

Date: 21 June 2023

Item: Elizabeth Line Concession Procurement

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to update the Committee on the forthcoming procurement process planned to be undertaken by Rail for London (RfL), a wholly owned subsidiary of Transport for London, for the new concession for the provision of passenger operations on the Elizabeth line (EL).
- 1.2 A paper is included on Part 2 of the agenda, which contains exempt supplementary information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendations

- 2.1 **The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda.**

3 Background

- 3.1 In 2008, as part of a suite of agreements relating to the wider Crossrail project, TfL and the Secretary of State for Transport entered into a Sponsors Agreement (Sponsors Agreement) which, among other things, requires TfL (or its subsidiary) to procure the operation of the Crossrail train and station services comprising:
 - (a) new train and station services operating on the new Crossrail infrastructure (Central Operating Section); and
 - (b) transferring train and station services currently forming part of the Greater Anglia and Great Western franchise agreements let by the Department for Transport (DfT),together, by the granting of a Concession Agreement.
- 3.2 On 30 July 2014, RfL entered into a Concession Agreement with MTR Corporation (Crossrail) Limited (MTR) for the provision of these services on the Elizabeth line. This Concession Agreement, following a period of contract extension, will expire on 25 May 2025.
- 3.3 While train and passenger services operations responsibilities currently sit with MTR, the railway track infrastructure is managed by Rail for London (Infrastructure) Limited (RfL(I), a wholly owned subsidiary of TfL), Network Rail

(NR) and Heathrow Airport Limited. The newly built Central Operating Section is managed by RfL(I), the existing main line infrastructure between Paddington and Reading stations and Liverpool Street and Shenfield stations is managed by Network Rail and the Heathrow spur is managed by Heathrow Airport Holdings Limited (HAL). MTR has entered into track access agreements (TAAs) with each of (RfL(I)), NR and HAL.

- 3.4 MTR is remunerated against various service performance metrics with a package of incentives for increased performance and abatements for below target performance. These metrics relate primarily to headway, capacity, delay and customer service. In addition, MTR is also incentivised to undertake revenue protection activities.
- 3.5 We currently retain the revenue and demand risk on the EL as well as the right to specify services. TfL, via RfL(I), is responsible for capital and maintenance work in relation to TfL-managed EL infrastructure. TfL currently centrally manages advertising, marketing, and commercial development activities on the EL.
- 3.6 MTR has played a significant role in the completion of the Elizabeth line including recruiting and training over 480 drivers, increasing daily services from around 300 to over 1,000 as of May 2023 and consistently delivering high levels of customer satisfaction, with the latest results of TfL Customer Surveys scoring the highest of all TfL modes at 82. The Elizabeth line now carries over 650,000 passengers per day.
- 3.7 In April 2023, we issued a Prior Information Notice to inform the market about forthcoming potential procurement opportunities for services on the Docklands Light Railway (DLR), London Overground (LO) and EL, and an Early Market Engagement exercise is being carried out in June 2023 to provide more information to prospective bidders and seek their feedback.
- 3.8 A paper on the forthcoming DLR franchise procurement is contained at Item 12 on the agenda.

4 Concession Pre-Qualification and Invitation to Tender

- 4.1 Between 12 and 16 June DLR, EL and London Overground representatives will take part in a week of Early Market Engagement (EME) with prospective bidders. These will be conducted as one to one sessions with parties who responded to the Prior Information Notice issued on 3 April 2023. During this EME we will benefit from market testing key specification principles, as well as presenting an opportunity for the market to provide feedback. There are controls in place to ensure this EME is conducted in a manner that is fair and transparent and protects the commercial confidentiality of the participants.

5 Next Steps

- 5.1 We will return to the Committee in due course, to provide further updates (as appropriate), and to seek approval for the award of the new Concession Agreement and related matters.

List of appendices to this report:

Appendix 1 - DLR, EL and LO High Level Indicative Procurement Programme
Exempt supplementary information is included in a paper on Part 2 of the agenda

List of background papers:

None

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Appendix 1

DLR, EL and LO High Level Indicative Procurement Programme

