

Crossrail Sponsor Board Meeting No. 117A

Thursday 2nd April 2020, 0900-1000

Venue: Teleconference

Sponsor Board Members

Polly Payne*	Chair, DfT, Director General of Rail
Julian Ware**	TfL, Head of Corporate Finance
Alex Luke**	DfT, Crossrail Project Director
Alison Munro	Independent Member

In attendance

Kenny Laird	Technical Advisor to Sponsors
Alexandra Batey	TfL, Director of Investment Delivery Planning
Simon Adams	Head of Joint Sponsor Team (JST)
Andrew Wallace	JST
	JST, Secretariat
	JST
	Project Representative
	Project Representative
	HM Treasury

Apologies

Simon Kilonback*	TfL, Chief Finance Officer
Matthew Lodge*	DfT, Director for Rail Infrastructure – South
Nicola Cox	TfL, Head of Corporate Finance
Shashi Verma*	TfL, Director of Strategy and Chief Technology Officer

(*Voting Members)

(**Alternate Voting Members)



1. Minutes and Actions of Meeting 116a

The minutes and actions for meeting number 116a were discussed and agreed subject to some alterations.

A progress update was provided on the open actions arising from previous Sponsor Board meetings, as summarised in the Part A action tracker.

2. Sponsor and Risk Dashboards

Sponsor dashboard

Sponsors noted the increase in AF CDC during Period 12, up £74m to £15,398m, due to cost increases at Bond Street and the effect of the  delay to  of the start of Trial Running. Sponsors raised serious concern with the period-on-period slippage of key milestones and cost increases as a result of schedule prolongation. Sponsors agreed that Period 12 reflects the CRL pre-COVID 19 position and could be the baseline upon which overlays could subsequently be applied to assess the impacts of COVID 19.

Sponsors agreed to write the CRL Board reminding them to provide a written response to the Sponsor concerns on risks to programme delivery, that were expressed in the letter from the Chair of Sponsor Board, issued to the CRL Board on 12 March 2020. Sponsors also agreed to highlight their increasing concerns, based on the Period 12 slippage in key milestones and adverse cost trends (**Action 117b/01**). Sponsors agreed to challenge CRL in Part B of the meeting.

[Post meeting note: CRL provided a written response to Sponsor's letter on 2 April 2020, after Sponsor Board]

3. P-Rep Period 12 Summary

The new Head of the Project Representative (P-Rep) was introduced to Sponsors and presented the headlines from their Period 12 summary report. P-Rep stated that key performance indicators in the period confirm that CRLs ██████ to deliver Trial Running by ██████ is, in their view, not achievable and the expected benefits of improvement initiatives and mitigations such as Integrated Delivery Teams (IDTs) and the Alternative Delivery Model (ADM) were yet being fully realised.

P-Rep also stated that the Elemental Outstanding Works Lists (EOWLs) have not yet been fully defined and are required to ensure the activities in the schedule are underpinned by realistic delivery dates. P-Rep concluded by stating that the lack of clarity and inconsistent implementation of the mitigations and interventions could put the ██████ ██████ for Trial Running, Trial Operation and Stage Opening at risk.

P-Rep stated that CRL had taken some significant steps to develop the virtual programme of activities during the "safe stop" to create a steady state ahead of future systems testing.

Sponsors noted the views expressed by the P-Rep in the periodic Sponsors Summary letter and report and re-iterated their concerns about the risks to programme delivery and agreed to challenge CRL in Part B of the meeting. Sponsors agreed that P-Rep should seek to understand the CRL virtual programme during the safe stop and CRL plans for restart post COVID 19, including the planning basis and assumptions (**Action 117b/02**).

4. KPMG Update

The Joint Sponsor Team (JST) provided a verbal update on the exercise undertaken by KPMG to validate with CRL the basis and assumptions used in their November 2019 cost scenario analysis work.

KPMG have reviewed the Period 11 CRL forecasts and concluded that CRL costs are trending towards the cost range in the KPMG managed pessimistic scenario, which was ██████ above current funding.

Sponsors agreed that the conclusions of the KPMG validation exercise together with the CRL Period 12 report and the views expressed in the P-Rep summary, causes increased Sponsor concerns about the risks to the programme. Sponsors agreed to challenge CRL in Part B of the meeting and for an updated view from CRL on risks and mitigations proposed, Sponsors noted the KPMG conclusions agreed that the JST should work with KPMG to finalise the Phase 1 report on the cost scenario analysis (**Action 117b/03**).

5. COVID 19 – Sponsors Strategic Response Plan

The Joint Sponsor Team presented the outline proposal for the JST to develop a Strategic Response Plan, on behalf of the Crossrail Sponsors, to assess the impact of the COVID19. JST requested a steer from Sponsors on key considerations, specifically:

- Sponsors strategic objectives during the hiatus;
- Areas where Sponsors may need to provide direction or make decisions to support CRL;
- Consideration of new risks that may arise and potential opportunities;
- Sponsors to consider if further scenario planning required;
- Identify and agree the workstreams that need to be established to progress identified actions.

Sponsors considered and agreed their key objectives would be to ensure that a view is established of the COVID19 cost and schedule impacts, whilst ensuring the impacts are minimised by progressing a virtual programme of work during the hiatus and mitigating any longer term economic impacts on the supply chain, to support a seamless and effective remobilisation post COVID19. Sponsors agreed that DCS v1.1 would be put on hold until there is more certainty on the forward programme of work.

TfL Sponsors stated their funding is largely dependent on the revenue stream from passenger services and highlighted that TfL revenues are 90% down and will remain so for an unknown period. TfL Sponsors expressed their concerns about providing CRL access to the TfL loan facility, as it is backed by the TfL Business Plan, noting the potential risk that TfL may be unable to drawdown on the loan.

Sponsors considered if COVID19 creates an opportunity to pause, take stock and consider doing things differently to address underlying issues with the programme and ensure a seamless and effective start up post COVID19. Sponsors agreed that the opportunity to pause, re-orientate and refocus priorities needs to be weighed up against the potential adverse economic impacts on the supply chain given the wider COVID19 context. Sponsors agreed to challenge CRL in Part B on steps they have taken to define the virtual programme (e.g. assurance), work with the supply chain and minimise the cost and schedule impacts of COVID19.

Sponsors noted that at the CRL Board on 27 March, CRL had invited Sponsors to input into their scenario planning assessment and agreed work with CRL to develop scenarios and assumptions (**Action 117b/04**). Sponsors agreed to review the CRL scenario planning outputs when available and consider if any independent cost scenario analysis is required thereafter (**Action 117b/05**), for example, to review and reassess any additional funding gap that may be created in excess of the [REDACTED] pre-COVID 19 funding gap under discussion.

6. Governance Update

A verbal update was provided to Sponsors on the work being done by the Joint Sponsor Team (JST) on the transition of the project's governance. Sponsors were asked to consider extending the timeframes for the orderly governance transition to provide stability and minimise change during the current period of uncertainty.

Sponsors agreed that the work on the Governance workstreams should continue, noting that the timing for the governance transition activities should be aligned with the CRL schedule and key milestones post COVID19 (**Action 117b/06**).

7. Part B Agenda

Sponsors discussed the Part B agenda, and agreed to:

- Stress to CRL that, given increasing Sponsor concerns, a written response from CRL Board is required to the letter of 12 March 2020 from the Chair of Sponsor Board.
- Ask that CRL update Sponsors on interventions and mitigations proposed to manage the risks to the programme given the Period 12 slippage and adverse cost trends;
- Request that CRL update Sponsors on steps they are taking to define the virtual programme of work during the safe stop (e.g. assurance) to minimise the potential cost and schedule impacts of COVID 19 on the programme;
- Request CRL update Sponsors on the proposed scenario planning work to deliver a safe and well-managed restart;
- Highlight to CRL the Joint Sponsor message on the funding and the Sponsor support available to ensure that longer term economic impacts on the supply chain are mitigated, to support a seamless and effective start up post COVID 19.

8. AOB

Sponsor approval of CRL's Certified Information for the April drawdown of the GLA and TfL loan was provided outside of Sponsor Board by email correspondence.

Post meeting note: JST provided an email outlining the validation exercise to Sponsors on 9 April and Sponsor approval was provided by 15 April.

It was also noted by Sponsors that the IPA follow up review on the CRL three Lines of Defence (3LoD) Integrated Assurance Framework that was planned to commence in March, had been cancelled and will be reschedule in due course.

Summary of actions:

No.	Action	Lead	Target and Update
117a/01	Write letter to CRL Board reminding them to provide a written response to the Sponsor concerns on risks to programme delivery, that were expressed in the letter from the Chair of Sponsor Board, issued to the CRL Board on 12 March 2020 and highlight increasing Sponsor concerns, based on the Period 12 slippage in key milestones and adverse cost trends	Sponsors	May 2020
117a/02	Seek to understand the CRL virtual programme during the safe stop and CRL plans for restart post COVID 19, including the planning basis and assumptions	P-Rep	May 2020

117a/03	Work with KPMG to finalise the Phase 1 report on the cost scenario analysis	JST	May 2020
117a/04	Sponsors agreed to scenario planning in support of their objectives and agreed to develop scenarios by inputting into CRL assumptions, as invited to do so by the CRL Board	Sponsors	May 2020
117a/05	Sponsors agreed to review the CRL scenario planning outputs when available and consider if any independent scenario analysis is required thereafter	Sponsors	May 2020
117a/06	Governance workstreams should continue, noting that the timing for the governance transition activities should be aligned with the CRL schedule and key milestones post COVID 19	JST	Ongoing