

Date: 22 August 2022

Item: Elizabeth line Train Operating Concession Extension

This paper will be published with the papers for the next meeting of the Finance Committee.

1 Summary

- 1.1 The purpose of this paper is to seek approval for the Procurement Authority to enter into an extension to the existing Concession Agreement between Rail for London Limited (RfL) and MTR Corporation (Crossrail) Limited (MTRC) for the operation of passenger services on the Elizabeth line.
- 1.2 Exempt supplementary information is included as an appendix to this paper.
- 1.3 The use of Chair’s Action is considered appropriate as a decision to extend the term of the Concession Agreement is required before 28 August 2022, being the last date by which RfL is entitled to exercise the option to extend.
- 1.4 The contents of this paper and the exercise of the Chair’s Action will be reported to the next meeting of the Committee.

2 Recommendation

- 2.1 **The Committee is asked to: note the paper and exempt supplementary appendix and approve additional Procurement Authority in the sum set out in the exempt appendix, for an extension to the current Concession Agreement for the Elizabeth line and for costs relating to regulatory access charges relating to the central section of the line.**

3 Background

- 3.1 RfL, a subsidiary of Transport for London (TfL), has a Concession Agreement for the operation of TfL Rail and Elizabeth line services with MTRC which is due to expire on 28 May 2023.
- 3.2 In March 2013, RfL issued a notice in the Official Journal of the European Union to commence a competitive procurement process to appoint an operator for the provision of TfL Rail and Elizabeth line services via a Concession Agreement for an initial period of eight years commencing on 31 May 2015.
- 3.3 The Procurement Authority for the initial eight-year concession term was granted by the Board on 17 July 2014 and MTRC was awarded the contract on 30 July 2014.

- 3.4 As part of the procurement, bidders were asked to price additional two year and seven reporting period extension options, which RfL could call upon at its discretion.
- 3.5 RfL retains all revenue risk on the Elizabeth line, as well as the right to specify services. MTRC is remunerated with a fixed fee, adjusted for performance against defined service performance metrics, with a package of incentives for increased performance and abatements for below target performance.
- 3.6 These metrics relate primarily to providing high levels train service performance, customer satisfaction and protection of TfL's passenger revenue. Since operations commenced in 2015, initially branded as TfL Rail, the railway has seen high levels of performance across all of these performance metrics.
- 3.7 Train service performance has improved on the eastern route between Liverpool Street and Shenfield from 92 per cent public performance measure (PPM) under the previous operator (part of the Greater Anglia franchise) to 95 per cent PPM today. On the western route between Paddington, Heathrow and Reading performance has improved from 84 per cent PPM prior to May 2018 under the previous operator (part of the Great Western Railway franchise) to 93 per cent PPM today.
- 3.8 Stage 3 services on the central section of the Elizabeth line commenced on 24 May 2022 and have been operating with high levels of reliability and customer satisfaction.
- 3.9 The final stage of the Crossrail programme, Stage 5, is a complex stage which involves integrating the three separate sections of the Elizabeth line across separate infrastructure managers. Stage 5 is crucial for TfL to realise forecast passenger revenue uplifts and continuity of the existing operator, MTRC, will be critical to the delivery of Stage 5 both from an industry planning perspective, as well as ensuring their train driver establishment are fully competent to operate across the complex geography of the Elizabeth line.
- 3.10 It is therefore recommended that Finance Committee approves additional Procurement Authority to allow the Concession Agreement with MTRC to be extended.

List of appendices to this report:

Appendix 1 – Exempt supplementary information.

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