

Press release: Drivers in Wales and SW England set to save as VAT lifted on Severn tolls

Commuters, drivers and businesses across South Wales and the South West of England are set to make major savings from today (8 January), when the UK Government reduces the charges to cross the Severn bridges.

From 00:01 on 8 January, all vehicles will be exempt from VAT, meaning car drivers will pocket an extra £1.10 as the charge for individual crossings reduces from £6.70 to £5.60. This change will also lift an administrative burden for business users, who will no longer need to claim back VAT.

This move is expected to save regular motorists around £1,400 per year, making it far cheaper to commute Cardiff, Newport or Bristol. Businesses across the area will also benefit by not paying over £16 for lorries to cross the Severn – the abolition will boost the Welsh economy by over £100 million a year.

The reduction comes as the crossings return to public ownership, with Highways England, a UK-Government owned body, taking over responsibility for the bridges' operation and management from Severn River Crossing PLC.

Drivers are set to benefit further when the UK Government abolishes the charges completely by the end of 2018.

Secretary of State for Wales Alun Cairns will discuss the potential joint working and trade opportunities generated by the removal of charges with organisations from both sides of the border at a summit at the Celtic Manor in Newport on 22 January.

Secretary of State for Wales Alun Cairns said:

In less than a year we will see the biggest economic stimulus for south Wales and the valleys for decades. This important move taken by the Prime Minister and the UK Government in regard to the Severn Crossings represents a clear symbol of breaking down the economic and historic barriers which have hindered Wales' prosperity – whilst supporting the union of the United Kingdom.

My number one priority as Secretary of State was to remove the tolls, which will not only make journeys cheaper for commuters and tourists, but will also create exciting opportunities for businesses and investors looking to make their mark in Wales.

This will boost Welsh employment and establish lasting relationships between the economies and communities of South Wales

and South West England, creating the most natural growth corridor spanning from Cardiff through Newport to Bristol. It is time to make politics fit business, not business fit politics in Wales.

I look forward to discussing these opportunities further with hundreds of attendees from both sides of the border at the Severn Growth Summit later this month.

James Durie, Executive Director of Business West said:

There are already strong economic and other linkages between Bristol & the West of England and Cardiff & South Wales (as set out in the Great Western Cities report of 2016) and these are set to only increase further through the UK Government's decision to reduce and remove the Severn Bridge tolls. Whilst there will be some challenges in the short term to address, businesses welcome the removal of any costs and barriers to trade – and also this opportunity to work with the Secretary of State for Wales and the UK Government via the forthcoming growth summit.

Bristol & the West of England operates globally, enjoying the best performing economy outside of London, but also recognises the absolute need to look at broader regional economic collaboration and working – particularly in the context of the challenges that Brexit is posing. At a time when the Northern Powerhouse and Midlands Engine have got considerable national traction and attention, we need to explore how we can best collaborate together to unlock opportunities and profile for the West of the UK.

We cannot afford to stand still and look forward to working closer to improve this part of the country as a great place to live, work, study and visit.

Highways England have informed all TAG ticket holders of the new arrangements, and remind those who pay by top-up with a Trip TAG through online banking to update their payment details to Highways England's account from 8 January 2018. Account holders will still be able to pay through the website or phone.

Drivers paying by direct debit will not need to take any action – their accounts and balances will be transferred automatically and their payments adjusted to reflect the new charges.

After 8 January the crossings will operate as normal with just a few small changes to signs at the toll plazas.

Staff currently employed with Severn Crossing PLC have all been offered employment with Highways England.

Details of the changes and actions necessary are available on the Severn

Crossings website www.severnbridge.co.uk. TAG holders with any queries can also the TAG helpline on 01454 633 522.

ENDS

Further information:

Severn Bridges daily charges after January 8 2018:

- Category 1 (Cars and other vehicles up to 9 seats): £5.60
- Category 2 (Goods vehicles up to 3.5 tonnes, small buses): £11.20
- Category 3 (Goods vehicles over 3.5 tonnes, large buses): £16.70

Severn Bridges (M4 and M48) monthly charges after January 8 2018:

- Category 1: £5.60, with the Season/Shared TAG at £98.56 (20% discount based on 22 trips per month).
- Category: 2 £11.20, with the Season/Shared TAG at £197.12 (20% discount based on 22 trips per month).
- Category 3: £16.70, with the Season/Shared TAG at £330.66 (10% discount based on 22 trips per month).
- The abolition is set to benefit the Welsh economy by around £100m a year, according to Welsh Government: The Impact of the Severn Tolls on the Welsh Economy, 30 May 2012.
- Regular motorists are set to save over £1,400 per year based on a monthly tag charge of £117.92 over 12 months.
- The Secretary of State for Wales Alun Cairns has announced that he will host the first cross-border, Severn Growth business summit on 22 January 2018 at the Celtic Manor Resort. Businesses can sign up to attend the summit [via Eventbrite](#).
- On 13 January, the Government launched a consultation, setting out a series of proposals designed to deliver improvements at the Crossings. This consultation ran for eight weeks until 10 March. The consultation response can be found [here](#).
- The Severn Bridge was built in 1966 and a second crossing was completed 30 years later. When the bridges come under public ownership, they will be run by Highways England. Previously it has been run by Severn River Crossing plc.
- The first Severn Bridge was opened in September 1966, providing a direct link from the M4 motorway into Wales, with a toll in place for use of the bridge to pay for the cost of construction. It continually operated above capacity and in 1986 the then Government stated that a second bridge would be constructed.
- In 1988 it was announced that tenders would be invited from private consortia to fund, build and operate the second bridge and take over the operation of the first bridge. In 1990 the concession was awarded to Severn River Crossing PLC ("SRC"). Construction work also started in April 1992 and the second bridge was opened in June 1996.