



BD MIN 110914

CROSSRAIL BOARD

Minutes of the Meeting of the Board of Directors of Crossrail Limited
held on Thursday 11 September 2014 at 13.30
28th Floor Boardroom, 25 Canada Square, Canary Wharf, E14 5LQ

Members:

In Attendance:

Apologies:

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| Terry Morgan (Chairman) <i>Chairman</i> | Martin Buck <i>Commercial Director</i> | Terry Hill <i>Non-executive Director</i> |
| Andrew Wolstenholme <i>Chief Executive</i> | Howard Smith <i>Operations Director</i> | |
| David Allen <i>Finance Director</i> | Valerie Todd <i>Talent & Resources Director</i> | |
| Ian Brown <i>Non-executive Director</i> | Will Parkes <i>External Affairs Director</i> | |
| Michael Cassidy (part of meeting) <i>Non-executive Director</i> | Mark Fell <i>Legal Services Director & Company Secretary</i> | |
| Phil Gaffney <i>Non-executive Director</i> | Victoria Finney <i>Head of Secretariat</i> | |
| Robert Jennings <i>Non-executive Director</i> | Jeremy Bates (part of meeting) <i>Head of Integration</i> | |
| Jayne McGivern <i>Non-executive Director</i> | Matt White (part of meeting) <i>Surface Director</i> | |
| Daniel Moylan (part of meeting) <i>Non-executive Director</i> | Siv Bhamra (part of meeting) <i>Systemwide Director</i> | |
| Simon Wright <i>Programme Director</i> | | |

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

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| | <p>The Chairman welcomed Board members and attendees, including Jayne McGivern who had joined the CRL Board on 1st September and was attending her first Board meeting.</p> <p>The Chairman congratulated Michael Cassidy on his recent appointment as Chairman of the Ebbsfleet Development Corporation, and Daniel Moylan on his new responsibilities as the Mayor's Crossrail 2 Adviser.</p> |
| BD MIN 170714 | <p>Minutes of the Meeting of the Board held on 17 July 2014</p> <p>The Chairman signed the minutes of the meeting as a correct record.</p> |
| BD AC 110914 | <p>Actions and Matters Arising</p> <p>The Board noted the updates provided on the outstanding actions. It also noted the Board's approval offline in July of the reappointment of the Chairman for a further</p> |

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| | three year term, and that Sponsors' approval of this was now being sought. |
| BD CBR 110914 | <p>Crossrail Board Report</p> <p>The Board considered the Crossrail Board Report for Period 5 and noted the report for Period 4 which had been circulated in August.</p> <p>Overall performance during Period 5 was satisfactory, and in line with performance in Periods 3 and 4.</p> <p><i>Are we safe?</i></p> <p>Safety performance had continued the improvements seen in recent periods, with the RIDDOR AFR (including 3 day+ lost time cases) reducing to 0.22 in Period 5, a 33% reduction on the 2013/14 year-end AFR of 0.33, and approaching the 2014/15 target of 0.20. HSPI had increased from 2.17 in Period 3, to 2.19 in Period 4 and 2.25 in Period 5, with 17 of the 18 contracts registering HSPI scores of 2.00 or above (94%), exceeding the corporate objective of 85%. However, there had been an increase in the number of significant incidents during Period 5 (twelve incidents compared to seven in Period 4 and six in Period 3). These comprised: one 3+ days lost time case, three lost time cases, one dangerous occurrence and seven high potential near misses.</p> <p>The Board discussed the continuing efforts to improve safety, including the action being taken in response to a number of lifting-related incidents. [REDACTED]</p> <p>Action: Steve Hails/Mark Fell</p> <p><i>Are we within funding?</i></p> <p>The Project remained within funding with the P50 AFDCD unchanged on the previous period at £11,680m, compared to £11,684m at Period 3. The IPO headroom at P50 remained at £66m. At P80, the AFDCD of £11,947m was now £39m below IP1, compared to £40m below in Period 4 and £36m below in Period 3. AFDCD remained below the EAC low, with the extrapolation of contingency drawdown showing a projected shortfall of £55m at 31 March 2019, in line with recent periods.</p> <p>The cumulative SPI was 0.98, consistent with Period 4, but down on Period 3 (0.99). The cumulative CPI was also stable at 0.95. The in-period CPI and SPI had both improved significantly over Period 4 figures, at 0.89 and 0.92 respectively.</p> <p>Programme change had increased by £33m during the period. This was largely a result of approved changes to C305, relating to Eastern Running Tunnels delay mitigation measures at Liverpool Street and Whitechapel (£20m); and schedule acceleration measures to facilitate the early handover of Pudding Mill Lane and Stepney Green sites (£8m). The Board discussed the drawdown of contingency to manage risks to the programme schedule, the ability to measure the value for money of the measures taken and the need for assurance that the longer term benefits would be delivered. It was agreed that the briefing to the Board on SACR 12 would address these points in more detail.</p> <p>The Board discussed the recalibration of earned value under C512 and the Executive's actions to improve future reporting of cost and progress. The Board was informed that there was no payment exposure and that assurance would be sought from other contractors about the processes in place to ensure that similar errors do not arise elsewhere.</p> |

The Board's attention was drawn to the big differences under certain contracts between the Contractors' and CRL's forecasts of outturn costs and to the main drivers of the level of Programme Change during the period. [REDACTED]

Total costs in the Period were again below Business Plan, at £11m below (8%). Direct costs were £7.7m (7%) below the Business Plan principally due to the phasing of Programme risk expenditure and an underspend in the West due to a delay in design and procurement activities at Tottenham Court Road. The Board commented that indirect spend had been below forecast for a number of months and that this should be reviewed as part of the Business Plan process.

Are we on time?

At the end of Period 5, 55.5% of works were complete, against a plan of 56.6% and hence a variance of 1.1%. Forecast completion of Stage 3 remained at December 2018.

The Board received a detailed update on progress, including recent achievements such as handover of the westbound tunnels at Paddington, handover of the eastern ticket hall at Farringdon, early completion of the first G-drive, completion of the Moorgate and Durward Street shafts, and Plumstead early works for C610 handover. The critical path was discussed and key pinch-points noted, as well as the action being taken to manage these. During the Period, 0.5km of SCL had been achieved, against a target of 1.2km, and the Board noted the action that was being taken in response to ensure that key milestones were achieved. The start up plan for TBMs at Whitechapel had now been agreed and effort was being directed at ensuring that a key risk, readying the reception chamber at Farringdon, was managed as this was on the critical path.

Performance at Ilford Yard had been reviewed and a number of actions were being implemented. These included strengthening the team and realigning management of this work with central area arrangements.

Despite initial delays, progress had been made on C610 and the Board was assured that their preparations were now on track. The Board noted the award of the contract for Woolwich fit-out to Balfour Beatty, who had submitted the best technical but not the cheapest bid, and was briefed on the decision taken the previous day to award the Platform Screen Doors contract to Knorr Bremse.

[REDACTED]

Future Board Reports would include details of Disputes and any future adjudications. The Board requested an update on the review of the approach taken at the next meeting.

Action: Mark Fell

The Board was briefed on the status of stations design work and the tools that were being used to track progress and mitigate delays.

Surface works were 29% complete, with the headroom to funding limit unchanged at

£173m. The Stockley Viaduct was now 50% complete; this was a PDA milestone and had been achieved six months early. Planning consent had also been achieved for Ealing Broadway during Period 5. It was noted that the issue of stepping distance had still not been resolved and an update was requested at the following meeting.

Action: Simon Wright/Matt White

Continuing good progress on Rolling Stock was noted, along with the action being taken to resolve concerns on the Depot Works contract, which had included high level meetings between Vinci and Bombardier. The concession agreement between Rail for London and MTR Crossrail had been signed following the 10 day standstill period.

The Board received a detailed update on two issues related to Old Oak Common and their potential impact on the project, if adopted. It was recognised that while both were matters for Sponsors, rather than CRL, CRL needed to ensure that it protected its ability to deliver the railway to the agreed schedule.

In terms of Land and Property, possession of sites was continuing in line with the construction programme, and work was continuing on the detailed delivery strategy for OSD and urban realm.

Are we world class?

CRL had continued to exceed its targets for recycling and reuse of waste and excavated material. However, there had been one level 2 incident during the Period recorded with Network Rail due to works at Pudding Mill Lane being undertaken without a section 61 consent. There had also been an increase in environmental complaints during the Period, particularly those related to noise and vibration, which were all being investigated.

In terms of social sustainability, the number of apprentices engaged on Crossrail had increased to 372 at the end of Period 5. In addition, 81 students had undertaken work experience on the project, including 20 students from four partner schools and one student through the Social Mobility Foundation's Aspiring Professionals Programme.

In terms of the legacy of the project, thought was being given during transition planning to the opportunity to impact on the railway industry through a Digital Railway project. Early work was also underway to review options for the ownership of TUCA beyond the life of the project.

Period 5 had been a busy period in terms of stakeholder engagement, including a visit by the new Crossrail Minister to Whitechapel as an introduction to the project. The Board noted interest from the BBC in a second series of *The Fifteen Billion Pound Railway*, and that BBC London had broadcast live from Bond Street on the previous evening, the first time that a live broadcast had taken place from below ground on Crossrail.

Work had progressed on a new organisational model for the second phase of the project. While unplanned turnover of staff remained low, the risks around ensuring the project had the resources it needed for successful delivery remained and were being managed. A key risk related to resources for the stations fit-out. The Board was updated on the action being taken in response to an employment tribunal decision. The tribunal had comprehensively dismissed all of the numerous claims

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| | <p>based on racial discrimination and victimisation but had upheld one allegation that a comment constituted racial harassment.</p> <p>The Board NOTED the report.</p> |
| 34/15 | <p>CRLB PAPER 18/15 – Project Representative Report</p> <p>The Board received the Project Representative's (PRep's) Project Status Report for Period 4.</p> <p>The Report had welcomed the improved performance, including the increasing HSPI trends and falling AFR. It had noted the large drawdown of contingency and the forthcoming transfer from surface area contingency to board and programme contingency, as well as the delivery overspend increasing in Period 4 to £213m due to the reassessment of costs at C512. It had drawn attention to mitigation measures being introduced to reduce the impact of individual project delays, with particular reference made to the improvement at Moorgate Shaft following the decision to remove the temporary props, the reduced delay to two weeks at Farringdon Station, and measures to resolve slow progress at Ilford Yard. The increased focus by CRL on signalling was also noted, including the establishment of the options working group.</p> <p>The Chief Executive provided a verbal report on the Period 5 report which had been issued after the Board papers had been circulated, noting that it had highlighted that AFCDC headroom to IPO at £66m (0.5%) was "very small", and its view that CRL was over-reporting cumulative CPI and SPI by 0.01. PRep was supportive of the work CRL was undertaking with Network Rail in respect of Network Rail's ETCS level 2 decision, as well as the workshop being set up between CRL and Network Rail to review the risk of the level of change impacting on delivery of surface works.</p> <p>The Board NOTED the report.</p> |
| 35/15 | <p>CRLB PAPER 19/15 – Pension Arrangements</p> <p>The Board received a paper from Valerie Todd, Talent and Resources Director setting out a number of recommendations in relation to pensions.</p> <p>The Board discussed in detail the paper, the three separate potential liabilities and the proposed approach to addressing them.</p> <p>The Board gave guidance as to the need for an early discussion with Sponsors regarding these potential liabilities and the options for dealing with them. It was agreed that these issues should come back to the Board after the Executive had obtained input from Sponsors.</p> <p>The Board NOTED the paper.</p> <p><i>Michael Cassidy left the meeting.</i></p> |
| 36/15 | <p>CRLB PAPER 20/15 – Crossrail Signalling on the Great Western: Update</p> <p>The Board received a presentation updating on the work underway to engage with Network Rail and understand its plans for implementing ETCS Level 2 on the Great Western, and to assess and manage the risks to the delivery of Crossrail to schedule.</p> |

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| | <p>The Board NOTED the presentation and welcomed the progress made in terms of engaging with Network Rail on its plans and understanding the options and the risks attached. It noted the continued risks around the Plan A timetable, and the potential impact of delays, in particular the risk to Key Date 13 which if delayed would impact on testing and driver training. While the potential actions identified to improve confidence in Plan A were noted, the Board supported the assessment that, given the technical complexity and the ambitious timeline, it was essential to ensure that a credible Plan B was in place to protect Crossrail's launch to schedule. It was agreed that further work should be undertaken before the next meeting to understand the options to be taken if a credible Plan B could not be agreed.</p> <p>Action: Simon Wright</p> <p>The Board discussed a number of options available in the event that ETCS level 2 was not available, and the risks and penalties of these. A further update would be provided on this work at the subsequent meeting.</p> <p><i>Daniel Moylan left the meeting.</i></p> | | | | | | | | | | | | |
| 37/15 | <p>CRLB PAPER 21/15 – Handover Strategy</p> <p>The item was postponed to the subsequent meeting.</p> | | | | | | | | | | | | |
| 38/15 | <p>Minutes of Board Committees for Reference</p> <p>The Board received the following minutes for reference:</p> <table> <tr> <td>Executive and Investment Committee</td> <td>EIC MIN090714 EIC MIN140714 EIC MIN 060814</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>Health and Safety Committee</td> <td>HS MIN 090614 HS MIN 060814</td> <td>Andrew Wolstenholme</td> </tr> </table> <p>Verbal Updates of Recent Board Committee meetings</p> <table> <tr> <td>Executive and Investment Committee</td> <td>EIC 030914</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>Health and Safety Committee</td> <td>HS 020914</td> <td>Andrew Wolstenholme</td> </tr> </table> | Executive and Investment Committee | EIC MIN090714 EIC MIN140714 EIC MIN 060814 | Andrew Wolstenholme | Health and Safety Committee | HS MIN 090614 HS MIN 060814 | Andrew Wolstenholme | Executive and Investment Committee | EIC 030914 | Andrew Wolstenholme | Health and Safety Committee | HS 020914 | Andrew Wolstenholme |
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| 39/15 | <p>AOB</p> <p>The Chairman noted that this was Ian Brown's last CRL Board meeting, and he thanked him for his contribution to the project over the past 3.5 years.</p> | | | | | | | | | | | | |

Signed by:



Terry Morgan
Non-executive Chairman

Pre-meeting Board Briefing – Thursday 11 September 2014

| <u>Members:</u> | <u>In Attendance:</u> | <u>Apologies:</u> |
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| Phil Gaffney <i>Non-executive Director</i> | Victoria Finney <i>Head of Secretariat</i> | |
| Robert Jennings <i>Non-executive Director</i> | Lucy Findlay <i>Chief of Staff</i> | |
| Jayne McGivern <i>Non-executive Director</i> | Bill Tucker (part of meeting) <i>Central Delivery Director</i> | |
| Daniel Moylan <i>Non-executive Director</i> | Patrick ten Have (part of meeting) <i>Business Manager, Chief Engineer's Group</i> | |
| Simon Wright <i>Programme Director</i> | Bryan Sutton (part of meeting) <i>Head of Engineering</i> | |
| | Paul Bishop (part of meeting) <i>Mobilisation Manager</i> | |

1. Crossrail Delivery Programme Overview

The Board received a presentation from Bill Tucker, Central Delivery Director, updating on the progress of works against the schedule.

The Board NOTED the presentation.

2. Stations Design Progress Update

The Board received a presentation from Patrick ten Have, Business Manager, Chief Engineer's Group, updating on the progress of station design, and how the risks to delivery and cost were being managed.

The Board NOTED the presentation.

3. Old Oak Common Depot Update

The Board received a presentation from Howard Smith, Operations Director, on the progress of the planned works for the Old Oak Common depot, as well as the impact of plans for HS2, and an overview of developer proposals for the area.

The Board NOTED the presentation.

4. Transition Strategy Planning

The Board received a presentation from Martin Buck, Transition and Strategy Director, on progress to develop a strategy and plans for transitioning the organisation from project delivery to operating status.

During the discussion it was suggested:

- that the objective be refined to reflect that there would not be a steady state, as Crossrail would be subject to external influences;
- that further thought be given to the role for CRL beyond 2019.

The Board NOTED the presentation and AGREED the need for early engagement with Sponsors, with a presentation to Sponsor Board as an appropriate next step.

Action: Martin Buck

5. Whole Life Cost

The Board received a presentation from David Allen, Finance Director, on the approach being taken to whole life cost in investment decisions and examples of where this had been applied.

The Board NOTED the presentation.