



**CROSSRAIL BOARD**

**Minutes of the Meeting of the Board of Directors of Crossrail Limited  
held on Thursday 20 June at 13.30 at Paddington New Yard, Great Western Road,  
Westbourne Park, London, W9 3NY**

<u>Members:</u>	<u>In Attendance:</u>	<u>Apologies:</u>
Terry Morgan (Chairman) <i>Chairman</i>	Martin Buck <i>Commercial Director</i>	Terry Hill <i>Non-executive Director</i>
Andrew Wolstenholme <i>Chief Executive</i>	Mark Fell <i>Legal Services Director &amp; Company Secretary</i>	Heather Rabbatts <i>Non-executive Director</i>
David Allen <i>Finance Director</i>	Sarah Johnson <i>Chief of Staff</i>	Valerie Todd <i>Talent &amp; Resources Director</i>
Ian Brown <i>Non-executive Director</i>	Niamh O'Sullivan <i>Head of Secretariat</i>	
Michael Cassidy <i>Non-executive Director</i>	Howard Smith <i>Operations Director</i>	
Phil Gaffney <i>Non-executive Director</i>		
Andy Mitchell <i>Programme Director</i>		
Robert Jennings <i>Non-executive Director</i>		

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

<b>020/14</b>	The Chairman welcomed all members and attendees.
<b>021/14</b>	<b>Minutes of the Meeting of the Board held on 23 May 2013.</b>  The Chairman signed the minutes of the meeting as a correct record.
<b>022/14</b>	<b>Actions and Matters Arising</b>  Action: 68/13 – The Board noted that a proposal on the appropriate source of funding for the Crossrail Infrastructure Maintenance Facility at Plumstead was being considered by the Chairman.  Action: 01/14 – The Board noted that the outcome of on-going discussions with London Underground regarding options for the Bakerloo Line Link would be brought to the Board for a decision.



**023/14 Crossrail Board Report**

The Health and Safety Performance Index (HSPI) had decreased in Period 2 to 1.81. This compared to a score of 1.94 in Period 1. This deterioration was only partly due to changes made to the RIVO system. Overall, the HSPI index indicated that a positive change in safety behaviour had been achieved on the project. Further improvements across the Programme would require even greater effort and would be progressively more difficult to achieve. There had been 4 RIDDOR reportable incidents in the Period - an injury to a banksman's leg from the arm of a muck skip, two foot injuries (one of which required the amputation of three toes), and a back injury. Part of the current health and safety focus was on ensuring that the number of hours worked on the project was being reported accurately. The Health and Safety Executive (HSE) would be holding its Board meeting at the Bond Street site on 25 June and would also be visiting the site. The work being undertaken by Steve Hails, the Health and Safety Director, was having a positive impact on CRL's relationship with the HSE.

The actual progress of work in the Central Section at the end of Period 2 was 39.0% complete against a planned figure of 40.8%. The gap had reduced by 0.1% in the Period. Overall schedule earned value was £124m behind plan which represented an improvement of £5m since Period 2. The overall schedule status remained at minus 9 weeks against the RP4.2 baseline agreed in April 2011. The Executive continued to forecast that the programme would achieve the December 2018 opening date.

The Anticipated Final Crossrail Direct Cost (AFCDC) in Period 2 was £11,657.5m (P50), compared to £11,658.6m in Period 1 and remained below Intervention Point 0 (IPO) by £11.6m. Total spend in Period 2 was £148.7m which was £23.9m above the 2013/14 Business Plan forecast and included delivery spend of £10.3m above forecast, indirect spend of £1.8m (or 9.8%) below forecast and Land and Property costs of £15.5m above forecast (principally due to commitments at Kensal Green, Southall Station and Slough Station being made later than had been forecast). The Board requested a briefing on land and property valuations at an informal Board briefing session in September.

**Action: David Allen**

The Board discussed the format of the reporting of cost data. It was noted that details of each contract were provided but it was considered that the report needed to give greater prominence to the specific contracts which were a cause for concern. The Board requested a better summary of the position at area level and details of predicted target, cost outturn and pain/gain for the key contracts.

**Action: David Allen**

The Board noted that a key issue that was leading to increased costs across the project was the disposal of waste of which a contributing factor has been the issues experienced with the Wallasea conveyor. A fix to the conveyor has now been made, but remained to be fully tested by an extended period of full operation. The high moisture content of waste from C305 (Eastern Running Tunnels) had prevented the use of the C807 (Marine Transportation) ships to remove the Drive Y spoil up to Stepney Green. The Delivery team was conducting an options analysis on waste disposal methods. The Board requested a briefing on the issues at Wallasea at an informal Board briefing session in September.

**Action: Andy Mitchell**



Schedule performance in the Period improved to 1.06 from 0.95 in Period 1. Cost performance remained poor at 0.81 (0.80 in Period 1). The improvement in Period SPI is largely due to Farringdon Station square shaft excavation progressing ahead of programme and a correction of understated contractor preliminary and Western Ticket Hall costs at Bond Street. Good progress was being made at Connaught Tunnel which is on schedule to meet the requirements of the Defence Exhibition at the ExCel Centre in September 2013.

The cumulative SPI remained at 0.95 and the cumulative CPI remained at 0.93. The Board noted the aggregate figures on cost and performance and earned value and requested more detailed information on poorly performing contacts at an informal Board briefing session. A similar briefing would be provided to the Joint Sponsors.

**Action: Andy Mitchell**

The Executive's focus remained on performance in the West Area, the progress of the TBMs to Farringdon and on commercial negotiations with BFK. The Board had received a briefing regarding the options for the removal of the TBMs at Farringdon and would have a further briefing before a final decision is made.

**Action: Andy Mitchell**

Six organisations had submitted Pre-Qualification Questionnaires in response to the OJEU Notice for the CTOC contract which is being procured by Rail for London. An announcement on the shortlist was expected within the next week.

The rolling stock and depot tender returns are due in on 29 July 2013, following which evaluation would commence ahead of the final decision in April 2014.

The Crossrail Leadership Conference had been held on 5 June and had contained clear and candid messages on CRL's expectations of contractor performance and the differences in levels of performance between contractors. The conference had also looked ahead at the transition of the organisation over the next few years and the switch in focus to railway operations.

A celebration of the TBM Breakthrough at Canary Wharf had been held on 31 May and had been attended by the Mayor of London and the Secretary of State for Transport. This had received some extremely positive media coverage.

On 16 May 2013, the Chancellor and the Indian Finance Minister visited the Pudding Mill Lane site as part of the sixth UK-India Economic and Financial Dialogue (EFD) which is aimed at enhancing economic and commercial cooperation between the two countries.

The Semi Annual Construction Report 9 had been submitted to the Sponsors. The P75 number had been positively received by the Secretary of State for Transport.

The Executive was working with the Project Representative on modifications to the Construction Quality Assurance process to address issues raised in the Project Representative's interim report.

The number of open NCEs in the Period had increased from 690 to 717 but remained below the 10% target. There had been a decrease in the value of open NCEs to £304.8m. The volume of new NCEs being raised each period is still comparatively high at 369. The focus was on progressing all high value NCEs.



A 4 day workshop had been held with the C610 contractor to discuss options for securing programme gains. A number of significant opportunities had been identified. Further work would be undertaken over the summer period.

The Board noted the key programme risks, in particular the work being undertaken regarding the close out of contracts (ID 9192) and on future organisation capacity (ID 10002). The Board requested that the Commercial Director clarify the statement in the report that the change to the RSD procurement plan and introduction of video advertising panels had created uncertainty over the design of the Platform Screen Door (PSD) system and report back to the Board.

**Action: Martin Buck**

The Board affirmed the adoption of an alternative methodology to calculate media tonality for 2013/14. This methodology is weighted by audience reach to reflect the greater impact of national and broadcast media coverage. The Board also affirmed that the relevant Key Performance Indicator should be amended to reflect this alternative method of calculation which CRL had been receiving for several periods. The expectation (and the experience in the last few periods) is that this revised measure will give a lower performance score against the agreed targets than the unweighted measure approved in February.

The Transport and Works Act Order authorising the construction of a passenger subway between the new Crossrail Paddington station and the London Underground Bakerloo line had been made by the Secretary of State for Transport. A plan was being put in place to deal with the four objections received. If required, a Public Inquiry was programmed to be held towards the end of 2013.

The Department for Transport had established a working group to consider extending Crossrail to Reading and the consequences on the Crossrail stabling facility at Maidenhead.

The Board noted that the recruitment for the External Relations Director was well advanced and that the new Head of Integration had started work on the project. CRL had been advised unofficially that it had achieved a silver accreditation standard from Investors in People. Work was underway on an organisational effectiveness and demobilisation plan for the project.

The Unite leverage campaign continued. The Executive would continue to work with the contractors to minimise any impact on the project.

Preparatory meetings had been held with representatives of the Ethical Trading Initiative in advance of the proposed review audit in July. However, the Unite union had reversed its position and now opposed the ETI carrying out such an audit, resulting in the audit being put on hold.

The Crossrail Innovation Programme had been launched programme-wide in April and was seeking submissions for innovations.

The Executive had taken the decision not to pursue the use of tunnel energy segments in the new Crossrail running tunnels. The reason for this decision was that the project had not secured sufficient funding from Crossrail suppliers or third parties and the results of the research which had been undertaken could not guarantee that the use of the energy segments would impose no additional risk to the delivery of the overall programme.



	<p>The Board noted that the new service IT request system had been successfully rolled out to all Crossrail users and that the IT system continued to experience problems with availability.</p> <p>The Board NOTED the report.</p>
024/14	<p><b>Project Representative Report</b></p> <p>The Board received the Project Representative's Project Status Report for Period 1.</p> <p>The main focus of the Project Representative's Report was the poor cost performance that was evident in Period 1, particularly in the West Area. This is an area of Executive focus and action plans are being put in place to address areas of underperformance.</p> <p>The Report noted that the revised schedule – MCS05 – formed the basis for schedule performance in Period 1. The Project Representative continued to repeat the concerns about progress.</p> <p>The Report noted the efforts by the Land and Property Team to acquire all of the land required by the Project before the expiry of Powers in July 2013.</p> <p>The Board noted that the Project Representative had produced an analysis on SACR 9 and that this would be included on the agenda for the Board meeting in July.</p> <p><b>Action: Andrew Wolstenholme</b></p> <p>The Board NOTED the report.</p>
025/14	<p><b>Woolwich Station Fit-Out</b></p> <p>The Board received a paper which set out CRL's response to Sponsor Change Notice 00013 (SCN 00013) – Fit-out of Woolwich Station.</p> <p>The Board noted that when the Crossrail Bill was amended to include powers for a Crossrail Station at Woolwich the change was made on the basis that this would be dependent on contributions from developers and business and that no public sector debt capacity would be made available for the fit-out. To date, CRL has only been required to hold provision for fitting out the station box for Through Train Running (TTR) and this was included in the RP4.2 budget at a value of £15.86m.</p> <p>CRL had received a Sponsor Change Notice from Sponsors outlining their intention to instruct a Sponsor Change to the Sponsors Requirements to include the delivery of a fully operational station (FOS) at Woolwich. The Sponsor Change Notice also detailed that an additional £54m of Sponsor Funding would be provided in January 2019 to help fund the delivery of a fully operational Woolwich Station.</p> <p>CRL's budget provision for undertaking a TTR scheme at Woolwich had increased from £15.86m to £36.1m since March 2012. When summed with the £54m of additional Sponsor funding for a FOS, this would increase the overall funding provision to £90.1m. This resulted in a forecast budget shortfall of £15.5m for delivering a FOS scheme. This budget shortfall would need to be funded from CRL contingency. This is however similar to the £15.9m budget shortfall that CRL already had for the TTR scheme that it is already obligated to deliver. The letting of the contract to build the station could bring cost savings however if the costs increased CRL would be required to fund any additional costs beyond the current budgeted figure.</p>



	<p>The Board noted that the commercial arrangements between the developer and the Sponsors had not been agreed at the level expected. However, following consultation with the Mayor's Office, TfL had agreed to underwrite the outstanding cost of the fit out of the station above the developer contribution. The Board noted that there was some degree of betterment in the proposed scheme and expressed concerned that this should not be counted against any CRL contingency nor in calculations of cost for the purpose of the Intervention Points.</p> <p>As detailed in the Sponsor Change Notice 0013, the Funding Schedule (Schedule 8 of the PDA) for the Crossrail Project would change on account of CRL receiving the £54m of additional funding from the Crossrail Sponsors. This would result in all the Intervention Points increasing by £54m as all the Intervention Points are calculated based on the overall Total Sponsor Committed Funding detailed in Schedule 8.</p> <p>Following the review of this paper by the Board, the Initial Change Appraisal would be submitted to the Joint Sponsor Team. Subject to the successful conclusion of the Sponsors' funding discussions, and the receipt by CRL of a 'Change Confirmation Notice' from the Sponsors, a new contract (C530) would be tendered for the fit-out works. An OJEU Notice is being prepared for release as soon as possible following Sponsor Board on 09 July 2013.</p> <p>The Board</p> <ol style="list-style-type: none"> <li>1) APPROVED the draft Initial Change Appraisal for submission to the Crossrail Sponsors;</li> <li>2) NOTED that the fit-out of Woolwich Station would be discussed at Sponsor Board on 9 July 2013; and</li> <li>3) APPROVED the fit-out of Woolwich Station subject to confirmation by TfL of the funding position and receipt of the Sponsor Change Notice.</li> </ol>
026/14	<p><b>Approval of Audited Financial Statements for the Year ended 31 March 2013</b></p> <p>The Board received a paper requesting approval of the Crossrail Limited Annual Report and Financial Statements for the year ended 31 March 2013.</p> <p>The Board noted that KPMG had concluded its audit work and had identified no potential adjustments to the Financial Statements. A report from KPMG on the audit issues for 2012/13 was discussed at Audit Committee on 10 June 2013. The Audit Committee had recommended the Annual Report and Financial Statements to the Board for approval and had requested that the Board should be asked to note that a provision for contractual claims, which may emerge in respect of disputes arising in the ordinary course of business, had been included in the accounts (page 29). At present, this totalled £9.9 million. The Audit Committee had been reassured that the figure included in the accounts at present was adequate.</p> <p>The CRL Board:</p> <ul style="list-style-type: none"> <li>• <b>APPROVED</b> the Annual Report and Financial Statements for the year ended 31 March 2013;</li> <li>• <b>AUTHORISED</b> the Finance Director to sign the 'Directors' Report and Business Review' and 'Statement of Financial Position';</li> </ul>





	Audit Committee Health & Safety Committee	AUC MIN 180313 HS MIN 130313	Robert Jennings Andrew Wolstenholme
<b>031/14</b>	<b>Verbal Updates of Recent Board Committee meetings</b>		
	The Board received verbal updates on recent meetings of Board Committees;		
	<b>Executive and Investment Committee EIC MIN 120613 Andrew Wolstenholme</b>		
	The Board noted that the Executive and Investment Committee had considered a co-ordinated employee and industrial relations strategy and that a briefing on this would be included on the agenda planner for the informal Board briefing sessions.		
	<b>Action: Andrew Wolstenholme</b>		
	<b>Health &amp; Safety Committee HS MIN 100613 Andrew Wolstenholme</b>		
	The Board noted that the Health and Safety Committee had received a presentation on the Crossrail Frontline Leadership Programme. Feedback on the Programme had been positive although as yet not all contractors had opted to take part. Consideration was being given to seeking accreditation of the Programme.		
	<b>Audit Committee AUC MIN 100613 Andrew Wolstenholme</b>		
	The Board noted that the Audit Committee had reviewed and approved the Crossrail Ltd. Annual Report and Financial Statements and reviewed the annual internal audit report.		

Signed by:


  
Terry Morgan  
Non-executive Chairman



**Pre-meeting Board Briefing-Thursday 20 June 2013**

<b><u>Members:</u></b>	<b><u>In Attendance:</u></b>	<b><u>Apologies:</u></b>
Terry Morgan (Chairman) <i>Chairman</i>	Andy Alder CRL ( <i>part</i> ) <i>Project Manager – Delivery Central West</i>	Terry Hill <i>Non-executive Director</i>
Andrew Wolstenholme <i>Chief Executive</i>	Martin Buck <i>Commercial Director</i>	Heather Rabbatts <i>Non-executive Director</i>
David Allen <i>Finance Director</i>	Mark Fell <i>Legal Services Director &amp; Company Secretary</i>	
Ian Brown <i>Non-executive Director</i>	Steve Hails ( <i>part</i> ) <i>Health &amp; Safety Director</i>	
Michael Cassidy <i>Non-executive Director</i>	Graham Hughes ( <i>part</i> ) <i>BFK- Project Director, Western Tunnels</i>	
Phil Gaffney <i>Non-executive Director</i>	Jon Jarrett ( <i>part</i> ) <i>Maintenance Manager</i>	
Andy Mitchell <i>Programme Director</i>	Sarah Johnson <i>Chief of Staff</i>	
Robert Jennings <i>Non-executive Director</i>	Niamh O'Sullivan <i>Head of Secretariat</i>	
	Howard Smith <i>Operations Director</i>	
	Valerie Todd <i>Talent &amp; Resources Director</i>	

**Maintenance Strategy Update**

The Board received a presentation from Jon Jarrett, CRL Maintenance Manager.

The Board noted the presentation and requested a further presentation on 'best in class for maintenance'.

**Action: Howard Smith**

**Exercise Baldwin**

The Board received a presentation from Steve Hails, CRL Health and Safety Director on the recent full scale emergency simulation exercise to test Crossrail's ability to respond in the event of a major incident. The Board noted the objectives of the simulation exercise and the recommendations arising from it. A further simulation exercise would be undertaken in October 2013.

The Board noted the presentation.

**Construction Update**

The Board received an update from Andy Mitchell, CRL Programme Director.

The Board noted the update.



**Westbourne Park Team – Presentation**

The Board received a presentation from Andy Alder, CRL Project Manager, Delivery Central West and Graham Hughes, BFK Project Director, Western Tunnels.

The Board noted the presentation.