

Crossrail Sponsor Board Meeting No. 122A

Friday 21st August 2020, 1400-1530

Microsoft Teams (details to be included in invite)

Sponsor Board Members

Matthew Lodge*	Chair, DfT, Director for Rail Infrastructure – South
Shashi Verma*	TfL, Director of Strategy and Chief Technology Officer
Alexandra Batey**	TfL, Director of Investment Delivery Planning
Alex Luke**	DfT, Project Director

In attendance

Kenny Laird	Technical Advisor to Sponsors
Julian Ware	TfL, Head of Corporate Finance
Simon Adams	Head of Joint Sponsor Team (JST)
[REDACTED]	JST, Secretariat
Andrew Wallace	JST
[REDACTED]	JST
[REDACTED]	Project Representative (P-Rep)
[REDACTED]	HM Treasury

Apologies

Ruth Hannant*	DfT, Director General of Rail
Alison Munro	Independent Member
Nicola Cox**	TfL, Head of Corporate Finance
Simon Kilonback*	TfL, Chief Finance Officer

(*Voting Members)

(**Alternate Voting Members)

1. Minutes and Actions of Meeting 121a

The minutes and actions for meeting number 121a were discussed and approved as final.

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

2. CRL Board – Matters Arising

Sponsors discussed the matters arising from the debrief following the CRL Board on 20 August 2020. Sponsors noted that CRL presented the latest available programme information on cost and schedule and, based on the information presented at the Board, TfL made an announcement to the stock market. The CRL Board determined that the central section between Paddington and Abbey Wood will be ready to open in the first half of 2022 [REDACTED]

[REDACTED] Sponsors noted that CRL had outlined the reasons for the delays which were due to lower productivity than planned in the final completion and handover of the shafts and portals, the impact of COVID-19 and the need to re-phase the programme for delivering and handing over the large and complex stations.

The latest cost estimate presented to the Board shows that the cost to complete the Crossrail project could be up to £1.1bn above the Financing Package agreed in December 2018 (£450m

more than the upper end of the range announced in November 2019). CRL stated that work is ongoing to finalise the cost estimates.

Sponsors expressed their ongoing concerns about the stability of the CRL schedule and cost forecasts and noted that the assurance activities to provide increased confidence in delivery are yet to be concluded. Sponsors also noted, with surprise, that [REDACTED] commencement of Trial Running had been held despite the risks that remained. PRep updated that a lot of work had gone into planning to Trial Running and that the scope of work was relatively well defined however there was also a risk to the successful completion of Trial Running and the commencement of Trial Operations within the planned durations.

Sponsors noted the station opening sequence and configuration CRL have used as the basis for the schedule and agreed to challenge CRL in Part B discussions, to outline the rationale and relative benefits for the selection of [REDACTED] [REDACTED] as the planning basis. Sponsors noted the importance of Stage 4 and 5 from a revenue perspective and agreed to ask CRL to provide an update on the extent to which they were considering other trade-offs at the point of opening which may impact on revenue and/or Sponsor Requirements i.e., changes to train service.

3. KPMG Cost Scenarios – Interim Update

Sponsors asked KPMG to provide a verbal update on their view of the CRL cost [REDACTED] the key assumptions, outstanding areas of work and likely time that may be required for CRL to complete the outstanding activities. KPMG explained that in order to understand key changes to their cost model, they have compared the latest CRL cost and schedule against the status when the previous cost [REDACTED] work was undertaken by KPMG in period 7 (19/20). KPMG noted improved clarity from CRL on the scope of work in Shafts & Portals and the Routeway which is key to the commencement of Trial Running but noted that uncertainty remains as the productivity levels assumed in the schedule were yet to be fully validated. Sponsors noted the update provided by KPMG and asked that KPMG progress their analysis and provide an update on 27 August 2020, to inform the funding target for Sponsor funding discussions (**Action 122a/01**).

Post Meeting Notes:

*Following the Sponsor Board Part B meeting on 27 August 2020, KPMG presented a further update to their cost analysis work undertaken on behalf of Sponsors. KPMG stated that in order to validate their cost model and develop a reasonable upper bound cost [REDACTED] they would require CRL to release the Delivery Control Schedule 1.1 (DCS 1.1) and associated cost forecast. KPMG noted that this is still pending. Sponsors noted the KPMG update and reiterated that they need to agree the funding target for the discussions by 28 August, so that TfL could provide options for funding Crossrail to completion to DfT in September 2020. Sponsors agreed that the KPMG cost analysis needs to be further refined. Sponsors asked the JST to clarify the remaining scope for KPMG to conclude their cost analysis and agree the timescales to complete the analysis (**Action 122a/05**).*

4. Sponsor and Risk Dashboards

Sponsor dashboard

Sponsors considered the Period 4 dashboard, noting with concern the slippage in dates and the CRL Periodic Assurance Report which states the Delivery Control Schedule (DCS 1.1) suite of planning products is not yet fully mature. Sponsors agreed to challenge CRL in Part

B discussions, to explain the status of the findings from the deep dives/assurance undertaken on the recovery plan, with input from the Advisory panel including Lines of Defence (LoD2) reviews.

Sponsors also noted the reduced fleet reliability data, although the fleet on the western route had been reinstated post period end. The construction blockade statistics and productivity levels were highlighted, with CRL achieving 90% productivity levels, a marked improvement on previous performance levels. Sponsors agreed that CRL had applied effort to the planning for the blockade, and there is increased confidence in the control over the execution of the activities and the results to date seem to support this. P-Rep stated that they attend the daily CRL blockade calls and agreed that progress is being made on completion of the physical works and the progressive close out of the Elemental Outstanding Works List (EOWLs) which will enable assurance activities to be concluded. Sponsors agreed to ask CRL, in the Part B discussion, for a progress update on the blockade which is due to conclude on the 18 September 2020, explaining the EOWL run down rates to date including an update on the production of Acceptance Certificates (ACs) and Safety Justifications (SJs) to support submissions to RAB-C.

Risk dashboard

JST highlighted that the Risk dashboard had been updated based on actions being taken by Sponsors. Sponsors agreed to continue to challenge CRL on issues related to planning and underpinning assumptions of schedule (i.e. planning to target) as referred to in CRL's Periodic Assurance Report (PAR) 22, including the level of buy-in to DCS 1.1 from the supply chain, the adequacy of resources to deliver the activities and the level of confidence on the extent to which the CRL recovery plan can be assured.

5. P-Rep Period 4 Summary

P-Rep presented the headlines from their Period 4 summary report. P-Rep stated that it is likely that a fully assured DCS will not be available until September 2020 and the AFCDC was unlikely to be fully validated by the supply chain until October 2020. As a result, P-Rep remain concerned, particularly for the Stations Recovery Plan, that an assured end to end schedule, underpinned with a fully defined scope, achievable assumptions and supply chain commitment, from which the costs-to-go can be confirmed is still to be finalised. Sponsors agreed to challenge CRL in the Part B discussions to explain how they are managing ongoing scope and cost activities in the absence of an assured control schedule. P-Rep flagged that this is likely to impact on CRL's delegated authority levels. In addition, P-Rep stated that for CRL to drive delivery of the stations recovery plan, it would be important for CRL ensure that learnings from S&Ps are transferred to stations and there is improved alignment and collaboration between Infrastructure Managers (IMs) and CRL. Sponsors agreed to ask CRL to outline in the Part B discussion how they plan to manage the essential minimum scope for stations opening and clarify when they will have a detailed plan for all scope activities to complete Trial Running. P-Rep also flagged to Sponsors the continuing need for constructive dialogue and engagement between P-Rep and CRL on the points raised by P-Rep each period. Sponsors noted the points raised by P-Rep and agreed to include this in the areas to be discussed with CRL in Part B agenda.

6. Update on TfL Transition Action Plan

Sponsors provided an update on progress with transition and, specifically, amendments of the Sponsors Agreement (SA) and Project Delivery Agreement (PDA) to reflect the transition principles agreed. Sponsors stated they were working towards enacting the transition around the time of the Crossrail Board meeting on 17 September 2020. DfT and TfL Sponsors outlined the status of internal approvals and timescales involved. Sponsors noted the progress made to date and agreed on the need to ensure the external communications around the governance transition are well coordinated and aligned across Sponsors and CRL (**Action 122a/02**). Sponsors asked the JST to ensure that at the final Sponsor Board meeting in September 2020, open Sponsor Board actions and liabilities are reviewed and closed out or transferred to the appropriate governance body post-transition (**Action 122a/03**). Once Sponsors are content with the process for the close out of Sponsor Board actions and liabilities, the Sponsor Board Chair will issue a letter confirming the transfer of responsibilities to TfL (**Action 122a/04**).

7. Elizabeth Line Readiness Group (ELRG) – Matters Arising

A verbal update was provided to Sponsors on the matters arising from the most recent ELRG meeting. ELRG had considered CRL progress with the construction blockade, the Bond Street delivery strategy and the CRL approach to application of the Alternative Delivery Model (ADM). Sponsors asked whether that was the last ELRG meeting given the planned governance transition in September 2020. In response it was stated that one more ELRG meeting is planned prior to transition. Sponsors noted the brief update.

8. Part B Agenda

Sponsors discussed the Part B agenda, and agreed to:

- Challenge CRL to update Sponsors on the rationale for the selection of [REDACTED] as the basis for DCS 1.1 and outline the decision criteria has been used to inform options for staging of stations.
- Ask CRL for a Bond Street update on the delivery strategy for remaining works and clarity on when Sponsors will be presented with options for decision making.
- Ask CRL for an update on the plan for the end-to-end railway (including Stages 4 and 5) and whether they were considering other trade-offs at the point of opening which may impact Sponsor Requirements?
- Ask CRL for an update on their cost forecast, as to when the current level of Investment Authority (IA) would be fully utilised and a cash profile for when IA would need to increase, to inform funding discussions between Sponsors and HMT.
- Request CRL update Sponsors on programme-wide initiatives underway to help reduce costs, specifically indirect costs and the overhead cost of Tier 1s.
- Challenge CRL to explain the status of the findings from the deep dives/assurance undertaken on the recovery plan, with input from the Advisory panel including Lines of Defence (LoD2) reviews.
- Request that CRL provide an update on the blockade which is due to conclude on the 18 September, explaining the EOWL run down rates to date in the performance dashboard.
- Provide a progress update on the production of Acceptance Certificates (ACs) and Safety Justifications (SJs) to support submissions to RAB-C.
- Ask CRL to provide an update on the Alternative Delivery Model (ADM) and the approach to the care and custody model for stations and the potential impact on costs.

- Challenge CRL to explain how they are managing ongoing scope and cost activities in the absence of an assured control schedule.
- Explain how CRL will manage the essential minimum scope for Station openings

9. AOB

Post meeting note: Sponsors approved the validation of the September 2020 Drawdown on 27 August 2020.

Summary of actions:

Number	Action	Owner	Update
122a/01	Include update on the KPMG cost scenario analysis in SB Part B agenda	JST	28 August 2020
122a/02	Sponsors to ensure the public communications around the governance transition are well coordinated and aligned across Sponsors and CRL	Sponsors	Mid-September 2020
122a/03	Sponsors to ensure that at the final meeting open Sponsor Board actions and liabilities are reviewed and closed out or transferred to the appropriate governance body post-transition.	Sponsors	September 2020
122a/04	Once Sponsors content with the process for the close out of Sponsor Board actions and liabilities, SB Chair to issue a letter confirming the responsibilities transfer to TfL	Sponsor Board Chair	September 2020
122a/05	Clarify the remaining scope for KPMG to conclude their cost analysis and agree the timescales to complete the analysis	JST	September/October 2020