



CROSSRAIL BOARD

**Minutes of the Meeting of the Board of Directors of Crossrail Limited
held on Thursday 31 January at 13.30 at the
Presentation Theatre, 20 Eastbourne Terrace, Paddington, W2 6LE**

<u>Members:</u>	<u>In Attendance:</u>	<u>Apologies:</u>
Terry Morgan (Chairman) <i>Chairman</i>	Louise Brooker-Carey <i>External Relations Director</i>	Martin Buck <i>Commercial Director</i>
Andrew Wolstenholme <i>Chief Executive</i>	Mark Fell <i>Legal Services Director & Company Secretary</i>	Phil Gaffney <i>Non-executive Director</i>
David Allen <i>Finance Director</i>	Niamh O'Sullivan <i>Head of Secretariat</i>	
Ian Brown <i>Non-executive Director</i>	Martin Rowark <i>Procurement Director</i>	
Michael Cassidy <i>Non-executive Director</i>	Valerie Todd <i>Talent & Resources Director</i>	
Terry Hill <i>Non-executive 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.

83/13	The Chairman welcomed all members and attendees to the meeting. He noted that the Parliamentary Under Secretary of State for Transport, Stephen Hammond, had attended the Informal Board meeting which had preceded this meeting. Discussions had covered the timing of a decision by the Sponsors regarding their requirements for funding of the rolling stock and depot contract and the level of confidence in the completion date for the project.
84/13	Minutes of the Meeting of the Board held on 6 December 2012 The Chairman signed the minutes of the meeting as a correct record.
85/13	Actions and Matters Arising The list of outstanding actions from previous meetings was reviewed and the actions taken were noted. Action 52/13 – The Board noted that any outstanding concerns had been resolved and that this action was now closed.

86/13

Crossrail Board Report

The Board noted that the Health and Safety Performance Index (HSPI) was 1.78 for Period 10 compared to a score of 1.69 in Period 9. The RIDDOR Accident Frequency Rate (AFR) for Period 10 was 0.27 compared to 0.26 in Period 9. The Lost Time Case (LTC) AFR for Period 10 was 0.45 compared to 0.40 in Period 9.

On 12 December 2012 a serious incident had occurred on the Crossrail works being undertaken by BFK on a site in High Holborn, where a construction worker undertaking utility excavation struck a known low voltage underground electrical cable. He was taken to hospital suffering from burns which were serious but not life-threatening. An immediate programme-wide stop was placed on all activities which involved breaking ground. BFK chose to cease all activities. Each contract was required to complete specified checks and there was a progressive return to work over the course of the subsequent days. BFK reviewed all their activities and have decided to revise their tunnelling daily shift pattern from two 12 hour shifts to three 8 hour shifts in order to reduce the risk of fatigue for members of the tunnelling teams. This has caused some concern among contractors regarding the availability of tunnelling resources. An Interim

A leadership training programme for all supervisors had started at the Tunnelling and Underground Construction Academy and would include training on safety leadership. The programme had the support of the contractor CEOs.

The Board noted that the planned two week Christmas shutdown and the safety shutdown following the High Holborn incident had impacted on the schedule. The actual progress against the work schedule for central delivery at the end of Period 10 is 31.8% complete against a planned figure of 33.6%. The overall programme is now approximately 8 weeks behind schedule. The Executive had agreed schedule mitigation measures and a number of leadership changes had been made in the West Area. The Sponsor Board had been informed regarding the schedule delays and the mitigation measures had been discussed at length.

The Executive was considering options for the disposal of the TBMs following completion of tunnelling. One option, which would provide good safety benefits, was to bury the TBMs. The Board requested that any decision to bury the TBMs should be brought to the Board for approval.

Action: Andy Mitchell

The AFCDC increased by £3.5m in the Period to £11,669.7m. Headroom to IPO increased by £1.8m (to £2.6m) as a result of an increase in all the Intervention Points due to an increase in forecast deposit interest. At £101.5m, spend in Period 10 was £6.9m (or 6.4%) below the Business Plan. This was as a result of a £13.4m underspend in direct costs and a £2.5m underspend in indirect costs (which should largely be regarded as beneficial cost saving). This underspend was partially offset by a £9.0m overspend in Land & Property. Total spend in the Period was £19.0m lower than that reported in Period 9, principally due to reduced activity over the Christmas break, which took place over the last two weeks of Period 10.

In the year to date, total spend was £91.6m (or 8.1%) below the Business Plan as a result of net delay in spend of £101.1m and an underspend on risk of £36.7m, offset by net inefficiencies of £46.1m.

The Board noted that there would be a mini comprehensive spending review in May 2013. There had been no suggestion that Sponsor funding for Crossrail would be reduced and CRL had not been asked to make any submissions. The Board commented that any discussions should not lose sight of the £1 billion funding reduction to which the project had agreed as part of the October 2010 comprehensive spending review and the subsequent inclusion of additional scope items, such as traction power without any additional funding. It also appeared that BAA was questioning the benefit Heathrow Airport would derive from the Crossrail project and the justification for their £230m contribution. The Board noted that this was a matter which was indirectly relevant to the project but ultimately it was a matter for the DfT. The risk of the project not being delivered for financial reasons featured on the strategic risk register.

The Board noted that there remained a reduced risk from the impact of High Speed 2 at Old Oak Common. The Programme Director agreed to investigate whether HS2 would run through to St Pancras.

Action: Andy Mitchell

The Board noted the excellent coverage Crossrail had received on the BBC and ITV news and the One Show on BBC One.

The Board noted that spoil continued to be moved to Wallasea Island but at a reduced volume due to a problem with the conveyors. The excess was being stockpiled at Northfleet for the time being. CRL had instructed the C807 contractor regarding the action to take to address the problems at Wallasea and had reserved its rights over liability.

At North Woolwich a package of measures were being implemented to ameliorate the negative impact of the construction works in that area.

The Board noted that the current programme continues to show that all work area acquisitions notice would be completed ahead of schedule in May 2013.

The Board noted that TfL had agreed a £30m fund to be spent by boroughs at Crossrail stations. This was in addition to the £28m CRL had budgeted for this work. It represented a good outcome from the efforts which Sam Richards and the CRL team had made in preparing ambitious designs for the urban realm in advance of the funding being confirmed. Priorities were being discussed by the Land and Property Sub-Committee. The next step was to focus on obtaining local authority and private sector funding for the urban realm.

The Board noted that that there had been some delays to the works Network Rail had undertaken on behalf of CRL over Christmas and that 2 reports had been commissioned on the reasons for the delays. Discussions were on-going with Network Rail regarding the scope of the Crossrail works at Easter and Christmas 2013. The CEO would in due course contact Heathrow Express and BAA to discuss any impact of these works for them.

Action: Andrew Wolstenholme

The Board NOTED the report.

87/13	<p>Project Representative Report</p> <p>The Board received the Project Representative's Project Status Report for Period 9.</p> <p>The Board noted that the main issue for the Project Representative continued to be schedule performance and the erosion of float. The Programme Controls team were engaging with the Project Representative to discuss the suggestion that a KPI should be established for float. The Board commented that it could be difficult to establish a meaningful KPI for this.</p> <p>The Board NOTED the report.</p>
88/13	<p>Contract Award Recommendation – Contract C412 – Bond Street Station (Main Works)</p> <p>The Board received a paper requesting approval of the award recommendation for Contract C412 – Bond Street Station (Main Station Works).</p> <p>The Board noted the scope of the work and that the contract had been tendered as a target price contract with the Contractor's pain/gain share at 50% above or below the finally adjusted target. The tendering process was conducted in accordance with the approved Procurement Plan and Tender Opening and Evaluation Plan for C412. The contract had been evaluated on a 70% technical and 30% commercial basis. The technical quality of all the bids had been the highest on any of the station contract bids to date and the scores were all within a 9% range. The contract was due to start in July 2013.</p> <p>The CRL Board:</p> <ol style="list-style-type: none"> i. NOTED that the Commercial Sub-Committee (CSC) endorsed the recommendation to award Contract C412 to 'Habeneck' on 16 January 2013; ii. NOTED that the Investment and Change Sub-Committee (ICSC) endorsed Investment Authority for this contract at a level of £147.83m on 16 January 2013; and iii. APPROVED the recommendation to award contract C412 to tenderer 'Habeneck' with an Investment Authority of £147.83m.
89/13	<p>Timing of the Handover of the Crossrail Railway to Rail for London</p> <p>The Board received a paper and a presentation on the timing of handover of the railway from CRL to the Infrastructure Managers and Operators, notably Rail for London (RfL).</p> <p>The Board noted that CRL had reached agreement with RfL that Handover of the Crossrail Railway should occur at the end of Dynamic Testing in accordance with the Project Development Agreement. This followed a decision by the Office of Rail Regulation that dynamic testing would take place under the Construction Rules and not the Railway and Other Guided Transport Safety Systems (Safety) Regulations (ROGS).</p>

	<p>CRL was now ready to sign a Memorandum of Understanding with RfL. A key activity would now be for CRL and RfL to define and agree the scope of tests to be undertaken in Trial Running to demonstrate achievement of performance and substantial completion, and the criteria for acceptance of the railway system.</p> <p>The Board noted that the recruitment process for the Crossrail Operations Director was nearing completion.</p> <p>The Board NOTED the presentation.</p>
90/13	<p>Crossrail's 2013/14 Objectives</p> <p>The Board received a paper proposing a set of Corporate Objectives for 2013/14 and a revised mechanism through which it is proposed to measure CRL's performance in meeting those objectives.</p> <p>The Board noted that a draft model for managing CRL's 2013/14 Corporate Objectives, which comprised three primary metrics and nine supporting objectives, had been discussed at the December Board meeting and also by the Crossrail Leadership Team. There was general acknowledgement that for simplicity and clarity it would be desirable to focus on a smaller number of measures and KPIs than in 2012/13, however there had also been suggestions that a greater number of Primary Metrics might be appropriate including, for example, measures relating to people and/or quality.</p> <p>The Executive had been asked by the Board to revert with more detailed proposals specifying how performance would be measured. The model in the current paper had been revised to separate out safety. The basis for this is that safety is a value, not a priority, and should not be measured in the same way as other aspects of CRL's performance. The paper also proposed that the Executive would suggest at the start of the year: (a) what an unsatisfactory, satisfactory, good or excellent safety performance might look like; and (b) how those levels of performance might be applied as multipliers to the Primary Metrics score. Notwithstanding this guidance, the Board would ultimately determine this 'safety multiplier' on a subjective basis. The revised model also added a third metric – "Are we world class? "</p> <p>The Board APPROVED the proposed 2013/14 Corporate Objectives and the mechanism through which performance would be measured. The Board also AGREED that the Non-Executive Directors on the Board should make the decision regarding safety performance and how the safety performance would be applied as multipliers of the primary metrics score.</p> <p>The Board NOTED that a further paper will be brought to a subsequent Board meeting proposing a full set of detailed metrics.</p> <p>Action: David Allen</p> <p>An update on the way the 2013/14 Objectives will be treated for the purposes of incentivising Crossrail's Delivery and Programme Partners will also be provided to the Board.</p> <p>Action: David Allen</p>

91/13	<p>The Big Dig Employee Survey Results</p> <p>The Board received a paper which provided an update on the results of the Big Dig employee opinion survey (the Big Dig), carried out in November 2012.</p> <p>The survey covered employees from CRL, the PP and PDP and had a response rate of 81% - a 12% increase from 2011. The level of employee engagement stood at 57% in 2010 and 65% in 2011 and at 73% in 2012.</p> <p>The Executive had agreed to focus on the following 5 areas in order to increase levels of employee engagement further;</p> <ul style="list-style-type: none"> • A highly efficient organisation; • Decisions are made quickly; • Politics never get in the way; • A clear sense of unity; and • Role duplication. <p>The Board noted that consideration would be given to extending the survey to cover all employees on Crossrail sites.</p> <p>The Board NOTED the feedback from the Big Dig and APPROVED the action plan for the next 12 months.</p>												
92/13	<p>Any Other Business</p> <p>The Board noted that a Parliamentary debate on blacklisting in the construction industry had taken place on 23 January 2013. CRL had received assurances from the supply chain that there had been no blacklisting on the Crossrail project. This issue would be discussed further at the CEO Forum on 7 February.</p>												
93/13	<p>Minutes of Board Committees for Reference</p> <p>The Board received the following minutes for reference.</p> <table border="0" data-bbox="352 1346 1436 1480"> <tr> <td>Health & Safety Committee</td> <td>HS MIN 261112</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td></td> <td>HS MIN 040113</td> <td></td> </tr> <tr> <td>Executive & Investment Committee</td> <td>EIC MIN 281112</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>Sustainability Committee</td> <td>SUS MIN 291012</td> <td>Andrew Wolstenholme</td> </tr> </table>	Health & Safety Committee	HS MIN 261112	Andrew Wolstenholme		HS MIN 040113		Executive & Investment Committee	EIC MIN 281112	Andrew Wolstenholme	Sustainability Committee	SUS MIN 291012	Andrew Wolstenholme
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94/13	<p>Verbal Updates of Recent Board Committee meetings</p> <p>The Board received verbal updates on recent meetings of Board Committees;</p> <table border="0" data-bbox="352 1653 1436 1753"> <tr> <td>Executive and Investment Committee</td> <td>230113</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>Health and Safety Committee</td> <td>210113</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>Sustainability Committee</td> <td>090113</td> <td>Andrew Wolstenholme</td> </tr> </table> <p>The Board noted that the Managing Director of the BAM Ferrovial, Kier Joint Venture had been attending Health and Safety Committee meetings and would be attending on a regular basis until the health and safety issues which the Joint Venture was currently experiencing had been resolved to the satisfaction of the Executive.</p>	Executive and Investment Committee	230113	Andrew Wolstenholme	Health and Safety Committee	210113	Andrew Wolstenholme	Sustainability Committee	090113	Andrew Wolstenholme			
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	<p>The Sustainability Committee were considering ways of lowering the carbon footprint for Crossrail as a working railway.</p> <p>The Executive and Investment Committee received a presentation on 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 Board noted that this work would be taken forward by the Operations Director when appointed. The Board requested that a presentation on the Crossrail Passenger Experience should be included on the agenda for a future informal Board session.</p> <p>Action: Andy Mitchell</p>
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Signed by:

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Terry Morgan
Non-executive Chairman

Pre-meeting Board Briefing-Thursday 31 January 2013**Present:**

Terry Morgan (Chairman)
 Andrew Wolstenholme
 Ian Brown
 Michael Cassidy
 Terry Hill
 Robert Jennings
 Andy Mitchell

In attendance:

Louise Brooker-Carey
 David Allen
 Sarah Johnson
 Niamh O'Sullivan
 Valerie Todd
 Keith Sibley (part)
 Ben Hardy (part)
 Glen Snowden (part)
 Martin Rowark (part)

Apologies:

Martin Buck
 Michael Cassidy
 Mark Fell
 Phil Gaffney
 Heather Rabbatts

Department for Transport

The Parliamentary Under Secretary for Transport Stephen Hammond, accompanied by DfT officials, met with the Board.

Paddington Site Visit

The Board received a presentation from Keith Sibley, Area Director West, and Ben Hardy, Paddington Station Project Manager on progress on the Paddington site. This was followed by a site visit to the Paddington site.

Laidlaw Inquiry

The Board received a presentation setting out the results of the Laidlaw Inquiry into the Inter City West Coast Route Franchise Procurement Failure and the DfT response to the report.

The report had set out 5 key conclusions. The Crossrail Procurement Team had studied each of the conclusions and had prepared a response which was set out in the presentation. One of the findings was that there should be 'a single Senior Reporting Officer (SRO) over the life of each franchise process'. The Board noted that the Crossrail Commercial Director was the SRO until the financial close of the procurement however clarification was needed on who was the SRO after that.

Action: Andrew Wolstenholme

The Board requested that a review of the Crossrail Train Operating Procurement against the Laidlaw findings should be undertaken.

Action: Howard Smith

The Board also requested confirmation that the review which was undertaken as part of the routine internal audit cycle was sufficient to detect weaknesses in the procurement processes.

Action: Martin Rowark

Update on Rolling Stock and Depot Procurement

The Board received a presentation on the current status of the rolling stock procurement.

The Board noted the assessment of the bids was on schedule. A further update, including a briefing on the communications plan, would be provided to the Board on 28 February and Board confirmation of the Commercial Sub-committee decision on the final two shortlisted bidders would be sought in the w/c 11 March. The Board noted that the Procurement Expert Panel would be writing to the CEO to state its confidence in the procurement process. A decision on the funding assumptions the deal was expected from Sponsors shortly.

