

## PLYMOUTH CITY COUNCIL

**Subject:** Tamar Bridge & Torpoint Ferry  
2016/17 Revenue Estimates and Capital Programme

**Committee:** Cabinet

**Date:** 12 January 2016

**Cabinet Member:** Councillor Coker

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

**Author:** David List, General Manager Tamar Bridge and Torpoint Ferry

**Contact details** Email: david.list@tamarcrossings.org.uk

**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. In order to deliver its approved Business Plan 2015 – 2019 the undertaking needs authorisation from the parent authorities for revenue and capital expenditure.

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

The report presents the 2016/17 Revenue Estimates and Capital Programme report submitted to TBTFJC on 4 December 2015 and draft minutes recording TBTFJC's 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 will be funded from toll income, and based on assumed annual traffic growth of 1% from April 2016 to April 2019 no increases in toll charges are anticipated until 2019.

**Human** – The budgets support the approved Business Plan 2015-2019 and this 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 2016/17 Revenue Estimates and Capital Programme to Full Council for approval.

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**Alternative options considered and rejected:**

The Business Plan 2015-2019 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. The proposed budgets provide the resources to deliver the plan.

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, 4 December 2015

Bridge Office Development Update  
 Tamar Bridge Kerb and Waterproofing Remedial Work  
 2016/17 Revenue Estimates and Capital Programme  
 all available in Agenda report pack at :

<https://democracy.cornwall.gov.uk/ieListDocuments.aspx?CId=620&MId=6237&Ver=4>

Tamar Bridge and Torpoint Ferry Joint Committee Draft Minutes of Meeting 4 December 2015

<https://democracy.cornwall.gov.uk/documents/g6237/Printed%20minutes%2004th-Dec-2015%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20Joint%20Committee.pdf?T=1>

**Background papers:**

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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. The undertaking follows an approved four-year Business Plan (currently 2015-2019) which aims to provide the service without external financial support from the parent authorities or other source.

## Background

### Revenue Estimates

- 1.2 The proposed Revenue Estimates 2016/17 (budgets) and indicative estimates for future years support the approved 2015-2019 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.
- 1.3 Income in the 12 months ending 31 October 2015 was 2.3% higher than in the preceding 12 month period. It has been assumed that this growth rate will continue until the end of 2015/16 and then reduce to 1% per annum for 2016/17, 2017/18 and 2018/19, with no growth assumed from 2019/20 and beyond. This is considered to be a conservative but prudent approach in comparison to government's forecasts of economic growth exceeding 2.5%.
- 1.4 TBTFJC adopts a prudent minimum level of reserves of £2m, and a forecast of falling below that threshold is used as the trigger for a requirement for additional income. Based on the assumptions set out above and funding of the projects in the Capital Programme by borrowing, indicative reserves fall from £3.18m at the end of 2016/17 to £0.86m at the end of 2019/20. Indicative reserves do not fall below £2m until 2019/20 and it is therefore not anticipated that any toll revision will be necessary until that financial year.
- 1.5 Detail on the revenue estimates is shown in the report presented as item 5.5 of the agenda pack for the 4 December 2015 meeting of TBTFJC at

<https://democracy.cornwall.gov.uk/ieListDocuments.aspx?CId=620&MIId=6237&Ver=4>

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

<https://democracy.cornwall.gov.uk/documents/g6237/Printed%20minutes%2004th-Dec-2015%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20Joint%20Committee.pdf?T=1>

### Capital Programme

- 1.6 The following items are in the approved Capital Programme for 2016/17 and are unchanged from the 2015 programme approval :

Bridge Protective Coating	£4.57m
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Bridge Access Works £0.68m  
Bridge Structural Monitoring System £0.10m

- 1.7 The Bridge Office Development Project is an approved item in the Capital Programme but is the subject of a separate report to TBTFJC seeking an increase in budget from £3.33m to £3.97m. The report can be found at Agenda Item 5.3 of the agenda pack for the 4 December 2015 meeting of TBTFJC at

<https://democracy.cornwall.gov.uk/ieListDocuments.aspx?CId=620&MId=6237&Ver=4>

- 1.8 Approval is also sought for the addition of a new item to the Capital Programme – Tamar Bridge Kerb and Waterproofing Remedial Work. This item is the subject of a separate report to TBTFJC seeking a budget of £3.85m. The report can be found at Agenda Item 5.4 of the agenda pack for the 4 December 2015 meeting of TBTFJC at

<https://democracy.cornwall.gov.uk/ieListDocuments.aspx?CId=620&MId=6237&Ver=4>

- 1.9 One further unapproved item has been noted in the Capital Programme - 'Bridge Resurfacing Works – Phase 2'. A business case will be developed for this item and presented to a future meeting of TBTFJC for consideration. If endorsed by TBTFJC this project will be recommended to respective Cabinets for addition to the Capital Programme.

- 1.10 As established within previous years' budget reports, the financing of 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 on the level of reserves held by the Joint Committee. The financing costs for the approved programme, the increased budget for the Bridge Office Development Project and the proposed additional item Tamar Bridge Kerb and Waterproofing Remedial Work are reflected within the revenue estimates.

- 1.11 Detail on the capital programme is shown in the report presented as item 5.5 of the agenda pack for the 5 December 2014 meeting of TBTFJC at

<https://democracy.cornwall.gov.uk/ieListDocuments.aspx?CId=620&MId=6237&Ver=4>

and this was approved by TBTFJC for recommendation to Cabinet as shown in the draft minutes at

[https://democracy.cornwall.gov.uk/documents/g6237/Printed%20minutes%2004th-Dec-2015%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20Joint%20Committee.pdf?T=](https://democracy.cornwall.gov.uk/documents/g6237/Printed%20minutes%2004th-Dec-2015%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20Joint%20Committee.pdf?T=1)

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