

CROSSRAIL BOARD

**Minutes of the Meeting of the Board of Directors of Crossrail Limited
held on Thursday 10 October at 13.30
Crossrail Site Offices, Liverpool Street
1-14 Liverpool Street, London, EC2M 7QD**

<u>Members:</u>	<u>In Attendance:</u>	<u>Apologies:</u>
Terry Morgan (Chairman) <i>Chairman</i>	Martin Buck <i>Commercial Director</i>	
Andrew Wolstenholme <i>Chief Executive</i>	Mark Fell <i>Legal Services Director & Company Secretary</i>	
David Allen <i>Finance Director</i>	Niamh O'Sullivan <i>Head of Secretariat</i>	
Ian Brown <i>Non-executive Director</i>	Will Parkes <i>External Affairs Director</i>	
Martin Buck <i>Commercial Director</i>	Chris Sexton (part) <i>Technical Director</i>	
Michael Cassidy <i>Non-executive Director</i>	Howard Smith <i>Operations 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>		
Heather Rabbatts <i>Non-executive Director</i>		

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

47/14	The Chairman welcomed Board members and attendees.
BD MIN 120913	Minutes of the Meeting of the Board held on 12 September 2013. The Chairman signed the minutes of the meeting as a correct record.
BD AC 101013	Actions and Matters Arising The Board noted the updates on the outstanding actions. Action 17/14: The Board was given an explanation of the causes and lessons learned from the review of the circumstances surrounding the tunnel boring machine/diaphragm wall interface issue at the Western Ticket Hall at Bond Street Station.

	<p>The review indicated that there had been a breakdown in communication between the respective contractors and CRL in its co-ordinating role. The aim was to ensure that similar problems were avoided in future on the project.</p> <p>The Board was also informed that TBM Victoria had encountered temporary steel piles at Canary Wharf station which had not been shown on the as-built drawings received from the Canary Wharf Group. Post incident investigation had unearthed other drawings which showed the piles but these had not been taken into account. The delay caused had been substantially mitigated and was anticipated to be contained within a 4 week period. The lessons learned from this incident would be applied elsewhere on the project.</p> <p>Action: 08/14: The Board noted that a briefing on land and property valuations would be included on the agenda for the Informal Board briefing session in November.</p>
48/14	<p>BD CBR 101013 - Crossrail Board Report</p> <p>The Board expressed its sadness that the young lady involved in a collision with a Crossrail sub-contractor's lorry had died of her injuries on 23 September 2013. In accordance with CRL's requirements the lorry had been fitted with additional safety devices and the driver had attended the Crossrail driver training course. He had not been arrested following the accident. The on-going police investigation would take several more weeks to conclude. The Executive would use the final incident report to review the vehicle compliance processes.</p> <p>The Board noted that the Executive had carried out a Health and Safety Culture survey and had received 5,324 responses. Analysis of the responses was underway and the outputs would be fed back to the organisation as part of the Stepping Up to Health and Safety week scheduled between 21 and 25 October 2013.</p> <p>The Health and Safety Director had presented at the launch of the Public Health Responsibility Deal and would be promoting the health message with Crossrail contractors.</p> <p>The Board received a brief report from Robert Jennings on two recent senior leadership visits he had made. A recent visit to a BFK site had indicated that BFK had made huge strides towards improving their safety performance which was consistent with the overall improvement in their performance statistics with regard to health and safety. The Executive commented that the site teams had expressed their appreciation for Robert Jennings' reports of his leadership visits and his engagement with site personnel. The Board also noted the importance of all Board members making senior leadership tours to sites.</p> <p>The reported Accident Frequency Rate (AFR) had reduced to 0.40 in Period 6 with one Major RIDDOR occurring from 0.42 in Period 5. This improvement had continued in Period 7 to date.</p> <p>The Board noted that a press statement had been released by Sir Robert McAlpine, Balfour Beatty, Carillion, Costain, Kier, Laing O'Rourke, Skanska and Vinci proposing a Construction Workers Compensation Scheme for victims of blacklisting to be developed on behalf of the group by John Taylor, the former chief executive of the mediation body Acas.</p>

At the end of Period 6 the works were 43.7% complete against a planned figure of 45.2%. The gap had reduced by 0.3% in the Period. Overall schedule status had improved to minus 8 weeks (from minus 9 weeks in P5) following recent increases in tunnelling productivity. As at 2 October, 21km of bored tunnel or 50% of the total bored tunnelling on the programme had been completed. Based on the long-term average production rate of 68m/day, delivered over the past 6 months, it was anticipated that the remaining eight week delay would be substantially mitigated by the second quarter of 2014. The end date for the stage 3 programme remained December 2018.

The Anticipated Final Crossrail Direct Cost (AFDC) (P50) in Period 6 had reduced by £94.5m to £11,623 which was £125m below Intervention Point 0 (which had increased to £11,748m as a result of an increase in the forecast level of interest on the Sponsor Funding Account by £28m). The revised AFDC incorporated the outcome of the quarterly review of the Quantified Risk Assessment reflecting the positive performance of the programme over the last few Periods. It also took account of reduced exposure to civils construction risks, the achievement of a steady level of productivity and completion of more than 40% of the work.

Total costs were £138m in the Period, £18.8m above the forecast, of which £37m had been spent under 2 contracts (C300 and C305). The overspend on forecast resulted from, among other things, the growth in utilities scope and additional contractor resource requirements to support the Straight Edge plans. There had been a £15.9m overspend on property as a result of upwards revaluations at Paddington, Liverpool Street Westbourne Grove. There had been a net Project, Area and Programme risk mitigation underspend of £11.2m (which was subsumed into direct costs).

Total costs in the year to date were £805.6m. There had been a £43.6m overspend against forecast which was principally due to a £27.7m overspend in Delivery and a £27.3m overspend in Land & Property, offset by an underspend on Indirect costs of £11.5m. Cumulative total costs to date (from 1 April 2007) were circa £5bn (excluding the costs funded by Canary Wharf Group).

The overall CPI remained at 0.93 and the overall SPI is 0.97 (up from 0.96 reported in Period 5).

The number of open NCEs in the period had increased from 794 to 808. The value of open NCEs increased from £325.91m to £372.4m. 336 new NCEs were raised compared with 385 in the previous Period. The Executive confirmed that the organisation was now sufficiently resourced to deal with the number of NCEs being received per period.

The percentage of open NCEs against total raised was currently 7.2% which was below the 10% business target. There were 15 high value NCEs with a total value of £223m, which represented 60% by value of all open NCEs on the programme, four of which related to the Z25 Lift and Escalator (Common Plant and Materials) totalling £30.2m. The NCEs were being discussed with contractors as part of the half-time review meetings to ensure that senior management within the contractor organisations were aware of what was happening at contract level.

The Board noted that if all 808 outstanding NCEs (with an estimated value of £372.4m) were implemented at CRL's currently forecasted values, Delivery CPI would increase from 0.93 to 0.95. There would be no impact on SPI.

The Board requested an update on the level of settlement of the NCEs and that the Finance Director should individually brief any non-executive director who had further questions.

Action: David Allen

The Board noted that the Delivery estimate at completion (EAC) Low decreased by £5.4m in the Period. The EAC High estimate had decreased by £88.0m. If the non-delivery costs and non-project risk forecasts are added to the Delivery EACs to allow a direct comparison with AFCDC of £11,623.3m, EAC Low would be £11,339.4m (Period 5: £11,319.3m) and EAC High £11,685.4m. The Board requested that the AFCDC costs at P80 should be included in the Board report in the future.

Action: David Allen

The Board noted that the evaluation of RSD tenders continued in accordance with CRL's Tender Evaluation Plan and that the role of the Executive and of the CRL Board in the RSD procurement process had been the subject of the informal briefing by David Orr as Chair of the Procurement Expert Panel. The Executive was working with the Joint Sponsor team to streamline the governance process leading up to contract award by TfL and to agree a communications plan. The Board commented on the importance of the Executive engaging with the Board in the run-up to the contract award recommendation and requested that the Executive consider the form that this engagement would take and report back to the next Board meeting.

Action: Martin Buck

The Board noted that an independent consultant, Ergon Ltd, had completed its report into CRL's management processes for implementing the Ethical Trading Initiative (ETI) Base Code. CRL had been classified as an "improver" and considered to be on a positive trajectory towards becoming an "achiever" for the purposes of ETI. This was seen as a commendable outcome for a relatively new organisation. The Executive was committed to implementing an action plan to achieve the "achiever" classification.

The Board noted that the Area Central Director had presented at a stakeholder event for the residents of the Barbican regarding the Crossrail works near their homes. There had been an excellent attendance and the CEO had received 6 letters of thanks from residents following the event. Despite considerable effort it was proving more difficult to engage with local residents in the Whitechapel area and complaints continued to be received about the disruptive construction work in the vicinity of Swanlea School and Kempton Court.

The Board noted that planning permission had been received for Cardinal House at Farringdon West subject to the completion of the Section 106 agreement.

With regard to the On-Network Works the Board noted that all key dates and key output dates were on target to be achieved. Future reports would include an assessment of achieving certain 'Key Event' delivery dates.

The Mayor had made a statement on step free access on Crossrail stations to the GLA. The Executive would continue to look for guidance from the Sponsors on this important reputational issue.

	<p>The invitation to tender for the Crossrail Train Operating Company had been issued by RfL on 30 September. The Board requested an informal briefing on the roadmap for bringing Crossrail into use.</p> <p>Action: Andy Mitchell/Howard Smith</p> <p>The Board noted that the first issue of OnSite, which was an internal newsletter for all those working on Crossrail, had been published. The newsletter contained a Crossrail app which gave access to videos and visual information about the project. CRL has also won an industry recognition award for the Crossrail digital model. The Crossrail Innovation Programme had received over 250 applications since its launch in April 2013, of which six innovations had been selected to receive innovation funding.</p> <p>The Board noted that CRL continued to experience problems with its IT supplier Fujitsu. Capacity constraints on the Crossrail data storage equipment had led to a decision to replace two storage area network devices as a priority. A recent IT disaster recovery exercise had indicated areas which required improvement. A new interim IT Director (Andrew Turner) had been appointed.</p> <p>The Board NOTED the report and congratulated the Executive on the progress achieved during the past few Periods.</p>
49/14	<p>17/14 - Project Representative Report</p> <p>The Board received the Project Representative's Project Status Report for Period 5.</p> <p>The main focus of the report was the Project Representative's concern at the reduction in Health and Safety performance while recognising the strenuous efforts being made to improve that performance. The Project Representative had developed a Cost and Schedule Dashboard that included the Project Representative's forecast of Estimate at Completion (EAC). That EAC did not tally with CRL's calculation and the Executive was working with the Project Representative 'to understand the methodology they had used.</p> <p>The Executive is trying again to ensure that the Project Representative's team had access to the same information used by the Executive to ensure alignment of reporting.</p> <p>The Board noted that Gordon Masterton would be leaving the Project Representative Team and requested that he be invited to an Informal Board briefing session along with the person who would be replacing him in the Team.</p> <p>Action: Andrew Wolstenholme</p> <p>The Board NOTED the report.</p>
50/14	<p>18/14 Paddington Station: Bakerloo Line Link (BLL)</p> <p>The Board received a paper from the Executive on the scheme to deliver a deep tunnel link between the Bakerloo Line and the new Crossrail station at Paddington. This followed on from Paper 02/14 which had been considered at the April 2013 Board meeting when the Board declined to approve a release of contingency to fund the proposed scheme.</p> <p>As requested by the Board a detailed review of alternative options to the proposed scheme had been undertaken in consultation with key stakeholders (principally Network Rail and London Underground). A total of 34 options had been considered.</p>

	<p>The conclusion was that the proposed deep tunnel scheme remained the best solution, principally because of the complexity of the works required in an area which was geologically complex and heavily congested with many man-made obstructions and because of the a risk that shallow tunnelling could undermine the Network Rail train shed columns. This option could also offer better value than a shallow tunnel which would create the need for further tunnelling to allow passengers to gain access from the concourse to the Bakerloo Line platforms. As requested by the Board the cost estimate had been scrutinised again and the estimated cost had been reduced by [REDACTED]. Confirmation had also been received from the Sponsors that the link was still required.</p> <p>The Board questioned the proposal from the Executive that London Underground should deliver the BLL works on behalf of CRL after some debate as to the optimum means of mitigating the interface risk with the London Underground Bakerloo Line station. The Board directed that it wished the reasons in favour of London Underground delivering the works on behalf of CRL to be explained in greater detail and for the decision on procurement route to be brought back to the Board for further review*.</p> <p>Action: Andy Mitchell</p> <p>The Board APPROVED an increase in the Current Control Budget of £44.21m funded from Programme Contingency.</p> <p>The Board noted that the Sellar Property Group was proposing a scheme to re-develop the Paddington area which included re-developing the Bakerloo line station hall. That scheme would allow a link from the Bakerloo Line to the Crossrail station at concourse level, which was potentially a better and less costly solution to the congestion problems. Sellar was aiming that the redevelopment plan should have agreement in principle from stakeholders by Christmas 2013 and planning permission by end of 2014.</p> <p>The Board discussed the various challenges faced by the Sellar scheme and noted that CRL would continue to work on the deep tunnel scheme in any event. CRL would continue to monitor the Sellar scheme from a neutral position and would give technical information if requested. If the Sellar scheme gathers support, the impact on the currently proposed scheme would be brought back to the Board.</p> <p><i>*A post Board meeting note is to be circulated to the Board.</i></p>									
51/14	<p>AOB</p> <p>The Board noted that the City of London Corporation had decided to proceed on the basis that the Art Programme is a live project and were finalising arrangements to match all funding for the Art Programme raised from other sources. CRL had started to build a contact list of potential sponsors and letters seeking funding were being drafted.</p>									
52/14	<p>Minutes of Board Committees for Reference</p> <p>The Board received the following minutes for reference;</p> <table border="0" data-bbox="359 1736 1452 1948"> <tr> <td>-Executive and Investment Committee</td> <td>EIC MIN 040913 EIC MIN 230913</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>-Health and Safety Committee</td> <td>HS MIN 020913</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>-Audit Committee</td> <td>AUC MIN 100613</td> <td>Robert Jennings</td> </tr> </table>	-Executive and Investment Committee	EIC MIN 040913 EIC MIN 230913	Andrew Wolstenholme	-Health and Safety Committee	HS MIN 020913	Andrew Wolstenholme	-Audit Committee	AUC MIN 100613	Robert Jennings
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Pre-meeting Board Briefing-Thursday 10 October 2013

<u>Members:</u>	<u>In Attendance:</u>	<u>Apologies:</u>
Terry Morgan Chairman	Simon Adams <i>Acting Chief of Staff</i>	Andy Mitchell <i>Programme Director</i>
Andrew Wolstenholme <i>Chief Executive</i>	Martin Buck <i>Commercial Director</i>	
David Allen <i>Finance Director</i>	Jay Carver (part) <i>Crossrail Archaeology Specialist</i>	
Ian Brown <i>Non-executive Director</i>	Troy Easthorpe (part) <i>Project Manager Liverpool Street</i>	
Michael Cassidy <i>Non-executive Director</i>	Steve Elliott <i>Programme Controls Director</i>	
Phil Gaffney <i>Non-executive Director</i>	Clare Moriarty (part) <i>Director General, Rail Group, Department for Transport</i>	
Terry Hill <i>Non-executive Director</i>	Niamh O'Sullivan <i>Head of Secretariat</i>	
Robert Jennings <i>Non-executive Director</i>	David Orr (part) <i>Chair of Procurement Expert Panel</i>	
Daniel Moylan <i>Non-executive Director</i>	Will Parkes <i>External Affairs Director</i>	
Heather Rabbatts <i>Non-executive Director</i>	Martin Rowark (part) <i>Procurement Director</i>	
	Howard Smith <i>Operations Director</i>	
	Valerie Todd <i>Talent & Resources Director</i>	
	Bill Tucker (part) <i>Area Director Central</i>	

Works at Liverpool Street

The Board received a presentation from Bill Tucker, Area Director Central on the works at Liverpool Street.

The Board NOTED the presentation.

Update on Crossrail Archaeological Discoveries

The Board received a presentation from Jay Carver on the Crossrail Archaeological discoveries.

The Board requested that a further presentation should be provided at a future Crossrail Informal Board briefing and that an update should also be provided to the Mayor.

The Board NOTED the presentation.

Update from Clare Moriarty, Director General, Rail Group, Department for Transport

The Board updated Clare Moriarty on progress on the project and NOTED her comments.

Procurement – General Issues and Rolling Stock and Depot

The Board received a presentation from David Orr, Chair of the Procurement Expert Panel which set out the Panel's view of the roles of the Procurement Expert Panel, the CRL Executive, the CRL Board and the Sponsors in the RSD contract award process.

The Board NOTED the presentation and also the indicative governance arrangements and timetable for approval of the contract award.

Draft Crossrail 2014/15 Objectives

The Board received a presentation from David Allen, CRL Finance Director, outlining the draft corporate objectives for 2014/15.

The Board noted that it was appropriate that the structure of the draft objectives was the same as for 2013/14.

The Board requested that the Finance Director discuss the draft objectives with the non-executive directors individually and report back to the next informal Board briefing regarding any major changes.

Action: David Allen

Risk Briefing

The Board received the bi-annual update review of the risk register from the Head of Risk Management which was scheduled to tie in with the timetable for preparation of the Semi-Annual Construction Report (SACR 10). The presentation focused on a review of the quantitative risk analysis cost and schedule for SACR 10 and a review of significant programme risks.

The Board NOTED the presentation.

