



Report to the Secretary of State for Transport

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an Inspector appointed by the Secretary of State for Transport

Date: 21 April 2011

HUMBER BRIDGE ACT 1971 PROPOSED REVISION OF HUMBER BRIDGE TOLLS

Inquiry held on 8-10 March 2011

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CASE DETAILS:**File Ref: DPI/E2001/10/24
Humber Bridge**

- The application, dated 28 September 2010, was made by the Humber Bridge Board under Section 10 of the Humber Bridge Act 1971.
- The purpose of the application is to revise the maximum tolls payable by traffic passing over the Humber Bridge.

Summary of Recommendation: That a confirmatory Order be made as proposed.

1. PREAMBLE**Formalities**

- 1.1 I have been appointed pursuant to Section 10(3) of the Humber Bridge Act 1971 to hold a Public Local Inquiry into the Board's application and objections thereto, and to report with a recommendation to the Secretary of State for Transport.
- 1.2 The Inquiry was held at the Village Hotel, Henry Boot Way, Priory Park, Hull, HU4 7DY. It sat for 3 days on 8-10 March 2011 inclusive.
- 1.3 Miss Sarah McGarry acted as Programme Officer for the Inquiry. Under my direction she most ably drafted the Inquiry programme and assisted in the procedural and administrative aspects of the proceedings. However, she has played no part in this report.
- 1.4 At the Inquiry the Board confirmed that it had complied with all the statutory formalities in respect of the Inquiry.

Objections

- 1.5 There were 69 objections to the application within the statutory period (ending on 5 January 2011). A further 225 objections were made during an extended informal period (to 31 January 2011). This was allowed at my instigation following expressions of concern about the timing of, and publicity for, the statutory period though I am satisfied that both were in accordance with statutory requirements. The objections include 107 mainly in the form of copies of a 'standard' letter as part of a campaign by local newspapers. None of the objections has been withdrawn. There were no expressions of support for the proposed increase in tolls.
- 1.6 A number of the objections were submitted on behalf of bodies or groups, but were attributed by the Board to the individuals who submitted them. Where I am satisfied that these individuals were mandated to represent the organisations concerned, in this Report I shall refer to the latter. In the case of the Humber Sub-Region Local Authority Partnership Leaders' Group, I have seen nothing to demonstrate that the Group has direct or delegated authority to represent the 4 Councils in the Partnership, and have treated it as representing the officers' group rather than the Local Authorities.

- 1.7 The main grounds of objection, in no particular order and recognising that there are overlaps between them, are¹:
- (A) The cost of travel for people on the South Bank of the River Humber when accessing health provision on the North Bank (due to the relocation of NHS facilities);
 - (B) The cost of travel to work/education;
 - (C) The impact of the tolls on the local economy or businesses;
 - (D) That the actual cost of the Bridge has already been repaid many times over and that the sums owing are simply interest;
 - (E) The impact of the increase in tolls on the cost and provision of public transport;
 - (F) The cost of travel to visit friends/family/to access recreation;
 - (G) The damage to the environment caused by vehicles driving around the Humber estuary to avoid the tolls;
 - (H) That the proposed toll increase is above inflation;
 - (I) The proposed increase in tolls is indefensible;
 - (J) A decision on tolls should await the outcome of Treasury review;
 - (K) Toll has a negative impact upon investment/regeneration in the Humber region; and
 - (L) The tolling equipment is inefficient.
- 1.8 At the Inquiry a number of objectors expressed concern about the holding of the Inquiry, some suggesting that it was a waste of public money and expense for participants. That, I respectfully suggest, is a matter for the Secretary of State to consider in the light of Section 61(4) of the 1959 Act and Section 10(3) of the 1971 Act, and it would be inappropriate for me to make further comment on it.

This Report

- 1.9 This report sets out the gist of the submissions made at the Inquiry and in writing (sections 2 and 3), my conclusions (section 4) and my recommendation (section 5). Lists of those appearing at the Inquiry (appendix A) and of Inquiry documents (appendix B) are attached.

2. THE CASE FOR THE HUMBER BRIDGE BOARD (the Promoting Authority)

The material points are:

Legal Principles governing the application

- 2.1 The application for an increase in tolls is made under Section 61 of the Humber Bridge Act 1959². By Section 61(4) the Secretary of State must

¹ The letters (A-L) reflect the categories indicated on the schedules of objections prepared by the Board (doc. HBB/5 tab 28). In some cases I have amended the summary descriptions to reflect more clearly the issues raised, and I do not in every case concur with the Board's categorisation of objections.

hold a Public Inquiry if there are objections to the application. It follows that those objectors who say this Inquiry should not have been held should know that the Secretary of State had no option but to do so once the objection was lodged. The Inquiry is the inevitable outcome of the statutory process.

2.2 The power of the Minister in making a decision under Section 61(5) is severely circumscribed. He does not have the power to use his discretion in making or not making the Order sought by the Board. There are many statutes (eg. those relating to compulsory purchase), which give a general discretion to the decision maker, so long as he has regard to certain specified matters. Section 61(5) is not one of these. It requires:

- (i) that the Minister must have regard to the 'financial position and future prospects' of the Bridge; and
- (ii) that the maximum tolls shall not exceed the original tolls by more than is reasonable to produce an annual revenue 'not substantially less... or more than adequate to meet the expenditure as is authorised for.....' the purposes set out in Section 75 of the Act.

The tolls have increased on 5 occasions since opening in 1981, so the level currently pertaining is clearly the starting point for consideration.

2.3 Section 75 of the 1959 Act (as amended by Section 8 of the Humber Bridge Act 1971³) sets out the purposes to which the Board must apply its revenues (almost entirely tolls) in order of strict priority, the first 3 purposes being:

- (i) Maintaining and operating the Bridge
- (ii) Paying interest on the debt
- (iii) Repaying capital borrowed

The establishment of a reserve fund is the seventh (sic)⁴ priority.

2.4 It follows that the only issue in this Inquiry is whether the Secretary of State accepts that the Board needs the tolls increase to carry out its three primary purposes, and in considering that he must have regard to the current financial position of the Bridge and its financial future. What the Secretary of State is not entitled to do, with great respect, is to take other matters into account such as the alleged divisive nature of the Bridge and/or that it inhibits economic growth, or some general feeling that an increase would create hardship for some users.

The Board's Case

2.5 The increase proposed is 11% over the 2006 levels, equating to 2.2% pa simple, across all categories of vehicles⁵.

2.6 The past, current and future financial position of the Board is set out in detail in its evidence⁶. The Treasury is the creditor and is owed £332m, which will bear interest at 4.25% pa for the next 5 years⁷. The necessary expenditure

² HBB/5 tab 1

³ HBB/5 tab 2

⁴ Amended to eighth by Section 8 of the 1971 Act.

⁵ HBB/2 para 2.35

⁶ HBB/2 paras 2.7 – 2.37, HBB/3, HBB/5 tabs 16 & 17

⁷ HBB/2 para 2.18

for the immediate future has been assessed and provision estimated for future years thereafter. It has been agreed that the debt should be repaid by 2033, which is the original statutory period, on a low maintenance, high traffic flow, low inflation scenario but with a 5 year leeway should this 'best case' scenario not be realised. The schedule of repayments⁸ demonstrates that with the proposed increase the Board can meet the expectations of the agreement. Without the increase, but assuming future increases of similar order after two years, repayment would occur in 2038 but there would then be no leeway for contingencies outside the 'best case' scenario⁹.

- 2.7 It follows ineluctably that the Board's current and future financial position, on the basis of the Agreement with the Department, requires these increases if the objectives of the Agreement are to be achieved.
- 2.8 It is also the case that these increases are entirely reasonable on any view. It has always been envisaged that there would be regular increases in tolls, so as to maintain value in real terms¹⁰. It is the fact that the tolls as proposed would be less (in real terms) than they were in 1989. Increases in the cost of goods and services are inevitable in our economy. The evidence of many objectors demonstrates this. There is no reason why tolls should be immune.
- 2.9 If the Board cannot meet its second and third priorities out of revenue (after making provision for operating costs) then the precepting of Local Authorities is a certainty¹¹. That means that not only would all users have to pay the toll, but local residents (who may also be users) would also have to pay a contribution by way of lump sum¹². This is part of the financial position of the Board.

Government Policy

- 2.10 The Inspector's advised participants at the outset of the Inquiry, quite rightly in the Board's submission, that change in Government policy was not a matter for him to comment upon. Government policy at present is that the user pays the cost of estuarial crossings and this has been the case through successive administrations since 1947. It is manifested in this case in the 1959 Act. That underlines the current and future financial position of the Board, since it can only get its revenue from tolls.
- 2.11 However some objectors appeal, over the Inspector's head as it were, to the Secretary of State, asking for a change in policy which would reduce the financial burden on the Board and thus users of the Bridge. Any such change in policy is entirely for the Secretary of State. Whilst it is clear that studies are ongoing¹³, it is not known when they will be completed, what they may establish or what action (if any) the Secretary of State may take on them. The utterances from George Osbourne, Chancellor of the Exchequer¹⁴ and

⁸ HBB/6 tab 16. first set of figures

⁹ Ibid, second set of figures

¹⁰ HBB/5 tab 10 (para 12.7), tab 11 (item 3 on p.2) & tab 12 (minute 1812 item 3)

¹¹ HBB/2 para 2.6

¹² HBB/2 para 2.15

¹³ HBB/2 para 2.41

¹⁴ OBJ/9/13

Justine Greening, Economic Secretary to the Treasury¹⁵, are both hedged with such qualifications as to outcomes that it would be unwise for the objectors to assume that some radical re-think of the Bridge finances is a foregone conclusion. That may happen or it may not. In the meantime we must all work on the basis of the policy as it stands.

Objections

- 2.12 The Board's summary responses to most objections not already addressed above are as follows:

Reduction/abolition of tolls

- 2.13 The suggestion that if tolls are drastically reduced then traffic will increase does not bear scrutiny. It can be demonstrated quite clearly that reductions in toll require increases in traffic in excess of anything forecast by Aecom in the *Humber Bridge Tolls Modelling and Appraisal Study* (March 2010) for the Department for Transport¹⁶. Moreover, the alleged diversion around the estuary is insignificant. Faber Maunsell calculated it at 5% and this is confirmed in the Aecom study.
- 2.14 It is difficult therefore to credit the assertion that there would be anything like enough extra traffic to compensate for any substantial reduction in tolls. Only by the Government agreeing a radical reduction in the Board's indebtedness, or by exercise of the Board's precepting powers, could this idea become financially practical and the agreed repayments be met¹⁷. Even then, the extra traffic would have maintenance and operating consequences which would need to be factored in.
- 2.15 The proposal by Scotts Property regarding purchase of the (£332 million) debt for £100 million¹⁸ is understood to have been previously submitted as evidence to the on-going reviews by the Department for Transport and/or Treasury. Regardless of the merits of the suggestion, the reviews are the appropriate mechanism for considering it rather than the current Inquiry. Moreover, any such scheme would require the consent of all the local authorities in the region, which is not known to have been given, and significant amendment to existing primary legislation¹⁹.

Effect on economy

- 2.16 This is not relevant to the application; the appropriate vehicle for pursuing it is the Parliamentary process via the local MPs²⁰. In any event, the reasons for the economic performance of the region and the perceived lack of investment are many and varied and outside the Board's remit²¹. Whether there is any practical effect on the economy may be determined by the on-going studies commissioned by the Department for Transport and the

¹⁵ OBJ/9/5

¹⁶ HBB/2, table in para 2.21 (p.11) & para 2.53; HBB/5 tab 26 para 5.2.1

¹⁷ HBB/2 para 2.46

¹⁸ OBJ/29/1, 2 & 3

¹⁹ HBB/3 paras 2.25 – 2.27

²⁰ HBB/2 para 2.48

²¹ HBB/2 para 2.51

Treasury, which the Board assumes would inform any review of the Government's position.

- 2.17 Contrary to the assertions by some objectors, this is not the only city region divided by a toll crossing – Liverpool/Merseyside is similarly divided. Nor is the Humber Bridge toll the highest in the country – the Severn Bridge toll is £5.70 return for a car and, while the proposed increase here would put the Humber Bridge higher, the former bridge tolls are index-linked and would catch up²².
- 2.18 Traffic flows across the Bridge have fluctuated in the period 2006/7 to 2009/10, but decreases in Class 6 traffic have been more than offset by increases in other categories giving a 5% increase in total traffic over that period. It would be wrong to attribute slower traffic growth than nationally solely to tolls. HGV traffic levels are particularly sensitive to economic activity and fuel prices²³.
- 2.19 The suggestion that incoming renewable energy investors would be diverted elsewhere by the 'toll barrier' is not supported by any evidence at all. On the contrary, it appears that Siemens has made a definite decision to locate here, with massive investment, and that others may follow²⁴. It is inconceivable that a major commercial company such as Siemens would not have considered every commercial aspect of such a move, before making the announcement. Clearly whatever they did think about the tolls it did not deflect them. The Company must be satisfied that it can get its supplies in, get its goods out, and recruit adequate staff in the current situation. The Chief Executive of North Lincolnshire Council has been in 'active consultation' with potential investors and cannot say that the point has ever been raised²⁵.

Patients/hospitalisation

- 2.20 The cost to anyone travelling North across the Bridge to receive specialist treatment at Hull hospital, or to visit patients there, arises out of the decision by the NHS Primary Care Trust (PCT) to provide certain medical care for patients from both sides of the River only on the North Bank. The resultant extra cost of travel is not a matter for the Board and it is not the body which should grant compensatory concessions. The PCT and the local authorities' Social Services Departments need to consider this point. All previous Inspectors hearing objections to proposed toll increases, and of course the Secretary of State, reached the same conclusion²⁶.
- 2.21 A number of objectors refer to an apparent anomaly whereby tolls for those crossing the Bridge to make prison visits in Hull have their toll fees reimbursed. Such payments are made by the Prison authorities, and this arrangement is consistent with the Board's position on hospital patients and visitors²⁷.

²² HBB/2 paras 2.36 & 2.52; HBB/3 para 2.20

²³ HBB/3 para 2.21

²⁴ HBB/3 para 2.3;

²⁵ Mr Driver in oral evidence

²⁶ HBB/2 para 2.56

²⁷ Mr Hudson in oral evidence

Cost of travel to work/education; cost of public transport; cost of social/recreational visits, including the combined effects of tolls and high fuel prices

- 2.22 Resolution of these issues is not within the statutory responsibilities of the Board.

Environmental effects of vehicles 'driving around'

- 2.23 A study commissioned by the Board in 2008 found that less than 5% of traffic from the A180E and A15S to Hull chose to drive around the estuary rather than crossing the Bridge. This was supported in 2010 by the AECOM study²⁸.

Percentage increase in relation to inflation

- 2.24 The proposed tolls represent an increase in simple terms of 11% over the tolls set in 2006, some 5 years ago. The length of the period, and hence the size of the increase now sought, inevitably reflects the refusal of the Secretary of State to permit the increase sought in 2009²⁹.
- 2.25 The use of the Retail Prices Index (RPI) as an inflation indicator has been applied consistently by the Board, and is used at the Dartford/Thurrock and Severn crossings. The proposed increase here would maintain the real-terms level of tolls in 1988, being based on the published RPI to November 2009. From then until April 2011 inflation increases have been projected at 2% per annum with the proposed tolls being rounded down to the nearest 10p for convenience. In fact, the RPI to December 2010 rose by more than was projected and, if applied, would suggest a Class 2 toll of at least £3.10³⁰.

Proposed increase is 'indefensible'

- 2.26 The increase is necessary to meet the Board's debt repayment obligations in accordance with the statutory framework and the repayment schedule agreed with the Department for Transport, and to maintain 1998 levels in real terms³¹.

Delay increase pending Government reviews

- 2.27 Although the impact of tolls on the regional economy is the subject of Government reviews, addressing any such impact is not within the Board's statutory powers. Ministers have indicated that a long-term solution to the toll issues, rather than a 'quick fix', is needed and is a matter for the Government to devise. The timings and outcomes of the studies are unknown, as are what action the Government will take having received them and how long this will take if it requires legislation. Neither the Department for Transport nor the Treasury has suggested that the Board should withdraw its application due to the ongoing reviews³².
- 2.28 The Board has not pursued the £1 toll exercise as it has been concerned to ensure that it has sufficient resources to meet its statutory obligations and to

²⁸ HBB/2 para 2.59

²⁹ HBB/2 para 2.35

³⁰ HBB/2 paras 2.36 & 2.37; HBB/8

³¹ HBB/2 paras 2.31 – 2.37 & 2.61

³² HBB/2 paras 2.41 & 2.42; HBB/3 para 2.4

pursue negotiations over the interest rate to be applied to the debt. In any event, such an exercise has largely been overtaken by the Government reviews. The Board remains willing to assist the Department for Transport or the Treasury should they consider that such an exercise could inform the reviews, subject to there being no negative impact on the debt³³.

Inefficiency of tolling equipment

- 2.29 The Board recognises that the current 30-year old toll equipment is deteriorating and not compatible with modern collection methods such as electronic tags and credit card payments as used at many similar crossings. Replacement and updating is necessary, and funding for this has already been included in maintenance projections³⁴.

Response to objection by the Humber Sub-Region Local Authority Partnership Leaders' Group

- 2.30 There is one preliminary point to be made. The Group comprises the Leaders and Chief Executives of the four local Councils. It has no constitution. It has no delegated authority to act on behalf of the four Councils. There is no evidence that any Council except North Lincolnshire, has resolved to oppose the application. It was wholly wrong for Mr Driver in his proof of evidence time and again, and in pre-Inquiry letters to say expressly that he represented those four authorities. This is a matter of some importance because there is in fact no evidence of opposition to the proposal from the Councils in Hull, North East Lincolnshire or the East Riding.
- 2.31 The Group's objection is restricted to the increase only. Its witness, Mr Driver, accepts that all other demands, such as abolition of tolls, need to be addressed to the Secretary of State outside this Inquiry. The essence of the Group's case is that:
- (i) there is no financial need for the increase: and
 - (ii) even if there is a need, the increase should be deferred pending the outcome of the Department for Transport and Treasury studies.
- 2.32 On the first point, the need for the increase, the Board's evidence³⁵ demonstrates that the proposed increases ensure the debt will be repaid in the given time period. These schedules are not challenged.
- 2.33 The Group suggests that it is unnecessary to make the budgeted provision for maintenance in 2012/13³⁶ and, that if that provision is not made, then there is no need for extra revenue to fund the debt repayment schedule.
- 2.34 The Board agree that that would be the result, but emphatically disagrees that this would be a sensible or acceptable course of action. Maintenance is the first priority purpose placed upon the Board. Even if it were not a statutory obligation, commonsense requires that capital assets are maintained, especially where public health and safety are concerned.

³³ HBB/2 para 2.43; HBB/3 paras 2.9 – 2.11 & 2.18

³⁴ HBB/2 para 2.63

³⁵ HBB/5 tab 16; HBB/2, summary table in para 2.21 (p.11)

³⁶ HBB/5 tab 32, table in para 4.15

- 2.35 The Maintenance Fund is established on the advice of the Bridgemaster, a qualified and experienced Engineer, who has the responsibility for keeping the Bridge in good order, and anticipating future requirements. The £2 million in question is of the same order as transfers in other years, in fact slightly less, so it cannot be criticised as being unduly large. It is therefore with respect to Mr Driver, unacceptable for him with no expertise, no experience and no knowledge of the workings of the Bridge to juggle figures on paper to reach a conclusion which suits his case. It is notable that this express suggestion only emerged for the first time in Mr Driver's oral evidence at the Inquiry. It does not appear in his written evidence.
- 2.36 The fact is that depleting the maintenance fund would undermine the first statutory duty in Section 75 of the 1959 Act (as amended). If the Board considers it reasonable and proper in the performance of its first duty to transfer £2million to the Maintenance Fund, it cannot reverse that decision in order to accommodate any subordinate purpose.
- 2.37 The idea behind the suggestion is that it should avoid the precepts of the authorities. It accepts, by definition, that the precepting is the result of a deferral of the increase. As a reminder, the amount would be about £11.00 in 2012/13 for Hull and about £70 as a 'one off' per Band D household in the subsequent year. It would also have the result of leaving the Board with no reserves at that time, which situation could not be allowed to continue.
- 2.38 It would be quite wrong for the Secretary of State to override the Board's ordering of its affairs in a matter of such importance as maintenance, especially when the repayment schedule has had the blessing of the Department for Transport. The importance of maintenance is demonstrated by the Department's willingness to allow the Board to reduce drastically the capital repayments of the debt from 2008 to 2011 to permit higher than usual expenditure on maintenance.
- 2.39 Yet another point is now pressed by this objector. The Group now says that Section 74 requires reserves to be exhausted before precepts are levied. Thus the Maintenance Fund must be spent before precepting occurs. Reserves, it is submitted for the Group, are defined in Section 76 and include the Maintenance Fund. This is wrong. The Maintenance Fund is established under Section 7 of the 1971 Act³⁷. The £2 million in question here derives from the Board's budget³⁸, and is specifically a Maintenance Fund item. The reserves established under Section 76 are a different fund – the £2.18 million (called £2.2 million by Mr Hudson) in the Board's general reserves³⁹. That is the fund that will be used to make good the deficit if the application does not have effect as from October 2011. Mr Hudson explained this orally when setting out how precepting would arise. When that fund is exhausted in November 2012, deficits in the revenue account will arise and precepts will have to be issued at the beginning of that financial year to avoid it. It has nothing to do with the Maintenance Fund and with respect the Group's submission is wrong.

³⁷ HBB/5 tab 2

³⁸ HBB/5 tab 32, table in para 4.15

³⁹ OBJ/9/11 para 2.4 as amended by OBJ/9/11A

- 2.40 Section 7 of the 1971 Act relates to a specific power given to the Board. It fills a gap in the 1959 Act which has no such specific provision and which, at section 76, might be taken to provide that a maintenance fund is a reserve and should be exhausted before any precepts may be levied. If that were the case, then a first priority fund under section 75 would have to be exhausted to satisfy second and third priority purposes. That is simply a nonsensical proposition. Where there is a specific provision in statute, it establishes a particular legal and factual situation and one does not have to look at any other provision of the statute to see whether the item covered, for example by section 7, might come under another provision such as section 76.
- 2.41 Mr Driver refers to a £5 million surplus on maintenance arising from early completion of dehumidification works funded by a Department for Transport grant of £6 million⁴⁰. However, the Board has clarified to the Department and in the media that there is no such surplus and, even if there were, it would not be allowed to use it to defer toll increases⁴¹.
- 2.42 The Group makes other criticisms of the Board⁴². Ignoring the somewhat unfortunate and provocative tone of the evidence, the only substantial point made was based on the findings of the accountants Grant Thornton that the Board did not need the increase for the purpose stated. However, Grant Thornton were most careful to emphasise specifically that the conclusion only related to the position as at 31 March 2010⁴³. The Board has never said that it needed an increase in 2010. It has, on the contrary, stated publicly that it did not need an increase in that year⁴⁴. Grant Thornton's evidence was a total waste of public money in that it is irrelevant to the Inquiry and indeed has simply been abandoned by Mr Driver.
- 2.43 Another point in similar vein is Mr Driver's assertion regarding the Board's general reserves⁴⁵. Again, after amending the figures a couple of days before the Inquiry⁴⁶, he seeks to persuade the Inquiry that the Board's reserves are calculated on an incorrect over-cautious basis, citing the Audit Commission's Guidelines. On the face of it this is a serious criticism. But in the event it has been shown to be a contention which has no foundation, and is based on a misconception of those reserves, and how they are calculated. Moreover, the Guidelines have no application here. The risk element of the Board's operation is income, so the reserves level needs to be related to that, not operational costs, and the level has been pared in recent years to the lowest acceptable level. On Mr Driver's contention, the reserves would be set at 5% of the Board's operating costs of some £4 million per year. The resultant reserve of £200,000 would represent only about 6 weeks' worth of the increase in tolls now sought, an unacceptably low amount.
- 2.44 The Board's accounts are audited by the Audit Commission and scrutinised by the Department for Transport. It is not acceptable for someone without responsibility to criticise such provision, especially on an incorrect basis. Mr

⁴⁰ OBJ/9/3 para 3.2(d)

⁴¹ HBB/3 paras 2.6 – 2-8

⁴² OBJ/9/1 section 3

⁴³ OBJ/9/6 conclusion on p.2; HBB/3 para 2.5

⁴⁴ HBB/3 para 2.5

⁴⁵ OBJ/9/11 para 2.4

⁴⁶ OBJ/9/11A

Driver nevertheless feels able to come to the Inquiry and criticise the Board for excessive spending simply based upon supposition and comment, rather than evidence.

- 2.45 Prior to the submission of evidence the Group sought direction from the Inspector that it should be allowed to see the Board's evidence before it submitted its own. The Board pointed out that the Inquiry was being held because of their objection (amongst others) and they should really be able to set their objection out in full and should not depend on a reaction to the Board's case. The impression may be gained from the way their case has been shifted, as well as the misconceptions, that this objection was really a knee-jerk reaction which was never properly grounded.
- 2.46 Turning to the Group's second point, that the toll increase should be deferred pending outcome of studies, this would be outside the Secretary of State's prescribed powers in Section 61 of the 1959 Act.
- 2.47 Such a course would also introduce financial uncertainty for an indefinite period at a time when the financial position has stabilised and the Schedule shows the debt is now entering the last third of its life and is on course to be repaid within the agreed period (and statutory period). If the increase does not operate from October 2011, precepting over 2 years increasingly becomes a reality. It would be made public early in 2012 and become effective from 1 April 2012.
- 2.48 Because the Board has no idea what the outcome of the reviews may be, it cannot plan for the future at all. The range of options available to the Secretary of State is wide, from total abolition of the tolls to a 'do nothing' option. Whatever action is decided eventually, the fact remains that in the meantime there is a debt to repay and interest accruing. Delays in providing the revenue from these increases means a worsening financial situation which will need to be dealt with within the framework of the decision, whatever action is decided.
- 2.49 There is absolutely no reason why the increases should not proceed and then any action introduced by the Secretary of State would apply to a sustainable, sound financial position at that time. As Mr Driver indicated, such a course would not inhibit a long-term sustainable conclusion to the issue of the Bridge debts and tolls. It would avoid a worsening financial situation for the Board, avoid the possibility of imposition of precepts on the local authorities, avoid uncertainty, avoid a substantial jump in tolls in, say, 2 years time in one situation, avoid a further application next year in another situation and permit the Secretary of State as long as he needs to consider all the issues on a national economic and financial basis.
- 2.50 There is no sound basis for this second point of objection.

Conclusion

- 2.51 The Secretary of State is requested to approve the application.

3. THE CASES FOR THE OBJECTORS

Introduction

- 3.1 Many of the objections raise similar points. I first summarise these under the topic headings I have indicated in paragraph 1.7 above but re-ordered. I do not attribute points to individuals, nor do I reference the original objections. I do, however, provide selected references to Inquiry evidence from which specific points are drawn, and all the documents are before the Secretary of State. Following this I summarise a few issues raised by a number of objectors that have not been identified as specific topics. Finally I summarise those cases of other objectors that do not fit straightforwardly within the identified topics or which run broadly across them and/or that raise points I have not previously summarised.
- 3.2 In doing this I include, of course, the matters raised that appear to me to be material to the decision on the proposed increase in tolls. However, I also set out some related matters that are not directly relevant to that decision but on which the Secretary of State may wish to be informed.

Objections falling into the identified topics

The material points are:

The cost of travel for people on the South Bank of the River Humber when accessing health provision on the North Bank (due to the relocation of NHS facilities) (topic A)

- 3.3 Many specialist medical facilities serving both banks of the Humber are only available in hospitals in and around Hull. The cost of crossing the Bridge, as often as two return trips a day in some cases, for medical treatment there bears heavily on patients from the South Bank, especially those who are chronically sick and/or of limited means. In some cases it deters them from seeing consultants recommended by their GPs. The tolls are also a burden and a deterrent for family members and friends visiting patients in hospital, taking them there and back for day outpatient treatment or visiting to care for them in their homes.
- 3.4 People crossing the Bridge to visit inmates in Hull Prison do so free. Medical patients and their visitors and carers should receive similar concessions.
- The cost of travel to visit friends/family/to access recreation (topic F)*
- 3.5 The Bridge should have linked the communities on the two sides of the River, but the tolls are a social and cultural barrier that deters people from visiting family and friends and taking part in leisure and recreational activities on the opposite side. Hull and East Riding have better leisure facilities than South Humberside, but the tolls deter many residents from travelling to them.
- The cost of travel to work/education (topic B)*
- 3.6 Those who have no choice but to cross the Bridge for these purposes at their own expense are being held to ransom. The proposed toll increase comes at a time when pay rates are static or falling and other travel costs, particularly fuel, are also rising steeply. The cost of tolls, which can amount to some £1,300 per year for a daily commuter, is seen by many as a tax. It imposes

a heavy burden on commuters, especially those on low/minimum wages for whom it constitutes a significant proportion of their incomes, and many simply cannot afford it. This inhibits the job market and mobility, affecting both workers and employers, at a time when unemployment is at its highest for some time and likely to rise further. It will be difficult for people living on the south bank to take up new employment opportunities in the renewable energy field on the north bank.

- 3.7 The costs are also onerous for those crossing to attend schools and colleges, many of whom are reliant on low-paid part-time jobs or student loans. They make educational establishments at secondary and tertiary levels less likely to share resources and collaborate with each other and with employers.
- 3.8 The cost of tolls is inequitable as it falls particularly on those living south of the river while most north of it are not affected.

The impact of the increase in tolls on the cost and provision of public transport (topic E)

- 3.9 Bus services have been operated across the Bridge since it opened. Following the 2006 tolls Inquiry an agreement was reached between bus operators and the Board. This has led to a 35% discount on the tolls for scheduled local bus and express services and an almost doubling of the main service across the Bridge to a 30-minute frequency. The proposed increase in tolls would come on top of major increases in costs such as driver costs per mile, rising fuel prices and duty, insurance, employers' NI, utilities and vehicle depreciation. In the light of these it would be difficult to sustain the existing level of service without a review of the discount. It would also be difficult to recoup the extra cost of tolls through fares, which are already under pressure from the same other cost increases. Any increase in fares would reduce patronage.⁴⁷
- 3.10 The importance of coaches in providing a sustainable travel option across the Humber has been recognised by the Board and accords with Government policy towards cuts in carbon emissions. CO₂ emissions per passenger kilometre by coach are half those of rail and just over a quarter of those for cars. Moreover, one coach performs the role of 20 cars on the road. The coach industry contributes £2.25 billion to the UK economy through boosting tourism, and has supported Government strategies for improving access to tourist destinations in Yorkshire. An increase in tolls would inhibit the achievement of that strategy, as well as increasing fares on local services. It could lead to reduced levels of service, job losses and business closures.⁴⁸

The impact of the tolls on the local economy or businesses (topic C); and Tolls have a negative impact upon investment/regeneration in the Humber region (topic K)

- 3.11 The Bridge is a vital link in the Region's transport infrastructure. It plays a vital role in connectivity between the North and South Banks, including to the ports, industries and businesses on both sides. However, the tolls have a negative effect on the economy of the area. For example, Hull has better

⁴⁷ OBJ/26/1; OBJ/110/1

⁴⁸ OBJ/30/1

shopping facilities than South Humberside, but the tolls deter many residents there from travelling to them so they lose potential custom.

- 3.12 Many studies and reports have found that increases in tolls have, and will continue to have, a negative effect on the Humber region⁴⁹. They are a barrier to the freedom of movement of goods and labour between the two banks of the Humber and hence inhibit the achievement of the economies of scale and agglomeration benefits needed for large-scale investment that would benefit both the North and South Banks. It makes no economic sense to deter the private sector investment needed to realise the rebalancing of the economy, offsetting the losses of public sector jobs, that the Government seeks.
- 3.13 Several years' work to make the region the UK's renewable energy hub, which seem to be coming to fruition with the announcement of plans by Siemens to locate in the sub-region, could be undermined by an increase in tolls⁵⁰. Reducing the tolls is vital to efforts to attract investment in the renewable energies industry, which could be of strategic benefit to the whole UK economy. The 2008 Colin Buchanan report⁵¹ found that abolition of the tolls would bring an additional £1 billion to the Humber region's economy over the next 25 years.
- 3.14 Any increase now would hit existing businesses that are just starting to recover from the recession while struggling with increases in fuel, energy prices and VAT. The tolls increase costs for small businesses trying to operate on both sides of the river, and/or deter customers from crossing the Bridge to come to their premises. This inhibits competition and pushes up prices.
- 3.15 As well as directly affecting commuters who cross the bridge by car, an increase in toll would indirectly affect those who travel by bus. It is likely that fares would have to rise to reflect the toll charges for the buses, or that operators would reduce services.

The damage to the environment caused by vehicles driving around the Humber estuary to avoid the tolls (topic G);

- 3.16 An increase in tolls will lead to more drivers of cars and HGV operators deciding to drive around the estuary to save money despite the extra time involved. This would lead to increased pollution, traffic congestion and danger to other road users such as cyclists.

That the actual cost of the Bridge has already been repaid many times over and that the sums owing are simply interest (topic D)

- 3.17 There is a widely-held view locally that the cost of building the Bridge has long since been paid off – a total of £330 million has been paid for a bridge that cost £98 million. We are now paying interest on interest on a loan that itself came out of taxes. This artificial debt should be written off to enable tolls to be scrapped.

⁴⁹ OBJ/37/1; OBJ/48/1 & 2; OBJ/158/1 paras 10 & 11

⁵⁰ OBJ/37/1; OBJ/67/1

⁵¹ OBJ/6/3 & 4

- 3.18 The 4.25% interest rate being charged on the debt is excessive at a time when the base rate is much lower. The Secretary of State has the power under the Humber Bridge (Debts) Act 1996 to write off debts owed by the Board to the Government⁵².

That the proposed toll increase is above inflation (topic H)

- 3.19 It is asserted by a number of objectors, mostly without elucidation, that an 11% increase would be above inflation. A few explicitly compare the 11% increase proposed with the current inflation rate, which they put at 3-4%.

The proposed increase in tolls is indefensible (topic I)

- 3.20 The 'campaign letters'⁵³ indicate 'total objection' to the proposed 11% toll increase. They state that to expect car users to pay a £6 return toll, and the largest HGV a 'staggering' £40.60 return, is indefensible.

A decision on tolls should await the outcome of Treasury review (topic J);

- 3.21 The Government remains committed to the current study. Ministers have said that the current situation is not sustainable, and are clearly determined to address it. The current application for an increase in tolls is in a different context to the previous ones⁵⁴. The *status quo* should be maintained until the Government has completed its considerations through the review. It is hoped that a sustainable solution to the problem of the outstanding debt will emerge from this.

The tolling equipment is inefficient (topic L)

- 3.22 Everything at the toll booths is done manually, and the flow of traffic is dictated by the number open (rarely enough at peak times) and the speed of the staff operating them. There are no automated booths using electronic tags, prepaid cards or automatic cash collection as are found elsewhere. These would enable considerable cost savings to be made. The only concession offered to regular users is the purchase of prepaid books of tickets at a 10% discount.

Other issues raised by a number of objectors

The '£1 trial' or elimination of tolls

- 3.23 In the light of concerns about the existing and proposed levels of tolls, and the impacts thereof, the '£1 per car' trial (or lesser reductions) should be implemented to assess and, objectors expect, confirm the beneficial effects.
- 3.24 Elimination of the tolls would relieve businesses and individuals of the burden of tolls, release money into the local economy and generate tax income for the Government⁵⁵.

⁵² OBJ/19/2; OBJ/158/1 para 14

⁵³ C1-107

⁵⁴ Andrew Percy MP in oral evidence

⁵⁵ OBJ/24/1

Other sources of revenue

- 3.25 The Board has not pursued other sources of revenue before resorting to increases in tolls, as recommended in the 2009 Inquiry report⁵⁶.

Hull & Humber Chamber of Commerce

The material points are⁵⁷:

- 3.26 The Humber area is one of the most deprived areas in the country. It has consistently underperformed in economic terms and, while the Bridge tolls are not the sole cause of this, they are a factor. They are higher than for any other bridge or toll in the country, and in recognition of the economic effects of tolls many have already been reduced, frozen or even, in Scotland, removed. They limit journeys across the river, as the trends in traffic flows on the Bridge relative to those nationally indicate, and in may direct and indirect ways hinder the local economy.
- 3.27 A further increase in tolls would exacerbate the impacts on the local economy, and harm employment prospects, the local retail and tourism sectors and the property market. It would conflict with the Government's localism agenda. An increase while discussions about the tolls and debt are pending.
- 3.28 The Board's responsibility to repay the debt and interest is acknowledged, but the Secretary of State must not be unduly influenced by this. The overriding priority must be the economic viability of the area.

Humber Sub-Region Local Authority Partnership Leaders' Group

The material points are⁵⁸:

Introduction

- 3.29 As one would expect, the Bridge Board relies heavily upon its statutory duties and the terms of its past agreements with Government to justify the toll increases which it now seeks. The position has been neatly encapsulated in the submission for the Board that *'when the Board pursues an increase in the tolls in order to carry out its duties of maintaining and operating the Bridge and repaying its debts, it does so because it has no choice and does so even though it may be unpopular locally'*⁵⁹.
- 3.30 Whilst it is of course correct that the Board must fulfil its statutory obligations, it does not follow that such responsibilities can only be discharged through the mechanisms of a biennial increase in the tolls, whether it be in response to an index-linked inflationary factor or to any other process. The procedures under which an increase may be sanctioned permit the making of objections and, in the event of such objections being made, the examination of the purported justification for the increase at public inquiry.

⁵⁶ OBJ/25/1; HBB/5 tab 20; OBJ/27/1 para 2.5

⁵⁷ OBJ/6/2

⁵⁸ OBJ/9/15 except as indicated

⁵⁹ HBB/6 para. 2.1

- 3.31 The Secretary of State clearly has discretion whether or not to permit the increase and in deciding whether or not to do so will have regard to the advice that he receives from the Inspector who considers the objections. The simple fact that the Board considers that the tolls need to rise in order to meet its legal obligations is not in itself a justification for approval of the proposed increase.
- 3.32 All of this is presumably uncontroversial. Put simply, the need for the claimed increase, its amount and the timing of any increase must all be justified having regard to all material factors, which quite naturally include but, are not exclusively, the terms of the Board's responsibilities. Thus, whilst it is true that the Board has no choice but to perform its statutory duties and cannot of its own volition write off debt or forego interest payments, it still falls to the Board to persuade the Secretary of State that the proposed increases are necessary for the fulfilment for these purposes.
- 3.33 It is agreed that the only issue at this Inquiry is whether the Board's proposed increases are necessary to enable it to fulfil its statutory obligations⁶⁰. But that is not all. The Board must also show that the proposed increases are justified *at the present time and in the present circumstances*. This is particularly important where, as now, government policy towards the financing of the Bridge is clearly under review and it is intended that a 'conclusion that is sustainable'⁶¹ will be found for the controversial issues which in recent years have arisen in connection with the tolls.
- 3.34 It is therefore relevant to consider not only the extent to which other methods of increasing income are available but also how, when and to what extent calls upon the finances of the Bridge should be discharged. The proposed increase is not necessary at this time to enable the functions of the Board to be adequately and properly discharged and that there are a number of compelling reasons to reject the present application.
- The review of policy towards the financing of the Bridge*
- 3.35 Past expressions of government policy have indicated (in 1962) that the Bridge was considered to be a local matter⁶², that (in 1986) the government's expectation was that financial assistance would only be given to tolled estuarial crossings when all statutory possibilities had been exhausted, although the Humber Bridge was seen as a special case⁶³, and (in 1996) that the write-off of debt would only be considered in the most extreme circumstances⁶⁴. However, these expressions of policy must be viewed in their temporal context and there are other indications of changes in policy in more recent years and a clear commitment to a review of policy which has already begun.
- 3.36 In 1996, under the Humber Bridge (Debts) Act the Secretary of State was given power to write off capital and interest that would otherwise be payable

⁶⁰ HBB/6 para.5.1

⁶¹ Statement of Ms Justine Greening on 22 November 2010, OBJ/9/5

⁶² HBB/5 tab 25

⁶³ HBB/5 tab 4

⁶⁴ HBB/5 tab 15

by the Bridge Board. This power has been used on two occasions, in 1998 and 2007. More recently the Secretary of State in October 2009 has provided grant aid to finance maintenance works to the Bridge. Had he not done so the cost of those works would have fallen to the Bridge Board. These interventions can be seen as acknowledgements by central Government of the special circumstances of the Humber Bridge.

- 3.37 Other recent events are of even greater significance and show an express commitment by Government to a re-examination of the way in which the Bridge is financed. These are the studies initiated by the former Minister for Transport, Mr Khan, and the fact that the new Coalition Government has also approved funding for the continuation of those studies and has announced in October 2010 the involvement of the Treasury Department in producing a range of policy options. The 'Treasury Review' will build on the work carried out by Colin Buchanan and Partners and will undertake a detailed economic appraisal of the impact of the Bridge tolls on the national and regional economy⁶⁵. The Chancellor of the Exchequer expects this work to be completed by the end of this year and there has been no indication that this target will not be met. It is not known whether the study being carried out by the Department for Transport will be made public prior to its submission to the Treasury.
- 3.38 As indicated above, the Government is determined to reach a 'sustainable' conclusion over the future financing of the Bridge. Therefore, whilst the outcome of the current review cannot be anticipated, it can safely be concluded that there is both a real possibility that some alternative means will be found to finance the Bridge, or at least a method by which the impact of the tolls on the regional economy may be cushioned. It can also be concluded that, whatever the outcome, a long-term mechanism will be put in place which will avoid the need for the Board to resort to the type of sporadic application with which we are currently involved.
- 3.39 We are therefore in a transitional period. We know that change is on the way and we know that some resolution of what is clearly perceived by Government to be a problem is imminent. In those circumstances, it is, as a matter of principle, inappropriate to permit an increase when the whole basis upon which that increase is put forward and the impact of any such increase upon the national, regional and sub-regional economy are so obviously under detailed scrutiny. This is not, in fact, only a matter of principle because, as will be shown, there are also good reasons to conclude that the increase is not, even under the current regime, necessary or justified and that to increase the tolls, even in the short term, would be detrimental to economic interests.

The absence of a present need for the increase

- 3.40 It is necessary to make brief reference to some matters which are in a sense peripheral but which do provide some background or context to the Board's application.

⁶⁵ Letter of 16 November 2010 from the Chancellor of the Exchequer to the Federation of Small Businesses, OBJ/9/13

- 3.41 The first of these is the so-called '£1 per car experiment', although pro rata reductions would have applied to other vehicles as well. This was the proposal brought forward by the Board itself to see whether or not a significant reduction in the toll would have the effect of increasing Bridge traffic. The simple point is that although the proposal was originally seen by the Board as being a worthwhile venture and was put forward in response to growing public concern over the level of the tolls, absolutely nothing has been done by the Board to progress the matter. For procedural reasons, the proposal could not be discussed with the then Secretary of State when the last increase application was before him but there has been no subsequent attempt in the period from July 2009 to obtain permission for the experiment to proceed.
- 3.42 In response to questions on this put to Mr Hudson for the Board, he explained that the Board had been preoccupied with negotiations over the interest rate and the implications of the July 2009 decision and that it had anyway not been asked by the Department to carry out the experiment. This is a less than satisfactory position given that the proposal originated from the Board itself. Obviously, there having been no experiment of this kind, we can draw no conclusion about how it might have affected the need for an increase today. But the fact that the Board did not pursue it is one of a number of examples of a lack of apparent flexibility or innovation on the part of the Board in relation to ways of increasing traffic over the Bridge. In similar vein, the Board have not taken up the suggestion that they explore other means to increase their income⁶⁶. Matters such as these add to the general impression that the Board is merely content to resort to periodic inflation-linked increases rather than to put any real effort into any alternative.
- 3.43 A similar point arises in relation to the levels of increase in expenditure revealed by the Board's current budget proposals. These show that total operating expenditure will rise by just over 19% in the period 2009-10 to 2011-12. Even if one excludes the expenditure on repairs and maintenance (described by Mr Driver as the 'volatile spend') the increase is approaching 18%. These are, as Mr Driver has said, large increases given current financial constraints and the need to minimise public expenditure⁶⁷. A similar point was made by Mr Scott on the second day of the Inquiry when he noted the absence of any evidence of an effort to cut costs or to review the justification for planned investment despite the difficult economic climate. Similar points have been made at the Inquiry by the Federation of Small Businesses. These are matters to which the Secretary of State should have regard.
- 3.44 In October 2010, hopes were raised that no increase in the tolls would be necessary. This was because the vice-chair of the Board announced that a 'hefty saving' of about £5m had been achieved on the budget for the dehumidification works and the Board were going to look to see if that saving could be used to obviate the need for an increase⁶⁸. This position was reinforced by an announcement by the Bridgemaster that the early completion of works was going to lead to 'significant savings in our

⁶⁶ See last Inspector's report, HBB/4 Doc 20, paragraphs 5.22 and 5.23.

⁶⁷ Mr Driver's Rebuttal, paragraph 2.3, OBJ/9/11

⁶⁸ OBJ/9/8

maintenance budget⁶⁹. Unfortunately neither of these statements was correct. We have now been told that there was no saving because the works were carried out under a fixed-price contract. Nevertheless, the fact that these statements were made by people who the public could reasonably expect to know what they were talking about does not inspire any confidence that the Board conducts its business with the care and exactitude that the public interest requires. Again, these are in a sense peripheral matters but they do add weight to the general points that are made by Mr Driver and others in relation to the Board's approach to the financing of its operations.

- 3.45 More specifically, the Board's budget proposals show that there is no immediate need for the increase applied for. The relevant figures, adjustments and calculations were the subject of evidence from Mr Driver and cross-examination of Mr Hudson. Mr Driver made observations on the level at which the Board has maintained its general reserves⁷⁰. Whilst he does not say that the Board should comply with any Audit Commission guideline for local authorities because the Bridge is a single-purpose activity, he regards the level of reserves (at 52% of operating costs) as being unnecessarily high. To that the Board's response seems to have been that the policy on reserves is a matter of judgment for the Board and its accountant and these matters are not really for outsiders to question. That is not a persuasive position to adopt, particularly given Mr Driver's qualifications and experience. The Secretary of State is asked to consider whether the comparatively high levels at which the reserves are kept have been properly justified.
- 3.46 But that is by no means all. As was agreed by Mr Hudson, after the Option D adjustment the surplus carried forward from 2011-12 is estimated to be £2.181m⁷¹. This would be the equivalent of almost half the operating costs of £4.243m⁷². In other words the Bridge could operate from that point for about six months with no toll income at all. No-one is of course suggesting that this should happen but it is indicative of the very ample nature of that the level of reserves.
- 3.47 In 2011-12 the closing balance in the Maintenance Fund is projected to be £7.456m (adjusted for Option D)⁷³. The following year, 2012-13, the intention is to spend £4.47m (the figure has been adjusted to eliminate the £1m error in Appendix 2⁷⁴) so, if no contribution is made to the Maintenance Fund during that year, the closing balance would still be £2.986m⁷⁵. There is no obvious need to increase the Fund at that point, and foregoing the £2m contribution to the Fund would have no effect upon the carrying out of any maintenance works which are planned during the period up to 2013-14.
- 3.48 In cross-examination of Mr Driver, it was suggested for the Board that to take this action would mean that the requirements of the Bridgemaster would be ignored. This is simply not the case and exhibits a complete

⁶⁹ OBJ/9/2, paragraph 3.2 (d)

⁷⁰ OBJ/9/11, paragraph 2.4

⁷¹ Budget Proposals, HBB/4 Doc 32, Appendix 1, second page

⁷² Ibid., Appendix 1, first page

⁷³ Ibid, table at paragraph 4.15

⁷⁴ Oral evidence of Mr Hudson during cross-examination

⁷⁵ HBB/4, Doc 32, table at paragraph 4.15

misunderstanding of what we propose. The absence of the £2m contribution merely reduces by that sum the amount which otherwise would have been carried forward unspent in the Maintenance Fund at the end of the financial year 2012-13. All of the planned expenditure identified up to 2013-14 is allowed for.

- 3.49 It should be remembered that the £2m in question is presently proposed to augment the Maintenance Fund. If this sum is used for other purposes it does not involve any *withdrawal* from the existing monies in the Maintenance Fund for planned projects. It is simply a matter of deciding that, rather than put this money aside into maintenance reserves, it will be available for use for other purposes. This is not a radical or novel proposition. It does not breach any established principle. Indeed the Board themselves, in resolving to adopt Option D, decided to reduce by £0.5m the contribution of £4m to the Maintenance Fund which had originally been proposed in the year 2011-12.
- 3.50 If the course suggested by Mr Driver is followed, the £2 million made available would balance out the loss of increased toll income and, contrary to the prognosis of Mr Hudson, no precept at all would be required in the year 2012-13⁷⁶. By the end of that year there is every reason to suppose that the policy review to which the Government is committed will have been completed and the sustainable conclusion promised will have been reached.
- 3.51 There has been some 'waving of shrouds' at this Inquiry over the possibility of precept. Mr Hudson has said that, had the interest rate returned to 7.75% but the tolls remained at current levels, a precept equivalent to £175 per Band D property would have been levied on Hull City Council⁷⁷. This information also featured in the Opening Statement for the Board when the rhetorical question of how householders would react to such a demand especially those who seldom or never use the Bridge was posed⁷⁸. The plain truth is that such a demand would never be made.
- 3.52 The calculation was, as was stated, made on the basis of a return to the old, higher interest rate. With the interest rate now agreed at 4.25%, the picture is very different. If the need to precept did arise in the year 2012-13, its amount would be only approximately £11 for a Band D property in Hull City and a matter of only a few pence in East Riding and North Lincolnshire⁷⁹. But if the £2m sum is not brought into the Maintenance Fund, the need for precept will not arise at all in that year. Under the terms of Sections 74 and 76 of the Humber Bridge Act 1959⁸⁰, the Board is only entitled to raise a precept to make good any deficiency in its revenues if the reserve funds are insufficient to meet the shortfall⁸¹.
- 3.53 It is not entirely clear whether or not a maintenance fund falls within the definition of a 'reserve fund' for this purpose. Section 74 provides that the Board may only precept if there are insufficient reserves to meet the deficit. Amongst the purposes of a reserve fund indicated in Section 76(2) are

⁷⁶ HBB/9 para. (2)

⁷⁷ HBB4 para. 2.2

⁷⁸ HBB/6, para 5.3 (ii)

⁷⁹ HBB/9 para. (1)

⁸⁰ HBB/5 tab 1

⁸¹ Humber bridge Act 1959, section 74

'payment of the cost of renewing, improving or extending the bridge. In the 1971 Act⁸², Section 7 make specific provision for a maintenance fund. However it is unclear whether such a fund would fall within the scope of Sections 74 & 76 of the 1959 Act or whether these have been amended in some way. They certainly contemplate setting aside monies in a reserve fund for maintenance purposes, and it would be anomalous if a fund under Section 7 of the later Act were independent of this as it would enable tolls to be increased irrespective of the amount in that fund. This seems an unlikely situation.

- 3.54 If a maintenance fund were considered to be a reserve fund, the Board must call on both general reserves and the maintenance fund before calling for a precept under the Acts. On that basis no precept would be necessary in 2012-13 whether or not the £2m is allocated to the Maintenance Fund⁸³.
- 3.55 It can be seen from this up-to-date information that even if a precept became necessary, its level would be small and nothing like the figures which have been used in the example quoted by the Board⁸⁴.

Why the application to raise the tolls is premature

- 3.56 We are at a point when the whole philosophy of how the Bridge should be funded is under active review and when Government has promised a long-term solution will be reached. Present indications remain that the Treasury Review will be completed by the end of 2011. There is therefore plenty of time for that solution to be put in place before the end of the financial year 2012-13 even if there is some slippage. There is simply no need, as we have demonstrated, for the Bridge tolls to rise during this period of change.
- 3.57 It is possible that the Board will seek to persuade the Secretary of State that it would be better for him to grant them the power to raise the tolls and then wait and see whether any such increase proves to be necessary. Any such suggestion should be firmly rejected. Not only is there no need for the increase at present, but any indication from the Secretary of State that he is willing to see the tolls rise may be very damaging.
- 3.58 There is a very clear perception evidenced by the views expressed by local elected representatives, business interests and community groups as well as individuals that the level of tolls is seriously harmful to the sub-regional economy. In particular, the tolls are seen as limiting the free movement of goods, services and labour within what ought to be a far more cohesive economic zone embracing both sides of the Humber. There is growing evidence that this perception is correct, particularly when it comes to the movement of employees within the labour market. Such studies as the Colin Buchanan Report and the Work Federation and Humber Economic Partnership studies mentioned in evidence by Mr Driver⁸⁵ come to mind.
- 3.59 It is also abundantly clear that the Government has recognised the possibility that the level of tolls is adversely affecting not only the regional and sub-

⁸² HBB/5 tab 2

⁸³ HBB/9 para. (2)

⁸⁴ HBB4 para. 2.2

⁸⁵ OBJ/9/11 para 2.9

regional economies but potentially the national economy as well. This is why the Department for Transport and the Treasury have been instructed to *'undertake a detailed economic appraisal of the impact of the Humber Bridge tolls on the national and regional economy'*⁸⁶.

- 3.60 As Mr Driver explained when he gave his evidence, the sub-region is currently the focus of considerable interest from the offshore wind industry⁸⁷. There is a very important, but in temporal terms very limited, opportunity to attract huge inward investment from such operators and those who will supply and service their undertakings. The advantages in terms of employment opportunity and increased revenue to the local economy are obvious. It is vital that everything possible should be done to secure this inward investment and to minimise any potential disincentive to its being attracted here.
- 3.61 Whilst it is not of course in the public interest to highlight this factor, there is a fear that the lack of cohesion in the sub-regional employment market may make it more difficult for new enterprises to recruit employees of the skill levels necessary to their undertakings. Whilst there is no evidence before this Inquiry that the level of tolls has yet been a sufficient disincentive to prevent a potential employer from locating in the sub-region, there is a real fear that might prove to be a factor. The mere risk that it might be is a very potent reason why it would be wholly inappropriate for the Secretary of State to be seen to be sanctioning a further increase in the tolls whilst this potential for significant inward investment is available and the whole subject of the financing of the Bridge is under such active review. This view has been endorsed by three Members of Parliament who appeared at the Inquiry.

Conclusion

- 3.62 The Secretary of State is invited to conclude that the Bridge Board has failed to demonstrate that the claimed increase is necessary at this time. Projections produced by the Board show that adequate funds will be available to fund the operation and maintenance of the Bridge until the end of 2012-13 without the need for any precept and without impinging upon any maintenance projects currently planned.
- 3.63 There is no justification therefore for any increase before the resolution of the issues which are under examination in the Department for Transport and Treasury review and which are to be the subject of a new, long term approach to the financing of the Bridge. In addition, there is a real risk that the sanctioning of an increase at the present time might adversely affect the outcome of specific inward investment opportunities related to the off-shore wind industry.
- 3.64 For all these reasons, the Board's application should be rejected.

⁸⁶ Letter of 16 November 2010 from the Chancellor of the Exchequer, OBJ/9/13

⁸⁷ Oral evidence.

North Lincolnshire Council

The material points are⁸⁸:

- 3.65 The Council is committed to abolition of, or substantial reduction in, the Bridge tolls. There is cross-party and business consensus on this, and both the past and present Governments have recognised that the present situation is not sustainable. This is demonstrated by the rejection of the Inspector's recommendation in 2009, financial support given to the Board and the commissioning of further studies⁸⁹.

Scotts Property LLP

The material points are⁹⁰:

- 3.66 A £2 million per year increase in revenue (from the proposed toll increase) will not allow the Board to repay the debt. It has earmarked expenditure including £4.5 million for new toll-collection technology. It has been entirely dependent on a sympathetic approach to debt repayment on the part of its main creditor. A normal business could not trade with a net operational annual income of some £15 million and a debt of £330 million.
- 3.67 There is no evidence that the Board has cut revenue and capital costs and ensured that it is as lean and fit as it could be, or that efforts have been made to realise the potential for raising income from the Bridge estate.
- 3.68 The toll receipts amount to £1 million every 17 days. Can £1 million of expenditure not be delayed by 17 days, or £2 million (equivalent to the annual income from the proposed increase) be delayed by 34 days?
- 3.69 A proposal has been put forward to acquire the debt for £100 million through a Community Interest Company, funded by corporate and private funding and possibly a Bond issue to local individuals. The acquiring company would manage the Bridge for the benefit of the regional and national economy. The debt could be repaid in 8 years at a market rate of interest.
- 3.70 Such an arrangement makes good economic sense. The Government would receive £100 million 'up front' rather than writing off at least that amount, which seems inevitable otherwise, and the local economy would benefit from greatly reduced tolls.⁹¹

(The Report continues on the next page)

⁸⁸ OBJ/27/1

⁸⁹ Ibid para 2.2

⁹⁰ OBJ/29/3 except as indicated

⁹¹ Mr Scott in oral evidence

4. CONCLUSIONS⁹²

Context

- 4.1 The history of the Humber Bridge, and in particular the debt associated with it, has been well rehearsed in reports following previous Inquiries regarding proposed toll increases. I shall not repeat such matters here. Suffice it to say here that it is undisputed that⁹³:
- the debt to the Treasury currently stands at some £330 million;
 - interest on the debt has been fixed at 4.25% pa for the next 5 years;
 - it has been agreed by the Treasury that the debt will be repaid by 2033 (the original statutory period), but with 5 years' leeway should the 'best case scenario'⁹⁴ not be realised; and
 - the tolls have been at their current level since 2006.
- 4.2 Similarly, the main legal principles governing the application, particularly the provisions of the Humber Bridge Acts 1959 and 1971⁹⁵, as outlined at the Inquiry by the Board⁹⁶, are undisputed. For convenience I repeat the key points:
- Section 61(5) of the Humber Bridge Act 1959 requires:
 - (i) that the Minister must have regard to the 'financial position and future prospects' of the Bridge; and
 - (ii) that the maximum tolls shall not exceed the original tolls by more than is reasonable to produce an annual revenue 'not substantially less ... or more than adequate to meet the expenditure as is authorised for ...' the purposes set out in Section 75 of the Act.
 - Section 75 of the 1959 Act, as amended by Section 8 of the 1971 Act 1971, sets out the 10 purposes to which the Board must apply its revenues, in priority order. Those that are particularly relevant to the matter currently in hand are (in summary):
 - (i) Maintaining and operating the Bridge;
 - (ii) Paying interest on the debt;
 - (iii) Repaying capital borrowed;
 -
 - (v) Providing a maintenance fund;
 -
 - (viii) Providing a reserve fund;
 -
 - (x) Reducing tolls.

⁹² In these conclusions simple numeric references (eg. 2.34) in footnotes are to previous paragraphs in this Report on which points are drawn.

⁹³ 2.5-6; 2.24, 3.18; 3.52; 3.66

⁹⁴ Low maintenance, high traffic flow, low inflation.

⁹⁵ Inquiry doc HBB/5 tabs 1 & 2 respectively

⁹⁶ 2.1-2.3

Main issue

- 4.3 While the principles themselves are not disputed, their application in this instance is not agreed by all concerned. In particular, many objectors do not accept the Board's contention that the Secretary of State is not entitled, in considering the proposed toll increase, to take into account matters such as the 'allegedly' (the Board's caveat) divisive nature of the Bridge, that it inhibits growth and/or it causes hardship for some users⁹⁷.
- 4.4 I understand the issues raised by objectors, and have been left in no doubt that the concerns expressed about the costs of travel across the Bridge for purposes such as medical treatment, social and recreational visits, work or education, whether by car or by bus; about the perceptions that these costs deter such trips and bear more heavily on some communities than others; the impact of tolls on existing businesses, large and small, and the potential for attracting inward investment; and the impact on the regional economy generally⁹⁸ are all sincerely and strongly felt. Moreover, I have seen or heard no evidence to counter them, though I recognise that it cannot necessarily be inferred from this that the Board accepts them.
- 4.5 Nevertheless, I can find no basis in the statutory provisions I have outlined above for taking such matters into account in this exercise. Accordingly I share the view of the Board that they are not relevant to the current decision on the tolls⁹⁹.
- 4.6 That is not to say that these are not important issues, or to deny their wider relevance. Although they are not material to my recommendation, I have nevertheless reported on them as I am conscious that this Inquiry has been one of the few avenues open for the formal expression of views on them. More particularly, I have done so because the Secretary of State may wish to be informed on such matters as they might form part of the context for wider decisions that may be taken in the future on the Bridge debt.
- 4.7 Accordingly I agree that the main issue is whether the proposed increase in tolls is necessary to enable the Board to fulfil its statutory obligations¹⁰⁰.

Timing

- 4.8 Before addressing the substantive issue, I need to consider the suggestions that any increase in tolls should be deferred pending the outcome of current Department for Transport and Treasury studies on the economic impact of the tolls.
- 4.9 Given the provisions of Sections 61(5) and 75 of the 1959 Act, the wider decisions to which I have referred above could, in turn, bear on subsequent determinations of toll levels. Steps that could be taken by the Government include, but are not confined to, writing-off all or part of the debt, selling the debt at a discount, reduction of the interest rate and financial assistance

⁹⁷ 2.4

⁹⁸ 3.3-15; 3.26-7; 3.58-61

⁹⁹ 2.16; 2.20; 2.22

¹⁰⁰ 2.4; 3.33

generally or towards specific costs arising from maintenance and operation of the Bridge¹⁰¹. A number of such actions have been taken in the past¹⁰².

- 4.10 A further proposition – I put it no stronger than that – is a policy decision on the part of the Government to abolish tolls on all estuarial crossings. I understand that such a step has been taken in Scotland¹⁰³, but it would have significant financial implications and it does not necessary follow that a policy decision made by the devolved administration north of the border will be followed in England.
- 4.11 The suggestion that reducing the tolls would increase traffic to such an extent, it is implied, that total toll income would go up or at least remain the same¹⁰⁴ is superficially attractive as it offers, in effect, 'something for nothing'. However, the available evidence suggests that the increase in traffic would not be anywhere near sufficient to have this effect¹⁰⁵. Reduction of tolls to the £1 per car level as has been suggested by the Board itself some time ago and, not surprisingly, widely supported by Bridge users, would be financially viable only in the context of substantial debt relief. This might be a matter to be considered in or following the economic reviews but is not material to the current proposed toll increase.
- 4.12 It seems likely that consideration will be given to such matters and others following completion of the current Department for Transport and Treasury studies. These should leave Ministers better informed on a number of matters that are pertinent to them, including the effect of the tolls on the economy of the sub-region¹⁰⁶. It is suggested by a number of objectors that the decision on the current proposal for an increase in tolls should be deferred pending the outcome of those studies¹⁰⁷. However, I consider that this is misconceived because the timing and nature of any decisions that might be made at Government level are both uncertain.
- 4.13 While it has been indicated that the Treasury study will be completed by the end of 2011, the Department for Transport study, which is an input to the Treasury one, was delayed and this and other factors could in turn lead to further slippage. In any event, time would then be required for consideration and decisions by Ministers, and implementation of such decisions may well require primary legislation which would also take time¹⁰⁸.
- 4.14 Objectors understandably assume that the studies will lead the Government to take action to reduce substantially or eliminate the Humber Bridge tolls, but that cannot be taken for granted. I am conscious that any decisions affecting Government finances would be likely to be made in a difficult economic climate with many competing priorities for funds.

¹⁰¹ 2.14; 2.48; 3.17-18; 3.21; 3.36; 3.38; 3.69

¹⁰² 2.38; 3.36; 3.65

¹⁰³ 3.26

¹⁰⁴ 3.23-24; 3.41

¹⁰⁵ 2.13-14

¹⁰⁶ 2.16; 3.59

¹⁰⁷ 3.21; 3.33; 3.37-39; 3.56; 3.63

¹⁰⁸ 2.11; 2.15; 2.27

- 4.15 I note the suggestions that the Board could do more to bring in income other than from tolls¹⁰⁹, though for accuracy I record that the Inspector who reported on the 2009 proposal did not, as has been claimed, 'recommend' that other sources of income be pursued before increases in tolls. In his conclusions he 'suggested' that such matters 'may be worth considering' as part of discussions between the Board and the Department for Transport¹¹⁰. No evidence on the potential for generating additional income has been put to me, but it seems to me that the net amounts involved, while no doubt worth accruing, would be relatively small and that it would take time to build up such an income stream. I do not accept that such measures would obviate the need for the proposed increase in tolls.
- 4.16 It has also been suggested that the Board does not operate in as 'lean and fit' a way, cutting costs, as it could¹¹¹. Again I have no evidence on this, and in any event the Inquiry was not the appropriate forum for assessing such matters.
- 4.17 Leaving aside those considerations, unless interim measures to offset, directly or indirectly, the shortfall in toll income were put in place to change the basis for the funding of the Bridge, deferral of the toll increase now sought would be likely to leave the Board in a deteriorating financial position. It might have depleted reserves, have to cut back on maintenance, have to precept the local authorities, have to make a larger increase in tolls in future, be unable to repay the debt within the statutory and agreed timetables or any combination of these¹¹². While this is a matter of law, I agree with the Board that such a course would be contrary to Section 61(5) of the 1959 Act¹¹³.
- 4.18 If the period until measures of the scale and kind needed to enable tolls to be reduced or removed were put in place was short, the adverse effects would be commensurately small. But if the delay were long or, especially, if the Government were ultimately to decide not to take any action, then the implications would be significant indeed. I consider that it would be imprudent, and potentially harmful to the Board and to those who pay Bridge tolls, to take such a gamble.
- 4.19 I have not seen or heard anything to suggest that an increase in tolls now would pre-empt or prejudice any decisions that the Government might make following the current studies. In the event that substantial action were taken to address the debt, Sections 61(5) and 75 of the 1959 Act would require this to be reflected in subsequent decisions on tolls. I see no reason to doubt that it would lead to reductions in, or even removal of, the tolls.
- 4.20 Accordingly I consider that it would be inappropriate, and possibly contrary to the relevant statutory provisions though that is a matter of law, to defer a toll increase for the reasons suggested unless the Secretary of State were to make some temporary provision to offset the detrimental impact of such a deferral on the financial position of the Board. However, the latter course lies

¹⁰⁹ 3.25; 3.34; 3.42; 3.67

¹¹⁰ 3.25; Inquiry doc. HBB/5 tab 20 para 5.23

¹¹¹ 3.67

¹¹² 2.6; 2.38-39; 2.47-49

¹¹³ 2.46

outside my remit; I do not express a view on the matter, nor do I make any further recommendation in respect of it.

The need for the proposed increase in tolls

- 4.21 I turn now to the main issue. Put simply, the Board's case is that the proposed increase in tolls is necessary to meet its obligations to maintain and operate the Bridge, pay interest on the debt and repay the capital debt within the statutory and agreed timescale¹¹⁴. As things stand at present (that is without speculating on and anticipating any decisions that may be made by the Government in the future regarding the debt as discussed above), in most respects this basic proposition is uncontested.
- 4.22 The main challenge to the Board's case comes from the Humber Sub-Region Local Authority Partnership Leaders' Group. This is primarily directed in essence at reducing the Board's General Reserves and payments into the Maintenance Fund to offset the additional income foregone if the tolls were not increased as proposed¹¹⁵.
- 4.23 So far as the general reserves are concerned, I cannot accept the Group's contention that these are excessive. I make no comment on the relative levels of expertise and judgement of the Board and its accountants on the one hand and the witness for the Group on the other hand. However, I do share the Board's view that these reserves should be considered relative to income, the main risk element for the Board, rather than to operational costs as suggested by the Group, over which the Board has greater control and which are to some extent discretionary¹¹⁶. On the latter basis, as the Board points out, the reserves would represent only 6 weeks' worth of the increase in tolls now sought. It seems to me that this would not be a sound basis for working, and would provide little security in the event of unexpected costs or loss of income. I consider it significant that neither the Audit Commission which audits the Board's accounts, nor the Department for Transport which also scrutinises them, has expressed any concern in this respect¹¹⁷.
- 4.24 Turning to the Maintenance Fund, the Group proposes in essence not making the budgeted £2 million transfer into this fund in 2012/13 (an amount similar to transfers in other years) and using the amount instead to fund debt repayment¹¹⁸. That would significantly deplete the Maintenance Fund and, as the Board points out, effectively amount to diverting monies intended for a first priority purpose under Section 75 of the 1959 Act for second and/or third priority purposes¹¹⁹. It may not be a withdrawal of funds already in the Fund, but it would have a similar effect in net terms¹²⁰.
- 4.25 The importance of Bridge maintenance is self-evident, and by its nature is not simply a 'hand-to-mouth' process in financial terms. As well as items requiring continuous or phased attention, it is prudent and necessary to build

¹¹⁴ 2.6-7

¹¹⁵ 3.45-50

¹¹⁶ 2.43; 3.45

¹¹⁷ 2.44

¹¹⁸ 2.33; 2.35; 3.47-50

¹¹⁹ 2.36; 2.38

¹²⁰ 3.49

up funds in advance for larger one-off and periodic items in order to avoid the need to add to borrowing in order to fund them when they fall to be undertaken. While the measure suggested by the Group might not affect works in the current programme, it would be likely to leave a shortfall in the longer term unless the Government had by then agreed a long-term solution to the Bridge debt¹²¹. Given the uncertainty about the timing and eventuality of such a solution, I consider again that this would not be a sound basis on which to manage the Board's finances.

- 4.26 The issue of whether there is a statutory requirement to call on general reserves and possibly also the Maintenance Fund before calling for precepts on the local authorities, which was raised by the Leaders' Group¹²², is a matter of law. I note that the Board submits that the Group's submissions in this respect are wrong¹²³, and observe only that such a course of action would have all the consequences of depleting these reserves to which I have referred above.
- 4.27 A further point regarding the Board's projected maintenance costs as part of the financial forecasts concerns the provision made for replacement and upgrading of the tolling equipment. An objector suggests that the budgeted costs are excessive, though no evidence to support this claim has been put forward, and by implication that the toll increase could be reduced by deferring this work and/or cutting the costs¹²⁴. While I recognise that such improvements are not as essential as structural maintenance of the Bridge, there is clearly a demand from Bridge users for them and they are seen as offering the potential for saving revenue costs on toll collection¹²⁵. The Board points out that the present equipment is old, deteriorating and not compatible with modern electronic toll collection methods¹²⁶, and my own observations support this. I do not consider that there are grounds for considering this budgeted expenditure to be unjustified.
- 4.28 Finally I address two matters regarding the scale of the proposed increase. It is to be expected that comparisons will be drawn between the level of tolls on the Humber Bridge and those on other similar crossings. However, it seems to me that such comparisons are of limited assistance in an exercise such as this as there are many factors that influence the tolls levied. These include traffic levels, the statutory obligations and powers applying to their operators, the sizes of debts relating to those crossings, the interest rates or repayment terms to which they are subject and the maintenance costs involved. No evidence on any of these factors has been submitted.
- 4.29 There appears to be no direct requirement for tolls to follow the Retail Prices Index (RPI). However, the Board is inevitably subject to the influences of inflation, though no evidence has been put to me on how closely the RPI reflects the effects of inflation on its costs. In any event, the comparisons drawn by some objectors between the annual rate of inflation in a single year

¹²¹ 3.47-49

¹²² 3.53-55

¹²³ 2,39-40

¹²⁴ 3.66

¹²⁵ 3.22

¹²⁶ 2.29

and a toll increase relative to a level fixed some 5 years ago are spurious¹²⁷. The Board's evidence at the Inquiry, which was not contested, indicates that the proposed tolls increase would be less than or equal to the change in RPI over the period since the last increase in 2006 and that the resultant tolls would maintain the value in real terms of the tolls in 1988¹²⁸. The absolute size of the increase currently proposed reflects in part the longer than normal gap between increases following the Secretary of State's refusal to permit the increase sought in 2009.

Overall Conclusions

- 4.30 I conclude that, having regard to the present financial position of the Board, the proposed increase in tolls is necessary to enable it to fulfil its statutory obligations.
- 4.31 I note that Section 61(5) of the 1959 Act also requires the Secretary of State to have regard to the future prospects of the undertaking. I respectfully suggest that it is for him to determine whether the likelihood of the Government making at some time in the future policy, financial and statutory provision to relieve the Board of all or part of its debt, or to improve substantially the terms under which it is repaid, is sufficiently great to enable him to have regard to this as a 'future prospect' under that Section. In the event of him so concluding then I suggest that it would also be for him to consider whether to make any interim provision to render the currently proposed increase unnecessary pending more permanent measures. I am not in a position to make any recommendation on that matter.

5. RECOMMENDATION

- 5.1 I **recommend** that the Secretary of State makes a Tolls Order pursuant to Section 10 of the Humber Bridge Act 1971 to implement without modification the proposals contained in the application of the Board dated 28 September 2010.

Alan Boyland

Inspector

¹²⁷ 3.19

¹²⁸ 2.24-25

APPEARANCES**FOR THE HUMBER BRIDGE BOARD:**

Geoffrey Stephenson Of Counsel, instructed by Susan De Val, Head of Legal & Democratic Services, Hull City Council (Agent/Legal Advisor to the Humber Bridge Board).

He called

Darryl Stephenson, Clerk to the Board
Solicitor

Michael Hudson MCIPFA Treasurer to the Board

FOR HULL & HUMBER CHAMBER OF COMMERCE [objector 6]:

Dr Ian Kelly Chief Executive
Richard Kendall Head of Policy & Communications

FOR THE HUMBER SUB-REGION LOCAL AUTHORITY PARTNERSHIP LEADERS' GROUP [objector 9]:

Eian Caws Of Counsel, instructed by Humber Unitary Leaders' Group, Humber Sub-Region Local Authority Partnership

He called

Simon Driver Chief Executive of North Lincolnshire Council

FOR NORTH LINCOLNSHIRE COUNCIL [objector 27]:

Councillor Mark Kirk Leader of the Labour Group

FOR HUMBER ACTION AGAINST TOLLS (HAAT) [objector 19]:

Jenny Walton Chair

FOR BARTON CHAMBER OF TRADE & INDUSTRY [objector 32]:

Joan Warton Secretary

FOR EAST YORKSHIRE MOTOR SERVICES LIMITED [objector 26]:

Peter Shipp Chairman

FOR SCOTTS PROPERTY LLP [objector 29]:

Malcolm Scott Member of Scotts Property

FOR CONFEDERATION OF PASSENGER TRANSPORT [objector 30]

Keith McNally Regional Manager for East Midlands & Yorkshire

FOR STAGECOACH EAST MIDLANDS [*objector 110*]:

Gary Nolan Managing Director

**FOR CONSERVATIVE GROUP, NORTH LINCOLNSHIRE COUNCIL
[*objector 7*]:**

Councillor Liz Redfern Leader of the Conservative Group

**FOR SCUNTHORPE TELEGRAPH, HULL DAILY MAIL AND GRIMSBY
TELEGRAPH [*objector 47*]:**

Mel Cook Editor of Scunthorpe Telegraph

FOR THE FEDERATION OF SMALL BUSINESSES [*objector 63*]:

Dick Herzberg Chairman

FOR NATIONAL ALLIANCE AGAINST TOLLS [*objector 158*]:

John McGoldrick Co-ordinator

INDIVIDUAL OBJECTORS:

Nic Dakin [<i>objector 25</i>]	Member of Parliament for Scunthorpe
Andrew Percy [<i>objector 37</i>]	Member of Parliament for Brigg
Martin Vickers [<i>objector 24</i>]	Member of Parliament for Cleethorpes
David Peachey [<i>objector 1</i>]	Resident of Messingham, North Lincolnshire
Carol Staines [<i>objector 33</i>]	Resident of Horkstow, North Lincolnshire
M H Withrington [<i>objector 122</i>]	Resident of Barton on Humber
Rebekka Gale [<i>objector C57</i>]	Resident of Goxhill North Lincolnshire

DOCUMENTS LIST

Note: Proof of Evidence, summary and submission documents are as submitted, and may have been amended or departed from in presentation.

Inquiry/procedural documents

INQ/1 Attendance lists (days 1-3)

Submitted by the Humber Bridge Board (the promoter)

HBB/1 Summary of Michael Hudson's proof of evidence
 HBB/2 Proof of evidence of Michael Hudson
 HBB/3 Rebuttal proof of evidence of Michael Hudson
 HBB/4 Proof of evidence of Darryl Stephenson
 HBB/5 Bundle of documents (1-35)
 HBB/6 Opening statement on behalf of the Humber Bridge Board
 HBB/7 Precept calculations
 HBB/8 Retail Prices Index : annual index numbers of retail prices 1948-2009 (RPI)
 HBB/9 Statement on precepts for 2012-2013 (*agreed with Humber Sub-Region Local Authority Partnership Leaders' Group*)
 HBB/10 Closing statement on behalf of the Humber Bridge Board

Submitted by David Peachey (objector 1)

OBJ/1/1 Proof of evidence

Submitted by Terry and Gail Wilkinson (objector 2)

OBJ/2/1 Written representation

Submitted by the Hull & Humber Chamber of Commerce (objector 6)

OBJ/6/1 Summary of proof of evidence
 OBJ/6/2 Proof of evidence
 OBJ/6/3 Appendix 1 – Executive Summary of Colin Buchanan's report October 2008 – Humber Bridge Tolls Impact Assessment
 OBJ/6/4 Appendix 2 – Colin Buchanan report October 2008 – Humber Bridge Tolls Impact Assessment
 OBJ/6/5 Rebuttal proof

Submitted by Conservative Group North Lincolnshire Council (objector 7)

OBJ/7/1 Proof of evidence of Councillor Liz Redfern Leader of the Group
 OBJ/7/2 Supplementary statement

Submitted by the Humber Sub-Region Local Authority Partnership Leaders' Group (objector 9)

OBJ/9/1 Summary of Simon Driver's proof of evidence
 OBJ/9/2 Proof of evidence of Simon Driver
 OBJ/9/3 Appendix 1 - Minutes of the Humber Local Authorities Partnership Unitary Leaders' Group Meeting dated 1st July 2010
 OBJ/9/4 Appendix 2 – The Scunthorpe Telegraph Article "I'll review tolls"

- dated 7th October 2011
- OBJ/9/5 Appendix 3 - Letter from Treasury Minister, Justine Greening MP, to Humber MPs regarding the review of Humber Bridge toll, dated 22nd November 2010
- OBJ/9/6 Appendix 4 – Grant Thornton's Review of the Humber Bridge Board 2009/10 Unaudited Statement of Accounts 2nd February 2011
- OBJ/9/7 Appendix 5 - Minutes of the Humber Bridge Board Meeting dated 20th October 2010
- OBJ/9/8 Appendix 6 - The Scunthorpe Telegraph Article "Tolls Freeze" dated 21st October 2010
- OBJ/9/9 Appendix 7 - The Scunthorpe Telegraph Article "£5m surplus can't be used to freeze tolls" dated 1st December 2010
- OBJ/9/10 Appendix 8 - The Scunthorpe Telegraph Article "Will surplus cash freeze bridge toll?" dated 14th January 2011
- OBJ/9/11 Rebuttal proof of evidence of Simon Driver
- OBJ/9/11A Corrigendum to the rebuttal proof of evidence of Simon Driver
- OBJ/9/12 Department for Transport News Release Issued by COI News Distribution Service on 22nd March 2010
- OBJ/9/13 Letter from Rt Hon George Osborne MP to David Dexter and Dick Herzberg dated 16th November 2010
- OBJ/9/14 Opening statement on behalf of the Local Authority Partnership
- OBJ/9/15 Closing statement on behalf of the Local Authority Partnership

Submitted by Humber Action Against Tolls (objector 19)

- OBJ/19/1 Proof of evidence of Jenny Walton, Chair (*superseded by OBJ/19/2*)
- OBJ/19/2 Amended proof of evidence of Jenny Walton, Chair

Submitted by Martin Vickers MP (Cleethorpes) (objector 24)

- OBJ/24/1 Proof of evidence

Submitted by Nic Dakin MP (Scunthorpe) (objector 25)

- OBJ/25/1 Proof of evidence

Submitted by East Yorkshire Motor Services Limited (objector 26)

- OBJ/26/1 Proof of evidence of Peter Shipp, Chairman and Chief Executive

Submitted by North Lincolnshire Council (objector 27)

- OBJ/27/1 Proof of evidence of Councillor Mark Kirk, Leader of the Council
- OBJ/27/2 Appendix 1 – Minutes of North Lincolnshire Council Extraordinary Meeting of the Council dated 13th October 2010
- OBJ/27/3 Appendix 2 – Motion of Extraordinary Meeting of the Council dated 13th October 2010
- OBJ/27/4 Appendix 3 – Scunthorpe Telegraph " Ill review tolls" dated 7th October 2010

- OBJ/27/5 Appendix 4 – Letter from Treasury Minister, Justine Greening MP, to Humber MPs, regarding the Treasury review of Humber Bridge toll, dated 22nd November 2010.
- OBJ/27/6 Supplementary statement
- OBJ/27/7 Article from BBC News website – Inquiry into Humber Bridge toll increase plan

Submitted by Scott's Property LLP (objector 29)

- OBJ/29/1 Summary of Malcolm Scott's proof of evidence
- OBJ/29/2 Proof of evidence of Malcolm Scott
- OBJ/29/3 Supplementary statement

Submitted by the Confederation of Passenger Transport (objector 30)

- OBJ/30/1 Proof of evidence of Keith McNally, Regional Manager

Submitted by Montagu Martin (objector 31)

- OBJ/31/1 Written representation

Submitted by Barton Chamber of Trade & Industry (objector 32)

- OBJ/32/1 Proof of evidence of Joan Warton, Secretary

Submitted by Carol Staines (objector 33)

- OBJ/33/1 Proof of evidence

Submitted by Andrew Percy MP (Brigg) (objector 37)

- OBJ/37/1 Proof of evidence

Submitted by Scunthorpe Telegraph, Hull Daily Mail and Grimsby Telegraph (objector 47)

- OBJ/47/1 Proof of evidence of Mel Cook, Editor of the Scunthorpe Telegraph

Submitted by Local Government Yorkshire and Humber (objector 48)

- OBJ/48/1 Written representation of Councillor Roger Stone, Chair
- OBJ/48/2 Appendix 1 - Colin Buchanan report October 2008 – Humber Bridge Tolls Impact Assessment

Submitted by Federation of Small Businesses (objector 63)

- OBJ/63/1 Proof of evidence of Dick Herzberg, Vice Chairman
- OBJ/63/2 Appendix 1 – Survey carried out by the Federation

Submitted by Graham Stuart MP (objector 67)

- OBJ/67/1 Written representation

Submitted by Bev Kafarski (objector 73)

- OBJ/73/1 Written representation

Submitted by Stagecoach East Midlands (objector 110)

- OBJ/110/1 Proof of evidence of Gary Nolan, Managing Director

Submitted by Mr M H Withrington (objector 122)

OBJ/122/1 Proof of evidence
OBJ/122/2 Bundle of correspondence

Submitted by National Alliance Against Tolls (objector 158)

OBJ/158/1 Proof of evidence of John McGoldrick
OBJ/158/2 Appendix 1 – Humber Bridge Toll Modelling and Appraisal Study –
Aecom Transportation, March 2010

Submitted by Tracy Lamping (objector C52)

OBJ/C52/1 Written representation

Submitted by Rebekka Gale (objector C57)

OBJ/C57/1 Proof of evidence
