

PLYMOUTH CITY COUNCIL

Subject: Tamar Bridge and Torpoint Ferry Joint Committee: Revenue Estimates and Capital Programme 2013/14– 2016/17

Committee: Cabinet

Date: 15 January 2013

Cabinet Member: Councillor Coker, Joint Chair Tamar Bridge and Torpoint Ferry Joint Committee

CMT Member: Anthony Payne (Director for Place)

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Ref:

Key Decision: No

Part: I

Purpose of Report:

The report requests that Cabinet approves the Business Plan recommended by the Tamar Bridge and Torpoint Ferry Joint Committee and recommends that Council approve the capital and revenue budgets for 2013/14.

Cabinet should note that the forecast capital and revenue budgets will require an increase in toll income of approximately 13% from April 2014. This will ensure that risks are mitigated and that the cost of the operation does not fall upon the parent authorities' budgets. Additional work is ongoing to optimise options for the replacement of the Bridge Protective Coating and a feasibility study will review the need to replace administration and control facilities on the Tamar Bridge site. Proposals will be presented to Cabinet before decisions are finalised on these issues.

Corporate Plan 2012 – 2015:

Providing a safe and well-maintained road network contributes to the economic well being of the City in support of the Growth priority.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

In the medium term the Joint Committee has the power to reduce the current concessions without any additional external approvals, and thereby generate sufficient additional income to support forecast requirements ensuring that the cost of the undertaking does not fall upon the parent authorities' budgets.

Other Implications: e.g. Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:

A risk register and mitigation measures are included in the Tamar Bridge and Torpoint Ferry Business Plan 2013 to 2017.

It also should be noted that Cornwall Council and PCC have reviewed the TBTF Business Plan, Business Continuity Management System and Risk Management Framework, and are content that business continuity risks associated with TBTF are adequately covered.

Recommendations & Reasons for recommended action:

It is recommended that:

- i) Cabinet approve the Tamar Bridge and Torpoint Ferry Business Plan 2013-2017.
- ii) the revenue and capital budgets for 2013/14, proposed by the Tamar Bridge and Torpoint Ferry Joint Committee are approved by the Council.

Alternative options considered and reasons for recommended action:

The committee has reviewed the current levels of reserves as this will impact on the timing of the next toll revision. Further workshops and review meetings are arranged to develop options.

Background papers:

Tamar Bridge and Torpoint Ferry Joint Committee Papers, 07 December 2012

<https://democracy.cornwall.gov.uk/documents/g4176/Public%20reports%20pack%2007th-Dec-2012%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20Joint%20Committee.pdf?T=10>

Tamar Bridge and Torpoint Ferry Joint Committee Minutes, 07 Dec 2012-12-21

<https://democracy.cornwall.gov.uk/documents/g4176/Printed%20minutes%2007th-Dec-2012%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20Joint%20Committee.pdf?T=1>

Sign off:

Fin NF TC12 13 003.1 61112		Leg JAR/I 6060		HR		Corp Prop		IT		Strat Proc	
Originating SMT Member: Clive Perkin											

Tamar Bridge and Torpoint Ferry Joint Committee 13/14 Budget

- 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 as a self-financing business. As such the Business Plan aims to provide the service without external financial support.
- 1.2 The current reserves balance of the TBTF budget stands at approximately £3m, but due to a combination of falling traffic levels (and therefore income) over the past few years and increasing costs, without intervention reserves are projected to run down to £2m by the end of financial year 2013/14 and to £800,000 by the end of financial year 2014/15. This estimate is based on a number of assumptions, notably the assumption that traffic levels will remain flat from April 2013 onwards. Industry and government forecasts suggest traffic growth in the forecast period of the order of 1% per annum but they are considered to be potentially optimistic and unreliable for local use based on recent experience.
- 1.3 Forecast expenditure is based on detailed review of activities necessary to deliver a defined safe, reliable and efficient service. Facilities are maintained in a timely fashion to a high standard to optimise life costs. Investment made in the capital programme is designed to control long term revenue expenditure and/or improve the service.
- 1.4 Revenue expenditure has a fairly stable core element, but with cyclical fluctuations in maintenance and inspection programmes. This results in some significant year-on-year variations, but efficiency savings in resources and procurement have helped to keep the cost of overall service delivery within inflation (RPI).
- 1.5 Member/officer income workshops and review meetings were held on 9 March 2012, 25 May 2012 and 31 August 2012. The objectives of this series of meetings were to review forecast expenditure and income, establish a prudent minimum level of reserves, and then establish a preferred option to generate the additional income required to meet expenditure forecasts and maintain reserve at an adequate level.
- 1.6 It has been determined that the minimum level of reserves should be set at £2m and a range of options have been examined that could generate the required additional 13% increase in income from April 2014 onwards in order to keep reserves above that minimum level.
- 1.7 The options for generating this increase are still under consideration, and include toll revision and monthly charges for pre-paid (TamarTag) accounts. These options will continue to be developed, and a preferred option will be proposed to Cabinet taking account of associated lead times.
- 1.8 Notwithstanding the preferred income strategy, the Joint Committee has the power to reduce the current concessions without any additional external approvals, and thereby generate sufficient additional income to support forecast requirements. This facility provides significant protection to the parent authorities in the short and medium term.
- 1.9 The approved capital programme includes a significant item for Bridge Protective Coating currently estimated at £5m. However a technical evaluation of the current condition of the structure and determination of the preferred coating systems based on risk and optimising life cost is ongoing. This may impact upon the cost and phasing of the works, and officers are looking to conclude this evaluation in the final quarter of 2012/13.

- 1.10 The bridge facilities currently include temporary buildings to accommodate staff and storage. The revenue programme includes a feasibility study that will inform a review of control rooms, administration facilities and public amenity at both crossings, and also consider other commercial opportunities at the bridge site. It is possible that this review will result in proposals for a capital project for development of the facilities. If such a project is proposed then a business case will be presented to Cabinet. Revenue budget forecasts meanwhile provide for ongoing maintenance of existing facilities and no provision has been made for such a project in the capital programme.
- 1.11 A review of TBTF revenue budgets has been undertaken by officers to drive efficiency savings. An external efficiency review is scheduled for completion by March 2013.