

## CROSSRAIL BOARD

**Minutes of the Meeting of the Board of Directors of Crossrail Limited  
held on Thursday 19 June 2014 at 13.30  
28<sup>th</sup> Floor Boardroom, 25 Canada Square, Canary Wharf, E14 5LQ**

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

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

<b>16/15</b>	The Chairman welcomed Board members and attendees.
<b>BD MIN 220514</b>	<b>Minutes of the Meeting of the Board held on 22 May 2014</b> The Chairman signed the minutes of the meeting as a correct record.
<b>BD AC 190614</b>	<b>Actions and Matters Arising</b> The Board noted the verbal updates provided on the outstanding actions.



<b>BD CBR 190614</b>	<p><b>Crossrail Board Report</b></p> <p>The Board considered the Crossrail Board Report for Period 2, during which performance had been solid.</p> <p><i>Are we safe?</i></p> <p>Overall safety performance had improved in Period 2. The RIDDOR AFR (including 3 day+ lost time cases) decreased from 0.33 in P1 to 0.31, with 5 significant incidents in Period 2: two RIDDOR lost time cases, 2 other lost time cases and 1 high-potential near miss.</p> <p>HSPI had reduced slightly to 2.12 (from 2.13 in P1), with 15 out of the 17 contracts registering HSPI scores of 2.00 or above under the new methodology for measuring individual KPIs per site (HSPI2). The effectiveness of this new methodology would be reviewed over the next two periods, with conclusions provided to the Health and Safety Committee in August.</p> <p>The HSE investigation into the Fisher Street fatality on 7 March was ongoing. The Board was updated on the action being taken following the RIDDOR major incident at Whitechapel, and discussed the management of risks relating to works in the vicinity of a live operational railway which would be faced during the second phase of the project. Work was underway to ensure that robust health and safety arrangements were in place for the commencement of site activities by the systems contractors (C600 series) and this was being reviewed by the Health and Safety Committee with contractors.</p> <p><i>Are we within funding?</i></p> <p>Performance during the Period was stable and encouraging with cumulative SPI improving to 0.99 (from 0.98 in P1), and CPI holding at 0.95. The P50 AFDCDC decreased by £2m in the Period to £11,663m, resulting in a slight increase in headroom to £83m below IP0 (£79m below IPO in P1). At P80, the AFDCDC of £11,985m was now £1m below IP1, compared to £2m above IP1 in the previous period.</p> <p>Total costs in the Period were again below Business Plan, at £15m below (12%). Direct costs were £12m (11%) below the Business Plan, largely due to the phasing of Programme risk expenditure (£9m below the Business Plan), and an underspend in Technical. Indirect costs were £2.4m (13%) below the Business Plan due to unspent contingency and staff costs being managed tightly.</p> <p>Performance on the key contracts was discussed:</p> <ul style="list-style-type: none"> <li>• C610 (Systemwide) was highlighted as showing some early causes for concern, which the Executive was actively monitoring to ensure these slippages were recovered;</li> <li>• the actions being taken to manage the cost and reputational risks around the potential shortfall at Wallasea under C807 (Marine Transportation) were noted and welcomed;</li> <li>• a series of workshops with stations contractors was underway to improve contractor design performance and resolve any misunderstandings as to contractual responsibilities.</li> </ul> <p>As a result of the steady performance during the period, the extrapolation of contingency drawdown was showing a projected shortfall of £52m at 31 March 2019, a reduction on the £150m shortfall projected at the end of P1. The Board discussed</p>
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the actions being taken by the Executive to control change and the need to ensure that the potential consequences of resisting change were also appropriately recognised. It was agreed that the Finance Director would provide his Leadership Conference presentation to the Board at its July meeting.

**Action: David Allen**

Risks around the project were discussed. The risk exposure and contingency levels of different types of assets were noted, with the back-end loading of risk recognised. The action being taken to manage the risk of the railway not being delivered for financial reasons was noted, including the progressive cost assurance work. The Board was advised that the levels of contingency provided for the stations works were not excessive and that a more robust assessment could not properly be made at least until the project was some way past the design gate reviews and the commercial gaps had narrowed.

*Are we on time?*

At the end of Period 2, 52.7% of works were complete, against a plan of 53.4%, a variance of 0.7% - down from the variance of 0.9% reported in P1. This was as a result of continuing good performances in the West and Central areas. The cumulative SPI had improved to 0.99 (from 0.95 in P1) indicating that 99% of the work scheduled to date had been completed.

During the Period, 1.3km of TBM tunnelling was achieved, against a target of 0.9km, resulting in the completion of 35.0km at the end of P2, against a target of 34.1km. At the end of the Period, 7.5km of SCL had been installed, versus the plan of 7.7km.

Overall schedule status had been reduced to minus 4 weeks, in line with the assessment in the Project Representative's Period 1 Report. The Board was updated on the status of key actions being taken to ensure the project delivered on time. The Whitechapel and Moorgate shafts remained the key pinch-points for future progress and these issues would be the subject of a further presentation to the Board at the September meeting. Current indications suggested that the Executive would decide not to proceed with a temporary shaft at Farringdon and would, instead, seek other more cost-effective measures to mitigate the relevant risks.

The CTOC procurement process was underway with TfL expected to take a decision in the autumn. The Chief Executive and Operations Director had visited Bombardier's Derby works as part of an ongoing engagement process and had observed demonstrable and satisfactory progress by the contractor and its supply chain.

The surface works, delivered by Network Rail (NR), were 25% complete. Concerns regarding late delivery highlighted by the Project Representative's Report were noted, and it was agreed that a representative from NR should be asked to attend the September Board, ahead of NR's decision on ERTMS signalling.

**Action: Andy Mitchell**

*Are we world class?*

CRL remained on target for its waste recycling and reuse targets, and energy reduction targets were currently being exceeded. Detail was provided on one level 2 environmental incident that had occurred during the Period.

In terms of sustainability, the number of apprentices engaged on Crossrail was stable at 319 this Period, with one contractor (BfK) employing over 100 apprentices. The



	<p>Board noted that the Sustainability Committee had received a presentation from Bombardier setting out how it would exceed CRL's sustainability targets set out in the tender. An innovation dinner was planned for August.</p> <p>The Board was updated on the content of the annual Leadership Conference held the week before which had sought to engage all stakeholders in commercial and other issues related to the second phase of the project. An early focus for the new Programme Director would be on defining organisational capability requirements for the next phase of the project.</p> <p>Stakeholder engagement during the Period was noted, including the Crossrail Minister's site visit, and the Board was updated on the Chancellor's visit to the Thames Tunnel the previous week.</p> <p>The Board NOTED the report.</p>
17/15	<p><b>CRLB PAPER 08/15 – Project Representative Report</b></p> <p>The Board received the Project Representative's (PRep's) Project Status Report for Period 01.</p> <p>The Report had concurred with CRL's view that safety performance had improved in Period 1. It had recognised the efforts being taken in response to the large draw-down in contingency during the Period to control change effectively and ensure it was minimised. Efforts being taken to minimise the cost and schedule impact of remedial works to address the tunnel misalignment at TCR were also noted. CRL's plan to delay reporting pain/gain share until SACR 12, once projects had reached the 75% completion point, was questioned, as were the plans in place to address performance on a number of poor-performing contracts. The potential impact of a delay to a decision regarding the installation of a temporary shaft at Farringdon to remove the TBM was highlighted, as well as a concern regarding Network Rail's reporting regarding the on-network works.</p> <p>The Board discussed the rationale for delaying making adjustments for pain/gain share, noting that in the event that a majority of contracts resulted in pain, the recovery of costs from contractors would mean that the current cost forecasts would, potentially, be somewhat conservative. It was agreed that the Board would be provided with scenarios for a small number of contracts at the July meeting.</p> <p><b>Action: David Allen</b></p> <p>It was noted that a decision was due to be taken in early July regarding installation of a temporary shaft at Farringdon for the removal of the TBM; this would take full account of both cost and schedule impact.</p> <p>The Chief Executive provided a verbal update on the PRep's Project Status Report for Period 2, which had just been received.</p> <p>The Board NOTED the report.</p>
18/15	<p><b>CRLB PAPER 09/15 – Making Changes to Pension Benefits for New Employees</b></p> <p>The Board received a paper seeking approval for the implementation of a new defined contribution (DC) pension scheme for employees joining on or after 1 July 2014.</p> <p>The Talent and Resources Director reported comments received during the staff</p>



	<p>consultation period and noted that no further feedback had been received during the final days of the consultation.</p> <p>The Board noted the future cost benefits of the DC scheme. Given the impact of the closure of the defined benefits scheme to new joiners on the membership profile of that scheme, the need for the cost of both schemes to be considered together going forward was recognised.</p> <p>The Board:</p> <ol style="list-style-type: none"> <li>1. APPROVED the final design of the new DC scheme including participation in the TfL Group Life Assurance Scheme and the TfL Supplementary Pension Scheme;</li> <li>2. APPROVED the implementation of the new DC scheme for all new hires joining on or after 1 July 2014;</li> <li>3. DELEGATED authority to the Legal Director and Company Secretary to sign on behalf of Crossrail Limited: <ul style="list-style-type: none"> <li>• the Deed of Extension and Adherence in relation to the TfL Group Life Assurance Scheme; and</li> <li>• the Deed of Adherence and Interim Amendment in relation to the TfL Supplementary Pension Scheme.</li> </ul> </li> </ol> <p>The Board was informed that a draft of the triennial actuarial valuation for the existing defined benefit scheme had been received and was being considered by the Executive and its advisers. A number of questions were being formulated to clarify the extent of the apprehended s.75 liability and possible means of mitigating that potential liability. Once those clarifications had been received a further paper would be provided to the Board, either in July or September.</p>
19/15	<p><b>CRLB PAPER 10/15 – Crossrail Over Site Development (OSD) and Urban Realm Delivery Strategy</b></p> <p>The Board received a paper proposing a strategy to guide Crossrail's successful delivery of OSD and Urban Realm Improvements, and a schedule for the completion of OSD and Urban Realm schemes by December 2018.</p> <p>The Board discussed the proposed strategy, noting the potential risks to Crossrail of early commencement of development, the potential impact on the opening of Crossrail, and plans to mitigate these risks.</p> <p>The Board APPROVED the strategy and handover arrangements.</p>
20/15	<p><b>CRLB PAPER 11/15 – Approval of Audited Financial Statements for the year ended 31 March 2014</b></p> <p>The Board received a paper requesting approval of the Annual Report and Financial Statements for the year ended 31 March 2014.</p> <p>The Board noted that KPMG had concluded its audit work and, for the third year running, had identified no adjustments to the Financial Statements. A report from KPMG on the audit issues for 2013/14 had been discussed at Audit Committee on 9 June 2014 and the Committee had welcomed the feedback received from KPMG that CRL's financial controls environment was very robust and that, overall, CRL's</p>

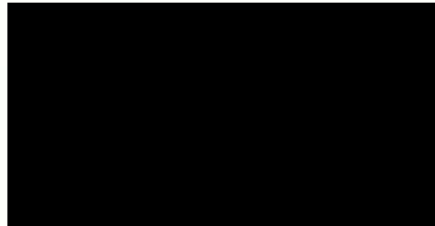


	<p>management system compared favourably with the rest of the TfL Group. The Audit Committee had recommended the Annual Report and Financial Statements to the Board for approval. The Board then considered the Representation Letter which was also recommended by the Committee.</p> <p>The CRL Board:</p> <ul style="list-style-type: none"> <li>• APPROVED the Annual Report and Financial Statements for the year ended 31 March 2014;</li> <li>• AUTHORISED the Finance Director to sign the 'Directors' Report and Business Review' and 'Statement of Financial Position';</li> <li>• AUTHORISED the Finance Director to sign the Representation Letter; and</li> <li>• AUTHORISED the Finance Director to make any necessary minor amendments to either document before signing them.</li> </ul> <p>The Chair of the Audit Committee noted the need to give thought to formal reporting requirements during the work underway on planning for transition.</p>												
21/15	<p><b>Minutes of Board Committees for Reference</b></p> <p>The Board received the following minutes for reference:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 40%;">Executive and Investment Committee</td> <td style="width: 30%;">EIC MIN140514 EIC MIN 190514 EIC MIN 270514</td> <td style="width: 30%;">Andrew Wolstenholme</td> </tr> <tr> <td>Health and Safety Committee</td> <td>HS MIN 130514</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>Sustainability Committee</td> <td>SUS MIN 020414</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>Audit Committee</td> <td>AUC MIN 170314</td> <td>Robert Jennings</td> </tr> </table>	Executive and Investment Committee	EIC MIN140514 EIC MIN 190514 EIC MIN 270514	Andrew Wolstenholme	Health and Safety Committee	HS MIN 130514	Andrew Wolstenholme	Sustainability Committee	SUS MIN 020414	Andrew Wolstenholme	Audit Committee	AUC MIN 170314	Robert Jennings
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22/15	<p><b>Verbal Updates of Recent Board Committee Meetings</b></p> <p>The Board received verbal updates on recent meetings of Board Committees:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 40%;">Executive and Investment Committee</td> <td style="width: 30%;">EIC 110614</td> <td style="width: 30%;">Andrew Wolstenholme</td> </tr> <tr> <td>Health and Safety Committee</td> <td>HS 090614</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>Sustainability Committee</td> <td>SUS 090614</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>Audit Committee</td> <td>AUC 280514</td> <td>Robert Jennings</td> </tr> </table>	Executive and Investment Committee	EIC 110614	Andrew Wolstenholme	Health and Safety Committee	HS 090614	Andrew Wolstenholme	Sustainability Committee	SUS 090614	Andrew Wolstenholme	Audit Committee	AUC 280514	Robert Jennings
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23/15	<p><b>AOB</b></p> <ol style="list-style-type: none"> <li>1. <b>Board member expenses.</b> It was noted that Board member expenses would be published on the website with effect from 1 July 2014.</li> <li>2. <b>SACR 11.</b> It was noted that further minor amendments had been made to SACR 11; the final version would be circulated to Board members with a note of the changes.  <b>Action: Victoria Finney</b></li> <li>3. <b>People.</b> The Board noted that this was Andy Mitchell's last meeting of the CRL Board, and formally thanked him for his leadership of the project. It also congratulated Valerie Todd on her CBE in the Queen's Birthday honours list.</li> </ol>												



	<i>Non-Directors left the meeting.</i>
<b>24/15</b>	<p><b>Update on Nominations and Remuneration Committee matters</b></p> <p><b>1. Appointments.</b> The Chairman reported on progress of the recruitment of the new non-executive Director. The Board noted its approval of the reappointment of Terry Hill for a further three year term; Sponsor approval was in the process of being sought.</p> <p><b>2. Remuneration.</b> The Chairman reported on the discussions and decisions of the Remuneration Committee meeting held on 22 May 2014 regarding Executive pay and bonuses, and the subsequent discussions with the TfL Remuneration Committee on 3 June 2014.</p> <p>Minutes of the Remuneration and Nominations Committee held on 22 May would be circulated following the meeting.</p> <p><b>Action: Victoria Finney</b></p>

Signed by:



**Terry Morgan**  
**Non-executive Chairman**



**Pre-meeting Board Briefing – Thursday 19 June 2014**

<b><u>Members:</u></b>	<b><u>In Attendance:</u></b>	<b><u>Apologies:</u></b>
Terry Morgan (Chairman) <i>Chairman</i>	Martin Buck <i>Commercial Director</i>	Heather Rabbatts <i>Non-executive Director</i>
Andrew Wolstenholme <i>Chief Executive</i>	Will Parkes <i>External Affairs Director</i>	Andy Mitchell <i>Programme Director</i>
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Phil Gaffney <i>Non-executive Director</i>	Victoria Finney <i>Head of Secretariat</i>	
Terry Hill <i>Non-executive Director</i>	Lucy Findlay <i>Chief of Staff</i>	
Robert Jennings <i>Non-executive Director</i>	<i>Miles Ashley</i> (part of meeting) <i>Programme Director LU Crossrail</i>	
Daniel Moylan <i>Non-executive Director</i>	<i>Charles Mills</i> (part of meeting) <i>Head of LU Crossrail</i>	
	<i>Chris Sexton</i> (part of meeting) <i>Technical Director</i>	
	<i>Siv Bhamra</i> (part of meeting) <i>Systemwide Director</i>	
	<i>Colin Gainsford</i> (part of meeting) <i>Systemwide Delivery Director</i>	
	<i>Bill Tucker</i> (part of meeting) <i>Central Section Delivery Director</i>	

**1. Customer proposition**

The Board received a presentation from Miles Ashley and Charles Mills regarding the role of LU in the delivery of Crossrail, key works and management of risk, as well as issues to be resolved, including the Bakerloo Line Link. The Board welcomed the development of a collaborative working relationship with CRL.

The Board NOTED the presentation.

**2. Signalling**

The Board received a presentation from Colin Gainsford, Systemwide Delivery Director, and Siv Bhamra, updating the Board on the C620 signalling contract, interfaces with Network Rail, and plans for modelling, simulation and testing.

The need to put in place hard metrics against which Siemens' progress would be measured was recognised. Independent validation of the quality of deliverables was suggested, and it was



agreed that this point would be raised when the next report from the Systems and Operations Expert Panel was received at the July Board meeting.

**Action: Terry Morgan**

Also noted was the need to ask the Sponsors to consider whether there was appropriate expertise within the Project Representative's team in order to provide the Sponsors with the assurance they needed in this field.

**Action: Lucy Findlay**

The Board requested assurance on the measures in place to ensure uninterrupted access to Old Oak Common depot.

**Action: Chris Sexton /Systems and Operations Expert Panel**

The need to learn lessons from the Jubilee Line and ensure that the Rule Book did not introduce change to the systems requirements was emphasised, together with the need to ensure rigorous change control subject to a simple escalation process. The Board noted that Network Rail's decision on ERTMS was due in September. It was agreed that a paper would be brought to the Board in July providing clarification of the process for that decision, CRL's role and legal position and the role of Sponsors and the ORR.

**Action: Chris Sexton/Mark Fell**

The Board NOTED the presentation.

**3. Paddington Station update**

The Board received a presentation from Bill Tucker, Central Section Delivery Director, providing an update on the progress of works at Paddington Station (C405), including three key challenges.

The high level of change on the project was noted; this project would be one of the examples included in the finance presentation to the Board at its July meeting.

Potential reputational, cost and schedule risks to the project of a delayed decision on the Bomb Gap development were noted. Efforts would continue to engage with Network Rail on the issue, with other options explored.



