



CROSSRAIL BOARD

**Minutes of the Meeting of the Board of Directors of Crossrail Limited
held on Thursday 28 February 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>	Hugh Norie (part) <i>Chair of Engineering Expert Panel</i>	
Michael Cassidy <i>Non-executive Director</i>	Niamh O'Sullivan <i>Head of Secretariat</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.

95/13	The Chairman welcomed all members and attendees to the meeting.
96/13	Minutes of the Meeting of the Board held on 31 January 2013. The Chairman signed the minutes of the meeting as a correct record.
97/13	Actions and Matters Arising The list of outstanding actions from previous meetings was reviewed and the actions taken were noted.

98/13 Crossrail Board Report

The Board noted that the Health and Safety Performance Index (HSPI) was 1.74 compared to a score of 1.78 in Period 10. The RIDDOR Accident Frequency Rate (AFR) for Period 11 had increased to 0.30 compared to 0.27 in Period 10. The Lost Time Case (LTC) AFR for Period 11 had increased to 0.55 compared to 0.45 in Period 10.

The safety incidents during the period had arisen from a variety of activities across the programme though a disproportionate number had occurred on the non-tunnelling activities under the tunnelling contracts. The incident reviews were seeking to establish whether incidents were occurring in any particular pattern e.g. whether there were shift patterns and times in the 24 hour cycle when incidents were more likely to occur. The aim is to establish if there could be an additional focus on avoiding behaviour or circumstances which were more likely to lead to accidents.

Health and Safety campaigns focusing on separate types of incidents were being organised across the programme. The Crossrail Leadership Team was taking every opportunity to reinforce the message of the need for continued focus on improving Health and Safety. Issues arising from the cable strike incident in December had been discussed at the Crossrail CEO Forum on 7 February and contractors had attended the Crossrail Health and Safety Committee meeting.

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. It was anticipated that performance should improve in a few periods and indeed the programme had recently fallen just short of having 1 million man hours worked without an incident.

Notwithstanding recent incidents the cumulative health and safety performance had been good over the twelve month period since the same period last year and compared favourably with the performance of the Olympic Development Authority at a similar point in the project cycle.

The Board noted that there had been a slower than planned start-up of works following the Christmas period. Actual percentage complete in Period 11 was just over 2% behind plan and the overall earned value was £149m behind plan. The overall programme has been assessed to be 10 weeks behind the early start schedule agreed at RP4.2. Early indications suggested that TBM progress would improve substantially in Period 12. The Executive was focused on the recovery and mitigation plans which were in place or being developed and overall the position was expected to be better than the assessment 6 months ago. It was not anticipated that this 10 week delay would impact the overall completion date of December 2018. A formal paper setting out the issues and mitigation plan would be brought to the Board.

Action: Andy Mitchell

The Engineering Expert Panel would be considering options for the disposal of the TBMs following completion of tunnelling and a paper would be submitted to the Board on this matter.

Action: Andy Mitchell

The Board noted that TBMs Phyllis and Ada were tunnelling under Hyde Park and that to date there had been minimal settlement (of approximately 2mm). As part of a research programme with Imperial College, the tunnelling teams had taken the opportunity to carry out some experimental modes of operating the TBMs while under Hyde Park to improve understanding of their capabilities and ground performance.

The quality of the tunnelling was good and Network Rail and London Underground had expressed confidence in the quality of the finish.

A number of solutions to the problems with the operation of the conveyors at Wallasea Island were being investigated and contingency measures were being put in place for the disposal of the spoil until a solution was found, following which there would be a discussion with the contractor regarding the contractual position. The current difficulties and the eventual solution would have cost implications but was not anticipated to impact on programme schedule. The Board commented on the reputational risk if an appropriate solution could not be found.

The Board noted the good progress being achieved regarding the creation of the Paddington Station Box and stressed the need for early communication with local residents and stakeholders if any risk of delayed handover emerges. The Board also noted the progress being made at Bond Street, Whitechapel and Liverpool Street. It was noted that in some locations the use of pilot tunnels would decrease settlement but would also lead to added noise and vibration and the possibility of increased complaints from local residents. Arrangements had been made for those residents who required temporary accommodation.

The Board noted that a number of the issues which at SACR8 had reduced confidence in achieving the completion date had been or were nearing resolution. While it was unlikely that there would be a shortfall of TBM resources on the project, the Executive considered there still to be a risk of insufficient SCL resources. The potential problem arose in connection with certain key skilled trades where a shortfall of several dozen operatives could arise. The Executive would continue to work with the contractors (who consider the issue to be manageable as the resources are available globally).

The AFCDC increased by £1.4m in the Period to £11,671.0m. Headroom to IP0 was £0.8m. At £120.6m spend in Period 11 was £20.1m (or 20%) above the business plan because of a £21.0m overspend in direct delivery costs and a £1.9m overspend in Land & Property, partially offset by a £2.8m underspend in indirect costs. Total spend in the Period was £19.1m higher than that reported in Period 10, principally due to increased direct spend following the reduced activity in Period 10 over the Christmas and New Year break. At £970.6m in the year to date, direct delivery spend was £9.2m (or less than 1%) behind the forecast.

There was no change in the cumulative Cost Performance Index (CPI) (0.94) and a slight worsening in the cumulative Schedule Performance Index (SPI) (to 0.94). The most significantly underperforming Area, and an on-going source of concern, was West (which has a project to date CPI of 0.91 and an SPI of 0.88, both of which showed a slight deterioration in the Period). The West Period CPI was 0.82 but, after adjusting for contracts nearing completion (C272 and C430), the Period CPI is 0.40. The West Tunnels' Actual Cost of Work Performed (ACWP) in the Period was £8.8m with an Earned Value (EV) of £437k (i.e. a CPI of 0.05). Following the recent changes to the management arrangements in the West Area, it was anticipated that an improvement in performance would be achieved. If the performance of Canary Wharf is removed, the Central Area CPI was 0.72.

There was an 11% reduction in the number of open NCEs in the Period from 1,008 to 895 and a reduction in value from £360m to £309m.

The Board noted that since the end of the Period under review the Risk Sub-committee had reviewed the strategic risks including the risk regarding health and safety performance. The risk register would be updated to reflect the changes agreed at that meeting. The Chairman of the Audit Committee, Robert Jennings had attended the meeting. The Board commented that it would be useful if the Health and Safety Committee tracked the health and safety risks.

The Board noted that activities had commenced to define the requirements for Railway Integration Review Point 2 which is scheduled to take place in June 2013. The focus items in the RIRP1 assessment will also be closed out as a part of the RIRP2 process. The Board requested a briefing on the Rail Integration Review should be included on the agenda for a future informal Board briefing session.

Action: Andy Mitchell/Chris Sexton

The Board noted that the station box at Woolwich was nearing completion and Sponsors continued discussions with Berkeley Homes regarding funding and the London Borough of Greenwich regarding planning permission. CRL was not a party to those discussions.

The Board was informed that CRL was a party to legal proceedings which had been launched by Frank Morris alleging that CRLI had participated in blacklisting. The proceedings are being supported by the UNITE union.. There is no evidence to support the unparticularised allegations and they are considered to be baseless. A hearing had taken place the previous day and Mr Morris had been ordered to serve particulars of his allegations against CRL.

The Board noted that the procurement process for C610 systemwide was on schedule and would be included on the agenda for the March Board meeting. This was an important milestone in the move from a civil engineering to a systems project.

A memorandum of understanding had been signed with Rail for London.

The Board noted that Howard Smith, the newly appointed Operations Director, would be attending the next Board meeting and would be asked to provide an informal briefing on the procurement of the Crossrail Train Operating Company.

Action: Andrew Wolstenholme

The Board noted that Crossrail had received a record number of news stories during the Period the vast majority of which were either positive or neutral. Negative media coverage during the Period was 10%, the increase predominantly caused by the opposition day debate on blacklisting in Parliament. Negative media coverage for the year to date was 4%.

The Board noted that Network Rail had responded to concerns about the works carried out over the Christmas period by rescheduling some of the works planned for Easter until Christmas 2013. This would not impact on the programme timetable. The Board requested that the CEO should contact the CEO of BAA regarding the impact of the Crossrail works.

Action: Andrew Wolstenholme

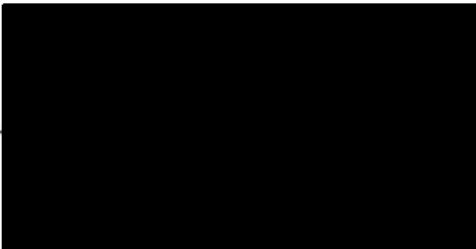
	<p>The Board noted the IT performance for Period 11 had improved. However there were around 3 days of interrupted email service from Sunday 10 February, which would be reported in Period 12. This was triggered by a bug in Apple's latest release of its mobile iOS operating system. CRL was working with Fujitsu to ensure that measures are put in place to prevent the recurrence of such an incident. The IT 'Match Fit Plan' is on target for completion in April and the final stages of planning the re-launch of the IT service desk (to improve the user experience and help build greater confidence in services) was nearing completion.</p> <p>The Board noted the current status of the Key Performance Indicators and that the target for % physical completion and delivery of the planned distance of tunnel at 31 March 2013 would not be achieved. It was anticipated that progress on this indicator would improve by the end of 2013. It was noted that the recruitment process for the CRL Operations Director had been put back until after the Olympics at the request of TfL.</p> <p>The Board NOTED the report.</p>
99/13	<p>Project Representative Report</p> <p>The Board received the Project Representative's Project Status Report for Period 10.</p> <p>The main area of focus in the Project Representative's Report was schedule. The Board noted that TBM production rates were increasing and that CRL was identifying opportunities to build float back into the programme which could be developed with the successful C610 Railway Systems contractor.</p> <p>The Board NOTED the report.</p>
100/13	<p>Engineering Expert Panel Update</p> <p>The Board received a paper and presentation from Hugh Norie, Chair of the Engineering Expert Panel. The matters highlighted included the following:</p> <p>The Expert Panel had been involved in reviewing the SCL tunnelling work and work had started on a number of sites.</p> <p>At Royal Oak Portal (C300 BFK) the Panel had considered some minor cracking which had emerged in 1-2% of the segments and which had not been experienced elsewhere. Although this cracking should not affect structural integrity, it could require a higher level of maintenance to ensure safety during railway operation. LU was aware and was not concerned.</p> <p>At Liverpool Street (C510 BBMV) SCL tunnelling had started, including large wraparounds similar to those at Whitechapel. Localised settlement close to the Finsbury Circus construction shaft had occurred, but to date had not resulted in damage; in particular, movement at the Hammersmith & City Line had been controlled with no effect on LU services.</p> <p>At Connaught Tunnel (C315 Vinci UK) Construction of the central box-section tunnel, replacing the existing twin tunnels below the Dock Passage, had started. This was difficult work, in very constrained conditions, and had given good results.</p>

	<p>The Panel had been impressed by the excellent organisation and housekeeping at the C310 Thames Tunnel site. Improvement was needed at some other sites but things were moving in the right direction.</p> <p>The Panel emphasised the criticality of very tight control of SCL tunnelling work, in particular for the large excavations now going ahead. A detailed review of construction arrangements at Stepney Green (C305 DJS) had been instigated by the CRL Chief Engineer had produced improvements. It had raised awareness of the need to ensure that all necessary planning and documentation, including contingency and emergency measures, are in place, and that staff are fully aware of their roles and responsibilities.</p> <p>Overall the Panel's view is that the tunnelling works are going very well and there was a much higher level of confidence in the control of the work.</p> <p>On behalf of the Board the Chairman thanked Hugh Norie for his presentation.</p>
101/13	<p>2013/14 Business Plan</p> <p>The Board received a paper summarising the 'CRL 2013/14 Business Plan.</p> <p>The key outputs of the 2013/14 Business Plan were as follows.</p> <ul style="list-style-type: none"> • The Business Plan projects headroom against IP0 of £7m; • The overall indirect cost forecast to 2021 has reduced by £24m (as at Period 10) due principally to an underspend on indirect costs in 2012/13, because of a slower than planned increase in headcount within the delivery organisation; • Indirect costs for 2013/14 have increased by £17m; • The plan suggests that the total average number of full time equivalents staff (FTE) in 2013/14 will be 63 higher than was envisaged in the 2012/13 budget – due to the decision to recruit new staff as CRL employees. <p>The Board noted that the P95 AFC is £14,448m and the P95 AFCDC is £12,324m, (respectively £92m and £139m lower than the P95 AFC and AFCDC in the 2012/13 Business Plan). The decrease in headroom of £51m since the Business Plan set last year is predominantly due to the reduction in the Intervention Points that was instructed to CRL in June 2012. The reduction was the result, primarily, of lower assumed levels of investment return on the funds held in the Sponsor Funding Account.</p> <p>As the eighth Semi-Annual Construction Report ('SACR 8') highlighted, the lowering of the Intervention Points meant that the total cost included within CRL's Current Control Budget ('CCB') exceeded Intervention Point 1 ('IP1'). At that time, the excess totalled £227m. SACR 8 indicated that CRL's intention was to reduce the CCB to an IP1-compliant level as part of the 2013/14 business planning process. To achieve a reduction in CRL's CCB to a level of £20m below IP, the current CCB of £12,134m had to be reduced by £243m to £11,891m. It was proposed that £186m of the reduction is achieved by using the saving from the planned extension of the Network Rail Interim Financing Agreement to reduce the overall CCB rather than to replenish Programme Contingency. It was proposed that the remaining £57m is taken from Board contingency (leaving the Board with £639m of contingency funding). This change leaves CRL with a total contingency that is £194m above the P50 risk exposure.</p> <p>The Board noted that the funding requirements of the Systems Team should not be underestimated in the planning assumptions.</p> <p>The Board APPROVED the 2013/14 Business Plan including the reduction of £57m in Board contingency.</p>

102/13	<p>2013/14 Corporate Objectives and Associated KPIs</p> <p>The Board received a paper proposing a revised set of corporate objectives for 2013/14, together with an amended set of metrics that would be used to calibrate CRL's performance in delivering those objectives.</p> <p>The Board noted that the paper incorporated revisions arising from Board discussions in December 2012 and January 2013. It included detailed proposals and worked examples setting out how performance would be measured as well as amendments to the proposed mechanism for calibrating safety performance and the addition of a new measure for innovation.</p> <p>The Board noted that the Executive had endorsed the creation of a Knowledge Sharing Strategy for Crossrail.</p> <p>The Board APPROVED the 2013/14 corporate objectives and associated KPIs.</p>															
103/13	<p>Revised Terms of Reference of the Executive & Investment Committee</p> <p>The Board received a paper proposing a revision to the membership of the Executive and Investment Committee.</p> <p>The Board noted that it was proposed that Howard Smith, the newly appointed Operations Director, would become a member of the Executive and Investment Committee and that the Committee's Terms of Reference would be amended to reflect this change. As a CRL Board Committee, any change to the Terms of Reference must be agreed by the CRL Board.</p> <p>The CRL Board APPROVED the revised membership of the Executive and Investment Committee for inclusion in the Executive and Investment Committee Terms of Reference.</p>															
104/13	<p>Any Other Business</p> <p>The Board noted that the Saudi Arabian government was prioritising the building of an underground transport system in a number of cities and the Chairman and the Commercial Director had travelled to Saudi Arabia as guests of that government to share their experience on the Crossrail project. It was likely that similar requests would be received and it would be useful to consider how these could be addressed.</p> <p>A launch event for the Crossrail Art Programme has been arranged for 25 March 2013 at the Guildhall.</p> <p>The Board noted that David Hughes would be moving to a role within London Underground and would become a member of the Joint Sponsor Board.</p>															
105/13	<p>Minutes of Board Committees for Reference</p> <p>The Board received the following minutes for reference.</p> <table border="0" data-bbox="368 1832 1449 1998"> <tr> <td data-bbox="368 1832 831 1861">Executive & Investment Committee</td> <td data-bbox="847 1832 1070 1861">EIC MIN 230113</td> <td data-bbox="1142 1832 1449 1861">Andrew Wolstenholme</td> </tr> <tr> <td></td> <td data-bbox="847 1865 1070 1895">EIC MIN 280113</td> <td></td> </tr> <tr> <td></td> <td data-bbox="847 1899 1070 1928">EIC MIN 110213</td> <td></td> </tr> <tr> <td data-bbox="368 1933 727 1962">Health & Safety Committee</td> <td data-bbox="847 1933 1070 1962">HS MIN 210112</td> <td data-bbox="1142 1933 1449 1962">Andrew Wolstenholme</td> </tr> <tr> <td data-bbox="368 1966 695 1995">Sustainability Committee</td> <td data-bbox="847 1966 1070 1995">SUS MIN 090113</td> <td data-bbox="1142 1966 1449 1995">Andrew Wolstenholme</td> </tr> </table>	Executive & Investment Committee	EIC MIN 230113	Andrew Wolstenholme		EIC MIN 280113			EIC MIN 110213		Health & Safety Committee	HS MIN 210112	Andrew Wolstenholme	Sustainability Committee	SUS MIN 090113	Andrew Wolstenholme
Executive & Investment Committee	EIC MIN 230113	Andrew Wolstenholme														
	EIC MIN 280113															
	EIC MIN 110213															
Health & Safety Committee	HS MIN 210112	Andrew Wolstenholme														
Sustainability Committee	SUS MIN 090113	Andrew Wolstenholme														

106/13	Verbal Updates of Recent Board Committee meetings The Board received verbal updates on recent meetings of Board Committees; Executive and Investment Committee 2002113 Andrew Wolstenholme Health and Safety Committee 180213 Andrew Wolstenholme
---------------	---

Signed by:

_____  _____

Terry Morgan
Non-executive Chairman

Pre-meeting Board Briefing-Thursday 28 February 2013

<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>	Mike Forster (part) <i>Mike Forster Associates</i>	
Michael Cassidy <i>Non-executive Director</i>	Sarah Johnson <i>Chief of Staff</i>	
Phil Gaffney <i>Non-executive Director</i>	Niamh O'Sullivan <i>Head of Secretariat</i>	
Andy Mitchell <i>Programme Director</i>	Chris Sexton <i>Technical Director</i>	
Robert Jennings <i>Non-executive Director</i>	Valerie Todd <i>Talent & Resources Director</i>	
Heather Rabbatts <i>Non-executive Director</i>		

Crossrail Passenger Experience

The Board received a presentation from Mike Forster (Forster Associates) on work being undertaken to define the Crossrail Passenger Experience.

The Board noted that Crossrail had commissioned a review of how the passenger proposition is being defined and how that proposition is being incorporated into the current designs, including the look and feel of the stations and the rolling stock. The review was being undertaken by Mike Forster of Forster Associates who had carried out a series of interviews with the key stakeholders, including the internal team, the designers and the future operators.

In a presentation Mike Forster set out his initial findings and recommendations.

The Board also NOTED that work had already commenced on an implementation plan to address a number of the issues raised and that a workshop would be held in March.

The Board requested an update in 3 to 4 months.

The Board NOTED the presentation.

13x13 Period Update

The Board NOTED an update on Period 11 progress from the Programme Director.

Update on Rolling Stock and Depot Procurement

The Board received an update on the current status of the rolling stock procurement.

The Board noted that on the following day Crossrail's Sponsors, Transport for London and Department for Transport would announce a change to the financing of the £1bn Crossrail rolling stock and depot procurement and would confirm that the procurement would now be entirely publicly funded. Crossrail had requested a decision on the financing of RSD in December 2012 and notwithstanding the delay in getting a decision from Sponsors the aim remained to ensure that the rolling stock and depot contract is awarded as planned from spring 2014, with trains arriving with sufficient time to allow for testing to start in mid-2017, well ahead of the central section opening in late 2018.

The Board NOTED the update.