

# Department for **Transport**

Roads Strategy  
Department for Transport  
Zone 3/05  
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Mrs Alison Epton  
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22 February 2007

Dear Mrs Epton,

I am directed by the Secretary of State for Transport to refer to the report of the Inspector, Mr Richard Owen-Smith BA DipTP MsC MsocSC MBA MRTPI MIHT, who held a public inquiry on 17 October 2006 into an application by the Dunham Bridge Company, under provisions of section 6 of the Transport Charges &c (Miscellaneous Provisions) Act 1954 (the 1954 Act) as amended by the Dunham Bridge (Amendment) Act 1994 to revise the maximum tolls that can be charged for the use of the Dunham Bridge.

2. The existing and proposed charges are as follows:

<b>Vehicle</b>	<b>No. Wheels</b>	<b>Present Toll charge</b>	<b>Proposed Toll Charge</b>
Motor Cycle		10p	10p
Motor car, Van with carrying capacity up to and including 509kg (10cwt) or Minibus (up to 16 passengers)		25p	30p
Motor Car with trailer		35p	40p
Lorry, Van with carrying capacity of over 509kg (10cwt) or Coach	4	50p	50p
Lorry, Van with carrying capacity of over 509kg (10cwt) or Coach	6	60p	60p
Lorry, Van with carrying capacity of over 509kg (10cwt) or Coach	8	70p	70p
Lorry, Van with carrying capacity of over 509kg (10cwt) or Coach	10	80p	80p

Lorry, Van with carrying capacity of over 509kg (10cwt) or Coach	12	90p	90p
Lorry, Van with carrying capacity of over 509kg (10cwt) or Coach	14 or more	£1.00	£1.00

Any other vehicle using the Bridge and not specifically identified in the above Classes of vehicles shall be charged a toll by reference to the vehicle's carrying capacity and the number of wheels. The toll charged for the vehicle shall not exceed the toll specified above with the same carrying capacity and number of wheels

3. The Secretary of State, in reaching his decision, has considered his obligations under section 6(3) of the 1954 Act (as amended) that he must

*"...have regard to the financial position and future prospects of the undertaking and shall not make any revision of charges which in his opinion would be likely to result in the undertaking receiving an annual revenue either substantially less or substantially more than adequate to meet such 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 any amount invested in the undertaking by the Dunham Bridge Company and any successor company."*

4. The Secretary of State has also considered the various representations for and against the application. The material points of these representations are set out in the Inspector's Report. In summary, these are:

#### Objections

- (a) That it is inappropriate that the A57 at Dunham is subject to a toll, given that Dunham Bridge Company (the Company) is in a monopoly position.
- (b) That adjacent local authorities did not support the application
- (c) That there are not the powers to make provision now for Bridge replacement in the future.
- (d) That dividends from the Bridge are based on the value of the Company and that this could provide the basis for further toll increases to make a "reasonable" return.
- (e) That the increase in tolls is above the rate of inflation.

- (f) That the toll level is expensive compared to other Crossings based on the distance covered.
- (g) That there was an incorrect accounting basis for determining whether the Company is making a loss or profit.

5. The Secretary of State accepts the opinion of the Inspector on the representation made. Full details of the Inspector's conclusions can be found in his report. In summary, these are:

- (a) The Inspector noted that the issues of whether the Crossing should be subject to a toll pertain to general Government policy and, therefore, lie outside the remit of the inquiry.
- (b) The Inspector concluded that although the adjacent authorities did not formally consider the Application, they are in agreement with the principle of the increases.
- (c) The Inspector considered the issue of whether provisions may be made for replacement of the Bridge so far into the future carefully and concluded that the Company is providing appropriately for a future eventuality, and so on this matter there is no reason not to support the Application.
- (d) The Inspector concluded that the Company has exercised prudence in planning for a graduated increase in the rate of return, potentially to 6% over the period up to 2012. He did not consider this rate of return to be excessive. And that the prospective rate of return does not constitute a reason not to support the Application.
- (e) The Inspector noted that in all, a doubling (100%) of the tolls has taken place in nearly three decades, during which the RPI has more than tripled. For the proposed increase to 30 pence, the toll for motor cars would be below the rate of inflation since 1978, and on that basis is both modest and reasonable.
- (f) The Inspector's view was that compared with other Crossings where there is a range of costs, the costs at the Bridge do not seem excessive.
- (g) The Inspector supported the Company's accounting to include provisions of replacement and future repairs and that this use of resources by the Company does not constitute a reason not to support the Application.

6. The Secretary of State accepts the Inspector's assessment of the application as set out in his report.

7. The Inspector concludes that that the grounds of objection, separately or collectively, do not provide sufficient weight not to support the Application. His view is that, in the context of the circumstances facing the Company and in prospect, the Application be supported.
8. On the basis of the evidence before him and having regard to his obligations under section 6 of the 1954 Act, the Secretary of State is satisfied that the proposed toll revision is justified. The Secretary of State has, therefore, decided to make the Order.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Martin Jones', with a stylized flourish at the end.

**MARTIN JONES**  
**Head of Roads Strategy Division**