

Cabinet



Date of meeting: 12 February 2024

Title of Report: **Tamar Bridge and Torpoint Ferry
2024-2025 Revenue and Capital Programme**

Lead Member: Councillor Mark Coker (Cabinet Member Strategic Planning and Transport)

Lead Strategic Director: Anthony Payne (Strategic Director for Place)

Author: Adrian Trim, Lead Officer Tamar Crossings

Contact Email: Adrian.trim@plymouth.gov.uk

Your Reference:

Key Decision: No

Confidentiality: Part I - Official

Purpose of Report

The Tamar Bridge and Torpoint Ferry (TBTF) 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 had been reduced by the effect of Covid-19 and traffic levels have still not recovered to pre pandemic levels and are now operating at circa 90% of that previously.

This report sets out for consideration and approval, the proposed revenue estimates (budget) for Plymouth City Council (PCC) and Cornwall Council (CC) Cabinet and Full Council for 2024/25 and indicative figures for the subsequent three years 2025/26, 2026/27 and 2027/28, together with the proposed capital programme.

The global economy is experiencing changes in consumer patterns, with inflation, energy and fuel costs, recently seen at unprecedented levels. The consequence of the economic situation impacts both the income and the expenditure of the Joint Undertaking. The assumptions used to calculate the revenue estimates and proposed capital programme are based on information available to officers at the time of report preparation. However, it is hoped that the proposed toll revision outlined in the TBTF Future Financing report, if agreed, will stabilise finances over the 4 year period, to those seen in more recent years.

The full report, with appendices, agreed by the TBTF Joint Committee on the 12 January 2024, is attached for reference.

Recommendations and Reasons

That Cabinet recommend to Council:

1. That the 2024/25 revenue estimates and capital programme and the draft 2024-25 Business plan, as set out in the appendices to the TBTF Joint Committee Report of 12 January 2024, be approved; and
2. The longer-term forecast to 2027/28 is noted.

Reasons

Without an approved budget, agreed by the parent authorities, PCC and CC, bridge and ferry operations would be unable to operate. An agreed, approved budget is a requirement of the existing governance arrangements of the parent authorities.

Alternative options considered and rejected

Not to approve the Budget as presented; rejected on the basis that Bridge and Ferry operations need to provide safe crossings 7/365, connecting communities, supporting the local and national economy and providing access to healthcare and leisure.

The do-nothing option was also rejected as it would result in the parent authorities not delivering safe crossings or meeting their responsibilities regarding a duty of care.

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 contribute 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 recommendations address the financial, safety and operational requirements thus reducing 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 report addresses the requirement to continue with BAU for these important crossings.

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 12A 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 2024/25 Revenue and Capital Programme							
B	TBTFJC Report 12 January 2024 – 2024/25 Revenue and Capital Programme							
C	Decision Sheet TBTFJC Meeting, 12 January 2024							

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:

Fin	CH 01.02. 24 1427	Leg	LS/00 0013 12/3/ AC/2/ 2/24	Mon Off		HR		Asset s		Strat Proc	
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: [electronic signature (or typed name and statement of 'approved by email/verbally')]											
Date approved: 12/01/2024											

Briefing Report -**Tamar Bridge and Torpoint Ferry 2024/25 Revenue and Capital Programme****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 existing governance requires that both parent authorities agree an annual Budget to facilitate the undertakings as part of the operational delivery remit.
- 1.3 The budget for 2024/25 will meet the requirements of the Councils, in that it is balanced and affordable, even though traffic levels have remained below pre-Covid levels and are currently running at approximately 90% at both crossings, which is line with the 90% level incorporated in the financial model.
- 1.4 Appendix 4 of the TBTF Joint Committee (TBTF JC) Report, 2024/25 Revenue and Capital Programme contains the Annual Business Plan.

2. Future Finance issues

- 2.1 Action has been proposed in terms of a proposed 15% toll revision, to ensure the identified deficit in last year's TBTF report to the Cabinet January 2023 has been addressed, as seen in the table below;

	2023/24	2024/25	2025/26	2026/27	2027/28
Forecast reserve balance at 31st March	(£1.677m)	(£1.490m)	(£2.236m)	(£2.730m)	(£3.104m)

- 2.2 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.
- 2.3 A 15% toll increase was proposed by the TBTF JC in December 2023 and requires ratification by both Councils to progress the request to the SoS for Transport, if agreed by the SoS it will be implemented in November 2024.
- 2.4 The Joint Chairmen of TBTF JC and Portfolio Holders of both authorities continued to lobby government to;
 - a) Have the ability to apply RPI locally, which will require Primary Legislation and is currently being progressed and

- b) For long-term financial support for the Bridge, although this request has been without success to date.
- c) Introduced Tamar 2050, which provides a more robust agenda to the future aspirations regarding the crossings and may have more traction regarding Government support.

2.5 Resolutions can be found in the draft minutes of the TBTF JC meeting on 12 January 2024 which are attached at Appendix C.

Appendix B

Report to:	Tamar Bridge & Torpoint Ferry Joint Committee	
Date:	12th January 2024	
Title:	2024/25 Revenue and Capital Programme	
Portfolio Area:	Cornwall Council: Transport Plymouth City Council: Transport	
Divisions Affected:	All	
Local Member(s) briefed:	NA	
Relevant Scrutiny Committee: NA		
Authors, Roles and Contact Details:	<p>Vicky Fraser, Service Director Connectivity & Environment Vicky.Fraser@cornwall.gov.uk</p> <p>Philip Robinson, Service Director for Street Services, Plymouth City Council Philip.robinson@plymouth.gov.uk</p> <p>Andrew Vallance, Governance and Finance Manager andrew.vallance@tamarcrossings.org.uk</p> <p>Julia Harvey, Service Accountant Julia.1.Harvey@cornwall.gov.uk</p>	
Approval and clearance obtained:		Y / N
Date next steps can be taken		12th January 2024
For Cabinet and delegated executive decisions only		
Key decision? (≥£500k in value or significant effect on communities in two or more electoral divisions)		N
Published in advance on Cabinet Work Programme?		N
Urgency Procedure(s) used if 'N' to Work Programme		N

Recommendation(s) to the Councils of the Parent Authorities via the Cabinet of the Parent Authorities:

1. That the 2024/25 revenue estimates and capital programme and the draft 2024/25 business plan, as set out in the appendices to this report, be approved; and
2. The longer-term forecast to 2027/28 is noted

Executive Summary

- 1.1 This report sets out for consideration and approval, the proposed revenue estimates (budget) for the Joint Committee for 2024/25 and indicative figures for the subsequent three years 2025/26, 2026/27 and 2027/28, together with the proposed capital programme.
- 1.2 The forecast reserve position on 31 March 2024 is £1.677m. Indicatively, future years shows that the reserve position reduces to £1.490m by the end of 2024/25 however increases annual there after until by 2027/28 the reserve is forecast to be above £3.000m.

	2023/24	2024/25	2025/26	2026/27	2027/28
Reserve balance on 31st March	(£1.677m)	(£1.490m)	(£2.236m)	(£2.730m)	(£3.104m)

Purpose of Report and key information

- 1.1 The Tamar Bridge and Torpoint Ferries (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.
- 1.2 In developing the budgets for 2024/25 to 2027/28 set out within appendix 1, the following inflationary and interest assumptions have been used:

Rates	2024/25	2025/26	2026/27	2027/28
Inflation CPI	3.30%	2.20%	1.50%	1.50%
Inflation RPI	4.20%	3.10%	2.40%	2.40%
Pay Inflation	3.00%	2.00%	2.00%	2.00%
Interest (Receivable)	1.00%	1.00%	1.00%	1.00%
Interest (Payable) existing borrowing	4.65%	4.65%	4.65%	4.65%

Interest (Payable) new borrowing	3.38%	3.38%	3.38%	3.38%
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- 1.3 The second interest rate payable line above reflects the new capital loans agreed. 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 at the time the loan was entered into.
- 1.4 The proposed budget is set out in Appendix 1. The variations between the latest 2023/24 forecast and the proposed 2024/25 budget are listed on page 5 of Appendix 1. The 2025/26 to 2027/28 estimates are only indicative.
- 2.4.1 The **Corporate** revenue budget (which includes income and corporate expenditure headings) currently shows a favourable movement of £0.853m. The significant movements from the previous year are:
- Assumed approval of an increased in tolls of 15% by November 2024 and a very slight improved traffic flow assumption has increased the forecast income by £0.983m
 - A cyclical reduction in the volume of tags being purchased allowing reduction of budget by £0.039m.
 - A provision of £0.075m for further consultancy work on free flow tolling.
 - £0.050m has been included in the budget for expert advice on RPI and legislation change.
 - Bank charges has seen an increase of £0.013m arising from additional card processing changes related to the increase in the tolls.
- 2.4.2 The **Bridge's** revenue budget makes provision for the ongoing maintenance and operations of the bridge and its infrastructure in line with current engineering practices. The movement from the previous year shows an adverse movement of £0.232m. The main changes from the previous year are:
- Staffing including agency is showing an increase £0.094m due to forecast national pay awards and the impact on related budgets.
 - R&M Bridge and Infrastructure has increased by £0.158m, reflecting planned maintenance tasks for the year.
 - Bridge and gantry inspections has been reduced by £0.253m to reflect reduced cyclical requirements for 2024-25.

- Office expenses have been increased by £0.121m for inflationary increases and to include the cost of planned replacement of the virtual IT network and incremental improvement of the cyber security environment shared with the ferry cost centre.
- Toll cash handling and collection is showing an increase of £0.027m due to inflation rises.
- Operational expenses have increased by £0.039m due to inflationary increases and a provision of £0.025m for upgrades to CCTV traffic monitoring and security systems.

2.4.3 The **Ferry's** revenue budget makes provision for the ongoing maintenance and operation of the ferries and their associated infrastructure in line with current engineering practices. The movement from the previous year shows an increase in costs of £0.387m. Then main changes from the previous year are:

- Staffing including agency staff is showing an increase of £0.234m due to the forecast national pay award and associated increases to related budgets.
- Office expenses have been increased by £0.099m for inflationary increases and to include the cost of planned replacement of the virtual IT network and incremental improvement of the cyber security environment shared with the bridge cost centre.
- Marine oil has increased by £0.016m as provision for movement in market prices.
- The other budget lines have had inflationary increases applied.

2.4.4 The **Learning Centre** costs have increased by £0.087m, mainly due to an addition to the budget of £0.075m for the cyclical update and replacement of public displays.

2.4.5 MRP and Interest repayments have been increased by £0.818m to reflect the current capital programme and indicative future scheme expenditure for 2024/25 as detailed below.

1.5 The proposed Capital Programme is shown in Appendix 2. Officers have undertaken work to assess the current and future capital programme and the revised estimated costs for 2024/25 is £8.900m.

2.5.1 The details of this are as follows:

- Ferry Traffic Control Systems £1.100m moved from the current financial year
- Ferry Refit continues in 2024-25 at £1.800m
- Rocker/Pendle remedial works reduces to £0.200m
- Supplementary Cable Works £1.250m

- Ferry Gantry Tower Replacement £0.200m

2.5.2 Three additional schemes have also been added to the 2024/25 programme of work:

- £1.400m for Bridge Protective Coating Phase 3 with £0.700m spend forecast for 2024/25
- £3.000m for Ferry Decarbonisation with £0.150m spend expected in 2024/25
- £3.500m for Bridge Structural Fire Protection upgrade.

2.5.3 The content and purpose of the latter two schemes were detailed with the 8 December 2023 General Manager's report

2.6 **Reserves** – the reserve position on 31st March 2024 (Appendix 3) is forecasted to be £1.677m. The forecast for 2024/25 end of year reserve position is £1.490m however, from 2025/26 the reserve level is projected to improve year on year with an indicative level of £3.104m by 2027/28.

2.7 The joint Committee receives a quarterly update on its financial position 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, presented to the 8 December 2023 meeting also provided for a fully revised budget position.

1.8 The Terms of Reference for the Undertaking requires that an Annual Business Plan accompanies the budgets for approval by Full Councils. The 2024/25 Draft Business Plan attached as Appendix 4, continues the approach of providing a single year plan to reflect the ongoing work on longer term strategies following receipt of reports following the consultant's review and the developing Tamar 2050 body of work.

Benefits for Customers/Residents

1.9 Appropriate management of finances and budget monitoring ensures that appropriate resources is available for the operation, maintenance and improvement of crossing 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.

Relevant Previous Decisions

1.10 Approved budget for 2023/24 at Tamar Bridge and Torpoint Ferry Joint Committee of 2nd December 2022 (TBTF/20)

<https://democracy.cornwall.gov.uk/documents/s162951/Revenue%20Estimates%20and%20Capital%20Programme%20Report.pdf>

- 1.11 Approved budget for 2023/24 at Cornwall Council meeting of 21st February 2023 (CC/332)

<https://democracy.cornwall.gov.uk/documents/s165106/TBTF%202023%202024%20Revenue%20Estimates%20and%20Capital%20Programme.pdf>

- 1.12 On recommendation of the Cabinet meeting of 8 February 2023 (CAB/222)

<https://democracy.cornwall.gov.uk/documents/s164749/Tamar%20Bridge%20and%20Torpoint%20Ferry%20-%202023-2024%20Revenue%20Estimates%20and%20Capital%20Programme%20-%20Report.pdf>

- 1.13 Approved budget for 2023/24 at Plymouth City Council meeting of 30 January 2023

<https://democracy.plymouth.gov.uk/mglIssueHistoryHome.aspx?IId=103027>

- 1.14 On recommendation of Plymouth City Council Cabinet meeting of 17 January 2023

<https://democracy.plymouth.gov.uk/mglIssueHistoryHome.aspx?IId=103027>

Consultation and Engagement

- 5.1 Not applicable

Financial Implications of the proposed course of action/decision

- 6.1 Financial implications are detailed within Section 2 of this report. Whilst this report only seeks approval of the 2024/25 revenue budget and capital programme, the forecast over the 4 year period includes assumptions and best estimates at the time of preparation. The forecast assumes that tolls will increase from November 2024, which relies on central Government approval.
- 6.2 The global economy continues to experience changes in consumer patterns and inflation levels at rates not seen for three decades. The financial impacts on the Joint Undertaking of any further fluctuations will be closely monitored by officers. Joint Committee Members will be kept informed through the budget monitoring reports presented at the quarterly Joint Committees in relation to the 2024/25 budget.

Legal/Governance Implications of the proposed course of action/decision

- 1.15 The Joint Committee is being asked to make recommendations to the Full Councils of both parent authorities via the Cabinets of both parent authorities. Cornwall Council's Cabinet will consider this at its meeting on 7 February 2024 and Cornwall Council's Full Council will consider this at its meeting on 20 February 2024. Plymouth City Council's

Cabinet will consider this at its meeting on 12 February 2024 and Plymouth City Council's Full Council will consider this at its meeting on 26 February 2024.

Risk Implications of the proposed course of action/decision

1.16 There are no implications associated with this report.

Cornwall Development and Decision Wheel

1.17 Not applicable

Options available

- 1.18 To approve the proposed revenue estimate for 2024/25, capital programme and draft business plan as set out in Appendices 1 – 4. This is the preferred option for the reasons set out in this report.
- 1.19 To not approve the proposed revenue budget for 2024/25, capital programme and draft business plan as set out in Appendices 1 – 4. This is not the preferred option as a revenue budget, capital programme and business plan must be set.

Supporting Information (Appendices)

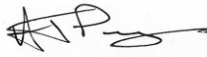
- 1.20 Appendix 1: Revenue Estimates for 2024/25 through to 2027/28
- 1.21 Appendix 2: Capital Programme 2024/25 to 2027/28
- 1.22 Appendix 3: Statement of Estimated Reserves 2024/25 to 2027/28
- 1.23 Appendix 4: Annual Business Plan 2024/25

Background Papers

1.24 None

Approval and clearance

All reports:

Final report sign offs	This report has been cleared by (or mark not required if appropriate)	Date
Governance/Legal (Required for all reports)		
Finance (Required for all reports)		
Cornwall Development and Decision Wheel (where required)		
Service Director (Required for all reports)		
Strategic Director (If required)	Anthony Payne 	19.01.2024

Draft reports process checklist for Cabinet/individual decision reports:

Complete the checklist below while you are drafting your Cabinet or individual decision report. It will be removed before publication.

Process checklist	Completed
Communications team informed	Yes/No
Portfolio Holder briefed	Yes/No
Strategic Director briefed	Yes/No
Service Director sign off	Yes/No
Data protection issues considered	Yes/No
If exempt information, public (part 1) report also drafted. (Cabinet/Scrutiny)	Yes/No
If not on Cabinet Work Programme, Scrutiny offered the opportunity to consider the report	Yes/No

Appendix I- 3

Appendix 1 Budget
Revenue.pdf

Appendix 2



Appendix 2 TBTF
Budget.pdf

Appendix 3



TBTF Budget
Appendix 3.pdf

Appendix 4



Appendix 4 TBTF
Business Plan 24-25 C

Appendix C

**TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE - FRIDAY,
12 JANUARY 2024
ACTION SHEET**

Officers are requested to take the necessary action indicated against their names.

Contact: Richard Orpwood, Democratic Officer, 01872 322222 01872 322222

Agenda No	Item	Action	Officer
1.	Declarations of interest	There were no declarations of interest.	R Orpwood
2.	Public Questions	Two questions were received from members of the public and responses provided at the meeting.	R Orpwood
3.	Internal Audit Exception Report	<p>It was proposed by Councillor Toms, seconded by Councillor Worth and</p> <p>RESOLVED that</p> <p>1. The Joint Committee notes the outcome of the internal audit review on Tamar Bridge & Torpoint Ferry – Operations and takes assurance from senior management representation on the actions being taken to improve the control and risk environment.</p>	<p>D List A Vallance J Carne C Sturgess</p>

		<p>2. The Joint Committee requests a further update on the progress of the implementation of agreed management actions to be provided at the latest to the June 2024 Committee meeting, and if possible by the March 2024 meeting.</p>	
4.	2024/25 Revenue Budget and Capital Programme	<p>It was proposed by Councillor Worth, seconded by Councillor Tivnan and</p> <p>RESOLVED that</p> <ol style="list-style-type: none"> 1. The 2024/25 revenue budget and capital programme and the draft 2024/25 business plan, as set out in Appendices 1-4 to this report, be approved; and 2. The longer-term forecast to 2027/28 is noted. 	<p>D List A Vallance G Baker</p>