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Four picked for Crossrail operator shortlist

By Mark Odell, Transport Correspondent

Four bidders have made the shortlist to run the trains on the UK's newest rail line, including only two of the London-listed transport groups.

Transport for London, the city's transport authority, received strong interest in the contract to operate passenger services on the £14.8bn Crossrail route, which will run east-to-west under the capital when it opens later this decade.

Two of the UK-listed transport groups have made the shortlist – [Go-Ahead](#), in a joint venture with Keolis, a subsidiary of SNCF, its traditional partner in the UK rail market, and [National Express](#).

They will compete against Hong Kong-listed [MTR](#) and Arriva, a subsidiary of Deutsche Bahn.

The decision means there is no room for [FirstGroup](#), the biggest operator in the UK rail market. [Stagecoach](#), its nearest rival in terms of rail revenues, is understood not to have bid.

Go-Ahead's shares rose 3.2 per cent to £14.16, while National Express was unchanged at 214p, and FirstGroup was down 1 per cent at 96.95p.

France's RATP, the state-owned operator of the Paris Metro, also failed to make the cut. The company operates buses, trams and coaches in the UK but this was the first time it had bid for a UK rail contract.

The huge interest in running the trains on the first new full-scale railway in the UK was in part driven by the lack of other rail contracts up for tender following the overhaul of the UK's rail franchising timetable in the wake of the West Coast fiasco.

The revised schedule will see just three rail franchises let by central government before the end of 2015. Before the scandal that led to the cancellation last year of the award of a new contract to run the West Coast mainline, the rail industry had expected to bid for 12 contracts over the next three years.

All the bidders had assembled expensive bid teams anticipating a busy few years of competition.

TfL said it would start the full bid process in September and planned to appoint an operator by the end of 2014. The winner is expected to get an eight-year contract, with an option to extend by a further two years.

Crossrail is still under construction and the main tunnel section under central London is not due to open until 2018. The winning operator will however take over existing services between London Liverpool Street and Shenfield in Essex from mid-2015.

When it fully opens in 2019, the 118km (73 miles) rail line will connect Heathrow and Maidenhead to the west of the capital to Shenfield and Abbey Wood in the east.

Unlike the rail franchises let by central government, which sees the operator take most of the revenue risk in return for a greater share of the profits, TfL is letting Crossrail on a fixed-fee management contract, or concession, with no risk. That means any margin is likely to come in below the industry average of between 3 and 5 per cent.

TfL is running a separate £1bn tender for 600 carriages to form the 60 trains to run on the route. Each 200m-long train would carry up to 1,500 passengers. At peak times TfL plans to run up to 24 services per hour in the central part of the link, increasing the rail capacity in London by 10 per cent.

Howard Smith, Crossrail director of operations, said: "We are a step closer to appointing an operator for Crossrail. As our population grows faster than forecast, the case for stable and sustained investment in London's transport network has never been stronger."

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