

## PLYMOUTH CITY COUNCIL

**Subject:** Tamar Bridge & Torpoint Ferry  
Business Plan 2015-2019,  
2015/16 Revenue Estimates and Capital Programme

**Committee:** Cabinet

**Date:** 13 January 2015

**Cabinet Member:** Councillor Coker

**CMT Member:** Anthony Payne (Strategic Director for Place)

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**Ref:**

**Key Decision:** No

**Part:** I

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### **Purpose of the report:**

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.

The Tamar Bridge and Torpoint Ferry Joint Committee (TBTFJC) Terms of Reference require the Cabinets of the Joint Authorities to recommend TBTFJC's Business Plan and budgets to their respective Full Councils.

The report presents the two reports submitted to TBTFJC on 5 December 2014 and draft minutes recording their endorsement.

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### **The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17:**

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 contributes to the economic well-being of the City, supporting the Council's Growth priority.

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

**Finance** – The proposed budgets and delivery of the Business Plan will be funded from toll income, and based on assumed annual traffic growth of 1% from 2015/16 onwards no increase in toll charges are anticipated in the four years covered by the Business Plan.

Final

**Human** – The Business Plan will be delivered by the existing organisation using its own staff, contractors and consultants, with support from the parent authorities.

**IT** – The IT implications are restricted to incremental improvement of existing systems as part of the Business Plan and associated projects.

**Land** – No land issues arising from this item.

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**Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:**

**Risk Management** – A risk register and mitigation measures are included within the Tamar Bridge and Torpoint Ferry Business Plan 2015-2019.

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

**Health and Safety** – Key Performance Indicators within the Business Plan are designed to drive improvement.

There are no child poverty or community safety implications.

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**Equality and Diversity**

Has an Equality Impact Assessment been undertaken? Yes, these are provided within respective TBTFJC reports.

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**Recommendations and Reasons for recommended action:**

That the Cabinet recommends TBTFJC's 2015-2019 Business Plan and 2015/16 Revenue Estimates and Capital Programme to Full Council for approval.

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**Alternative options considered and rejected:**

The Business Plan is designed to deliver safe reliable and efficient crossings of the Tamar. The key priorities and delivery actions support the Plan and maintain established service delivery characteristics.

Asset maintenance has been designed to optimise service delivery and life cost.

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**Published work / information:**

Tamar Bridge & Torpoint Ferry Joint Committee reports, 5 December 2014

2015-2019 Business Plan

<https://democracy.cornwall.gov.uk/documents/b17871/Business%20Plan%202015-19%2005th-Dec-2014%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20Joint%20Committee.pdf?T=9>

## 2015/16 Revenue Estimates and Capital Programme

<https://democracy.cornwall.gov.uk/documents/g5395/Public%20reports%20pack%2005th-Dec-2014%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20Joint%20Committee.pdf?T=10>

Tamar Bridge and Torpoint Ferry Joint Committee Draft Minutes of Meeting 5 December 2014

<https://democracy.cornwall.gov.uk/documents/g5395/Printed%20minutes%2005th-Dec-2014%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20Joint%20Committee.pdf?T=1>

### Background papers:

None

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### Sign off:

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Originating SMT Member													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

## **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 as a self-financing business. As such the Business Plan aims to provide the service without external financial support from the parent authorities or other source.

## **Background**

### **Business Plan**

- 1.2 The implementation of a rolling four-year Business Plan follows a resolution by the TBTF Joint Committee in December 2009 to adopt a business planning framework that would reflect the strategic nature of the two crossings and integrate operational and financial aspects of the undertaking into a single document. The previous 2011-15 and 2013-17 Business Plans stated the mission and values of the organisation which remain unchanged in the updated document. The proposed draft Plan moves forward two years and covers the period 2015-19.
- 1.3 Sections reviewing performance against the previous 2013/17 plan are currently blank, as it is proposed to incorporate 2014/15 outturn statistics in the final 2015-2019 plan when that data is available after April 2015. This approach ensures that on publication, the 2015-2019 Business Plan is contemporary and that it has not been superseded by outturn variations.
- 1.4 The proposed plan incorporates the progress made on key delivery actions, and takes into account revised income forecasts and expenditure projections. These align with the Revenue Estimates and Capital Programme proposals. The plan indicates a likelihood that the minimum level of reserves of £2 million would be reviewed within the period covered by the plan.
- 1.5 Additional information has been added to the document to reflect greater emphasis on value for money elements of the undertaking. The plan links with the undertaking's Business Continuity Management System and the Risk Management Framework.
- 1.6 The draft Business Plan was presented to TBTFJC at its meeting on 5 December 2014. TBTFJC resolved to propose the Plan to respective Cabinets subject to the following amendments:
  - i) the deletion of the words 'as necessary' from point six of the operations priorities and
  - ii) the addition of the investigation of appropriate alternative mechanisms for toll revisions to the improvement priorities.

and this is recorded in the draft minutes of that meeting at

<https://democracy.cornwall.gov.uk/documents/g5395/Printed%20minutes%2005th-Dec-2014%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20joint%20Committee.pdf?T=1>

- 1.7 Detail on the Business Plan is shown in the report presented as item 5.3 of the agenda pack for the 5 December 2014 meeting of TBTFJC at

<https://democracy.cornwall.gov.uk/documents/b17871/Business%20Plan%202015-19%2005th-Dec-2014%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20Joint%20Committee.pdf?T=9>

## Revenue Estimates

- 1.8 The proposed Revenue Estimates 2015/16 (budgets) and indicative estimates for future years support the Business Plan and are consistent with the organisation's long-term financial model. They have been determined from the detailed analysis of forecast expenditure and income. The various assumptions made in financial modelling have also been examined at TBTFJC meetings. Assumptions on pay inflation and on interest rates for borrowing and investment have followed those used by Cornwall Council.
- 1.9 Income in the 12 months ending 31 October 2014 was 3.8% higher than in the previous 12 month period reflecting emergence from the economic recession. The forecast for future income has been based on the continuation of this level of growth for the remainder of 2014/15 followed by more modest annual growth of 1% thereafter. This is considered to be a conservative but prudent approach in comparison to government's forecasts of economic growth exceeding 2%.
- 1.10 Based on the assumptions set out above and funding of the major projects in the Capital Programme by borrowing, reserves during the period covered by the Business Plan would lie in the range £3.6 million to £4.4 million. It is therefore not anticipated that any toll revision will be necessary during the term of the Business Plan which extends to April 2019.
- 1.11 Detail on the revenue estimates is shown in the report presented as item 5.4 of the agenda pack for the 5 December 2014 meeting of TBTFJC at  
<https://democracy.cornwall.gov.uk/documents/g5395/Public%20reports%20pack%2005th-Dec-2014%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20Joint%20Committee.pdf?T=10>

and these were approved by TBTFJC for recommendation to Cabinet as shown in the draft minutes at

<https://democracy.cornwall.gov.uk/documents/g5395/Printed%20minutes%2005th-Dec-2014%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20Joint%20Committee.pdf?T=1>

## Capital Programme

- 1.12 The items in the Capital Programme for 2015/16 onwards are :

Bridge protective coating	£4.57m
Bridge Office Development	£3.33m
Bridge access works	£0.68m
Bridge half-joint replacement	£0.10m
Bridge structural monitoring system	£0.10m

The above items are all within the current approved programme.

- I.13 Two further unapproved items have been noted in the capital programme - 'Bridge Resurfacing Works – Phase 2' and 'Bridge Deck Waterproofing/Drainage Improvements'- both included under 'Future Programme'. A business case will be developed for each of these items and presented to a future meeting of TBTFJC for consideration. If endorsed by TBTFJC these projects will be recommended to respective Cabinets for addition to the Capital Programme.
- I.14 As established within previous years' budget reports, the financing of major capital projects is currently undertaken through the advance of funding from Cornwall Council (in effect borrowing). This spreads the effect on the revenue budget and therefore the level of reserves held by the Joint Committee. The financing costs for the approved programme are reflected within the revenue estimates.
- I.15 Detail on the capital programme is shown in the report presented as item 5.4 of the agenda pack for the 5 December 2014 meeting of TBTFJC at

<https://democracy.cornwall.gov.uk/documents/g5395/Public%20reports%20pack%2005th-Dec-2014%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20Joint%20Committee.pdf?T=10>

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