. If you fail to take up this offer I shall be compelled to refer the matter to a solicitor.

### Local Government Ombudsman

Merseytravel has supplied you with all the information you have requested which is available under the Access to Information Act. You have been informed over the telephone that the further information you seek in relation to the Tunnels Board relates to the period when that forum was an "outside body" and was not therefore subject to the Access to Information Act.

In the circumstances it is evident that your (unspecified) complaint to the Local Government Ombudsman is completely unfounded. That being so I would be obliged if you would write to the Ombudsman accordingly and provide me with a copy of your letter.

Yours sincerely,

J.D. Wilkinson  
Director of Resources



23 JULY 1999

POLICY AND RESOURCES

9. Exclusion of Press and Public

**RESOLVED** that, under Section 100A (4) of the Local Government Act 1972, the Press and Public be excluded from the meeting for the following item of business on the grounds that it involves the disclosure of exempt information as defined in paragraph 9 of Part 1 of Schedule 12A of the Act.

10. Mersey Tunnels - Internal Loan Repayment  
(DR/28/99)

The Committee considered a report of the Director of Resources regarding Mersey Tunnels, Internal Loan Repayment.

**RESOLVED** that the amended Internal Loan Repayment schedule appended to report DR/28/99 be approved.

(See Appendix 3 to these Minutes)

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*McDowd*

CHAIR





**Our ref:** JDW/GB  
**Date:** 28 May 2003

**Direct Line:** 0151 330 1249  
**Direct Fax:** 0151 330 1520

Mr. John McGoldrick  
Secretary  
Mersey Tunnels Users Association  
57 Hambleton Drive  
Greasby  
Wirral CH49 2QH

Dear Mr. McGoldrick,

## MERSEY TUNNELS

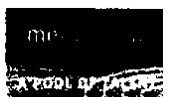
The Liverpool Daily Post carried an article on Friday the 23<sup>rd</sup> May casting doubt on the validity of the repayment of the £28m worth of Tunnels operating losses which were financed by Precepts/Levies between 1988 and 1992. The article quoted you as follows :-

"Merseytravel present their figures in a misleading way to suggest that the tunnels are only just breaking even. In fact they are generating a surplus which is then hidden behind this fictitious debt. The truth is that Merseytravel is creaming off the tunnels profits for its own purposes."

Could you please confirm whether the views attributed to you were accurately reported.

Yours sincerely,

J.D. Wilkinson  
**Director of Resources**



Merseytravel

3 February 2004

Dear Consultee,

### Mersey Tunnels' Tolls Increase

Merseytravel has withdrawn its application for an increase in the Mersey Tunnels' tolls because it has secured an alternative source of funding for the £10m scheme to provide emergency escape refuges/passageways in the Queensway Tunnel.

The proposed toll increase (from 120p to 130p for cars) was in line with inflation since the current tolls were set in November 1999. The toll increase process commenced in October 2002, and included extensive consultation with Tunnel users and the local community before the formal application was submitted to the Secretary of State for Transport in March 2003.

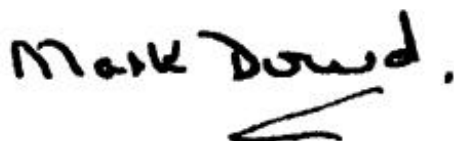
Although there was only a small volume of objections, it was inevitable that the toll increase would have to be the subject of a local Public Inquiry. Merseytravel was informed in late November 2003 that the Inquiry could not commence until mid February 2004, delaying implementation of the toll increase until the Autumn of 2004.

During this lengthy procedure Merseytravel has been trying to obtain earlier and guaranteed funding for the safety work through Government consent to borrowing. These efforts were finally rewarded in mid December 2003 when the Government Office for the North West provided credit approval to cover the initial cost of the work in 2004/05. This approval means that a contract for the work can be let later this month.

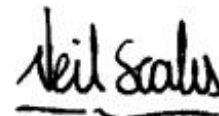
Merseytravel feels that the present cumbersome legal process governing toll increases is inappropriate in this day and age. Furthermore, as Tunnel traffic has reached 92% of capacity at peak periods, Merseytravel also believes that regular toll increases are essential to help manage future traffic growth. Both these issues are addressed in the Mersey Tunnels Bill which Merseytravel is currently promoting in Parliament.

In the interim Merseytravel will continue to manage the Tunnels in strict accordance with current legislation, and give the highest priority to the safety of the Tunnels users and the staff who work there.

Yours faithfully,



Councillor Mark Dowd, OBE  
Chair, Merseyside Passenger  
Transport Authority



Neil Scales  
Chief Executive and Director General



**Merseyside Passenger Transport Authority and Executive**

Chief Executive & Director General - Neil Scales

Director of Resources - John Wilkinson

