

MEMORANDUM TO THE BUS SERVICES MEETING

SUBMITTED BY: RICHARD RAMPTON
SUBJECT: ROUTES 73 and 390 – CONFIRMATION OF COSTS
DATE: 12th APRIL 2017

BACKGROUND

Route 73 is operated by Arriva London North from Stamford Hill garage using New Routemasters. The current contract commenced on 3rd September 2011 and will end on 31st August 2018.

Route 390 is operated by Metroline from Holloway garage also using New Routemasters. As route 73, the current contract commenced on 3rd September 2011 and will end on 31st August 2018.

PROPOSAL

As part of the a comprehensive package of changes to routes in the West End, BSM479 approved the permanent withdrawal of route 73 between Oxford Circus and Victoria and a reduction in frequency from 18bph to 13bph in the AM peak, 12bph in the PM peak and from 10bph to 8bph on Sundays and all evenings. Two additional peak journeys would be retained towards Oxford Circus in the AM peak and towards Stoke Newington in the PM peak.

To provide sufficient capacity between Oxford Circus and Victoria BSM479 also approved the withdrawal of route 390 between Marble Arch and Notting Hill Gate and its extension to Victoria over the current route 73 routing. An increase in frequency was approved from 7.5bph to 10bph on Monday to Saturday and from 5bph to 6bph on Sundays and all evenings. Three additional AM peak journeys would be introduced in the AM peak from Victoria towards Archway.

The paper presented to BSM479 noted that the scheme could not proceed until stand space was available at Oxford Circus. BSM481 approved the curtailment of route 8 at Tottenham Court to provide the required stand space, however the route has been curtailed because of Crossrail and the Road Modernisation Plan since 24th August 2013 and stand space is therefore available as required for the above scheme to take place. This paper seeks to confirm the costs associated with this element of the West End scheme.

Estimated Costs

Route	Scheme	Gross Cost £pa	Revenue £pa	Passenger Benefits £pa	Net Cost £pa	Benefit to Net Cost Ratio X:1	Mileage Change	PVR Change
73	Withdraw between Victoria and Oxford Circus	(1,926,214)					(346,864)	(10)
390	Withdraw between Noting Hill Gate and Marble Arch and extend to Victoria via Park Lane	10,832	(516,413)	(2,095,291)	(1,398,969)	1.5	10,067	0
Sub Total		(1,915,382)	(516,413)	(2,095,291)	(1,398,969)	1.5	(336,797)	(10)
73	Reduce Monday to Friday frequency to 15bph. Add 6 AM peak journeys towards Oxford Circus to provide 15 bph for two hours.	(1,421,975)	(221,740)	(923,839)	(1,200,235)	0.8	(99,043)	(8)
390	Increase Monday to Friday peak frequency from 7.5bph to 10bph and add three additional AM peak journeys from Victoria	1,044,853	116,925	591,954	927,928	0.6	70,587	8
Sub Total		(377,122)	(104,815)	(331,885)	(272,307)	1.2	(28,456)	0
73	Reduce evening and Sunday frequency from 10bph to 8bph	(392,897)	(77,843)	(315,795)	(315,054)	1.0	(66,840)	0
390	Increase Monday to Saturday offpeak frequency from 7.5bph to 10bph	436,684	190,830	787,937	245,854	3.2	79,307	0
390	Increase evening and Sunday frequency from 5bph to 6bph	186,052	73,095	296,702	112,957	2.6	35,439	0
Sub Total		229,839	186,082	768,844	43,757	17.6	47,906	0
N73	Reduce weekend night service frequency to 4bph	(78,650)	(12,845)	(57,800)	(65,805)	0.9	(16,692)	0
N73	Withdraw between Victoria and Oxford Circus	(76,956)					(35,516)	0
N390	Withdraw between Noting Hill Gate and Marble Arch and extend to Victoria via Park Lane	771	(50,478)	(227,151)	(25,707)	8.8	715	0
Sub Total		(154,835)	(63,323)	(284,951)	(91,512)	3.1	(51,493)	0
Scheme Totals		(2,217,500)	(498,469)	(1,943,283)	(1,719,031)	1.1	(368,840)	(10)

The above elements were combined into a single service change request for both operators, the following table therefore summarises the estimated costs by route.

Route	Scheme	Gross Cost £pa	Revenue £pa	Passenger Benefits £pa	Net Cost £pa	Benefit to Net Cost Ratio X:1	Mileage Change	PVR Change
73	Service changes as detailed above	(3,896,692)	(498,469)	(1,943,283)	(1,719,031)	1.1	(564,955)	(18)
390	Service changes as detailed above	1,679,192					196,115	8
Scheme Totals		(2,217,500)	(498,469)	(1,943,283)	(1,719,031)	1.1	(368,840)	(10)

The confirmed costs, received from the respective operators are shown below. Both routes are operated by New Routemasters, thus neither operator has included vehicle ownership costs in their price. To provide a direct comparison with the estimated costs a value of £28,278 per vehicle per annum cost has been added to both operators prices.

Confirmed Costs

Route	Scheme	Gross Cost £pa	Revenue £pa	Passenger Benefits £pa	Net Cost £pa	Benefit to Net Cost Ratio X:1	Mileage Change	PVR Change
73	Service changes as detailed above	(2,830,258)	(498,469)	(1,943,283)	(1,211,849)	1.6	(617,007)	(16)
73	NRM Vehicle ownership costs (18 vehicles @ £28,278)	(509,004)						
Route 73 Subtotal		(3,339,262)						
390	Service changes as detailed above	1,374,442	(498,469)	(1,943,283)	(1,211,849)	1.6	202,542	8
390	NRM Vehicle ownership costs (9 vehicles @ £28,278)	254,502						
Route 390 Subtotal		1,628,944						
Scheme Totals		(1,710,318)	(498,469)	(1,943,283)	(1,211,849)	1.6	(414,465)	(8)

The current PVR on route 73 is 51 in both peaks with six spare vehicles, giving a Total Vehicle Requirement of 57. The service changes were expected to reduce the PVR by 18, however the service reductions specified, based on current scheduled running times, have been calculated by Arriva as reducing the PVR by 16 in the am peak and 17 in the pm peak. This is primarily due to a two hour 'super peak' on the morning.

A reduction in PVR of this size would be expected to result in the reduction in spare vehicles by two, giving 18 vehicles saved in total. The new TVR will therefore be 39, against the current 57, an overall reduction of 18 vehicles.

The Arriva London North savings are less than expected as fuel costs for the New Routemasters are less, at 62p per mile, than the estimate, which is based on £1.08 per mile. Arriva London North has also not included any savings for overheads, which made up 7.6% of the company's original bid for route 73.

The change to route 73/N73 will save 8,066 duties per annum and 112,228 paid hours. The change to route 390 will increase the number of duties by 5,282 per annum and the number of paid hours by 47,578 per annum

NRM Vehicles

It will be noted that the NRM vehicles released by Arriva London North from route 73 will be re-allocated to route 48 which was awarded on the basis of operation by NRM's with effect from 25 February 2017 but has been temporarily operated by conventional diesel vehicles pending the release of the NRM vehicles from route 73. Any changes to contract prices required on route 48 will be reported to BSM at a future meeting.

It will be noted that 6 of the 9 NRM vehicles (8 PVR plus 1 spare) required by Metroline, will be sourced from reductions in NRM requirements on route 24 (4 PVR plus 1 spare) and 189 (1 PVR) earlier in the year. The other 3 vehicles will be sourced from elsewhere.

RECOMMENDATION

The Bus Services Meeting is asked to **APPROVE** the cost changes on routes 73 and 390, as above, from 3rd June 2017.

BSM is asked to **NOTE** that the changes to contract prices are exclusive of the illustrative financial effect of TfL ownership of the New Routemaster vehicles. The only changes to contract costs are therefore a reduction of £2,830,258 per annum in respect of Arriva's contract for route 73, and an increase of £ 1,374,442 per annum in respect of Metroline's contract for route 390.

