



Report to the Secretary of State for Transport

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ALDWARE BRIDGE ACT 1772

TRANSPORT CHARGES &C (MISCELLANEOUS PROVISIONS) ACT 1954

ALDWARE BRIDGE LIMITED

APPLICATION FOR AN ORDER TO REVISE TOLL CHARGES FOR THE USE OF ALDWARE BRIDGE

Dates of Inquiry: 20-21 April 2005

Ref: TS 26/2/2

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CASE DETAILS

- This Application under Section 6 of the Transport Charges &c (Miscellaneous Provisions) Act 1954 is for an Order to revise toll charges for crossing Aldwark Bridge, near Linton-on-Ouse, North Yorkshire.
- The Application was published on 4 June 2004, and there were twenty objections outstanding to it at the commencement of the local Inquiry.
- The Application as amended is for an Order that would authorise an increase in tolls to 40p per crossing for vehicles weighing less than 3.5 tonnes and to £1 per crossing for heavier vehicles up to the weight limit of 7.5 tonnes. The part of the Application referring to tolls for the passage of vehicles in excess of the weight limit was withdrawn before the start of the Inquiry.

Summary of Recommendation: I recommend that the Order should be made in accordance with the amended Application.

1 PREAMBLE

- 1.1 The effect of the Order if made would be to alter the vehicle categories and increase the vehicle tolls for use of the Aldwark Bridge over the River Ure near Linton-on-Ouse in North Yorkshire. The existing Order allows cars to be charged 15p per crossing; cars with caravan and trailer, small bus, or a goods vehicle up to 3.5 tonnes to be charged 30p; and a large bus or a goods vehicle over 3.5 tonnes up to the limit of 7.5 tonnes to be charged 80p. The proposed tolls are 40p per crossing for vehicles under 3.5 tonnes and £1 per crossing for heavier vehicles. There is no charge (existing or proposed) for pedestrians, cyclists or motorcyclists.
- 1.2 I have been appointed as Inspector by the Secretary of State for Transport in pursuance of subsection 5 of Section 6 of the Transport Charges &c (Miscellaneous Provisions) Act 1954. I am to hold a Public Local Inquiry to hear objections and any representations concerning the Application by Aldwark Bridge Ltd for an Order to revise the tolls. I am to report to the Secretary of State for Transport.
- 1.3 I held the Inquiry at the Village Hall, Linton-on-Ouse for two days from Wednesday 20 April 2005. I made an unaccompanied site visit to the bridge and to the diversion routes on Tuesday 19 April. There was no call from any of the parties at the Inquiry for an accompanied site visit.
- 1.4 At the start of the Inquiry, twenty objections to the Application had been received. I was informed during the Inquiry that one of these objections (the objection from North Yorkshire County Council) had been withdrawn. Four more written objections were received during the Inquiry, together with one letter of support, and were not withdrawn. A further non-specific objection was registered orally at the opening of the Inquiry, but was not

pursued.

- 1.5 Linton-on-Ouse Parish Council was the only objector presenting a detailed case during the Inquiry, though there were other less formal questions and interventions from other objectors and interested parties.
- 1.6 The mains grounds of objection are:
- that the proposed toll increases are excessive and are not related to general inflation or to the increased cost of maintaining the bridge;
 - that the proposed toll increases would have an adverse effect on the community, including residents, the local school and businesses;
 - that inadequate publicity had been given to the proposals because of the use of an inappropriate local paper for the public notices;
 - that the bridge should be taken out of private hands and made toll-free for the use of all.
- 1.7 The Applicant is Aldwark Bridge Limited and it was confirmed during the Inquiry that the necessary statutory formalities had been observed [Doc PA/1]. I made available to the objectors a schedule of the background documents supplied to me [Doc IN/2] so that they were aware of all the information provided to me by the Applicant before the opening of the Inquiry.
- 1.8 This report contains a brief description of the bridge (the subject of the Application) and its surroundings, the gist of the cases presented, and my conclusions and recommendations. Lists of Inquiry Appearances and Documents are in Appendix A and B respectively. I have attached all documents and plans submitted to the Inquiry, including proofs of evidence. The proofs are generally as originally submitted – unless otherwise marked they do not take account of how the evidence may have been affected by cross-examination or other aspects of the Inquiry. My report, however, does take account of the evidence as given at the Inquiry, including points arising from cross-examination.

2 DESCRIPTION OF THE BRIDGE AND ITS SURROUNDINGS

- 2.1 Aldwark Bridge is a privately-owned toll bridge carrying a minor road over the River Ure some 16 km (10 miles) northwest of the city of York. A plan of the area is included as Appendix BGH1 in Doc IN/2/7. The bridge provides the only crossing of the river between the A1337 York Ring Road and the B6265 at Boroughbridge, a total distance of some 26 km (16 miles) measured in a straight line, but much further measured along the minor roads available as alternative routes.

- 2.2 The rivers of this part of the Vale of York include the River Nidd, the River Ure and the River Swale, which combine to form the River Ouse upstream of the city of York. The road bridges over these three rivers are some distance upstream of their confluences. As a result, there is a large approximately rectangular swathe of country bounded by the villages of Boroughbridge, Brafferton, Skelton and Green Hammerton which is without any cross-cutting through road except via Aldwark Bridge.
- 2.3 The bridge approaches on both sides consist of about 75m of brick arches across the flood plain. The river crossing consists of four 13–15m spans of upstand lattice trusses supported on intermediate iron columns. The two-layer timber deck of the river-crossing sits on steel crossbeams which are bolted to the bottom flanges of the lattice trusses.
- 2.4 Tolls are collected manually for traffic in both directions at the western approach. The bridge is only wide enough for one-way traffic, and vehicles must wait at the approaches in order to allow opposing traffic to pass. The informatory and mandatory approach signs to the bridge from both directions show that there is a weight limit of 7.5 tonnes.

3 PROCEDURAL MATTERS

- 3.1 Before the Inquiry, I was supplied with two versions of the Application. One [Doc IN/2/2] was labelled draft on the cover and included four appendices:
- Appendix 1 on Financial Projections;
 - Appendix 2 on Traffic Volumes;
 - Appendix 3 on Audited Financial Statements; and
 - Appendix 4 on Alternative Routes.
- 3.2 The second copy of the Application [Doc IN/2/1] was without appendices, and was not labelled draft but in other respects it was identical to the main section of the draft document. Neither document took account of the amendment to the Application omitting a proposed toll for vehicles exceeding the weight limit of the bridge, though the Notice of the Inquiry [Doc IN/2/3] explained that the Applicant no longer intended to pursue this part of the Application.
- 3.3 In response to my request for clarification, counsel for the Applicant explained that it had been agreed with the relevant Department for Transport official that it was unnecessary to produce further copies of the appendices to the complete Application once the format and content of the draft version had been accepted without change. Similarly, it had been agreed that there was no need to amend the proposed tolling regime in the Application to match that now proposed and detailed in the Notice of

Inquiry.

- 3.4 I have therefore proceeded on the basis that the formal Application consists of the complete document as originally provided in draft [Doc IN/2/2], but with the table giving the proposed tolling regime in paragraph 3.1 replaced by the table given in the Notice of Inquiry [Doc IN/2/3].
- 3.5 Whilst preparing this report after the close of the Inquiry, I have noticed that there is an anomaly between the information on toll classes given in the Applicant's Inquiry documents and that given in the Aldwark Bridge (Revision of Tolls and Traffic Classification) Order 1997 [Doc IN/2/13]. The 1997 Order specifies three classes of traffic:
- car;
 - car with caravan and trailer; small bus; a goods vehicle up to 3.5 tonnes maximum weight;
 - large bus; a goods vehicle over 3.5 tonnes (but not more than 7.5 tonnes) maximum weight.
- 3.6 The table of existing toll charges as reported in the Application [Doc IN/2/1 and 2], in the Notice of Inquiry [Doc IN/2/3], and in Applicant's Report on Proposed Toll Increases [Doc IN/2/5], however, states that the classes are:
- car/light van;
 - car plus trailer and minibuses;
 - commercial vehicle over 3.5 tonnes (or tons) and large buses.
- 3.7 The significant difference is the class for a light van, which the 1997 Order places in Class 2 but which the Applicant says is in Class 1. The one supporter of the application, who happens to drive a light van, states in her letter that all such light vans are charged at the higher Class 2 rate [Doc S/1]. This would be in accordance with the 1997 Order rather than in accordance with what the Applicant has stated to be the case.
- 3.8 I conclude that this confusion is a not a material consideration in the assessment of the Application, but should be recorded to ensure that any further documentation properly reflects the 1997 Order.

4 THE CASE FOR ALDWARCK BRIDGE LIMITED

The material points are:

Current Position

- 4.1 The Aldwark Bridge Act 1772 authorised the construction of a bridge to replace a ferry across the River Ure from Great Ouseburn to Aldwark. Responsibility for maintenance of the bridge rests with the owners, not the local highway authority, and is to be financed out of the tolls collected. Any toll increase has to be authorised by later Acts of Parliament or by Statutory Instrument, most recently in accordance with the Transport Charges & (Miscellaneous Provisions) Act 1954.
- 4.2 The present bridge dates from about 1873 and is a Grade II listed structure. In 1998 the bridge owners received a request from the local highway authority, North Yorkshire County Council, for information on the bridge's compliance with the design standards expected of publicly-owned highway bridges. An approach was made to the highway authority to inquire whether it would be willing to take over responsibility for the bridge, but there was no interest in this suggestion.
- 4.3 Although Aldwark Bridge carries a public highway, no assessment against design standards had ever been carried out for the privately-owned structure. A firm of consulting engineers was appointed to carry out an inspection of the bridge and report on its capacity within the guidelines of the national standards.
- 4.4 As a result of this inspection and report, extensive works costing almost £180,000 (at year 2000 prices) were carried out, primarily to replace the timber deck and crossbeams of the bridge. It was decided that it would not be worthwhile to increase the overall capacity of the bridge to carry heavier vehicles. A new traffic regulation order in June 2002 revoked the previous order of 1989 which had allowed vehicles up to 8 tonnes to use the bridge and introduced a new limit of 7.5 tonnes.
- 4.5 A new company, Aldwark Bridge Limited, acquired the bridge from the previous owners (who had owned the bridge since 1962 and became directors and sole shareholders of the new Company) in July 2000. The previous owners agreed to fund the urgent repairs personally, and the new Company was formed so that a loan agreement could be formalised.
- 4.6 Toll revenue from the bridge for each of the full operating years since the Company acquired it has been less than the day-to-day operating costs. From January 2002, toll-collection hours were extended to ensure they were cost-effective in covering some 85% of the daily traffic (07:00 to 19:30 Monday to Friday and 08:00 to 19:30 Saturday and Sunday). However, even in the most recent period the basic operating costs exceed receipts, albeit now only slightly. There has been no opportunity to recoup

any of the cost of the major year 2000 refurbishment, to pay interest on the loan to fund that refurbishment, or to contribute to a sinking fund for future expenditure.

- 4.7 The Company is now in a parlous financial state. The directors/shareholders have had to introduce £74,714 by way of directors' loans plus £264,641 by way of Unsecured Redeemable Convertible Stock, a total of £339,355 at 30 October 2004. Yet the Company still had a negative value of £136,335 at the date of the last audited accounts, 30 October 2004. It is only the continuing support of the directors which has maintained the undertaking as a going concern.

Procedure for Toll Revisions

- 4.8 The procedure for revising the charges levied by independent undertakings such as Aldwark Bridge Limited is set down in Section 6 of the Transport Charges &c (Miscellaneous Provisions) Act 1954. In responding to an Application from such an independent undertaking, the Secretary of State shall have regard to the current financial position and future prospects of the Company and to its proposed annual revenue to ensure that it would not be substantially less or substantially more than adequate to meet expenditure.
- 4.9 Allowable expenditure is defined as on the working, management and maintenance of the undertaking and such other costs charges and expenses of the undertaking as are properly chargeable to revenue. These may include reasonable contributions to any reserve, contingency or other fund and where appropriate a reasonable return upon the paid-up share capital of the undertaking.
- 4.10 This is the only test to be satisfied – there is no further requirement that increases should be linked to or justified in relation to inflation or any other index. Applications will only be considered after the expiration of at least one year since the previous application. At Aldwark Bridge, the last application led to the publication of the Aldwark Bridge (Revision of Tolls and Traffic Classification) Order 1997, some eight years ago when the toll for cars was increased from 8p to 15p.
- 4.11 It was clear to the Company from the start that an increase in tolls was essential to ensure its financial viability. However, in order to substantiate the application for such an increase, it was necessary to prepare a reasoned case based on traffic and financial forecasts. This research and data collection, which included the installation of a traffic counter, was a substantial and costly exercise which was not complete until 2004.
- 4.12 Currently, cars and light vans are charged 15p per crossing; minibuses and cars pulling a trailer are charged 30p; and commercial vehicles over 3.5

tonnes (including large buses) are charged 80p¹. The proposed tolls are 40p per crossing for vehicles under 3.5 tonnes and £1 per crossing for heavier vehicles. There is no charge (existing or proposed) for pedestrians, cyclists or motorcyclists.

- 4.13 The Company offers concessions to regular users of the crossing, though these concessions are discretionary and are not specified in the existing toll Order or in the Application for an increase. Currently, a book of 80 tickets is available for £8, reducing the cost per crossing to 10p. It is the Company's intention, if the Application is successful, to offer books of 50 tickets for £12.50, reducing the proposed crossing cost for a car from 40p to 25p.

Existing and Predicted Traffic

- 4.14 An electronic traffic counter was installed adjacent to the bridge in September 2001. Extensive data have been collected since that time which can be relied upon to be around 95% accurate, except for some short periods of breakdown. Flows have remained broadly similar throughout the monitoring period, with weekday two-way flows of some 2,000-2,200 vehicles and weekend flows of some 1,700-1,800 vehicles per day. A manual classification of vehicles in August 2003 showed that vehicles with a gross weight in excess of 3.5 tonnes and motorcycles each make up around 1% of the total flow.
- 4.15 Traffic increased by about 1.7% between 2002 and 2003 and by about 3.5% between 2003 and 2004. Assumptions of national road traffic growth tempered by adjustments for local factors are available in a Department for Transport program TEMPRO. This gives an expectation of traffic growth from an annual measured total of 702,325 vehicles in 2004 to a forecast total of 796,523 vehicles in 2012. The calculation does not take account of any reduction in demand if the toll costs rise. No traffic origin and destination data were available, so it was not possible to assess such reduction as might occur.
- 4.16 Diversion routes via Boroughbridge or York Ring Road involve journeys of 33km (21 miles) or 36km (23 miles) respectively, if starting on one side of Aldwark Bridge and finishing on the other. Actual traffic using the bridge has a range of different origins and destinations, with little or no traffic needing to travel over the full length of the diversion. However, some local journeys would increase in length substantially if the bridge were not available.
- 4.17 Assuming that the 700,000 vehicles currently using the bridge each year had an average diversion length of some 7 – 11 km, an additional 4.9 – 7.7

¹ This is the evidence as presented by the Applicant, though as I note in paragraphs 3.5-3.8 above, this is not what the current Order provides for light vans, nor what the supporter of the proposals states to be the case on the ground.

million kilometres per year would be travelled in total. This would be contrary to Government policy aimed at reducing the total distance travelled by vehicles. The Inland Revenue accepts 40p per mile as the average cost of running a car when assessing possible taxable benefits. Using this figure, the total additional cost to the nation if the bridge were unavailable would be some £1.2M – £1.9M per year. For a single journey from Little or Great Ouseburn to Linton-on-Ouse, the additional cost would be about £6 or £7.

- 4.18 No information is available on marginal motoring costs (the cost of fuel and other consumables once the fixed motoring costs have been met), which will be less than the average cost. But with such lengthy diversion routes, motoring costs would increase significantly if the bridge were unavailable whatever rate is used.

Overweight Vehicles

- 4.19 The signage on the approaches to the bridge has recently been upgraded to suit the 7.5 tonnes weight limit which was imposed in 2002. In theory, this means that the weight limit can now be legally enforced on the bridge. There are, however, various practical and procedural difficulties in enforcing the limit. Only a policeman in uniform or a traffic warden has the power to stop traffic on the public highway to enforce the weight limit, and this has never happened at Aldwark Bridge.
- 4.20 The toll-collectors on duty ask the drivers of obviously overweight vehicles not to cross, but, as tolling takes place only on the west side of the bridge, about half the overweight traffic will have already crossed the structure before it can be stopped. Furthermore, there is very little space on either side for heavy vehicles to turn around so it may be impractical to ask drivers to turn, especially if a queue of traffic has built up behind the overweight vehicle.
- 4.21 A width restriction on the bridge would not be an effective means of controlling overweight vehicles. Caravans, which are wide but light, would be unreasonably constrained by such a restriction, and would have the same or greater difficulty in turning round at the bridge. Any such restriction would have to be imposed by and have the support of the highway authority, North Yorkshire County Council, which has already indicated its opposition to such a proposal.
- 4.22 There are no figures available for the number of overweight vehicles using the bridge, though it is accepted that many of the large tractors and trailers used in modern agriculture will be over the weight limit even when unladen. The Company has written to local farmers asking them not to use the bridge for heavy vehicles, but in response has received a representation from the National Farmers' Union opposing what it considers to be an unreasonable constraint on agriculture.
- 4.23 The damage such vehicles do to the structure is difficult to quantify without

full-scale load tests. However, as with road pavements, it is the heavy vehicles which cause the long-term damage rather than cars, where the effect on the structure is minimal.

- 4.24 It was bearing in mind these difficulties that the Company originally applied for approval of a deterrent toll of £20 for vehicles exceeding the legal weight limit. However, it is now accepted that it would not be appropriate to set a toll for vehicles which are legally barred from use of the crossing.

Maintenance of the Structure

- 4.25 Before the year 2000 refurbishment, the previous major maintenance of the bridge is believed to have taken place 36 years earlier in 1964. A programme of future work will be required to keep the crossing in a satisfactory condition over the period until the next major refurbishment. An iron bridge such as at Aldwark should be inspected about once a year.
- 4.26 It is difficult to forecast when the next major refurbishment might be required, but given the increasing traffic flows a period of 25 years has been chosen as a suitable interval, indicating the year 2025 for the next major work. It is equally difficult to forecast what work might be required, and at what cost, but for planning purposes a similar level of intervention, at the same cost as the year 2000 works but inflated to 2025 prices, has been assumed.
- 4.27 In the years before 2025 other less major works will be required, and the cost and timing of these works can be more accurately estimated. A programme of works has been prepared and costed in detail up to 2012, the most expensive items being the replacement of the bridge approach barriers in 2006, the complete repainting of the ironwork in 2011, and the replacement of the timber groynes protecting the column bases in 2012.

The Company's Future Finances

- 4.28 Based on the forecast traffic flows, the estimated cost of future maintenance, and the day-to-day running costs of the bridge, a range of forecasts has been prepared showing how the Company's finances would be affected with and without the proposed toll increases. Initial assumptions on annual compound inflation to be applied to future costs range from 3% (for overheads) to 6.96% (for steelwork painting).
- 4.29 It is accepted that inflation figures are difficult to forecast, and some are based on limited historical data over a period of three to five years. However, it is essential to make full provision for such large future costs in the financial planning of the Company, and accordingly it is assumed that annual contributions would be made to sinking funds to cover the estimated future costs of replacing the timber groynes in 2012 and of the major refurbishment in 2025.

- 4.30 On this basis, and without an increase in tolls, the existing parlous state of the Company could only worsen. If the tolls were not increased the Company would by 2012 in theory have incurred losses of £1.352M, would have an overdraft/indebtedness to the bank of £956,327, and amounts owed to the directors of £372,104. In reality, no bank or other commercial lender would support a loss-making business such as this, and the Company would be forced into liquidation.
- 4.31 The proposed toll increases are far from excessive, and are barely enough to save the Company from such a fate. Even with the proposed toll increases, the Company would still have net losses of £328,449 in 2012 and would still owe a substantial amount (£329,355) to the directors, with no dividends having been paid. Only in terms of indebtedness to the bank would matters change, with a positive bank balance of £194,618 having been built up including the sinking funds for future major works.
- 4.32 Actual traffic flows, and therefore toll revenue, may of course vary from those assumed. Sensitivity tests have been carried out to check the implications of a traffic growth for 2003/2004 of 1.8% higher and lower than that measured, although the same growth figures have been applied for subsequent years. The net result of the exercise shows little change to the Company's overall position in 2012.

The Directors' Duties and Responsibilities

- 4.33 The directors of the Company are in an unenviable position, with a conflict of duties and responsibilities. As long-term owners, they have a moral duty to help the community and to keep this important local link available. The bridge carries a public right of way, and there is therefore a statutory duty not to obstruct it. All company directors have a duty not to let a company become insolvent. Yet Aldwark Bridge Limited is grossly in debt, with no prospect under the current tolling regime of trading profitably. The Company would be insolvent if the directors demanded repayment of their loans, and it only remains a going concern because they have not made that demand.
- 4.34 With no toll increases, losses would mount year-on-year without even basic operating expenses covered by toll revenue. Directors would be under a duty to continue paying substantial sums each year to cover losses, and without sufficient revenue to fund future maintenance, there would be a risk of the bridge becoming hazardous as an unsafe structure.
- 4.35 In seeking this toll increase, the directors are looking to achieve the following prioritised objectives:
- to meet running expenses;
 - to accumulate funds for future heavy repairs; and

- to have a reasonable return on capital invested, including repayment of loans for past repairs.

4.36 The directors are in their late 80s, and at the level of increase sought, the last objective would not be achieved in the foreseeable future. The increased tolls would achieve only the first two objectives, together with a nominal loan repayment. The proposed toll increase is the very minimum to make reasonable provision for the future. The Company would still make a trading loss, but at least there would be some sinking fund available for future major repairs.

5 THE CASE FOR THE SUPPORTER

The material points in the written support from a local resident are:

- 5.1 It would be inappropriate to pursue the suggestion that the highway authority should take over the bridge and scrap the toll, as this would put further demands on the public purse as well as putting the toll-collectors out of a job. It has been some time since tolls were put up, during which time running-costs have all increased and major refurbishment expenditure has been incurred.
- 5.2 The proposed tolling regime would be more equitable for the drivers of small vans, who at present are charged the 30p rate rather than the 15p rate which is applied to the car-based version of the same vehicle and even to much larger 4x4 vehicles.

6 THE CASE FOR THE OBJECTORS

The material points are:

Linton-on-Ouse Parish Council

- 6.1 Previous toll increases have represented a doubling of the toll, and were discussed in the community and accepted as representing the maximum that could be justified. There were no formal objections to the proposed increases at that time.
- 6.2 Under the Bridge Act, the owners have a duty to maintain the bridge. Yet it appears that it was not until the approach from the highway authority concerning assessment against design standards that the Company took this responsibility seriously and carried out a formal check of the bridge.
- 6.3 The Company now accepts that the bridge should be inspected annually, but even before, when a bridge maintenance contractor was employed to carry out routine works, the Company should have been aware of the

deteriorating state of the structure. Before 2000 the Company should have acted professionally, with a business plan including money put aside for maintenance and major repairs.

- 6.4 A significant contribution to the deterioration of the structure is its use by overweight vehicles, as admitted by the Company [Doc OB/2]. Various steps could have been taken to deal with such vehicles. Yet the Company seems to have no effective means in place to prevent overweight vehicles crossing, and has not produced any evidence of suitable training for the toll collectors.
- 6.5 Heavy vehicles regularly use the bridge. One occasion was recorded of an obviously overweight vehicle crossing the bridge and then visiting a local weighbridge, where it was checked at over 38 tonnes. Regular use for agricultural harvest (particularly grain in August and potatoes in October) means that tractors with trailers are using the bridge which even when unladen weigh more than 12 tonnes. When loaded, these vehicles weigh more than 24 tonnes.
- 6.6 The Application for an increase in toll level was published in an inappropriate newspaper circulating mainly in Leeds (the Yorkshire Evening Post, rather than the local York Evening Press), and the Parish Council was only informed indirectly. Such large increases as are proposed caused great concern to the local residents once they were informed, and this gave rise to the Parish Council's formal objection.
- 6.7 The bridge is an important link to the west for the inhabitants of Linton-on-Ouse, with long detours if the bridge is not available. It is used for work, educational, shopping and leisure trips by local residents, as well as being important for agricultural and other businesses in the area and for the local RAF station. The whole system of a privately-owned link providing such an essential local amenity is archaic, and the local community would be disadvantaged in many ways if such totally unreasonable toll increases were accepted.
- 6.8 The financial information and forecasts now presented by the Company do not indicate any provision was made for the year 2000 major repairs, though surely it would have prudent to do so before such large expenditure was incurred. No contingency fund seems to have been passed to the new Company when it was formed, and it appears the current position of the Company as presented is a worst-case scenario.
- 6.9 Some detailed aspects of the Company's financial forecasts as presented do not seem to be logical:
- The actual toll receipts for 2004 are not equalled by the forecast annual toll receipts (assuming no toll increase) until 2008.
 - The annual £1,191 depreciation for each year 2005-2012 is allowed on

assets of plant and machinery which only have a book value of £2,608 as reported in the Annual Accounts for year-end October 2004.

- In the forecast which assumes an increase in tolls, no interest is shown accruing on the cash building up in the sinking fund for future major works.
- The Company's accounting approach in dealing with depreciation on fixed assets and with the treatment of Company reserves is inappropriate.

6.10 Taking account of these anomalies, the Company's position is not as serious as has been made out. The Parish Council accepts that some increase in toll is reasonable, and suggests a figure of 20p for cars would be acceptable. The actual increase proposed is unreasonable, and would make Aldwark Bridge one of the most expensive toll-bridge crossings in the country, based on a cost per metre.

Written and Other Objections

- 6.11 Of the twenty objections outstanding at the start of the Inquiry, one was withdrawn. Aldwark Bridge Limited is no longer seeking a toll for vehicles over 7.5 tonnes, and the highway authority, North Yorkshire County Council, made an unequivocal withdrawal of their objection in their letter of 14 March 2005 [Doc PA/4]. Four further objections were received during the period of the Inquiry and have not been withdrawn. The oral objection registered at the start of the Inquiry was not pursued.
- 6.12 The main concern is the size of the increase in tolls which the Company seeks. Many objectors feel that this could not be justified, especially as it is greatly in excess of inflation since the last increase was granted. Other concerns echo those of the Linton-on-Ouse Parish Council, especially in terms of the effect on the local community including those making several trips a day to the school or other local destinations. Regular users were unable to anticipate what for them would be a substantial increase affecting their daily lives and family budgets.
- 6.13 Central or local government should take over the running and maintenance of the link, which should be strengthened to take all traffic. The treatment of VAT on tickets been beneficial for the Company.
- 6.14 Some Linton-on-Ouse residents were concerned that publicity about the proposed increase was not effective in the area until the item was picked up by the local village information sheet in its July 2004 edition.

7 RESPONSE BY ALDWARE BRIDGE LIMITED

The material points are:

- 7.1 The choice of newspapers for the publication of the Application was agreed with the Department for Transport, as required by the Transport Charges &c (Miscellaneous Provisions) Act 1954. Even if this original publicity was not ideal in terms of reaching the local audience, the Notice of Inquiry itself was published in eight papers which certainly covered the complete area [Doc PA/1].
- 7.2 The accounting points made by the Parish Council are generally accepted (except the accounting approaches in dealing with depreciation on fixed assets and with the treatment of company reserves, which are strongly defended). In addition, it is accepted that the rates of inflation for the cost of the major maintenance works due in 2012 and 2025 may not be as high as those used in the initial forecasts.
- 7.3 A reworked financial forecast has been prepared [Doc PA/5] which takes account of these changes. In terms of inflation, it can be taken as a sensitivity test on the basis of a lower-bound assumption of 3% per year.
- 7.4 The effect of this reworking of the figures, assuming the tolls are increased as in the Application, is to reduce the net losses in 2012 from £328,449 to £15,781. The amount owed to the directors would remain at £329,355 (plus accrued dividends), but the cash at the bank would increase to £393,758 including the sinking funds for future major works.
- 7.5 Even with these changes, which in terms of the inflation figures should be seen as very much a best-case scenario, the increase requested would not provide an unduly generous return to the investors, nor would it generate sufficient funds to pay dividends or pay back any but a nominal £10,000 of the funds introduced by the directors.
- 7.6 The Company is financially unviable without the toll increase. Even on the basis of the reworked figures, the toll increase sought is at the bottom of the range that could be justified. The directors would have to wait a long time to get their money back, and the returns on their investment would not be unduly high.
- 7.7 There was no interest from the highway authority in taking over the bridge, and it would be unrealistic to expect any financial support from local or central government. Discussions with the Department for Transport continue on the question of the application of VAT to the tolls. It is not, however, a substantial element in Company's revenue.
- 7.8 Many of the written objections are concerned that the proposed toll increases are not linked to inflation since the last rise. There is no basis for such linkage in the legislation enabling such increases, which refers only to

the tests already outlined [see paragraphs 4.8 – 4.9 above].

- 7.9 The matters covered in each written objection have been analysed and a detailed schedule of response has been prepared [Doc PA/6]. This demonstrates that each significant issue has received a response and that all relevant matters have been addressed.
- 7.10 The Applicant has suffered annual losses since incorporation in 2000 and toll revenue has been insufficient to cover normal operating costs let alone any major repair requirements. The proposed tolls would ease the Applicant's position and ensure that bridge remains open. Any suggestion of profiteering is absolutely without foundation. Indeed, the Applicant is technically insolvent and would be put into liquidation if the directors were to demand repayment of their money.
- 7.11 All parties to this inquiry acknowledge the importance of the bridge. It is of paramount concern that it should remain open as an important and functional part of the local highway network and that it should operate safely. With the many competing interests appropriately balanced, the proposed tolls are justified on grounds of fairness to all involved, public safety and sound financial planning. Based on the evidence submitted, the Order should be granted in the terms sought.

8 CONCLUSIONS

Bearing in mind the submissions and representations I have reported, I have reached the following conclusions, reference being given in square brackets to earlier paragraphs where appropriate.

Basis of Assessment of the Application

- 8.1 Section 6 of the Transport Charges &c (Miscellaneous Provisions) Act 1954 sets out the basis on which applications such as this should be considered. The Secretary of State must have regard to the financial position and future prospects of the Applicant, and must not revise charges in such a way as to result in the receipt of annual revenue substantially less or substantially more than adequate to meet expenditure on the working, management, and maintenance of the undertaking and such other costs, charges, and expenses of the undertaking as are properly chargeable to revenue, including reasonable contributions to any reserve, contingency or other fund and, where appropriate, a reasonable return upon paid up share capital of the undertaking.
- 8.2 The current financial position and future prospects of the Company are the only matters to which the Secretary of State is required to have regard. However, the powers to make an Order are discretionary and it seems to me that the Secretary of State, having given due regard to the financial position and future prospects of the Company, may take into account other matters such as the public interest if appropriate.

Adequacy of the Publicity

- 8.3 Several objectors were concerned that, in choosing the Yorkshire Evening Post rather than the York Evening Press as one of the two local papers in which to publish the initial notice of the Application, the Applicants failed to alert local residents to the proposals as the Evening Post is not generally available in the immediate area [6.6]. However, I note that the use of the chosen papers was approved by the Department for Transport [7.1], and the choice therefore satisfied the requirements of section 6(4) of the Transport Charges &c (Miscellaneous Provisions) Act 1954.
- 8.4 The publication of the Public Notice of the Application in June 2004 was reported in the Linton-on-Ouse Village Information Sheet at the beginning of July [6.14], and the notice of the Public Inquiry was published widely in April 2005 [7.1]. I conclude that adequate publicity for the proposals resulted, and that local residents were not finally disadvantaged even if the choice of initial publications was not ideal.

The Current Financial Position of the Company

- 8.5 The current financial position of the Company was not seriously disputed.

Some thought that more prudent management by the Company or by the bridge's earlier individual owners should have made provision for the cost of the major works carried out in the year 2000 [6.2-6.3]. However, it seems to me that with day-to-day running costs of the bridge exceeding the toll revenue since the Company was formed [4.6] there has been no opportunity to make such provision.

- 8.6 No evidence was provided in response to the objectors' allegations of poor financial management of the undertaking before the Company took over in July 2000 [6.8]. However, the previous toll increase (from 8p to 15p for a car) was approved only three years earlier in 1997 [4.10], and it seems to me unlikely that the undertaking could have generated any significant surplus in recent years.
- 8.7 I conclude that Aldwark Bridge Limited is indeed in the parlous state reported by the Applicant, and that it has depended throughout its trading history on the support of its directors to remain a going concern.

Future Prospects of the Company

- 8.8 The future prospects of the Company depend on the outcome of a number of unknowns; most significantly toll revenue, timing and costs of future major maintenance, and inflation.

Toll Revenue

- 8.9 Toll revenue depends on traffic flow, tolling hours, and toll level. The forecasts for traffic flow are based on a standard approach using national and local information to provide growth factors to be applied to existing flows [4.15]. However, the sensitivity tests carried out as part of the original assessment looked only at the effect on revenue of taking a different base case flow for 2003/4 [4.32]. A range of growth factors might have given more confidence in the impact of different economic conditions.
- 8.10 Nevertheless, I accept that overall the traffic flows forecast are generally in accordance with standard practice and can be relied upon to give an adequate indication of future conditions for the purposes of the Application. The tolling hours at the bridge have recently been extended to capture 85% of the flow [4.6], and I think it is reasonable to accept that the additional cost of providing toll collectors throughout the night to increase the percentage of traffic paying tolls would not be justified.
- 8.11 The toll levels proposed in the amended Application represent a 25p increase for car drivers, a 10p increase for drivers of minibuses and cars with trailers, and a 20p increase for vehicles in excess of 3.5 tonnes [4.12]. Although these amounts can be represented as substantial percentage increases on the existing tolls (especially in the case of the charge for a car), in absolute terms the increases are significantly less than the average cost of motoring of 40p for one extra mile (1.6 km) [4.17].

Timing and Cost of Future Major Maintenance

- 8.12 The Company accepted that the timing and cost of future major maintenance were difficult to forecast [4.26]. Some data were available to give an estimate of the cost of the timber groyne replacement, and the forecast date for the work of 2012 was based on some engineering judgement [4.27]. However, it seems to me that the cost and date for the next major refurbishment is not based on any such firm data, or indeed on any idea of what might be required, except a recognition that sometime a substantial amount of work is likely to be needed on such a light-weight historic structure which is carrying increasing flows of traffic.
- 8.13 I do not criticize the prudent approach of making provision for long-term major maintenance at some future date, but I do think it would have been helpful to recognise in the financial forecasts for the Company that variations in the cost and timing of such works would have a major impact on the Company's financial performance. These two items, especially when growthed up to allow for inflation, are by far the largest items of forecast expenditure and yet they are the least well supported in terms of detailed substantiation.

Inflation

- 8.14 The Company's initial assumptions of inflation for expenditure forecast to be incurred up to 25 years on from the cost-base year are based on historic data from no more than five years [4.28-4.29]. It seems to me unwise to forecast long-term inflation based on such a short period, especially in a cyclical market such as construction.
- 8.15 I welcome the amended assessment produced by the Company as a lower-bound indication of the effects of inflation [7.3], and consider the two sets of assumptions represent a fair range of likely forecasts.

Accounting Procedures

- 8.16 There was a very helpful exchange in the Inquiry between the accountancy specialists of Linton-on-Ouse Parish Council and the Company [6.9; 7.2]. I am grateful to them both for the non-adversarial way in which they dealt with the issues that arose and both moved to a position of effective agreement in most respects.
- 8.17 The reworked financial forecast takes account of these changes. In terms of inflation, it can be taken as a sensitivity test of the lower-bound assumption.

Conclusion on the Company's Future Prospects

- 8.18 Without any toll increase, it seems clear to me that the Company's current parlous state can only deteriorate. Inevitably, the future prospects depend on a range of assumptions and forecasts. However, with day-to-day running costs exceeding toll revenue since the Company took over, I accept that without a toll increase the Company's prospects can only go from bad to worse.
- 8.19 With the proposed toll increase, and taking account of the agreed changes to the figures, I accept that the increase requested would not provide an unduly generous return to the investors, nor would it generate sufficient funds to pay dividends or pay back any but a nominal £10,000 of the funds introduced by the directors [7.5]. The reworked figures represent an optimistic view of the effect of inflation, which I agree could be higher than the figure used. I understood that the VAT treatment of tolls has not been fully resolved in discussion with the Department for Transport, but I accept that this is a minor matter in the overall finances of the Company [7.7].
- 8.20 I conclude that the future prospects of the Company would become viable with the proposed toll increases. Its proposed annual revenue would not be substantially less or substantially more than adequate to meet expenditure, as far as can be reasonably forecast.

Other Considerations

Overweight Vehicles

- 8.21 Some objectors have suggested that in allowing vehicles over the weight limit to use the bridge the Company is not managing its assets appropriately [6.4–6.5]. I accept that there are practical difficulties in turning heavy vehicles on the narrow approach roads, or dealing with those that have already crossed the bridge by the time they reach the toll point [4.20]. I note that when surveyed in August 2003 (the month of the year when I was told there is particularly heavy agricultural use of the bridge [6.5]), vehicles weighing over 3.5 tonnes comprised about 1% of the total flow [4.14].
- 8.22 No evidence was offered as to how many of these vehicles exceeded the 7.5 tonne limit. No practical solution was suggested as to how to stop such usage. Other than to note that such usage takes place, and that the effect of such loading is difficult to identify [4.23], I come to no conclusion on this point.

Community Effects

- 8.23 I accept that the effect of increased tolls will fall heavily on some members of the community who use the bridge regularly [6.12]. The concessionary tickets offered by the Company help in some degree [4.13], but the increase in concessionary crossing toll from the current 10p to the proposed 25p per car is substantial in percentage terms if perhaps not in terms of the amount per crossing.
- 8.24 However, Aldwark Bridge Limited is not a charity, and it operates legally under Parliamentary Act. It seems to me that the impact of the increases on the community would have to be very substantial for any public interest concern to outweigh the matters to which the Secretary of State must have regard as laid down in the Transport Charges &c (Miscellaneous Provisions) Act 1954.
- 8.25 I accept that without a reasonable increase in toll the Company's parlous state would deteriorate and, if the directors decided to withdraw their support, it would become insolvent and the future of the bridge would be at risk [4.33-4.34]. It seems to me that this would represent a much more serious threat to the community than the proposed increase, and that it would be very substantially inconvenienced if the link were lost.
- 8.26 Given that the increased cost to a motorist of using one of the diversion routes instead of the bridge is very much greater than the toll cost [4.17], it seems to me that the bridge is a significant asset to the community. There is no prospect of the local highway authority taking over the bridge or providing a replacement [4.2; 7.7] and I conclude that, although any increase in tolls is understandably unwelcome in the community, this is not a sufficient matter to outweigh the requirement to have regard to the Company's reasonable financial prospects.

Other Written Objections

- 8.27 I accept the Company's breakdown and response to the concerns of those making written objection [7.9]. There are no other substantial matters not covered by my report and the Company's responses.

Overall Conclusion

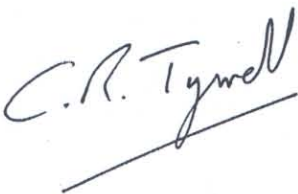
- 8.28 I am grateful to all those who contributed to the Inquiry for the helpful, measured and considered way in which evidence was offered and cross-examination took place. I believe it has allowed me to gain a fair understanding of the proposals, the reasons for them, and the effect the proposals would have on the community and other interests.
- 8.29 I conclude that, in the circumstances existing, it would be proper to make an Order increasing the toll charges for use of the Aldwark Bridge as set out in the amended Application. I conclude that this would represent a

reasonable proposal with regard to the current financial position and future prospects of the Company. I consider that the Company's proposed annual revenue would be neither substantially less nor substantially more than adequate to meet expenditure on the matters listed in Section 6(3) of the Transport Charges &c (Miscellaneous Provisions) Act 1954.

- 8.30 There are no other matters of sufficient weight to alter my recommendation to the Secretary of State that the amended Application should be accepted and the requested Order should be made. In drafting the Order, due allowance should be made for the points raised in the Procedural Matters section above [3.1-3.8].

9 RECOMMENDATION

- 9.1 I recommend that the Secretary of State for Transport should make an Order under Section 6 of the Transport Charges &c (Miscellaneous Provisions) Act 1954 in accordance with the formal Application consisting of the complete document as originally provided in draft [Doc IN/2/2], but with the table giving the proposed tolling regime in paragraph 3.1 replaced by the table given in the Notice of Inquiry [Doc IN/2/2].
- 9.2 Any reference in the proposed Order to existing toll classes should relate to those defined in the current 1997 Order rather than to the erroneous information supplied in the Application, the Notice of Inquiry, and the Applicant's evidence.



C R Tyrrell

INSPECTOR

APPENDICES

Appendix A –Appearances

Appendix B -Documents

APPENDIX A

Appearances

For the Applicant, Aldwark Bridge Limited

Mr David Hardy of Counsel, instructed by Wilbraham & Co, Solicitors, Minerva House, East Parade, Leeds LS1 5PS. He called:

Mr Bryan Geoffrey Hall BSc, MSc, CEng, MICE.	Director, Bryan G Hall, Consulting Civil & Transportation Planning Engineers, Suite E8, Joseph's Well, Hanover Walk, Leeds LS3 1AB
Mr Richard N Gibson, B Eng, C Eng, MCI Arb, MICE, M I StructE.	Principal, Gibson Design Consultancy, PO Box 80, Rothwell, Leeds LS26 0BX
Mr Norman Christopher Makin FCA, FCMI, FAE, QDR.	Consultant, Bentley Jennison Accountants, 21-27 St Paul's Street, Leeds LS1 2ER.

Objectors

Linton-on-Ouse Parish Council

Mr Derrick Jauncey, Chair	Forge Cottage, Linton-on-Ouse, York YO30 2AY
Mr Bill Frost, Clerk	62 Half Moon Street, Linton-on-Ouse, York

Newton-on-Ouse Parish Council

Mrs Mary Varley, Clerk	Ascot House, Cherry Tree Avenue, Newton-on-Ouse, York YO30 2BN
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Shedden Farms Ltd

Mr David Shedden	Shipton Grange, Shipton-by-Benningborough, York YO30 1AP
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Mrs Valerie Orwell	Meadowcroft, Beach Tree Court, Linton-on-Ouse, York YO30 2AW
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Mr Tony Smith	Manor House Farm, Linton-on-Ouse, York YO30 2AY
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Mrs C Watson	Bellegarth, Linton-on-Ouse, York YO30 2AS
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Mr Peter Watson	Bellegarth, Linton-on-Ouse, York YO30 2AS
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Other Interested Parties

Mr John Hetherington, Chaplain,	RAF Linton-on-Ouse, York YO30 2AJ
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Mrs Jean Thompson	6 School Row, Linton-on-Ouse
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Appendix B

Documents

No. Document Title

Inquiry Documents

IN/1 Attendance Registers

IN/2 Documents Received by the Inspector Prior to Start of Inquiry (including Applicant's Proofs of Evidence and written objections received before start of Inquiry)

IN/3 Complete list of Objections and Support Received

Applicant's Documents

PA/1 Details of Advertisements Placed

PA/2 Mr Hall's letter of 24/3/05 to NYCC concerning sign alterations

PA/3 NYCC letter of 13/4/05 agreeing to proposed sign alterations

PA/4 NYCC letter of 14/3/05 withdrawing objection to Application

PA/5 Mr Makin's file note of 20/4/05 with further appendices to his report

PA/6 Counsel's closing submissions on behalf of Applicant

Supporter's Document

S/1 Undated note from Ms Margaret Parminter, 67 Half Moon Street, Linton-on-Ouse

Objectors' Documents

OB/1 Proof of Evidence of Mr Derrick Jauncey

OB/2 Letter of 13/8/04 to Mr Jauncey from Wilbraham & Co