



Department for Transport

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Dear Mr Arthur

CLIFTON SUSPENSION BRIDGE - TOLL REVIEW APPLICATION

1. I am directed by the Secretary of State to refer to the report of the Inspector, Mr Martin Whitehead, who held a public inquiry on the 29th - 31st May 2013, into an application by the Clifton Suspension Bridge Trust under the provisions of section 6 of the Transport Charges &c. (Miscellaneous Provisions) Act 1954 to revise the tolls that can be charged for use of the Clifton Suspension Bridge.

2. The existing traffic classifications, the tolls currently charged and the proposed tolls to be charged are shown on the attached Annex to this letter.

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

“...have regard to the financial position and future prospects of the undertaking and shall not make any revision of charges which in his opinion would be likely to result in the undertaking receiving an annual revenue either substantially less or substantially more than adequate to meet such expenditure on the working, management and maintenance of the undertaking and such other costs, charges and expenses of the undertaking as are properly chargeable to revenue, including reasonable contributions to any reserve, contingency or other fund and, where appropriate, a reasonable return upon the paid up share capital of the undertaking...”

4. The Trustees of the Clifton Suspension Bridge have advised that they wish to raise toll charges as this will allow them to continue to maintain and manage the Bridge and to break even over the next 10 years, without running at a loss and without depleting its reserve fund. The Trust is statutorily required (under the Clifton Suspension Bridge Act 1952) to maintain the Bridge in proper repair and working order and the Act allows the Trustees to improve, renew, extend or replace the Bridge or contribute to the cost of such improvement, renewal, extension or replacement.

5. The Secretary of State has also considered the various representations against the application. The material points of these objections are set out in paragraph 1.5 of the Inspector's report. In summary, the objections are that;

(a) There are sufficient funds to pay for maintenance and that these funds should not be used to build the proposed Heritage and Learning Centre. Options such as Government grants and the National Lottery should be pursued by the Trust

(b) The impact on highway safety and traffic congestion on the surrounding local roads caused by vehicles using local neighbourhood roads. And the parking of vehicles in Leigh Woods to avoid using the Bridge - (crossing by foot).

(c) Increased cost of travelling to work, shops, schools and other facilities particularly for the Leigh Woods residents who need to cross the Bridge to access these services and utilities.

(d) The impact on those who have to use the Bridge to travel to work in Bristol – and the affordability of the increased cost to local users at a time of recession.

[Objections b, c & d above are outside the remit of Section 6(3) of the Transport Charges &c. (Miscellaneous Provisions) Act 1954.]

6. The Secretary of State accepts the findings of the Inspector on the representations made. Full details of the Inspector's conclusions are set out in his report. In summary these are;

(a) The funding for the Visitor Centre will not come from the proposed toll increase, as it will be funded from the Lottery Heritage Fund and monies that have previously been put aside. The projected expenditure shows that it is intended to be self-funding over the 10 year period and any toll money that has been used for the Visitor Centre must be repaid under section 2(b) ii of the Clifton Suspension Bridge Act 1986.

(b) The Inspector had not been provided with any accident details or surveys to show that existing car parking has caused any significant problems to highway safety or convenience at Leigh Woods. He noted the concern raised by objectors, but stated that North Somerset Council's Highways Transport Officer had not objected to the proposals. The Council also have powers to deal with on-street parking if it considers it necessary.

Also, in view of the measures that are being taken by Bristol City Council to reduce car use and promote the use of sustainable transport, traffic in Clifton could well reduce in future years. As such the Inspector had been given insufficient evidence to demonstrate that the proposed increase in tolls would cause any significant environmental or highway safety and congestion problems on the surrounding road network.

(c) & (d) The Inspector accepted that for those living in Leigh Woods wishing to travel to Clifton a £1 toll would increase the financial burden on those needing to use the Bridge to access their work, schools, shops & social activities. However, the Trust had justified the £1

maximum toll by suggesting that it would allow it to keep the increases for concessionary (PAYC) cards to within inflation. He is satisfied that the proposed increase in PAYC cards would not cause any unacceptable hardship for regular users of the Bridge and that a £1 toll is comparable with those tolls on other bridges.

7. The Secretary of State has noted that the Inspector is content with the Clifton Suspension Bridge Trust's estimation that the proposed toll increase will allow the Trust to meet its statutory obligations; would protect the future prospects of the Bridge and would not result in the Trust receiving an annual revenue that would be substantially less or substantially more than adequate to meet its expenditure in accordance with Section 6 (3) of the Transport Charges &c. (Miscellaneous Provisions) Act 1954.

8. Letter from the Avon & Somerset Constabulary on the Trust's business case

On 29th November 2013, the Department received a letter from the Avon & Somerset Constabulary concerning the Trust's toll application. This said that they had received information that the 2012 accounts which the Trust had submitted to the public inquiry were unaudited at that time. When the accounts were subsequently audited by BDO, a question was raised as to whether the purchase of a new automated toll system should have been considered as a fixed asset (and therefore capitalised) rather than shown as an expense. As a result the accounts were qualified, but this was not drawn to the Inspector's attention.

The Department asked the Trust if it was possible therefore that their profits were understated at the time the Inspector reached his conclusions and reported to the Secretary of State. The Department was informed by the Constabulary that the Trust's Timothy Baines (who prepared the accounts) had disagreed with the auditors' opinion.

9. The Trust's response to Avon & Somerset Constabulary's letter

On 11th February the Department received a response from Clifton Suspension Bridge Trust to the points raised by the Avon & Somerset Constabulary. The Trust stated that the alternative suggestion as proposed by the auditors BDO LLP to treat the toll system as a fixed asset would create fictitious surpluses and non-existent assets, and would result in the annual accounts showing a seriously misleading view of the Trust's position. The Trust had since employed new independent auditors after deciding to re-tender the audit. BDO LLP who had initially disputed the accounting treatment had declined & withdrawn. The Secretary of State notes that the new auditors (Bishop-Fleming), disagreed with the earlier auditors BDO LLP. Bishop Fleming's view is that the replacement expenditure should only be capitalised if it enhances the economic benefit of the fixed asset and that there is no significant identifiable economic benefit from replacing one toll system with another, as it was a direct replacement. The Secretary of State has judged that this is therefore a difference of opinion (between auditors) and is content with this revised assessment of the accounting treatment. Also, he agrees that the disputed accounting treatment on a comparatively small amount of expenditure (£292k) does not make an overall difference to the Trust's financial position, and their reasons for wanting to increase toll charges. The Inspector's report states that in 2012 the Trust's designated reserves stood at around £8.0m [para 4.10], and the Trust proposed to take forward a

programme of maintenance works over the next 10 years, at an annual cost of between £375k & £1.6m [para 8.9].

10. On the issue of unaudited information being made available to the Inspector at the Inquiry, the Trust stated that the 2012 accounts submitted to the Inspector were clearly marked as "Draft Unaudited Report & Financial Statements" and were still to be finalised and signed off by the auditors when the Inquiry convened. So it would have been clear to the Inspector that these were not the final versions. At the time of the inquiry (in May 2013), the Trust was still discussing a number of accounting issues with its auditors and they were not finally cleared by auditors until 23rd October 2013, after the Inquiry had closed.

11. The Department is content with the above explanation provided by the Trust, in response to the letter from the Avon & Somerset Constabulary.

12. On the basis of the evidence before him and having regard to his obligations under Section 6 of the Transport Charges &c. (Miscellaneous Provisions) Act 1954, the Secretary of State accepts the Inspector's recommendation that the proposed toll revisions are justified. The Secretary of State has therefore decided to make the Order implementing the revised tolls.

13. A copy of the signed Order is attached for information, together with a copy of the Inspector's Report.

Yours sincerely

Mike Fawcett
Head of Cities Policy & Delivery

Annex

Class	Category	Current Toll Charge	Proposed Toll Charge
1.	Motor Vehicles of any description (except any included in classes 2 and 3 below) and vehicles drawn by a horse or other animal.	50p	£1
2.	Motorcycles	50p	£1
3.	Pedestrians, pedal cycles, handcarts, mechanically propelled invalid carriages, horses and other animals.	5p	Nil

