

Government Response:

Simplifying the process for revising Tolls at Local Tolled crossings

July 2014

Department for Transport

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Introduction

In February 2014 the Department for Transport launched a consultation on a proposal to simplify the process for revising tolls at local tolled crossings.

This consultation only applied to those privately owned and local authority statutory tolled undertakings which are required to follow the procedure set out in Section 6 of the Transport Charges &c. (Miscellaneous Provisions) Act 1954 (the “1954 ACT”) when wishing to revise their tolls.

This document summarises the responses received for each consultation question, and provides a short summary of key issues raised by respondents along with a statement setting out the Department’s proposed next steps.

Summary of Responses

A total of 67 responses were received, which are categorised by group:

Local Councils	6
Tolled Crossing Operators	8
Tolled Crossing Users	50
Representative Organisations*	3

*2 were from organisations opposed to Tolling; 1 from Transport Scotland

The Department is grateful for the responses, which were both comprehensive and well informed. The respondents represented the main groups directly affected by the proposals, namely; those operating Tolled Crossings and those affected by the tolls. Where responses did not correspond directly to the numbered questions posed, but took a more general approach, these comments have been considered under the most appropriate question or were taken into consideration separately. All comments were considered whether or not they are referred to in this report.

Overall there was a clear preference by operators for option 2 (enabling tolls to be increased as when required by operators), whilst there was a clear preference by users for option 1 (enabling tolls to be increased up to a specified level before an application to the Secretary of State was needed).

With regards option 1, for users, the preferred level of increase before an application to the Secretary of State was needed was generally option 1b, inflation minus 1%, whilst operators tended to indicate that if this option was chosen they would prefer option 1a, inflation.

For increases above this level there was generally a preference by users for option 1.1, continuing with the current process in the 1954 Act relating to public inquiries, whilst for operators, the preference was generally option 1.2, a Public Inquiry only automatically being held if there were outstanding objections made by a local authority.

Generally, users and operators were in agreement that all increases should be advertised for a specified period before being implemented and that operators should indicate how increases have been worked out.

A number of comments were received relating to the complete abolition of tolls but this was outside the scope of the consultation and have not been considered further.

Summary of Government Response

The Government considers that the current process needs to be simplified to reduce the administrative burden on operators and government, whilst ensuring the interests of users continues to be protected. The Regulatory Policy Committee (RPC) has confirmed this measure as being deregulatory.

Rationale for intervention

The existing procedures in the 1954 Act protect users of an undertaking against unjustifiably high toll increases; set out the scope for a Public Inquiry and by defining the role of an inspector and the Secretary of State provide an impartial basis for assessing the interests of users and owners. However, operators are required to apply to the Secretary of State for all increases regardless of the actual level of the increase requested. Operators have informed us that this imposes an excessive burden on them, particularly small operators and where the proposed increase is intended simply to maintain the level of tolls in real terms. The process under the 1954 Act is also unpredictable making it difficult for operators to know how much it will cost them to complete their application and how long it will take them to start acquiring an additional revenue. This makes it difficult for operators to make long term investment decisions. This process also involves the Secretary of State in decisions that are better made at the local level.

The current procedure in the 1954 Act is rigid and bureaucratic and places disproportionately high administrative and cost burdens on toll operators. Through consultation operators have made clear that these burdens include the length of time taken to process the application and cost. In light of the current Government's focus on localism it does not seem, in the Department's view, appropriate that certain toll operators remain required to follow a process involving the Secretary of State's consideration for all level of tolls increases.

Government is therefore keen to move away from central government making decisions on what is often a more appropriate matter for local determination. Government is also keen to reduce costs to the taxpayer and provide private business with greater flexibility, inspiring them to consider long term investment. The Department therefore wishes to simplify the procedure for increasing tolls to reduce the burden on operators and has consulted on a range of options to achieve this.

We propose amending the 1954 Act, to make the process for increasing tolls more proportionate to the increase being requested. The proposed measure will impact on 11 English toll crossing operators (businesses) and specific groups of people that currently use the crossings.

Detailed Responses to Questions

Responses to questions 1 to 4 were sought from crossing users only:

1. Which of the local tolled crossings listed do you use?

Whitchurch Bridge	43
Clifton Suspension Bridge	3
Tamar Bridge and Torpoint Ferry	1
Rixton & Warburton Bridge	1
Did not respond to this question	2

2. Which of the following best describes how often you use the tolled crossing?

Daily users	41
Weekly users	5
Occasional users	4

3. How would you best describe the purpose of your journey involving these crossings?

Travel to work	15
Mostly business	9
Mostly leisure	25
Did not respond to this question	1

4. How do you think the proposed options for revising tolls would impact on you, supported by evidence where possible?

Because of their number, breadth and length, responses have been reduced to make them more concise and on occasion words have been added to aid clarity; the latter are indicated by [square brackets]. Suggestions that are repeated often or have been made in response to other questions may not have been duplicated here. We are happy to correct any misrepresentations or important omissions.

Very slightly

...any increase causes massive traffic jams and should be avoided
Improve it. Over the last 10 years or so the *Crossing* Trust has raised the toll substantially more than inflation and provided little in the way of concessions to the residents who need to use *crossing* as there are no shops here.

Very little.

<p>... A few small communities [are] expected to fund important parts of the national road network over and above what they pay in tax.</p>
<p>I live in a small area with no facilities at all - the nearest shops, doctor, dentist, optician, pub etc. are over the <i>crossing</i>. It isn't always practical to walk. It currently costs me £1 every time I leave my house in my car with the threat of a 100% rise in the near future. The residents are being penalised...just for living on the wrong side of the <i>crossing</i>. The alternative is a lengthy detour which adds to the congestion and pollution on an already busy route into the city.</p>
<p>Allowing local control over toll revision would lead to unrealistic increases for commuters. There is little alternative to the <i>crossing</i> for those living nearby who travel for work or social purposes. There needs to be a minimum amount charged to cover the costs of maintenance, staffing and other necessary costs ...but <i>crossings</i> are services for the community and not for-profit. Giving powers locally where there is no choice to those using the facilities leaves it open to abuse.</p>
<p>As a pensioner needing to use the <i>crossing</i> regularly for health treatment and leisure activities, the additional costs of unrestricted tolls would be extremely punitive.</p>
<p>Clearly either way it will lead to increased tolls and higher costs of living. I cannot think why the <i>crossing</i> would not take advantage of the ability to raise their tolls year on year if they had that ability...the alternative option for me when the <i>crossing</i> is open [to allow river traffic] is really no option - it is a 20 minute diversion.</p>
<p>The toll is a large fraction of our travel expenses. Any uncertainty, unpredictability of future toll raises would affect our ability to budget our household expenses.</p>
<p>The cost of the toll crossing is now becoming more significant and has increased markedly in the last 25 years. This cost should spread over the full 100 years before the next renovation and not just the 5 years before and 5 years after this current remedial work.</p>
<p>If tolls continue to increase it makes <i>this location</i> less of an attractive place to live & effectively charges us for living there.</p>
<p>For those of us who use the <i>crossing</i> frequently it adds up to quite a lot of money each year. We don't have any other viable option; driving an additional 10 miles for each journey is expensive and time consuming. The fact that there have been appeals against past increases shows how strongly people feel about it and there is a need for close</p>

monitoring and control of the level at which charges are set...it's an increase in monthly outgoings/costs without any consultation.
Outrageous!
I cannot afford it.
I have 3 young children and we have high childcare costs relative to current income, Any increase in tolls from the current level would have a significant impact on us and unrestricted rises would be unthinkable.
Unbearable increases from 4p in 1996 to 40p in 2012 for a car passage. There is no other crossing for 6 miles downstream and 4 miles upstream.
Any toll increase would be most unwelcome. Over the last 10 years the cost has risen far above inflation. As we live so near to the <i>crossing</i> , we don't really have a choice of using the other river crossings without considerable inconvenience and cost.
Most of my children's relatives, friends and sporting activities involve the need to cross the river. Frequent increases in tolls would make such visits harder to justify and less likely to be on such a regular basis. This has already been the case with the <i>crossing</i> closed and I would feel sad if this were to continue due to costs.
I can easily imagine what it would be like if I could no longer afford to use the <i>crossing</i> regularly. Local community members like myself that rely on the <i>crossing</i> for shopping, visiting friends and relatives and carrying out volunteer work would have to cut back on all those activities and we, and the organisations and people we volunteer for would suffer immensely. I will need to continue undertake [some of] these journeys regardless of cost, so will be directly affected by any toll rises. I believe that I will also be indirectly affected as toll increases will negatively impact local shops, pubs and restaurants which may no longer be commercially viable.
I would be very concerned if unrestricted toll increases were allowed as crossing the <i>crossing</i> is expensive enough as it is.
I might feel inclined to drive further to avoid the toll <i>crossing</i> thereby increasing emissions [and more local] traffic.
If the toll rose to say £1 crossing each way I would continue to go around the longer way.

<p>When we moved here in 2003, the full price was 10p, with a hefty discount for local residents, (I believe we paid around 3p per crossing, but can't remember for sure). Now there is no discount for residents, even though we have to cross the river for our nearest shop, doctor, optician, post office, hardware shop, train station, dentist; basically every single local facility. We don't even have a village shop [on this side of the crossing]. We can buy crossings in bulk but it's my understanding that the <i>crossing</i> company intends to do away with this arrangement too...at 40p per crossing I would spend around £350 a year.</p>
<p>It is more a case of the impact on others using the <i>crossing</i> more regularly than I for shopping, doctors' visits etc. Also the impact on local business on both sides of the river.</p>
<p>I believe that substantial increases in tolls would be passed onto me and other <i>crossing</i> users in the short term.</p>
<p>Some years ago they removed the concession to local residents and replaced it with a "Frequent User" discount. At the last Public Inquiry promises were made regarding this discounted price which was dropped immediately after the close of the Inquiry because "there had been objections resulting in a Public Inquiry which had cost the <i>crossing</i> money."</p>
<p>I have no choice but to cross the <i>crossing</i>. An option to freely raise tolls would hold the user to ransom.</p>
<p>Over the years we have already had major increases and the present proposals will impact on us financially.</p>
<p>I expect that the <i>crossing</i> operator would put substantial and unjustified increases on their toll charges at increasingly regular intervals. If, as I suspect the price of making this crossing will continue to go up, I will seriously have to consider making alternative travel plans for crossing the river. This will have an undeniable effect on my small business as the cost of fuel goes up. On a personal level my freedom of movement is something that I am very protective of and I find it extremely frustrating that it should be restricted, essentially by financial sanctions.</p>
<p>I think in the twenty first century the private ownership of a strategic river crossing is morally offensive in particular when levels of toll actually start to change people's behaviour e.g. Grandparents can no longer afford to use the <i>crossing</i> on a regular basis to see their grandchildren.</p>
<p>We have to cross the <i>crossing</i> to consult our GP, to go to the dentist, to the bank to our solicitor, to the library, to the station. These activities are not business-related, but nor are they connected with leisure. They are,</p>

however, essential. Anything that makes it easier to increase tolls will have a financial impact on all users, especially those who live nearby. They have no real alternative to the use of the <i>crossing</i> .
Revised tolls could deter me from visiting family members using the most direct route; alternative journeys would result in greater car use, so greater use of fossil fuels and emissions.
As a local businessman, any significant increase will have a significant negative impact on my business.
Short term heavy increases would be onerous.
Increased costs.
Save costs and time.

Government response

We recognise that any increase in tolls is likely to have a negative impact on crossing users but are mindful that the current procedure for reviewing tolls adds to the operating costs of the crossings which, in turn, has potential to increase the tolls charged.

Responses to questions 5 to 10 were sought from both operators and users:

5. Given that the Government are minded to change the current process, which option do you prefer?

Option 1 – enable operators to increase tolls up to a specified level, not more than once annually, before an application to the Secretary of State was needed.

Option 2 – enable operators to increase tolls by any amount, as and when required, without applying to the Secretary of State.

Other – please specify your alternative.

Responses from Operators

Of the 8 operators who responded to the question, ALL preferred Option 2.

The reasons for option 2 being the preferred approach included;

- Greater flexibility to make above inflation increases if the business required it such as for infrastructure improvements that might be required periodically rather than annually.

- Option 1 was unlikely to provide the increases needed so operators would need to continue using the current system and make an application to the Secretary of State.
- For cash handling purposes, operators would want to increase tolls to the nearest 10p as operators have previously found that collecting non-rounded amounts has led to delays for users.
- Option 1 would be difficult for operators with low tolls to work within.

Responses from Users

Of the 36 users who responded to this question;
 34 preferred option 1
 2 preferred option 2

Whilst the Crossing Users expressed a preference for option 1 many offered opinions on it being the 'lesser of the two evils' and would prefer to see the crossing brought into public ownership by the Government, or toll charges abolished completely.

Responses from Local Councils

Of the 5 Councils who responded to this question;
 3 preferred option 1
 2 preferred option 2

Local authorities offered reasons for preferring option 1 that included reducing the potential for crossing operators to increase profits at the expense of their customers.

5.1 If option 1:

What is your preferred specified level of increase an operator should be able to make themselves without an application to the Secretary of State?

Option 1a – operators would be free to vary tolls, not more than once annually, in line with (or below) inflation.

Option 1b – operators would be free to vary tolls, not more than once annually, in line with (or below) inflation minus 1%.

Responses from Operators

Whilst operators noted that option 2 was their preferred option, the majority highlighted that if option 1 was chosen, their preferred level of increase without an application being needed to the Secretary of State was option 1a (Inflation). Reasons for this included;

- More likely to be able to avoid an application to the Secretary of State on a more regular basis.

- Rationale behind the proposals felt to be that no one can object to increases in tolls that reflect operating costs. Therefore not felt logical that keeping tolls at the same level in real terms is unacceptable whilst decreasing tolls in real terms is.
- Discounted inflation rate was considered to bear no relation to reality
- Option 1b (inflation minus 1%) was felt to be unworkable and would require operators to continue to need to apply to the SofS.
- Severn River and other crossings use RPI without any reduction
- Some operators felt that to reach an increase to the nearest 10p under option 1a would take 9 years compared to 15 years under option 1b.

Responses from Users

33 users responded to this question indicating;

8 preferred option 1a

25 preferred option 1b

Responses from Local Councils

Of the councils indicating a preference for option 1;

2 indicated a preference for option 1a

1 for option 1b.

5.2 For applications above this level, at what point should it be possible for a Public Inquiry to be triggered?

Option 1.1 – current process remains – any objection that was not withdrawn would automatically trigger the need for a Public Inquiry.

Option 1.2 – cases on which a Public Inquiry was automatically required would be restricted to those where there are outstanding objections from at least one local authority. Secretary of State to retain discretion to hold a Public Inquiry in all other cases.

Responses from Operators

For increases above this level, the Crossing Operators' preferred point at which a public inquiry could be triggered was option 1.2. Reasons for this included;

- Eliminating the possibility of mischievous individual and a small minority requesting a Public Inquiry.
- Local authorities were felt to represent the interests of local residents and businesses as a whole and should be the test as to whether a Public Inquiry is required.
- One operator rejected both option 1.1 and 1.2 and proposed that the Secretary of State should decide when a Public Inquiry is required based on the merits of a toll application and any factual challenges to it irrespective of the number of objections and where they originated from.

One operator stated a preference for option 1.2 if operators could maintain the ability to call a Public Inquiry in addition to local authorities.

Responses from Users

32 Crossing users responded to this question;

19 indicated a preference for option 1.1

13 indicated a preference for option 1.2

Comments included:

Option 1.1.

- Before any system is implemented the history of toll increases should be borne in mind and a starting toll needs to be agreed by all before the operator raises the crossing toll as part of the new system.

Option 1.2

- This appears to be most practical
- The Parish Council will act in the interest of its parishioners in making an objection if an unreasonable increase to the toll fee is proposed.

Responses from Local Councils

4 Councils answered this question;

3 indicated a preference for option 1.1

1 indicated a preference for option 1.2

Government response

Government recognises that there are generally two opposing views on the proposed changes but also that there is potential to reach a position that can allow Crossing Operators to manage the business more flexibly whilst protecting users from toll increases above the rate of inflation. On that basis option 1.2 is considered preferable.

Where applications to the Secretary of State are still required, the holding of a Public Inquiry where only objections from local Authorities cannot be resolved should reduce the overall cost of the toll increase application that is borne by the Operators. This should, in turn, reduce the operating costs of the crossing and avoid delays in making decisions. The Secretary of State will retain the discretion to hold a Public Inquiry where it is felt necessary.

6. Should operators be required to notify the public of upcoming Increases before these are activated?

If you indicated yes;

Should this continue to be done with a notice in the local newspaper?

Should this be at least 42 days before the increases are implemented?

Responses from Operators

Of the 7 operators that responded to this question;

ALL agreed operators should be required to notify the public of upcoming increases before these are activated.

6 agreed this should continue to be done with a public notice in the local newspaper.

4 agreed this should be at least 42 days before increases are implemented.

- One operator stated that the period for notifying users of increases should be 28 days whilst another that it should be 21 days. In both cases the reasons related to this being an adequate time for notifying people as to where to direct objections. However, for increases below a certain level, there will be no opportunity for objections. For increases above this level, we are not proposing to change the current period of objection from 42 days.
- It was noted by some operators that notifying the public is good business practice and an opportunity to explain what they are doing and to promote the service.

Responses from Users

Of the 45 users that responded to this question;

ALL agreed that operators should be required to notify the public of upcoming increases before these are activated.

24 agreed that this should continue to be done with a notice in the local newspaper.

44 agreed that this should be 42 days before the increases are implemented.

- Some users said that notifying just via a public notice in the local paper was insufficient. But this should also be done by a variety of media; such as the operators, or local parish websites/digital newsfeeds, newsletters or leaflets sent to users, or when local radio traffic announcements are made.
- Other users said that a large notice situated at the toll crossing announcing a proposed increase would be sufficient.
- Users said that this should be at least 42 days or longer, with up to 6 months also being suggested.

Responses from Local Councils

Of the 5 Local Councils that responded to this question;

ALL agreed operators should be required to notify the public of upcoming increases before these are activated.

4 agreed this should continue to be done with a public notice in the local newspaper.

5 Agreed this should be at least 42 days before increases are implemented.

Government response

It is clear that all consulted consider that Toll Crossing Operators should be required to notify the public of any increases before they become effective, with a majority agreeing that the requirement to give at least 42 days' notice by notice in a local newspaper should remain.

The Government does not propose any change to the statutory requirement to notify planned increases at least 42 days ahead of implementation.

It recognised that some companies and users suggest using alternate methods of advertising proposed toll changes. Some methods, such as notices on company websites are already in use on some crossings but are in addition to the requirement for a statutory public notice. Whilst the Government encourages the additional methods of communication, it does not wish to increase the burden on Crossing Operators by adding to the statutory requirements of where public notices should be placed.

7. Do you think operators making toll increases should be required to publish a breakdown of how these increases have been calculated?

If yes, what period should this cover (e.g. previous five years) and should this be available in a particular format? – Please specify.

Responses from Operators

Of the 7 operators that responded to this question;

1 agreed that a breakdown of how increases have been calculated should be published.

6 disagreed.

- It was noted by one operator that as toll increases will be governed by an operator's forecast for future expenditure rather than historic performance, the breakdown should cover the finance of the undertaking for the period since the last toll increase, state the current reserves position and provide justification for the increase based on forecast costs for at least the next five years.
- Another stated that they had no concerns about demonstrating how the inflationary increase had been calculated but that they would have concerns about publishing information to demonstrate that the test in section 6(3) of the 1954 Act is met, as this would involve the disclosure of confidential and commercially sensitive information.

Responses from Users

Of the 47 users that responded to this question;

ALL agreed that a breakdown of how increases have been calculated should be published.

36 agreed that this should cover at least the previous 5 years.

- This information should be available on the operators' website or in hard copy at the operator's main office. Or should be made available at local libraries or council offices.
- Some noted that whilst they did not think it should be a requirement for operators to publish a breakdown of how increases are calculated, operators should be prepared to produce these figures to the DfT if challenged about "reasonableness" of the increases.
- The period for which operators are required to publish information should be the same as the period for accumulated inflation that is used in the calculation.

Responses from Local Councils

Of the 5 Local Councils that responded to this question;

ALL agreed that a breakdown of how increases have been calculated should be published.

- The period for which operators are required to publish information should be the same as the period for accumulated inflation that is used in the calculation.

8. Assuming operators can increase their tolls up to inflation/inflation minus 1%, what do you think the measure of inflation should be?

- RPI (Retail Price Index)

- CPI (Consumer Price Index)

Responses from Operators

Of the 7 operators that responded to this question, ALL stated that the measure of inflation should be RPI

The reasons for the use of RPI are as follows;

- Felt to be a more realistic assessment of their cost increases such as construction, maintenance, wages etc.
- Indices of construction often exceed inflation
- It was questioned whether inflation increases could be rounded up as well as down.
- 1 added that the measure of inflation should be a construction industry inflation measure such as BCIS Tender Price Index.

Responses from Users

Of the 39 users who responded to this question;
8 stated that the measure of inflation should be RPI
31 stated that the measure of inflation should be CPI

Comments included;

- The baseline figure for inflation should not be July but the month and year on which the previous increase took effect and the end figure should be the most recent monthly inflation figure available when proposed increases are publicised.
- The additional items in a RPI calculation would not be relevant to the operation of a toll.
- All that should be considered are the Company's accounts showing the profits, if any, from operating a tolled crossing.

Responses from Local Councils

Of the 4 Local Councils which responded to this question;
2 Stated that the measure of inflation should be RPI
2 Stated that the measure of inflation should be CPI

9. Do you agree that Operators should be able to accumulate inflation increases for up to 5 years before implementing them?

Responses from Operators

Of the 8 Operators that responded to this question;
ALL agreed that they should be able to accumulate inflation increases however,
7 disagreed that this should be for five years
6 felt this period should be since the last increase.

Comments included;

- For cash handling purposes tolls are increased in multiples of 10p. It was therefore felt that 5 years would not be a long enough period to enable an increase to the nearest 10p.
- The period of accumulation should be 10 years.
- Putting a time limit on the accumulation period could result in some operators putting up tolls just before the 5 years period so as not to lose this allowance.
- Inflation increases should be accumulated since the previous toll increase. Some also felt this should be the case even where the previous increase was before the new legislation comes into effect.

Responses from Users

Of the 47 of users that responded to this question;

24 agreed that operators should be able to accumulate inflation increases for up to 5 years before implementing them.

23 users disagreed that operators should be able to do so.

- Some users agreed as this would mean that operators would be more likely to raise toll charges less frequently, and when they did inflation will be taken into account.
- Some users agreed as increasing the costs by only 1 or 2 pence would be inconvenient for both cash users and for operators.
- Some users said there needs to be transparency about this whatever is proposed.

Responses from Local Councils

Of the 5 responses to this question;

3 agreed that operators should be able to accumulate inflation increases.

2 suggested increases should be accumulated from the date of the last toll revision.

Government response

Government accepts the argument for allowing operators to accumulate increases in inflation beyond five years and agrees that operators should have the freedom to accumulate the increases over the years since a previous increase was made, to provide them with the flexibility to make rounded increases.

Government does not however propose enabling operators to accumulate inflation/inflation minus 1 increases to the previous increase in tolls where that previous increase took place before the necessary amending legislation receives Royal Assent. The reason for this is that in some cases it has been a number of years since an increase was made (in one case the last increase took place in 1863), so users could have been faced with a sudden very large increase that they would not have been consulted on. The Government's preferred approach provides certainty to users as to what the level of increase might be over the next few years where operators chose to use this simplified approach. Government does however recognise that this could result in some operators needing to submit applications to the Secretary of State soon after the legislation comes into effect where an increase has not been implemented for some time.

10. Should Operators have flexibility in determining how inflation increases are spread across tolls for each vehicle type?

Responses from Operators

Of the 8 operators who responded to this question;

5 agreed that they should have flexibility to determine how inflation increases are spread across tolls for each vehicle type.

1 has one toll rate so irrelevant/not possible.

1 considered this unworkable

1 has two crossings and would like to be able to spread increases across vehicle types and each crossing.

Responses from Users

Of the 43 users that responded to this question;

18 agreed operators should have the flexibility in determining how inflation increases are spread across vehicle types.

25 disagreed.

Comments offered included;

- This should be open and with a clear explanation given and the reasons.
- It would be unfair to load toll increases onto a particular vehicle category.
- Any increase should be averaged out across all vehicle types.
- In some instances this would be unnecessary as vehicle weight limits are restricted at some crossings – (no coaches or lorries etc.).

Responses from Local Councils

2 were in agreement with flexibility across each vehicle type.

1 agreed that under certain circumstances flexibility should be allowed but not where this would be particularly advantageous to one class of vehicle over another.1

answered no unless it was as a result of negotiation between users and operators.

Responses to questions 11 to 13 were sought from tolled crossing operators only:

Q11.The costs and benefits (to you) of the current process under the 1954 Act.

6 operators responded to this question stating that there were no benefits to the current system; that it had allowed for higher toll charges with increases above inflation, although these are reviewed. Also, that the costs from a Public Inquiry, resulting from an objection from possibly just one objector, are then passed onto the user.

Some operators provided specific information regarding the actual costs of the current process:

PI costs - £73,000 (62% of turnover) in 2005
Application cost – £50,000 mainly professional fees to present the necessary business case to the SofS and at PI's.
Costs relate to professional fees in presenting the business case Time delay felt to be the most significant impact. Previous three applications took between 12-24 months. This has an impact on professional fees.
Our own consultation held between 2008-2013 confirmed that the public are in favour of more frequent smaller increases than has previously been applied. Current system not felt to allow this. Costs - £70,000 per application every 3-4 years. Optimal timing for key maintenance activities is currently constrained by finances. Option 1a and 1b would not generate enough income to retain the crossings current reserve. Under option 2 the operator would look to implement a 20p increase in April 2018. This would be sufficient to maintain reserves until 2023.
Unlikely that the simplified measure would be used as would need to increase tolls by 10p.

Q12. For each proposed option, please explain the likely effect on tolls at your undertaking.

Because of their length and to avoid duplication of opinions offered in other questions, responses have been reduced to make them more concise and on occasion words have been added to aid clarity; the latter are indicated by [square brackets]. We are happy to correct any misrepresentations or important omissions.

It is likely that we will need to increase tolls by at least inflation to make up the shortfall in our capital item replacement reserve, which is the largest single cost to the business behind wages...with both options 1a & 1b we would still require to make an application under the current legislation whereas with Option 2 we would be able to increase above inflation as required to meet the needs of the business.
Option 1a and 1b -Using a range of RPI inflation rates applied to our current financial model neither Option 1a or Option 1b would eliminate the need for a TRO if we are to maintain our defined prudent level of reserves (less than 20% of annual turnover) into the future. In fact if Options 1a or 1b were

introduced we would still need to apply for a TRO around the summer of 2017, with a view to implementation in summer of 2018 [and] would be very unlikely to eliminate all further TRO's.

Option 2 would allow the undertaking to plan the operation, maintenance and improvement of the two strategically important crossings using sound value for money principles within the strong governance and scrutiny framework that results from our empowering legislation and the terms of reference set out by the parent authorities.

Based on our financial model Option 2 would allow us to increase tolls in 2018 by approximately 13%, which would be the first rise since 2010 and would be well within RPI inflation within the intervening period.

Eliminating the risk and cost of TRO applications would allow the undertaking to function in a more efficient and effective manner, without the disruptive effects of toll revision application cycles. Option 2 is entirely consistent with the localism agenda giving the parent authorities the power and freedom to make decisions, and carry the associated responsibility and accountability.

It is likely that we would increase tolls by inflation, if we were permitted to do so, but not necessarily annually.

Most of our operating costs are fuel and wages, with maintenance and provision for replacement accounting for a substantial sum. Under either option we would have the benefit of choosing the timing of increases to best suit our business needs and the needs of our passengers. Note: that there is a Council owned *crossing* a few hundred yards down the river, so market forces work well in our case.

Under Option 1, if the 5yr limit on accruing increases in RPI or CPI is maintained we would never be able to increase our tolls.

Under Option 2 we would propose to increase our tolls by LESS than the increase in RPI since the last increase in the tolls. When we increase tolls we would want to increase the cost for cars from 40p to 50p or by 25%. RPI has already increased by more than 25% since we last increased tolls.

Q13. The costs and benefits you envisage resulting from the proposed options.

Because of their length and to avoid duplication of opinions offered in other questions, responses have been reduced to make them more concise and on occasion words have been added to aid clarity; the latter are indicated by [square brackets]. We are happy to correct any misrepresentations or important omissions.

The Company welcomes any proposals which simplify the procedures for the revision of tolls which are cumbersome, time consuming and expensive, particularly if a Public Inquiry is required.

If Option 2 is implemented then on the basis that there are no objections there would be no cost to us, the resultant benefit being a saving of around £50k each time we need to increase charges that saving being ultimately passed onto the toll paying public.

Historically this undertaking has applied for toll increases infrequently, the last three being more than a decade apart in 1982, 1994 and in 2010. Our comprehensive voluntary consultation exercises in 2008 and in 2013 both confirmed strong public opinion in favour of more frequent smaller increases in toll charges than had previously been applied. Both the public and our Committee feel that 3-4 year intervals are appropriate, but the current system discourages this approach.

Options 1a and 1b would not eliminate the need for TRO applications at a cost of approximately £70k per cycle, anticipated to be typically every 3-4 years. We would also continue to experience the risk associated with TRO applications which are disruptive and compromise the operation in terms of efficiency and effectiveness. For example the optimal timing for key maintenance activities or improvement projects to achieve the best value may be compromised by financial constraints. A prudent approach to the risk associated with the process encourages early application for TROs to ensure the availability of funds.

Option 2 would eliminate the need for TROs saving the undertaking (and therefore users) approximately £70k every 3-4 years. Eliminating the risk and cost of TRO applications would allow the undertaking to function in a more efficient and effective manner, without the disruptive effects of toll revision application cycles. The flexibility offered might also encourage or facilitate the use of smaller incremental increases for which our users have shown a strong preference - for example the uncertainties and cost around the TROs may encourage the use of less frequent but larger increments in toll levels, and also as a result bigger fluctuations in reserve levels.

The Joint Committee would welcome the clarity of accountability that Option 2 would bring.

The main benefit would be the reduction in professional fees and having the ability to bring in a standard increase annually, such as done by the operators of the Severn Bridge, would rapidly be accepted by our passengers.

We might not want to raise fares annually for other commercial reasons; it would be important to have the ability to cumulate RPI increases over one or more years, rather than having to apply a "use it or lose it" routine.

If we are able to increase tolls by no more than the increase in RPI since the last increase it would save us the cost of a Public Inquiry which cost us £73k in 2005.

Whilst views were not sought from crossing users, 7 users responded to both these questions commenting that for;

Option 1

They saw this option as a sensible restriction on any proposed toll increases and which offered the fairest solution. Tolls would rise with inflation and would continue to allow users to use the tolled crossings for essential journeys

Option 2

That on past evidence toll charges, at some crossings- would be multiples of what they are currently, and force some to reconsider their essential journeys, make less crossings or having to use longer alternative routes. This would allow some toll companies to implement toll increases way above inflation without any consideration of their costs or the efficient funding of investments.

Proposed Next Steps

As mentioned previously the consultation responses differed depending on whether they came from the owners and operators of the tolled crossings or the people that use them.

Overall the responses did not indicate widespread opposition to the Government's recommended approach which would

- allow undertakers to increase tolls by up to 1% below inflation (RPI) on no more frequently than an annual basis without an application being required to the Secretary of State
- continue the existing procedure in the 1954 Act for applications seeking increases above that amount, save that the right of an objector to require a public inquiry would be limited to local authorities
- allow applications for increases to be accumulated
- allow increases to be applied disproportionately across vehicle types provided the overall increase is no more than permitted

When it published the consultation in February 2014 the Department for Transport had an expectation that Parliamentary time would be available to debate the legislation necessary to implement its eventual recommendations. At the time of publishing this consultation response it is uncertain if this will be possible.

List of Respondents

Lincolnshire County Council	
Whitchurch on Thames Parish Council	
Swanage Town Council	
Borough of Poole Council	
Goring Heath Parish Council	
Purbeck District Council	
Shrewsbury-Kingsland Bridge	
Aldwark Bridge Ltd	
Tamar Bridge & Torpoint Ferry Crossings	
Whitchurch Bridge	
Whitney-on-Wye	
Bishop Fleming LLP, on behalf of Dartmouth-Kingswear Floating Bridge	
Bournemouth-Swanage Motor Road Ferry	
Dunham Bridge	
South West Against Tolls	
Alliance of British Drivers	
The Leigh Woods Society	
Individual Crossing Users	
J Smith	G Phillips
L Lucas	J Polansky
H Baker-Smith	S Trinder
M Turtle	S Matthews
C Johnson	W Steen
C Copland	A Barclay
N Cabeldu	C Preston
F House	E Hartley
F Acworth	W Barclay
G Bates	C Collins
H Jensen	C Denning
J Vivian	D Lucas
J Darwent	G Witcher
L Gatherum	G Morfey
M Hunt	Gwedednum
M Shovell	I Bruce
M Holland	J Dowling
M & M Manning	M Tan
N Bolton	M Ireland
N Grove	M Hetherington
R Pearce	M Scott
R MacCaw	N Acworth
R Lucas	P Moore
W Hetherington	R Dunstan