

# Cabinet



Date of meeting:	12 February 2024
Title of Report:	<b>Tamar Bridge and Torpoint Ferry Future Financing</b>
Lead Member:	Councillor Mark Coker (Cabinet Member for Strategic Planning and Transport)
Lead Strategic Director:	Anthony Payne (Strategic Director for Place)
Author:	Adrian Trim, Lead Officer Tamar Crossings
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Your Reference:	
Key Decision:	No
Confidentiality:	Part I - Official

## Purpose of Report

The Tamar Bridge and Torpoint Ferry have historically been operated together as a single undertaking on a 'user-pays' principle funded almost entirely from toll income. The undertaking maintains a contemporary financial model that incorporates income forecasts based on traffic levels. Income at the two crossings has been reduced by the effect of Covid-19 on traffic levels but more recently the hike in inflation and rise in fuel and energy costs has required a proposed toll revision to address a predicted deficit in 2025/26 and to enable the Councils to set a balanced budget for the undertaking.

At its meeting on 8 December 2023, the Tamar Bridge and Torpoint Ferry Joint Committee (TBTFJC) was presented with several options to address the forecast financial position.

This report seeks a recommendation to the Council to approve the preferred option for a toll increase as agreed by TBTFJC at its meeting on 8 December 2023, to address the forecast deficits.

A parallel governance process is being followed by Cornwall Council.

## Recommendations and Reasons

### That Cabinet Recommend to Council:

1. That the Tamar Bridge and Torpoint Ferry Joint Committee's (TBTFJC's) preferred option for toll revision of a toll increases on cash to £3.00 (previously £2.60) and TAG to £1.50 (previously £1.30) and pro rata for other classes of user, be approved and be made to the Secretary of State in accordance with the applicable legislation.

2. That the Joint Committees endorsement of the Tamar 2050 crossings programme of activity be recognised.

### **Alternative options considered and rejected**

Six options were provided to the TBTFJC five of which were rejected after discussion and debate.

The do-nothing option was also rejected as it would result in escalating deficits which would become the responsibility of the parent authorities.

### **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:**

#### **Financial Risks**

The proposal addresses the forecast deficit position and reduces associated risk to the parent authorities.

#### **Carbon Footprint (Environmental) Implications:**

Continued service delivery will provide reliable journey times and minimises the potential for congestion or longer diverted journeys and related pollution.

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

**Risk Management** – This proposal is a response to the considerable rise in fuel, energy and inflation, impacting on operational costs and interest rates linked to Capital expenditure. The core model used to forecast traffic recovery is considered to be reasonably conservative but remains sensitive to the many changeable parameters resulting from the pandemic e.g. the implementation of higher tier constraints locally or regionally. The uncertainties around traffic recovery presents the risk of significant income variances.

**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**

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 12 of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Briefing Report - Tamar Bridge and Torpoint Ferry Future Financing							
B	TBTFJC Report 8 December 2023 – Future Financing (specifically pages 55 -155)							
C	Draft Minutes of TBTFJC Meeting, 8 December 2023							

**Background papers:**

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

**Sign off:**

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Originating Senior Leadership Team member: Philip Robinson (Service Director for Street Services)											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 12/01/2024											
Cabinet Member approval: Councillor Mark Coker (Cabinet Member for Strategic Planning and Transport)											
Date approved: 12/01/2024											



## Appendix A

### Briefing Report -

### Tamar Bridge and Torpoint Ferry Future Financing

#### Introduction

- 1.1 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 in normal times as a self-financing business.
- 1.2 The impact of the high inflation, fuel and energy costs has been profound, increasing operational costs and interest payment rates for Capital loans related to maintenance, improvements and replacement of key infrastructure.
- 1.3 Workshops have been held since the beginning of 2023 to consider means of addressing forecast shortfalls, and the issue has been considered at TBTFJC meetings since December 2022. The workshops have considered traffic recovery modelling, cost inflation and other key parameters, and the income increases necessary to moderate or eliminate the forecast deficits. Workshops have closely examined expenditure, service levels and capital programme to achieve savings and/or delay expenditure but the scope has been limited by service delivery requirements and critical maintenance of assets.
- 1.4 The recent toll increase that was implemented in January 2023 was intended to deliver a degree of financial stability for a number of years, unfortunately within the period of application to the SoS and due process, that can take between 10 months to a year in total, circumstances had changed significantly due to the war in Ukraine and associated cost increases – fuel, energy and inflation.
- 1.5 Traffic levels have remained below pre-Covid levels and are currently running at approximately 90% at both crossings which is in line with the 90% level incorporated in the financial model. Without intervention to address fuel, energy and inflation increases the crossings finances would be in a deficit position from 2025/26 onwards.
- 1.6 The Tamar Bridge Act 1957 sets out the default process to be followed if such deficits arise, namely that the parent authorities, Cornwall Council and Plymouth City Council cover that deficit for subsequent recovery at some later stage when the undertaking returns to a surplus position.
- 1.7 The Joint Chairmen of TBTFJC and Portfolio Holders of both authorities have continued to lobby government for long term financial support but without success to date.
- 1.8 The detailed background to the effect on the undertaking's financial position and the response of TBTFJC is detailed in Section 2 of the TBTFJC Future Financing Report at Appendix B.

- I.9 At its meeting on 8 December 2023 TBTFJC Members were presented with six toll revision options to address the forecast financial position, officers recommended a cash toll increase for cars of £3.20 cash and £1.60 TAG.:
- I.10 Following detailed discussion four options were discounted as Members did not consider they met the requirements of the Joint Committee.
- I.11 Two of the options were subsequently taken to a vote, the Officer recommendation in para I.9 was **not** supported by Members who opted for the minimal increase of £3.00 cash and £1.50 Tag with a pro rata increase for other users. TBTFJC resolved to recommend the preferred toll revision option to Councils via respective Cabinets. On balance this option was considered to be the lowest level of increase that gives an acceptable level of financial resilience.
- I.11 The options are set out in detail in the report presented to the TBTFJC meeting on 8 December 2023 as Agenda Item 7 which is attached at Appendix B and can be found in the published Agenda Pack at;

[\(Public Pack\)Agenda Document for Tamar Bridge and Torpoint Ferry Joint Committee, 08/12/2023 10:00 \(cornwall.gov.uk\)](#)

- I.12 TBTFJC's resolution can be found in the minutes of the TBTFJC meeting on 8 December 2023 which are attached at Appendix C and can be found at

[For enquiries on this agenda please contact \(cornwall.gov.uk\)](#)

**Appendix B**

Report to:	<b>Tamar Bridge &amp; Torpoint Ferry Joint Committee</b>	
Date:	<b>8 December 2023</b>	
Title:	<b>Future Financing</b>	
Portfolio Area:	<b>Cornwall Council: Transport Plymouth City Council Transport</b>	
Divisions Affected:	<b>All</b>	
Local Member(s) briefed:	<b>N/A</b>	
Relevant Scrutiny Committee: <b>Cornwall Council: Economic Growth and Development Plymouth City Council Growth &amp; Infrastructure</b>		
Authors, Roles and Contact Details:	<b>Vicky Fraser, Service Director, Environment and Connectivity, Cornwall Council,</b> <a href="mailto:vicky.fraser@cornwall.gov.uk">vicky.fraser@cornwall.gov.uk</a> <b>Philip Robinson, Service Director for Street Services, Plymouth City Council 01752 361577</b> <b>Andrew Vallance, Governance and Finance Manager, 01752 361577,</b> <a href="mailto:andrew.vallance@tamarcrossings.org.uk">andrew.vallance@tamarcrossings.org.uk</a>	
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>N</b>	
Published in advance on Cabinet Work Programme?	<b>Y</b>	
Urgency Procedure(s) used if 'N' to Work Programme?	<b>N</b>	
Date next steps can be taken	<b>12 January 2024</b>	

**Recommendations to the Full Council of each parent authority via the Cabinet of each parent authority:**

1. That having considered the contents of the report, including the responses from the public consultation an application for a toll revision, based on £3.20 cash and £1.60 tag, be made to the Secretary of State in accordance with the applicable legislation. **Recommendation to the Joint Committee:**
2. That, having considered the Motion that was presented to Cornwall Council's Full Council on 28 November 2023, the Joint Committee will continue to lobby Government to provide funding for the bridge and the ferry, such lobbying to include a request for a review of the current legislation including the ability to apply RPI to tolls.
3. That officers incorporate the impact of the Joint Committee's above recommendations into the revenue estimates and capital programme for 2024-25 to be presented at an extraordinary meeting of the Joint Committee on 12 January 2024.
4. That the Tamar 2050 programme of activity be endorsed.

**1. Executive Summary**

- 1.1 This report provides an update on the undertaking's financial position and recommends that the Joint Committee determines a preferred option for toll revision from the options set out in the public consultation exercise undertaken 9 – 31 October 2023 and taking into consideration the budgetary positions of the parent authorities, advice from the Authorities' section 151 Officers, earlier observations made by Auditors and recommendations made by the commissioned consultants Local Partnerships in relation to stabilising the undertaking's finances.
- 1.2 Moving forward, it is proposed that, building on the work undertaken by Local Partnerships a Tamar 2050 programme is developed which is a comprehensive programme of transformation and one which will target resource and initiative in the short, medium and long term, developed in lock step with our community and the businesses who rely on them.
- 1.3 Tamar 2050 will be an important step towards delivering a modern, efficient and stable future, however it will not resolve the current lack of appropriate financial reserves nor prevent forecast deficits. Tolls need to be revised and the long lead times associated with a toll revision application leaves the Joint Committee with a very limited window to avoid a deficit reserve position and moderate the risks associated with the ongoing failure to hold adequate reserve. A decision at this meeting on a toll revision option is required to allow officers to bring forward proposed budgets (revenue estimates and capital programme) to an extraordinary meeting on 12 January 2024.
- 1.4 Feedback from the consultation exercise reflects the public's concern about any price increase and there are some shifts in opinion from earlier exercises, for example in relation to charging more at the ferry. However, the feedback from users and stakeholders that tolls should follow an alternative structure is not considered to be strong enough to require that the structure of charges is changed. Officers therefore recommend that an application for toll increase is made using an option that applies an increase



to current cash and discount tolls pro-rata. The two such options consulted upon were an increase of car tolls to £3.00 cash/£1.50 tag and £3.20 cash, £1.60 tag with other classes increasing pro rata. These options provide differing levels of assurance to stabilise finances, rebuild adequate reserves and provide adequate funding for future modernisation of governance and operations, and officers recommend that the more robust option of increasing car class tolls to £3.20 cash/£1.60 tag (applied pro rata to other charges) is taken forward.

## **2. Purpose of Report and Key Information**

### **Background**

- 2.1 At its meeting on 3 December 2021 the Joint Committee resolved to recommend a 30% toll increase to Councils via Cabinets, subject to consideration of feedback from a public consultation exercise and implemented in stages:
- tag tolls increased in May 2022 and,
  - cash tolls increased in January 2023, following approval from the Secretary of State for Transport.
- 2.2 The proposal was anticipated to rebuild and maintain a reserve over the medium term of up to £3.3m, moderately above the £2.0m that was historically considered the minimum prudent position.
- 2.3 Public consultation was undertaken in January 2022 on the above proposed increase and the Joint Committee considered the feedback from the consultation at its meeting of 18 March 2022 and confirmed its preferred option to increase tolls.
- 2.4 The application for an increase in cash tolls was made in early April 2022 and TamarTag discount rates modified as scheduled on 1 May 2022. The application to increase cash rates was approved by the Secretary of State in November 2022 and came into effect on 1 January 2023.
- 2.5 The application made several assumptions that in December 2021 had been considered prudent. Included in those assumptions were:
- cost inflation of 3.5% during financial year 2022/23, reducing to 3% in the short-term before returning to the 2% level targeted by the Bank of England in the long-term
  - interest rates on borrowing would not exceed 3.38% over the medium term financial planning period
  - salary budgets would increase at no more than 0.5% more than assumed cost inflation
  - traffic levels would increase to 90% of pre-Covid levels during 2022 and, revert to 100% of pre-Covid volumes by April 2025.
- 2.6 All four of these external assumptions have proven inaccurate for various geo-political, economic and business reasons.

- 2.7 These factors resulted in an increasing awareness that prior to its implementation, the toll revision implemented on 1 January 2023 would not build reserve funds back to prudent levels and for an initial deficit position now forecast for financial year 2025/2026 and deteriorating thereafter.
- 2.8 In response to the changes in the external operating environment, workshops took place on 10 February 2023 and 5 June 2023 which provided Members with greater detail of the financial position and the options available to stabilise the organisation's finances. The discussions covered:
- commentary on the financial position of the undertaking and the difficulty the parent authorities would have in funding a deficit position should it arise - it was clearly stated that the parent authorities expect the joint undertaking to have exhausted all options available to it, before requiring revenue support from them
  - financial models at that time anticipating full depletion of reserves during 2024/25 without intervention
  - the potential for increasing income from secondary sources and asset lease-back
  - review of expenditure and the related impact on service provision of significant cost reductions
  - finance officers' view that various pressures should be reflected in an increase in the level of prudent minimum reserve rising from the £2m set in 2012 to between £2.5m and £3m
  - the ongoing discussions with the Department for Transport (DfT)
  - feedback on the business review consultancy from Local Partnerships
  - potential decarbonisation of ferry drive systems
  - the likely timeline to gain authority to index tolls and the limited impact that indexation would make to the current financial position
  - toll revision options
- 2.9 The workshops provided a clear consensus, from Members, that current service levels should be maintained and that there should be no compromise in maintenance standards.
- 2.10 The workshops supported the ongoing pursuit of funding from DfT and confirmed the continued desire to progress a legislative route to index future tolls.
- 2.11 There was no indication of a single preferred or consensus approach towards addressing the forecast deficit position, but at the September 2023 meeting, Members resolved to consult on four toll revision options and a "no change" option.
- 2.12 Throughout this period of uncertainty, following the pandemic, much has been achieved to examine future opportunities and to consider where further efficiencies could be made (taking on board the recommendations arising from the two independent reviews of the crossings undertaken in 2018 by the Local Government Association and in 2023 by Local Partnerships). These have included:
- Moving to contactless payments at both crossings

- Value engineering for the bridge rockers replacement project – leading to large savings
- Traffic Data Monitoring – Leading to improved/data informed decision-making
- Energy contract negotiation & reduced energy consumption
- Marketing/Commercialisation of the Visitor Centre

2.13 Financial models have been updated for this meeting and based on some of the more recent savings/efficiencies referred to above. Nevertheless the forecast position remains one where unless there is action, to increase revenue through toll revision, annual deficits are anticipated from 2025/26 with reserves reducing until there is an overall deficit position.

### **Indexation of Tolls**

2.14 As a result of the effects of the Covid pandemic on the income received by the crossings, the Joint Committee gave the officers a mandate to liaise with central government to seek implementation of a mechanism to permit the crossings to apply RPI to tolls. This has been discussed at several Joint Committee workshops and officers have held meetings with DfT colleagues.

2.15 To ensure that the issue of applying RPI to tolls was progressed with the wider holistic position of the crossings in mind (for example, ongoing conversations with central government on providing funding to the crossings, the consideration of alternative business models for the crossings) it was preferred that the outcome of the Local Partnerships report was known before deciding on the most appropriate course of action. The report concluded amongst other recommended actions that a toll revision application should be made as soon as practicable and that indexation to tolls should be pursued.

2.16 The Joint Committee Chairs drafted a letter to central government on pursuing the ability to apply RPI to tolls and, at the request of DfT, sought local MP support for the letter prior to sending. That support was considered essential to securing appropriate engagement from central government for the request.

2.17 Following written feedback from Local MPs, Joint Chairs, Portfolio Holders and officers met Sheryll Murray MP, Johnny Mercer MP and Luke Pollard MP on 24 November to discuss concerns expressed about the Crossings' debt levels and financial management and the proposed letter to central government regarding the ability to apply RPI to tolls.

2.18 A consensus between MPs and the parent authorities on support for legislative change to permit the indexation of tolls has not yet been reached. However, as there is no obvious current Bill or legislative process to which our requirements might be appended, this provides further time to work with DfT and local MPs to seek a consensus approach on this issue.

2.19 Financial models used in this report have assumed that the parent authorities will not now be able to secure the ability to index tolls prior to April 2027. A

later date of 1 April 2027 for base indexing has been assumed in updated models. The models continue to arbitrarily assume that inflation rates mirror those used in expenditure modelling and that the Authorities choose to apply increased rates as soon as indexation allows for an incremental 10p increase in class 2 (car) tolls.

- 2.20 Given the extended schedule for possible indexation, versions of the preferred options without indexation (see 1.4 above) have been added to appendices.

## **Income and Expenditure Modelling**

- 2.21 Since the beginning of the pandemic officers have been closely monitoring traffic levels and income and have been maintaining a contemporary budget forecasting model. The model was used to assess the impact of inflationary pressures following the Ukraine invasion and now predicts that without intervention there will be a limited reserve at the end of the current financial year and increasing accumulating deficits in future years.
- 2.22 The change in the core model over the course of the year is the result of well documented inflationary pressures, namely:
- double digit general inflation
  - extreme increases in energy and fuel costs
  - supply chain difficulties
  - higher national local government pay awards
  - higher interest rates affecting ourselves and suppliers

which were reflected in the budgets endorsed at the Joint Committee meeting of 2 December 2022.

- 2.23 The increase in the RPI inflation index to date is particularly stark when compared to the rates used in the forecasts supporting the December 2021 decision to pursue the last toll increase. The index covering the period December 2021 to October 2023 has increased by 18.9% compared to an increase of approximately 7% that was anticipated within the December 2021 forecast.
- 2.24 Income levels from 2025 were also adjusted at the 2 December 2022 meeting to reflect the revised view that traffic would not gradually return to post-Covid levels over the course of 2-3 years. The revised officer's view is that there are significant and generally accepted factors affecting traffic volumes including home working, internet shopping and a reduced night economy which will continue to have a suppressing effect on traffic levels. Officers' view that overall traffic across the two crossings will remain at around 90% of pre-Covid levels for the foreseeable future is supported by volumes of 90.2% for the comparison of the current rolling 12 months with that of the latest pre-Covid rolling 12 months.
- 2.25 The core expenditure model has been updated to reflect the current drafts of budgets being prepared for a subsequent extraordinary meeting of the Joint

Committee. Changes in both revenue and capital budgets have been marginally favourable, notably:

- a reduction in provisions for energy and fuel costs as tariffs have not risen as far as expected; and,
- reductions in capital financing as project starts have been delayed and new approaches have significantly reduced the scope and cost of projects.

2.26 The estimates for inflation being used in the latest budget drafts are those being adopted within Cornwall Council – CPI at 3.3% for 2024/25 and 2.2% for 2025/26 and 1.5% thereafter. The more recent experience of RPI inflation being 1.5% higher than CPI (rather than the historic average of 0.9% higher) has been partly incorporated.

2.27 Although indices for the current year have slightly eased during 2023, the level of inflation remains at a higher level than has been assumed in previous models and there is risk that the misalignment will continue. The National pay award for the current year was some 3% above the 4.5% provided in the model adopted in December 2022, and given ongoing pressures on recruitment and inflation, there is some risk that agreements in the coming year and beyond will again exceed the provision for 2024/2025 of 4.5%, 3% in 2025/2026 and 2% thereafter.

2.28 The updated models illustrate the sensitivity of those models to external variances that will be outside the undertaking's control. Examples of the impact of such variances on the financial position include:

- each 1% variance in traffic flow from the forecast 90% would result in income changing by approximately £0.160m per annum at current toll levels
- each 1 month delay in getting a toll order (estimated in all options as 1 November 2024) to raise cash tolls would result in the loss of approximately £0.200m based on 15% increases and £0.268m based on 20% increases
- there is a negative effect of around £55,000 per annum for every 1% above provision that national pay agreements are agreed
- additional inflationary cost pressures on non-employee related revenue budgets of 1% above rates used would add £75,000 to 2024/25 costs
- there is some uncertainty that new borrowing will be at the 3.38% rate provided for updated model, however the effect would be restricted to new borrowing and with rates 1% higher than modelled, £10,000 annually would be added for every £1.0m of new debt.

### **Reserves Position**

2.29 The table below records the latest reserves forecasts without intervention and assumes no ongoing support payments from the parent authorities. The forecast should be considered in the context of advice that a minimum positive balance of £2.5m-£3.0m should be held against contingency and that at the end of the current financial year the position will be £1.32m below that which is considered prudent. The position is also documented in graphical form at Appendix 1a.

	end of year reserves position (£m)				
	2023/24	2024/25	2025/26	2026/27	2027/28
<b>do nothing</b>	<b>+1.677</b>	<b>+0.511</b>	<b>-1.105</b>	<b>-3.091</b>	<b>-5,195</b>

\* Assumes authority given in 2025 to index tolls

2.30 The long term forecast at Appendix 1b incorporates RPI increases when the index rises sufficiently to increase rates by 10p. Although in line with approved strategy, it relies on gaining a consensus to achieve the legislative authority to do so.

2.31 Although the latest forecasts represent an improvement in the position compared to that reported at the 7 September 2023 meeting, a very significant cumulative deficit still accumulates, even with indexation. The position continues to demonstrate the need to ensure that a viable toll rate is applied prior to any indexation. It remains the case that indexation alone will not place the crossings in a viable financial position and the anticipated delay in gaining such authority reinforces the need for suitable contingency reserves.

2.32 The forecast assumes that cash and tag rates are indexed at the same time, as do each of the options for toll revision detailed below.

## **Toll Revision and Public Consultation**

### Current Position

2.33 The lead time to implement revised cash tolls is long and it is assumed that new rates could not be implemented prior to November 2024. That schedule is only capable of being met if the Joint Committee confirm the preferred revision option at this meeting and subsequently agree budgets that are consistent with that decision at an extraordinary meeting on 12 January 2024. Postponing a decision to a future scheduled meeting will not only mean that the anticipated deficit reserves position cannot be corrected by the established route of toll revision, but that some uncertainty is created in relation to the budget available in the coming financial year. Although the insertion of an extraordinary meeting into the calendar has allowed some adjustment of the programmes presented at the meeting of 7 September 2023, a decision at this meeting is very definitely now on the critical path to achieve a November 2024 increase and avoid future deficit reserve positions.

2.34 From previous reports and workshops Members are aware:

- that forecast reserve positions are below the prudent minimum level;
- that the position is forecast to further deteriorate, that a deficit reserve will occur in future years without intervention; and,
- that the position is forecast to continue to deteriorate further.

Members are also aware that any end of year deficits revert by default to the parent authorities, and both have given further clear messages that there is no budget provision to cover any deficit arising from the undertaking and that the crossings should look towards existing mechanisms to ensure that the services remain self-financing.

- 2.35 In addition, the position set out by Baroness Vere was very clear and that remains the documented position of central government. Despite the additional lobbying and subsequent late-Summer media statements, there is no evidence that the position will change.
- 2.36 The workshops and previous meetings have not generated any consensus or majority view on any viable alternative approach other than increasing tolls, nor have the workshops generated a consensus view on a proposed change of toll rates. At its June 2023 workshop, Committee Members provided feedback on a number of potential increase options that they wished to consider at its next formal meeting in September 2023. At that later meeting, Members requested that consultation take place on all options, including "no change". The options expressed in terms of the class 2 (car) toll are provided in a table at Appendix 2.
- 2.37 Officers remain of the opinion that there is no viable alternative to intervention in the form of toll revision and this position is supported by the external consultants – Local Partnerships, the observation made by Internal Audit and feedback from the constituent authorities' Chief Finance Officers.
- 2.38 The potential approaches which evolved at Member workshops on which consultation took place are described in sections below, with updates of accompanying graphic illustrations of each option provided in appendices.
- 2.39 To assist continued discussion, each option's impact on toll rates is expressed in terms of the effect on a class 2 toll which is that charged for cars and vans, representing more than 90% of traffic.
- 2.40 For all options other than "no increase/do nothing", it is proposed that tolls for other classes of vehicle, save the motorcycle toll at the ferry, are increased pro-rata to that of class 2. Each model reflects that proposal as well as the effect on tolls for other classes is provided in detail within the table at Appendix 3.
- 2.41 The exception to the "across the board" application of increases is the assumption that motorcycle tolls at Torpoint increase to £1.00 whichever revision option is selected. The reasons for this proposal were detailed in reports made to the 7 September meeting. Public consultation generated only one comment on the proposal, noting the disproportionate impact.
- 2.42 The modelling incorporates a revision to the timing of indexed increases, moving from the base date for indexation of 1 April 2025 to 1 April 2027, two years later. Increases are applied within models on subsequent 1 April dates following a rate of RPI increase that allows the cash toll for class 2 (cars and vans) to increase by a 10p increment and discount tolls to increase pro rata on the same date. The change in assumed timetables reflects the reality that

there is no suitable legislative vehicle for change likely to be brought forward in the current Parliament. The revised view on timescales for the legislative process presents a significant risk. Failure to progress could result in the need to undertake further toll revisions following the current process.

- 2.43 Whilst in all options the percentage increases in toll rates is significant, the rate should be seen in the context of recent high levels of inflation which is likely to remain noticeably above those seen over the previous two decades. Also, any increase is not anticipated before November 2024, when it will be 22 months since the last increase in cash tolls and 29 months since discount rates were increased.

### Public Consultation

- 2.44 At its September 2023 meeting the Joint Committee agreed to undertake public consultation regarding potential increases to tolls. Unlike previous consultations, there was no preferred option presented to consultees, instead four alternatives were provided, along with a “do nothing” no increase option.
- 2.45 A public information and consultation exercise was undertaken during the period 7 October to 31 October 2023. A total of approximately 31,000 users were actively approached at both crossings on Saturday 7 October and Tuesday 10 October to participate in the exercise. This established methodology provided feedback from a representative sample of those using the crossings. Responses were received from 3,173 of those directly contacted equating to a 10% response rate. A further 4,003 responses were received via the online survey available to the general public. Together the 7,179 provide a statistically reliable sample.
- 2.46 Additional exercises took place during the period to sample pedestrian and cyclist users and to invite feedback from key stakeholders, including significant business users, MPs, transport authorities, user groups, local parish and town Councils. motoring and business interest groups. The questionnaire was made available at offices and links to the online version of the questionnaire were provided on the Crossings’ website.
- 2.47 The overall number of responses at 7,179, was more than double that of the previous exercise in 2022. Analysis of originating postcodes indicates that higher percentages of respondents listed a Saltash (PL12) or Torpoint (PL11) postcode compared to 2022 but there were lower percentages participating from postcodes associated with the city of Plymouth City less across than was the case in the earlier exercise. The key areas generating responses were:

City of Plymouth	1,272 (20.3%)
Cornwall inc Caradon	4,509 (72.1%)
Caradon inc areas below	3,970 (63.5%)
Torpoint/Rame	649 (10.4%)
Saltash	1,980 (31.7%)

- 2.48 There were high profile concerns expressed and comments made about the format of the consultation whilst the exercise was still active. Most expressed concern that answers to questions asking for feedback on the structure of



tolls (more/less discount, differential charging by time of day or crossing used), would be regarded as expressing support for increases. This feedback was despite there being a separate question on the options for increases which included the "do nothing"/no increase option and the ability to add additional comments. Responses made clear the questions on structure would be used to inform Members whether there was support or otherwise for the current toll structure and not presented as support for an increase in tolls. Only 3% of those making verbatim comments mentioned this issue.

2.49 The report on the consultation is attached at Appendix 4a. The key headlines from the report are as follows:

- 57% of respondents wanted no change in tolls, although the percentage of tag users making that choice dropped to 42% (ie a majority of tag users recognised that some increase was required). 19% indicated they wanted to increase bridge tolls for cars to £3.00 cash and £1.50 tag and ferry tolls to £4.00 cash and £2.00 tag with corresponding increases for other tolls. 14% opted for a £3.00 cash and £1.50 tag option without supplements at the ferry. 6% opted for the £3.20 cash/£1.60 tag option and the remaining 4% for the option with a reduced discount percentage.
- more respondents (44%) were in favour of increasing the TamarTag discount than favoured keeping the current 50% rate (42% of

respondents). This is a shift in view from 2022 when the largest percentage (47%) favoured current arrangements.

- A majority (56%) wanted charges to be higher at the ferry than the bridge. This reflects an ongoing shift, and a 6% shift since 2022.
- A majority (53%) were in favour of keeping the existing differentials between cars and larger vehicles which is a change from 2022 when the majority (56%) were in favour of increasing the differential.
- 63% of respondents were not in favour of differential tolls at different times of the day or week which is 1% more than was the case in 2022.
- the majority view (75%) was against lowering charges for low emissions vehicles, a slightly higher figure than in 2022.
- 20% of users indicated that their travel patterns would permanently change in the near future. Of that group, 57% indicated that the change would be linked to fewer crossings.

2.50 56% of respondents offered comments, the most common categories being:

- no price increase/price decrease
- pursue central government for support
- lower charges for locals, higher charges for visitors
- abolish tolls

Commentary received was at the same level as 2022 and raised similar themes. The number of email comments received was lower than those seen in previous exercises, but comments made reflected those made via questionnaires.

2.51 Additional feedback from key stakeholders was received from eight of the respondents contacted which has been appended where permission to do so has been obtained as Appendix 5.

### Toll Review

2.52 It is recognised that without funding support from other sources, there is no viable alternative to progressing authority to increase tolls. The extended process to do so provides some opportunity to modify or withdraw proposals if such support is provided.

2.53 The option selected should provide a robust solution to current needs and ensure that the Crossings can operate current levels of service sustainably, safely and reliably, fund necessary maintenance and improvement projects, and meet historical obligations. Given recent experience, the selected option should ensure that there is sufficient contingency to cope with external pressures impacting adversely on income and costs, as well as reflecting

specific risks within the assumptions made in forecasts and the timeline associated with indexation.

- 2.54 Whilst there has been some shift in the public view expressed through consultation, it remains the case that there is no decisive view to change the current structure of tolls, whether that be in relation to the weight of charges by class, payment type or whether crossing at the bridge or ferry. Officers' recommendations reflect this element of feedback.
- 2.55 The latest forecast modelling indicates that increasing the cash toll for cars by 40p to £3.00 and tag car tolls by 20p to £1.50 (recorded as Option B in previous reports and the consultation) provides income which in the final financial year of the four-year medium term financial planning timescale achieves a prudent level of reserves. With indexation achieved in the revised timescale, such adequate provision continues through the 2030s. The forecasts of annual deficit and accumulated reserves are provided in table form below and in graphical form at Appendix 6a.

<b>annual deficit/surplus £m</b>					
<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>-0.336</b>	<b>+0.489</b>	<b>-0.120</b>	<b>+0.895</b>	<b>+0.524</b>	<b>+0.407</b>

<b>end of year reserves position £m</b>					
<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>+1.188</b>	<b>+1.677</b>	<b>+1.577</b>	<b>+2.452</b>	<b>+2.976</b>	<b>+3,383</b>

- 2.56 The medium term figures assume no indexation which following the revised assumption of a 2027 baseline would only apply after 2029 (see Appendix 6b). Without that additional income, the Crossings' annual surplus would be on a reducing path from financial year 2031/32 and reserves would then fall into deficit by the middle of the decade (see Appendix 6c).
- 2.57 Given the risks associated with achieving indexation so far into future and that sensitivity of the financial model (see 2.28), officers recommend that Members adopt a more cautious approach, by applying for maximum car tolls of £3.20 cash and £1.60 tag. If outturn figures are more positive than is forecast adjustments can be made, for example to lower tolls, increase discounts or to fund capital expenditure directly from revenue.

<b>annual deficit/surplus £m</b>					
<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>

<b>-0.336</b>	<b>+0.489</b>	<b>+0.403</b>	<b>+2.150</b>	<b>+1.779</b>	<b>+1.663</b>
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<b>end of year reserves position £m</b>					
<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>+1.188</b>	<b>+1.677</b>	<b>+2.080</b>	<b>+4.230</b>	<b>+6.009</b>	<b>+7.672</b>

2.58 The tables demonstrate that the additional 20p/10p per crossings of this model compared to the £3.00/£1.50 model provides significantly more financial buffer, providing contingency for delayed or no progress on RPI and some potential for a capital works "sinking fund". Without RPI this latter option retains some level of reserve until the final year of the model, 2039/40. The medium term model for this option is shown at Appendix 7a, with long terms versions at Appendix 7b (with indexation) and Appendix 7c (no indexation).

### **Tamar 2050**

2.59 The recent discussions have suggested that progressing RPI should not be done in isolation but should be part of a wider strategic programme of short, medium and long term interventions to transform the Crossings for the future. The individual actions themselves are not new but together they provide a comprehensive commitment of a way forward to an efficient and sustainable future. Some of the narrative below is repeated elsewhere in the report but it is important that the journey of the Crossings and context for why we need a different way forward is viewed in one place.

2.60 Since 2020, the consequences of unprecedented global, national and regional shocks have brought sharply into focus the financial challenges of maintaining two crossing across the Tamar River. In particular, a reduction in post-COVID traffic levels and global energy inflation have eaten into our reserves.

2.61 Nevertheless, the Joint Committee remain fully committed to protecting the safety and integrity of these vital links for all who depend on them, particularly the local community as well as securing the long-term future and resilience of these economically critical national and regional crossings.

2.62 Throughout this period of uncertainty, much has been achieved to examine future opportunities and to consider where further efficiencies could be made. Moreover, two independent reviews were undertaken to provide objective recommendations. These have included:

- Moving to contactless payments.
- Value engineering for Rockers replacement review – leading to large savings

- Traffic Data Monitoring – Leading to improved/data informed decision-making
- Energy contract negotiation & reduced energy consumption
- Marketing/Commercialisation of the Visitor Centre

**This has resulted in significant reductions in forecast expenditure (for capital and revenue) in the region of £10million and improvements to customer experience and efficiencies in operation.**

- 2.63 Whilst every conceivable option to increase income and reduce operating costs continues to be scrutinised, currently the only credible solution to maintain this critical regional asset is to increase tolls **whilst retaining the 50% TAG discount for our regular users**
- 2.64 In making these recommendations, the Joint Committee acknowledge that the existing operational and governance model is likely to risk further cycles of toll rises - increasingly hard for our residents and businesses and a reactive position that does not support the long term sustained strategic leadership to ensure the crossings are modernised and sustainable well into the future.
- 2.65 Therefore, in order to develop a modern and resilient operating environment, a new strategic approach is essential, and the current model requires an overhaul. If we are to provide users of the crossings a more stable and certain future where they can plan with a degree of confidence, see and experience visible improvements to the operation beyond the critical safety works and operational necessity.
- 2.66 National traffic forecasts demonstrate that road traffic is likely to continue to increase as EVs become more affordable. Journey time reliability will continue to be a key metric for investment and sustainable economic growth and travel choice beyond reliance on the private car will be critical.
- 2.67 Therefore, a comprehensive programme of transformation **Tamar 2050** is proposed. One which will target resource and initiative in the short, medium and long term to develop a strategic delivery programme of activities that will be developed in lock step with our community and the businesses who rely on them and engage in conversations that are much more than budget and toll raises but are focused on a truly exciting and resilient future. Local Partnerships were commissioned in October 2022 to undertake an initial strategic view and much of the key actions below are based on taking this work further alongside additional activities.
- 2.68 **Tamar 2050** will modernise these regional assets and local landmarks making them sustainable well into the future. The programme will improve what we do, how we do it and develop a more collaborative relationship with our stakeholders. We propose nine commitments to start this process

and progress will be measured by the delivery of these commitments (projects) and the benefits and improvements they bring. Officers will update the Committee regularly and report annually on progress. Members will understand that some of our commitments rely on a partnership with central government (with some that will follow the General Election 2024) to help fund and deliver the outcomes and officers will work closely with Government to bring these benefits for the local community and region.

<b>Tamar 2050 – A programme of Transformation and Modernisation</b>			
	<b>Project/ Commitment</b>	<b>Overview</b>	<b>Timeframe</b>
1.	A transformed and efficient operation	There have been significant efficiencies delivered to date. However, we won't stop reviewing further opportunities that could continue to minimise the cost of the operation of the crossings. Transformational efficiency programmes have been delivered across both Parent Authorities and it is expected that there could be some replication/support of these to the Crossings. We will commit to reviewing how the crossings function, including the Governance and Acts under which the crossings operate, with a view of looking at the best fit for service delivery both at a local and national level in the future.	Identify opportunities by March 24
2.	Optimising Income	Our crossings are an incredible and iconic asset and investment in the ancillary buildings mean that we have exceptional commercial space with which to advertise and host events. We will put a marketing plan together to explore and maximise all of these potential opportunities over the coming years.	Identify opportunities by March 24
3.	Growing and investing in local talent and celebrating Science, Technology, Engineering, Mathematics and Medicine (STEMM)	The crossings are a major local employer, providing crucial services to the local community and region. We will commit to continuing to provide apprenticeships for local people, expand our innovative programmes and ensure that we build on our women in STEMM events. Growing local talent is important to the community and the economy of the region.	2024 >
4.	Technology to improve effective toll operation	Introducing contactless payments in 2020 at the Bridge and 2023 at the Ferry was an important step forward in improving efficiencies of the toll operation. We will now commit to investigate whether 'card only' booths could operate with the appropriate forward signage and without the need for manual intervention.	Decision 2024
5.	Political, Business and Local engagement – improving our connections with stakeholders.	We will commit to producing a new communications and engagement plan to encompass the range of users and ensure key stakeholders have a voice and opportunity be involved with the crossing. We will commit to a resident/haulier focus group and engage with our	March 2024

		local MPs to ensure that we have a voice nationally.	
6.	Keeping toll prices low and providing Toll price certainty	RPI is the key to smoothing the price rises out and providing a degree of certainty for regular users of the crossing. Price rises don't have to happen every year and we will be open and transparent about needs of the crossings to operate that will in turn be important for individual and business planning. We will commit to continue our liaison with Government regarding the crossings and seek financial support regarding our investment strategy. Tolling is currently the only means to finance the crossings and our 'user pays' policy, will be focused to ensure the crossings remain one of the cheapest tolled crossings in the country.	2024 - 2050
7.	Free-flow tolling	We are committed to investigating the opportunity introduce free flow tolling on the bridge, that will hopefully bring capacity and journey time improvements. This investment will hopefully take the crossing to a new level for ease of use and future proof operations for a new era of travel.	March 2024
8.	Carbon neutral ferry operations	Decarbonisation is a policy of both parent authorities and is very much in their interest as a means of helping to address the Climate Emergency we face. We will commit to seek external opportunities for funding streams and review our new ferry procurement programme to progress options.	2030
9.	Improved Tamar connectivity and access – the bigger picture	The Tamar River - a wonderful environment, habitat for wildlife, the crossings play a key role in the newly formed Tamar Valley National Landscape, Mount Edgcumbe House & Country Park and the Plymouth Sound National Marine Park providing links and gateways regarding development and economic integration. We are fortunate to have such an asset and will commit to see if there are more opportunities for water crossings or wider transport integration and sustainability Recognising the stunning tourist opportunity of the Tamar but more importantly the critical travel to work and health role they play for our SE Cornwall and Plymouth communities. In addition, the Crossings need to be central to discussions about improving our connectivity, particularly the GWR, bus and ferry links.	2024 - 2030

### 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 the 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.

- 3.2 The retention of the self-funding principle of the crossings removes the potential negative impact on the general budgets of the parent authorities and the consequential impact on other services provided to residents.
- 3.3 The Tamar 2050 proposal, a commitment to a single programme of various and previously agreed interventions will give future certainty and improved Crossings for our users.

#### **4 Relevant Previous Decisions**

- 4.1 On 3.12.21 the Joint Committee resolved to recommend 30% toll increases to the parent authorities. [Agenda for Tamar Bridge and Torpoint Ferry Joint Committee on Friday, 3rd December 2021, 10.00 am - Cornwall Council](#)
- 4.2 On 24.1.22 Plymouth City Council approved the Joint Committee's recommended toll increases. [Agenda for Plymouth City Council on Monday, 24th January 2022 - Plymouth City Council](#)
- 4.3 On 22.2.22 Cornwall Council approved the Joint Committee's recommended toll increases. [Agenda for Cornwall Council on Tuesday, 22nd February 2022 - Cornwall Council](#)
- 4.4 On 7.9.23 Tamar Bridge and Torpoint Ferry Joint Committee resolved to undertake public consultation on toll revision options. [Draft minutes for Tamar Bridge and Torpoint Ferry Joint Committee, 7 September 2023](#)
- 4.5 On 28.11.23 A Motion relating to the future funding of the crossings was tabled at Cornwall Council's Full Council. The motion was deferred to this meeting of the Joint Committee. [Agenda for Cornwall Council on Tuesday, 28th November, 2023, 10.30 am - Cornwall Council](#)

#### **5 Consultation and Engagement**

- 5.1 The feedback from the public and key stakeholder consultation on this subject are reported above and within appendices to this report.
- 5.2 The issues set out in this report have been discussed at Member/officer workshops on 10 February 2023 and 5 June 2023, and at the Joint Committee meetings held on 2 December 2022, 3 March 2023, 23 June 2023 and 7 September 2023.
- 5.3 As set out above, no budget has been allocated to cover the forecast reserve deficit and there is an expectation that the position will be remedied by the toll revision process. This position has been detailed in related workshop presentations, reports to the Joint Committee meetings listed above and within public consultation documentation.



- 5.4 The parent authorities have approached central government for support funding and further correspondence with Ministers has been undertaken. Officers have engaged with DfT officials to pursue long-term support and to provide further clarification on potential funding models and Ministers have provided central government's position on support.
- 5.5 Local MPs have met with Ministers, and Joint Chairmen and Portfolio Holders are continuing to lobby MPs and Ministers for central government support. Joint Chairmen, Portfolio Holders and officers met with the MPs for South East Cornwall, Moor View and Plymouth Sutton on 24 November 2024.
- 5.6 Portfolio Holders have raised the issue of the crossings' funding at the Peninsula Transport Board meeting on 5 July 2023.

## 6 Financial implications of the proposed course of action/decision

- 6.1 Previously, the course of action has been to revise tolls to a level which generates adequate income to support the delivery of the service and provides a basic level of resilience against the risks inherent in forecasting, thereby reducing the risk of a deficit reserves position.
- 6.2 The financial implications of the recommended revision option and the cumulative reserve position is shown in section 2.57 above. This option follows the historic approach of providing suitable levels of resilience, establishing contingency against delayed (or no progress) on indexation of tolls or alternative financial management options if progress is timely.
- 6.3 The alternative approach of a slightly lower increase, detailed in section 2.55 above, is forecast to provide basic levels of financial resilience, but should there be a delay in achieving the ability to apply indexation to tolls then there would be very little reserve available to smooth the annual revenue position or manage any unforeseen issue.
- 6.4 If no revision option is selected (but indexation is achieved on schedule), the cumulative reserve position is shown in the table below, along with the annual deficit and respective required parent authority revenue contribution:

Option A – Do nothing	end of year position £m					
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Cumulative reserve position	+1.188	+1.677	+0.511	-1.105	-3.091	-5,195
Annual deficit	-0.336	+0.489	-1.166	-1.616	-1.986	-2.103
Parent Authority contribution (50:50)	0	0	0	0.808	0.993	1.052

- 6.5 Central government has stated that it would not agree to National Highways (formerly Highways England) contributing to the cost of maintenance of the

Bridge. Neither Parent Authority currently has any budgetary provision identified in the event that the reserve is in deficit at the end of a financial year. These funds would need to be identified, and it is possible that this could impact the delivery of other Council services or the service delivery of the Crossings.

- 6.6 Our transformation programme 'Tamar 2050', has not yet been developed sufficiently to identify any savings or costs which introduces some further potential uncertainty into forecasts.
- 6.7 Members have a duty to facilitate the setting of a balanced budget. Without the toll revision application being made to the Secretary of State, the budget of the crossings will fall into a deficit reserve during financial year 2025/26. A deficit reserve position must be rectified by the parent authorities; therefore it would have adverse implications for the parent authorities overall budgetary position.
- 6.8 From a financial perspective, there is no viable alternative option to address the financial position other than using the provisions of the current tolling framework. The officers' recommendation is to increase car tolls to £3.20 cash / £1.60 tag and other classes pro rata.

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

- 7.1 The Joint Committee must give conscientious consideration to the responses of the public consultation and any impacts on the protected characteristics as defined in the Equality Act 2010. These impacts have been analysed as part of the Cornwall Development and Decision Wheel (see section 9 and related appendix).
- 7.2 Recommendations made by this Joint Committee in respect of the toll revision will be made to the full Council of each parent authority via the respective Cabinets. This is because of the impact the toll revision recommendations have on the budget of the crossings and thus the budget of each parent authority.
- 7.3 In respect of the cash toll, an application for a toll revision order is made to the Secretary of State under section 6 of the Transport Charges &c. (Miscellaneous Provisions) Act 1954 (the Act). The process requires the parent authorities to provide public notice of the application being made and the Act provides for an objection and public inquiry process to take place prior to any Order being made.
- 7.4 In respect of any reductions in the TAG, this does not necessitate an application to the Secretary of State and can be implemented by the parent authorities.
- 7.5 The Joint Committee must also consider the motion that has been referred to it by Cornwall Council's Full Council and decide, after considering the Motion (link attached in section 4 and also included as an appendix to this

report), what decision to make in respect of its future lobbying of central government. An officer recommendation in this respect is set out in the recommendations section of this report.

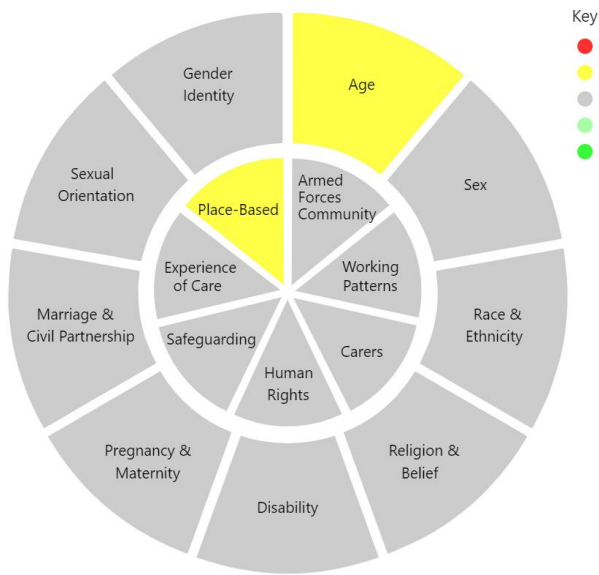
## **8.0 Risk Implications of the proposed course of action/decision**

8.1 Risk implications remain largely unchanged from those reported to meetings which considered previous proposals to increase tolls. However, the indicative schedule for toll revision has a number of potential internal and external "pinch points". The table below summarises the risks associated with the recommended course of action and also repeats the risk of the 'do nothing' option:

<b>Risk</b>	<b>Consequence</b>	<b>Mitigation</b>
no intervention action is taken to correct the anticipated deficit	the parent authorities are liable to make any deficit budget right. A deficit budget presented at an extraordinary January 2024 Meeting could be rejected by Cabinets/Councils	possible pre-emptive intervention by the Authorities. eg Tag discount greatly reduced or removed until a toll order is approved
income estimates are too optimistic (inc lower traffic volumes, further lockdowns, delay in getting toll order approved, failure to get toll order approved)	financial resilience reduced and threat of deficit position for parent authorities	continuous monitoring and stress testing through modelling lower income – if necessary, reduce or remove tag discount, lobbying government
income estimates are too pessimistic	higher reserve levels than necessary, appropriate or essential	continuous monitoring and stress testing through modelling higher income – if appropriate moderate authorised increases
additional funding is provided by central government (inc DfT/NH)	higher reserves levels than necessary or essential	if appropriate moderate authorised increases
Members select a “new” revision structure on which there has been no consultation and may be challenged	the application is successfully challenged and rejected	Sufficient advice is provided prior to considering alternatives
Members select a “new” revision structure which has not been tested and modelled	the structure does not provide sufficient financial resilience	A decision is only taken with appropriate forecasts
ability to index tolls is not progressed on time or is denied	future deficit position is possible	option chosen has adequate resilience to allow sufficient time for further toll revision
unforeseen revenue or capital expenditure - inc inflation higher than modelled	financial resilience reduced and threat of deficit position for parent authorities	continuous monitoring and stress testing through modelling – amend proposal, reduce or remove tag discount, lobbying government
Cabinets/Full Councils reject TBTFJC proposals or the Authorities take opposing views	no resolution of the current reserve deficit and/or arbitration is required	Portfolio Holders’ membership of TBTF Joint Committee and incorporation of anticipated approval criteria in proposal – if necessary amend proposal

## 9 Cornwall Development and Decision Wheel





**Legend**

- Long lasting or severe negative impact
- Short term or limited negative impact
- No or neutral impact
- Short term or limited positive impact
- Long lasting or extensive positive impact

**10 Options**

10.1 The preferred option is set out at sections 2.57- 2.58 above with an alternative at sections 2.55 – 2.56. Other alternative options consulted upon are reviewed below:

**Do Nothing/No toll increase**

10.2 This option is noted but not considered further as the reserves position remains below the prudent minimum in current and following financial year before moving into a growing cumulative deficit in subsequent years.

10.3 A deficit position must be made good by the parent authorities. Neither parent authority has made provision in their budgets for such a situation. Following the meeting of 7 September 2023, the expectation that the crossings will remedy the position through the normal toll revision process has been further emphasised by senior officers within both parent authorities. The parent authorities have a duty to set a balanced budget every year and members have a fiduciary duty to facilitate and not frustrate this process.

- 10.4 Increases are not welcomed and understandably, public consultation responses strongly favoured this approach (57%).
- 10.5 The full effect of cumulative deficit using updated forecasts is shown in Appendix 1a/1b.

**Hybrid Increase Option – cash tolls increase by 15% & discount reduced to 40% (£3.00 cash/£1.80 tag)**

- 10.6 This option retains the lower increase in cash rates of the preferred option but increases resilience by slightly reducing the level of discount give to TamarTag account holders. Modelling of this option is shown in graphical form at Appendix 8.
- 10.7 The option of a £3.00/1.50 cash/tag toll above has been modified using the 15% increase in cash tolls but reduces the TamarTag discount from 50% to 40%, increasing tag rates for a car from the current £1.30 to £1.80. This option offers an increased level of resilience, achieving an adequate and prudent level of reserve by the end of financial year 2025/26.
- 10.8 After 2025/26, the assumed indexation of tolls provides a level of reserve which could allow funding of some capital projects from reserve or the assignment of reserve to a “sinking fund”. Without indexation, the model is obviously less robust but remains reasonably resilient if indexation was achieved at a later date.
- 10.9 Alternatively, the option provides some flexibility for indexed increases to the toll after 2025 such that they may be postponed or the discount rate increased as long as adequate reserves would be maintained following such decisions.
- 10.10 Some 4% of consultation respondents advised a preference for a reduced level of discount.

**Uniform Increase Option with Supplementary increase for ferry crossings (£3.20 cash/£1.60 tag with £1/50p ferry supplement)**

- 10.11 This option was produced to allow Members to consider and debate whether to reflect the significantly higher cost of vehicle crossings at the Ferry or to retain the existing parity.
- 10.12 As Appendix 9 illustrates, an additional £1 supplement on ferry cash tolls (50p supplement for the ferry’s TamarTag customers), has a relatively modest additional effect on reserves.
- 10.13 At the levels illustrated, a decision to increase ferry cash tolls by £1 more than those at the bridge has very limited effect, even without any switch in use from the ferry. Creating a more significant differential by increasing ferry tolls more substantially would likely have a significant effect on demand and not result in a linear increase in revenue. The complexity of the potential

effect would have to be carefully modelled and may require that a separate and extended consultation process is completed prior to any application to the Department of Transport.

10.14 19% of consultation respondents selected this option and in response to the general question of the principle of differential pricing 56% felt that there should be a higher charge for using the ferry than that charged at the bridge. This feedback is in the context of a ratio of crossings that favours bridge use at a ratio of 7:1 and whilst it indicates a degree of preference for this option over others, the view does not provide overwhelming support for the option.

## Other Options

10.15 A number of consultation respondents including some key stakeholders suggested further options, increasing discounts either generally or “for locals”. The legislative position on concessionary tolling applying to all users is clear and would prevent such a position being taken. The majority of TAG users are local in any event.

10.16 Although alternative approaches options were discussed during Member workshops, adopting an option on which there has been no consultation would be difficult in circumstances where consultation feedback has not provided very clear and unassailable support for such an approach.

10.17 Following update of the financial model, officers have reviewed the viability of smaller increases applied pro-rata to the current toll schedule and are able to assure Members that a lower £2.80/£1.40 increase would still result in overall deficit by the end of financial year 2026/2027.

## Resilience Comparison

10.17 The forecast annual outturn positions and cumulative reserves positions generated by the above alternative models are set out in the tables below together with the ‘do nothing’ option and the two options recommended for consideration:

option		annual deficit/surplus £m					
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
A	do nothing	-0.336	+0.489	-1,166	-1,616	-1,986	-2,103
B	£3 cash/ £1.50 tag	-0.336	+0.489	-0.120	+0.895	+0.524	+0.407
D	£3.20 cash/£1.60 tag	-0.336	+0.489	+0.403	+2.150	+1.779	+1.663



C	£3 cash/£1.80 tag	-0.336	+0.489	+0.584	+2.585	+2.214	+2.098
E	£3.20 cash/£1.60 tag & ferry supplement	-0.336	+0.489	+0.671	+2.794	+2.424	+2.307

option		end of year reserves position £m					
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
A	do nothing	+1.188	+1.677	+0.511	-1.105	-3.091	-5,195
B	£3 cash/£1.50 tag	+1.188	+1.677	+1.557	+2.451	+2.976	+3.383
<b>D</b>	<b>£3.20 cash/£1.60 tag</b>	<b>+1.188</b>	<b>+1.677</b>	<b>+2.080</b>	<b>+4.230</b>	<b>6.009</b>	<b>+7.672</b>
C	£3 cash/£1.80 tag	+1.188	+1.677	+2.261	+4.846	+7.061	+9.158
E	£3.20 cash/£1.60 tag & ferry supplement	+1.188	+1.677	+2.348	+5.142	+7.566	+9.876

*NOTE – shading indicates reserve below level considered as the prudent minimum of £3m*

## 11 Supporting Information (Appendices)

<a href="#">Appendix 1a-b</a>	Graphs current position and “do nothing” option
<a href="#">Appendix 2</a>	Key features of toll revision options presented for consultation (updated)
<a href="#">Appendix 3</a>	Revision options – All Classes
<a href="#">Appendix 4</a>	Consultation report
<a href="#">Appendix 5</a>	Key stakeholder feedback
<a href="#">Appendix 6a/b/c</a>	Graphs – Recommended revision option (consultation Opt B, £3.00 cash/£1.50 tag): Medium Term Forecast and Long Term Forecasts with and without indexation
<a href="#">Appendix 7a/b/c</a>	Graphs – Alternative “prudent” Recommended option (consultation Opt D, £3.20 cash/£1.60 tag): Medium Term Forecast and Long Term Forecasts with and without indexation
<a href="#">Appendix 8</a>	Graphs – updated modelling for option c £3.00 cash/£1.80 tag: Medium term and long term forecasts

Appendix 9

Graphs – updated modelling for option E £3.00 cash/£1.50 tag at Bridge and £4.00 cash/£2.00 tag at ferry: Medium term and long term forecasts

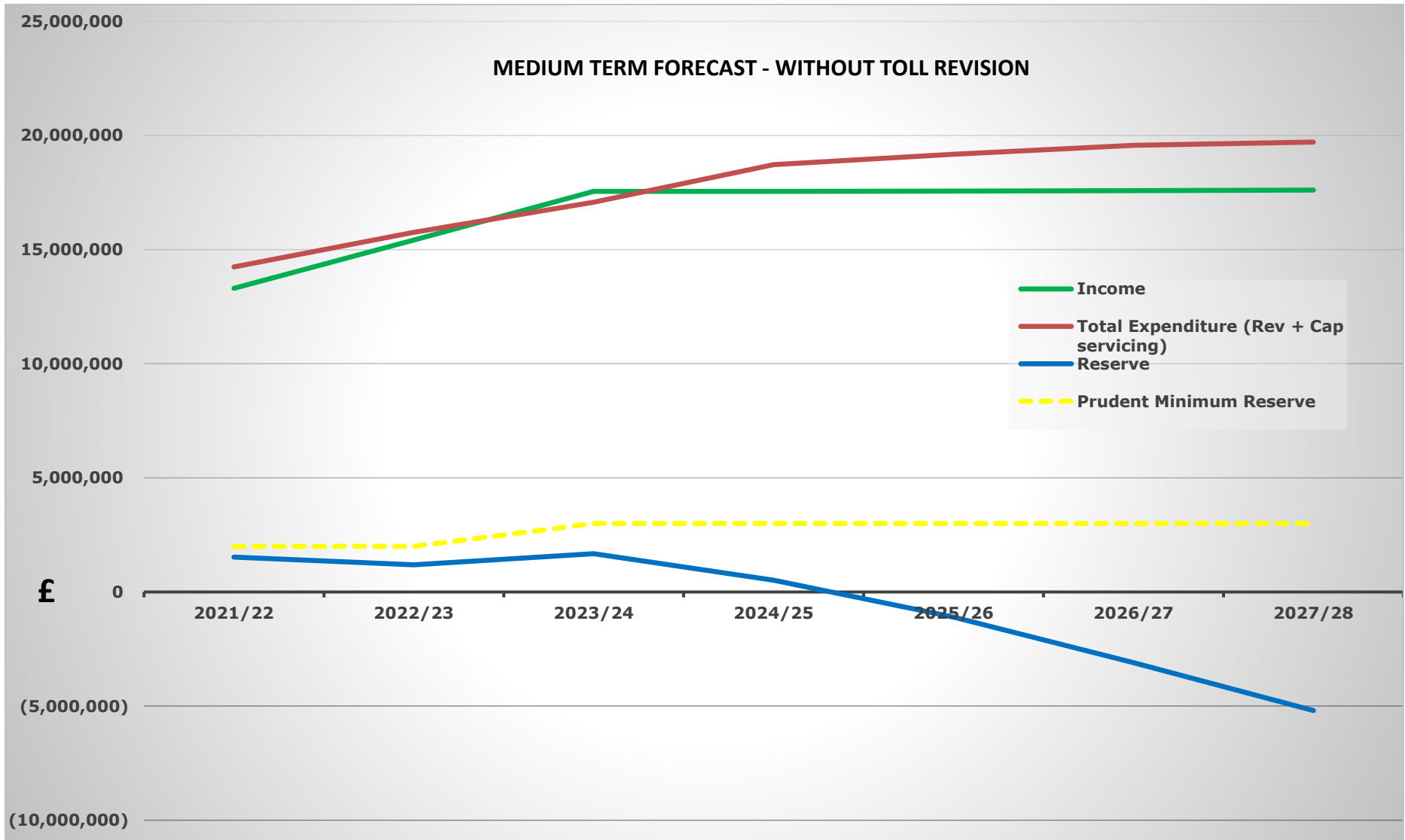
**12 Background Papers**

None

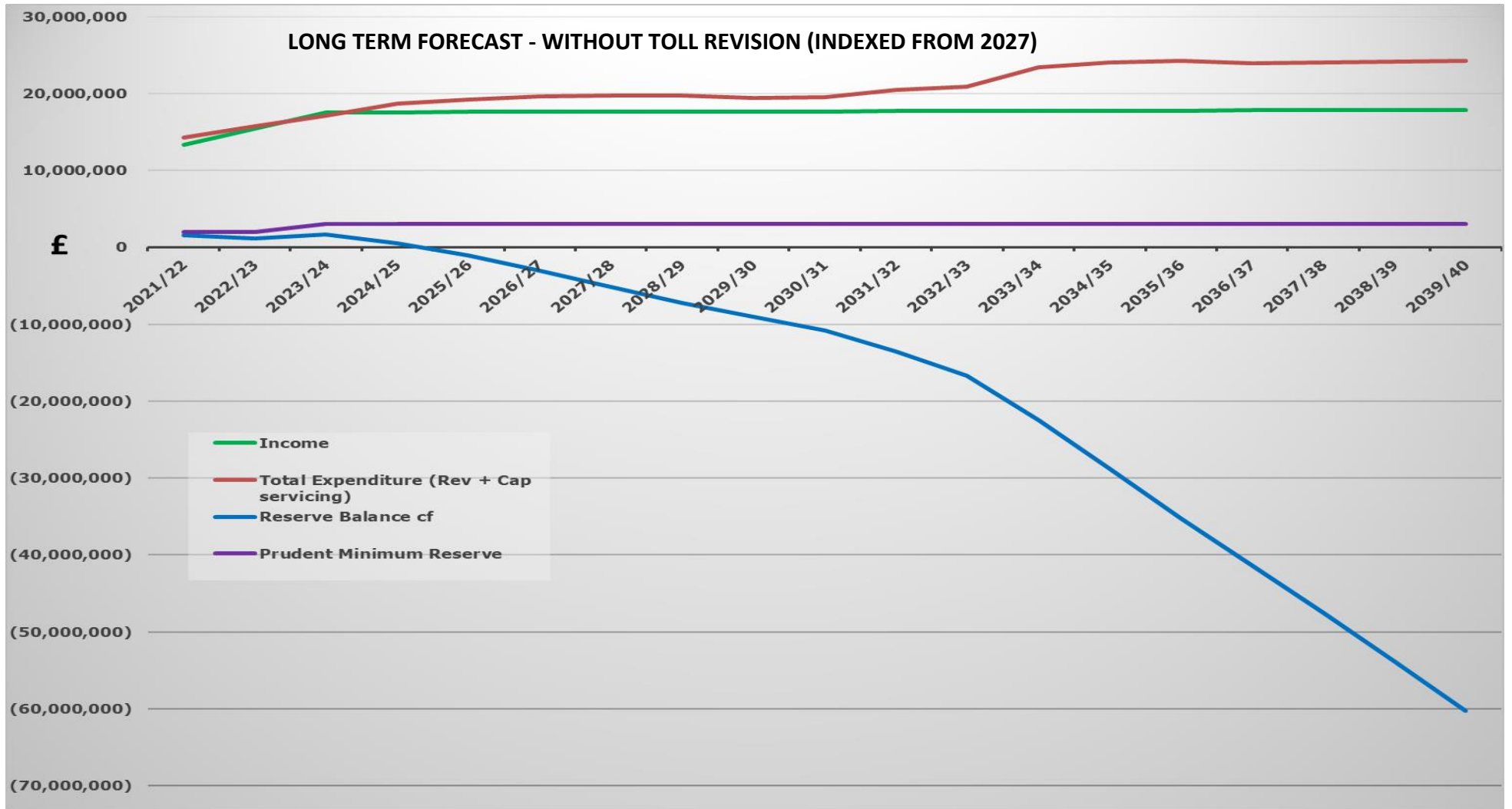
**13 Approval and clearance****All reports:**

<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)	Lia Musto-Shinton	30/11/2023
Finance (required for <b>all</b> reports)	Geraldine Baker, Senior Business Analyst	30/11/2023
Equality and Diversity (if required)		
Service Director (required for <b>all</b> reports)	Vicky Fraser, Service Director Environment and Connectivity	30/11/2023
Strategic Director (If required)		

**APPENDIX 1A – CURRENT POSITION**



**APPENDIX 1B – MODELLED LONG TERM POSITION WITH NO ACTION**



## APPENDIX 2

## KEY FEATURES OF TOLL REVISION OPTIONS PRESENTED FOR CONSULTATION (UPDATED)

OPTION		CASH TOLL November 2024		DISCOUNT TOLL November 2024		FINANCIAL YEAR CURRENT PRUDENT MIN ACHIEVED & Reserve		CASH TOLL Apr 2030		DISCOUNT TOLL Apr 2030		RESERVE POSITION Mar 2030
		B	F	B	F			B	F	B	F	
A	do nothing	£2.60	£2.60	£1.30	£1.30	NOT ACHIEVED		£2.70	£2.70	£1.35	£1.35	-£9.05m
B	£3 cash/ £1.50 tag	£3.00	£3.00	£1.50	£1.50	2027/28	£3.38m	£3.20	£3.20	£1.60	£1.60	£7.14m
C	£3 cash/£1.80 tag	£3.00	£3.00	£1.80	£1.80	2025/26	£4.85m	£3.20	£3.20	£1.92	£1.92	£14.39m
D	<b>£3.20 cash/£1.60 tag</b>	<b>£3.20</b>	<b>£3.20</b>	<b>£1.60</b>	<b>£1.60</b>	<b>2025/26</b>	<b>£4.23m</b>	<b>£3.30</b>	<b>£3.30</b>	<b>£1.65</b>	<b>£1.65</b>	<b>£11.98m</b>
E	£3.20 cash/£1.60 tag & ferry supplement	£3.20	£4.20	£1.60	£2.10	2025/26	£5.14m	£3.30	£4.30	£1.65	£2.15	£12.22m

Toll rates listed are for class 2 (Car and Van). RPI indexation assumed with April 2027 baseline index

### APPENDIX 3 - Revision options – All Classes

#### Current and “no revision” option A

	Motorcycles	Cars/Vans	2 axle goods (+ 3.5 tonnes)	3 axle vehicles	4 axle vehicles
Bridge Cash		£2.60	£6.30	£10.40	£14.30
Bridge Tag		£1.30	£3.15	£5.20	£7.15
Ferry Cash	£0.50	£2.60	£6.30	£10.40	£14.30
Ferry Tag		£1.30	£3.15	£5.20	£7.15

#### Option B – Car class cash toll £3.00 at bridge and Ferry and 50% tag discount retained

	Motorcycles	Cars/Vans	2 axle goods (+ 3.5 tonnes)	3 axle vehicles	4 axle vehicles
Bridge Cash		£3.00	£7.30	£12.00	£16.50
Bridge Tag		£1.50	£3.65	£6.00	£8.25
Ferry Cash	£1.00	£3.00	£7.30	£12.00	£16.50
Ferry Tag		£1.50	£3.65	£6.00	£8.25

#### Option C – Car class cash toll £3.00 bridge and Ferry. Both locations 40% tag discount

	Motorcycles	Cars/Vans	2 axle goods (+ 3.5 tonnes)	3 axle vehicles	4 axle vehicles
Bridge Cash		£3.00	£7.30	£12.00	£16.50
Bridge Tag		£1.80	£4.40	£7.20	£9.90
Ferry Cash	£1.00	£3.00	£7.30	£12.00	£16.50
Ferry Tag		£1.80	£4.40	£7.20	£9.90

**Notes:** In all options trailers charged as per towing vehicle (ie toll doubled for towing vehicles)  
 4-axle vehicles only by pre-arrangement at Torpoint/3 axle vehicles only permitted below 17.5T and if GVW above that weight, with lifted axle.  
 No revision of abnormal load charges proposed in any option  
 Tolls rounded up to nearest 10p in revision models

### APPENDIX 3 cont - Revision options – All Classes

#### Option D – Car class cash toll £3.20 at bridge and Ferry and 50% tag discount retained

	Motorcycles	Cars/Vans	2 axle goods (+ 3.5 tonnes)	3 axle vehicles	4 axle vehicles
Bridge Cash		£3.20	£7.80	£12.80	£17.60
Bridge Tag		£1.60	£3.90	£6.40	£8.80
Ferry Cash	£1.00	£3.20	£7.80	£12.80	£17.60
Ferry Tag		£1.60	£3.90	£6.40	£8.80

#### Option E – Car class cash toll £3.00 at bridge and £4.00/+ 1/3<sup>rd</sup> at Ferry with 50% tag discount at both locations

	Motorcycles	Cars/Vans	2 axle goods (+ 3.5 tonnes)	3 axle vehicles	4 axle vehicles
Bridge Cash		£3.00	£7.30	£12.00	£16.50
Bridge Tag		£1.50	£3.65	£6.00	£8.25
Ferry Cash	£1.00	£4.00	£9.70	£16.00	£22.00
Ferry Tag		£2.00	£4.85	£8.00	£11.00

**Notes:** In all options trailers charged as per towing vehicle (ie toll doubled for towing vehicles)  
 4-axle vehicles only by pre-arrangement at Torpoint/3 axle vehicles only permitted below 17.5T and if GVW above that weight, with lifted axle.  
 No revision of abnormal load charges proposed in any option  
 Tolls rounded up to nearest 10p in revision models

# **FINANCING THE CROSSINGS 2023 – CONSULTATION REPORT**



TBTF Appendix 4-  
Consultation - 24.11.2

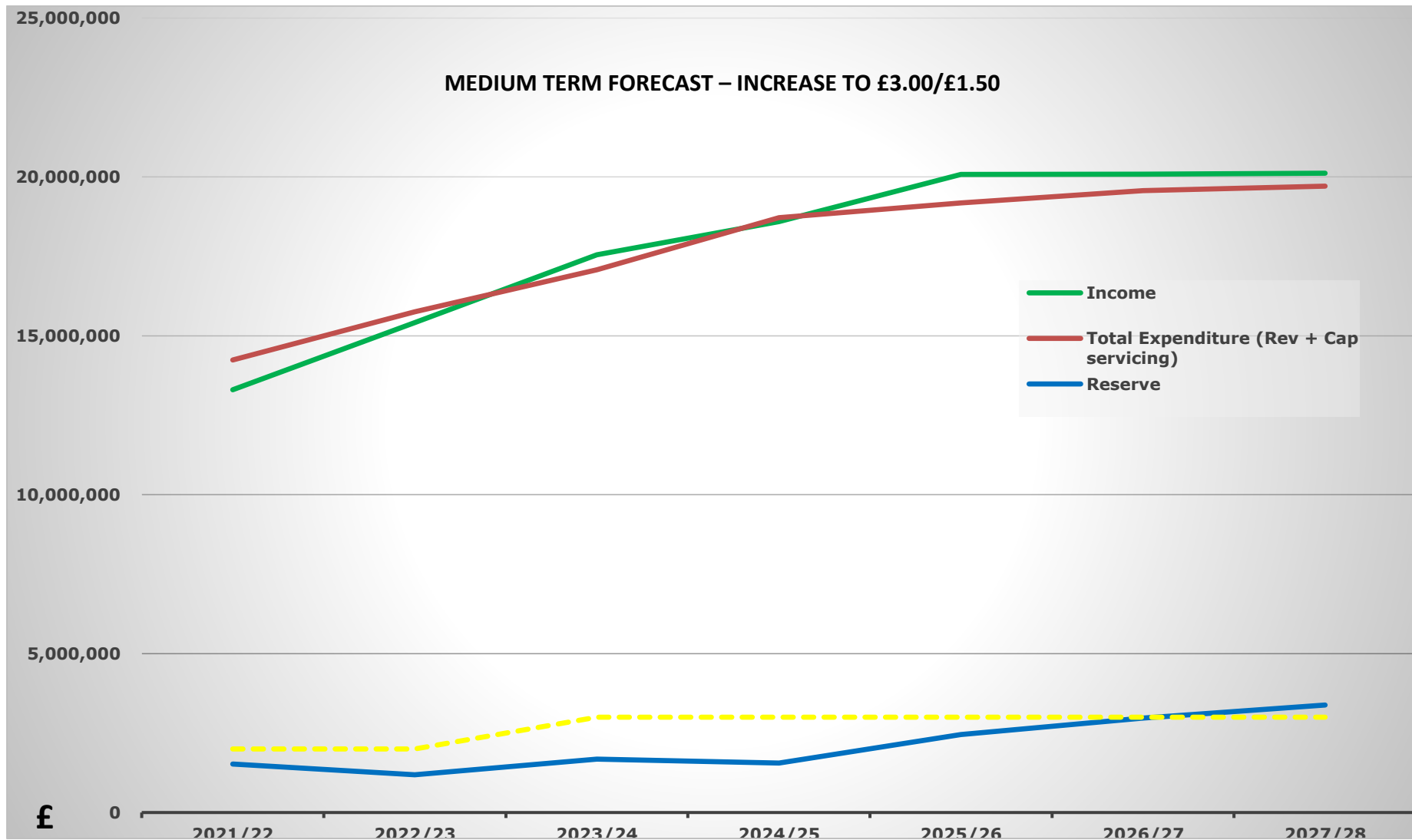


## APPENDIX 5 – WRITTEN RESPONSES FROM KEY STAKEHOLDERS

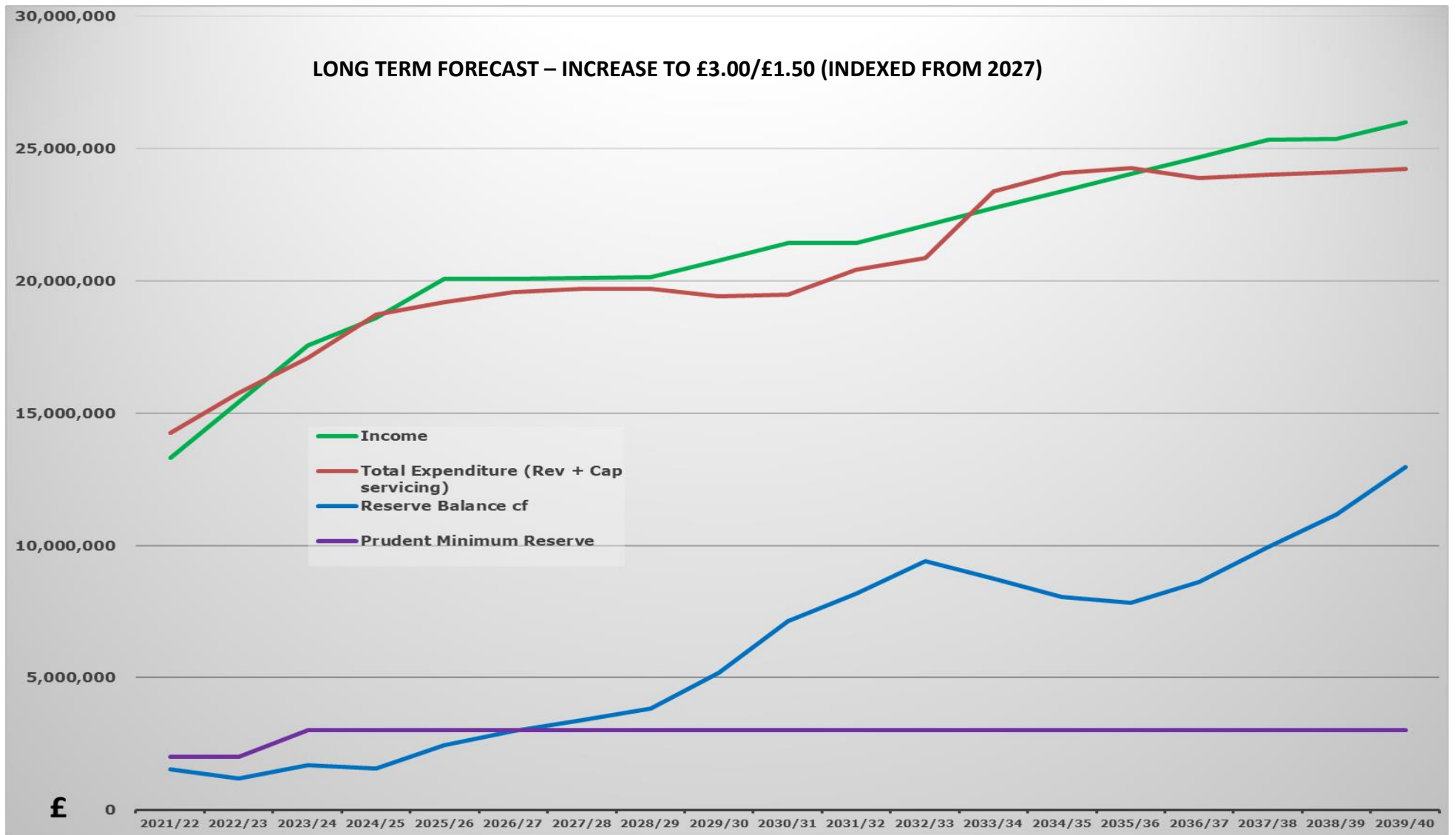


TBTF Appendix 5.pdf

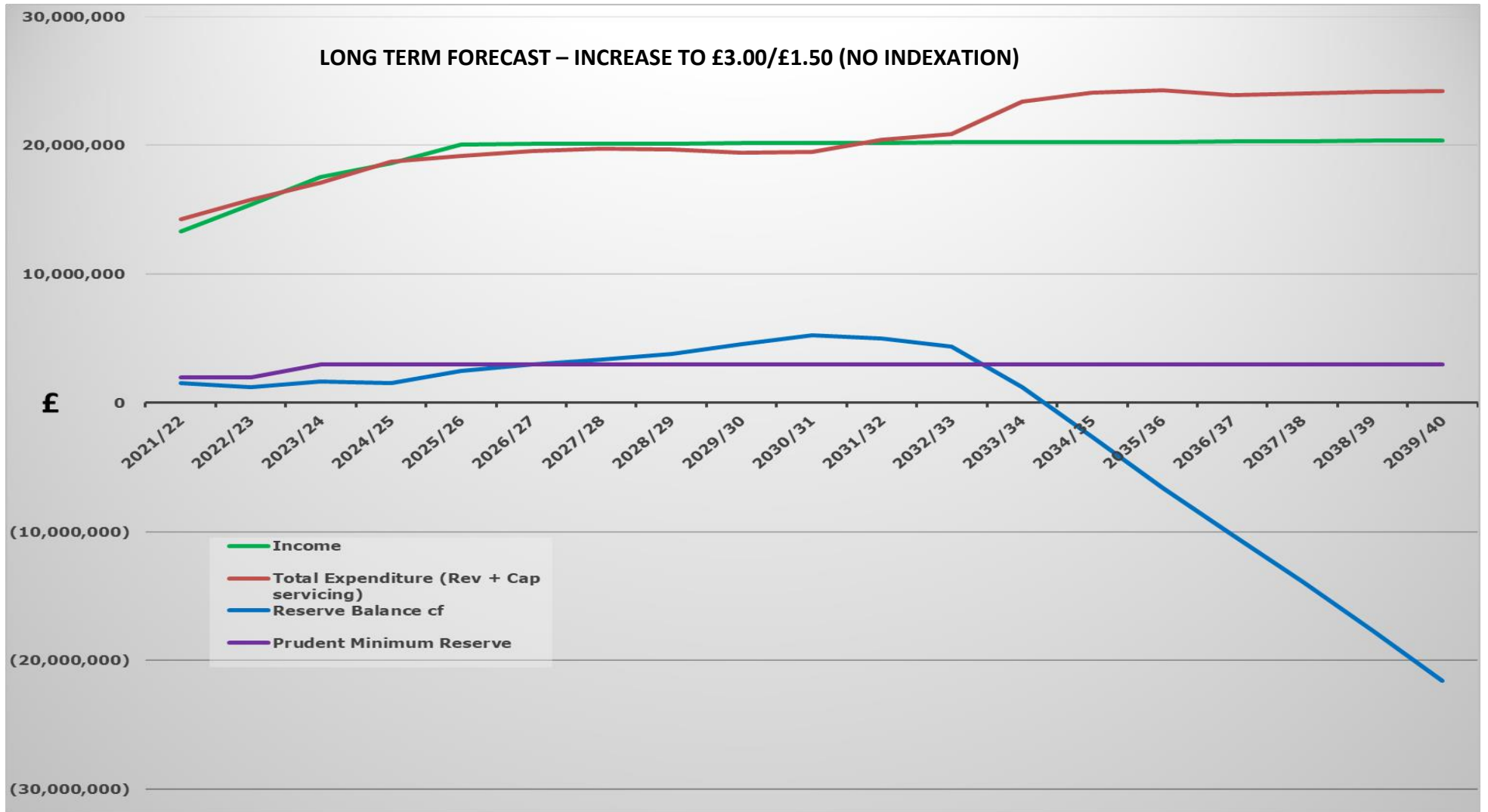
**APPENDIX 6a – OPTION B**



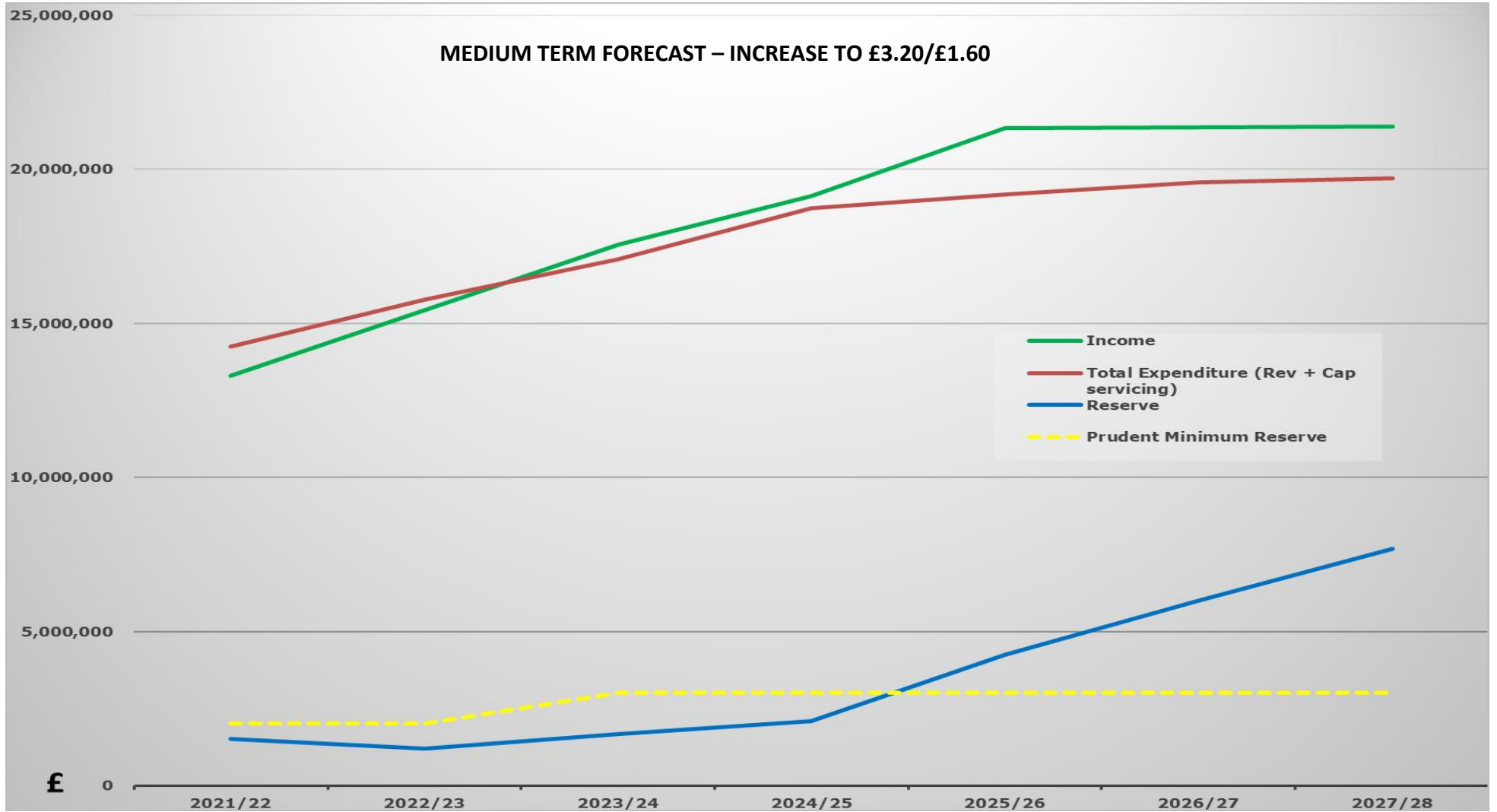
**APPENDIX 6b – OPTION B: LONG TERM MODELLING**



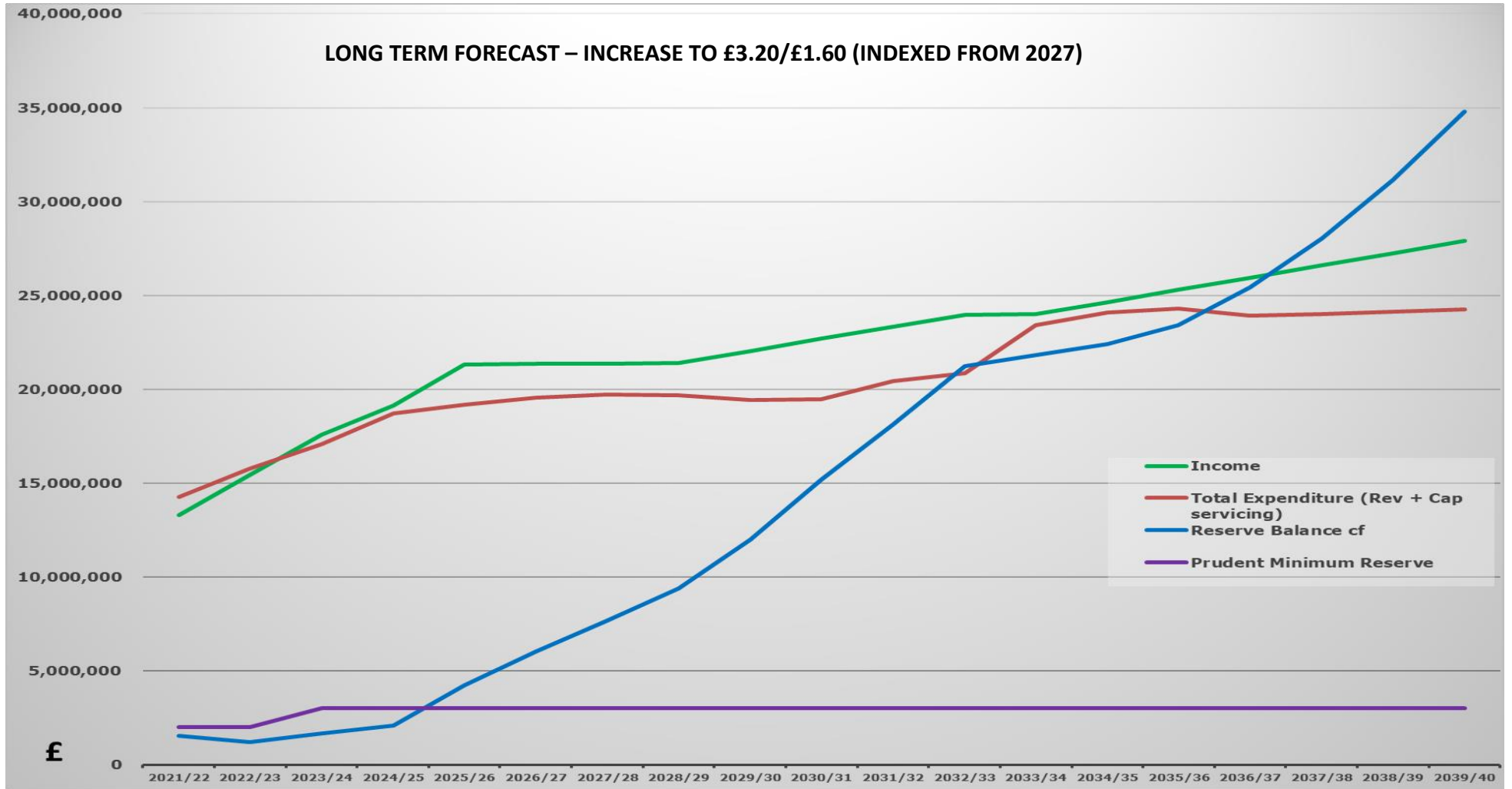
**APPENDIX 6c – OPTION B (DEMONSTRATION WITHOUT INDEX)**



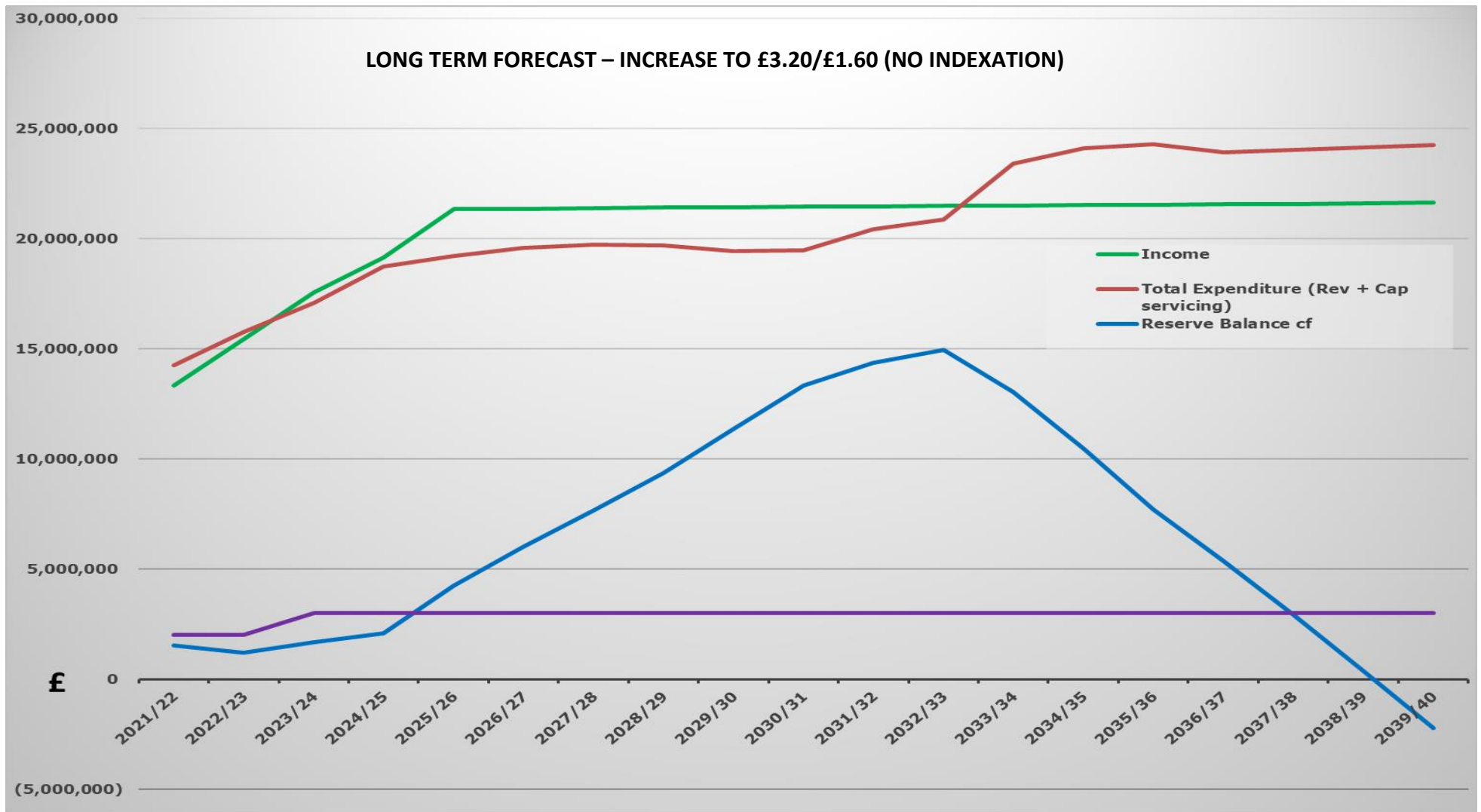
**APPENDIX 7a – PREFERRED OPTION D**



**APPENDIX 7b – PREFERRED OPTION D: LONG TERM MODELLING WITH INDEXATION**

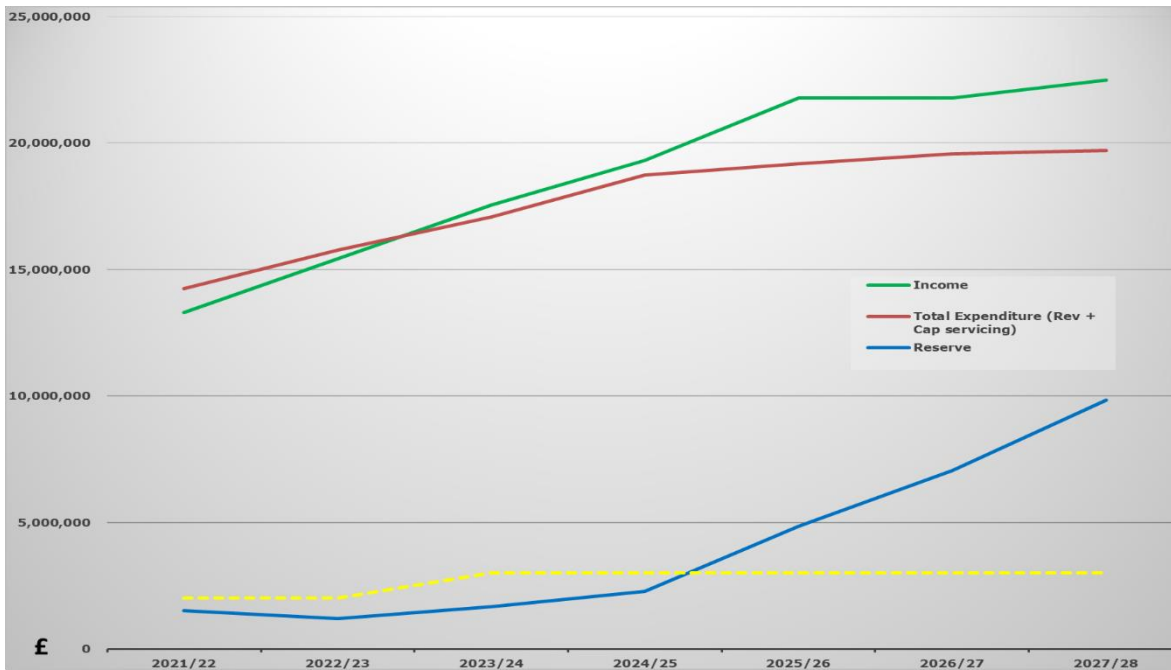


**APPENDIX 7c – PREFERRED OPTION D: LONG TERM MODELLING WITHOUT INDEXATION**

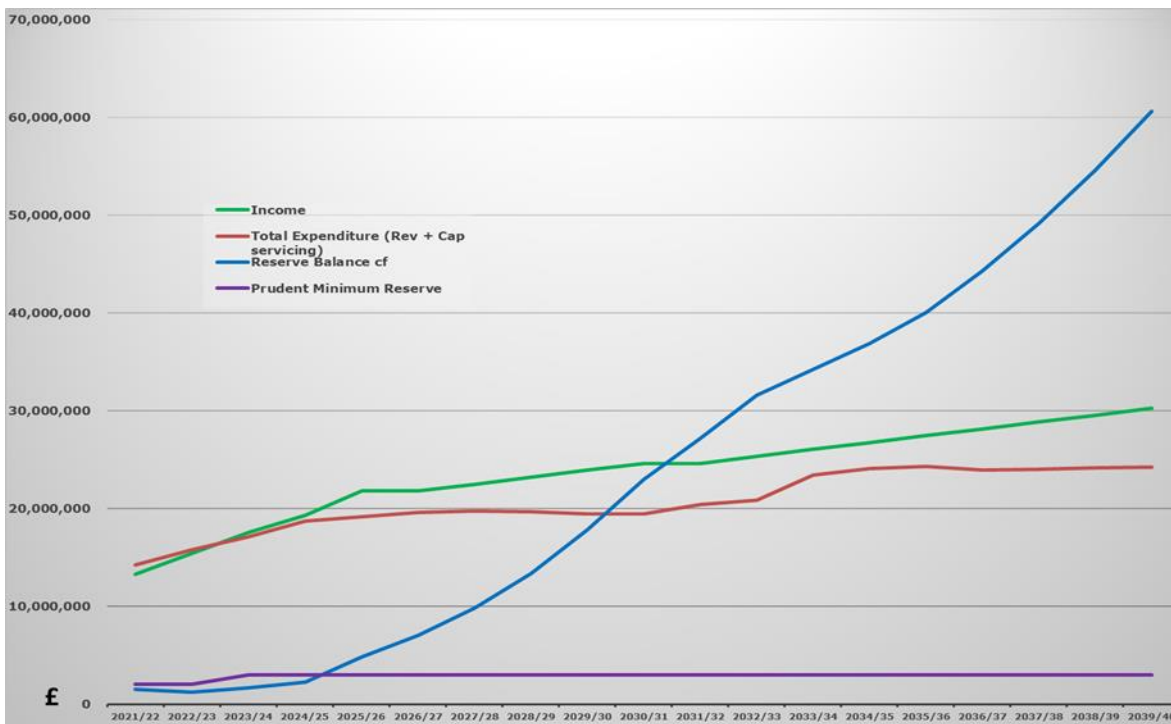


**APPENDIX 8 – UPDATED MODEL FOR £3.00/£1.80 OPTION**

SHORT TERM



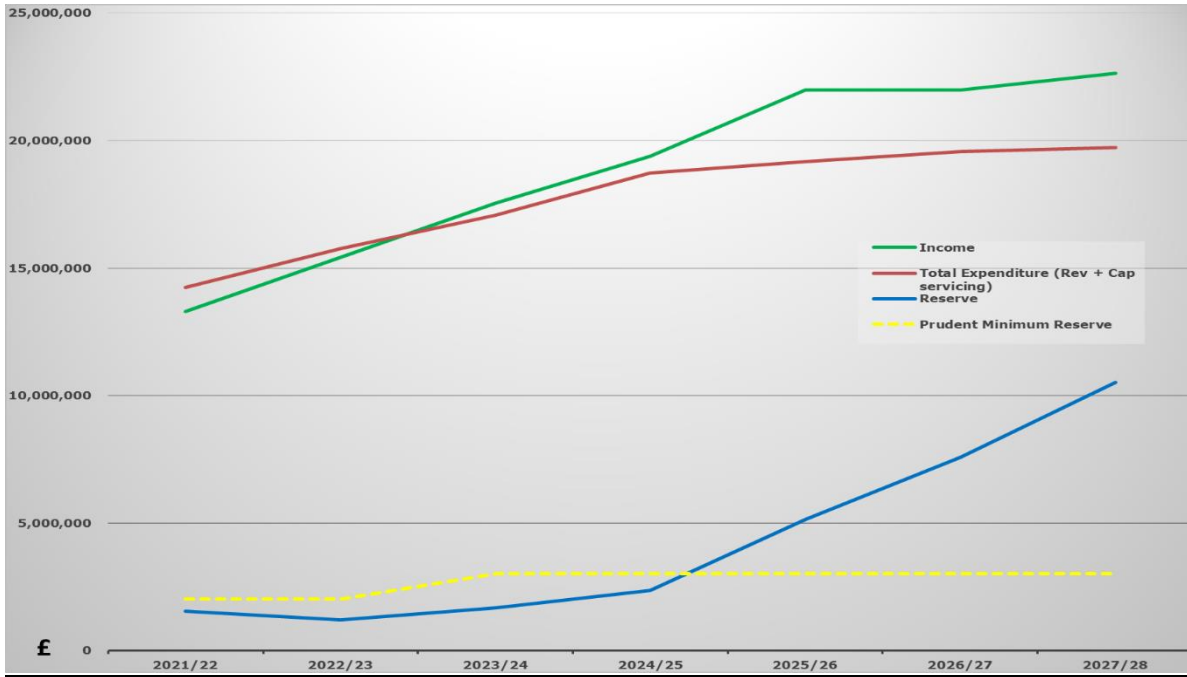
LONG TERM



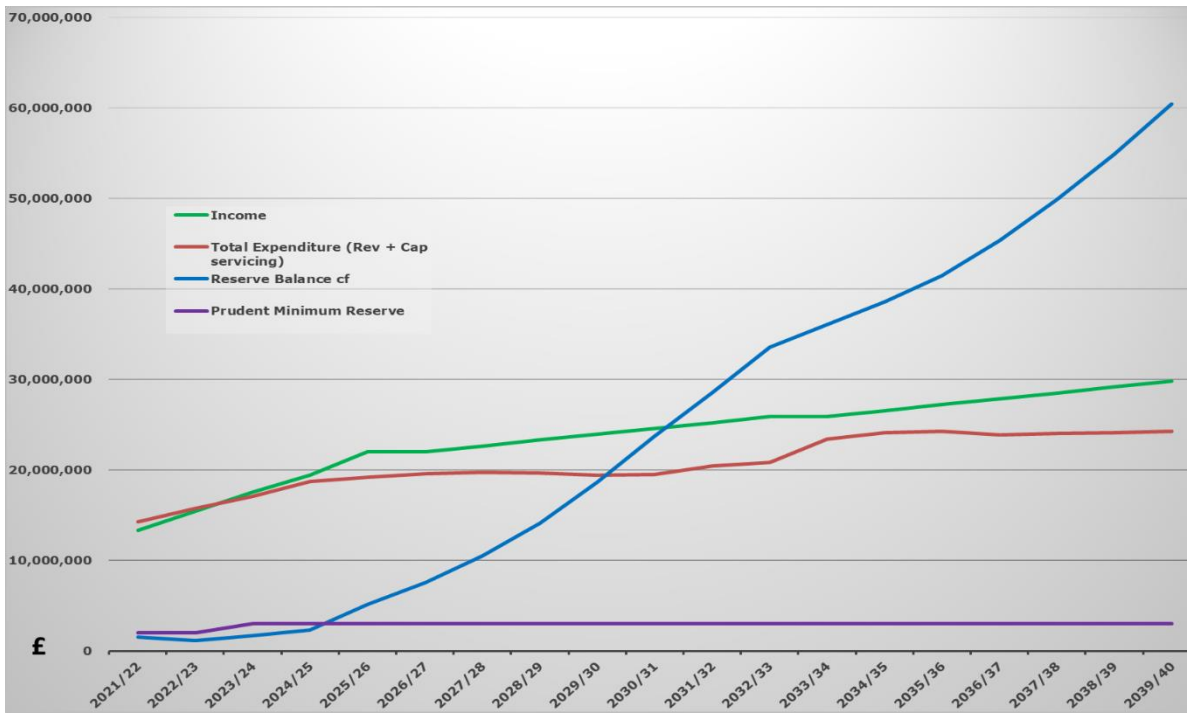
**APPENDIX 9 – UPDATED MODEL FOR OPTION £3.00/£1.50 WITH ADDITIONAL FERRY CHARGE OF £1.00 CASH/50p TAG**

SHORT TERM





LONG TERM



**Appendix C Draft Minutes of TBTFJC 8 December 2024**

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