



Report to the Secretary of State for Transport

By D Christopher Millns MSc CEng FICE

An Inspector appointed by the Secretary of State for Transport

The Planning Inspectorate
4/09 Kite Wing
Temple Quay House
2 The Square
Temple Quay
Bristol BS1 6PN
☎ 0117 372 6372

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HUMBER BRIDGE ACT 1971

SECTION 10

PROPOSED REVISION OF HUMBER BRIDGE TOLLS

Date of Inquiry: 7 February 2006

Ref: ROADS 26/9/4

CASE DETAILS

Humber Bridge: Proposed Revision of Tolls

- The proposal is made by the Humber Bridge Board under Section 10 of the Humber Bridge Act 1971.
- The effect of the proposal, if confirmed without modification, would be to revise the maximum tolls payable by traffic passing over the Humber Bridge.

Summary of Recommendations: I recommend that a confirmatory Order be made as proposed.

1. PREAMBLE

- 1.1 The formal application to the Secretary of State for Transport for an increase in the tolls for use of the Humber Bridge ("the Bridge") was made by the Humber Bridge Board ("the Board") by letter dated 25 April 2005 (HBB1 P457-458).
- 1.2 I have been appointed pursuant to Section 10(3) of the 1971 Act to hold a public local inquiry into the Board's proposals and to report to the Secretary of State for Transport. The inquiry was held on Tuesday 7 February 2006 at the Board's Offices, Ferriby Road, Hessle.
- 1.3 At the commencement of the inquiry there were 48 objections outstanding. Three of these were from operators of Public Service Vehicles (PSVs) relating to the impact of tolls on the services which they operate. In addition, four local Members of Parliament (MPs) have made representations regarding the adverse impact of the current and proposed tolls on the users of public transport services and on journeys made across the Bridge for healthcare purposes. Four of the objectors gave evidence at the inquiry.
- 1.4 The second reading of a Private Members' Bill is due to be heard in the House of Commons in March 2006. The Bill aims to facilitate the introduction of concessionary fares or exemptions from the crossing toll for patients and their visitors who live on the south bank of the Humber but have to travel to the north bank for healthcare reasons.
- 1.5 The Board confirmed that they had complied with all the statutory requirements with respect to the application for an increase in the tolls.
- 1.6 This report contains the gist of the submissions made, and my conclusions and recommendation. Lists of appearances (Appendix A) and documents (Appendix B) are attached.

2. The Case of the Board

The material points are:

Statutory Background and Debt History

- 2.1 The Humber Bridge Act 1959 ("the 1959 Act") set up the Board and gave it power to borrow monies to finance the construction of the Bridge, ancillary buildings and approach roads. The Humber Bridge was opened to traffic in June 1981. It was funded by a series of Government loans. The outturn cost of the Bridge was substantially more than that estimated for the project due to construction difficulties and high interest rates during the period of construction. As a result the amount borrowed from the Government increased. This resulted in the Bridge opening with significant financial debts.
- 2.2 The 1959 Act also charged the Board with maintaining and operating the Bridge as well as the repayment of the outstanding debt. It also empowered the Board to levy tolls on traffic passing over the Bridge. This power was amended in the 1971 Act which, in Section 10, gives authority to the Secretary of State to make Orders setting the maximum tolls to be levied and the traffic classifications on which the tolls are to be applied.
- 2.3 Section 68 of the 1959 Act provides for exemptions from the tolls for the emergency services. Parliament did therefore consider and decide upon which categories of user should have exemption and limited this to those set out in the Act.
- 2.4 Section 75 of the 1959 Act requires the Board to apply its revenues to nine purposes. The ninth purpose is for the reduction of tolls but this can only be considered when the other eight purposes have been satisfied.
- 2.5 Section 10 of the 1971 Act requires that the tolls demanded should produce an income which is not substantially less, nor substantially more, than is adequate to meet the first eight purposes in Section 75 of the 1959 Act.
- 2.6 At the time of the Bridge opening the debt was £151m comprising £97m for the capital cost of the Bridge and £54m for additional borrowing to meet interest charges.
- 2.7 Further borrowing was required to meet the interest charges and the amount of debt outstanding continued to rise until it reached £439m in 1992. The Government then grant aided the Board over the following seven years to the total of £258.2m. The effect of this grant aid was to stabilise the outstanding debt.
- 2.8 The Government recognised the Board's serious financial position and introduced the Humber Bridge (Debts) Act 1996. This gave the Government the power to write off or suspend debt owed by the Board. In 1997 the debt totalled £425m of which £359m was owed to the Government and £66m to the Public Works Loans Board (PWLB). Agreement was reached to write off the debt to the PWLB and to suspend £240m of the monies owed to the Government at 0% interest rate. This allowed repayment of the outstanding debt to be programmed over a maximum period of 40 years.

- 2.9 The new arrangement for repayment of the debt was implemented under the terms of the Humber Bridge (Debt) Order 1998 and the financial settlement by way of an agreement dated 1 July 1998 ("the 1998 Agreement") between the Board and the Secretary of State for the Environment, Transport and the Regions (HBB1 P397-401). The Board's debt was then to be subjected to continuing review on a five yearly basis. The 1998 Agreement includes a series of financial projections which show how the Board will meet debt repayments in the future. This will require increases in the tolls on a regular basis. The current projections within the 1998 Agreement are based on the tolls being reviewed on a two year cycle and being increased by inflation. Review of the tolls on a regular basis has the benefit of resulting in more modest increases.
- 2.10 Since 1998 the operating surplus has been sufficient to pay the interest due in full and repay £23.7m of the debt outstanding. On the basis of the 1998 Agreement, the outstanding debt will be fully repaid in 2032.
- 2.11 Negotiations are on-going between the Secretary of State and the Board with regard to the review of the debt position. The signs are good that the existing 7.75% rate of interest paid on the outstanding loan will be reduced as part of these current negotiations. However, it is extremely likely that the portion of the debt which was suspended at 0% interest in 1998 will be reactivated.

Tolls

- 2.12 The 1979 Toll Order set the maximum tolls to be charged on the opening of the Bridge. Since then the tolls have been revised on four occasions, the most recent being in 2001. All but one of these occasions required the holding of a public inquiry following which toll increases were recommended. Following the 2001 Public Inquiry the Confederation of Passenger Transport issued judicial proceedings against the Board. This legal challenge was on the basis that large buses could not be charged a toll as the Tolls Order did not specifically refer to this category of vehicle. The case was not resolved until June 2003 when the Court of Appeal determined in favour of the Board. It had been decided by the Board and the Department for Transport (DfT) that it would be unwise to advertise a toll increase whilst judicial proceedings were ongoing. Following the Court's ruling there was a further delay in applying for a toll increase as discussions were necessary with the DfT on how to cover vehicles not specifically identified in the Tolls Order.
- 2.13 Based on the provisions within the 1998 Agreement, the Board should have advertised a toll increase to apply from 1 April 2004 to 1 April 2006 but this did not take place for the reasons set out above. The current application for an increase seeks to maintain the 1998 tolls in real terms. The proposed tolls are therefore based on the 1998 tolls increased by inflation using the Retail Price Index (RPI) for the period October 1998 to March 2005. A further 2.5% increase has been applied for the period through to 31 March 2006. The proposed tolls have been rounded to multiples of 10p to facilitate their collection.
- 2.14 The Board's current proposal for an increase in the tolls is therefore fully in accordance with Government policy and, more specifically, is required to meet the terms of the 1998 Agreement reached with the Government under the

Humber Bridge (Debts) Act 1996. The existing and proposed tolls are shown at Appendix C.

Traffic Flows

- 2.15 In the financial year 2000/01 overall traffic over the Bridge fell by 3.9% compared with the previous financial year. Since 2001, traffic growth has been broadly in line with national trends. However, the increase has been less than the Government projections which were used to determine the inflation based increases in the level of the tolls embodied within the 1998 Agreement.
- 2.16 The Audit Commission report on Bus Services in England (HBB1 P509-569) indicates there was a 9% fall in passenger usage of local services within the Yorkshire and Humber Region over the last five years and highlights a number of reasons why this has occurred. The cost of the tolls has always been a factor in the decision to operate any bus service between the two banks of the Humber. The fact that the Bridge exists provides the opportunity for such a service. If operators cannot provide a service commercially they have the opportunity to seek assistance from Local Authorities.

Classification of Vehicles

- 2.17 When the Bridge opened in 1981 the Toll Order at that time was based on eight separate classes of vehicle. In 1988 the categorisation of vehicles within the Order was changed to classify commercial vehicles by gross weight. Large buses and coaches were incorporated into the category for Heavy Goods Vehicles (HGVs) with two axles. This reduced the number of vehicle categories to six and simplified the administration of the toll regime.
- 2.18 Bus companies have asked that service buses be charged a different toll and given a different vehicle classification. The Board has no commercial reason to do this and if statistics on buses using the Bridge were needed, or if additional discounts for buses were ever to be granted, then the information could be obtained from published timetables.
- 2.19 The Board's proposed schedule of charges recognises 11 separate vehicle types which are categorised into six toll classifications for the purposes of charging. The electronic toll equipment is programmed to deal with six classes of paying traffic as is the auditing system. Any significant re-classification of vehicles would require both the hardware and software to be modified at a significant cost to the Board.

Concessions for Buses

- 2.20 The issue of greater concessions for public transport vehicles has been considered by the Board which has always taken the view that those using the Bridge should pay for its provision and operation. This view has been supported by Inspectors at previous inquiries.
- 2.21 The Bridge Board Accounts for 2004/05 demonstrate that the administrative charges for operating the Bridge are kept at a reasonable level and in budget. All the remaining income is used to service the debt in accordance with the 1998 Agreement. Any reduction in the tolls for buses would affect the Board's

ability to pay its debts.

3. THE CASE FOR THE OBJECTORS

East Yorkshire Motor Services Limited (EYMS)

The material points are:

- 3.1 EYMS jointly with Lincolnshire Road Car Company Limited (Roadcar) has operated regular scheduled bus service between Hull and Scunthorpe since the Bridge was opened in 1981. EYMS has from time to time also operated other services across the Bridge including some as a contractor for National Express as part of its long-distance coach services throughout the country.
- 3.2 It has consistently been argued at previous public inquiries that the tolls for large buses and coaches are too expensive both by comparison with other classes of vehicle using the Bridge and in comparison with those charged at other estuarial crossings in the UK.
- 3.3 The high tolls have been responsible for a reduction in the number of bus and coach crossings and the demise of some services altogether. These services would otherwise have remained profitable and therefore been maintained either permanently or at least for a longer period.
- 3.4 Following at least two of the earlier inquiries it was recommended that the Board consider giving some form of incentive or discount to regular bus services. These requests have been ignored by the Board. In 1998 EYMS, along with other bus operators, was persuaded to withdraw an objection to a proposed toll increase on the promise of constructive talks being offered by the Board. The talks took place and appeared to the bus operators to be constructive. However, to the bus operators disappointment, the Board decided to take no action with respect to offering discounts to regular bus and coach services.
- 3.5 In a letter of 14 December 1999 to the Board, the Department of Environment, Transport and the Regions (DETR) said that with respect to the representations by the bus operators it would not be appropriate for the Secretary of State to set lesser maximum tolls for all PSVs but for him to recommend the Board grant extra concessions to the operators of local bus services. It was also stated by the DETR that such concessions would be entirely a matter for the Board. In addition the DETR indicated that "this might buy off the bus companies as potential objectors at future inquiries and perhaps deal tangentially with the hospital visits issue which also features at public inquiries". It was also pointed out by the DETR that this would "bow towards the values of an integrated transport policy" (HBB1 P406-407).
- 3.6 The decision letter on the toll application from the DETR on 8 February 2000 on behalf of the Secretary of State took up this suggestion indicating that

"there may be a case for offering greater concessions to local service buses" (HBB1 P414-415). Regrettably the Board took no action on this advice from the Secretary of State.

- 3.7 It is accepted that the promotion of public transport may be outside the remit of the Board. There is however a strong case for reducing tolls for buses and coaches, especially regular bus services, for commercial reasons. The Board's own statistics show that there has been a steady decline in respect of Class 4 vehicles which includes large buses and heavy goods vehicles exceeding 7.5 tonnes Gross Vehicle Weight (GVW). Vehicles in this class reached a peak in 1997/98 with 165,713 crossings in the year. By 2004/05 the number of crossings in this class had reduced to 117,430, an average reduction of 4.16% per annum (HBB1 P501).
- 3.8 It is not possible to split the above figures between HGVs and large buses as the Board has steadfastly refused to introduce a separate class for large buses. It is difficult to accept that the Board cannot do this as it would involve the addition of only one extra class. Any modern system of toll collection equipment should be sufficiently flexible to allow more than six vehicle categories. The Board has said that it is possible to use bus timetables for statistics on the number of large buses crossing the Bridge but this would not allow for variations which take place from the published timetables.
- 3.9 Information is available from operators on the number of scheduled bus services crossing the bridge. This shows that the number of such crossings has declined from 33,420 in 1996 to 18,862 in 2005. The Board's revenue from these services also declined from £217,230 in 1996 to £188,620 in 2005¹. This was despite the rises in tolls during the period. This is a classic case of the law of diminishing returns (ID9 Appendix B).
- 3.10 Within the overall total decline in the crossings by scheduled bus services, those provided by EYMS and National Express reduced from 8160 in 1997 to 6876 at the present time.
- 3.11 In the last five years the bus mileage on services operated by EYMS within East Yorkshire has increased by 3.08%. This compares with a reduction of 9.6% in bus mileage on services which cross the Bridge.
- 3.12 The Board's own estimate of the loss in income which would arise from additional discounts on tolls for bus operators totally ignores the rate of decline which has occurred. This estimate was provided by the Board for the 2001 Public Inquiry and is based on the period 2002 to 2039. It commences with a figure of 27,500 crossings by large buses and coaches in 2002 (HBB1 P472). The total number of crossings is then assumed to remain virtually constant over the 37 year period. However, if the rate of decline of 4.16% per

¹ These figures are based on the toll yield without allowing for the 10% discount available to regular users.

annum which occurred in Class 4 vehicles continued (see paragraph 3.7) the number of crossings of large buses and coaches in 2039 would be 5,709 and not 25,320 as quoted by the Board. This would reduce the Board's income from this type of vehicle in 2039 from the £500,857 estimated by the Board to just £104,664. Even if the recently observed rate of decline is not continued, it seems reasonable to assume that it is not a short term 'blip' given it is based on a seven year period of actual decline.

3.13 Estimates have been made by EYMS of the Board's income based on different levels of discount which might be made available to PSVs and more realistic assumptions of the actual number of PSV crossings. These estimates have been based on:

1. The existing 10% discount available to regular users being maintained with an assumed rate of decline in PSV crossings of 3% per annum, considered reasonable when compared with the observed decline of 4.16% per annum.
2. A new 20% discount being offered with a resulting 1% per annum reduction in PSV crossings.

3.14 The calculations show that based on 1 above the Board's revenue from PSVs would be £7,540,076 over the period up to 2039. Based on 2 above, the Board's revenue would actually increase to £9,766,167 despite the increased discount of 20%. Even if a 20% discount only slowed the rate of loss of PSV crossings to 1% per annum the revenue to the Board would still be marginally greater than under assumption 1.

3.15 There is therefore a fairly wide margin of error in these assumptions about the decline in crossings. Nevertheless the Board steadfastly maintains there is no commercial case for offering a more flexible tolls regime for large buses and coaches. This is despite the fact that the offering of additional discounts would be a low risk strategy as the revenue from large buses represents less than 1.3% of the Board's total revenue from tolls (ID9 Appendix H).

3.16 The costs of operation of local bus services and thus fares on services which cross the Bridge have risen and been consistently higher than for journeys of equivalent length which do not involve a Bridge crossing. This is demonstrated by the comparative fares for three journeys shown in ID9 Appendix G. A reduced toll for large buses and coaches would go a long way towards helping operators to contain their costs and maintain service levels.

3.17 Summer season services via the Bridge to Skegness were withdrawn and a service to Cleethorpes severely curtailed because revenue did not match costs. Similar summer services which do not involve a Bridge crossing to places such as Bridlington, Scarborough, Whitby and York have been maintained at roughly their former levels.

3.18 For the Hull to Scunthorpe scheduled bus service, the cost of the bridge tolls amounts to no less than 29.5% of the total direct costs of operation. The

Bridge toll also has an adverse effect on the private coach charter market with destinations preferred which do not involve a Bridge crossing. A more commercially orientated toll regime could encourage some of this traffic to make trips across the Bridge.

- 3.19 The tolls for large buses to cross the Humber Bridge are much higher than those at all other estuarial crossings in the UK. The bus tolls are also much more expensive in relation to other vehicle classes than at other crossings. The ratio of the toll for large buses and coaches to that for cars is 4 to 1. The next highest is on the Severn where the ratio is 3 to 1 but where there are substantial discounts for regular users. The toll is also levied in only one direction. All the other estuarial crossings charge significantly less for buses and there is a much lower ratio of the bus to car toll.
- 3.20 It is clear from the documents submitted by the Board to the inquiry (HBB1 P444-471) that it was the Board's intention to increase the tolls from April 2004. This did not happen partly due to the delay as a result of the judicial challenge (paragraph 2.12) but also because of the lack of response from the DfT to the Board's letters. The increase now proposed is greater because of this delay. The Board will also have lost two years' worth of toll increase in the meantime.
- 3.21 It has been suggested by the Board that local authorities should be approached to provide financial support for bus services which cross the Bridge and which are facing withdrawal. However, such support would not be forthcoming as it would involve supporting a service into another local authority's area.

Lincolnshire Road Car Company Limited (RoadCar)

Roadcar fully supports the points put forward by EYMS. The material additional points are:

- 3.22 The company operates an hourly bus service between Scunthorpe and Hull jointly with EYMS. It has done so since the Bridge opened in 1981. The company has operated other services over the Bridge but these have progressively been withdrawn as uneconomic. The treatment of buses in comparison with cars using the Bridge is inequitable. The position would be made worse with the proposed tolls which would increase the current ratio of 4 to 1 (large bus tolls to car tolls) to 4.04 to 1 with a 90 pence increase for buses but only a 20 pence increase for cars. There has never been a satisfactory explanation as to why bus operators and thus bus users are penalised in this way.
- 3.23 The Government's transport policy is very clearly seeking to encourage a shift from private cars to public transport. Advances in bus design and quality mean that bus services can now provide a real alternative transport mode. Partnerships between bus companies and local authorities are also helping to deliver the same objective. In Lincolnshire, the Interconnect partnership with the County Council is demonstrating that public and private investment can

produce a spectacular growth in bus passenger numbers.

- 3.24 The price of travel is a significant factor in attracting new bus users. Any additional costs, when added to the effects of rising fuel and labour costs, have to be passed on to customers through increased bus fares. There is an opportunity for the DfT to demonstrate a clear commitment to Government transport objectives by capping the tolls for buses on the Humber Bridge.
- 3.25 At other estuarial crossings a more commercial view is taken of bus operations. Discounts are available and on the Dartford crossing tolls are waived for service buses. On the Humber Bridge the only evidence of commercial or marketing activity is the 10% discount on pre-paid books of tickets which are also available to cars. An earlier arrangement for the payment of tolls in arrears by bus operators was discontinued by the Board many years ago.

East Midlands Stagecoach (Stagecoach)

Stagecoach fully supports the points put forward by EYMS. The material additional points are:

- 3.26 Stagecoach has operated a bus service between Hull and Grimsby for many years. In the absence of a rail link, the bus service is the only direct regular public transport service between the two communities. It also provides the only public transport service for Humberside Airport.
- 3.27 The service between Hull and Grimsby has for many years run at a substantial loss despite the best efforts of the Company. It is recognised by the Company as a strategic link for work, education and hospital visits as well as some leisure trips and has been maintained for this reason. It has also been kept on in the hope that its financial viability would improve if the issue of the level of the toll across the Bridge was addressed.
- 3.28 The revenue from the service is reasonable totalling some £210,000 per annum. However, the cost of operation includes around £61,000 per annum in Bridge tolls which results in an overall loss on the service. The service has been marketed and carries around 1,200 passengers per week. The average fare charged is already high and there would be passenger resistance if it were raised to the level necessary for a viable service.
- 3.29 After years of losses, the prospect of a further toll increase, as well as other costs increasing, the Company decided in October 2005 to withdraw the service. Unless there is a substantial reduction in bridge tolls or a subsidy from local authorities the service will disappear on 19 February 2006. This will be to the disbenefit of users and the Board who will lose income.
- 3.30 It is wrong of the Board to use the 9% decline in passenger numbers across the Region during the last 5 years as an explanation for reductions in bus services across the Bridge. The picture varies significantly from area to area.

In Hull, services operated by Stagecoach have seen an increase of 33% over the same period whilst in Grimsby they have decreased by 15%. The number of passengers on the service crossing the Bridge has remained fairly static during the last 5 years.

- 3.31 Local authorities and the Government Office for Yorkshire and the Humber have been approached and asked if they would support the service. This has been unsuccessful. A further meeting is to be held next week with North East Lincolnshire and the local MP.
- 3.32 There has been no attempt by the Board to carry out the necessary research to understand its market and thereby maximise its revenues. The only option considered is that of increasing existing tolls by inflation.

Mr M H Withrington

The material points are:

- 3.33 The charge for crossing the Bridge is intolerable with £1.70 of the £2.50 car toll going to repay the loan. The Bridge was constructed to act as a catalyst to bring the two banks of the Humber together and open up development opportunities. This has not happened as the toll charge is acting as a barrier.
- 3.34 Those living on the south bank need to access the wide range of specialist services which are only available in Hull on the north bank. It is unreasonable to expect the hospital trust and social services to provide vouchers for the Bridge crossing as it would create a lot of extra administration.
- 3.35 For those on a basic state pension the toll charge for just one trip by car equates to 6% of their weekly income. The number of journeys which can be made across the Bridge is therefore restricted.
- 3.36 The Board's accounts show that turnover has not increased over the last two years (HBB1 P485). However, wages have increased by 5.3% and represent 10% of turnover, whilst employees' expenses have increased by 83%. The interest charge on the outstanding loan to the Government represents 68% of turnover. The interest rate of 7.75% charged by the Government is substantially higher than the prevailing rate at which money is borrowed.
- 3.37 The only way forward is to remove the tolls completely and the Board should be pressing the Government to write off the loan. This would be supported by the local community. The Government has intervened recently in the proposed increases on the Forth Bridge and it would be discriminatory if it not to do the same for the Humber Bridge.

Written Representations

The material points raised in the written submissions which are additional to

those already summarised above are:

Northern Lincolnshire MPs

Ian Cawsey, Shona McIsaac, Austin Mitchell, Elliot Morley

Public Service Vehicles

- 3.38 Contrary to Government policy on increasing bus use the Board is maintaining a toll pricing policy which discriminates against buses. This threatens the closure of the bus service between Grimsby and Hull. If the service is withdrawn, the Board will have to find £61,000 a year extra revenue from increased charges on other users. The Board should help to keep the service by bringing its charging policy into line with that at other estuarial crossings.
- 3.39 The Grimsby to Hull service is used by the most vulnerable in society. A report undertaken for the Humber Forum suggested the possibility of a total abolition of charges on buses crossing the Bridge. The report has never, to our knowledge, been properly evaluated by the Board. It should have led to a study of the potential for building up bus traffic by applying a more flexible pricing policy. The current application has simply repeated the old four times differential (large buses to car tolls) without consideration of its value, purpose or consequences.
- 3.40 Whilst the Board has no discretion about meeting its debt liability, it does have discretion to vary charges between categories of bridge user. It should therefore use its powers to adjust the relativities between the charges for different users, reduce the onerous toll charge for large buses and provide a base for developing more bus services.

Healthcare

- 3.41 Since 2002, public support for some form of toll concession on the grounds of healthcare has grown. Since the last inquiry into the Humber Bridge tolls, NHS restructuring has resulted in cancer services being concentrated in Hull necessitating more costly journeys for people living on the south bank who need to access life saving treatment.
- 3.42 Many studies have demonstrated the impact of tolls on accessing healthcare. The following two studies are of particular significance to the inquiry.
- a) North Lincolnshire Council
- 3.43 In April 2003, the North Lincolnshire Health and Social Affairs Scrutiny Panel published its investigation into the impact of tolls (HBB1 P595-645). A questionnaire survey undertaken as part of this investigation indicated that 96% of respondents believed that hospital patients should not pay Bridge tolls when going for treatment. 85% of respondents thought that visitors of

hospital patients should also be exempt from the charge.

3.44 The Panel found great difficulty in identifying who should take responsibility for the issue of concessionary tolls for patients and visitors. It was complicated by the number of central government departments, agencies and other bodies with an interest. The Panel therefore felt that the Government should take responsibility.

b) Humber Bridge Tolls Impact Study – March 2004

3.45 The Humber Forum, funded by Yorkshire Forward, commissioned a study into the impact on local people and the local economy of tolls on the Bridge. This included an assessment of whether the tolls were a barrier to accessing healthcare. The study took evidence from, amongst others, the NE Lincolnshire Primary Care Trust (PCT) who indicated that the cost of the tolls was a significant issue for patients, visitors and staff. The Scunthorpe Cancer Network Patients Involvement Group also took part in the Study. The Group pointed out that outpatient treatment requires patients to make daily trips over a three week period which carries a significant financial burden due to the tolls. For inpatients the cost is borne by visitors. The financial implications for frequent visitors can create anxiety for patients.

3.46 The Study noted that there was financial help available for some patients, including those on benefits, who are eligible for the NHS Reimbursement Scheme. This allows them to claim back the cost of the tolls on the day of use.

3.47 Overall the Study found that there was no case on economic grounds for the abolition or universal reduction in tolls and that they should be retained for the majority of users and increased in line with inflation. However, the Study did suggest that consideration should be given to free crossings for patients living in North and North East Lincolnshire who have to attend for hospital appointments at Hull Royal Infirmary or Castle Hill Hospital as well as free crossings for their visitors.

The Campaign in Parliament

3.48 The issue of the Humber Bridge tolls was debated in Parliament on 28 January 2003 (ID2 Extract from Hansard - attachment to letter from Shona McIsaac MP). A case was put to the Minister to re-examine the arrangements for dealing with the Humber Bridge debt in terms of the interest rate charged and the time period over which the debt is to be repaid. This could provide the opportunity to free up capital to allow organisations in the area to fund schemes to help people access healthcare.

3.49 A Private Members' Bill was promoted by Shona McIsaac MP to help facilitate the introduction of concessionary fares or exemptions from the crossing toll for patients and their visitors who live on the south bank of the Humber but have to travel to the north bank for healthcare reasons. The Bill was due to have its second reading in January 2006 but this has been rescheduled for

March 2006.

- 3.50 It is hoped that the inquiry will take note of the overwhelming opinion in the area of the merits of introducing concessions for healthcare related journeys.

North East Lincolnshire Council

- 3.51 The Council supports the proposition that the toll charges for buses, particularly those which have an important role to play in allowing hospital patients to travel to Hull, should be charged at the same rate as a normal car.

Local Residents

- 3.52 There were 45 written representations from local residents. These included support for reductions in the toll for buses and concessions for journeys associated with receiving healthcare or visiting patients in hospital. The issues raised have already been covered within the objectors' cases summarised earlier.

Axe the Toll on Health Campaign

- 3.53 Two local newspapers, the Grimsby Telegraph and the Scunthorpe Telegraph, launched the 'Axe the Toll on Health' campaign in 2002. In April of that year, 3,000 coupons, petitions and letters were submitted to the Bridgemaster. These supported the case for exemptions from toll charges for those having to travel to the north bank of the Humber for medical treatment. The two newspapers submitted folders to the inquiry containing press articles from 2002 to the present day which relate to the campaign (ID12 and ID13).

4. Response of the Board

The material points, in addition to those set out in Section 2 of this report, are:

- 4.1 The purpose of the inquiry is to consider the Board's proposals for the maximum level of tolls to be charged for each vehicle category and to recommend approval or not as the case may be for the increases proposed. The inquiry does not extend to enforcing concessions or discounts. These are matters for the Board as confirmed by the Secretary of State in at least two decision letters since 1980.
- 4.2 Objections from members of the public on the basis that the tolls should be scrapped could only be considered if there were to be a change in the law. Unless there is a shift in policy on the indebtedness underlying the operations of the Board it is not easy to see any radical change in the level of tolls currently charged.
- 4.3 The objections relating to PSVs is the same as that considered at the 2001 inquiry into toll charges. Concessions for PSVs were considered by the Inspector and the Secretary of State at the time and expressly rejected. The view was that market forces should govern the provision of bus services across the Bridge. This accords with the principle established throughout the

history of the Bridge. No convincing evidence has been put forward which persuades the Board that offering any form of concession to bus companies would increase or stop the reduction in the number of buses crossing the Bridge.

- 4.4 In the three examples given to the Inquiry by Mr Shipp, on behalf of EYMS, it was plain that the Company was making a significant extra profit on the services crossing the Bridge compared with their other routes. On the basis of the average passenger loading on the EYMS service crossing the Bridge, the 20% discount suggested by EYMS for large buses would only reduce the fare by about 3p to 4p per passenger. This would be unlikely to encourage extra bus usage.
- 4.5 As far as the ratio of the bus to car toll is concerned, this arose out of a study prior to the 1980 inquiry which set the initial levels of the toll. It has been applied reasonably consistently since that time. It is based on the principle that heavier vehicles should bear a greater cost than lighter vehicles. This has been accepted since 1980 and is considered to be fair. The objection made by Roadcar to the proposed increase in the ratio from 4 to 1 to 4.04 to 1, as part of the current proposals, cannot be sustained as a sensible argument.
- 4.6 It is accepted that the general thrust of the Government's transport policy is to shift traffic away from the use of private vehicles to public transport. The Board however is governed by a statutory framework and a need to fulfil its financial obligations. It is acknowledged that there is nothing stopping the Board raising the issue of a discount for PSVs as part of the negotiations on the review of the 1998 Agreement.
- 4.7 The charges made at other estuarial crossing are utterly irrelevant. There are too many unknown factors such as the legal frameworks, financial bases, volumes of traffic, maintenance costs, age of bridges etc.
- 4.8 With respect to the objections on the basis of personal difficulty in meeting the toll, for example, those attending hospital or visiting patients, the Board has specific statutory responsibilities which do not extend to fulfilling the role of social services or the health authorities. If there are social reasons for dealing with these issues then they should be dealt with by the local authorities or the PCT. The problem has been exacerbated by the formation in 2002 of the North and East Yorkshire and Northern Lincolnshire Strategic Health Authority. The new authority is divided by the River Humber and the resulting need for people to cross or circumnavigate the river for medical treatment is not therefore the fault of the Board. Nevertheless, the Board has indicated many times that it would co-operate with interested parties in a co-ordinated approach to addressing this issue.
- 4.9 It would be almost impossible to administer concessionary crossings, for hospital related trips, on site at the Bridge. Patients and visitors would represent a constantly changing list of Bridge users. Control and administration of any scheme would have to be undertaken by the Health Authority using a form of voucher system although this would be open to abuse. It would be far simpler for the Health Authority to reimburse their customers by verification of the toll paid.

- 4.10 The Health Authorities and the Prison Service have both recognised their obligation to their customers and visitors by recompensing them for their travel costs if they are on benefits or have low incomes.
- 4.11 It is accepted that the Bridge Board did at one stage take a decision on social grounds when it granted a concession for those receiving the higher rate of mobility allowance. This should not be used as a 'stick' to beat the Board so as to extract further concessions.

5. CONCLUSIONS

- 5.1 Bearing in mind the submissions and representations I have reported, I have reached the following conclusions, reference being given in square brackets to earlier paragraphs where appropriate.
- 5.2 If I am to recommend that the Board's proposals for increases in the maximum tolls to be charged should be confirmed by the Secretary of State, I need to be satisfied that the proposed increases are consistent with the statutory framework and legal agreements governing the operation of the Bridge. I also need to be satisfied that, in all the circumstances now existing or in prospect, the currently authorised maximum tolls should be revised.
- 5.3 The legal framework which set up the Board, and which continues to govern its actions, requires that tolls are charged on traffic using the Bridge in order to repay the debt incurred due to the cost of its construction and to meet its operational and maintenance costs. These requirements are clearly set out in the Humber Bridge Acts of 1959 and 1971. In particular, Section 10 of the 1971 Act requires that these costs are met before consideration can be given to the reduction of tolls.
- 5.3 Although some of the outstanding debt was written off by the Government as a result of the Humber Bridge (Debts) Act 1996 and the subsequent Agreement in 1998 [2.8], there is still a substantial sum to be repaid. Based on current projections, the Board indicated that the debt would be repaid in full by 2032 [2.10]. Even at that stage, as the law currently stands, charges would still need to be made for use of the Bridge in order to meet its maintenance and operational costs.
- 5.4 The Board stated that that the 1998 Agreement required the tolls on the Bridge to be reviewed and updated in line with inflation every two years although I was unable to find anything in the Agreement which stipulated that this was the case. I was informed by the Board that the financial projections within the Agreement were based on this assumption [2.9]. This was not challenged by any of the objectors. I have also noted that the presumption of toll increases in line with inflation was accepted at the 2001 public inquiry held to consider objections to the last toll increase. Following the inquiry, the Secretary of State subsequently made the Order for the increase in the maximum tolls which had been prescribed on this basis.
- 5.5 The last toll increase came into effect in April 2002. The Board explained that the four year gap since the last toll increase and the proposed introduction of the new toll charges in April 2006 was due to the delay caused by the legal challenge following the 2001 inquiry [2.12]. East Yorkshire Motor Services (EYMS) pointed out that the delay was due not only to this factor but also to the lack of response by the DfT to requests from the Board to progress the matter [3.20].
- 5.6 Having studied the correspondence between the Board and the DfT for the period 2003 to 2005, it seems to me that the amendments to the vehicle

classifications, which were necessitated by the outcome of the judicial challenge, could have been made in sufficient time to allow an application to be processed for an increase in the maximum tolls from April 2004. This would then have been in line with the two year cycle for review of the tolls on which the 1998 Agreement was based. The failure to achieve this has undoubtedly reduced the revenues available to the Board and resulted in a larger increase in the tolls being proposed at the present time. However, it does not, in my view, have any direct bearing on the issues which I am obliged to take into account in forming my recommendations on the current proposal. Nevertheless, it might provide a useful point for the Board to raise in its negotiations with the Department for Transport on the review of the debt repayment which I was informed was on-going [2.11].

5.7 The Board indicated that the current negotiations with the DfT would also address the issue of the rate of interest presently charged by the Government on the outstanding debt with a view to it being reduced. I recognise that the potential beneficial effect of this to the Board's finances might however be offset if the Government decides to recommence interest payments on that part of the debt which was suspended in 1998 [2.11].

5.8 The Board submitted the detailed calculations as to how the new tolls had been derived. They were based on updating the 1998 tolls in line with inflation. It was not suggested by any of the objectors that the proposed toll increase overall would be more than that required to offset inflation. I am satisfied therefore that the proposed increases have been calculated in accordance with the 1998 Agreement.

5.9 The objections and representations made to me, both at the inquiry and in the written submissions, with respect to the Board's proposed toll increases can be summarised under three main headings as follows:

- a) Total abolition of the tolls
- b) Reduced toll for local service buses
- c) Concessions for healthcare related journeys

I shall deal with each of these in turn.

Total abolition of the tolls

5.10 The suggestion that the tolls should be removed completely was made by three of the objectors one of whom, Mr Withrington, attended the inquiry.

5.11 As noted in paragraph 5.3 above, the legal framework which dictates the operation of the Bridge and the responsibilities of the Board requires the imposition of tolls on users of the Bridge. The abolition of tolls is inconsistent with this legal framework and I cannot therefore support the view of the objectors who wish to see the tolls on the Bridge completely removed. In short, this would require a change in the law.

Reduced toll for local service buses

5.12 The argument put by the objectors for reducing the level of the toll for local service buses was based on a number of premises. The main thrust of the argument was that tolls on the Humber Bridge were significantly higher than

those at other estuarial crossings elsewhere in the country [3.19] and that this had resulted in a steady decline in the number of buses crossing the Bridge particularly during the last 10 years [3.9]. This, it was argued, was not only contrary to Government policy on encouraging public transport [3.23] but had also resulted in a reduction of income for the Board despite increases in tolls for buses during the period [3.9].

- 5.13 From the information supplied to the inquiry by the objectors, it would appear that the toll for large buses using the Humber Bridge is higher than at other estuarial crossings both in absolute terms and by way of the ratio of the bus to car toll [3.19]. This was not contested by the Board. Whilst I accept the point made by the Board that there are many unknown factors with respect to the other crossings which might differ from the circumstances pertaining on the Humber Bridge, it does nevertheless demonstrate to my mind that there is a need to consider whether the toll rate for local service buses in particular has been set too high.
- 5.14 The Board's own figures show that there has been a substantial reduction in the number of vehicles crossing the Bridge in the Class 4 category (which includes large buses and coaches) from a high point of 165,713 in 1997/98 to 117,430 in 2004/05 [3.7]. I note however that a significant part of this reduction could be explained by a fall in the number of goods vehicles (exceeding 7.5 tonnes maximum weight with two axles) which are placed in the same category as buses. Indeed, reductions were also observed for the other three categories of goods vehicles over the same period albeit to a lesser extent than the fall in the number of Class 4 vehicles.
- 5.15 The more persuasive figures to my mind, which demonstrate the trend in the number of local service buses crossing the Bridge, are those provided by the bus companies. These clearly show that there has been a very significant fall in crossings by service buses from 33,420 in 1996 to 18,862 in 2005, a reduction of 44%. The toll income for the Board from service buses also significantly reduced over the same period [3.9] despite the toll increasing from £6.50 to £10 i.e. by 54%. Both the number of service bus crossings and thus the income for the Board are set to reduce still further with the proposed termination of the Hull to Grimsby service from 19 February 2006 [3.29]. Taking this into account, the number of service bus crossings would reduce to approximately 13,000 in 2006 representing a reduction of 61% over the last 10 years.
- 5.16 In view of the above trend, the Board's own estimates of the impact of an increased discount for buses, as submitted to the 2001 inquiry, was in my view unduly pessimistic in terms of the likely impact on the Board's revenues [3.12]. The calculations assumed that bus crossings would remain broadly at a level of around 27,000 vehicles per annum up to 2039 whereas in practice they have already fallen well below this figure and have continued to decline.
- 5.17 I have considered the points made by the Board in response to the fall in bus crossings. I agree that there may well be factors other than the level of the toll which have contributed to the decline. Although not specific to the Humber Bridge, the report of the Audit Commission with respect to bus services in England set out some of these factors [2.16]. The report also indicated that there had been a fall in passenger usage of local services within the Yorkshire and Humber Region of 9% over the five year period 2000/01 to 2004/05

although I note that this also included rail services. On the other hand, the bus companies pointed to areas of their operations where there had been increases in passenger numbers in recent years as well as areas where there had been decreases [3.11 and 3.30]. I conclude from this that there is no common trend in bus usage against which the observed decline in bus numbers over the Bridge can be usefully compared.

- 5.18 I have studied the findings of the 2001 inquiry with respect to the relationship between the level of tolls and the number of service bus crossings. The report of the inquiry recognised that the information available at the time was limited and that it was difficult to draw from it reliable inferences as to the price elasticity of the demand for Bridge use. I have a similar difficulty even though more information is now available. My conclusion on this matter is therefore based on a more pragmatic approach.
- 5.19 It seems to me that the previous practice of increasing tolls for service buses in line with inflation has not produced an increase in revenue for the Board. Indeed, revenue from bus crossings has fallen substantially and is set to fall still further in the coming year assuming the Hull to Grimsby service is withdrawn as currently planned [3.38]. I would therefore suggest that the Board considers a new way forward based on reducing the cost for service buses to see if the trend can be reversed. It may well be, as the bus operators submitted, that even a relatively modest increase in the discount for buses might have a positive effect in the longer term on the Board's revenues [3.14].
- 5.20 There are a number of ways the Board could pursue this suggested approach. For example, it has the option of giving a discount to service buses based on the timetable of scheduled services. This would not be in conflict with increasing the maximum level of tolls as currently proposed by the Board. I accept the point made by EYMS that variations from the published timetable do occur but I am sure that it would be possible for due allowance to be made for these. Alternatively, the Board could consider introducing a discount for vehicles which make multiple crossings on a daily basis. If the Board were minded to pursue either of these options then discussions with the relevant bus operators on the practicalities would seem an appropriate way forward.
- 5.21 I agree with the observation of EYMS that the offering of discounts to service buses crossing the Bridge would be a low risk strategy, even if it were to prove unsuccessful in increasing revenue for the Board as a result of increased bus crossings. The current income from service buses represents less than 1.3% of the Board's revenue from tolls [3.15]. There is therefore little to lose and potentially there could be a positive outcome if the approach encourages new services or at least retains services across the Bridge which might otherwise be withdrawn.
- 5.22 In making these suggestions, I would emphasise that I do not feel it is incumbent upon the Board to promote or encourage the use of public transport so as to support any policies the Government might have in this respect. The Board's responsibilities, as set out in the various enabling Acts of Parliament, do not require that it has any regard to national or indeed local transport policy considerations. Rather, the premise for a new approach, as described above, is that, were it to be successful in at least halting the decline in bus crossings, it would make good commercial sense to pursue it. I

appreciate that the Board has always taken a contrary view to this in the past. In my view, however, the circumstances are now such that it should be positively considered.

5.23 I have also noted the point made by the bus operators that they have sought financial support from the local authorities without success [3.21], the main reason being that the authorities were unwilling to give priority to services which cross their boundary into another local authority area. This lack of a co-ordinated approach to the promotion and support for public transport is certainly, in my view, unhelpful to the travelling public as well as the bus operators who are providing the service. Financial support for the services crossing the Bridge could, in my view, provide a real boost to public transport links between the two banks of the Humber to the benefit of communities on both sides of the river.

5.24 With respect to the request by the bus companies for a separate vehicle category for large buses in the Toll Order, I agree that ideally this would be preferable [3.8]. However, I also appreciate the point made by the Board that this would require significant changes to both the hardware and software systems used for toll collection and auditing [2.19]. As noted earlier, it should be possible to use the bus timetables to obtain reasonably reliable estimates on the number of bus crossings. It is a point which the Board could, in my view, usefully consider when the toll collection equipment is due for replacement.

Concessions for healthcare related journeys

5.25 Based on the submissions to the Inquiry from members of the public, the local media, the local authority and the area's MPs, there is clearly a substantial body of opinion which supports the view that journeys by patients and their visitors to hospitals in Hull should be made toll free or at least the toll reduced for such journeys. The Humber Bridge Tolls Impact Study also concluded that there was a case for this to be considered [3.45]. This would be in addition to the assistance which is already available to certain groups of people who are on low income and receiving particular benefits [4.10].

5.26 The decision by the Health Authority to concentrate their cancer treatment services in Hull, and the resulting necessity for residents on the south bank of the Humber to cross the Bridge to access these services, has understandably raised the profile of this issue [3.41]. I was also informed that the problem has been exacerbated by the formation in 2002 of the North and East Yorkshire and Northern Lincolnshire Strategic Health Authority which covers an area both to the north and south of the Humber [4.8].

5.27 I have also noted the findings of the North Lincolnshire Health and Social Affairs Scrutiny Panel with respect to this issue [3.43]. It would seem from the report of the Panel that all parties who were involved in the various discussions on the subject, including the Humber Bridge Board, were agreed that there should be more help given to those making healthcare related journeys across the Bridge. The Board had offered its cooperation in finding a practical way for this to be done which would minimise the opportunities for abuse of the system [4.8].

5.28 The difficulty seems to be in reaching a consensus on who should be

responsible for meeting the cost of any concessions which might be granted. The Board certainly has the powers, in my view, to make concessions of this nature and has already exercised this in the past with respect to those receiving the higher rate of mobility allowance [4.11]. However, I do not consider that the Board has any obligation to grant concessions on health grounds nor do I consider it is the appropriate body to do so. Limited assistance is already available for some health related journeys and this is funded by the Health Authority [4.10]. If further assistance is to be provided then, in my view, this is a matter primarily for that body to consider.

5.29 My conclusions on this issue are based on the current legal framework governing the Board's constitution and responsibilities. I am aware that these could potentially change as a result of a Private Members' Bill which I understand is awaiting its second reading in the House of Commons [3.49]. The intention of this Bill, as I understand it, is to amend the composition of the Board by including two members to represent the interests of the NHS and to give it a new duty to review the costs of journeys across the Bridge which relate to healthcare. If the Bill were to be enacted this would clearly change the position with respect to this matter.

Overall Conclusions

5.30 I am satisfied that the proposals by the Board for an increase in the maximum tolls to be applied are consistent with the legal framework governing the operation of the Bridge. I am also persuaded that the increases proposed accord with the Agreement made in 1998 between the Board and the Secretary of State which governs the repayment of the outstanding debt. On this basis I am able to recommend that the Secretary of State makes a toll Order in accordance with the terms proposed by the Board.

5.31 I recognise that the Secretary of State's powers with respect to this matter are limited to setting the maximum tolls and defining the traffic classification to which the tolls are to be applied [2.2]. Having regard to this, and the conclusions I have reached regarding reduced tolls for local service buses, I recommend that the Secretary of State advises the Board to consider a new approach based on a reduced toll for these vehicles. Further, I suggest that this issue and any financial implications be addressed as part of the on-going discussions between the Board and the Department for Transport on the review of the outstanding debt.

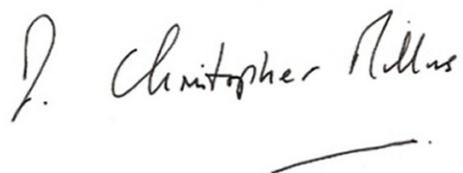
5.32 I have had regard to all matters raised, whether at the inquiry or in written representations, but they do not alter the conclusions I have reached.

6. Recommendations

I recommend that:

6.1 The Secretary of State makes a Tolls Order pursuant to Section 10 of the Humber Bridge Act 1971 to implement the proposals contained in the application of the Board dated 25 April 2005, to take effect from 1 April 2006.

6.2 The Secretary of State advises the Board to consider a reduction in the level of toll for scheduled local bus services for the reasons set out in this report.



INSPECTOR

APPENDICES

APPENDIX A

APPEARANCES

The Humber Bridge Board

Mr G Stephenson of Counsel

who called

Mr M J Desforges

Mr P G Hill

The Objectors

Mr P Shipp

Mr P N Hill

Mr P Lynch

Ferriby Road, Hessle, HU13 0JG

2-3 Grays Inn Square

London WC1R 5JH

Treasurer (retired) Humber Bridge Board

Bridgemaster and Engineer

Humber Bridge Board

Chairman and Chief Executive

EYMS Group Ltd

252 Anlaby Road, Hull HU3 2RS

Managing Director

Lincolnshire Road Car Company Ltd.

PO Box 15, Deacon Road

Lincoln LN2 4JB

Managing Director

Mr M H Withrington

Stagecoach East Midlands
New Street, Chesterfield,
Derbyshire S40 2LQ
Birchcroft
101 Barrow Road, Barton-on-Humber
North Lincolnshire DN18 6DA

APPENDIX B

DOCUMENTS

Documents submitted by the Humber Bridge Board

- HBB1 Document bundle submitted by Humber Bridge Board (indexed by page number at front of document)
- HBB2 Proof of Evidence PG Hill Bridgmaster and Engineer
- HBB3 Supplementary Proof of Evidence PG Hill Bridgmaster and Engineer
- HBB4 Proof of Evidence MJ Desforges Treasurer (retired)
- HBB5 Management Report 2005

Other Inquiry Documents

- ID1 Attendance List
- ID2 Letters of Objection and associated correspondence
- ID3 Humber Bridge Proposed Revision of Toll Charges – London Gazette Notice 26 September 2005
- ID4 Humber Bridge Board – Statement of Reasons 1 June 2005
- ID5 Notice of Public Inquiry – 24 December 2005
- ID6 Assisted Prison Visits Scheme
- ID7 The Hospital Travel Costs Scheme and associated emails
- ID8 Proof of Evidence MH Withrington
- ID9 Proof of Evidence P Shipp

ID10 Proof of Evidence PN Hill

ID11 Proof of Evidence P Lynch

ID12 Axe the Toll on Health Campaign Scunthorpe Telegraph - folder containing related press articles

ID13 Axe the Toll on Health Campaign Grimsby Telegraph - folder containing related press articles

APPENDIX C

HUMBER BRIDGE PROPOSED REVISION OF TOLL CHARGES

Class of Traffic		Existing Toll	Proposed Toll
1.	Motorcycle (with or without sidecar)	£1.10	£1.20
2.	Motor car Motor caravan Goods vehicles having a maximum weight not exceeding 3.5 tonnes	£2.50	£2.70
3.	Goods vehicles having a maximum weight exceeding 3.5 tonnes but not exceeding 7.5 tonnes Vehicle in class 2 above with trailer Small bus (up to 16 passengers excluding driver)	£4.50	£4.90
4.	Goods vehicles exceeding 7.5 tonnes maximum weight with two axles Large buses	£10.00	£10.90
5.	Goods vehicles exceeding 7.5 tonnes maximum weight with three axles	£13.40	£14.60
6.	Goods vehicles exceeding 7.5 tonnes with four or more axles	£16.70	£18.30

7.	Any other vehicle using the Bridge and not specifically identified in the above Classification shall be charged a toll by reference to the vehicle's maximum gross vehicle weight and number of axles. The toll charged for the vehicle shall not exceed the toll specified at 2 to 6 for a vehicle with the same maximum vehicle weight and number of axles		
8.	Pedestrians	Nil	Nil
9.	Pedal cycles	Nil	Nil