

CROSSRAIL BOARD

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

<u>Members:</u>	<u>In Attendance:</u>	<u>Apologies:</u>
Terry Morgan (Chairman) <i>Chairman</i>	Louise Brooker-Carey <i>External Relations Director</i>	Terry Hill <i>Non-executive Director</i>
Andrew Wolstenholme <i>Chief Executive</i>	Martin Buck <i>Commercial Director</i>	
David Allen <i>Finance Director</i>	Mark Fell <i>Legal Services Director & Company Secretary</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>	Valerie Todd <i>Talent & Resources Director</i>	
Andy Mitchell <i>Programme Director</i>		
Robert Jennings <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.

107/13	The Chairman welcomed Howard Smith to his first Board meeting and all members and attendees.
108/13	Minutes of the Meeting of the Board held on 28 February 2013. The Chairman signed the minutes of the meeting as a correct record.
109/13	Actions and Matters Arising The list of outstanding actions from previous meetings was reviewed and the actions taken were noted. Action: 56/13 – The Board noted that the Chief Executive had contacted the CEO of Heathrow Airport Holdings regarding the Crossrail works being undertaken by Network Rail over Easter and had confirmed that the measures to reduce the risk of overrun on the works included reduced scope and strengthened liaison processes.

	<p>Actions: 04/13 and 05/13 – The Board noted that discussions were ongoing regarding who would be the Senior Responsible Officer for the Rolling Stock Procurement after contract award. The Board was informed that TfL had reviewed the procurement processes for the Crossrail Train Operating Company against the findings in the Laidlaw Report and had been assured that all relevant issues had been addressed satisfactorily. The Operations Director said that he would brief the Board in May on the governance arrangements within TfL post his move to CRL.</p> <p>Action: Howard Smith</p>
110/13	<p>Crossrail Board Report</p> <p>The Board noted that the Health and Safety Performance Index (HSPI) had decreased in Period 12 to 1.73 compared to a score of 1.74 in Period 11. The All Crossrail (including Industry Partners) RIDDOR Accident Frequency Rate (AFR) for Period 12 had increased to 0.29 compared to 0.28 in Period 11. The Lost Time Case (LTC) AFR for Period 12 had increased to 0.56 compared to 0.54 in Period 11. The Board noted that the RIDDOR Accident Frequency Rate (AFR) was likely to remain around 0.30 for a number of periods as the recent incidents would remain in the reported scores for some time.</p> <p>On 27 March a haulage contractor which provided services to the Crossrail project had been involved in a fatal collision on Harrow Road. The lorry was displaying a Crossrail logo in its windscreen but the vehicle had not been doing Crossrail work at the time of the accident. In future hauliers would be instructed to remove the Crossrail logo when not on Crossrail business.</p> <p>Following an analysis of recent incidents a number of safety initiatives had commenced and a Safety, Health and Leadership Team (SHELT) had been established with all of the tier 1 contractors which would be meeting on a monthly basis. Safety metrics are improving on a number of contracts. In the Central Area 5 contracts had been injury free for 7 periods.</p> <p>The Crossrail Health and Safety Committee had considered Crossrail Industry Partners (IPs) and their role as elected clients in accordance with the Construction Design and Management (CDM) Regulations and had agreed that the Health and Safety Director should prepare a report to provide assurance that CRL is carrying out all the necessary checks on IPs, to be considered by the Committee every 6 months.</p> <p>The Board noted that the Unite union had commenced a "leverage campaign" against Crossrail. This appeared to be linked to the General Secretary elections in April but it was anticipated that it would continue for some time thereafter. This may become a high profile campaign and there had already been some media attention. [REDACTED] to write to the General Secretary of Unite, Len McCluskey, seeking undertakings that Unite would cease all unlawful activities it had been undertaking as part of the campaign and reserving CRL's rights to take whatever action it considered necessary to protect the project. The police had been contacted and sites had been given instructions on what action to take in the event of incidents. CRL had also actively promoted a consistent message in the media that it did not tolerate blacklisting. To date it appeared that Unite had not sought to involve members working on Crossrail sites in the campaign. Despite the campaign CRL had continued to endeavour to engage constructively with Unite and other unions through quarterly liaison meetings. CRL had also emphasised to contractors that blacklisting would not be tolerated and that correct and audited employment practices should be put in place. The Board noted that Sponsors had been briefed regarding this issue and suggested that certain influential political and media figures should also be briefed.</p>

Action: Andrew Wolstenholme

The Board noted that the replacement screw conveyors had arrived at Wallasea Island. The equipment had been tested in Ireland with spoil from the Crossrail tunnels and there was a high level of confidence that it would be able to handle the Crossrail excavated material. The position would become clearer in early May.

Against the Review Point 4.2 baseline agreed in April 2011 the actual progress of work in the central section at the end of Period 12 is 34.9% complete against a planned figure of 36.9%, representing a 2% slippage behind plan. Overall earned value is £140m behind plan. These measures showed a slight improvement on the position reported in the previous period. As a result of the mitigation actions that have now been put in place, the resolution of a number of technical issues across the programme, and the increased tunnel production numbers that were now being delivered, the Executive were confident that SACR 9 would show an increased level of certainty for the forecast opening date of December 2018. The Board noted that there were no plans to re-baseline the programme, as is commonly done on other large projects, as the Executive considered there to be greater value in continuing to report against the original baseline and the early start dates.

Looking ahead to 2013-14 the Board noted that the TBMs were making good progress and that by the end of March 2013 would have completed 7.5kms of tunnels and 1.5kms of pilot tunnels. The SCL tunnelling under Kempton Court had to date showed less settlement than predicted. This level of performance to date appears to have won the confidence of the infrastructure owners along the route and had helped to build up positive relations with them. In hindsight, given the low level of settlement, a lesson learned for future projects could be that the level of compensation grouting undertaken for Crossrail may have been more than necessary. This would be a useful area for consideration by the Expert Panel. Spray concrete lining had started ahead of schedule, the quality of the work was good and there were plans in place to ensure that there were enough resources to keep up with demand. The strategy for the removal of the TBM at Farringdon would be included on the agenda for the next Board meeting following consideration by the Expert Panel.

Action: Andy Mitchell

The Board noted that the 'Straight Edge' exercise was almost complete and that the project targets and glide-paths were in place. The Executive was preparing a strategy for managing the design and construction of the stations to minimise duplication of work and to optimise the consistency of results.

A presentation on what CRL was doing to ensure delivery to plan had been made to the March Sponsor Board.

The Board noted the importance of engaging with the successful bidders on the C610 contract and developing an integrated schedule by September 2013.

The Anticipated Final Crossrail Direct Cost (AFCDC) decreased by £1.6m to £11,669.4m (P50) and remains below Intervention Point 0 by £3.2m. Total expenditure in the period was £103.8m which was £10m below the business plan forecast. This included an £18.3m underspend on Property Acquisitions as a result of the downward revaluation of compensation costs. Delivery spend in the Period was approximately £6m ahead of forecast. At £1,259.5m the year to date spend was £81.5m lower than the business plan. This is principally as a result of underspend on Land and Property caused by

removal of scope and downward revaluations due to lower than anticipated compensation settlements. There were also slower than planned increases in staff resources and underspends on oversite developments. Direct costs were marginally below forecast by £3.1m (or 0.3%). The major procurement cycle for the project had largely come to an end which also meant an end to significant buying gains on procurements. The Board requested a briefing on Land and Property savings and valuations at the April meeting.

Action: David Allen

There had been significant increases in CPI (1.01 against 0.83 for Period 11) and SPI (1.09 against 0.72 for Period 11) in the Period. Both measures indicated a level of performance that was above CRL's long term average, and substantially above the performance delivered in the last 3 periods. The cumulative CPI and SPI both remained unchanged at 0.94.

The 2013/14 Business Plan proposed a reduction in contingency to ensure that CRL's financial budget is compliant with IP1. After making this adjustment to contingency, in Period 12 there is £2,408.3m of funding to cover a P50 risk exposure of £2,228.4 (i.e. an excess of £179.9m). On the same basis, at P95 there is an unfunded risk exposure of £481.1m.

The Board noted that the target release date for the revised invitation to tender for the Rolling Stock and Depot procurement was 19 April 2013, and that an update would be provided to the April Board meeting.

Action: Martin Buck

The Board discussed the question of who would be responsible for the caretaking/maintenance of stations following completion of construction and before hand over to the operators. This was particularly relevant in view of the fact that Canary Wharf Group were scheduled to hand over the Station Box in July 2013. The Board requested that the Executive provide a report on this issue at the July Board meeting.

Action: Andy Mitchell

There had been a number of high profile visits to the project in March including visits by the Secretary of State for Transport to the C310 Thames Tunnel site at Plumstead and by the Mayor of London and the Transport Minister to the Tunnelling and Underground Construction Academy to launch National Apprentice Week. The first Crossrail Apprentice Awards were held at the Houses of Parliament and were attended by the Skills Minister, Matthew Hancock.

The first meeting of the Crossrail Quality Sub-committee would take place in April. The remit of the Sub-committee covered build quality leading to successful handover to the railway operator.

The Board NOTED the report.

111/13	<p>Project Representative Report</p> <p>The Board received the Project Representative's Project Status Report for Period 11.</p> <p>The main area of focus of the Project Representative's Report was the change in current schedule delay which moved from 8 weeks to 10 weeks in Period 11. The Executive had provided the Sponsor Board on 19 March 2013 with an update on progress with the mitigation measures which were identified in SACR8 to improve the schedule position. The Executive had also advised the Sponsor Board that it would not be developing a performance indicator for float as it is satisfied that its existing performance measures provide the right level of information about schedule performance.</p> <p>In response to the Project Representative's concerns regarding the number of NCEs which remained open, the Executive had already advised that it is seeking to enhance the Contract Administration Teams. It is anticipated that the performance target of having less than 10% NCEs open would be met by Period 13. This coupled with the continued implementation of the high value NCE's would greatly assist in achieving the Straight Edge.</p> <p>The Board NOTED the report.</p>
112/13	<p>Contract Award Recommendation – Contract C610 – Systemwide Main Works</p> <p>The Board received a paper requesting approval of the award recommendation for Contract C610 – Systemwide Main Works.</p> <p>The Board noted that this was the last of CRL's major works procurements. Originally the plan had been to tender for two separate contracts C610 and C630. However feedback from the market had indicated that having just one contractor working in the confined space in the tunnels would allow for safer working and therefore the procurement plan had been revised and the two contracts had been combined as one. The Board noted that the Systems Expert Panel and the Procurement Expert Panel had considered this issue and had agreed with the decision to revise the procurement plan.</p> <p>-</p> <p>The Board noted that originally five organisations had been invited to tender however two had withdrawn.</p> <p>The Board noted that, in an addendum to the C610 tender documents, access dates to 3 of the tunnels had been moved back by 10 weeks and that the contractors had confirmed in their bids that this would have no impact on the bid. Earlier access could be available if required. The Programme Director had confirmed this in a letter to the Sponsor Board.</p> <p>The Board noted that the contract had been tendered as a main option C (target price) contract with the Contractor's pain/gain share at 50. The tendering process was conducted in accordance with the approved Procurement Plan and Tender Opening and Evaluation Plan for C610.</p> <p>The contract had been evaluated on a 70% technical and 30% commercial basis. The recommended tenderer had the highest overall score (16% higher than the second highest overall scoring Tenderer). Their technical score was also highest and their commercial score was the second highest. CRL would be working in a very close collaborative arrangement with the successful contractor and part of the evaluation process had been to ensure that this working arrangement would be possible.</p>

The Board noted that the recommended tenderer had scored a concern against the question regarding a key person they would provide for the contract. The Board requested confirmation that the Executive had clarified the position to their satisfaction once the contract had been awarded.

Action: Martin Buck

The Board noted that Pre-Tender Budget Authority for the contract was granted in March 2012, for £433.34m. Investment Authority was endorsed at the Investment and Change Sub-committee on 27 March 2013 at a level of £371.48m. A contingency allowance of approximately 15 % had been included in this figure. This was an extremely complex contract and it was essential that there remained sufficient available funding to cover contingencies.

The Board noted that a final commercial agreement had just been reached by TfL for the East London Line Extension. A lesson learned from that contract is that it was important to resolve commercial issues as they arose. The Board requested that an analysis of all of the lessons learned from the commercial handling of the East London Line contract should be undertaken by the Executive in consultation with TfL.

Action: Howard Smith

The CRL Board:

- i. NOTED that the Commercial Sub-Committee (CSC) endorsed the recommendation to award Contract C610 to 'Moline' on 27 March 2013;
- ii. NOTED that the Investment and Change Sub-Committee (ICSC) endorsed Investment Authority for this contract at a level of £371.48m on 27 March 2013; and
- iii. APPROVED the recommendation to award contract C610 to tenderer 'Moline' with an Investment Authority of £371.48m.

113/13 Plumstead

The Board received a paper which outlined the issues relating to the proposal to deliver Permanent Sidings, an Infrastructure Maintenance Depot and associated facilities at Plumstead and seeking the CRL Board's endorsement of the proposed next steps.

The Board noted that a review by Network Rail had suggested that an alternative location should be found for the Crossrail Infrastructure Maintenance Facility which had originally been envisaged to be located at Old Oak Common. CRL had identified a site at Plumstead which could be used for the facility.

The total forecast cost for delivering the full proposed scope of works at Plumstead was approximately £100m – as follows:

- Land & Consents - £9.3m
- Passenger Train Stabling - £26.4m
- Infrastructure Maintenance Depot - £24.6m
- Yellow Plant - £22.1m
- Assorted Other Costs - £16.9m

	<p>To date, CRL has approved a total budget of £24.3m for Land, Consents and the Passenger Train Stabling at Plumstead through Change Papers CP846 and CP861. There is a forecast gap of £11.5m between the budget that was approved for the Passenger Train Stabling and the current estimate. In total, there was a forecast gap of approximately £75m between the approved budget and the current estimate for the works. Instructions needed to be issued to the contractors on site by May 2013 to ensure the maintenance facility is operational at the start of trial running in July 2018.</p> <p>The Board noted the three options available for the funding of the works at Plumstead:</p> <ol style="list-style-type: none"> 1. CRL fund full scope of works from Sponsor Committed Funding; 2. Sponsors provide CRL with additional funding to cover full scope of works; 3. CRL/RfL shared the funding requirement. <p>The Board noted that option 1 was not the CRL Executive's preferred approach and should be considered to be an unfunded scope change. However, there was a prospect that option 1 represented the only way through which this scope could be delivered. If adopted, it would increase CRL's Anticipated Final Crossrail Direct Cost (AFDCD), adversely affecting CRL's position against the Sponsor Intervention Points.</p> <p>The Board noted that further analysis needed to be undertaken over the next three months to provide the context of an overall maintenance strategy, which would enable the Board and Sponsors to make properly informed decisions on the procurement of Yellow Plant. The Board requested that the funding of Yellow Plant should be discussed with the Sponsors and declined to approve a funding commitment to that area of scope.</p> <p>The Board APPROVED the commitment of an additional £53.0m of funding in respect of the cost of land acquisition, passenger train stabling and the infrastructure maintenance depot. The Board noted that the requisite additional funding could, potentially, be provided through a release of Board Contingency (under the categories of 'unfunded Sponsor change' or 'Board instructed scope change'), or from Programme Contingency. The Board authorised the Chairman to agree the appropriate source (or sources) of funding with the CRL Executive.</p> <p>Action: Terry Morgan/Andrew Wolstenholme</p> <p>The Board noted that the Operations Director would provide a briefing on the maintenance strategy across the Crossrail network including the use of the site at Plumstead at a future informal Board session.</p> <p>Action: Howard Smith</p>
114/13	<p>Increase in the Authorised Share Capital of CRL and Issue and Allotment to Transport Trading Limited</p> <p>The Board received a paper setting out changes authorised by Transport Trading Limited (TTL) to CRL's authorised share capital and CRL's memorandum and articles of association and seeking a Board resolution to issue and allot additional shares to TTL.</p>

	<p>The Board:</p> <p>(1) NOTED the shareholder resolution to:</p> <ul style="list-style-type: none"> • increase the authorised share capital for the Company to £1210 million, divided into 605 million A shares of £1 each and 605 million B shares of £1 each; • authorise the directors of the Company to issue and allot shares in the Company up to the newly increased amount provided that this authority shall, unless renewed, varied or revoked expire on the date five years from the date of this resolution; and • amend CRL's articles of association to reflect the increase. <p>(2) RESOLVED to issue and allot to TTL 55 million 'A' Shares at £1 each and 55 'B' Shares at £1 each.</p>						
115/13	<p>Any Other Business</p> <p>There was no other business.</p>						
116/13	<p>Minutes of Board Committees for Reference</p> <p>The Board received the following minutes for reference.</p> <table> <tr> <td>Executive & Investment Committee</td> <td>EIC MIN 200213</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>Health & Safety Committee</td> <td>HS MIN 180213</td> <td>Andrew Wolstenholme</td> </tr> </table>	Executive & Investment Committee	EIC MIN 200213	Andrew Wolstenholme	Health & Safety Committee	HS MIN 180213	Andrew Wolstenholme
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117/13	<p>Verbal Updates of Recent Board Committee meetings</p> <p>The Board received verbal updates on recent meetings of Board Committees;</p> <table> <tr> <td>Health and Safety Committee</td> <td>HS MIN 180313</td> </tr> <tr> <td>Audit Committee</td> <td>AUD MIN 180313</td> </tr> <tr> <td>Sustainability Committee</td> <td>SUS MIN 060313</td> </tr> </table>	Health and Safety Committee	HS MIN 180313	Audit Committee	AUD MIN 180313	Sustainability Committee	SUS MIN 060313
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Signed by: _____

Terry Morgan
Non-executive Chairman

Pre-meeting Board Briefing-Thursday 28 March 2013

<u>Members:</u>	<u>In Attendance:</u>	<u>Apologies:</u>
Terry Morgan (Chairman) <i>Chairman</i>	Siv Bhamra (part) <i>Systemwide Director</i>	Terry Hill <i>Non-executive Director</i>
Andrew Wolstenholme <i>Chief Executive</i>	Louise Brooker-Carey <i>External Relations Director</i>	
David Allen <i>Finance Director</i>	Martin Buck <i>Commercial Director</i>	
Ian Brown <i>Non-executive Director</i>	Mark Fell <i>Legal Services Director & Company Secretary</i>	
Michael Cassidy <i>Non-executive Director</i>	Rob Halstead <i>Head of Risk Management</i>	
Phil Gaffney <i>Non-executive Director</i>	Sarah Johnson <i>Chief of Staff</i>	
Andy Mitchell <i>Programme Director</i>	Niamh O'Sullivan <i>Head of Secretariat</i>	
Robert Jennings <i>Non-executive Director</i>	Martin Rowark (part) <i>Procurement Director</i>	
Heather Rabbatts <i>Non-executive Director</i>	Clive Thomas (part) <i>Procurement Manager - Systems</i>	
	Valerie Todd <i>Talent & Resources Director</i>	

C610

The Board received a presentation from the Systemwide Director and the Procurement Director on the C610 Systemwide Main Works Contract Award.

The Board noted that a paper containing the contract award recommendation would be considered at the formal Board meeting.

The Board noted the presentation.

Schedule and Mitigation Plan

The Board received a presentation from the Programme Director on the programme status update and schedule outlook.

The Board noted the presentation.

Risk Management

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. The presentation focused on the challenges ahead and provided an overview of the schedule risk analysis in terms of process and outputs.

The Board noted the presentation.

