Report to the Secretary of State for Transport

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An Inspector appointed by the Secretary of State for Transport

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HUMBER BRIDGE ACT 1971

PROPOSED REVISION OF HUMBER BRIDGE TOLLS

Dates of Inquiry: 3, 4 & 5 March 2009

Ref: TS/5/3

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CASE DETAILS

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 Recommendation: I recommend that a confirmatory Order be made as proposed.

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1 PREAMBLE

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 proposals and to report to the Secretary of State for Transport. The inquiry was held on 3, 4 & 5 March 2009 at the Willerby Manor Hotel, Well Lane, Willerby, East Yorkshire HU10 6ER.

1.2 The formal application to the Secretary of State for Transport for an increase in the tolls for use of the Humber Bridge was made by the Humber Bridge Board by letter dated 6 March 2008.

1.3 There were some 970 objections to the Order at the start of the inquiry. Nineteen objectors appeared or were represented at the inquiry.

1.4 The main grounds of objection are: -

i. that the current level of tolls is too high, affecting the local economy, the cost of travel to work and educational facilities; the cost and provision of public transport as well as the cost of travel to visit friends or family and to access recreation;

ii. that they are having an adverse impact on the cost of travel for people on the South bank of the River Humber when accessing health provision on the north bank;

iii. that the proposed increase at 7% is above inflation;

iv. that the cost of the Bridge has been repaid and that the sums owing are interest only; and

v. that vehicles driving around the Humber estuary to avoid the tolls are damaging the environment.

1.5 At the inquiry the Bridge Board confirmed that all statutory formalities had been complied with.

1.6 This report contains the gist of the submissions made, and my conclusions and recommendation. Lists of appearances and documents are attached. I have included in the list of documents the proofs and other statements of evidence submitted by the parties, subject, however, to the proviso that these may have been added to or otherwise amended at the inquiry.

2 THE CASE FOR THE HUMBER BRIDGE BOARD

The material points are:

Background

2.1 The Humber Bridge Board was set up and given powers to cause the Humber Bridge to be built by The Humber Bridge Act 1959 ("the 1959 Act", document HBB/1 - Tab 1). This, and subsequent legislation, gave the Board power to borrow the monies necessary to finance the construction of the Bridge, ancillary buildings and the approach roads. The Bridge was opened in 1981 and was funded by a series of loans from the Government.

2.2 Under Section 69 of the Humber Bridge Act 1959 as amended by Section 3 of the Humber Bridge Act 1971 ("the 1971 Act", document HBB/1 - Tab 2), the Board was required to repay borrowed monies within 60 years of the date of borrowing subject to any deferment agreed with the Government. The Board was empowered to suspend the redemption of the borrowed monies for a period of 13 years from the opening of the Bridge to public traffic or such longer period as the Secretary of State may approve.

2.3 The Government agreed to lend the Board 75% of the capital required. The remaining 25% was borrowed from the Public Works Loans Board (PWLB) in an agreement dated 29th March 1972 (document HBB/1 - Tab 3). Because of the foreseen difficulty of the Board being unable to pay the interest on the debt outstanding in the early years until the traffic had built up sufficiently, this agreement was entered into with the Secretary of State to enable the Board to take out further loans in order to pay the interest i.e. to capitalise the interest. This agreement, like the power of suspension of the redemption of the debt, was for a period of 13 years from the opening of the Bridge to public traffic or such longer periods as the Secretary of State might approve. The agreement came to an end on 24th June 1994 (13 years from the date of the opening of the Bridge) but was extended by the Government to 1999.

2.4 Section 75 of the 1959 Act (as amended) lists ten purposes for which the Board shall apply the revenues it receives. Section 8 of the 1971 Act amended these purposes; however the first purpose remains that the revenues must be applied to pay the working and establishment expenses and costs of the maintenance of the Bridge. The second purpose is that the Board must use revenues to repay the interest on monies borrowed under any statutory borrowing power. The third purpose is that once all interest has been paid, the Board must use revenues to repay amounts borrowed. Only after the first nine purposes have been satisfied can the Board then apply revenues to achieve a reduction in tolls as the tenth purpose.

2.5 Section 74 of the 1959 Act contains a requirement that if there is any deficiency in the revenues of the Board it must be made good by precepts on the Corporation (defined as the Lord Mayor, alderman and citizens of the city of Hull, now Kingston upon Hull City Council) and on the areas of the former Haltemprice Urban District Council (now within the East Riding of Yorkshire Council) and the former Barton upon Humber District Council (now within the North Lincolnshire Council).

2.6 The amount which can be levied on Hull is unlimited whilst the other two areas were liable to the maximum of a charge of 1 2/3p on each pound of Rateable Value. Following the change from the rating system the maximum amount that could be levied has been recalculated to an index linked cash figure. Contributions are therefore capped for East Yorkshire and North Lincolnshire but not for Hull.

2.7 Prevention of large increases in local authority taxes through the Local Government Finance Act 1992 may either prevent these Councils from collecting any precept levied by the Board, or would give rise to reduced services which would have a disproportionate and inequitable impact on the citizens of Hull.

Debt history

2.8 Forecasts made in 1980 - based on assumptions of the opening debt, interest charges and future inflation - indicated that after financing the running expenses the income from tolls should be sufficient to repay the Board's debt over a period of 40 years from the date of the opening of the Bridge to traffic.

2.9 However, the opening debt was far higher than anticipated due to the high final capital cost of the Bridge (£97m compared to the original estimate of £28m), delays in completion of the project and the high interest rates prevailing in the period the Bridge was under construction (up to 17%). This affected both interest charges and the construction cost.

2.10 The resulting high capital outlay and extensive capitalisation of the interest charges had a compounding effect on the debt outstanding. At the time it opened, the debt was £151m made up of £97m for the capital cost of the Bridge and £54m for additional borrowing to meet interest charges.

2.11 Due to further borrowing to meet most of the interest charges, the amount of debt outstanding continued to rise until it reached over £439m in 1992.

From 1991-92 the Government grant aided the Board as follows:

Year	Amount (£m)
1991-92	9.7
1992-93	44.1
1993-94	39.2
1994-95	38.9
1995-96	38.9
1996-97	48.2
1997-98	39.2

2.12 From 1992-93 the grants covered the interest charges that could not be met out of the Board's operating surplus and in 1991-92 and 1992-93 the grants also met the repayment of two PWLB loans of £5m and £4m respectively. The effect of this grant aid was to stabilise the debt outstanding. No further grants have been received since this time.

2.13 From the outset it was clear that the Board had financial difficulties. In 1983 the Board considered an internal report on the projected debt for the next 30 years. This was followed in 1984 by a further projection undertaken by the then Department of Transport using the latest local and national traffic flow models. The conclusion reached in both studies was that even with high national traffic growth, high build up of traffic using the Bridge, high inflation and revenue maximising tolls, the income generated would be insufficient to pay off the debt and therefore substantial assistance would be required from the contributing authorities and/or the Government.

2.14 These difficulties were outlined to the Transport Committee of the House of Commons in 1985 when it considered the position of tolled estuarial crossings. Government Policy towards the tolling of estuarial crossings is explained in the statement by the Department for Transport dated 11 July 1996 (document HBB/1 – Tab 15). This states that over the past 30 years successive governments have justified the policy of charging tolls on major estuarial crossings on the grounds of the high cost of provision and the exceptional benefits to users conferred by large reductions in journey lengths and times except where tolls would cause substantial diversion of traffic to alternative, untolled routes. The provision of adequate estuarial crossings is a costly matter. Where they offer a substantial time and cost saving to users, like the Severn Bridge and the Dartford Tunnel, the Government considers it appropriate for users to contribute directly to the cost through tolls.

2.15 In the Second Special Report of the Transport Committee 1985-6 (published in July 1986), the Secretary of State for Transport is recorded as saying in his evidence to that Committee that he accepted the Humber Bridge as a special case and asked the Board to come forward with proposals for making the situation more manageable (document HBB/1 - Tab 4, Annex C paragraph 18).

2.16 The Board submitted its case to the Government for financial assistance in 1990. Following a further meeting with Representatives of the Board in 1991, the then Roads Minister indicated that it was the Government's intention to lift the prospect of a burden of debt by promoting a Bill to write off or suspend debt.

2.17 The Government recognised the Board's serious financial position and introduced the Humber Bridge (Debts) Act 1996 (document HBB/1 - Tab 5) which provided the Government with power to write off or suspend debt owed by the Board. In 1997 the total debt amounted to £425m of which £359m was owed to the Secretary of State and £66m to the Public Works Loan Board. Agreement was reached to write off the latter debt and to suspend £240m of the debt to the Secretary of State at 0% interest to allow repayment of the debt to be programmed over a maximum period of 40 years.

2.18 These terms were implemented by the Humber Bridge (Debts) Order 1998 (document HBB/1 - Tab 6). The Board's debt would then be subject to continuing review on a five yearly basis. The financial settlement was covered in an agreement dated 1st July 1998 (document HBB/1 - Tab 7). The agreement reached also made provision for certain major items of programmed repair work. From 1998 the operating surplus has been sufficient to pay the interest due in full, plus an amount of capital, repaying £26.6m of the total debt outstanding.

2.19 Concerns about the adequacy of toll monies, the needs of future maintenance, and the requirements for the Department for Transport to account for the suspended debt led to discussions and agreements between the Secretary of State for transport and the Board (document HBB/1 - Tab 8) and to the Humber Bridge (Debts) Order 2007 (document HBB/1 - Tab 9). The Department for Transport had wished to re-activate the entire debt and charge interest at 4.25% which was the National Loans Fund rate for debt repayable at maturity with a length of 30-35 years as at 3 April 2006. However, constraints contained in the 1998 Debts Order prevented interest being charged on the suspended portion of the debt until 2013-14. As such variable percentage interest rates were to be charged on the active portion of the debt which would be the equivalent of 4.25% if applied to the full outstanding debt for each of the years from 2006 to 2010 inclusive.

Duty to increase tolls

2.20 Section 10 of the 1971 Act recognized that toll revision would be necessary and gave the Board the power to do this; however none of the written agreements between the Department for Transport and the Board, nor the acts, stated when a toll increase must be made. Initial studies indicated that it would be necessary to raise tolls every 4 to 5 years. However agreement was reached with the Department for Transport in 1987 that tolls would need to be increased every two or three years to avoid any precepting of local citizens. All subsequent agreements and Debt Orders have been based on an increase of 2-yearly intervals in line with the compounded Retail Price Index.

2.21 Although both the 1998 and 2007 agreements referred to the debts being repaid by 2038, the actual projections agreed by the department assume that the payments would end in 2033. This allows a five-year margin as a contingency for possible increased maintenance costs or lower-than-expected traffic growth.

2.22 Scenarios have been tested for different toll increase projections and traffic growth assumptions. If total levels were to increase by 2% every two years (rather than the current compounded RPI increase), repayments would take until 2043. If tolls were to increase by a compounded RPI increase every four years, repayments would cease in 2034. However this would result in a larger increase every four years rather than every two years as presently proposed. If there were to be no further toll increase then the total debt outstanding in 2045 would still be almost £247m.

2.23 In the event that there was no traffic growth, repayments would cease in 2038, five years beyond the current projected date. Any increase other than the existing two-yearly compounded RPI increase would not repay the debt before 2038 and the Board would be in breach of the loan agreements.

Tolls and reason for increase

2.24 The first increase in relation to the 1998 agreement was introduced with effect from 1st April 2000 without the need for a public inquiry. Objections to the toll increase at that time were withdrawn. The Board next proposed increases with effect from 1st April 2002, to be applied up to 31st March 2004. This increase was the subject of a toll Inquiry on 19th December 2001. The Board again applied to the Secretary of State for Transport to raise the tolls on 25th April 2005. A public inquiry in relation to this application was held on 7th February 2006 and resulted in the Toll Revision Order 2006. Tolls were raised to their current levels on 24th April 2006.

2.25 Application for the current proposal was made to the Secretary of State for Transport on 6 March 2008. This would result in an increase of the tolls in order to meet the board's repayment obligations in accordance with the debt repayment schedule. The increase seeks to maintain the 1998 totals in real terms and an inflation factor for the period 1998 to 2008 has been assessed by using the Retail Price Index as published in the Employment Gazette for October 1998 to September 2007 and projecting it at 2.5% per annum to September 2008. The proposed tolls have been rounded down to multiples of 10p to facilitate collection and reduce waiting time at the toll booths. The proposed increase would raise the level of tolls to those shown in the following table: -

	Class of Traffic	Current toll	Proposed Maximum Toll
1.	Motorcycle (with or without sidecar)	£1.20	£1.30
2.	Motor car Motor caravan Goods vehicles having a maximum weight not exceeding 3.5 tonnes	£2.70	£2.90
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)	£4.90	£5.30
4.	Goods vehicles exceeding 7.5 tonnes maximum weight with two axles Large buses	£10.90	£11.90
5.	Goods vehicles exceeding 7.5 tonnes maximum weight with three axles	£14.60	£15.90
6.	Goods vehicles exceeding 7.5 tonnes maximum weight with four or more axles	£18.30	£19.90
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

Government powers and expectations

2.26 The statutory framework does not give the Board the power to release itself from the current debt, nor to reduce it. The board's duty is to repay interest and capital debt, any reduction could only be achieved by negotiation with the Government. Evidence was given to the House of Commons Transport Committee that the Government's expectation is that financial assistance will be given to tolled estuarial crossings when all statutory possibilities have been exhausted. However, the Humber Bridge was acknowledged as being a special case due to the nature, scale and severity of financial problems and limited opportunity for remedy. The common statement of July 1996 (document HBB/1 - Tab 22) continues to make it clear that write-off of debt would only be considered in the most extreme circumstances and that the application for debt write-off in relation to the Mersey Tunnel was refused because there was no reason for it not to be self financing at a reasonable level of tolls.

2.27 The Government's position and expectations remain that the Bridge is a local issue and that the debt must be repaid by the Board by recourse to its powers to levy tolls or precepts. Unless and until this political philosophy changes, the Board must work towards repayment of debt as well as meeting operational costs of the British by levying such tolls as are necessary for these and the other statutory purpose.

3 THE CASE FOR THE OBJECTORS

The material points are:

The Humber Sub-Regional Local Authority Partnership

3.1 The Humber Sub-Regional Local Authority Partnership is formed by the four unitary councils of Hull City, East Riding of Yorkshire, North Lincolnshire, and North East Lincolnshire Councils within the wider the wider Yorkshire and Humber region.

3.2 The Humber sub-region Unitary Leaders' Group have long been concerned about the detrimental impact high tolls on the Humber Bridge were having on the economic performance of the Humber sub-region, and on individuals. In January 2008 it agreed to commission independent research on the social and economic impact of the Humber Bridge tolls on the Humber sub-region (Appendix 1 of document OBJ/1 – Tab 12). The creation of the Hull and Humber Ports City Region, one of three City Regions in the Yorkshire and Humber region, has given this a high priority. The other two in the region are Leeds and Sheffield. The Hull and Humber Ports City Region covers the area of the four councils in the Humber sub-region. Ministers and the Government Office for the region expect to see the Humber economy achieving a sustainable higher rate of economic growth and employment creation than historically has been the case.

3.3 The Humber Bridge tolls present the largest impediment to economic development and with it, greater prosperity, across the City Region. This is because the tolls are the highest in the UK and it is the only City Region in the country divided by a toll crossing. The four unitary councils had considered that the two banks of the Humber, divided by high toll charges, were holding back the development of a cohesive and dynamic Humber sub-region, but without evidence to support this.

3.4 Transport consultants Colin Buchanan and Partners were therefore appointed to carry out a Social and Economic Impact Assessment of the Humber Bridge Tolls ("the Assessment") in the summer of 2008. The Assessment concluded that the Hull and Humber Ports are a strategic centre of distribution for the UK, and strengthening the offer here is good for UK competitiveness. Enhanced Hull and Humber Ports can provide alleviation from congestion at ports in the South East, and running lorries across the UK from the Humber Ports, rather than the South East coast, relieves road congestion in the South East. This is also much more competitive as much more of the UK can be accessed from the Humber Ports within the four hours' drive directive than can be accessed from the South East coast. Furthermore, less expensive land and labour in the City Region makes it a more attractive and internationally competitive port location.

3.5 Further work (Phase 2) on the Assessment was commissioned to look in detail at the likely extra tax revenue to HM Treasury over the period to 2032 if the tolls were abolished or reduced to £1 for a car, with similar reductions for all other classes of vehicle. The Phase 2 Report addresses HM Treasury concerns in relation to the current debt incurred by the Humber Bridge Board, but seeks to do so in the context of the Government's desire to see a successful and dynamic Hull and Humber Ports City Region.

3.6 The Assessment makes clear that either outright abolition of the tolls, or a reduction in the toll to £1 for a car with similar reductions for all other classes of vehicle, would achieve a significant economic boost for the City Region for the period to 2032. This timescale was used as this is the date that the Humber Bridge Board has adopted for the repayment of its current loans.

3.7 The Assessment concluded that if the tolls were abolished the City Region would benefit by £1.1bn in the period to 2032 through a combination of increased productivity and redistributed toll revenues. If the toll for a car was reduced to £1 the total City Region benefit would be £580m. The economic model used by the consultants to quantify the economic benefits of toll abolition/reduction is based on approved Department for Transport guidance. The figures of £1.1bn and £580m comprise two main elements: direct agglomeration and induced benefits, in the form of extra productivity and indirect benefits, as a result of a redistribution of toll expenditure by individuals and businesses which would be spent in the City Region.

3.8 Toll abolition or reduction would increase the size of the labour catchment area, thus helping to increase the appeal of developing a large number of employment sites on the South bank of the Humber. The South Humber Bank, at 1,000 acres, represents the largest development site in the whole of Yorkshire and Humber. There would also be benefits to port and distribution industries in and around the City Region, which has important strategic effects for the UK as a whole.

3.9 The Phase 2 report concentrated on the likely additional tax revenue for HM Treasury predicated on the economic benefits of £1.1bn or £580m. These figures were converted into Net Present Value (NPV) discounted figures of £750m and £375m respectively. The consultants concluded that if the status quo remains in place (i.e. regular toll increases every two years in line with inflation, up to 2032), HM Treasury could expect to receive a total of £290m from the Humber Bridge Board. But if the toll were to be abolished or reduced to £1 for a car, the Treasury could expect to receive £120m in extra tax revenue over the period to 2035. The figure of £120m net extra tax revenue would be the same for both toll abolition and reduction.

3.10 Deducting the £120m extra tax revenue from the £290m the Government could expect to receive from the status quo, shows that toll abolition/reduction will cost the Government £170m net over the period to 2032. This represents an investment in the sub-region of a little over £7m per year (2009-2032).

3.11 The report also examined the likelihood of the Bridge Board's debt to the Government being paid off by 2032. It estimated that on current projections, the date for the repayment of the debt is likely to be 2035. This is based on inflation rising at 2% annually from 2009, the interest rate on the debt being fixed at 4.25% for the life of the debt and Bridge users increasing at 1% per year, as well as a number of other assumptions.

3.12 It also showed how sensitive debt repayment is to a range of factors such as interest rates, inflation and volume of traffic using the Bridge, as well as toll levels. Of particular concern is what would happen if the interest rate on the debt were to return to 7.75%. Whilst the rate is currently 4.25%, this agreement with the Government is due to expire in 2011 and the rate will return to the previously agreed rate of 7.75%. If this were to occur it would have the effect of growing, rather than shrinking the debt, as the repayments by the Bridge Board of their operating surplus would be insufficient to cover the interest payment each year. This illustrates how precarious the financial position of the Bridge is, and how the current level of debt is unviable. The future prospects of the Bridge, if the interest rate is returned to 7.75% in line with the current agreements, are bleak.

3.13 The City Region is not closing the prosperity gap with the other three functional sub-regions in Yorkshire and Humber and certainly not with the more prosperous South-East. In the last few months the picture has deteriorated further. The two functional economies of the Humber were identified as those most at risk during the recession in a recent Local Government Association report, "Recessions and Regions". It suggested the Humber could expect a 7-8% fall in productivity in the coming year. The report also concluded that interventions to support local economies were best done at a functional economic level, not regionally or nationally. The call by the Humber unitary council leaders for the Humber Bridge debt to be written off and for tolls to be abolished certainly fits within this category of intervention at the functional economic level. Over the last 12 months (February 2008 to January 2009) more than 63,000 have registered a new claim for Job Seeker's Allowance, with only 52,000 claimants moving off the claimant count in the same period.

3.14 The South East of England is currently severely congested. This is a key route by which goods are imported and exported from the country. The

Humber Ports already have the country's biggest port as measured by freight tonnage (Grimsby/Immingham) and transport and logistics are a key sector in the local economy. There is potential for this sector to be expanded even further in the Humber, especially in light of the country's only undeveloped deepwater access point being located to the north of the Port of Immingham on the South Humber Bank.

3.15 If the Bridge tolls were reduced or removed, the transport and logistics sector would benefit greatly. This would make the area more attractive for the importing and exporting of goods and would move some traffic away from the South East to the far less congested roads and ports of the Humber. This would be of great benefit to the country as a whole and make the UK a more attractive investment location.

3.16 The Board's evidence is that any reduction in debt could only be achieved through negotiation with the Government and that the Board does not have the power to release itself from the debt. However, the Secretary of State does have the ability to write-off all (or part) of the debt using powers under the Humber Bridge Act 1996 – albeit with the consent of HM Treasury.

3.17 The Board states that the Department would only consider debt write-off "in the most extreme of circumstances". A situation where the level of tolls is so high that it is restricting the performance of the local economy, as well as presenting a barrier to the accessing of healthcare, education, leisure and culture is an extreme circumstance. The House of Commons Transport Select Committee's report of 1986 shows that the Committee acknowledged the Humber Bridge as being "a special case due to its nature, scale and severity of financial opportunity and lack of financial remedy". Government policy is now that city regions are the key economic drivers in their area. The Government is also currently looking at what it can do to stimulate local economies during a time of recession. The Board should recognise this political change and adapt their dialogue with the Department for Transport accordingly.

3.18 A study, commissioned by the Board in 2008, carried out by Faber Maunsell asserts that if tolls were reduced by 50% (therefore to £1.35 each way for cars) then traffic volumes would increase by 21% for light vehicles and 41% for heavy vehicles. They also assert that this would lead to a reduction in toll revenue to 65% of their current level. Because, as previously mentioned, their model is only based on current Bridge users and does not recognise the creation of new Bridge users; this can be seen as a very conservative estimate. The Colin Buchanan research suggests that if toll levels are reduced, the city region will benefit through increased productivity. They have also calculated tax revenue for HM Treasury on this increased productivity.

3.19 65% of the current revenue levels would equate to around £15.38m. Deducting the £3.53m for total expenditure by the Bridge this would leave an operating surplus of £11.85m. If this operating surplus is added to the tax revenue of £4.9m, it gives a total return to the Government of £16.75m. Whilst this is less than the operating surplus of £20.34m, which the Bridge Board estimates will be repaid in 2008, it does represent a potentially more sustainable way of repaying the debt by combining the operating surplus and Treasury tax revenue. This is based on the Faber Maunsell prediction of 65% revenue, based on calculations using a model which does not include the creation of new Bridge users.

3.20 The partnership would wish that the Secretary of State would use his powers of the Humber Bridge Act 1996 to write off all of the debt owed by the Humber Bridge Board. The future prospects of both the Bridge and the local area will be severely affected if such action is not taken. Failing that the Secretary of State should not increase the tolls at this time. More time should be allowed for the Bridge Board and their partners to look at alternative ways of financing the repayment of the debt owed to the Government.

Hull & Humber Chamber of Commerce

3.21 Hull & Humber Chamber of Commerce represents approximately 1,500 member businesses of all sizes across a wide variety of sectors. It objects to the principle of tolls on the Humber Bridge and any attempts to increase them.

3.22 The Humber area has huge potential but has consistently underperformed in economic terms over a long period of time. The Humber scores below both the Yorkshire & Humber regional and English national average on a range of measures as shown in table 1 of document OBJ/1 - Tab 3.

3.23 The benefits of uniting the two sides of the Humber into a single economic area have long been recognised. In 1969, before construction began on the Humber Bridge, the Humberside Study, commissioned by the Government, recognised the future potential of the area and recommended that measures should be taken to sustain the area's momentum of economic growth and preserve its potential as a major growth centre. The Minister of the time said that a key factor is the unification of the two sides of the Humber into a single economic area.

3.24 The Humber Bridge has failed in its purpose of uniting the Humber area. The economies of the two banks – together with the jobs markets, housing markets and education provision – are still to a large degree separate. The Hull & Humber Ports City Region will struggle to reach its potential for the same reasons. This is in contrast to other City Regions, such as Leeds or Manchester, which are not divided and are performing much more strongly. The Humber area cannot compete on an equal basis with other City Regions. Another increase in the tolls would serve to increase the divide and further harm the area’s competitiveness.

3.25 The current cost of a return journey across the Humber Bridge is already higher than for any other bridge or tunnel in the UK. Increasing the tolls again would be out of step with the rest of the country.

3.26 In recent years the impact that tolls on bridges and tunnels in England have on their local areas has also been recognised. On the Dartford Tunnel a discount scheme was introduced in 2008 for local residents and night crossings have been made free, while tolls on the Mersey Tunnels have been frozen until 31 March 2010 in order to help people during the recession. The Scottish Government recognised the negative impact tolls on bridges in Scotland were having on the country and acted to remove them. Precedents have therefore been set and it is wrong, particularly in the current economic circumstances, for the Humber Bridge Board to be seeking to increase the tolls while tolls on other crossings are being reduced or frozen.

3.27 Traffic figures demonstrate that the presence of tolls on the Humber Bridge has inhibited the growth in journeys that has been experienced elsewhere. Traffic on major roads (motorways and A-roads) increased by 12% in England and 15% in Yorkshire & Humber between 1997 and 2007. In contrast, traffic on the Humber Bridge increased by just 6% over the same period. By way of comparison, traffic increased by 13% on the Forth Road Bridge and 18% on the Tay Bridge over the same period – approximately double and three times the increase on the Humber Bridge. In both cases the tolls were substantially lower and have now been abolished.

3.28 Freight transport by road increased by around 7% in Yorkshire & Humber and 10% in England between 1997 and 2007. In contrast, HGV traffic on the Humber Bridge has declined by some 14% since 1997/98.

3.29 The Humber region, with its ports and short journey times to the rest of the country, is ideally situated to be a national hub for transport and logistics. However its potential is being limited by the Humber Bridge tolls. The decline in HGV traffic illustrates that the burden of the tolls is already too great for operators to bear. Some of the journeys that would have been made over the Bridge are made by taking a longer diversion along the motorways, with the resultant increase in congestion, emissions and man-hours, because it is cheaper. A survey of Chamber of Commerce members, carried out in July 2008, received 232 responses. In the survey about a third of companies said their staff sometimes took alternative routes while on company business to avoid the tolls. On average this meant the loss of around 110 man-hours and an extra 4,771 miles travelled per year. This is not an efficient use of resources.

3.30 Experience shows that removing the tolls would increase the number of crossings. When toll booth operators took industrial action in the 1980s and crossings were free for a brief period, traffic on the Humber Bridge was substantially higher. Traffic is already expected to decrease over the next year because of the recession. Increasing tolls further could be counterproductive if it were to cause a greater decrease in traffic. Toll revenue could therefore decrease.

3.31 At a time when many major companies are seeking to restructure their operations, making the Humber less attractive by increasing the tolls would make their operations more vulnerable to job losses or even closure in favour of retaining operations in areas without tolls.

3.32 The tolls are a barrier to people applying for some jobs and therefore limit the available pool of talent for businesses. In the survey of businesses, 47% said that the Humber Bridge tolls had an effect on recruitment, while 25% said that they had an effect on staff retention. 47% strongly agreed that recruitment would be easier if crossing the Bridge was free, with a further 24% agreeing. Someone on the National Minimum Wage would have to spend some 14% to 17% of their income on tolls, based on a five day week with 28 days of annual leave. The cost of travelling to work by bus would be similarly prohibitive for people on low or modest incomes because the high tolls charged for public bus crossings have to be passed on to customers. The annual cost of travelling between Barton-upon-Humber and Hull city centre would be £1,368.80. Demand is suppressed because of the cost of the fares, caused by the high tolls and the provision of services is therefore limited.

3.33 The tolls already have a negative impact on the local retail and tourism markets. The number of visitors from Hull and the East Riding of Yorkshire is much lower than from other adjacent areas. Retail studies have shown that many people on the South bank shop in Doncaster or Sheffield rather than Hull, even when Hull is much closer. A further increase in the tolls would make things more difficult. There is great potential for more tourism in the UK for day trips, short breaks and extended stays. Increasing the tolls would discourage people from visiting the area and deter people from visiting both banks while they are there. Hull in particular would become less attractive as a retail destination for people on the South bank if the tolls increase.

3.34 The housing market is adversely affected by the barriers the Humber Bridge tolls place to accessing jobs and services. House prices on the South bank are generally cheaper than on the north bank. People who work on one bank are put off living on the other because of the tolls. Increasing the tolls would make this a bigger problem at a time when the housing market is already struggling.

3.35 The tolls also affect the commercial property market. Property prices and therefore the likelihood of development are lower in less attractive locations. Companies want to be able to access their customers and for their customers to be able to access them. The Humber as a whole becomes a less attractive location to invest in if half of a company's potential customers are difficult to access. Increasing the tolls would make this a bigger problem at a time when the commercial property market is already struggling.

3.36 Government support for City Regional working and development is clear. Efforts are being made locally to work together but they are hampered by the tolls that divide the region, something which most other City Regions do not have to deal with. A further increase in the tolls would counter these efforts and would appear to conflict with Government and regional policy.

3.37 In recent years certain health services in the area have been concentrated in Hull and education providers have been encouraged to compete for business outside their immediate traditional catchment areas. Although these issues are not of direct concern to a business organisation, having effective and affordable transport links is essential for these policies to work. Higher tolls on the Humber Bridge would increase the cost of travel for these services, which is already unaffordable for some. If it became unaffordable for people in a particular location to access essential services then that location would cease to be a sustainable place to live. Affordable access to services is therefore an economic issue for the whole area.

3.38 The Chamber are seeking discussions with Ministers to find a way forward and consider that it would be inappropriate to raise the tolls when Ministers have not had the opportunity to fully study the evidence and discuss the case with it. If the toll increase is recommended, it should be on the basis that it is delayed until after these negotiations have taken place.

3.39 The percentage increase proposed for each classification of vehicle is shown on table 3 of document OBJ/1 – Tab 3. The rate of increase in each classification is between two and three times the higher rate of inflation. If an increase does take place it should not be by more than the rate of inflation.

3.40 The overriding priority must be the economic viability of the area, particularly in the current difficult and worsening economic conditions, and increasing the tolls at this time would be both damaging to the area and run contrary to what the Government, local authorities and others are trying to achieve. Increasing the tolls is not the only option available and the Board should explore options for events and a marketing strategy which would maximise the income potential. In the current economic conditions increasing the tolls should be an absolute last resort.

National Alliance Against Tolls

3.41 The National Alliance Against Tolls (NAAT) was formed in 2004 and is an informal alliance of local groups formed to protest against tolls in England, Scotland and Wales. It has no formal constitution and is opposed to congestion charges and road pricing as well as toll increases.

3.42 The Government collects nearly £50 billion a year from roads users in fuel duty and other direct taxes related to roads. Spending on all forms of highway is some £9 billion. There is no justification for tolls on any road, and not on this important route.

3.43 Tolling a crossing creates a psychological and financial barrier to social and economic intercourse. There also tends to be a concentration of major facilities on one side of the crossing, with people having to cross to use them. There is a longstanding complaint over the particular effect of Humber tolls on those from the south bank who need hospital treatment.

3.44 Tolls can have an adverse impact on the economy of an area. People and businesses will avoid tolls if they can, affecting tourism and businesses where transport is significant. Significant economic losses caused by tolls were confirmed by the Colin Buchanan study.

3.45 Scotland is now toll free. Studies on the economic effect of tolls were done for two of the toll bridges. They both concluded that the local economy would gain from the removal of tolls. In the case of the Skye Bridge it was estimated that there would be the equivalent of 256 extra full time jobs (around 6% increase in local employment). In the case of the Erskine Bridge over the Clyde, removal of the tolls would help to create some 20,000 jobs.

3.46 Tolls cause some traffic to divert onto longer routes to avoid tolls, adding to congestion and vehicle emissions.

3.47 The Humber Bridge has a large debt which mainly arises from annual losses on the Bridge. It would not have arisen if the Bridge had not been tolled from the outset. Those losses should have been discharged at the time and should have been recovered through taxes rather than through further borrowing. It is unfair that today's Bridge users should be burdened.

3.48 Given that the Bridge is subject to tolls, they should be far lower than are applied at the moment; they are already the most expensive in Britain. The Bridge Board should negotiate to have the Bridge assimilated into the national road network and the tolls removed.

3.49 Failing the complete removal of tolls, the Secretary of State should be asked to make a new Order under the Humber Bridge (Debts) Act 1996 powers. The Act provides that any sum (including interest) which would otherwise be payable to the Secretary of State by the Humber Bridge Board in accordance with an agreement under section 5(3) of the [1971 c. xlvii.] Humber Bridge Act 1971, and which is specified in the order, shall not be so payable.

3.50 An Order under the 1996 Act was made in 1998. That was superseded by the Humber Bridge (Debts) Order 2007. The effect of the current Order is as if interest was payable on the debt (including that which had been temporarily suspended) at a rate of 4.25%. The amount to be specified in a new order should be in effect all the remaining debt and interest liabilities. This would enable the tolls on the Bridge to be reduced to a more reasonable level.

Humber Action Against Tolls

3.51 Humber Action Against Tolls (HAAT) comprises individuals and organisations, both regionally and nationally, who all want to see abolition of the Humber Bridge tolls and its debt. It was formed in 2006 in order to bring together individuals and representatives of the many organisations who previously had voiced their concerns independently about the detrimental effect tolls were having. It has representation from the Association of British Drivers; National Alliance Against Tolls; the Road Haulage Association; North Lincolnshire Council; the Federation of Small Businesses; Humber and Yorkshire Coast Cancer Patient Involvement Groups; Ancholme Branch of the North Lincolnshire Links Senior Forum; and various businesses, etc.

3.52 HAAT objects to the proposed increase in the tolls because it does not want to see another rise in the already prohibitive cost of travelling across the Bridge. The debt should be completely annulled and there should be no tolls. The Humber Bridge road should be part of the normal highway system, debt- and toll-free.

3.53 The tolls are a particular hardship for patients normally resident on the South bank needing treatment in hospitals on the north bank. Many people are unable to meet such costs and miss vital hospital appointments. Public transport is not available for most South bank patient's hospital visits. Nor is there always the facility of hospital transport. Whilst there are benefits which can be applied for, qualification guidelines rule out the majority of patients, carers, family and friends.

3.54 The London congestion charge is refunded to all patients visiting hospitals in the affected London area. Access is also free through the Newcastle tunnel for certain patients.

3.55 Haulage companies are finding it more costly to deliver their cargo. This is not helped by rising fuel costs, and consequently they are finding other venues for their deliveries rather than areas on the opposite bank of the Humber. Many travel via Goole because the extra travelling time is cancelled out by the lower running costs.

3.56 Shoppers tend to travel to Sheffield, Leeds and Doncaster instead of Hull, Scunthorpe and Grimsby. The smaller towns of Brigg, Barton-upon-Humber and Beverley are also deprived of extra visitors who could otherwise enjoy the market town and historical treasures.

3.57 Leisure and tourism suffers on both sides of the Humber because of the cost of using the Bridge.

3.58 Financial investment is being made in London on projects such as Crossrail, the new Wembley Stadium, the high-speed link to the Channel Tunnel and the 2012 London Olympics. Investment into clearing the Humber Bridge debts would reap rewards by taking greater taxes via an improved economy if there were no tolls.

3.59 Traffic levels and future maintenance costs may differ from those predicted. This gives rise to uncertainty about the date when the debt would be paid off.

The Scunthorpe Telegraph & Grimsby Telegraph

3.60 The Scunthorpe and Grimsby Telegraphs launched the A Toll Too Far campaign in 2008 with the aim of halting a planned rise in Bridge tolls. It objects to the application on the grounds of the likely impact on local businesses, the human cost of the tolls and the depth of feeling and will for action. More than 10,000 readers have given their backing but there is also support from MPs on both banks of the river, the region's four unitary authorities, the Hull and Humber Chamber of Commerce, Local Government Yorkshire and Humber, Yorkshire Forward, local businesses, health officials and campaigners.

3.61 One haulage business states that the cost of crossing the Bridge is an unbearable financial burden that forces the firm's trucks to take the alternative route through Goole.

3.62 One construction firm’s distribution arm regularly uses the Bridge to move bulk products such as flour and steel between the north and south banks of the Humber. Any increase in tolls would add pressure to costs at a time when road transport is already under severe pressure. The firm also has construction projects throughout the region and needs to move people and equipment around, which involves a significant number of site personnel who use the Bridge on a daily basis, adding to the operating costs of the business. The tolls have been an unfair burden on the business compared to competitors elsewhere in the UK.

3.63 Another local firm stated that if the tolls were eliminated it would allow it to recruit the best people locally and stay competitive. Trying to place a product in the hands of consumers on the north bank means it is more expensive than goods shipped in from great distances on the M62. Local sales have therefore been based solely on the south bank.

3.64 Readers have related the considerable cost spent travelling to Hull for cancer treatments and the difficulty and cost of visiting friends and relatives.

3.65 Following the publication of the report into the Social and Economic Impact Assessment of the Humber Bridge Tolls, the Scunthorpe Telegraph, Grimsby Telegraph and Hull Daily Mail called for charges to be reduced to £1 for cars or scrapped completely. On the first day 450 signed the Scunthorpe petition. In just three months, 10,000 people on the north and south banks had signed up.

Mr I Cawsey MP

3.66 Ian Cawsey is the Member of Parliament for the Brigg and Goole constituency. He objects to the application on the grounds that the proposed increase is above that of inflation and because of the likely impact on the local economy and community. He also supports the idea of a trial based on a car toll of £1.

3.67 The increase of 7.4 per cent for a single car crossing is more than the rate of inflation, although it is stated that it is an inflationary increase.

3.68 The Hull and Humber Chamber of Commerce and the Federation of Small Businesses (FSB) support the four councils in the area in their opposition to the level of tolls on the Humber Bridge.

3.69 In July 2008, the FSB consulted its members about the level of tolls. A total of 84 per cent said that scrapping the tolls would be of great or some benefit to them. More than eight out of ten businesses (some 83 per cent) said removal of the tolls would encourage greater economic activity than is presently the case. Many small firms actively seek not to cross the Bridge because of the cost of the tolls.

3.70 The high tolls on the Humber Bridge are inconsistent with the objectives behind the Hull and Humber Ports City Region. These seek to close the prosperity gap that exists between the sub-region and more prosperous parts of the country.

3.71 Further toll increases would make it more difficult for residents living on the south side of the river needing to access life-saving health care in hospitals on the north bank. There is a disproportionate impact upon residents on the south bank due to the fact that cancer services in particular are based in the hospitals in Hull.

3.72 High toll charges clearly have the greatest impact on low-income groups and those on fixed incomes which has an impact on social mobility. People are discouraged from applying for jobs, promotion or training if it means having to cross the Bridge and thus incurring an additional cost of £1,000 a year.

3.73 In recent years, bus operators have made clear their concern on the viability of routes across the Bridge given the cost involved. There is only one direct public transport link between Hull and Grimsby/Cleethorpes. Reorganisation of cancer services within the area means that patients have to travel from Grimsby and Cleethorpes and neighbouring towns and villages to receive their treatment. Thus this public transport link is vital to access health care. Two years ago, the operator of the route, Stagecoach, sought to withdraw the bus services. Part of the reason for wishing to withdraw the service was the cost of the tolls to cross the Humber Bridge. Following representations from MPs to councils within the area, funding was secured to retain the route. Any increase in tolls yet again threatens the viability of this route.

3.74 There is growing concern from the business community in the area, including the Federation of Small Businesses, about the number of vehicles - particularly Heavy Goods Vehicles (HGVs) - travelling greater distances to avoid paying Humber Bridge tolls. This gives rise to environmental concerns. A further increase in the cost of HGV tolls is likely to increase the trend to bypass the Bridge. If the increases are approved, a haulage firm making daily return trips across the Bridge would have to pay around £10,000 a year in tolls.

3.75 The Board is averse to giving concessions or discounts and there is therefore no incentive to encourage use of the Bridge.

3.76 The inquiry should be the start of a process aimed at abolishing the tolls.

Mrs S McIsaac MP

3.77 Mrs McIsaac is the Member of Parliament for the Cleethorpes constituency. She objects to the application on the grounds that it would have adverse social, economic and environmental impacts. She supports all the points made by Mr Cawsey MP. Additional points are that as the inflation rate is currently much lower than when the application was made, the proposed increase is significantly above the current rate of inflation.

3.78 More could be done to support health care. Support can be given to some patients on benefits for unavoidable toll expenditure and additionally the Board has the ability to reduce tolls in respect of health care.

3.79 There should be a trial period of a reduced toll levy of, say, £1 for cars.

Mr G Stuart MP

3.80 Mr Stuart is the Member of Parliament for the Beverley and Holderness constituency. He objects to the application on the grounds that it would have an adverse impact on the economy of the area.

3.81 The Humber Bridge tolls are currently the most expensive in the country. It now costs £5.40 for a return car crossing. For those who travel across the Bridge to get to work each day, or travel from the south bank to Hull to receive regular medical treatment at the Infirmary, this is a significant financial burden. Increasing the cost of crossing the Bridge at a time when unemployment is increasing and household budgets are being put under pressure would be contrary to Government policies aimed at stimulating the economy. Increasing the cost of using the Bridge is inappropriate in the current economic climate. People and hauliers are under economic difficulties due to the recession and cannot afford the proposed increases.

3.82 The original estimate for building the Bridge, in 1966, was just £28 million. That figure has trebled to more than £90 million and now stands at an estimated £333 million. Local inhabitants are paying for this in the form of tolls.

3.83 The Social and Economic Impact Assessment of the Humber Bridge Tolls Report concluded that the abolition or marked reduction in the toll would improve the region's productivity, lead to greater employment opportunities for residents and facilitate better networking between businesses and increased local competition. Its recommendation stated that the area could net £1.1 billion over the next 25 years if the toll was scrapped. A further study concluded that it would cost the Treasury no more if the toll was axed and the maintenance covered by the Government, than if the present tolls were replaced with a £1 charge. The report also found that the Department for Transport would recoup maintenance costs in taxes from the local economy, which would be boosted by the scrapping of the toll.

3.84 Businesses would be stimulated, jobs would be created and the Bridge would in future be fully utilised. If the region is to grow stronger over future decades the right infrastructure and transport links need to be put in place to make it an attractive place to live and do business. It cannot do this while it pays back hundreds of millions of pounds for a bridge which cost less than £100 million to build and is not being fully used because of excessive charges.

Cllr C Ayling

3.85 Councillor Ayling is a member of East Lindsey District Council. She objects to the application on the grounds that increased tolls would have an adverse impact on the local economy of East Lindsey.

3.86 East Lindsey is a deprived area and tourism is an important issue for Lincolnshire. Visitors are deterred from travelling through the area because the level of tolls discourages the use of the road system through the county, visitors preferring to use the A1 which has no tolls. Removal of the tolls would increase the number of visitors and support tourism and provide better access to employment opportunities.

Cllr A Percy

3.87 Councillor Percy is a member of Hull City Council. He objects to the application on the grounds that it would have an adverse social and economic impact on the area. His statement is made on behalf of himself and the Right Honourable David Davis MP, the Member of Parliament for the Haltemprice and Howden constituency.

3.88 The proposed rise in the tolls could not have come at a worse time with unemployment rising and the country heading towards a deep recession. Locally, there have been significant job losses in both the industrial and retail sectors. As a result people may need to travel further afield to find work. The increase in the tolls would impact on those who are seeking work in the area and may even deter people from applying for jobs on the opposite bank of the Humber. The impact would also be felt by those who already live and work on separate sides of the river.

3.89 The Humber economic sub-region needs supporting at this delicate economic time. Given that the weak pound is supposed to be driving exports the competitiveness of the Humber Ports also needs support. The Social and Economic Impact Assessment of the Humber Bridge Tolls Report highlighted the additional operating costs that the tolls place on the Humber Ports and any increase would only serve to increase those costs further and make them less competitive.

3.90 The Assessment report clearly states that the current level of the tolls, set at £2.70 per car crossing have already impacted on the retail trade of Hull by some 3%. This amounts to a cost to the local economy of some £45 million. It also explained that the tolls reduce the labour catchment area for the south bank, making industrial development on the south bank much less attractive. Adding to the cost of crossing the Bridge would only make that situation worse.

3.91 The report also makes clear that a reduction to £1 would benefit the local economy by some £580 million over the next 25 years. Just as a reduction would have an economic benefit, any increase would be an economic dis-benefit. However a short-term reduction trial would not be able to reflect any long-term economic benefits from people taking up employment opportunities as a result of reduced costs of access across the Bridge.

3.92 The increase would also have a social impact. Making it more expensive for patients and families on the south bank to access hospital treatment on the north bank is clearly undesirable.

3.93 Any rise in the tolls is unacceptable. Although the Board would need to consider options for servicing the debt, precepting would be only one option and it is not inevitable that this would be implemented. Businesses need to be supported at the moment rather than making it more expensive for them. The proposed increase should be rejected and a much broader inquiry established to consider the whole issue of the Bridge tolls and the debt.

Cllr N Poole

3.94 Councillor Poole is a member of North Lincolnshire Council and chair of the North Lincolnshire and West Lindsey Federation of Small Businesses (FSB). He objects to the application on the grounds of the impact that the proposal would have on economic growth and local businesses.

3.95 The FSB has some 210,000 members - some 15,000 in the Yorkshire and Humber Region and some 6,500 in North and North East Lincolnshire. Its membership comprises varied trades and professions covering almost every aspect of business. The results of a survey of members carried out in 2008 are shown in document OBJ/1 – Tab 18 (Appendix). This indicates that some 57% of members stated that removal of tolls would be of great benefit to the business, with a further 27% stating that it would be of some benefit. 39% felt that the reduction of tolls would greatly benefit the business with 40% indicating that it would be of some benefit. Some 69% had indicated that removal of the tolls would definitely encourage them to trade across the River Humber. 80.5% indicated that tolls on the Bridge should be removed with a further 15.5% indicating that they felt that the tolls should be reduced.

3.96 The benefits of using the Bridge have not been marketed. Commercial incentives or loyalty discounts could be given to those who use the Bridge, aimed at rewarding loyalty or attracting new traffic. Increasing the tolls would reduce the use, a marketing plan is required to maximise the capacity of the Bridge and maximise income.

3.97 The tolls are a barrier to growth, holding back the region and disadvantaging businesses compared to other parts of the country.

Cllr L Redfern

3.98 Councillor Redfern is a member of North Lincolnshire Council and objects to the application on the grounds of the likely impact on the regional economy.

3.99 The Social and Economic Impact Assessment of the Humber Bridge Tolls report has indicated that there are very significant impacts upon the regional economy, resulting directly from the toll charges on the Humber Bridge. The exclusion of people on either bank of the river from applying for employment on the other bank has clearly prevented some people from gaining employment whilst others will have had their earnings unfairly restricted. These issues do not appear to have been considered sufficient reason to remove the tolls. However the Assessment estimated that there would be over £1bn economic benefit to the region and net gains to the Treasury of in the region of £120m if the tolls were to be scrapped. Government receipts would be less than they would be if the tolls were completely removed.

3.100 The Government has stated its commitment to the Hull & Humber Ports City Region. The Assessment concludes that the region is unlikely to be viable and competitive with the existing tolls in place. Any increase in tolls, particularly any introduced during a very severe economic downturn, would reduce the prospect of the region becoming a thriving economy.

3.101 An increase would serve to further entrench the existing separate economies and employment markets that exist, whilst compounding the hardships experienced by south bank residents requiring the regular use of north bank medical services and low paid workers and unemployed people seeking to improve their employment and income profiles.

3.102 The existing tolls should be removed.

Cllr M Vickers

3.103 Councillor Vickers is a member of North East Lincolnshire Council and Chairman of the Hull and the Humber City Region Transport Board. He objects to the application on the grounds of the likely impact on the economy of the region.

3.104 In making a decision on the tolls, the Secretary of State should be aware of the strength of local feeling on the issue. This is a particularly important matter for residents of the South bank of the Humber, as greater numbers move from south to north in order to access NHS services, education and training facilities, and work. The wider impact on the social fabric and sub-regional economy should be considered in addition to the narrower issue of the proposed impact and finances of the Bridge Board.

3.105 As an example, a school in Barton-on-Humber, located on the south bank is experiencing difficulties in recruiting staff from the large pool of candidates on the north side.

3.106 The City Region Transport Board’s terms of reference charge it with providing leadership of the City Region’s transport agenda giving particular importance to transport, as part of the wider connectivity agenda, within the City Region due to the significance of the Hull and Humber ports complex as the largest in the UK and fourth largest in northern Europe. The existing tolls restrict connectivity within the City Region, the ports complex is the main engine of the local economy and it is essential to make movement between the two banks as easy as possible.

3.107 The Social and Economic Impact Assessment of the Humber Bridge Tolls report states that tolls serve as a barrier to movement across the Humber and that removal of existing barriers to economic development is often a successful strategy to helping a city region to operate at its economic best.

3.108 The tolls should be abolished; failing that they should be reduced.

Cllr C Gill

3.109 Councillor Gill is a member of Elloughton-cum-Brough Parish Council. She objects to the application on the grounds that the proposal would impact on businesses, tourism and individuals.

3.110 The Bridge should be a connection to help the local community rather than a barrier preventing access across the Humber. Businesses cannot be competitive due to the high toll charges, and retail businesses suffer because the charges for tolls deter shoppers from crossing the river. They also deter visitors to tourist attractions.

3.111 The Bridge is stated to be under-used and the Board should instigate a period of lower tolls to investigate whether this would increase the use of the Bridge.

3.112 The interest on the Board's reserves of £3m would cover the cost of maintenance; the debt should be written off allowing the crossing to be free to the user.

Mr C Strachan

3.113 Mr Strachan was the Project Resident Engineer for Freeman Fox & Partners on the Humber Bridge from 1974 to 1983.

3.114 Neither the construction team nor the Humber Bridge Board had control over the level of inflation during the period of construction of the Bridge. At that time, the annual rate of inflation was of the order of 26%. As a result, out of the initial costs of the Bridge of some £100m, around £36m was accounted for by inflation.

3.115 Tolls could be based on a construction cost of £64m if the Government would accept this compromise, or could be based solely on future maintenance costs.

Mr M Withrington

3.116 Mr Withrington is a local resident and objects to the application on the grounds of the impact that an increase in the level of tolls would have on the local economy and that the interest being paid is at a significant level above the current Bank Rate.

3.117 The Bridge was constructed to act as a catalyst, bringing both sides of the river together with a view to developing both banks, enabling services and industry to develop and open up opportunities that were not there previously. However, the toll charge has created a barrier creating severance.

3.118 Hull is a city and as such is expected to be the centre of attraction for activities such as sport, entertainment, museums and shopping where there are likely to be larger and better selections. It has a large population and so is likely to have specialised resources such as in the fields of law, accounting, education and medicine, schools, colleges and university, all offering a wider range of subject matter. It has hospitals and clinics all offering unique and excellent service.

3.119 Those residing on the south side of the river need and are the main users of the Bridge because many are employed in education, hospitals, fire service, police etc. Others have to visit the specialists or require specialist treatment.

3.120 A similar level of facilities, other than the airport - which has competition from Doncaster, is not readily available on the South bank. There has been no investment here because of the high cost and the fact that resources are available in Hull.

3.121 The only way to encourage future development and get people motivated is to remove the tolls completely.

3.122 The current level of interest being paid on the loan, at 4.25%, is considerably higher than the current bank rate.

Written objections

3.123 The bulk of the written objections are made using a proforma letter. There are 714 of these letters which were submitted during the period for objection. A further 233 individual letters were submitted by members of the public. These written objections support the points of objection raised by those objectors who appeared at the inquiry and raise no significant new issues.

3.124 There are 8 letters from Members of Parliament. In addition to those MPs who appeared or were represented at the inquiry, the Right Honourable Alan Johnson, the Member for Kingston upon Hull West and Hessle, objects that the proposed increase is unsupportable in the present economic climate; the operational running costs are around £3m per year as against the current toll income of over £20m per year. There is a case for the tolls to be scrapped, failing which the increase should be rejected.

3.125 The Right Honourable Greg Knight, the Member for East Yorkshire, objects that the tolls impact on the local economy and are a significant constraint on the success of local firms and make staff recruitment more difficult. Increasing toll would lead to increased traffic congestion as traffic diverts on to other, longer, routes.

3.126 The Right Honourable Elliot Morley, the Member for Scunthorpe, objects that the tolls are already at a high level and any increase would cause detrimental social and economic effects on local communities, particularly those who have to use the Bridge to access hospital services.

3.127 Diana Johnson, the Member for Kingston upon Hull North objects that the proposed level of toll could not be supported in the present economic climate. Operational running costs are around £3m per year as against the current toll income of over £20m per year, the remaining £17m being used to repay Government loans. The MP also supports the points made by the MPs who attended the inquiry.

3.128 Objections are also made by the Hull & the Humber Ports, City Region Transport Board, the Road Haulage Association, New Waltham Parish Council, Unison, Wangfoss with Bolton Parish Council and Active Community Team on the impact that increased tolls would have on the local economy and health services.

4 REBUTTAL BY THE HUMBER BRIDGE BOARD

The material points are: -

General points of objection

4.1 The objections received in relation to the current application to increase tolls fall into the following categories: -

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);

the cost of travel to work/education;

the impact of the tolls on the local economy and businesses;

that the actual cost of the Bridge has already been repaid many times over and that the sums owing are simply interest;

the impact the increase in tolls will have on the cost and provisions of public transport;

the cost of travel to visit friends/family/to access recreation;

the damage to the environment caused by vehicles driving around the Humber estuary to avoid the tolls; and

that the toll increase at 7% is above inflation.

4.2 A reduction or abolition of tolls can only be satisfied by a change in Government policy regarding tolled estuarial crossings as set out above. In order to meet the agreed repayment levels, any reduction in tolls for a certain use class must be met by an increase in another class. The Board's only option if tolls were to be abolished would be to exercise its precepting powers in order to satisfy the debt repayments.

4.3 The arguments in relation to economic regeneration of the Humber region and the impact of tolls upon this regeneration are set out in two studies, commissioned separately by the Board and the four local authorities, the conclusions of which are set out at Bundle Tabs 24 and 25 respectively. The former report is by Faber Maunsell (May 2008) and the latter is by Colin Buchanan (October 2008). Each reaches a different conclusion. However, the fact remains that the Board is under a statutory duty to repay the monies owing and has no power to write off that debt or reduce it.

4.4 The difficulties in relation to the cost of travel when accessing health provision are recognised by the Board, but the cause and the solution of this issue lies with the region's NHS Trusts. The NHS Trusts on the South bank of the Humber have chosen to arrange for the North Bank NHS Trusts to deliver certain medical care to South bank patients, rather than the direct provision of this care in South Bank NHS Trust facilities. Provision already exists for certain patients to reclaim the costs of travel and the administration of at least a partial solution for other patients could be addressed by these Trusts. The system of collection of tolls on the Bridge relates to the type and number of vehicles, not the people travelling in them.

4.5 The study by Faber Maunsell, commissioned by the Board in 2008, concluded that only a very small minority of vehicles (less than 5%) travelling from the A180 from the east and the A15 northwards to Hull choose to do so by driving around the Humber Estuary rather than driving across the Bridge.

4.6 The proposed percentage increase of the tolls is directly linked to the RPI since September 1998.

Response to The Humber Sub-Regional Local Authority Partnership

4.7 No view is expressed as to whether the contentions that the tolls are an impediment to the economic prosperity of the sub-region, or that the abolition of tolls or a very substantial reduction e.g. to £1 per crossing for cars would be of very considerable benefit to the economy, are right or wrong. The issue is about the proposals to increase the tolls by an inflationary figure, to comply with the Board's statutory duties.

4.8 Neither of the Colin Buchanan reports nor the Faber Maunsell report addresses this aspect. If objectors wish to urge the Secretary of State to change the statutory basis upon which the Board currently operates then they are entitled to do so, but through the Parliamentary process.

4.9 If the Secretary of State was minded to review the Government's position, it is likely that he would have to be satisfied as to whether the assertions made in the Colin Buchanan and/or the Faber Maunsell reports are well founded. In order to do that he would need to test the factual basis, the methodology, the analysis and the assumptions upon which the conclusions are reached.

4.10 If the Secretary of State were minded to investigate either the abolition of tolls or substantial reductions with the concomitant need to review the Bridge's statutory basis then the Board would co-operate at that stage and put forward its considered views and conclusions.

4.11 The reasons for the economic performance of the region are many and varied and the solutions are not within the Board's statutory remit.

4.12 No evidence is provided to support the assertion that the tolls present the major impediment to economic development in the region. This is not the only City Region divided by a toll crossing; the Liverpool/Merseyside City Region is also similarly divided. The Humber Bridge toll is not currently the highest in the country at present. Both Severn Bridges currently charge £5.40 for a return crossing by car, although it is accepted that if this increase were to be approved, the Humber Bridge would overtake the Severn Bridge, but it is inevitable that there is always a catch-up period.

4.13 The study by Colin Buchanan is only one piece of research in relation to the Humber Bridge tolls. Its findings have not been tested nor yet accepted by the Government. Financial models have been prepared which demonstrate that if tolls are reduced by 25%, traffic across the Bridge would need to increase by 33% to enable the Board to still meet its agreed repayment schedules. Furthermore if tolls were reduced by 50%, traffic would need to increase by 99% to meet those repayments. A five year margin has been built into the repayment model to allow for an increase in maintenance costs, RPI variations and a downturn of static traffic flow.

4.14 The Board has no option but to meet its statutory duties. Any responsible Board would always seek to resolve what is essentially an historic situation caused by low traffic and compounded interest in the early years of the Bridge opening. Historically the Board has sought to ameliorate the debt situation and has been reasonably successful in doing so.

4.15 At its meeting on 15th October 2008, the Board considered a report in relation to the tolls (document HBB/1 - Tab 27). The resolution of the Board states that the Bridge Board calls on the Government to

(a) implement a year long experiment to reduce tolls for cars to £1.00 each way for twelve months, and all other tolls reduced by two thirds for twelve months, with interest for that period being deferred or written off; and

(b) that action to implement this be suspended and be reviewed after a meeting with The Rt. Hon. Rosie Winterton MP in November 2008, and a special Board meeting be called, with an appropriate report on the Board's legal position, for this purpose.

4.16 At its meeting on 11th February 2009 the Board considered a further report from the Clerk which sought to update the Board on progress on this matter (document HBB/1 - Tab 28). At part 5 of the report it states that both the Secretary of State and the Regional Minister have declined to meet Board representatives until this Inquiry is concluded and the outcome known. As such the Board resolved to take no further action on its previous resolution at this time.

4.17 A 4 year increase would still lead to repayment of the debt by 2038 assuming traffic and maintenance levels remain as predicted. However, this would mean a 4 yearly compounded RPI increase. Rather than tolls increasing, for example, by 20 pence per journey for a class 2 vehicle, they would increase by 40 pence per journey. The Board considers that a smaller and more frequent increase would have less of an impact on users of the Bridge than a larger less frequent impact. Increases at 4 yearly intervals would not be in line with the agreed Repayment Schedule.

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4.18 The alternative arrangements that have been made for tolled crossings in Scotland and other areas of England can only be made with the cooperation of the relevant Government.

4.19 It is accepted that the RPI in January 2009 has decreased. However it is not possible to anticipate changes in economic circumstances which result in higher inflation rates but in this case, in the last few months, particularly since September 2008, the UK has seen lower inflation. The UK is in economic recession which impacts on RPI. The Government has taken steps to address this which may result in an increase in the rate of inflation and RPI.

4.20 The Board could not anticipate either the extraordinary circumstances over the last 6 months, nor anticipate how much interest rates have been reduced and the effects of that. Nor can the Board know how long the present very low rate will continue. All it can do is make best estimates on the basis of the historical and current situation at the time the decision is made, but also with one of the primary factors in mind that the debt must be repaid.

4.21 If the current RPI to January 2009 is applied to the 1998 toll rates, mitigated by a downward trend, this results in the following figures (document HBB/1 - Tab 31): -

Class 1	£1.20
Class 2	£2.90
Class 3	£5.20
Class 4	£ 11.70
Class 5	£15.70
Class 6	£19.60

4.22 Although not substantially different from those contained in the application to the Secretary of State, it is acknowledged that they do differ very slightly with the exception of toll rates for cars. If tolls only rose to these figures, the debt repayment schedule demonstrates that the 2033 repayment date would be exceeded by one year, repayments ceasing in 2034 (bundle tab 31). However to approach the matter in this way is wholly impractical given the legislative framework which provides for changes in toll amounts. It would not achieve the Board's statutory purpose as set out in the main proof, of repayment interest and capital to the agreed schedules with a repayment date of 2033.

4.23 In addition, whilst inflation and thus RPI may have reduced, the value of the pound in relation to international currency markets has fallen substantially in recent months. This is likely to result in additional costs to the Board in terms of maintenance costs, but this cannot be predicted with any certainty given the current economic climate.

4.24 At the inquiry the Board indicated that matters raised by other objectors were dealt with by the evidence above or by the main proof of evidence.

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 application, if confirmed, would result in the level of tolls to be raised from the current levels to those shown in the table in paragraph 2.25.

5.4 The main substance of the objections is: -

i. that the current level of tolls is too high, affecting the local economy, the cost of travel to work and educational facilities, the cost and provision of public transport as well as the cost of travel to visit friends or family and to access recreation;

ii. that they are having an adverse impact on the cost of travel for people on the South bank of the River Humber when accessing health provision on the north bank;

iii. that the proposed increase is above inflation at 7%;

iv. that the cost of the Bridge has been repaid and that the sums owing are interest only; and

v. that vehicles driving around the Humber estuary to avoid the tolls are damaging the environment.

5.5 The objections seek to persuade me to recommend either: -

i. that the debt for the Bridge be written off and the tolls removed;

ii. that the tolls be reduced to the level represented by £1 per crossing for a motor car, and the debt reduced or written off accordingly; or

iii. that the proposed increase is not confirmed.

Statutory position

5.6 I turn first to the possibility of the debt being written off. The statutory position on this is that the Humber Bridge Act 1959 gave the Board power to borrow the monies necessary to finance the construction of the Bridge, ancillary buildings and the approach roads [2.1]. Section 69 of the Humber Bridge Act 1959 as amended by Section 3 of the Humber Bridge Act 1971 required the Board to repay borrowed monies within 60 years of the date of borrowing subject to any deferment agreed with the Government [2.2].

5.7 Both the 1959 Act and the 1971 Act set out the purposes for which revenues are to be used. In particular Section 75 of the 1959 Act and Section 8 of the 1971 Act require that tolls are charged on traffic using the Bridge to, among other things [2.4]: -

a. maintain the Bridge;

b. repay the interest owed; and

c. repay the capital used.

5.8 Only when these and the other 6 purposes have been discharged could the Board consider a reduction in the level of tolls [2.4].

5.9 Also of relevance to the statutory position is the Humber Bridge (Debts) Act 1996. This states that the Secretary of State may by order provide that any sum (including interest) which would otherwise be payable by the Board, and which is specified in the order, shall not be so payable. It further stipulates that no order shall be made without the consent of the Treasury. Two such orders have been made, namely the Humber Bridge (Debts) Order 1998 and the Humber Bridge (Debts) Order 2007 [2.17 - 2.19]. These were accompanied by agreements between the Secretary of State for Transport and the Board which set out the terms for repayment. The latter order and agreement requires the repayment of all principal and interest due by 32 years from 1 April 2006, i.e. by the year 2038.

5.10 Of the various scenarios tested for differing toll increase projections, only those which assume toll increases based on compounded RPI increases, either two- or four- yearly would meet this requirement. An increase of 2% every two years would require a repayment period extending to 2043, and no further increase in tolls would leave a debt of almost £247m in the year 2045 [2.22]. Moreover if there were to be no traffic growth, only a scenario which incorporated two-yearly compounded RPI increases would result in the debt being paid by due date of 2038 [2.23].

5.11 It is clear therefore that any significant change in the structure of the toll levels, and certainly any proposal to remove either the debt or the tolls or both would require a change in legislation. The objectors' case is that this could be done within the terms of the Humber Bridge (Debts) Act 1996 by means of a fresh order and agreement between the Secretary of State and the Board. I can find no evidence to suggest that this could not be done; however, as I have noted, it would need the agreement of the Treasury to implement.

5.12 I have considered this matter very carefully. In doing this I have noted that the two previous occasions on which debt orders have been made have been in relation to the Board's serious financial position and in recognition that income from tolls would not be able to pay the debt [2.13, 2.14 & 2.19]. The evidence is that this is not currently the case, and the present position is that the debt can repaid within the terms of the existing agreement reached as a consequence of the Humber Bridge (Debts) Order 2007. The justification for intervention now therefore would be solely to address the concerns which were so ably evinced by all the objectors, namely the likely impact that current levels are having on the regional economy, the cost of travel to work and educational facilities for individuals, the cost and provision of public transport as well as the cost of travel to visit friends or family and to access recreation and health facilities.

5.13 It is my view that the contemplation of a fresh order in these circumstances would require consideration in relation to existing Policy in regard to estuarial crossings. Currently this is that the charging tolls on major estuarial crossings is justified on the grounds of the high cost of provision and the exceptional benefits to users conferred by large reductions in journey lengths and times except where tolls would cause substantial diversion of traffic to alternative, untolled routes. The Policy states that provision of adequate estuarial crossings is a costly matter and where they offer substantial time and cost saving to users the Government considers it appropriate for users to contribute directly to the cost through tolls. I also note that financial assistance will be given when all statutory possibilities have been exhausted and write-off will only be considered in the most extreme circumstances [2.26]. I also note the Government's position that the Bridge is a local issue and that the debt must be repaid by the Board by recourse to its powers to levy tolls or precepts [2.27].

5.14 In view of the reference by objectors to possible diverted traffic, I have considered whether the tolls could be said to cause a substantial diversion of traffic. Whilst objectors refer to environmental concerns about the possible diversion of traffic around the local road system [3.46, 3.55, 3.74 & 3.125], the evidence is that less than 5% of vehicles travelling from the A180 from the east and the A15 northwards to Hull choose to do so by driving around the Humber Estuary rather than driving across the Bridge [4.5]. It is not my view that this could be considered to be a substantial diversion of traffic and I conclude that there is not currently a substantive case for the removal of tolls on this ground.

5.15 It is therefore my conclusion that the removal of the debt, the removal of the tolls or a reduction in tolls to a level compatible with a £1 toll for cars would fall outside current legislation and Government Policy.

5.16 In my opening remarks at the inquiry, I stated that matters of Government Policy were not matters for me to consider. However, given the strength of feeling about the tolls, I did agree to hear the arguments in favour of abolition or reduction of the tolls and to convey those views to the Secretary of State. I have done this in the body of my report and I do not intend to repeat them here. The Secretary of State will wish to note the support for the abolition of the debt and the tolls by all the local Members of Parliament, all the local authorities as well as local business organisations and numbers of local individuals. The objectors' case is supported by the report into the Social and Economic Impact Assessment of the Humber Bridge Tolls carried out by transport consultants Colin Buchanan and Partners which provides evidence that the City Region would benefit by some £1.1bn in the period to 2032 through a combination of increased productivity and redistributed toll revenues [3.9]. It also concludes that the Treasury could expect to receive, in extra tax revenue, some £120m over the period to 2035. However, whilst the assessment has been carried out by competent professional and experienced consultants, the data basis, methodology and findings were not subjected to testing or cross-examination at the inquiry. It would therefore require some form of validation were the Secretary of State minded to act on its findings.

5.17 It follows from the above that, notwithstanding the strong support for the writing off of the debt, or the abolition of or a substantial reduction in the level of tolls on the Bridge, it is not open to me to make a recommendation on these suggestions. I agree with the Board that the proper channel for objectors to pursue this is through the Parliamentary process [4.8].

Increase in tolls

5.18 I turn next to whether the tolls should be increased. In this regard, objectors make the case that the proposed increase is above the current level of inflation and that the interest rate of 4.25% is too high given the current economic climate [3.39, 3.67, 3.77, 3.116 & 3.122].

5.19 In terms of the level of inflation, the Board's decision on the application was made in the light of circumstances at the time and is based on the Retail Price Index (RPI) as published in the Employment Gazette for October 1998 to September 2007 and projecting it at 2.5% per annum to September 2008 [2.25]. It is my view that this represents the most accurate information that was then available and that the proposed increase represents the best estimate that could be made at that time. I accept that the Board could not have foreseen the current situation. I also accept the Board's view that it cannot be predicted how long the current rates of inflation will continue [4.20]. I further note that if the current RPI to January 2009 were to be applied to the 1998 toll rates, the resultant tolls would differ only slightly from those proposed in the application [4.21].

5.20 It is my opinion that to respond to downward changes in the RPI in such a short timescale would also need a similar response to short term rises, and I agree with the Board that such an approach would be impractical given the length of time to process toll increase applications [4.22]. Moreover, although the proposed increases are of the order of some 7.5% - 9.2%, this is an increase over a number of years – in effect since 24 April 2006 – a period of almost 3 years and so in general terms represents an annual increase of less than 3%. I do not consider that this is an exceptional increase in the circumstances and it seems to me that the effect of the current low inflation rates would be reflected in any consideration of future increases. I conclude therefore that the proposed toll levels should not be amended to reflect recent changes in RPI.

5.21 A similar situation applies in the case of interest rates. However, the interest rates applicable are set out in the Humber Bridge (Debts) Order 2007 and would therefore require a fresh order to amend. As this would be, in my view, a matter of Government Policy I consider that this would be for the Board to pursue in its future discussions with the Department for Transport.

5.22 I have considered whether any reduction in the tolls would be likely to generate additional traffic and thereby generate sufficient revenue to discharge the Board's duties. Objectors refer to studies indicating that a 50% reduction could lead to an increase in light vehicles of some 21% and to around a 41% increase in heavy vehicles, and that this would result in a toll revenue reduction to 65% [3.18]. Whilst I note that this would leave an operating surplus, it would not generate sufficient revenue to enable the Board to discharge its obligations without additional support [3.19]. Moreover, a 50% reduction in toll level would require an almost doubling of the amount of traffic using the Bridge [4.13]. Whilst I acknowledge that there could be long term increases in traffic from the creation of new journeys [3.19], there is no evidence which persuades me that a 50% reduction in toll level would lead to that amount of traffic increase. However, if the Secretary of State were minded to agree to the terms of a £1 trial, then it seems to me that data could be gathered which may assist consideration of this.

5.23 I have noted the various views expressed that other means could be explored to finance the Bridge, including commercial incentives, loyalty discounts and other means of attracting new traffic [3.26, 3.75 & 3.96]. No detailed proposals have been put to me that would enable me to make a recommendation on this; however I suggest that the proposal may be worth considering as part of detailed discussions between the Board and the Department for Transport.

5.24 I have also considered the position in relation to the provision of health services. In view of the considerable support for the cost of such travel across the Bridge to be subsidised I have given this careful consideration. The position is that the need to travel to health facilities results from the NHS Trusts on the south bank of the Humber having chosen to arrange for the North Bank NHS Trusts to deliver certain medical care to south bank patients, rather than the direct provision of this care in South Bank NHS Trust facilities. Whilst provision already exists for certain patients to reclaim the costs of travel, this is limited to a few cases. The Board's position is that the administration of at least a partial solution for other patients is a matter for these Trusts [4.4].

5.25 There is no evidence to persuade me that the Board has any obligation to waive or reduce tolls for journeys for these purposes, nor that it would be the appropriate body so to do. I agree with the Board that the Trusts would seem to be the proper authorities to address this, in line with the arrangement for those patients who are reimbursed at present.

Overall conclusion

5.26 My overall conclusion is that, within the constraints of the current legislation and Government Policy, there is no current alternative to an increase in tolls every two to four years in line with the compounded Retail Price Index. Any other option would lead to the Board having insufficient income to meet its obligations in respect of repayment of the debt and the interest thereon.

5.27 The 1959 Act also sets out what would happen in the event of a deficiency in the Board's revenues, namely that this must be made good by precepts on the Lord Mayor, alderman and citizens of Kingston upon Hull City Council and on the areas of the former Haltemprice Urban District Council (now within the East Riding of Yorkshire Council) and the former Barton upon Humber District Council (now within the North Lincolnshire Council) [2.5]. This would be limited in the case of East Yorkshire and North Lincolnshire but not for Kingston upon Hull [2.6]. Whilst objectors seek to persuade me that this would not be allowed to occur, and that the Secretary of State would intervene with financial support, there is no certainty that this would happen and I am not therefore able to rely on that as an outcome.

5.28 Additionally I note that the prevention of large increases in local authority taxes may preclude these Councils from collecting any precept, and that this could give rise to reduced services in the event of precept being required [2.7]. It is my view that the consequences of this are too important to leave to an uncertain conclusion. I do not therefore consider that I am in a position to recommend an outcome which would leave the Board unable to meet its obligations from the income derived from tolls.

5.29 I have also considered whether the proposed increase could be deferred until consideration has been given to the Board's request for the implementation of a year long experiment to reduce tolls for cars to £1.00 for twelve months with interest for that period being deferred or written off [4.15]. However, the outcome of this is not certain and it may take some time to resolve. It seems to me that any deferment of an increase now, added to the necessary process of approving an increase once that had been resolved, would lead to a deficiency in income which would need to be met by precepting within the existing legislation. In my opinion the only way that an increase could be deferred would be if the Secretary of State were minded to provide further financial assistance or to accept the precepting of the local authorities.

5.30 The fact is that some £333m is owed by the Board to the Secretary of State, however that position has been arrived at [3.82]. It seems to me that that amount will need to be accounted for, by repayment - either by the Board through the income from tolls or by the local authorities - or by being written off. There is a formal agreement for the Board to repay that money by 2038, using income from tolls. Any departure from that would need a change in Statute and consideration of Policy, neither of which is within my gift to change or to recommend change.

5.31 I am therefore satisfied that the proposed increases would be consistent with the legal framework governing the operation of the Bridge and are in accordance with the agreement made in 2007 between the Board and the Secretary of State which governs the repayment of the outstanding debt. I conclude therefore that, unless the Secretary of State is minded to defer an increase until consideration has been given to any possible further financial assistance, the currently authorised maximum tolls should be revised as proposed by the Board.

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

6.1 I recommend that: -

i. 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 6 March 2008.

N R Taylor

N R Taylor

INSPECTOR

7 APPENDICES

APPENDIX A

APPEARANCES

For the Humber Bridge Board

Mr G Stephenson	of Counsel, instructed by the Solicitor to Hull City Council and Clerk to the Humber Bridge Board, Ferriby Road, Hessle, HU13 0JG
He called:	
Mr M Hudson CPFA	Treasurer, Humber Bridge Board

Objectors

For The Humber Sub-Regional Local Authority Partnership

Mr E Caws	of Counsel, instructed by the Chief Solicitor to North Lincolnshire Council, Pittwood House, Ashby Road, Scunthorpe, North Lincolnshire DN16 1AB
He called:	
Mr S Driver CPFA	Chief Executive, North Lincolnshire Council

For the Hull & Humber Chamber of Commerce

Mr I Kelly	Chief Executive, Hull & Humber Chamber of Commerce, 34/38 Beverley Road, Hull HU3 1YE
Mr R Kendall	Policy Director, Hull & Humber Chamber of Commerce

For the National Alliance Against Tolls

Mr J McGoldrick	57 Hambleton Drive, Greasby, Wirral Merseyside CH49 2QH

For Humber Action Against Tolls

Mrs J Walton	Chair, Humber Action Against Tolls, 12 High St., Kirmington, North Lincolnshire DN39 6YY

She gave evidence and called:

Mr D Herzberg	Vice Chair, Federation of Small Businesses
Mr J Allcroft	Local resident
Mr M Withrington	Local resident

For The Scunthorpe Telegraph & Grimsby Telegraph

Mr M Cook	Editor, The Scunthorpe Telegraph, 3a Park Sq., Laneham Street, Scunthorpe DN15 6JH

Individual Objectors

Mr I Cawsey MP	7 Market Place, Brigg DN20 8HA
Mrs S McIsaac MP	House of Commons, London SW17 7NW
Mr G Stuart MP	House of Commons, London SW1A 0AA
Cllr C Ayling	Stickford House, Stickford, Lincolnshire PE22 8EW
Cllr A Percy	27 High Street, Airmyn DN14 8LF
Cllr N Poole	2 Well Street, Messingham, Scunthorpe, North Lincolnshire DN17 3RT
Cllr L Redfern	North Lincolnshire Council, Pittwood House, Ashby Road, Scunthorpe, North Lincolnshire DN16 1AB

Cllr M Vickers	58 Brookfield Road, Great Grimsby, Lincolnshire DN33 3JL
Cllr C Gill	74, Spindle Wood, Elloughton, East Yorkshire HU15 1LL
Mr C Strachan	14 Swanland Hill, North Ferriby HU14 3JJ
Mr M Withrington	Birchcroft, 102 Barrow Road, Barton-on-Humber, North Lincolnshire DN18 6DA

APPENDIX B

DOCUMENTS

Inquiry and Pre-inquiry documents

INQ/1	Notices of Inquiry
INQ/2A, 2B & 2C	Folders of letters of objection
INQ/3	Humber Bridge Board - Statement of Reasons
INQ/4	Folder of written statements submitted by objectors
INQ/5	Statements of interest and capital paid since 1981
INQ/6	Extract of Faber Maunsell Study indication the aims of the Study
INQ/7	Map of road network around the Humber estuary
INQ/8	Closing statement of the Humber Bridge Board

Proofs of Evidence

NB. The proofs of evidence are as submitted. The statements and opinions they contain may have been amended or withdrawn during the course of examination during the inquiry

By Promoting Authority

HBB/1	Folder containing proof of evidence of Mr Hudson and supporting documents

By Objectors

OBJ/1	Folder containing proofs of evidence submitted by objectors:-
Tab 1	Proof of evidence of Mr M Withrington including Appendix
Tab 3	Proof of evidence of Mr R Kendall on behalf of the Hull & Humber Chamber of Commerce
Tab 5	Proof of evidence of Mrs S McIsaac MP
Tab 6	Proof of evidence of Mr J McGoldrick on behalf of the National Alliance Against Tolls

Tab 7	Proof of evidence of Mr G Stuart MP
Tab 8	Proof of evidence of Mr M Cook on behalf of the Scunthorpe & Grimsby Telegraph
Tab 9	Proof of evidence of Cllr M Vickers
Tab 10	Proofs of evidence of Mrs J Walton on behalf of the Humber Action Against Tolls together with Appendices
Tab 11	Proof of evidence of Mr J Allcroft on behalf of the Humber Action Against Tolls
Tab 12	Proof of evidence of Mr S Driver on behalf of the Humber Sub-Regional Local Authority Partnership together with 12 Appendices
Tab 13	Proof of evidence of Cllr A Percy on behalf of himself and the Rt Hon David Davis MP
Tab 14	Proof of evidence of Mr I Causey MP
Tab 15	Proof of evidence of Cllr L Redfern
Tab 16	Proof of evidence of Cllr C Gill together with Appendix
Tab 17	Proof of evidence of Mr C Strachan together with Appendices
Tab 18	Proof of evidence of Cllr N Poole and Appendix
Tab 30	Statements submitted by objectors who did not appear and taken as written objections

OBJ/2	Appendix to proof of evidence of Mr M Cook