

CROSSRAIL BOARD

**Minutes of the Meeting of the Board of Directors of Crossrail Limited
held on Thursday 09 January 2014 at 13.30
28th Floor, 25 Canada Square, Canary Wharf, E14 5LQ**

Members:

Terry Morgan (Chairman)
Chairman
Andrew Wolstenholme
Chief Executive

David Allen
Finance Director

Ian Brown
Non-executive Director
Michael Cassidy
Non-executive Director
Terry Hill
Non-executive Director
Phil Gaffney
Non-executive Director
Robert Jennings
Non-executive Director
Andy Mitchell
Programme Director
Daniel Moylan
Non-executive Director

In Attendance:

Martin Buck
Commercial Director
Mark Fell
*Legal Services Director &
Company Secretary*
Chris Green (part)
*Chair of Operations and
Systems Expert Panel*
Niamh O'Sullivan
Head of Secretariat
Will Parkes
External Affairs Director
Howard Smith
Operations Director
Glen Snowden (part)
Head of Rolling Stock and Depot
Valerie Todd
Talent & Resources Director

Apologies:

Heather Rabbatts
Non-executive Director

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

71/14 The Chairman welcomed Board members and attendees.

BD **Minutes of the Meeting of the Board held on 05 December 2013.**

MIN

051213 The Chairman signed the minutes of the meeting as a correct record.

BD AC **Actions and Matters Arising**

090114

The Board noted the updates on the outstanding actions.

72/14 **26/14 Operations and Systems Expert Panel Update**

The Chairman welcomed Chris Green who was presenting to the Board in his role as Chairman of the newly formed Operations and Systems Expert Panel.

The Board noted that the Panel had met for the first time on 29 November 2013 when it

had considered the following areas: Train Plan Resilience, Control Resilience, Systemwide Update, and Signalling and Train Control Interfaces.

The Panel had considered iteration 5 of the Crossrail timetable and had noted that, in the East section, freight was not yet timetabled, the Shenfield layout had yet to be agreed and a decision by TfL/Network Rail was still awaited regarding the extension of platforms 16 - 18 at Liverpool Street to accommodate 205m trains. The Board noted that this work would benefit the Crossrail service and should not be a concern for CRL. The Board requested that any proposal to seek Crossrail funding for this work should be submitted to the Board for consideration.

The Panel considered that the West section should be the main focus of attention. Freight and the Heathrow Express had not yet been included in the timetable, and the headways between trains in the service from Hayes to Paddington was very uneven. Network Rail would be undertaking an audit of the freight paths to identify any space in the timetable and to assess the existing legal rights of access. CTOC bidders were aware of this potential issue. It is hoped that the position will be improved in iteration 6 of the timetable which should be issued in the summer.

In the Central Section westbound trains terminating at Paddington exceeded 60 seconds at the platform. The Panel had recommended that CRL should develop a protocol for Paddington to prove the platform times for terminating trains.

The Panel had considered operating resilience and had found the risks and mitigating actions to have been well thought out. Further work was still required to resolve the integration challenges presented by the hybrid metro/mainline nature of the Crossrail service and further modelling was required to test the updated timetable, layouts and station platform times at Paddington. The Panel had recommended that resilience protocols should be agreed with NR for diverting trains to Paddington and Liverpool Street in times of perturbation. The Panel also recommended that a joint CRL/NR steering group, including TOC route directors, should be established to agree traffic management protocols and finalise infrastructure rules and regulations.

The Panel considered that systems interface issues were being managed well and that specialist joint groups had been set up with NR. The focus should remain on clarifying the availability of ETCS signalling between Paddington and Heathrow by December 2017. A decision in this regard by NR is required as soon as possible so that the operational implications may then be addressed. The Board noted that these issues would be discussed with Simon Kirby, MD of Infrastructure Projects at NR, when he next attended an informal Board briefing with the Board.

The Board noted that confirmation was awaited from the Civil Aviation Authority regarding Heathrow Airport Limited's contribution to Crossrail*.

The Chairman thanked Chris Green for his presentation and noted that a further update would be provided to the Board in April 2014.

Post meeting note:

The Civil Aviation Authority confirmed on 10 January 2014 in its document 'Economic Regulation at Heathrow from April 2014: Notice of Proposed Licence' that Heathrow Airport Limited's contribution to Crossrail would be £70 million.

Period 9 had been a strong period for the project.

The improvement in safety performance had continued with the RIDDOR AFR (including over 3 day lost time cases) reducing to 0.34 (P8: 0.38), with one RIDDOR major injury, and HSPI increasing to 2.08 (P8: 2.05). The Lost Time Case AFR had also improved to 0.58 (P8: 0.66). A Holiday and Return to Work pack had been agreed for those returning to work on site after the Christmas holiday and a safe start up had been achieved. Crossrail's health and safety gateway programme had been recognised as the 'Most Inspiring Initiative' at the Industry Safety Awards. Preparations were underway for the next Health and Safety Stepping Up Week which will be held from 28 April 2014 to 2 May 2014.

At the end of Period 9 the works were 47.3% complete against a planned figure of 47.8%, a variance of 0.5% (the same as last Period) with a strong performance in the Central Area counterbalancing a weaker performance in the West and East areas.

A total of 2.6km TBM productivity had been achieved during the Period and the expectation continued that the gap would be closed by March 2014. The programme date for Stage 3 completion remained at December 2018 with a P78 level of confidence. The surface works remained on target to achieve all key output dates. All key milestones in the year to date had been achieved.

Total spend was £127m, £2m above the 2013/14 Business Plan forecast. This included over-spends of £2m on direct costs and £2m on Property, offset by an under-spend of £1m on indirect costs. The cumulative SPI for delivery in the period held at 0.99 while CPI increased from 0.94 to 0.95.

At the end of Period 9, the Anticipated Final Crossrail Direct Cost (AFDCDC) at P50 increased by £4.5m to £11,628m, which was £122m below Intervention Point 0. The Crossrail P80 AFDCDC was now £8m below Intervention Point 1. During the Period the Crossrail CEO Forum met and discussed the findings from the Half Time commercial reviews and options for improving the resilience of the schedule. The programme wide consolidation of the Half-Time reviews would be reflected in the Period 10 figures.

The Board reviewed the CPI and SPI performance by contract and noted that the significant movements in the position of C610 and C412 were due to the combination of poor in-period CPI and SPI and very low percentage complete (1% and 3% respectively).

The P50 risk exposure remained at £1.9bn which reflected the significant residual uncertainty in the programme. The Project and Area risks remained at 20% of the point estimate cost to go. The overall contingency budget of £2,200m remained sufficient to cover the P50 risk exposure of £1,877m. £407m of the £951m programme contingency had already been allocated, leaving £544m of 'free' programme contingency. This was insufficient to fund the forecast of £755m programme P50 Risk Exposure excluding unresolved trends and would require £211m to be drawn from Board contingency. The Executive would require Board consent before any drawdown could be made on Board contingency.

CRL was currently in discussions with Network Rail to seek an extension of the interim funding agreement.

4 Bidders had been shortlisted for the Crossrail train operating company contract. The closing date for return of the bids was 14 February 2014.

The value of open NCEs reduced in the Period from £269m to £256m. The value of High Value NCEs remained stable at £109m despite the number of High Value NCEs increasing

from 9 to 12. 93% of NCE's raised had been processed – 78% by value.

The City of London and CRL would be hosting an event at the Guildhall to promote the Crossrail Art Programme on Monday 13 January. The City of London had approved £3.5m of match funding for the Art Programme and £250,000 to cover expenses for fundraising. A total of £7m would be sought, £1m for each of the seven Crossrail stations.

The Prime Minister and the Mayor of London would visit the Tottenham Court Road site on 16 January 2014 as part of the Crossrail “half way there” celebrations. This would begin a six week period of events for members of the public and staff at Crossrail which would include site visits and seminars about the project.

The Board noted that there had been negative comments in the press regarding the proposed designs for the Crossrail Surface stations. The Board requested that the Executive consider how to respond to this issue and report back to the Board.

Action: Andrew Wolstenholme

The Board noted that there had been a 93% response rate to the recent Crossrail Big Dig Survey and that the feedback was currently being analysed.

The Board noted that the CRL Audit Committee had discussed the Crossrail Pension Scheme and that a paper regarding the scheme would be submitted to the Board.

74/14 27/14 - Project Representative Report

The Board received the Project Representative's Project Status Report for Period 8.

The report noted the improvement in the cumulative CPI from the previous periods but again raised the potential for the figure to drop in future due to several low in-period CPIs on larger projects. The Report continued to highlight the need to slow down the rate of draw on Board and Programme contingency.

The report also noted that CRL would be establishing a new target for the close-out of open NCEs and noted the efforts which CRL was making in this area. CRL's introduction of Key Milestones for the NR activity was welcomed and also NR's exemplary planning for the Christmas period. However it was noted that the forecast upturn in progress by Network Rail had not been achieved. The improving trend in HSPI and a drop in AFR was noted, as was Crossrail's improving comparative performance against the UK benchmark. The report also welcomed the formation of the Tunnelling Safety Forum to drive further improvements in safety performance.

The Board NOTED the report.

75/14 28/14 Rolling Stock and Depot Procurement

The Board received a paper from the Executive seeking endorsement of the recommendation for the award of contract X2234: Rolling Stock & Depot Services Agreement (“RSPA”). The paper summarised the outcome from the Award Recommendation Report for the Crossrail Rolling Stock and Depot (“RSD”) procurement. The Executive had previously circulated to the Board a question and answer sheet arising from the informal briefing to the Board in December.

The Board noted that in response to a revised Invitation to Tender (issued following the Sponsor change to the RSD funding arrangements) CRL had received three bids for the

rolling stock and depot contract. To avoid disclosing their identities the codenames Tap, Dray and Maid had been used for the bidders in the bid evaluation process and this convention was maintained in the Board discussion.

The scope of the contract is for the design and build of 65 trains and a depot maintenance facility at Old Oak Common. There is also an option to order up to 18 additional trains. The depot maintenance facility will be designed to a minimum capacity of 84 trains and will provide accommodation for the Crossrail operator and stabling for about half the Crossrail fleet. The terms of the contract agreement had been approved by RfL and would be entered into between RfL and the Service Provider for a concession period of 32 years (with an option for RfL to extend this by up to a further 8 years).

The Board noted that performance of the Service Provider's obligations under the RSPA would be guaranteed by its parent company and that TfL would guarantee RfL's payment obligations. RfL would pay for RSD assets by making fixed (nominal) payments to the Service Provider in accordance with an RSD milestone payment schedule. Performance bonds would secure any advanced payments made by RfL and the Service Provider would be required to pay liquidated damages for late delivery of trains. Once RSD assets were delivered and accepted, RfL would make regular service payments to the Service Provider which would take account of train availability and performance in accordance with the contractual performance regime.

The Board noted that RfL had a right voluntarily to terminate the RSPA but this right had been suspended until 1 June 2026, giving the Service Provider a minimum services period of about 7 years from the delivery of the full Crossrail fleet. In addition to standard change mechanisms the RSPA contained specific provisions which would allow RfL to implement significant changes to the depot, if required

The Board noted the three stages of the tender evaluation process as set out in the paper and that the most economically advantageous tender from the point of view of RfL would be that which passed stage 1 and stage 2 and achieved the highest Total Commercial Score at stage 3. CRL had managed the evaluation of tenders in accordance with the process declared to tenderers and a Tender Opening and Evaluation Plan the implementation of which had been overseen by the RSD Evaluation Panel. Further oversight had been provided by the Crossrail Procurement Expert Panel and TfL Internal Audit. The Executive and Investment Committee had considered and endorsed the RSD Evaluation Panel recommendation to award the RSPA to bidder 'Maid'.

The Board noted the importance for the timetable for the delivery of the rolling stock that the award should be made as soon as possible. CRL would request that the Sponsor Board seek all necessary further endorsements and approvals to enable the award to be made by the first week of February 2014. Once obtained, the Sponsor Board would notify CRL and CRL would then notify the bidders of the intended award. CRL would continue to work with Sponsors to agree a communications plan and co-ordinate arrangements for a public announcement of the award decision. A timetable for Sponsor approval of the award would be circulated to Board members for information.

Action: Martin Buck

The Board noted that funding for the contract was a matter for TfL in accordance with the Project Development Agreement. There had been no suggestion of any change to

these funding arrangements. Any proposal for such a change would be brought to the CRL Board.

The Board ENDORSED the recommendation to award contract X2234 (Rolling Stock & Depot Services Agreement) to Bidder "Maid".

The Board expressed its thanks to the Rolling Stock and Depot Team for its hard work in managing this challenging procurement.

76/14 29/14 Response to Sponsor Change Notice SCN 0015: Feasibility Study – Service Frequency

The Board received a paper which set out a proposed response to the Sponsor Change Notice 0015 issued on 3 October 2013. This had been considered by the Executive and Investment Committee on 6 January 2014 and was due to be submitted to the Sponsor Board on 17 January 2014.

SCN 0015 required CRL to consider the scope of work and financial impacts arising from increasing services for intra-peak, weekends and peak periods.

The Board noted that the proposed changes to off peak levels were largely tactical and could potentially be achieved with no additional rolling stock or infrastructure. However increased peak services would require changes to fundamental parameters and could increase the risks associated with the timely opening of the Crossrail service. It was CRL's view that such risks could not be mitigated satisfactorily if the work on increased peak services was processed now. As an alternative CRL proposed working with Sponsors to develop a service upgrade plan that could be implemented, perhaps incrementally, during the first decade of live operations (beginning in 2016).

The Board APPROVED the proposed response to SCN 15 for submission to the Sponsor Board on 17 January 2014.

77/14 30/14 Response to Sponsor Change Notice SCN 0016: Accessibility at Crossrail Stations

The Board received a paper which set out a proposed response to the Sponsor Change Notice 0016 issued on 18 October 2013. This had been considered by the Executive and Investment Committee on 6 January 2014 and was due to be submitted to the Sponsor Board on 17 January 2014.

SCN 0016 required CRL to consider the provision of lifts and/or other accessibility measures at the seven stations served by Crossrail services which are currently not scheduled to be made accessible under the agreed project scope.

The Board noted that there were schemes for all seven locations and that there were no identified major obstacles to installation of any of the schemes, although weekend possessions for installation of large components had not been assessed in detail. There was no suggestion that this work was included in the Crossrail scope. If it was retrospectively added to the scope CRL would be obliged to adhere to the provision and requirements of the Crossrail Act.

The Board APPROVED the proposed response to SCN 16 for submission to the Sponsor Board on 17 January 2014.

78/14 31/14 Response to Sponsor Change Notice SCN 0017: Initial Change Appraisal – Extending Crossrail Services to Reading

The Board received a paper which set out a proposed response to Sponsor Change Notice 0017 issued on 13 December 2013, which was considered by the Executive and Investment Committee on 6 January 2014.

SCN 0017 required CRL to consider replacing the future planned Slough-Reading shuttle by extending Crossrail services to Reading. This has the benefit of removing an 'overlap' of train services between Slough and Maidenhead and thereby enhancing resilience in the timetable with an overall beneficial effect on train service performance including Crossrail.

The Board noted that nature of any additional works was considered to be very minor thus avoiding the need for additional town planning consent via a Transport and Works Act Order. The costs associated with the works were considered to be minimal.

The Board APPROVED the proposed response to SCN 17 for submission to the Sponsor Board on 17 January 2014.

79/14 Minutes of Board Committees for Reference

The Board received the following minutes for reference;

- | | | |
|--------------------------------------|---|---------------------|
| - Executive and Investment Committee | EIC MIN 271113
EIC MIN 091213
EIC MIN 161213 | Andrew Wolstenholme |
| - Sustainability Committee | SUS MIN 161013 | Andrew Wolstenholme |

80/14 Verbal Updates of Recent Board Committee Meetings

The Board received verbal updates on recent meetings of Board Committees;

Executive and Investment Committee - 06 January 2014 – Andrew Wolstenholme

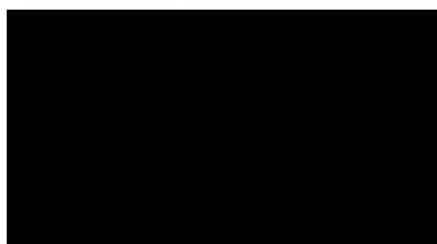
Sustainability Committee - 12 December 2013 – Andrew Wolstenholme

81/14 AOB - NAO Report – Verbal Update on Next Steps – Andrew Wolstenholme

There was no other business.

Signed by:

Terry Morgan
Non-executive Chairman



Pre-meeting Board Briefing-Thursday 09 January 2014

<u>Members:</u>	<u>In Attendance:</u>	<u>Apologies:</u>
Terry Morgan <i>Chairman</i>	Martin Buck <i>Commercial Director</i>	Heather Rabbatts <i>Non-executive Director</i>
Andrew Wolstenholme <i>Chief Executive</i>	Mark Fell <i>Legal Services Director & Company Secretary</i>	
David Allen <i>Finance Director</i>	Chris Green <i>Chair of Operations and Systems Expert Panel</i>	
Ian Brown <i>Non-executive Director</i>	Niamh O'Sullivan <i>Head of Secretariat</i>	
Michael Cassidy <i>Non-executive Director</i>	Will Parkes <i>External Affairs Director</i>	
Phil Gaffney <i>Non-executive Director</i>	Valerie Todd <i>Talent & Resources Director</i>	
Terry Hill <i>Non-executive Director</i>		
Robert Jennings <i>Non-executive Director</i>		
Andy Mitchell <i>Programme Director</i>		
Daniel Moylan <i>Non-executive Director</i>		
Howard Smith <i>Operations Director</i>		

Network Rail Christmas Works for Crossrail

The Board received a presentation from Andy Mitchell, Crossrail Programme Director.

The Board NOTED the presentation.