

Date of meeting:	08 March 2024
Title of Report:	Tamar Bridge and Torpoint Ferry Future Financing and 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)
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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. 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.

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.

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

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

A parallel governance process has been followed by Cornwall Council but note the amendments to the original recommendation from the TBTFJC made by Cornwall Council, see section 2 of report.

Recommendations and Reasons

Cabinet recommends that Council:

1. That, having considered the contents of the report, including the responses from the public consultation, set out in Appendix I to the report, an application for a toll revision based on £3.00 cash and £1.50 TAG, **be made 55 days hence** to the Secretary of State in accordance with the applicable legislation. **Where the application is successful but prior to the toll revision being implemented the Government provide funding to the Tamar Bridge which can be used to offset expenditure, then the proposed toll increase will either not be implemented or will be decreased in line with that funding.**
2. Approves the 2024/25 revenue budget 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; and
3. Notes the longer-term forecast to 2027/28.

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. Amendments approved by Cornwall Council are indicated in red.

Alternative options considered and rejected

In reference to Future Financing 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.

In relation to the Revenue and Capital Budget not to approve the Budget as presented was rejected on the basis that Bridge and Ferry operations need to provide safe crossings seven days a week 365 days per year, 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 Future Financing							
B	TBTFJC Report 8 December 2023 – Future Financing							
C	Minutes of TBTFJC 8 December 2023							
D	Briefing Report - Tamar Bridge and Torpoint Ferry 2024/25 Revenue and Capital Programme							
E	TBTFJC Report 12 January 2024 – 2024/25 Revenue and Capital Programme							
F	Decision Sheet TBTFJC Meeting, 12 January 2024							
F	TBTF Business Plan and Revenue and Capital Budget.							

Background papers:

Title of any background paper(s)	Exemption Paragraph Number (if applicable)						
	1	2	3	4	5	6	7

Sign off:

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Originating Senior Leadership Team member: Anthony Payne (Strategic Director for Place)											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 29/02/2024											
Cabinet Member approval: Councillor Mark Coker (Cabinet Member for Strategic Planning and Infrastructure) Date approved: 29/02/2024											