

CROSSRAIL BOARD

**Minutes of the Meeting of the Board of Directors of Crossrail Limited
held on Thursday 22 May 2014 at 13.30
28th Floor Boardroom, 25 Canada Square, Canary Wharf, E14 5LQ**

<u>Members:</u>	<u>In Attendance:</u>	<u>Apologies:</u>
Terry Morgan (Chairman) <i>Chairman</i>	Martin Buck <i>Commercial Director</i>	Heather Rabbatts <i>Non-executive Director</i>
Andrew Wolstenholme <i>Chief Executive</i>	Will Parkes <i>External Affairs Director</i>	
David Allen <i>Finance Director</i>	Howard Smith <i>Operations Director</i>	
Ian Brown <i>Non-executive Director</i>	Valerie Todd <i>Talent & Resources Director</i>	
Michael Cassidy <i>Non-executive Director</i>	Mark Fell <i>Legal Services Director & Company Secretary</i>	
Phil Gaffney <i>Non-executive Director</i>	Victoria Finney <i>Head of Secretariat</i>	
Terry Hill <i>Non-executive Director</i>	Lucy Findlay <i>Chief of Staff</i>	
Robert Jennings <i>Non-executive Director</i>		
Daniel Moylan (<i>part of meeting</i>) <i>Non-executive Director</i>		
Andy Mitchell <i>Programme Director</i>		

The meeting was quorate, and no directors declared conflicts of interest in relation to any matters discussed.

07/15	The Chairman welcomed Board members and attendees.
BD MIN 240414	Minutes of the Meeting of the Board held on 24 April 2014 The Chairman signed the minutes of the meeting as a correct record.
BD AC 220514	Actions and Matters Arising The Board noted the verbal updates provided on the outstanding actions.

BD CBR 220514	<p>Crossrail Board Report</p> <p>The Board considered the Crossrail Board Report for Period 01, noting that performance had been slightly behind plan.</p> <p><i>Are we safe?</i></p> <p>Overall safety performance improved in Period 1, with the RIDDOR AFR (including 3 day+ lost time cases) decreasing to 0.31 (P13 0.33), with 1 RIDDOR major injury. HSPI increased to 2.13 (P13 2.09). There were 5 significant incidents in Period 1 (13 in the last Period) including one 7 day+ RIDDOR lost time case, 2 other lost time cases and 2 significant near misses. In Period 1, 12 contracts out of 17 had HSPI scores 2.00 or above under the new methodology for measuring individual KPIs per site (HSPI2). Further validation of the new contractor KPIs would be undertaken to ensure they were appropriately challenging and adding value. The investigation into the Fisher Street fatality was ongoing. The Board requested a briefing on HSPI2 at the June meeting.</p> <p>Action: Andy Mitchell</p> <p>As part of the Target Zero programme, CRL and its contractors had undertaken a second, programme-wide 'Stepping Up Week' with activities taking place on 40 Crossrail sites. The new chart reporting near misses was discussed and found to be a welcome addition to the report. The circumstances regarding the leak of BMWV's safety consultant's draft report on Contract C510 were also discussed.</p> <p><i>Are we within funding?</i></p> <p>Performance during the Period was stable with cumulative SPI and CPI holding at 0.98 and 0.95 respectively. The P50 AFCDC decreased by £3m in the Period to £11.666m leading to a modest increase in headroom to £79m below IP0. At P80, the AFCDC of £11,987m was £2m above IP1.</p> <p>Total costs in the Period were £24m (or 17%) below the Business Plan. Direct costs were £20m (or 17%) below the Business Plan; predominantly due to the phasing of Programme risk expenditure differing to that forecast (£10m) and an underspend in West Area (£3m, driven by a number of small underspends including £1m at Paddington due to works on the Bakerloo Line link being scheduled to occur later than initially forecast). Indirect costs were £3.7m (or 20%) below plan due to unspent contingency and lower than budget staff costs.</p> <p>The Board's attention was drawn to the fact that the AFC for the West and Central areas were now both below the EAC Low forecast, and that the AFCDC for the project was now only £13m above the EAC Low forecast. This could be seen as a warning sign that the P50 cost forecasts were becoming optimistic.</p> <p>The Board's attention was also drawn to the recent increases in the levels of change and contingency drawdown. The extrapolation of contingency drawdown was now showing a projected shortfall for the first time to the extent of £150m at 31 March 2019. This indicator was thus showing red for the first time. The Executive acknowledged that these indicators reinforced the need to bear down on the level of change. Considerable Executive attention was being focused on understanding and controlling the drivers of change and the impact of change on the forecasts. The Board would be briefed on the outcome of these efforts.</p> <p>Action: Andy Mitchell / Chris Sexton</p>
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The Executive was also focussing on the processes for the progressive verification and signing-off of defined costs for key contracts, and aligning the Project Managers' and contractors' views of defined and projected outturn costs.

The Board discussed the ongoing tension between delivering the project to scope and within the funding envelope and having regard to whole life costs. The Board asked to be sighted on all future significant instances where this tension emerged.

Action: David Allen

The Board asked that the cost/benefit justification for the decision taken to pursue schedule opportunities under contract C610 be reissued to the Board.

Action: David Allen

Are we on time?

At the end of Period 1, 51.5% of works were complete, against a plan of 52.4%, a variance of 0.9%, following good performances in the West and Central areas. At the end of the Period, 7.1km of SCL was installed versus a plan of 7.2km. Overall schedule status had been reduced to minus 5 weeks as a result of the sustained strong performance, which was now a more conservative assessment than that put forward by the Project Representative's Report 13, which assessed the delay to be running at minus 4 weeks. The Board questioned when progress would be back on plan and was informed that no specific action was being taken to recover the reported delay as it was within the margin of measurement against a programme set several years ago. After discussion, it was agreed that SACR 13 and the start of the railway systems phase would provide an appropriate opportunity to consider resetting the baseline programme for the project.

The surface works, delivered by Network Rail, remained on target to achieve all key output dates. Progress continued to plan, building on the delivery success of the Easter possessions on the Great Western railway. Nonetheless, the progress of the on network works was now a key risk and it was agreed that the Board should be briefed on progress and the action being taken to mitigate this risk. It was agreed that the Board would be provided with a full update in July, to include the position regarding ETCS signalling.

Action: Andy Mitchell/Matt White

The Board was updated on the differences between Network Rail and CRL concerning the development of the "bomb gap" site at Paddington Station, which were now attracting comment by the Project Representative. It was agreed that this should be flagged as a critical issue in future reports.

Action: Andy Mitchell

Are we world class?

CRL remained on target for its waste recycling and reuse targets, and energy reduction targets were currently being exceeded, with no level 2 environmental incidents during the Period. Noise issues in Newham were being actively managed.

There were now 319 apprentices engaged on Crossrail. Respect Week was taking

	<p>place that week with over 40 events planned across the project and different sites.</p> <p>The Board welcomed the evidence of the continuing impact of the project beyond London, noting that 77% of contracts awarded had gone to UK companies based outside London. The Board asked that the Executive take every opportunity to communicate this fact and suggested that it was now appropriate to re-launch Compete4 and to promote opportunities for SMEs, particularly in the context of the C610 system-wide contract.</p> <p>Action: Martin Buck</p> <p>The Board NOTED the report.</p> <p><i>Daniel Moylan left the meeting.</i></p>
08/15	<p>CRLB PAPER 03/15 – Project Representative Report</p> <p>The Board received the Project Representative's (PRep's) Project Status Report for Period 13.</p> <p>The report had noted that investigations into the 7 March 2014 fatality were ongoing and that there had been an increase in the number of safety incidents over the Period. The Report had drawn attention to the large drawdown on contingency during the Period and noted the actions being implemented to address it. A large number of Notified Compensation Events (NCEs) were implemented during the Period resulting in a 10% fall in the total number of open NCEs. PRep's assessments had concluded that the project may be 4 weeks behind the early curve at the end of Period13, rather than the 6 weeks reported by the project. Regarding Network Rail, PRep had noted a concern about the need for a replacement for Rob McIntosh (NR's Crossrail Programme Director) and a satisfactory outcome regarding the Paddington "bomb gap" development. PRep had confirmed that CRL had now submitted affirmations and derogation requests relating to the three non-compliances prioritised for completion in the SACR 11 period and that two new affirmations were being prioritised on commercial fibre and public radio for mobile phone coverage.</p> <p>The Chief Executive provided a verbal update on PRep's Project Status Report for Period 1 (which had just been received), noting that it was hoped that the PRep reporting cycle would be aligned with that of the Board report for future meetings.</p> <p>The Board NOTED the report.</p>
09/15	<p>CRLB PAPER 04/15 – Draft Semi-Annual Construction Report (SACR) 11</p> <p>The Board received the Semi-Annual Construction Report 11 and a presentation by the Chief Executive which set out the highlights of the report.</p> <p>The Board noted achievements during the period, including the completion of 75% of tunnelling and passing the halfway stage of the project. The Health and Safety Performance Indicator had improved, and AFR and LTC decreased. The tragic fatality at Fisher Street on 7 March 2014 was the key disappointment. The confidence level for completion in December 2018 was now 81%, above the target of 80%. The AFCDC would be reported as having reduced to £76m below IP0 at P50 and £6m above IP1 at P80. The CPI (cost performance indicator) had increased to 0.95 (0.94 at SACR 9). Schedule performance indicated a slightly improving trend with SPI at 0.98 (0.95 in SACR 9). At the end of SACR 11 the early start schedule was 6 weeks behind (as against 9 weeks at SACR 9).</p>

	<p>Looking forward to SACR12, the reconfiguration of the Delivery Team to focus on stations and systems would be completed following the arrival of the new Programme Director in July. Executive attention was focused on maintaining the M&E and architectural design and assurance schedule, minimising the volume of change, and achieving a commercially acceptable close-out of the main civils contracts.</p> <p>The Board discussed the areas where CRL would look to the Sponsors for support during SACR12. These included notification of any decision to include additional accessibility or modernisation works for the surface stations, timely instruction of any change of scope to the Bakerloo Line link at Paddington, resolution of the Paddington bomb gap development, mitigation of risks associated with potential conflicts between Crossrail and other major rail programmes, and transition to TfL during the later stages of the project.</p> <p>The Board also discussed the entries in the draft report regarding the additional works for which CRL had not received any funding nor any adjustment to the intervention points. It was agreed that the Board's concerns in this regard and in connection with the adequacy of current levels of contingency needed to be expressed more clearly, and that some re-drafting was required.</p> <p>The Board:</p> <ul style="list-style-type: none"> • APPROVED the SACR 11 for submission to the Crossrail Sponsors subject to the revisions outlined above; • NOTED that the Financial Model which informs the forecast costs in SACR 11 had been updated in accordance with the requirements as defined in Schedule 7 ('Financial Model') of the Crossrail Project Development Agreement (PDA); and • NOTED that the CRL Finance Director had approved the release of the updated Financial Model to the Sponsors; • NOTED the look ahead to SACR 12. <p>The Board requested an update on all issues relating to Old Oak Common at a future informal briefing.</p> <p>Action: Howard Smith</p>
10/15	<p>CRLB PAPER 05/15 – 2013/14 Performance Measurement (KPIs)</p> <p>The Board received a paper providing a review of performance against KPIs in 2013/14.</p> <p>The Board noted that the KPIs would be audited by TfL's Internal Audit.</p> <p>The Board:</p> <ul style="list-style-type: none"> • NOTED the individual performance ratings and the overall safety multiplier; and: • APPROVED the resulting overall score of 80% as an appropriate reflection of

	the organisation's performance during the year.						
11/15	<p>CRLB PAPER 06/15 – Revisions to Scheme of Authorities</p> <p>The Board received a paper setting out proposed amendments to the Scheme of Authorities, noting one further minor amendment highlighted at the meeting.</p> <p>The Board APPROVED the amendments.</p>						
12/15	<p>Minutes of Board Committees for Reference</p> <p>The Board received the following minutes for reference:</p> <table> <tr> <td>Executive and Investment Committee</td> <td>EIC MIN160414 EIC MIN 220414</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>Health and Safety Committee</td> <td>HS MIN 140414</td> <td>Andrew Wolstenholme</td> </tr> </table>	Executive and Investment Committee	EIC MIN160414 EIC MIN 220414	Andrew Wolstenholme	Health and Safety Committee	HS MIN 140414	Andrew Wolstenholme
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13/15	<p>Verbal Updates of Recent Board Committee Meetings</p> <p>The Board received verbal updates on recent meetings of Board Committees:</p> <table> <tr> <td>Executive and Investment Committee</td> <td>EIC 140514</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>Health & Safety Committee</td> <td>HS 130514</td> <td>Andrew Wolstenholme</td> </tr> </table>	Executive and Investment Committee	EIC 140514	Andrew Wolstenholme	Health & Safety Committee	HS 130514	Andrew Wolstenholme
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14/15	<p>AOB</p> <p>The Board requested an update on what was meant by 'transition' at the June informal briefing.</p> <p>Action: Martin Buck</p> <p>The Board was informed of encouraging progress in relation to raising funds for the Art Programme.</p> <p><i>Non-Directors left the meeting.</i></p>						
15/15	<p>CRLB PAPER 07/15 – Appointment of New Programme Director</p> <p>The Board received a paper seeking its ratification of the appointment of Simon Wright as Programme Director.</p> <p>The Board:</p> <ul style="list-style-type: none"> • APPROVED the appointment of Simon Wright as the Programme Director of Crossrail Ltd; • APPROVED the appointment of Simon Wright as an Executive Director of Crossrail Ltd. 						

Signed by:



Terry Morgan
Non-executive Chairman

Pre-meeting Board Briefing – Thursday 22 May 2014

<u>Members:</u>	<u>In Attendance:</u>	<u>Apologies:</u>
Terry Morgan (Chairman) <i>Chairman</i>	Martin Buck <i>Commercial Director</i>	Heather Rabbatts <i>Non-executive Director</i>
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Michael Cassidy <i>Non-executive Director</i>	Victoria Finney <i>Head of Secretariat</i>	
Phil Gaffney <i>Non-executive Director</i>	Lucy Findlay <i>Chief of Staff</i>	
Terry Hill <i>Non-executive Director</i>	Mike Forster (part of meeting) <i>Consultant, Mike Forster Associates</i>	
Robert Jennings <i>Non-executive Director</i>	Colin Gainsford (part of meeting) <i>Systemwide Delivery Director</i>	
Daniel Moylan <i>Non-executive Director</i>		
Andy Mitchell <i>Programme Director</i>		

1. Customer proposition

The Board received a presentation from Howard Smith, Operations Director, regarding work to develop the customer proposition, including design principles and strategy, issues around linkages with London Underground stations and customer information and service.

The Board noted the need for customer testing of the proposed design at the appropriate time.

The Board requested a further briefing in the Autumn on development of the customer service strategy and the design of the train interior.

Action: Howard Smith

The Board NOTED the presentation.

2. Update on programme matters

a) C610

The Board received a presentation from Colin Gainsford, Systemwide Delivery Director, on the scope of the C610 contract and issues relating to it.

The project timetable was discussed, in particular the potential opportunity to complete five months early to allow extended testing and commissioning as well as the external risks to achievement of this goal, including around NR's signalling and electrification works.

The Board NOTED the presentation.

b) Moorgate shaft

The Board received a presentation from Andy Mitchell, Programme Director, updating the Board on the status of work at Moorgate.

The Board NOTED the presentation.

c) Tunnel misalignment

The Board received a presentation from Andy Mitchell, Programme Director, updating the Board on the remedial work to be undertaken to address the misalignment between Bond Street and West of Tottenham Court Road.

The Board NOTED the presentation.

3. Board Awayday

The Board noted the notes and actions from its awayday held on 12th May, and the report on the progress of actions from its 2013 awayday.

Comments were invited offline to the notes and actions. It was AGREED that the Chairman would review progress of the actions and report back in six months time.