

# Road User Charging

## Update November 2008

### Introduction

In this bulletin we provide an update on the progress being made by UK cities operating or considering introducing road user charging schemes and other forms of demand restraint.

### Nottingham

In July 2008, Nottingham City Council applied to the Secretary of State for confirmation of its scheme for a workplace parking levy (WPL). The Council regards this as a better option than road pricing.

If approved, the scheme will commence in 2010 and operate across the city. Employers will be required to purchase an annual licence covering the maximum number of parking places provided for their staff. The charge for each space will be £185 in 2010, rising to approximately £350 in 2014. Employers can decide whether or not to pass on the charge to their employees.

The rationale is that congestion correlates with peak period commuting to and from work and with the decision to drive to work being influenced by the availability of free or relatively cheap workplace parking. The WPL is intended to discourage commuting by car, whilst generating revenue to be ring-fenced for spending on improving public transport.

Congestion is estimated to cost the Nottingham economy some £160 million per annum. The plan is to facilitate economic growth by increasing the capacity of its transport network but, owing to the constraints on expanding the road network, the priority is to enhance public transport and reduce car dependency. The Council aims to achieve this by the combined effect of the WPL, two new tram lines (NET Phase Two), improved bus services and the upgrade of Nottingham railway station. The Council calls this the 'WPL package'.

Although the proposed charge of only 71p per place per working day, rising to £1.35, means that the 'direct' impact of the WPL on congestion will be small, the WPL package will have a much larger 'indirect' impact on congestion by facilitating a step change in public transport which will attract commuters away from their cars. The WPL package is described by the Council as a 'small stick' to generate a 'big carrot'.

The Council has progressively increased city centre parking charges to discourage commuter parking. It sees the introduction of a WPL as a logical extension of this



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policy. WPL is seen as offering a financially efficient, high value for money proposal, with relatively low development costs and short implementation timescales. This is critical for NET Phase Two, which requires a local source of funding by 2010.

The Council has considered a road user charging (**RUC**) scheme. It has not ruled one out but it does not want to jeopardise Nottingham's status as a regional retail centre; and a RUC scheme is not deliverable within the 2010 funding requirement for NET Phase Two.

The Secretary of State's decision on the Nottingham WPL scheme is expected in early 2009.

### Greater Manchester

Greater Manchester's proposed £2.8 billion package of transport measures combines the introduction of congestion charging with a range of public transport investments. On 9 June 2008, it was given the red and amber light by Government when its plans were granted 'Programme Entry' for full funding from the Transport Innovation Fund (**TIF**).

The Association of Greater Manchester Authorities (**AGMA**) will now work towards obtaining 'Conditional' and ultimately 'Full' Ministerial approval of its bid for a £1.5 billion share of central government funds. The remainder needs to be raised through local sources. The package will enable AGMA to deliver 22 miles of Metrolink tram extensions, 120 extra yellow school buses and upgrading works to 41 train stations. Most of these public transport improvements would be introduced before the commencement of a £318 million congestion charging scheme in 2013.

If approved, the charging scheme will involve two charging cordons: an inner ring around the city centre and an outer ring which would partly follow the route of the M60 motorway. Charges will be applied to vehicles crossing these corridors during peak periods. The technology will be tag and beacon. Drivers will pay a deposit for an electronic tag which will be fitted to their car. The tag will trigger charges each time the vehicle crosses a cordon. The area covered will be twelve times the size of the central London scheme. The charge will be £1 or £2 per cordon.

The defeat of long standing Councillor and Chair of Greater Manchester Passenger Transport Authority, Roger Jones, a champion of the congestion charge, in the May 2008 local elections is an indication of the controversy surrounding the scheme. Authorities in Bury, Trafford and Stockport have already withdrawn their support but all ten authorities agreed in July 2008 to hold a referendum on the charge.

The referendum will take the form of a postal ballot. The question currently proposed is 'Do you agree with the Transport Innovation Fund Proposals?', although even this has been controversial as it does not refer explicitly to the imposition of a charge. Ballot papers are due to be sent out at the end of November. The final count is scheduled to commence on 12 December 2008.

A three month public consultation exercise has recently ended. Brochures were sent to 1.2 million homes and businesses. A series of information events were



staged. Over 80,000 written responses have been received. The results of this consultation will give an indication of public opinion. Supporters of the charge will be hoping to avoid a repeat of the 2005 referendum in Edinburgh, where residents rejected proposals to introduce a similar cordon-based charge. Seven of the ten Greater Manchester boroughs must vote yes if the bid is to proceed. The final say will then lie with Ministers.

## London

### *Western Extension*

On 19 February 2007, the Central London Congestion Charging Zone was extended westwards to cover a 17.5 km<sup>2</sup> area within the boroughs of Kensington and Chelsea and Westminster. The extended zone now operates as one scheme, with the same rules, payment channels and discounts. However, Boris Johnson's election manifesto included a commitment to hold a public consultation on the future of the Western Extension. A five week consultation was launched by Transport for London on 1 September 2008.

Londoners have been asked whether the Western Extension should stay as it is, be scrapped or be modified. Changes could include an increase in residents' discounts to 100%, the introduction of an account based payment scheme and a charge-free period in the middle of the day.

Any changes to the London Congestion Charging Scheme must conform to the Mayor's Transport Strategy. Accordingly, any decision to remove the Western Extension would also require an amendment of the Transport Strategy itself and therefore could not take effect until late 2009.

### *Emissions Related Congestion Charging*

Mayor Boris Johnson has also cancelled the plan of his predecessor, Ken Livingstone, to introduce emissions based congestion charging in October 2008.

Vehicles generating the highest levels of CO<sub>2</sub> emissions were to be subject to an increased charge of £25 for entering the charging zone. As a corollary, the charge for the least polluting vehicles was to be reduced (in some cases to nil). The majority of cars were to remain subject to the standard £8 charge.

Boris Johnson said his decision to abandon the proposals was in keeping with his aim to achieve a 'fairer and more efficient' congestion charge. Ken Livingstone described the move as 'a further blow to London as a ground breaking city to tackle climate change and improve the environment.'

The proposed 'CO<sub>2</sub> charge' had encountered difficulties even before Ken Livingstone's defeat in the Mayoral elections. Car manufacturer Porsche had launched a legal challenge to it. Porsche had argued that the proposed



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increase was disproportionate. The case was settled when the new Mayor announced his intention to abandon the higher charge anyway.

#### London Low Emission Zone

In contrast, Mayor Livingstone's 'Low Emission Zone', which came into force on 4 February 2008 and seeks to deter the most polluting vehicles from entering Greater London through the imposition of heavy charges for entering the zone, appears to be having the desired effect. TfL recently published findings illustrating that around one third of the HGVs over 12 tonnes operating in Greater London were now significantly cleaner. Since the launch of the scheme, the number of 'compliant' vehicles has risen from 70% to 96%.

#### Cambridge

In October 2007, Cambridgeshire County Council submitted an Outline Proposal for Funding for a £500 million transport investment package. This included a city wide congestion charge of between £3 and £5 to operate from Monday to Friday between 07:30 and 09:30 hours.

A four month public consultation has taken place. It suggested that 49% of local people were opposed to the principle of congestion charging in Cambridge. The Conservative led

County Council concluded that its 2007 proposals lacked sufficient support.

An Independent Transport Commission, comprising key stakeholders, has now been set up to identify a new transport strategy. A revised TIF bid, to include road pricing, has not been ruled out. The Commission is expected to conclude its work in 2009.

Cambridge has not yet received an award of Programme Entry from the Secretary of State.

#### West Midlands and East Midlands

The TIF is making about £9.5 billion available between 2008/2009 and 2014/2015 for local transport improvements if they are coupled with the introduction of demand restraint measures. While this may offer a strong incentive to apply for a share of the TIF, it appears that in some areas, particularly where there are political divisions, it is not strong enough. In the West Midlands, the Councils have concluded that, whilst congestion continues to be a problem, road pricing does not currently offer the solution. Accordingly, they will not be submitting a TIF bid in 2008.

Plans for road user charging in the East Midlands have also been abandoned, following the decision by Nottingham to focus upon WPL.

#### Reading, West of England Partnership and Leeds

Other authorities who have received a share of the latest round of TIF 'pump-priming' funds are considering whether to submit a bid for a share of the main fund. Reading, the West of England Partnership (covering Bristol, Bath & North East Somerset, North Somerset and South Gloucestershire) and Leeds are investing in the development of transport proposals that include demand restraint measures.

#### How can we help?

Bircham Dyson Bell is a central London law firm acting for businesses, public sector organisations, private clients, charities and not-for-profit bodies. Our specialisms include administrative and public law, legislative drafting and special authorisations for transport projects. Alongside legal services we offer public affairs and communications advice. We have made a particular study of road user charging.

We can assist on the legal, political and public affairs aspects of a charging scheme from the initial feasibility stage, through its development and authorisation, to its procurement, implementation and enforcement.

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