

CORNWALL COUNCIL

Not Confidential

TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

02 DECEMBER 2011

AGENDA NO. 4.3

2012/13 TO 2015/16
REVENUE ESTIMATES AND CAPITAL PROGRAMME

Report by Joint Treasurers

1. INTRODUCTION

This report sets out for consideration and approval, the proposed revenue estimates (budget) for the Joint Committee for 2012/13 and indicative figures for the subsequent three years 2013/2014, 2014/2015 and 2015/2016 together with the proposed capital programme.

2. PROPOSALS

2.1 Key Assumptions

The figures presented in this report include a number of adjustments to the financial model, to take account of changes in capital expenditure and related financing arrangements and to reflect current economic conditions for cost inflation and interest rates. The forecast cost of long term capital financing varies slightly each year but is between 4.4% and 4.6%. The forecast levels of inflation and short term interest rates applicable to the funds held by the Joint Committee are now assumed as follows:

Rates	2012/13	2013/14	2014/15	2015/16
Inflation	2.0%	2.0%	2.0%	2.0%
Interest (Receivable)	0.5%	0.5%	0.5%	0.5%
Interest (Payable)	4.4%	4.5%	4.6%	4.5%

The figures include a proposed toll increase in 2014/2015 of 10p to take in to account the reduction in the level of reserve held.

2.2 Revenue Budget and Summary of Variations

The proposed revenue budget is set out in Appendix 1. The variations between the latest 2011/12 forecast and the proposed 2012/13 budget are listed on page 5 of Appendix 1 – the later years covered by the revenue figures are indicative.

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

Income

An adjustment has been made in the revised 2011/12 income budget to reflect the reduced traffic levels that have been seen. The 2012/13 toll income budgets have been set at the same level which is considered to be prudent. A small inflationary increase of just over £6,000 has been applied in respect of other miscellaneous income.

Bridge

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

- A reduction in maintenance costs of the bridge structure due to the cyclical nature of the works. The budget then steadily increases over the next few years as other required works are built into the maintenance programme.
- The level of inspections required to the bridge and gantry is also expected to be lower in 2012/13, but again this will increase significantly from 2013/14 through to 2015/16.

Ferries

The revenue budget also makes provision for the ongoing maintenance and operation of the ferries and their associated infrastructure in line with current engineering best practice.

The main changes from the previous year are a decrease in the infrastructure repair and maintenance budget, but this is offset by an increase in the budgets for the annual ferry refit and the general repair & maintenance of the ferries.

Other

A contribution of £82k was built into the original 2011/12 budget in respect of a contribution to the Park & Ride study. It is now expected that only £20k will be incurred in the current financial year with the remaining £62k being spent in 2012/13.

Increased capital financing costs due to the majority of the capital expenditure incurred in 2011/12, being funded through prudential borrowing.

An amount of £75k is built into the 2013/14 budget in respect of costs associated with the proposed toll revision.

2.3 Capital Programme

The proposed capital programme is shown in Appendix 2. This is based on projects which have been approved to date and schemes which are proposed.

The programme also includes some re-profiling of expenditure as schemes continue to be planned and developed.

New items of proposed expenditure include:

- Ferry sewage treatment plants (one on each vessel) spanning three years from 2012/13 at a total estimated cost of £165,000
- Bridge half joint replacement in 2013/14 at an estimated cost of £100,000
- Ferry work vehicle in 2013/14 at an estimated cost of £60,000

In order to mitigate the effect on the revenue budget and therefore the level of reserves held by the Joint Committee, it is planned that the financing of these capital projects will be undertaken through the advance of funding from Cornwall Council (in effect borrowing) in line with recent practice. This is reflected in the financing costs included in the revenue budget.

3. OFFICER CONSULTATION

Any relevant financial issues arising from this report have been considered by the Joint Treasurer. Name of Joint Treasurer: Peter Hockin (Cornwall Council) David Northey (Plymouth CC)

The author considers that there are no legal issues arising from this report.

or

Legal issues arising from this report have been considered by the Joint Clerk and advice has been received that the recommendation(s) can be made.

Name of Joint Clerk:

4. RECOMMENDATION

The Joint Committee recommend that the constituent authorities approve:

- (a) the proposed revenue budget for 2012/13 as set out in Appendix 1;
- (b) the proposed capital programme as set out in Appendix 2; and
- (c) that the longer term revenue forecast to 2015/16 be noted.

CHIEF OFFICER

MICHAEL CRICH
Joint Treasurer (Cornwall)

ADAM BROOME
Joint Treasurer (Plymouth)

APPENDICES

Appendix 1 Revenue Estimates 2011/12

Appendix 2 Capital Programme 2011/12 to 2015/16

List of Background Documents (under provisions of the Local Government (Access to Information) Act 1985): None