

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.

- 1.9 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.:
- 1.10 Following detailed discussion four options were discounted as Members did not consider they met the requirements of the Joint Committee.
- 1.11 Two of the options were subsequently taken to a vote, the Officer recommendation in para 1.9 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.
- 1.11 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 \(cornwall.gov.uk\)](#)

- 1.12 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

[Minutes](#)

2.0 Updated recommendation from Cornwall Council

- 2.1 Following debate at Cornwall Council on the 20 February 2024, an amendment to the recommendation made by TBTFJC and approved by Cabinet on 12 February 2024 was made, considering a recent letter from Sheryll Murray MP to the Minister for Transport. In that letter a request was made to the Minister, that financial support for maintenance and improvement be given to the bridge from Roads Investment Strategy round 3 and Major Road Network round 2 grants.
- 2.2 Recommendation 1. recognises the request to the Minister and provides an opportunity for a Ministerial response and in the event that funding is forthcoming, that such funding could offset or remove the need to implement the toll increase, if it was granted by the Secretary of State.

As the TBTF is a joint undertaking of both Plymouth City Council and Cornwall Council both parties need to agree any proposals for a toll increase. In the event of any disagreement then the matter will be referred to arbitration.

Therefore it is proposed to put forward for Council's consideration the revised recommendation in line with that agreed by Cornwall Council to enable an application to be made to the Secretary of State for the toll increase.

The level of toll increase is the same as that proposed by the TBTFJC and accepted by Cabinet on 12 February 2024.

