

**CROSSRAIL BOARD****Minutes of the Meeting of the Board of Directors of Crossrail Limited  
held on Thursday 30 January 2014 at 13.30  
28<sup>th</sup> 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*

Robert Jennings  
*Non-executive Director*

Andy Mitchell  
*Programme Director*

Daniel Moylan  
*Non-executive Director*

**In Attendance:**

Mark Fell  
*Legal Services Director &  
Company Secretary*

Niamh O'Sullivan  
*Head of Secretariat*

Will Parkes  
*External Affairs Director*

Howard Smith  
*Operations Director*

Valerie Todd  
*Talent & Resources Director*

**Apologies:**

Martin Buck  
*Commercial Director*

Phil Gaffney  
*Non-executive Director*

Heather Rabbatts  
*Non-executive Director*

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

**82/14** The Chairman welcomed Board members and attendees and noted that both Heather Rabbatts and Phil Gaffney had submitted apologies for unavoidable reasons and that Martin Buck was on annual leave.

**BD** **Minutes of the Meeting of the Board held on 09 January 2014.**

**MIN**

**090114** The Chairman signed the minutes of the meeting as a correct record.

**BD AC** **Actions and Matters Arising**

**300114**

The Board noted the updates on the outstanding actions.

Action 35/14: A number of borough councils had asked CRL and Network Rail to reconsider the current designs of the Crossrail surface stations in their boroughs. There had also been calls in the media for an independent CABE style review of the design of surface stations. The Executive reported on the recent discussions with the CEO's of Redbridge and Hayes & Harlington, the significant changes which had been made to a number of station designs and the scope for resolution of the residual issues by on-going discussions rather than by imposition of an external design review. The Board debated the merits of this approach and noted the Executive's view that the position would be much clearer by the time of the next Board meeting. A paper would be included on the agenda for that meeting.

**Action: Andrew Wolstenholme**



Action 31/14: An update on the half-time reviews would be provided to the next Board meeting.

**BD** **Crossrail Board Report**

**CBR**

**300114**

Period 10, which included the Christmas holiday period, had been largely unremarkable with performance slightly below plan.

The improvement in safety performance had continued with the RIDDOR AFC (including 3+ day lost time cases) holding at 0.34 (P9: 0.34), with one RIDDOR major injury, and HSPI increasing to 2.09 (P9: 2.08). A significant result for HSPI in Period 10 was that 15 out of 17 contracts scored 2.00 or above which equated to 88% of contracts. The process of demobilisation and remobilisation for the holiday period had gone far more safely and efficiently than last year.

At a recent meeting the CRL Health and Safety Committee had agreed that the HSPI targets for the coming year should be even more challenging. CRL was working with contractors to ensure that there was a consistent focus on health and safety at all levels in the supply chain. While satisfactory progress had been made against very demanding health and safety targets the Executive would continue to focus on improving performance in this area in the future.

All of the KPI figures relating to safety performance showed substantial improvements by comparison with the previous year. The "unsatisfactory" score in relation to RIDDOR major injuries partially reflected the Executive's level of ambition in setting target of a 60% reduction over a one year period.

The Executive are now focussing on the steps which would need to be taken to maintain the current levels of safety performance as the project moved towards the fit-out stage. This will require a huge amount of effort.

At the end of Period 10 the works were 48% complete against a planned figure of 48.5%, a variance of 0.5% (the same as last Period) with another strong performance in the Central Area counterbalancing a weaker performance in the West and East areas.

A total of 1.2km TBM productivity had been achieved during the Period. Progress continued to be shown, conservatively, as 6 weeks behind plan. The expectation continued that the programme delay would be made up by March 2014 subject to resolution of the programme impacts of the current issues at Moorgate and Whitechapel. The scheduled 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. The major works planned to be undertaken during the Christmas 2013 railway closures had been all been achieved safely and on time.

The Delivery Team was preparing a business case setting out a cost/benefit analysis out of the C610 schedule opportunities and would report to the Board on the results of the exercise.

**Action: Andy Mitchell**

Total in period spend was £85m, £41m below the 2013/14 Business Plan forecast and £16m below the Year to Date plan. This included £36.1m underspend on direct costs and £4.8m underspend on indirect costs. Approximately £25m of the underspend was due to a financial planning error regarding the Christmas cessation of works. Some of this spend would occur in future periods. In the year to date, there was a £26.7m underspend on



direct costs and £23m underspend on indirect costs. This was partially offset by an overspend in other areas, notably property.

At the end of Period 10, the Anticipated Final Crossrail Direct Cost (AFDCD) at P50 increased by £5m to £11,632m, which was £125m below Intervention Point 0. The Crossrail P80 AFDCD was now £12m below Intervention Point 1. At delivery contract level actual spend on the project to date was 6% over the total of the contractor's budgeted cost of work performed (CPI 0.94). The cumulative SPI for delivery in the period held at 0.99 while cumulative CPI had reduced marginally increasing the cost variance to £199m. The delivery contract overspend had been funded from the contingency budget. In order to resolve differences of approach between the Executive and the Project Representative, a paper will be submitted to the Sponsor Board explaining the CRL approach to SPI and CPI calculations.

The Risk Sub-committee is focusing on mitigating risk 11497 – *the railway service cannot be operated effectively at opening because of non Crossrail related service issues* – with the aim of reducing that risk to previously reported mitigated level.

The bid process for the Crossrail Train Operating Company would close on 14 February 2014. The aim was to appoint a train operator by the end of 2014. TfL's treatment of revenue risk makes this procurement quite different from the West Coast approach. Scoring is based primarily on cost and deliverability. The model for the evaluation process had been thoroughly checked by TfL Corporate Finance and it was considered to be resilient.

Network Rail had just agreed in principle to extend the interim funding arrangement with Crossrail until 31 March 2016. Both Sponsors have been consulted during the course of negotiation of the proposed extension CRL will proceed to implement that extension once the agreement of both Sponsors has been obtained.

The Sponsors were currently considering the proposal to extend the Crossrail Services to Reading.

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 £1,851m.

The value of open NCEs had again reduced in the Period from £256m to £217m. The value of High Value NCEs had reduced from £109m to £71m.

The Rolling Stock and Depot contract award recommendation had been endorsed by the TfL Finance and Policy Committee and had successfully completed the Department for Transport governance process. It was included on the agenda for the TfL Board meeting on 5 February 2014, following which there would be a joint CRL/Sponsors press release and a Ministerial statement in the House of Commons. The 10 day stand still period would then begin, with a target contract award date of 18 February 2014.

The National Audit Office had completed its review of the Crossrail project and had produced a report which was broadly positive.

Network Rail had reported a reduction of £30m in the AFC for the On Network Works which remained on schedule. If this level of performance is maintained it is likely that Network Rail will earn a bonus of about £50m. There is no cap on their share of cost savings so Network Rail will continue to be incentivised to reduce cost. CRL is not entitled to share in any such cost savings.



All 2013/14 key milestones were complete except the opening of Eastbourne Terrace and the achievement of 30km of bored tunnel and 5km of SCL – all of which should be achieved by the due date

It was anticipated that there would be a shortfall of spoil required for Wallasea Island running into hundreds of thousands of tons. The conveyor issue had not and would not impact on tunnelling productivity. An action plan is being developed to mitigate this issue.

During the recent heavy rainfall there had been a land slippage at Westbourne Park. The boundary wall of the area affected had been withstood the load and the spillage had been cleared in a number of hours.

The Programme Supply Chain Team had held regional engagement events in a number of those areas across the UK which had been identified as less well represented by supply chain organisations.

As part of the Crossrail 'half-way there' celebrations the Prime Minister and Mayor of London had visited the Tottenham Court Road site which had generated much positive media interest. Media evaluation was now undertaken in-house, enabling a more accurate calculation of tonality. The tonality score is now 85% positive with negative coverage at 4%. CRL had received the lowest number of helpdesk complaints for 14 periods (including the Christmas period of the previous year). A series of 'half-way there' events were being organised for staff and members of the public at Crossrail sites.

The City of London and CRL had held an event at the Guildhall to promote the Crossrail Art Programme on Monday 13 January 2014. The City of London had announced that it would match fund the Art Programme up to a value of £3.5m. [REDACTED]

[REDACTED] This commitment had enabled the appointment of Global Cities to be extended.

During the period a meeting had been held with two of the major trade unions. Unite had been invited but were not represented. The meeting had been cordial and no significant issues had been raised. The Executive was currently considering the Industrial Relations strategy for the second half of the project.

The proposed changes to the legislation relating to employment intermediaries could have a significant cost impact on the project. The current consultation closed in February and the change in law was planned to occur in April. CRL had been requested to give evidence to the House of Lords Select Committee on Personal Service Companies. During the Period a meeting had been held with the CRL Pension Trust Advisors who had agreed to engage with CRL on the potential liability issues under the Crossrail Pension Scheme.

A presentation would be made at the next informal Board briefing on the Crossrail Big Dig Survey, to which there had been a 93% response rate.

#### **Action Valerie Todd**

The Board NOTED the report.

#### **83/14 32/14 - Project Representative Report**

The Board received the Project Representative's Project Status Report for Period 9.

The report had commented on the rate of current draw down on Board and programme



contingency. Drawdown from the contingency budget was running at £29m per period. If it continued at this rate or below the project would be achieved at or below IPO.

The Project Representative had been very positive with regard to CRL's work on quality and on health and safety and noted that a strong focus on health and safety needed to be maintained.

**84/14** The Board NOTED the report.  
**Minutes of Board Committees for Reference**

The Board received the following minutes for reference;

- |                                      |                       |                     |
|--------------------------------------|-----------------------|---------------------|
| - Executive and Investment Committee | <b>EIC MIN 060114</b> | Andrew Wolstenholme |
| - Health & Safety Committee          | <b>HS MIN151113</b>   | Andrew Wolstenholme |

**85/14** **Verbal Updates of Recent Board Committee Meetings**

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

- |                                      |                   |                     |
|--------------------------------------|-------------------|---------------------|
| - Executive and Investment Committee | <b>EIC 220114</b> | Andrew Wolstenholme |
| - Health & Safety Committee          | <b>HS 200114</b>  | Andrew Wolstenholme |
| Audit Committee                      | <b>AUD 161213</b> | Robert Jennings     |

The Chairman of the Audit Committee reported that the meeting on 16 December 2013 had reviewed the risk management report, the integrated audit plan 2014/15, the KPMG audit strategy, received a report on the CRL whistleblowing policy and considered CRL's current pension arrangements.

**86/14** **AOB**

The Board received a presentation from the Chief Executive on organisational transition which followed on from an informal briefing to the Board on the same topic in November 2013.

The need for a transition plan is acknowledged and a meeting with TfL had taken place in December to develop the principles for managing that transition. These included the need to put safety as the overriding consideration and to avoid jeopardising a successful delivery of the project. A two stage approach is envisaged which will be developed in a Transition Plan to be produced in consultation with TfL over the next 12 months. The first stage will comprise a gradual transition of corporate functions, the timing of which will be driven by value for money and risk considerations. Each function will be considered separately and the transfers will be implemented incrementally. The second stage will comprise the transfer of the balance of the organisation, the governance structures, assets and knowledge.

The Board commented on the need to be clear about the reasons for and objectives of the transition process, and the need not to dilute accountability while the project still faced significant risks and challenges. In particular, the DfT is likely to be concerned if there is any prospect of the current project delivery structure being dismantled prematurely. It was agreed that the ultimate objective is to ensure a smooth handover to TfL and that it was right to initiate at this early stage of the project plans to develop a risk based strategy for an efficient transition.

The Board NOTED the presentation.

Signed by:



Terry Morgan  
Non-executive Chairman

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

#### **Best in Class for Maintenance**

The Board received a presentation from Jon Jarrett, Head of Maintenance (Crossrail) RfL.

The Board NOTED the presentation and requested that Jeremy Bates, Head of Integration should provide a briefing on the integration plan.

#### **Completion of TBM Tunnelling**

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

The Board NOTED the presentation.

#### **Programme Director – Next Steps**

*Mark Fell, Niamh O'Sullivan, Will Parkes, Howard Smith and Andy Mitchell left the meeting for this item*

The Board received a presentation from Andrew Wolstenholme, Chief Executive Officer.

The Board NOTED the presentation.

