



BD MIN 170330

CROSSRAIL BOARD

**Minutes of the Meeting of the Board of Directors of Crossrail Limited
Held on Thursday 30 March 2017 at 12.30
Bombardier Transportation, Litchurch Lane, Derby DE24 8AD**

Members:	In Attendance:	Apologies:
Terry Morgan <i>Chairman</i>	Funmi Amusu <i>Company Secretarial Assistant</i>	Michael Cassidy <i>Non-executive Director</i>
Pam Alexander <i>Non-executive Director</i>	Victoria Burnett <i>Head of Secretariat</i>	
Mathew Duncan <i>Finance Director</i>	Mark Fell <i>Legal Services Director and Company Secretary</i>	
Phil Gaffney <i>Non-executive Director</i>	Lucy Findlay <i>Chief of Staff</i>	
Terry Hill <i>Non-executive Director</i>	Paul Grammer <i>Commercial Director</i>	
Robert Jennings <i>Non-executive Director</i>	Will Parkes <i>External Affairs Director</i>	
Mark Wild <i>Non-executive Director</i>	Howard Smith <i>Operations Director</i>	
Andrew Wolstenholme <i>Chief Executive</i>	Valerie Todd <i>Talent and Resources Director</i>	
Simon Wright <i>Programme Director</i>		

The meeting was quorate.

	<p>The Chairman welcomed Board members and attendees.</p> <p>Members were reminded that any interests in a matter under discussion must be declared at the start of the meeting, or at the commencement of the item of business.</p> <p>There were no interests declared in relation to the day's business.</p> <p>(Before the formal meeting had started, members of the Board had been taken on a tour of the Derby site including the test track. Representatives from Bombardier Transportation had also provided the Board with a summary of progress on the production of the Elizabeth line rolling stock.)</p>
BD MIN 170302	<p>Minutes of the Meeting of the Board held on 2 March 2017</p> <p>The Board APPROVED the minutes of the meeting held on 2 March 2017 for signature.</p>
BD AC 170330	<p>Actions and Matters Arising</p> <p>The Board NOTED the completed actions. There were no other actions due that would not be covered on the meeting's agenda.</p>

BD CBR
170330**Crossrail Board Report Period 12**

Andrew Wolstenholme introduced the Board Report for Period 12 highlighting that:

- A number of important milestones had been achieved in the Period including Ilford being ready to receive the first production train on 21 February and Network Rail meeting its Key Output 1 date by finishing the DOO CCTV and gauging works on the north east spur;
- Health and Safety performance had continued to improve reflecting the embedded ethos at Crossrail to put safety at the heart of everything it does;
- Further commercial pressures had been recognised within the Period resulting in an AFCDC that was now £78m in excess of IP1 at P50 and there was now a 65% chance that IP1 would be exceeded at the completion of the Programme in 2019. Opportunities to achieve savings continued to be pursued;
- The question of funding for ONW costs beyond the £2.3bn intervention price remained an issue that would need resolution by DfT and NR at the earliest opportunity; and
- Crossrail had spent £26.2m above the 2016/17 Business Plan in the Period and £43.8m above the Plan for the year to date.

Are We Safe?

It was **NOTED** that:

- Health and Safety performance had included a fall in the RIDDOR rate to an all time low of 0.11;
- HSPI had remained at 2.35 with 11 contracts of out 12 achieving a score of 2.20 or above. The lost time case AFR had decreased to 0.24; and
- There had been 3 incidents in the Period, (2 RIDDOR and 1 lost time up to 3 days) and 4 high potential near misses.

Are We Within Funding?

Mathew Duncan presented a summary of financial performance for the Period **NOTING** that:

- The AFCDC increase in the Period had been driven by a [REDACTED]
- Additional cost pressures were emerging at [REDACTED] and it was likely that there would be a further significant rise in AFCDC in Period 13 as a result;
- From Period 13, all risk monies would be centralised in order to achieve a tighter level of control;

- At Period 12, of the £384m QRA total, £165m was currently programme risk not allocated to projects; and
- The overall contingency budget of £338m was now inadequate to cover the P50 risk exposure of £384m by £46m, and also inadequate at P95 by £347m, which was a £25m deterioration from Period 11.

The Board **REQUESTED** that full account be taken of all external factors and integration risks when carrying out the pre-SACR QRA exercise in Period 13.

Action: Mathew Duncan

The Board expressed concern about increasing commercial pressures and the rate of deterioration of the AFCDC. The Board also re-iterated the importance of stabilising the AFCDC as soon as possible. It was **NOTED** that the independent commercial and cost review commissioned by the CRL Chairman would be presented at the next Board meeting which would inform further discussion on this topic.

Commercials Update

Paul Grammer provided an update on progress with the following contracts: C405 Paddington; C412 Bond Street; C422 Tottenham Court Road; C435 Farringdon; C502 Liverpool Street; C510/512 Whitechapel; C300/410 Tunnels West; C305 Tunnels East; C610 Systemwide; C828 Ilford Yard; C530 Woolwich; C620 Signalling; C660 Communications; and C360 Portals and Shafts.

Paul Grammer undertook to provide at the next Board meeting more information about those contracts providing the biggest cost challenges as well as explaining about incentivising productivity for contracts in general.

It was **NOTED** that the total gap between CRL's and its contractors' views of target had increased by [REDACTED] and the total forecast gap in defined cost increased by [REDACTED].

NR - ONW

Paul Grammer provided a summary of the latest position relating to the costs and funding for NR ONW. Negative headroom to the DfT limit was expected to increase in Period 12.

DfT and NR were continuing to look for solutions to resolve the funding gap above £2.3bn. The DfT's Portfolio Board had recently rejected a request by NR for more funding and there remained a question mark over the £79m commitment required immediately in order for NR to progress with time critical activities. The Board **NOTED** that the CEO had been asked to resolve the funding gap by further direct discussion with NR and commented that the Executive had already gone as far as it could in order to facilitate a solution.

Are We on Time?

Simon Wright presented an overview of delivery performance highlighting some of the key issues for the Period. It was **NOTED** that:

- The contractor at Bond Street Station had maintained steady progress with delivery of the master plan shaft and was now one month ahead of programme. Focus had since moved to the western ticket hall. Although the contractor had still to issue an acceptable schedule, the team had identified a potential three month improvement by re-sequencing key works;
- The contractor at Woolwich had issued a schedule which met the needs of MOHS for Zones 1 and 2 dynamic testing. The project team was in the process of validating productivity levels assumed in the programme versus those achieved on site to ensure that the assumptions of the contractor were reasonable. A new project director had been appointed; and
- Installation of platform screen doors had started at Paddington. The required three modules per day factory production had now been demonstrated as a possibility. This and the required installation rate of six modules per shift were receiving significant management attention.

Simon Wright also presented a summary of the schedule for build and enhancement of the eastern and western surface stations. Both sections had experienced delays for a number of reasons including:

- Planning consents and approval of designs taking longer than expected and problems between NR and its contractor – both in terms of the contractor's performance and validation of accurate pricing in the western section;
- The need for a re-procurement exercise to be carried out in respect of Ilford Station; and
- The need to re-start the original design for Romford Station having established that the southern tunnelled entrance was not viable.

The Board **NOTED** that these delays to schedule would not affect the building of the railway but that stakeholder expectations in relation to the readiness of the stations was being monitored and managed.

It was **NOTED** that a presentation of the 2017 MOHS would be provided at the informal meeting on 27 April which would correlate to some of the cost increases to the programme referred to in the 'Are We In Funding' section of the Board Report.

Operations

Howard Smith provided an update on key operations matters **NOTING** some of the key issues for Stage One and Stage Two.

Signalling integration remained the principal technical risk, including AWS/TPWS for Stage 1 and TCMS/ETCS v 3.4 for Stage 2. Full CBTC testing at Melton had not yet started. Work had continued to conclude the change at Old Oak Common necessitated by the retention of the second link to the Great Western Depot. Confirmation that the second link would be removed by NR by September 2017 remained key to achieving depot readiness.

The Board **REQUESTED** that consideration be given as to the timeliness of the rolling stock delivery and how that might affect the schedule for dynamic testing.

	<p>Action: Howard Smith</p> <p>In addition, Howard Smith explained the plans for the 'soft' launch of Stage 1.</p> <p>Are we world class?</p> <p>It was NOTED that:</p> <ul style="list-style-type: none"> • Implications of the changes in legislation affecting IR 35 Regulations were continuing to be managed. To date, of the 231 agency workers within scope, 32 had indicated that they would resign. Crossrail would be required to provide a further update to Sponsors following the issue of the Material Event Notice in February. <p>The Board REQUESTED that care be taken to ensure that agency workers who might leave the project as a result of the change in law were not able to re-join via another agency at a higher cost.</p> <p>Action: Valerie Todd</p> <ul style="list-style-type: none"> • Balfour Beatty's implementation of an incentive bonus at C512 Whitechapel had not had any immediate impact elsewhere. Other contractors were continuing to review future MEP resourcing and reward in the light of this development, as well as programme demands at an individual contract level. Trade union activity had remained relatively quiet during Period 12. <p>The Board NOTED the Board Report for Period 12</p>
43/17	<p>CRLB 43/17 – Project Representative (PRep) Reports Periods 11 & 12 2016/17</p> <p>The PRep report for Period 11 had been included in the Board Pack and was taken as read.</p> <p>Andrew Wolstenholme outlined the issues that would be raised in the Period 12 Report. These related to: DOO CCTV; Gauging and Stepping works; Ilford; Rolling Stock and issues specific to each of the staged openings.</p> <p>The Board NOTED the PRep reports.</p>
44/17	<p>CRLB 44/17 - Crossrail 2017/18 Corporate Objectives and Performance Targets</p> <p>Mathew Duncan presented the 2017/18 corporate objectives and performance targets which had been revised since the last Board meeting to take into account comments made by Board members.</p> <p>The Board APPROVED the 2017/18 corporate objectives and performance targets authorising Mathew Duncan to make any necessary non substantive corrections to finalise the document.</p> <p>Terry Morgan ADVISED the Board that Sponsors had requested the opportunity to be briefed on the objectives and targets before they were finalised. Having reviewed the first draft of the document which had been distributed with the March Board papers, TfL had expressed support for the increased focus on funding and schedule. Terry Morgan was due to meet Bernadette Kelly from DfT during the following week.</p>
45/17	<p>CRLB 45/17 – Crossrail Ltd – Increase in Share Capital and Issue and</p>

	<p>Matters covered by the Committee were:</p> <ul style="list-style-type: none"> • Regular Audit and Assurance Update • 2017/2018 Audit Plan • Regular Risk Management Report • Whistle-blowing Update • Performance Assurance Framework • EY update on annual audit 		
<p>AOB</p>	<p>Terry Morgan reported that a sponsor of the artwork at Whitechapel had been found, and that development work for Crossrail International was continuing. A recruitment exercise was underway to appoint a project lead and a fuller report on progress would be presented to the Board at its meeting in May.</p>		

Signed by:

Terry Morgan
 Non-executive Chairman

