

Issue: 17 February 2021

Title: Crossrail Programme Partner Incentive Scheme

This paper will be published with the next agenda.

1 Summary

- 1.1 At its meeting on 26 November 2020, the Committee considered a paper proposing revisions to the incentive scheme in the Crossrail Programme Partner (PP) Services Contract, replacing it with a new incentive scheme that would better support the delivery and close-out of the Crossrail Project. At that meeting, the Committee requested more detail on the proposals that is provided in this paper.
- 1.2 The proposal constitutes an amendment to the PP Services Contract and, ordinarily, requires the approval of the Sponsors (TfL and the Department for Transport (DfT)). Implementing the arrangements agreed with DfT as part of the Crossrail governance transition in October 2020 whereby a greater level of decision-making was transferred to TfL, TfL has waived the obligation on Crossrail to obtain the approval of DfT.
- 1.3 The use of Chair’s Action is considered appropriate as a decision to enter into the agreement is required before the date of the next meeting of the Committee on 18 March 2021. This decision is critical to ensure that a new incentive scheme better supports the delivery and close-out of the Crossrail project, with immediate implementation.
- 1.4 Appendix 1 contains exempt supplementary information. The information is exempt from publication by paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL and is legally privileged.
- 1.5 The members of the Committee are asked to consider the proposal and provide Heidi Alexander, as Chair, with their views on or before 26 February 2021. The contents of this paper and the exercise of Chair’s Action will be reported to the next meeting of the Committee.

2 Recommendation

- 2.1 **The Chair of the Elizabeth Line Committee, in consultation with available Members, is asked to note the paper and the exempt supplementary paper in the Appendix and approve the proposed revisions to the incentive scheme in the Crossrail Programme Partner Services Contract.**

3 Background to the Programme Partner Services Contract and Incentive Scheme

- 3.1 The Programme Partner (PP) Services Contract was executed on 27 March 2009 by Crossrail Limited (CRL) and Transcend Partners Limited, a corporate joint venture in which the shareholders are AECOM Limited, CH2M Hill United Kingdom and The Nichols Group Limited.
- 3.2 The PP's role is to work with CRL to supply expert resources who will form integrated teams with PDP and TfL colleagues to deliver the Crossrail Programme. To support project delivery, the contract provided for the PP and CRL to have common aims and objectives.
- 3.3 The PP Services Contract therefore has two components that determine the total amount paid by CRL. The two components are:
- (a) the PP being paid for the time spent by staff it supplies to provide services within the integrated team, using a schedule of staff rates; and
 - (b) the PP earning incentives.
- 3.4 The incentive arrangements in the PP Services Contract were put in place in January 2012 following the PP's integration into the single CRL Programme organisation.
- 3.5 While part of CRL's integrated team, unlike the Project Delivery Partner (PDP), the PP had, and continues to have, very limited scope to influence the cost and schedule outcomes of the Crossrail project.
- 3.6 Although Crossrail's performance and its own objectives have moved since 2012, the objectives in the PP contract have not been updated.
- 3.7 As Crossrail entered its final complex stages of testing and commissioning, and before the transition of governance to TfL in October 2020, the Crossrail Executive and CRL Board endorsed a revision to the existing PP incentive arrangements.

4 Current Position of the PP Services Contract

- 4.1 As has been well rehearsed, opening of the central section of the railway (Stage 3) did not happen in December 2018 and the costs and schedule have since moved further away from those anticipated at the time the KPIs were agreed. This means that the KPIs set out in the PP Services Contract no longer align with CRL's corporate objectives and have not done so for some time.

5 Revised Incentive Scheme

- 5.1 Payment of the quarterly incentive will follow assessment of the PP's performance by the Chief People Officer in consultation with the CRL Executive and the PP.
- 5.2 The arrangements, if approved, will be recorded in a Supplemental Agreement to the PP contract.

List of appendices to this report:

Appendix 1: Exempt Supplementary Paper – Crossrail Programme Partner Incentive Scheme

List of Background Papers:

Elizabeth Line Committee papers 26 November 2020.

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