

Date of meeting:	27 January 2020
Title of Report:	Tamar Bridge & Torpoint Ferry 2020/21 Revenue Estimates and Capital Programme
Lead Member:	Councillor Mark Coker (Cabinet Member Strategic Planning and Infrastructure)
Lead Strategic Director:	Anthony Payne (Strategic Director for Place)
Author:	David List, General Manager, Tamar Bridge and Torpoint Ferry
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Your Reference:	TBTF
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

The Tamar Bridge and Torpoint Ferry are operated, maintained and improved jointly by Plymouth City Council and Cornwall Council on a 'user pays' principle, being funded by toll income using powers derived from the Tamar Bridge Act. The crossings are governed by the Tamar Bridge and Torpoint Ferry Joint Committee (TBTFJC) comprised of five councillors from each of the parent Authorities.

The finances of the joint undertaking are effectively ring-fenced by the Tamar Bridge Act, and it is operated as a self-financing business. TBTFJC's revenue and capital expenditure are funded entirely from Bridge and Ferry toll income and do not affect the budgets of either Plymouth City Council or Cornwall Council. TBTFJC's Terms of Reference require the Cabinets of the Joint Authorities to recommend TBTFJC's budgets to their respective Full Councils.

This report presents TBTFJC's 2020/21 Revenue Estimates and Capital Programme report submitted to TBTFJC on 6 December 2019 and draft minutes recording TBTFJC's endorsement.

Recommendations and Reasons

That, on the recommendation of Cabinet, the Council approves the TBTFJC's 2020/21 Revenue Estimates and Capital Programme.

Reason: to ensure a budget is set for the forthcoming financial year

Alternative options considered and rejected

The TBTF Strategic Plan 2018-2022 and associated Annual Plans are designed to deliver safe, reliable and efficient crossings of the Tamar. The key priorities and delivery actions support the Plan and maintain established service delivery characteristics. The proposed budgets provide the resources to deliver the plan.

Asset maintenance has been designed to optimise service delivery and life cost.

Relevance to the Corporate Plan and/or the Plymouth Plan

The Tamar Bridge & Torpoint Ferry links are key gateways to the City and provide opportunities for investment, jobs and growth particularly in the wider context of Plymouth as the regional economic centre.

Providing a safe well-maintained road network contributes to the economic well-being of the City, supporting the Council's Growth priority.

Implications for the Medium Term Financial Plan and Resource Implications:

Finance – The proposed revenue budget and capital financing will be funded entirely from the undertaking's own income. Bridge and Ferry traffic volumes from April 2020 onwards have been assumed to remain unchanged from those estimated for the current year. The longer term financial model accommodates the 33% toll increase enacted in November 2019.

The TBTFJC's borrowing requirements are provided through Cornwall Council. This arrangement together with subsequent servicing costs of the loans being funded from toll revenue means that approval of TBTFJC's Revenue Estimates and Capital Programme will not affect Plymouth City Council budgets.

Human – The proposed budgets support the approved TBTF Strategic Plan 2018-2022 and associated Annual Plans and these will be delivered by the existing organisation using its own staff, contractors and consultants, with support from the parent authorities.

IT – The IT implications are restricted to incremental improvement of existing systems as part of the Business Plan and associated projects.

Land – No land issues arising from this item.

Carbon Footprint (Environmental) Implications:

Approval of budgets will ensure that planned maintenance and appropriate operational oversight of the crossings will continue, providing reliable journey times minimising the potential for longer diversionary journeys or congestion related pollution.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

Risk Management – The risk register and mitigation measures are updated routinely and presented to TBTFJC. The most recent revision was presented to TBTFJC on 7 December 2018.

Health and Safety – Key Performance Indicators within the Strategic Plan and associated Annual Plans are designed to drive improvement.

There are no child poverty or community safety implications.

Appendices

**Add rows as required to box below*

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
1	Appendix 1 – Financial Model							
2	Appendix 2 – 2020/21 Revenue Estimates and Capital Programme							
3	Appendix 3 - Draft Minutes of TBTFJC Meeting, 6 December 2019							

Background papers:

*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7
None							

Sign off:

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Originating Senior Leadership Team member: Anthony Payne, Strategic Director for Place											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 08/01/2020											
Cabinet Member approval: Approved by Councillor Coker, Cabinet Member for Strategic Planning and Infrastructure, at Joint Committee											
Date approved: 06/12/2019											

Introduction

- I.1 The Tamar Bridge and Torpoint Ferry are operated, maintained and improved jointly by Plymouth City Council and Cornwall Council on a 'user pays' principle, being funded by toll income using powers derived from the Tamar Bridge Act. The finances of the joint undertaking are effectively ring-fenced by the Act, and it is operated as a self-financing business. TBTFJC's revenue and capital expenditure are funded entirely from Bridge and Ferry toll income and do not affect the budgets of either Plymouth City Council or Cornwall Council. The undertaking adopts approved four-year plans and annual plans which aim to provide the service without external financial support from the parent authorities or other source.

Revenue Estimates

- I.2 The proposed Revenue Estimates 2020/21 (budgets) and indicative estimates for future years support the approved 2018-2022 Strategic Plan and are consistent with the organisation's long-term financial model. They have been determined from the detailed analysis of forecast expenditure and income. The various assumptions made in financial modelling have also been examined at TBTFJC meetings. Assumptions on pay inflation and on interest rates for borrowing and investment have followed those used by Cornwall Council.
- I.3 Toll income is a function of traffic levels, the mix of vehicle types, the tariff structure and the proportion of discounted pre-paid (TamarTag) traffic. A new tariff structure was introduced on 19 November 2019. Combined total traffic for the two crossings in the 12 months ending 31 October 2019 was 0.4% more than in the preceding 12 month period, and current forecasts predict this recent trend to continue through to the end of this financial year. It is assumed that traffic levels will remain unchanged beyond April 2020 from those within 2019/2020 revised estimates. Traffic forecasts are considered to represent a conservative but prudent approach in comparison to the Department for Transport's Road Traffic Forecasts 2018.
- I.4 TBTFJC adopts a prudent minimum level of reserves of £2m, and a forecast of falling below that threshold is used as the trigger for a requirement for additional income. Based on the assumptions set out above, funding of the projects in the proposed Capital Programme by borrowing and using current toll charges, indicative reserves are forecast to remain above £2m until 2023/24 following implementation of the 33% toll increase on 19 November 2019. This is illustrated within the model at Appendix 1.
- I.5 Detail on the revenue estimates is shown in Appendix 2 being the report presented as item 6.2 of the agenda pack for the 6 December 2019 meeting of TBTFJC, and these were approved by TBTFJC for recommendation to Constituent Authorities as shown in the draft minutes at Appendix 3 and available at:

(Agenda)

<https://democracy.cornwall.gov.uk/documents/g9080/Public%20reports%20pack%2006th-Dec-2019%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20Joint%20Committee.pdf?T=10>

(Draft Minutes)

<https://democracy.cornwall.gov.uk/documents/g9080/Printed%20minutes%2006th-Dec-2019%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20Joint%20Committee.pdf?T=1>

Capital Programme

Financing

- 1.6 As established within previous years' budget reports, the financing of capital projects is currently undertaken through the advance of funding from Cornwall Council (in effect borrowing). This spreads the effect on the revenue budget and therefore on the level of reserves held by the Joint Committee. The financing costs for the capital programme are reflected within the revenue estimates and include improvements in terms for new borrowing compared to historical arrangements.
- 1.7 Detail on the consolidated capital programme is shown in the report at Appendix 2, being the report presented as item 6.2 of the agenda pack for the 6 December 2019 meeting of TBTFJC, and these were approved by TBTFJC for recommendation to Constituent Authorities as shown in the draft minutes at Appendix 3.

Projects with Expenditure in 2020-2021

- 1.8 There are in total seven projects in the proposed Capital Programme with expenditure in 2020/21. These are:

Bridge Protective Coating	Continuation of a six year programme.
Toll System Upgrade	Reprofiled expenditure of an existing project.
Bridge Resurfacing	Progress dependent on lead-in projects and subject to a procurement business case.
Ferry Traffic Control System	Increased by £0.6m to £0.9m as the scope of infrastructure works necessary to adequately improve vehicle and pedestrian safety has expanded. Subject to a procurement business case.
Parapet Works	Potential project subject to further TBTFJC decisions and a procurement business case.
Main Cable Remediation	An emergent project from the earlier Suspension System Remedial Works project. Will be subject to a procurement business case.
Ferry Refits	Transfer from revenue to capital to smooth cash flow. The 2020 refit of LYNHER II is the last in this cycle.

Future Projects

- 1.13 The remaining items in the Capital Programme scheduled to commence from 2021/22 onwards are:
- Supplementary Cable Works
 - Bridge Access Improvement Phase 4
 - Rocker/Pendle Remedial Works

- I.14 These items will be the subjects of business cases to be submitted to TBTFJC and the Joint Authorities for approval in due course. The funding of these projects has however been incorporated in the long term financial model.
- I.16 Detail on the consolidated capital programme is shown in the report at Appendix 2, being the report presented as item 6.2 of the agenda pack for the 6 December 2019 meeting of TBTFJC. The programme was approved by TBTFJC for recommendation to Constituent Authorities as shown in the draft minutes at Appendix 3.