

Rt Hon Philip Hammond MP
Secretary of State
Department for Transport
Great Minster House
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**If you telephone
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Date 13th August 2010
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Dear Secretary of State,

THE MERSEY GATEWAY PROJECT

I attach the Council submission to the Spending Review.

I hope you will agree, with businesses and local people, in the Region that the case for Government investment in Mersey Gateway is compelling.

This letter and the attached submission we believe makes a powerful case to include funding for the Mersey Gateway project in your Department's budget for the next four years.

It is however understood that this funding decision can only be taken as part of the Spending Review and hence we recognise the issue will not be resolved until the Chancellor's announcement on 20th October. However, we are keen that you clarify the Government's position with regard to the availability of funding for Mersey Gateway as soon as the Spending Review proposals are settled. We also recognise that any confirmation of funding support arising from the Spending Review will have appropriate conditions attached, leading up to securing Conditional Funding Approval in due course.

It would be most helpful to the project and the local economy to remove the current uncertainty caused by the suspension of preparation.

In the months leading up to the suspension of preparation in June, we worked with your officials to put in place a procurement and funding framework that will drive value for money and establish a commercial incentive for the private sector to invest and to deliver the improved services that road users and businesses expect, and where the benefits would be long lasting through the sensitive application of tolls.

The project promoters have won the argument that local road tolling is the only practicable solution, aided by the widespread view that living with the current Silver Jubilee Bridge bottleneck and deteriorating service is not an option.

The funding contribution from Government, although less than 30 percent of total funding (measured in whole life terms and assessed over thirty years), supports the delivery of the project with toll levels which are acceptable and are set at levels to protect the extensive social and economic benefits that will ensue.

cont'd ...

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The Council funding agreement with Government that was put in place when Mersey Gateway secured Programme Entry in April 2006, envisages a mix of capital and revenue grants. The mix of grant is however flexible and could be adjusted to accommodate any policy change the current Government puts in place that may be aimed at improving public finances and value for money. We have already run a number of alternative financial models and stand ready to explore alternative funding structures with your officials.

The attached submission is intended to supplement the briefing provided by your officials. It has been prepared to deal with the key questions set by the Chancellor and advises on the merits of the value for money case.

I am optimistic that when you have studied the case for Mersey Gateway you will share the view of business, politicians (from all parties) and the local community in our Region that Mersey Gateway is **a priority for investment**. Its delivery is critical to securing the economic growth potential of the Region and the new road capacity is planned alongside measures to encourage more sustainable forms of transport by using the existing Silver Jubilee Bridge as a local transport facility designed to increase walking and cycling and to improve bus links between the towns of Runcorn and Widnes.

The Mersey Gateway will also be carbon neutral in the long-term.

You will also understand that business, the Council and the local community are looking forward to a decision on funding, to be followed quickly by a decision on the Orders, to enable preparation to get back on track enabling construction to commence within two years, bringing with it much needed employment and economic growth in one of the country's most challenged communities.

I and my experienced team are available to provide any further assistance you may require.

Yours sincerely,



David Parr
Chief Executive

Att.

cc: Rt Hon George Osborne MP, Chancellor of the Exchequer
Rt Hon Danny Alexander MP, Chief Secretary to the Treasury