

Report to:	<b>Tamar Bridge &amp; Torpoint Ferry Joint Committee</b>	
Date:	<b>6<sup>th</sup> December 2019</b>	
Title:	<b>2020/21 Revenue Estimates &amp; Capital Programme</b>	
Portfolio Area:	<b>Transport and Infrastructure</b>	
Divisions Affected:	<b>All</b>	
Local Member(s) briefed:	<b>Y/NA</b>	
Relevant Scrutiny Committee: <b>Scrutiny Management Committee</b>		
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Approval and clearance obtained:	<b>Y</b>	
<b>For Cabinet and delegated executive decisions only</b>		
Key decision? ( $\geq$ £500k in value or significant effect on communities in two or more electoral divisions)	<b>Y</b>	
Published in advance on Cabinet Work Programme?	<b>N</b>	
Urgency Procedure(s) used if 'N' to Work Programme?	<b>N</b>	
Date next steps can be taken	<b>6 December 2019</b>	

**Recommendations:**

1. That the Cabinets of the Joint Authorities recommend to their Full Councils that the 2020/21 revenue estimates and capital programme be approved; and
2. the longer term forecast to 2023/24 is noted.

## 1 Executive Summary

- 1.1 This report sets out for consideration and approval, the proposed revenue estimates (budget) for the Joint Committee for 2020/21 and indicative figures for the subsequent three years 2021/22, 2022/23 and 2023/24, together with the proposed capital programme.
- 1.2 The reserve position at 31 March 2020 is forecast to be £2.927m. Indicatively, future years show that the reserve position is maintained above the £2.000m reserve level until 2023/24.

## 2 Purpose of Report and key information

- 2.1 The Tamar Bridge and Torpoint Ferry (TBTF) 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 follows:

<b>Rates</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Inflation	2.00%	2.00%	2.00%	2.00%
Interest (Receivable)	1.00%	1.00%	1.00%	1.00%
Interest (Payable) existing borrowing	4.68%	4.68%	4.68%	4.68%
Interest (Payable) new borrowing	3.38%	3.38%	3.38%	3.38%

The second interest rate payable line above reflects the revised offer made by Cornwall Council for new loans agreed from April 2019. It should be noted that the rate will only be fixed when loans are taken out and future rates are subject to movement in the general market. Loans that predate April 2019 will continue to be calculated using Cornwall's consolidated rate of interest.

- 2.2 Income received from funds held by the Joint Committee has been estimated using the investment strategy for cash balances agreed within the Treasury Management Strategy in March 2016.
- 2.3 The proposed revenue budget is set out in the tables appended. The variations between the latest 2019/20 forecast and the proposed

2020/21 budget are listed on page 12 – the later years covered by the revenue figures are indicative.

- 2.4 Some of the more significant items affecting the proposed budget are as follows:

### **Corporate**

In 2019/20 the additional income from the toll review has been reflected from mid-November 2019. Therefore 2019/20 shows a part year increase with the remainder of full year benefit of the increase showing in 2020/21.

The tag statement budget has been decreased by £0.049m, reflecting saving associated with “in housing” following completion of the toll refresh project.

Bank charges have been increased by £0.032m, reflecting anticipated increases in card payments.

£0.025m of the Toll Review budget has been removed.

### 2.5 **Bridge**

The revenue budget makes provision for the ongoing maintenance and operation of the bridge and its infrastructure in line with current engineering best practice. The main changes from the previous year are;

- £0.048m reduction in the Agency Staff costs following completion of reorganisation.
- £0.189m reinstatement of painting budget following a reduction associated with the redeployment of contractors during 2019/20 to recoating of areas associated with the capital suspension system works
- reduction of £0.035m within Bridge & Gantry Inspections following a review of the budget provision required to the end of the financial year
- Learning Centre additional £0.022m salary costs.

### 2.6 **Ferry**

The revenue budget also makes provision for the ongoing maintenance and operation of the ferries and their associated infrastructure in line with current engineering best practice. The main changes from the previous year are:

- £0.123m reduction in agency staff, following completion of direct recruitment of multiple maintenance worker vacancies
- £0.095m reduction to the Grounds Maintenance budget reflecting completion of rockface stabilisation works

- removal of the cost of the final two ferry refits of the current cycle as each are now a proposed capital item. Therefore the revenue budget has been reduced to £0.196m in 2019-20 (covering residual costs of the initial refit of the cycle) and completely removed from the budget from 2020-21 onwards. The refit cost will now show within the capital programme with the flexibility to fund through revenue or capital.

2.7 The proposed capital programme is shown on page 15. Work has been undertaken by officers to assess the current capital programme and the revised estimate for 2019/20 is now anticipated at £8.779m, an increase of £1.657m. The main changes are

- £1.505m addition for the Ferry Refit completed in 2019-20 and £1.415m addition for the 2020-21 with a £1.400m addition for the 2023-24 refit. The forward estimate assumes revenue funding of the 2023 refit.
- £0.195m for completion of the Suspension System Remedial Works
- £0.110m addition for completion of the secondary works associated with Bridge Office Development
- Reprofile of the Toll System Upgrade works with completion in 2020-21. Final cost is unchanged.
- Ferry Traffic Control has been increased by £0.300m to £0.900m and is now to be completed in 2020/21

There are two projects that have been amended within the Future Programme area of the capital programme as follows:

- Parapet Works have been reduced to £2.000m from £6.000m, reflecting Committee decisions. Some expenditure is anticipated within 2019-20 if a more limited project is progressed.
- Bridge Access Improvement – has increased from £0.250m to £0.500m

All works within the Future Programme are subject to approval of a Business Case.

## 2.9 Reserves

The reserve position as at the 31 March 2020 (Appendix 3) is forecast to be £2.927m. The forecast for 2020/21 end of year reserve position is £3.608m and the 2021/22 forecast outturn is a reduction to £3.081m. Future years show that the reserve position will remain above £2.000m until 2023/24.

The Joint Committee receives a quarterly update on its financial position in order to provide assurance that the finances of the undertaking are being managed appropriately and that any significant issues are highlighted and necessary action is taken to address them. This quarter's update also provides for a fully revised budget position.

### **3 Benefits for Customers/Residents**

- 3.1 Appropriate management of finances and budget monitoring ensures that appropriate resource is available for the operation, maintenance and improvement of crossings which form key elements of the local transport network which is essential to the sustainable economic and social development of the region for the benefit of residents.

### **4 Relevant Previous Decisions**

Approved budget for 2019-20 at Cornwall Council meeting of 20<sup>th</sup> February 2019 (CC/175) and Plymouth City Council meeting of 28<sup>th</sup> January 2019 (Item 70).

### **5 Consultation and Engagement**

- 5.1 Not applicable.

### **6 Financial Implications of the proposed course of action/decision**

- 6.1 Financial implications are detailed within Section 2 of this report.

### **7 Legal/Governance Implications of the proposed course of action/decision**

- 7.1 There are no legal or governance implications associated with this report providing the correct approval route for the budget is followed.

### **8 Risk Implications of the proposed course of action/decision**

- 8.1 There are no implications associated with this report

### **9 Comprehensive Impact Assessment Implication**

- 9.1 There are no implications associated with this report

### **10 Options available**

- 10.1 To approve the proposed revenue budget for 2020-21 and Capital programme as set out in tables
- 10.2 To not approve the proposed revenue budget for 2020-21 and Capital Programme as set out in tables attached

## **11 Supporting Information (Appendices)**

- 11.1 Tables detailing TBTF Budget 2020-21

## **12 Background Papers**

- 12.1 None

## **13 Approval and clearance**

### **All reports:**

<b>Final report sign offs</b>	<b>This report has been cleared by (or mark not required if appropriate)</b>	<b>Date</b>
Governance/Legal (Required for <b>all</b> reports)	Simon Mansell, Corporate and Information Governance Manager	18.11.19
Finance (Required for <b>all</b> reports)	Geraldine Baker, Strategic Finance Manager	25.11.19
Equality and Diversity (If required)		
Service Director (Required for <b>all</b> reports)	Nigel Blackler, Service Director Transport & Infrastructure	25 November 2019
Strategic Director (If required)		