

PLYMOUTH CITY COUNCIL

Subject: Tamar Bridge and Torpoint Ferry
Future Funding

Committee: Council

Date: 28 January 2018

Cabinet Member: Councillor Mark Coker (Cabinet Member for Strategic Planning and Infrastructure)

CMT Member: Anthony Payne (Strategic Director for Place)

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Ref:

Key Decision: No

Part: I

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 Tamar Bridge Act, and it is operated as a self-financing business. The crossings are governed by the Tamar Bridge and Torpoint Ferry Joint Committee (TBTFJC) comprised of five councillors from each of the parent Authorities.

TBTFJC's revenue and capital expenditure are funded entirely from Bridge and Ferry toll income and do not affect the budgets of either Plymouth City Council or Cornwall Council.

The undertaking last increased toll in March 2010, but over the last eight years costs have risen much faster than income, and a growing programme of essential capital projects has added to ongoing and future expenditure. As a result more income is needed to ensure the delivery of services and the protection of critical assets. This report covers TBTFJC's proposal to increase toll charges by 33% to ensure adequate income to meet forecast costs and sustain the undertaking as a self-financed operation. This represents an increase in the private car pre-paid TamarTag toll from 75p to £1.00 and in the private car cash toll from £1.50 to £2.00. These rises are approximately in line with inflation since the last toll increase.

TBTFJC's Terms of Reference require the Cabinets of the Joint Authorities to recommend TBTFJC's budgets to their respective Full Councils. Income is an element of the revenue budget and as such it is necessary for Cabinets to recommend any increase in toll charges to their respective Full Councils. In accordance with the Tamar Bridge Acts and the Transport Charges &c. (Miscellaneous Provisions) Act 1954 any increases in toll charges must be authorised by the Secretary of State.

A parallel Report will be presented to Cornwall Council.

Corporate Plan

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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.

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

Finance – The proposed toll increase is required to adequately fund the operation maintenance and improvement of the two crossings to provide safe reliable and efficient services.

Continued delivery of the services relies on toll income for the undertaking to remain self-funded.

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

Failure to deliver a safe reliable and efficient service and maintain the assets presents significant risk to users and the community as a whole.

Equality and Diversity

Not applicable.

Recommendations and Reasons for recommended action:

It is recommended that Full Council that an application be made to the Department for Transport for tolls to increase by one-third, applied pro-rata to the current toll classification table, detailed as follows:

Proposed Schedule of Tolls effective from 1 July 2019

Class & Description	Current Charge	Proposed Charge
Class I (Motorcycles) – Tamar Bridge	£0.00	£0.00
Class I (Motorcycles) – Torpoint Ferry	£0.30	£0.40
Class II (private passenger vehicles, vans and light goods up to 3.5T and vehicles not classified elsewhere)	£1.50	£2.00
Class III (vehicles above 3.5T with two axles)	£3.75	£5.00
Class III (vehicles with three axles)	£6.00	£8.00
Class V (vehicles with more than 3 axles)	£8.25	£11.00

NOTES:

1. trailers, caravans etc charged at the same rate as the towing vehicle
2. discount rates for TamarTag crossings remain unchanged with a 50% discount of the full cash toll for each class of vehicle, excluding motorcycles using the Torpoint Ferry
3. charges for abnormal loads at both crossings remain unchanged
4. charges for special crossings of the ferry remain unchanged.

Alternative options considered and rejected:

A decision not to recommend the increase will severely compromise the delivery of services and the preservation of major assets.

Published work / information:

None

Background papers:

TBTFJC Agenda Pack for meeting 5 October 2018

<https://democracy.cornwall.gov.uk/documents/g8311/Public%20reports%20pack%2005th-Oct-2018%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20Joint%20Committee.pdf?T=10>

Minutes of TBTFJC meeting 5 October 2018

<https://democracy.cornwall.gov.uk/documents/g8311/Printed%20minutes%2005th-Oct-2018%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20Joint%20Committee.pdf?T=1>

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 Tamar Bridge Act, and it is operated as a self-financing business. The crossings are governed by the Tamar Bridge and Torpoint Ferry Joint Committee (TBTFJC) comprised of five councillors from each of the parent Authorities.
- 1.2 TBTFJC's revenue and capital expenditure are funded entirely from Bridge and Ferry toll income and do not affect the budgets of either Plymouth City Council or Cornwall Council. TBTFJC's Terms of Reference require the Cabinets of the Joint Authorities to recommend TBTFJC's budgets to their respective Full Councils.
- 1.3 This report covers TBTFJC's proposal to increase toll charges by 33% to ensure adequate income to meet forecast costs and sustain the undertaking as a self-financed operation. In accordance with the Tamar Bridge Acts and the Transport Charges &c. (Miscellaneous Provisions) Act 1954 any increases in toll charges must be authorised by the Secretary of State. If incremental increases in line with inflation were permitted they would have been more than adequate to cover rising costs.
- 1.4 Income is an element of the revenue budget and as such it is necessary for Cabinets to recommend any increase in toll charges to their respective Full Councils.

Background

- 1.5 The last increase in tolls was introduced in March 2010.
- 1.6 The undertaking maintains a contemporary financial model that forecasts income and expenditure approximately 10 years ahead. This model is regularly updated and monitored to identify any future issues with sustainability, particularly because the process for increasing income is a legal process that can take up to a year. The undertaking has adopted a policy of maintaining a minimum of £2m in reserves (approximately 2 months of current income) largely to provide a time buffer to manage risk and unforeseen events. The financial model as at 5 October 2018 can be seen at Appendix 1.
- 1.7 For the last 12 months the undertaking had been operating in deficit, with expenditure exceeding income, depleting reserves. This has been largely a result of the following :
 - general cost inflation
 - growth in the capital programme
 - increased scope of maintenance activities at both crossings
 - traffic - and therefore income - growing relatively slowly
- 1.8 The above depletion of reserves has been very much as forecast and a series of Member and officer workshops has been held over the past 12 months to consider the future finance strategy. It has been determined that a 33% increase in income is required to ensure that the operation maintenance and improvement of the two crossings is not compromised and that a minimum level of reserves of £2m can be maintained. The effect of a 33% increase on the October 2018 financial model can be seen at Appendix 2.

- 1.9 A public consultation exercise was undertaken in July and August 2018 in which nearly 40,000 users and stakeholders were offered the opportunity to contribute. The response rate was 12% which provides a reliable statistical sample. Views were sought on a range of issues including:
- variable pricing by time of day
 - relative toll levels at the two crossings
 - ratio of charges between bigger vehicles and cars
 - pre-payment (TamarTag) discount percentage
 - environmental impact
- 1.10 Feedback from the consultation was largely as anticipated and was on balance in favour of retaining current parameters to define the tolling structure.
- 1.11 At its meeting on 5 October 2018, TBTFJC considered the financial position and the public consultation findings and resolved to recommend to Cabinets that they in turn recommend to Councils that a toll revision application is submitted to DfT to increase tolls by 33% (modified where necessary to produce round number tolls.) The report to TBTFJC can be found at <https://democracy.cornwall.gov.uk/documents/g8311/Public%20reports%20pack%2005th-Oct-2018%2010.00%20Tamar%20Bridge%20and%20Torpoint%20Ferry%20joint%20Committee.pdf?T=10>. Based on current financial modelling, no further toll increase would then be needed until 2023
- 1.12 It is recommended that Cabinet recommends to Full Council that an application be made to the Department for Transport for tolls to increase by one-third, applied pro-rata to the current toll classification table, detailed as follows:

Proposed Schedule of Tolls effective from 1 July 2019

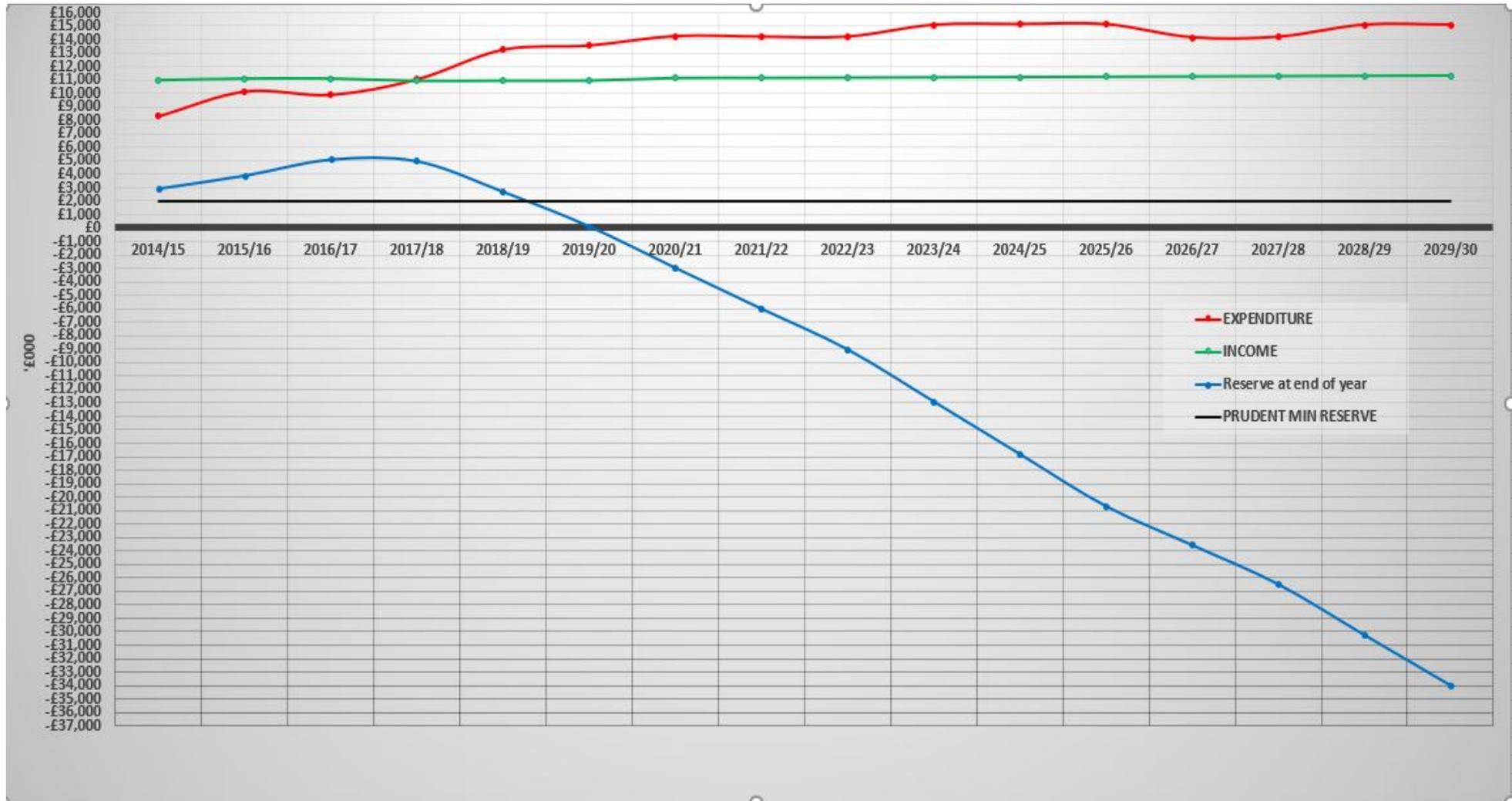
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4. charges for special crossings of the ferry remain unchanged.

Financial Model presented to 5th October 2018 Meeting – Position without Toll Revision



Financial Model presented to 5th October 2018 Meeting – Position with Toll Revision

