



# FUNDING THE CROSSINGS

## Consultation 2023

**The Tamar Crossings – the Tamar Bridge and the Torpoint Ferry – are operated by the Tamar Bridge and Torpoint Ferry Joint Committee on behalf of Cornwall Council and Plymouth City Council which jointly own them.**

The crossings are operated together as a joint service and are funded on a 'user pays' principle from toll income. This means that all the money needed to operate, maintain and improve the two crossings comes from toll charges – no funding is received from the Government or from the two Councils. The finances of the crossings are 'ring-fenced' which means that any surplus is retained in reserves and any deficit depletes those reserves.

The legislation under which the crossings are operated provides a mechanism for us to apply to Government to increase tolls when there is a compelling case to do so. The toll application for the most recent increases was submitted in early Spring 2022 and took into account the impact of the pandemic, but was before the impact of the war in Ukraine and the current pressures on costs became apparent. This leaflet explains why the subsequent strain on finances necessitates the further review of prices.

## Ongoing pressures

Our income depends on toll prices and traffic volume. The maximum cash toll that we can charge for each type of vehicle is set by the Government but we can vary the 50% discount that we currently give for pre-paid TamarTag crossings. Although 60% of crossings are paid for using TamarTags, over half of our income still comes from cash tolls.

Like many other organisations across the country, the impact of the pandemic left Tamar Crossings facing a significant financial shortfall. This has been particularly challenging for an operation which had planned to continue operating on a break-even basis. Traffic levels and income have remained at only around 90% of pre-Covid levels and are not expected to increase for some time, if at all.

In early Spring last year we reluctantly made an application to increase tolls and shortly after that we reduced discounts, pre-empting the change in cash tolls. The increase and the earlier change in discount prices were set at levels to provide the bare minimum income required to meet costs and maintain a small reserve fund.

The financial models in the Spring 2022 application therefore predated the Ukraine invasion and the subsequent realisation that inflationary impacts were not just a short-term spike. As a result of this unanticipated cost inflation, the recently implemented toll increases have gone from being 'just enough' to 'not enough' and without action reserves are now forecast to be fully depleted in early 2025.

Neither Council is in a position to fund a deficit and there is currently no prospect of support from Government, although the Joint Committee and the two Councils are continuing to actively lobby for that support. With the prospect of reserves fully depleting and no alternative support, the Joint Committee is required to make a decision to stabilise finances.

This leaflet explains how the operation, maintenance and improvement of the Tamar Bridge and Torpoint Ferry are funded. It also sets out the details of the options being considered by the Joint Committee for addressing the financial shortfall and ensuring that we can continue to keep both crossings operating safely, reliably and efficiently.

## What is the toll income spent on?

Income from the tolls is used to operate, maintain and improve the two crossings. Over 110 staff are employed to deliver the service 24 hours a day, 365 days a year at the two crossings. During the pandemic we continued to be fully operational and maintain the crossings to delivery this critical service. Since the pandemic our costs have understandably gone up with the higher levels of inflation that we are all experiencing.

During the past few years significant works have been carried out at the bridge and the ferries. In recent years we have completed a major upgrade of tolling systems and introduced contactless payment at both crossings. We have finished some major projects on the Bridge – painting, kerbs and resurfacing totalling nearly £17m – and are about to begin significant works on the deck bearings and support cables.

At the Torpoint Ferry we have begun a cycle of refits for the three vessels, completing the first refit in June this year, with the other two scheduled for 2024 and 2025. During subsequent refits we will be replacing the chain gantries that support the tensioning weights for the chains. We will also be improving our shoreside pedestrian and traffic management system. These works represent around £7.5m of further investment.

Future aspirations include 'booth free' tolling at the Tamar Bridge and in due course there will be further cycles of bridge resurfacing and recoating.



## Why do we need to revise our prices again at this difficult time?

We have been subject to the same sort of cost pressures that are affecting the whole country. For example electricity costs are four times higher than those included in the estimates we provided to government with the last toll application, and almost every other cost associated with operating and maintaining the crossings has risen significantly. We have limited ability to absorb such costs as our reserve is already minimal and because many costs are dictated by the designs of the bridge and ferries, the levels of service provided, and safe operational oversight needed at the two crossings.

Without funding support from Government or an unlikely very significant increase in traffic

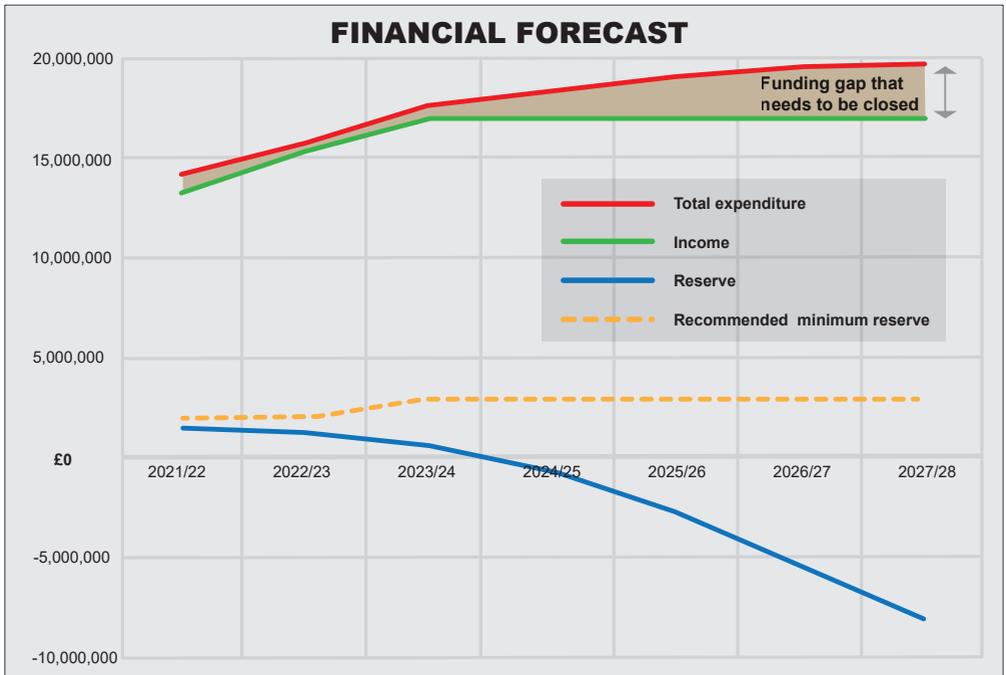
levels, we must consider toll revision. Both Councils are themselves in extremely difficult positions and are unable to provide financial support.

Increasing cash tolls involves applying to the Secretary of State for Transport under a formal statutory process, and typically takes many months to get approval.

**We would not anticipate increases before Autumn 2024.**

Unless prices are revised, we will face a significant and growing financial shortfall which without intervention would lead to a reduction in services.

The options we are considering are detailed overleaf.



If the Councils decide to increase tolls, subject to Secretary of State approval, prices would likely increase in Autumn 2024. Due to the financial position of the crossings, if approval permits, this increase could be implemented earlier. If the financial position of the crossings changes in a way that means the price increase does not need to be implemented then it will not be.

## What are the options?

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We appreciate that increases in tolls are never welcome and users would prefer that prices do not rise. However as there is no alternative means to fund our shortfall without compromising service levels or maintenance we must consider increases. These are the options under consideration using car tolls to illustrate the option with corresponding increases for other vehicles:

### **1 Increase tolls for cars to £3.00 cash and £1.50 tag.**

This option follows our previous approach of increasing both cash and tag rates by similar percentages, keeping the 50% discount. It would however provide very little resilience and is within the margin of error on our forecasts. If costs increase faster than expected, traffic levels are lower than anticipated or there are other unexpected events impacting on finance, further increases will be required.

### **2 Increase tolls for cars to £3.20 cash and £1.60 tag.**

This option follows our previous approach of pro-rata increases but provides the resilience that is missing from option 1 whilst maintaining a 50% discount.

### **3 Increase tolls for cars to £3.00 cash and £1.80 tag.**

This option keeps the ceiling price of tolls the same as option 1 but addresses resilience concerns by reducing tag discount.

### **4 Increase bridge tolls for cars to £3.00 cash and £1.50 tag and ferry tolls to £4.00 cash and £2.00 tag.**

This option reflects the higher unit cost for moving traffic across the Tamar via the ferry. This option addresses the concerns of resilience of option 1 by adding supplementary charges for ferry users. The option does however change the historical approach of equal pricing and may have an effect on usage patterns, encouraging less use of the Ferry and more traffic at the Bridge.

### **5 No change in tolls.**

This 'do nothing' option is presented but does not provide a solution to the financial position of the crossings. The Councils are not in a position to fund a significant and ongoing financial shortfall which, without intervention carries a very significant risk to service delivery.

## How you can have your say

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We understand that any proposal to increase tolls will be unwelcome but we want to hear the views of customers and other stakeholders to ensure that all relevant factors are taken into account for finalising any changes to toll levels.

To make sure your views are taken into account please complete the questionnaire and return it to us by 29 October 2023.

You can also download an electronic version of the questionnaire from our website: [www.tamarcrossings.org.uk](http://www.tamarcrossings.org.uk) where you can also find more information about the proposal.

Additional information can also be obtained by emailing us at: [consultation@tamarcrossings.org.uk](mailto:consultation@tamarcrossings.org.uk) or calling us on 01752 361577.

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