Clifton Suspension Bridge Toll Increase
Submission in support of NAAT Objection to May 2013 Public Inquiry - edited

(The National Alliance Against Tolls submission was on 10th May, parts of it were read out at the Inquiry with some changes from the original. This version reflects those changes.)

The Trust made two sets of submissions - (a) as part of their initial application on 1 May 2012 , (b) their Statement of Case of 1 May 2013. In this NAAT submission the Trust's submissions are mainly referred to as T2012 and T2013.

Summary of main points

1. We believe that this Inquiry should not be being held as the Trust do not appear to have formally applied to the Minister for the advertised changes to the tolls.

2. As we will try to demonstrate the Trust have in the past provided financial projections which turned out to be far worse than the actual position.

3. The Trust has very substantial funds and the Trust's programme of what seem to be exceptional works (though some seem not to be essential) should be financed from these funds, at least until it can be demonstrated that the funds will really go below a reasonable level.

4. The Trust will have spent substantial amounts (though the figure can not be identified) over the last twenty years or so on their museum / visitor centre and plan to spend more. Though such sums are supposed to be repaid, it is most unlikely that they ever will be and the Trust should not in effect be financing this and other activities related to tourism from a toll increase.

Background

5. The National Alliance Against Tolls (NAAT) was formed in 2004 by groups protesting against existing tolls in England, Scotland and Wales. We have also opposed new tolls including those using names such as "congestion charges" and "road pricing". In 2006 we were one of the objectors at the Public Inquiry into the last Clifton toll increase application.

6. The Trust that runs the Clifton Suspension Bridge applied to the Government on 1 May 2012 to "*increase the toll on the Clifton Suspension Bridge pursuant to section 6 of the Transport Charges &c. (Miscellaneous Provisions) Act 1954*". There was a formal notice of the application on the 1 August 2012 (though the notice did not match the application) and on the 12 September the NAAT made a formal objection.

7. On the 25th March 2013, the DfT wrote to objectors informing them of the date of this Inquiry and giving a date of 1st May for submission of any written evidence. The letter said that the Trust's case for the toll increase will "*shortly be made available*" at the Trust's Visitor Centre, their website and Clifton Public Library. The documents were not actually available till around 23 April following complaints to the DfT. The NAAT raised the effect of this delay with the DfT and were told that the date for submissions was being put back. On the 1st May we received via the DfT further documents produced by the Trust

Reasons given by the Trust for the Increase

8. According to the Trust's Economic Case (T2012 page 2) they decided in September 2009 to apply for an increase in the toll from 50 pence to £1. (Doc 9 of T2013 includes extracts of the Trust's minutes which do not confirm when the decision was made, but we have assumed that what was said in the Trust's application as to the date is correct.) Though the meeting that decided this was presumably not open to the public, it is probably not a coincidence that the 2008 accounts (which were submitted to the Charity Commission on 20 August 2009) had just become available and that the Trust's funds had fallen by nearly £2.7 million, the main reason for the fall being the 2008 Crash. Though the decision was taken in September 2009, nothing visible to the public happened till November 2010.

9. In November 2010 or later, the Trust presented to "Bristol City Council and North Somerset Council" their "Economic case" for a toll increase. That case forms the main part of what the Trust gave to the DfT on 1 May 2012 and which was made public towards the end of April 2013. The Trust say (top of page 2) that *"All its income is from tolls, and it receives no money from the public purse"* and (at bottom of page 2) "*There are three key issues .... Declining traffic volumes ..., significant cost increases ..., and ... investment values and interest rates*."
   On the 11 November 2010, the Trust had a press release which is still on their website - "Cash Tolls May Have to Double". It says that an increase is needed because of cost of repairs, reduced traffic, fall in value of investments and lack of help from "*central or local government, or from lottery funds*".

10. The Trust will be aware that people don't like tolls and will avoid them if they can. Obviously the higher the toll, the more people will avoid them. To try and justify a toll increase on the grounds that not enough people are using a crossing is possibly unique. On this basis the Trust may end up on relying for most of its income on a small number of users who have little practical alternative to the bridge.

11. As we have already said in September 2009 the Trust would have had the accounts for 2008 and they do indeed show that costs increased. The 2008 expenditure was £1 million higher than that in 2007, but that to some extent seems to have been due to one-off reasons as in the 2009 accounts the expenditure was only £250k higher than in the 2007 accounts.

12. Though changes in "investment values" and dividends will certainly affect the Trust, they seems to have very little cash, so the fall in interest rates may have been to their benefit as it will tend to lead to a rise in the value of non-cash investments such as shares and property.

13. The Trust have submitted to the Inquiry a press release (T2012 tab 3) from the 14 Feb 2012 (which was quoted on the BBC and in local papers). It says that increase is needed because of repairs, reduced traffic and again that the Trust *"receives no money from government, local authorities or the lottery*".

14. Apart from what the Trust have submitted for the Inquiry there have been various stories about the proposed toll rise. In a BBC News story on 21 Feb 2011, they quote the Trust's chairman as saying that tolls will have to rise because of repairs costs, no other reasons were mentioned.

The Trust have not formally applied for what was in the notice

15. The Trust's case (T2012) that became available about the 23rd April starts with their application letter of the 1 May 2012. The letter does not itself say what change in tolls is being applied for but says "*we enclose a draft Public Notice at tab 9 for your approval, following which we shall publish as required*". This "Draft Public Notice" says that the Trust "*have applied ... to increase the toll charge for motor vehicles crossing the Clifton Suspension Bridge from 50p to £1. The toll charge (which is currently not levied) for pedestrians, pedal cycles, carts, carriages and animals will remain unchanged at 5p*."

16. The actual notice of the application as printed in the Bristol Post and the Western Daily Press on the 1 August 2012, shows the "*Current Toll Charge*" for -

    "*Class 1. Motor Vehicles of any description (except as mentioned in (2 and 3) below and vehicles drawn by a horse or other animal - for each vehicle*" going from 50 p to £1,

    "*Class 2. Motorcycles*" going from 50p to £1,

    "*Class 3. Pedestrians, pedal cycles, handcarts, mechanically propelled invalid carriages, horses and other animals - for each pedestrian, cycle, cart, carriage or animal*" going from 5p to Nil.

17. The public notice of application in August clearly does not match the May application, the significant differences are -

    The notice has a class (2) for "Motorcycles" which is not in the original application, and is not even a class in the existing toll schedule.

    The notice reduces the toll for what is now Class 2, (but which in the notice is referred to as Class 3), to nil, but the application itself says that the toll for pedestrians, pedal cycles etc though "*currently not levied*" will "*remain unchanged*".

18. In our view the Trust have not complied with the requirements. It follows that nothing should be done till the Trust give a new notice of a toll change that is either in line with their actual May 2012 application or such amended application that they may wish to make. We pointed this situation out to the DfT on the 7 May. They said that the application was in effect changed because the DfT had suggested changes including the two cited above. There is no documentation of this, but in any case a toll increase application is supposed to come from the owners of a crossing and not the DfT, and the documents that the Trust have submitted to the Inquiry do not include any evidence that they ever formally applied to the DfT for the toll changes that were advertised last August.

"Cash" toll

19. The Trust in their submissions and publicity have said that it is the "cash" toll which is increasing and they even say in the first paragraph of their Main Statement of Case (T2013) that they have *"applied .. for an increase on the cash toll*". They have generally given the impression that the prepaid charge (using their oddly named "Pay As You Cross" cards) either will not increase or will have the increase limited to 'or have a '*discount of 50% or*

more".

20. The fact is that there is neither in the existing nor in the proposed toll schedule a "cash" toll. The Trust's application is for an increase in the maximum toll that they can charge. Neither the Trust's application letter of the 1 May nor their draft notice at their Tab 7 (T2012) refers to any 'cash' toll. It is misleading and incorrect for the Trust to say that they have applied to increase the "cash" toll.

21. Once the maximum toll is increased, whatever the current intentions of the current trustees may be, there is nothing in law to stop the Trust from increasing the prepaid tolls to any amount as long as it does not exceed the new maximum. In fact the current rate for a pre paid card covering just 50 crossings is currently priced the same as the 'cash' toll, though the Trust say that they will also discount that.

21A. The recent history of the Trust shows that they have not treated those who prepay any better than other drivers. Using the 1,000 crossing card as an example, the cost in October 2005 was £120 (12 pence a crossing) . By the time of the 2006 Inquiry that had already gone up to £200 - a 67% increase. Following that Inquiry the Minister decided to raise the maximum toll from 30 pence to 50 pence. The Trust in two stages that increased the cost of this card to £325 (32.5 pence a crossing) - a 170% increase compared with the October 2005 price.

General arguments against any toll

22. There are various reasons, which apply to most tolled crossings, why the NAAT oppose tolls. We are aware that when Ministers decide to approve toll increases they disregard such reasons, but we still believe that these reasons are relevant in deciding whether tolls should be raised particularly as the case put forward for an increase by the owners of crossings are usually flimsy. In brief some of our reasons for opposing tolls are -

    # Tolls are an additional burden on top of the other taxes that all road users pay.

    # Tolls are regressive as they take no account of ability to pay or the size of a car.

    # Tolls are unfair as how often you are affected by tolls depends on where you live.

    # It is often the case, as it is here, that most of the jobs and the facilities for shopping, leisure, higher education and hospitals tend to be concentrated on one side of a crossing.

    # Tolls are expensive to collect.

    # Tolls can result in queues to pay and also cause some drivers to detour on to a longer route which may cause more congestion and create more vehicle emissions.

    # Tolls reduce the positive agglomeration economic benefits that should have arisen from the building of the crossing.

Tolls around Britain

23. Apart from Clifton there are thousands of road crossings in Britain (including about 100 that cross a sea channel or a tidal estuary) of which only that at Clifton and 19 others are tolled. Of the 20 tolled crossings around Britain - 16 are in England, 3 in Wales, and one between England and Wales - there are none in Northern Ireland or Scotland.

24. The Trust have submitted a documents (T2012 Economic Case - Appendix G) which compares the tolls at Clifton with 13 other tolled crossings. The Trust's list is slightly out of date, and below is what we believe the current position to be for all 20 tolled road crossings.

Government owned crossings with the return toll for a car -

Dartford	400 pence (free overnight from 22.00 to 06.00)
Severn	620 pence (currently operated under a concession)

Local authority owned with the return toll for a car -

Cleddau	150 pence
Humber	300 pence
Itchen	120 pence (100 pence off peak and weekends etc)
Mersey	320 pence
Tamar	150 pence
Tyne	320 pence

Privately owned with the return toll for a car -

Aldwark (Ure)	80 pence
Batheaston to Bathampton (Avon)	100 pence
Cartford (Wyre)	80 pence
Clifton (Avon)	100 pence
Dunham (Trent)	72 pence
Kingsland (Severn)	40 pence
Penmaenpool (Afon Mawddach)	120 pence
Pont Briwet (Traeth Bach)	50 pence (a day)
Rixton and Warburton (Manchester Ship Canal)	48 pence
Swinford (Thames)	10 pence
Whitchurch (Thames)	80 pence
Whitney on Wye	100 pence

25. Of the above 20 tolled crossings, the Clifton bridge is currently the joint 10th highest toll. The increase that the Trust have applied for would make it the 6th highest car toll for a crossing in Britain.

26. The tolls for other than cars varies. Large lorries are usually some multiple of the car toll. At some crossing motorcycles pay about half the car rate, at some they pay no toll. Some crossings offer discounts for prepayment or the use of tags, others don't. Prepayment discounts are usually small, but at Tamar they are 50%, reducing the cost of a return journey to 75 pence. A couple of crossings offer discounts to "local residents", the most significant concession is at Dartford where residents of the two local authorities on either side of the crossing with a tag pay 40 pence per return journey instead of the usual return toll for tags of 266 pence (or non-tag toll of 400 pence).

Letters of Support from the Two Councils

27. The Trust say (T2012 Economic Case page 2) "*if the application is supported by both local authorities, we would then intend to proceed to an application to the secretary of State*."

28. The Trust have submitted letters sent to and received from Bristol City Council and North Somerset Council. It is not explicit, but we assume that the letters are intended to show that they have support from the Councils for their application .

29. At the time of the 2006 Inquiry there were similar letters but we could find no record in the Councils' minutes that their members had ever considered the increase. We told the last inquiry that we had contacted the two councils but "*despite various phone calls and emails we have not yet had an answer*". Once the Inquiry was over we did get answers from the two Councils which said that they could find no records showing that their members had been consulted. We have again contacted the two Councils.

30. Bristol City Council have told us that the decision to support the increase was taken by their "*Executive Member for Strategic Transport at his Executive Briefing on 22nd December 2010*" and that the decision was later confirmed by his successor *"in consultation with the Local Ward Councillors*". They do not say who the local councillors were and there seems to be no record of any of this apart from the letter sent to the Trust on 10 August 2011.

31. North Somerset Council have told us that only two of their members were consulted . Their message to us includes - "*All communication with the Trust has expressed concerns about the increase in charge including the letter you are referring too. At no stage has support for the increase in tolls been expressed*." (our emphasis)

Outside help

32. The Trust frequently says that it receives no outside help e.g. "The *Trust receives no external support*" (T2013 2.1(e) of the Trust's main Statement of Case), and their press release of 14 February 2012 (T2012 tab 3) says that it "*receives no outside help towards its costs*." That seems to be correct, but there is little evidence that the Trust have ever done much to avoid using drivers of motor vehicles as their source of finance.

33. The bridge is a part of the road network and the Trust say e.g. that it "*has become an important part of Bristol's urban traffic network.*" (page 2 of Trust accounts for each year) and is "*an integral part of a 21st century transport network*" (T2013 at 2.3 of Clerk's statement) and if the bridge had to be "*permanently closed to vehicle traffic*" there would be *"severe consequences for Bristol's transport network*" (T2012 Economic Case page 15). As such it should be financed from the taxes collected from roads users. The Government collects about one billion pounds a week from roads users and they and the local authorities together only spend about one seventh of this amount on roads. For the Government to directly or indirectly demand even more money on some roads or crossings is in our view little short of highway robbery.

34. Though the bridge is a road, it seems that much of the expenditure is not on essential repair and upkeep of it as a road, it is on activities that are related to the bridge being regarded as a

"major tourist attraction and icon of Bristol, the South West and Brunel". The Trust say (T2012 Economic Case page 16) that one of their aims *is "To provide a service to tourists*". One example of this is the cost of illuminations, at the time of the last Inquiry the Trust were spending £900,000 on their latest illumination scheme.

35. Much of the "maintenance" expenditure seems to be spent on the appearance of the bridge and what seems to be almost like industrial archaeology. It can also be inferred from what the Trust say (T2012 Economic case page 2) that the cost of any work will be higher because the bridge is located in "*one of the top ten sites of Special Scientific Interest*". The Trust also say (btm. of page 4) that being a "*Grade 1 Listed structure*" as well as being in an SSSI "*placed a very significant additional cost burden on the Trust*". At the bottom of page 8 they list four "maintenance objectives", two of which seem not to be essential to the bridge as a crossing - "*Conservation of the historic fabric of the bridge*" and "*Sympathetic improvements to ancillary fixtures, facilities, buildings and spaces*".

36. There must also have been substantial expenditure on the various "Visitor Centres" which we have dealt with in a separate section.

37. Nearly all of this expenditure on the appearance of this 'icon' and to accommodate visitors seems to come from one source - drivers. At the last Inquiry we suggested that at least the non road aspects of what the Trust describes as an "icon for the South West of England", "*should be financed from general taxes via the local authorities or Government, or from private or quasi private sources that support heritage activities such as the National Lottery*." The Trust was asked whether they had tried to get any such funds and the only thing that the Trust mentioned then was that they had applied to the National Lottery 5 years before, but had been refused.

38. Following the 2006 Inquiry we asked the Big Lottery Fund, the Millennium Fund and the Heritage Fund for details of any applications from the Trust. The first two had not received any application but the Heritage Fund had received one application which was at the beginning of 1998 for £960,000 towards the cost of "*environmental improvements to the Clifton and Leigh Wood approaches to the Clifton Suspension Bridge, including toll barrier relocation, alterations to roads and paths, and upgrading of street furniture*".
The Fund told the Trust that the works did not seem to be "essential" and would not be a priority, and the Trust were asked if they wanted to proceed with the application or amend it or withdraw it. The Trust withdrew it.

39. We have recently asked the Heritage Fund whether there were any subsequent applications and one was made in November 2011, i.e. nearly 14 years after the other one. So far the Heritage Fund has paid out £38,400 to the Trust. The Trust have been promised another £595,000 by the Heritage Fund, but even with this most of the "heritage" activity will have been financed by drivers.
To put these grants into context, according to Wikipedia, since the Heritage Fund started in 1994 it "*has supported almost 35,000 projects worth more than £5.3bn across the UK*".

40. What makes this situation even more bizarre, is that the impression is that if the bridge were to be completely closed to traffic, then almost all of the things that the Trust spend money on would remain, and the Trust would be forced to look for other sources of finance. There is even an implication (T2013 doc 13 Bridgemaster's statement para 6.2) that the Trust needs

to build up funds now so that it can keep going if the bridge needs to be closed "*removing the Trust's toll income*".

The Visitor Centre

41. As a general rule for tolled crossings what the tolls may be spent on is generally limited to expenditure necessary for paying off any debts and for the upkeep of the crossing. In the case of the Clifton bridge, the Trust succeeded in getting through Parliament a private bill which became the Clifton Suspension Bridge Act 1986 which has what is probably a unique addition to what crossing tolls may be used for. The 1986 Act authorises the Trustees to "*provide or assist in the provision of a museum in the vicinity of the said bridge".* As the toll was actually reduced from 1st January 1987, it seems that around that time the Trust thought that it had surplus cash, and could use - (on a temporary basis, as it had to be eventually repaid) - some of that surplus.

42. The museum is defined at section 3 (1) of the Act as -

    (*a) a museum in the vicinity of the bridge where information relating to or connected with the bridge, its designer and its environs is made available to the public, whether by literature, exhibitions, displays, discussions or lectures;*

    (b) facilities incidental to the museum, including viewing points from which the bridge and its environs may be viewed, parking places for vehicles and the provision on sale of meals, refreshments, articles and goods of such kinds as they think fit.

43. Section 3 also says at subsection 2(b) that-

    (I) any money applied to the purposes of this section from the revenue of the Trust is made good as soon as is reasonably practicable, and

    (ii) any money so applied from the reserve fund is repaid to the fund within 60 years from the date of its application, together with interest ...

44. Section 3.3. requires that the Trust's accounts each year - "*shall <u>contain particulars</u> both of any money for the time being applied ... and of the income .. and the expenditure .. in relation to the museum and the facilities incidental thereto*". (our emphasis)

45. Objectors only became aware of the above Act and its provisions during the 2006 Inquiry. We suggested that it seemed most unlikely that the money being spent would ever be repaid, but the Trust told the Inspector that it would.

46. Though the Act refers to a 'Museum' the Trust says that their Visitor Centre is covered by the Act. There is though some confusion for outsiders, as the Trust at one stage in their accounts had two separate assets, one was the (old) Visitor Centre and the other was the "Bridge Centre". We don't know, but assume that the "old Visitor Centre" is the one that used to be in Bridge House at the Clifton end of the bridge, and that the "Bridge Centre" is the existing one. In any case at some time after 2004, the Trust stopped identifying either of the centres within their overall assets figure.

47. The Act says that the Trust have to identify within the accounts the expenditure on the "museum" and its "incidental facilities". The purpose of this is likely to be that the Trust needed to show how much money wearing its 'museum' hat it owed to its 'crossing' hat and which at some point would have to be repaid. In our view the Trust are not complying with the Act and you can not tell how much the Trust wearing its 'museum' hat owes to the 'crossing'.

48. We have looked at the figures that appear in the Trust's accounts for those years that we have copies of (2003, 2004, and 2007 to 2011) and the draft accounts for 2012. There are sundry odd items

49. The Act was passed in 1986, but the memorandum account in each year only shows the start year of the "Net revenue expenditure" figure as from "1999". Did the Trust really wait 13 years before exercising the power that they got in 1986? And as the costs of getting a Private Act can be quite high where is the cost of obtaining that power?

50. The 2003 and 2004 accounts both say that the *"Sums incurred to date are shown ..(excluding capital spend to date on the Bridge Centre)"*. Whatever is meant by the term "Bridge Centre", excluding that expenditure does not seem to comply with the Act, but there is also a mystery as to why in both the 2003 and 2004 accounts the capital cost of £111,661 excluding the "Bridge Centre" is less than the capital cost of the "Old Visitor Centre" which appears on the same page as £123,007.

51. We have not seen the accounts for 2005 and 2006, but those from 2007 onwards do not show the capital expenditure on the previous or existing or planned new visitor centres as the analysis within Tangible Fixed assets has disappeared and the memorandum figures do not show the capital expenditure, also the note about capital cost "*excluding .. the Bridge Centre*" has disappeared. Not showing the capital expenditure seems to be a breach of the Act.

52. What still does appear in the accounts from 2007 as a memorandum item is *the "Net revenue expenditure*", though the analysis of this net expenditure is minimal. At the end of 2003 the cumulative figure for this in the accounts was shown as £285,031, but by the end of 2011 it was down to a cumulative figure of £158,483. It seems that the 'Museum' has been making a profit each year. A remarkable achievement particularly for one where there are no admission fees and the main source of income seems to be sale of souvenirs etc.

53. The Trust has a Visitor Services Manager, and all the costs of providing and running the existing temporary Centre (and the previous one on the Clifton side) including the items to be sold (less income from sales) and all the costs over many years in producing plans for a new visitor centre (except to the extent that they have been capitalised) . It is unlikely that there will be a net profit.

54. There is also a question as to what has happened with all the ancillary costs that are specified in the Act . The Trust from 2007, or possibly earlier, appears to be ignoring the requirement to show the capital costs of the Museum, but when they did show a figure did they include all the items specified by the Act? And can they say how much they have spent on these ancillary costs?

55. The 1958 Act makes some provision for interest. As the Trust is in effect wearing two hats because of the Act, it would be appropriate for this liability to appear in the memorandum account, but it isn't. Due to inflation, if interest is not added then the amount to be eventually repaid will be far less in real terms than the amount that was temporarily taken out of, as it were 'crossing' funds, to pay for the 'museum'.

56. What appears to be a failure to comply with the requirements of Section 3.3 seems to be compounded by another apparent failure of the Trust. Section 50 of the 1952 Act requires the Trust to prepare accounts each year, and subsection 2 of that section requires the Trust to send copies of the accounts to "*the Minister and to the clerk of each appointing local authority not later than the first day of May in the year following that to which they relate*." We have not contacted the local authorities but we asked the DfT about this. Their reply indicates that they only get copies of the Trust' accounts when the Trust are applying for a toll increase, and that "*there is no requirement, or reason by DfT to see copies of financial accounts on a regular annual basis when they are not applying to the Department to raise toll charges.*" Though the DfT may not bother about what the 1952 Act says, the fact remains that the Trust seem not to be complying with a requirement which presumably was there to help protect the users of the Bridge.

57. The Trust says (T2012 tab 3 page 3 of their February 2012 press release) that the increased toll "*is not required to fund the proposed new Clifton Suspension Bridge Heritage and Learning Centre"* and *" the £1.5 million which for eight years the trust has ring-fenced as a contribution towards the cost of the development is insufficient*". The Clerk to the Trust says something similar in his statement (T2013 doc 13 para 2.3) "*It is important to note that none of the monies from the proposed toll increase will be needed or used to pay for the visitor centre. In addition, both the existing temporary centre and the new centre will be self financing as regards running costs*".
This seems to be the Trust saying that the money that they have, as it where, put into a back pocket for paying for this should be ignored. We suggest that this is a bit like a householder who has some money in the bank to pay for say building an orangery but now realises that his roof may have to be replaced, instead of then spending the savings he has on the new roof, goes round his neighbours and demands that they give him money so that he can both replace his roof and build his orangery.

58. If the situation of the Trust is that they now expect there to be a need for substantial funds to be spent on the bridge, then they should not be "ring-fencing" the money that they want to use for their planned Visitor Centre. Whatever the Trust may suggest this proposed toll increase as well as paying for some expenditure which is probably not essential to the maintenance of the bridge as a crossing will also be indirectly funding their "Heritage and Learning Centre".

The funds (as there is little difference between "funds" and "reserves" we have mainly used the term "funds")

59. In general tolled crossings, whether privately owned or owned by local authorities or by the Government do not have large funds. As far as we know the Trust is unique in having very large funds, though they think that they have *"limited reserves*" (T2013 para 2.1(e) main Statement of Case). The draft accounts for 2012 show that they had Funds of nearly £8.5 million as against gross expenditure of just over £1.9 million. So the Trust had funds equal

to about four year's revenue expenditure even before the income from tolls is taken off.

60. All in all the Trust seems to have considerable amounts that it is providing for in various as it where "savings jars". The Draft 2012 accounts have a note on page 8 that gives a breakdown of their "Unrestricted funds: Designated and General". It says that they amount to £8.0m split over three heads -

    # £5.2 million for Emergency Repairs, that they don't want to touch. (This fund up to the 2003 accounts (page 8) was called the 'Major Repairs' Fund and was meant "to deal with major repairs or renewals", it seems that in 2004 the decided to lock this money up and throw away the key.)
    # £0.7 million towards the cost of the new Visitor Centre, where they would apparently rather raise tolls than spend this money on the upkeep of the bridge.
    # £2.1 million for "new projects" which the accounts say is to go "*towards the total of approximately £10 million of new maintenance projects required over the next 10 years*" (The £10 million matches the figure in Trust's programme - Doc 12 page 7.)
    Though this is what the accounts say as far as we can see the Financial projections supplied by the Trust seem to completely ignore the existence of this fund.

61. As well as the above £8.0 million, the same draft accounts at page 6 show that they have a further £413K in "General Funds" and £60k in Capital funds. That makes a total of nearly £8.5 million of funds all of which they appear to have excluded when they were doing their financial projections. (The Trust said earlier in the Inquiry that the £413K was "working capital" but in fact that is supplied by the drivers who have on average got 18 months credit.)

62. They also have in effect more provisions as their 10 year programme of projects (adding up to £9.1 million before inflation is added) includes unallocated amounts - £1,490k for "Contingency" and £800k for "Future projects".

63. It is a general theme of the Trust's case that their funds are sacrosanct. They say that it would be inappropriate to use these funds to subsidise the tolls, but in effect what they are doing is refusing to use these funds to help pay for maintenance projects on which they say they need to spend what seems to be exceptional amounts over the next five years or so. Though it seems that at one time they may have considered using the funds, as an extract of their minutes (T2013 doc 9) shows for 29 March 2010 "*The key, as before was that our Emergency Repair Fund and reserves were inadequate to support the 10 year maintenance programme*". I.e. it seems to be a case then of them saying they were not adequate rather than saying that it was taboo to spend them.

64. The Trust issued a press release in November 2010 saying that the tolls would have to double as the Trust would not otherwise have enough money to meet its commitments. At the start of 2010 the Trust's funds had been £6.8 million, at the end of the year they were just over £8.2 million, falling slightly at the end of 2011 but then according to the Trust's draft accounts for 2012 rising slightly to stand at just under £8.5 million at the end of 2012. It seems that at least up to the end of 2012 the Trust did have enough money.

65. We don't know what has happened with the Trusts' income and expenditure over the last 4 months or so, but one item that can be estimated is the current value of their investments. According to the draft 2012 account, the Trust's investments at the end of 2012 were worth just under £8.3 million of which "Listed Investments and Unit Trusts" were just over £7.65

million. Since the end of 2012, the Stock Market has continued to rally due to the astronomic amounts of money that the Government / Bank of England has created and the FTSE all share index has gone from 3093 at the end of December to 3404 at the end of April, we estimate that will have added around another £750,000 to the Trust's funds and by now will be about £1 million higher than at the end of December.

66. The existence of such large funds would normally kill any prospect of the Trust getting a toll increase so they have tried to justify the increase by saying that -

    (a) They are allowed to build up funds for the eventual replacement of the bridge.

    It is correct that they are allowed to do this, but if the point is ever reached at which the existing bridge has to be closed or demolished it is in our view wrong to assume that there would be a replacement and that this future bridge should be paid for by the money taken from past and current users of the existing bridge. Whatever powers the Trust may have, it is almost certainly the local authority and the Government who would decide what would happen, and if a new crossing was to be built, then how it would be financed and whether it would be tolled - the most significant crossing being built at the moment is a new road crossing of the Forth costing 1.5 billion pounds (including fees, and approach roads etc) - and which will not be tolled.

    (b) Though the Trust insure (and according to what the 2006 Inquiry was told pay a very substantial amount) they need funds to cover risks that are not covered by their insurance.

    This might seem to be prudent but in effect they are taking money from existing users to pay for something that might never happen. If there was some sudden unanticipated need for money then the Trust could at that time appeal for help from the local authorities or the Government (who themselves use the Belwin formula to help local authorities who have large unanticipated spending) or various bodies such as the Heritage Fund. As we pointed out in 2006 there is a Catch 22, "*in that some of these sources may not agree to grant funds as the Trust has a captive cash source in the form of motorists who have to pay tolls and a Government that is willing to grant permission for toll increases*." (The Trust seem to have accepted this point as on Page 11 of their Economic Case (T2012) they say they have little chance of getting Lottery funds "*in particular when other funding alternatives (such as tolls) are available)*". We also note that when the Trust made, around 2009, what we assume to be a rare application for a contribution from Bristol City Council towards the cost of a "geological appraisal" they were turned down leaving the Trust to "fully finance the work" (T2012 Economic Case page 20).

67. In the unlikely situation that major spending is necessary, <u>and</u> the Trust have no Funds left <u>and</u> no one will help, then the Trust have the power to borrow as detailed in Section 51 of their 1952 Act.

<u>Reliability of Trust's figures - As submitted for the last toll increase application</u>

68. One of the points made by objectors at the Inquiry in September 2006 was that the actual accounts supplied by the Trust were only up to 2004 and that the Trust's projections might not reflect the actual position. In the event the Inspector recommended that the application

be approved and the tolls were then increased from January 2007

69. The date of the toll increase coincides with the start of the Trust's financial year, which makes it easier for us to try and show that the Trust's projections considerably understated what their funds would be..

70. The 2006 Inquiry was given figures that showed the effect from 2003 up to 2008 of the tolls staying at 30 pence or rising to 40 pence or rising to 50 pence. The figures for tolls staying at 30 pence were at page 1 of "Appendix 4" (which was actually at tab 7 of appendix 3 of the Trust's 2006 submission).

71. We have summarised the Trust's financial position from 2003 up to 2012. The figures for 2003 and 2004 are from the accounts that were supplied to the 2006 Inquiry. The figures for 2007 to 2011 were obtained from the Charity Commission before we had sight of what the Trust have submitted which covers 2008 to 2011. Figures for 2012 are from the draft accounts that the Trust provided to this Inquiry. Our figures for 2006 are the prior years figures shown in the Trust's 2007 accounts. For 2005 we have been able to deduce the net Funds balance but not what the gross figures were,.

72. We have shown below the years that are directly comparable as they do not include the effect of the January 2007 toll rise. They show that the Trust gave figures for Funds that were too low and that the discrepancy increased over the years -

    2003 - The Trust figure is slightly smaller than what their accounts show as the Trust excluded the "Capital funds" of £60K, apparently as it regards it as a 'permanent endowment' from when the Trust took over from the Company.

    2004 - The figure that the Trust gave at "Appendix 4" was £838k lower than the figure shown in the actual accounts that were submitted by the Trust at the same time. This discrepancy was pointed out by us in our written submission (para 7) to the last Inquiry and we said "*that the estimated deficits may not be reliable*".

    2005 - The figure that the Trust gave the last Inquiry was £2,337k lower than the figure that appears in the accounts.

    2006 - The figure that the Trust gave was £3.9 million lower than what appears to have been in their accounts. (The financial year did not end till about 11 weeks after the Inquiry).

73. To put this another way, the projections that the Trust gave to the Inquiry in September 2006 showed that they would have funds at the end of December 2006 of £3.6 million, the actual figure seems to have been £7.5 million.

<u>Reliability of Trust's figures - As submitted for this toll increase application</u>

74. We cannot of course use a crystal ball to see how accurate what the Trust is now saying will turn out to be, but we can look at how what the Trust gave to the DfT on 1 May 2012 compares with the accounts to 2012. As with 2006 we have compared the "Detailed financial projections" (T2012 Economic Case Appendix F) with the accounts.

75. The first thing that one notices is that compared with what the Trust provided for the 2006 Inquiry (2006 Tab 3, Sub 7), all the funds have disappeared from the projections. It seems that the Trust now take the view that all these Funds should be ignored. So all we can do is compare the net expenditure for the year rather than the Funds carried forward.

76. The first year that the Trust show is 2008, when they say that overall they made a loss of £2,690,000. That figure agrees with that in the 2008 accounts. The main reasons for the loss were that they lost £1.9 million on their investments due presumably to the effect of the 2008 Bank crisis, but the Trust also spent about £1 million on various major projects.

77. For 2009 the Trust show a gain of £1,379,000. Again this figure agrees with the accounts. Just over £1.2 million of the gain was because the value of investments had partly recovered.

78. For 2010, the Trust show an estimated loss for the year of £267,000 and a cumulative loss of the same amount.(for some unknown reason, the trust seem to have treated 2010 as a base, and ignored what happened in all previous years). This loss of £267,000 is rather remarkable as all of a sudden the Trust figures do not agree with their own accounts. The accounts show that the net position in 2010 improved by £1,460,000. As the 2010 accounts have an auditor's certificate dated 25 July 2011, it is difficult to understand why on 1 May 2012, the Trust submitted estimated figures for 2010 to the DfT which were different from the actual figures by £1,727,000. The Trust did indeed at the same time (1 May 2012) submit their actual accounts to the DfT and an Addendum (Tab 2) which in part referred to the 2010 accounts, but if anyone was looking at the figures, we suggest that it is likely that they will have looked at the financial projections and not the accounts and not realised what the significance of the addendum might be.

79. For 2011, the Trust's projection shows an estimated loss of £738,000. The accounts for 2011 do indeed show that the Trust made a loss, but it was £72,000. Not £738,000.

80. For 2012, the Trust show an estimated loss of £514,000. The accounts for 2012 are not yet available, but the Trust have submitted to the Inquiry a set of draft accounts that show that instead of a loss, the balances improved by £282,00.

81. So the figures that the Trust gave to the DfT on 1 May 2012 showed the correct figures for 2008 and 2009, but their estimated figures for the next three years 2010 to 2012 showed the position (taking the three years together) as being a loss of £1,519,000 when according to their accounts the position was a surplus of £1,670,000. As the Funds / Funds balance as at the end of 2009 was £6,803,000 that gave them balances at the end of 2012 of £8,473,00, whereas the "Cumulative surplus/deficit" in the figures supplied by the Trust to the DfT on the 1 May 2012 was £1,519,000 deficit. That is a difference of nearly £10 million, (£6.8 million because they had decided not to show the funds as at the end of 2009 and £3.2 million because they had overestimated the net expenditure and investment losses etc for the three years 2010 to 2012).

82. As already mentioned, the 2012 submission did include an "Addendum" to the Economic Case which says *"It will be noted that the 2010 Report and Financial Statement shows income of £1,793m* (sic) *expenditure of £1,443m* (sic) *and a net gain of £350k. This surplus is entirely the result of a one-off event which was the closure of Bridge Valley Road*."
It is implied that the surplus of £350k for 2010 as compared with the deficit in their financial

projections is due to increased income from increased traffic. In fact the increased operating income in 2010 compared with their financial projections was only £119k, most of the improvement in "*Net incoming resources pre gains*" seems not to be due to increased income (which was £119k), but due to a reduction of £483k in expenditure as compared with their financial projection. And as the Trust were mentioning this "*net gain of £350k*", in our view they should also have pointed out that two other figures in the same estimated financial projection were also significantly different from their 2010 accounts. They had projected that "*Investment gains and losses"* would be "0", when the accounts show that they turned out to be a net gain of £910k, and they had projected a net loss on "*Pension fund gains and losses*" of £20k when it turned out to be a net gain of £200k.

83. The 2013 submission includes a revised financial projection (Doc 10). The years 2008, 2009, 2010 and 2011 that were in the 2012 submission have disappeared, and the first year that is shown is 2012. The 2012 figure agrees with the draft accounts that they submitted on the same date. But based on what happened with the figures supplied for the Inquiry in 2006 and the figures supplied to the DfT on the 1 May 2012, any figures after 2012 are in our view not reliable, and as with the figures supplied a year earlier, the accumulated balance of the Funds has not been shown.

<u>Charge for pedestrians and cyclists etc</u>

84. The Trust is not collecting the 5 pence toll from *"pedestrians, pedal cycles, carts, carriages and animals*", and according to the notice intends to stop being able to. The Trust say (T2012 Page 11 of their Economic Case) 2012 submission at page 11 says that "*it is felt that the cost to the Trust in terms of collection and banking would make the reintroduction of any charge impracticable*". This seems to be a Catch 22, as while the car toll has gone up over the years and it is now intended that it doubles, the pedestrian toll has remained the same, with the result that it is now said to be uneconomic to collect.

85. As we said in 2006, we do not believe that these users should be charged, but neither do we believe there is any justification in charging other roads users. The Trust say that it is not worth bothering to collect 5 pences, but if the toll for cars had not been increased at various times, then perhaps it would not be bothering to collect those either - though the owners of the Swinford bridge stop car drivers to collect a 5p toll.

86. It is also odd that the Trust make no attempt to charge these users when the Bridgemaster (T2013 part of Doc 13 para 5.4 says that there are "*many hundred thousands of visitors a year and this requires additional resources to keep the bridge clean and tidy and also to supervise and attend to visitor's needs*" and also as part of T2013 Submission (document 7) there is a letter from the Heritage Fund which says "*To walk across your bridge must rank among one of the great heritage experiences to be had in the UK."* It seems that this is an experience that is to be funded not by those hundreds of thousands of walkers nor by public funds, but from drivers.

87. We would also add that the costs of providing for pedestrians and cyclists are not inconsiderable. It seems that part of the bridge staffing is there to protect the pedestrians and cyclists or to protect the bridge from them, and there will be items of specific expenditure such as the £260,000 that the Trust have in their Maintenance programme for "Footway waterproofing".

Other points

88. The Trust is managed by 12 Trustees, 10 of them are referred to as "Resident Trustees". In 2006 we asked the Department for Transport about the "residents", and were told that it meant living or carrying on a business within 20 miles of the bridge. In effect the board have a very wide choice when they decide whom they are going to co-opt to fill a vacancy and it seems unlikely that many of them will live in the area where people are more likely to be frequent users.

89. There is an implication that as the bridge at Clifton (opened in 1864) is historically important or is an "icon" there is a justification for tolling it. As we pointed out in 2006 there are thousands of other ancient bridges only a very few of which are now tolled (though most of them were originally). They include Tower bridge (opened in 1894 and where Isambard Kingdom Brunel's second son was one of the engineers) - which has never been tolled, and nearly 30 of Telford's road bridges are still in use including his suspension bridge over the Menai Straits (opened in 1826) where the toll was removed over 70 years ago.

    Most old bridges were privately built either as a separate scheme or as part of Britain's turnpikes, There were at one time over 1,000 Turnpike trusts each one responsible on average for about 30 miles of roads and bridges. By 1890 <u>all</u> of these turnpike tolls had been removed.. Nearly all of the toll bridges that were not part of a turnpike have also been 'detolled' at some time over the last 120 years or so, this includes what we believe was the last tolled bridge (apart from Clifton) which was operated by a 'charitable' Trust - the Sandwich bridge over the river Stour in Kent, which is a listed 'building' built about 1773, with the tolls being removed in 1977. It also includes the bridges over the Thames at London, the last of which was detolled in 1879.

    The anomaly with the bridge at Clifton is not that it is historical and an 'icon', it is that there is still a toll.

90. The Trust mention (T2012 page 13 of their Economic Case) that they "*offer*" *"to qualifying local residents*" a "*Disabled Concession*" which "*will continue .. for the time being*". It should be borne in mind that though no one would oppose such concessions, they are not paid for by Social Services or the Department for Transport, they are ultimately paid for by those car drivers who have to pay the tolls.

91. The Trust say in their press release to justify the toll rises of February 2012 (T2012 tab 3) that the bridge was "*built in the age of the horse and carriage and* (is) *now subject to the weight and movement of twenty-first century road traffic*". We are of course not experts, but in our view the wheels of horse drawn carriages in the 19th century were likely to do more damage to the road surface than the tyres of a car in the 21st century.

92. The Trust have submitted (T2012 tab 5 and T2013 part of doc13) statements from Flint & Neill, consulting civil and structural engineers, to provide *"support for the proposed increase in the cash toll*". By implication they endorse the financial projections of the Trust which (as we have tried to show elsewhere) have consistently been below what the Funds turned out to be. The consultants are experts on bridges, not on finances. How bridge maintenance (including any major unexpected event) is funded, is not an engineering issue

93. *(This paragraph dealt with the issue of VAT as it affected the Trust. As the Trust had earlier in the Inquiry said that, despite what Parliament was told, their tolls income was not Vatable, this part of our submission was no loner relevant)*

94. *The da*y to day cost of collecting the tolls is an unnecessary cost for a normal highway. The Trust accounts do not give a breakdown, but the Trust projections (T2013 Doc 10) show that for 2013 they expect to spend £291K on '*Management costs and expenses'* and £559K on '*Wages and Staff costs'* and £218K on '*Bridge Maintenance running costs'*. We think that the bulk of the first two figures will directly or indirectly be related to toll collection rather than maintenance. This is partly confirmed by the submission (T2012 Economic Case page 8) which says that the "*Trust employs 24 staff - a Bridge Master, 3 staff on maintenance, 3 on administration and 13 on toll duties, and a Visitor Services Manger with 3 part-time staff*". In addition to this in their separate schedule of "Maintenance projects" there is in 2013, £106,000 for a 'New toll system'. The Trust also refer (T2012 Economic Case page 5) to the "*burden*" of the *"Trust's local-authority linked final salary pension scheme"*. In all probability most of the Trust employees benefiting from this scheme will be directly or indirectly involved in tolls.

    Over the years many millions of pounds must have been spent on the collection of tolls, costs that might not exist if the bridge - as with almost all other private bridges - had at some time been taken over by the authorities.

Conclusion

95. We ask that the Inspector recommend to the Minister that this toll increase application be refused.

End