

CROSSRAIL BOARD

**Minutes of the Meeting of the Board of Directors of Crossrail Limited
held on Thursday 27 February 2014 at 13.30
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>	Mark Fell <i>Legal Services Director & Company Secretary</i>	Martin Buck <i>Commercial Director</i>
Andrew Wolstenholme <i>Chief Executive</i>	Niamh O'Sullivan <i>Head of Secretariat</i>	Andy Mitchell <i>Programme Director</i>
David Allen <i>Finance Director</i>	Will Parkes <i>External Affairs Director</i>	Heather Rabbatts <i>Non-executive Director</i>
Ian Brown <i>Non-executive Director</i>	Chris Sexton (in place of Andy Mitchell) <i>Technical Director</i>	
Michael Cassidy <i>Non-executive Director</i>	Howard Smith <i>Operations Director</i>	
Phil Gaffney <i>Non-executive Director</i>	Valerie Todd <i>Talent & Resources Director</i>	
Terry Hill <i>Non-executive Director</i>		
Robert Jennings <i>Non-executive Director</i>		
Daniel Moylan <i>Non-executive Director</i>		

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

87/14	The Chairman welcomed Board members and attendees.
BD MIN 300114	Minutes of the Meeting of the Board held on 30 January 2014. The Chairman signed the minutes of the meeting as a correct record.
BD AC 270214	Actions and Matters Arising The Board noted the updates on the outstanding actions. The discussions with Network Rail regarding a 2 year extension of the Interim Funding Agreement have encountered unexpected difficulties. As reported to the last meeting of the Board, the Executive had understood that agreement in principle had been reached with Network Rail. However, Network Rail's commercial position appeared to have changed. The Executive intended to continue to seek Sponsors' approval of the arrangement as previously agreed in principle and to brief Sponsors on the issues arising. [Post meeting note: at the Sponsor Board meeting on 27 February it was noted that this matter would be considered by the Permanent Secretary. CRL's proposal was agreed subject to TfLand DfT approvals.]

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Crossrail Board Report

Period 11 performance had been slightly below plan.

The overall improvement in safety performance had continued with the RIDDOR AFC (including 3+ day lost time cases) decreasing to 0.31 (P10: 0.34), with one RIDDOR major injury, and HSPI decreasing to 2.07 (P10: 2.09). This was the seventh period running where lost time AFR had improved. In Period 11, 14 out of 16 contracts had an HSPI score of 2.00 or above which equated to 88% of contracts and exceeded the corporate objective for the 3rd period running.

Total costs in the period were £107.3m, £6.4m below the 2013/14 Business Plan forecast and £23 m below the Year to Date plan. At the end of Period 11, the Anticipated Final Crossrail Direct Cost (AFCDC) at P50 increased by £21m to £11,653m, which was £106m below Intervention Point 0. The Crossrail P80 AFCDC was now £12,006m - £7m above Intervention Point 1. IPO increased by £2.3m in the Period, predominantly due to an increase in projected interest accruing on the Sponsor Funding Account. At delivery contract level cost performance improved slightly so that actual spend on the project to date was now 5% over the total of the contractors' budgeted cost of work performed (CPI 0.95). The cumulative SPI for delivery in the period held at 0.99 while cumulative CPI had slightly improved predominantly due to the implementation of a compensation event for extension of time at C300 (Tunnels West) for which value was all earned in the Period against cost which had been incurred in prior Periods. There had been a deterioration in the Central area due to the cost of shipping under C807 exceeding the budgeted amount.

The Public Accounts Committee (PAC) had visited the Tottenham Court Road site on the previous Tuesday. The line of questioning indicated a wish to draw lessons for other projects from the Crossrail experience. CRL would be giving evidence to the PAC on 9 April 2104.

The Board discussed the change table in the report which set out the categorisation of change for each SACR period since RP4.2. It was acknowledged that the Project Representative was rightly concerned by the volume of change. The rate of change was reducing but was a focus for management attention. There remained a significant range of financial outcomes and the projected headroom on contingency at the end of the project remained tight. £392m of the £932m programme contingency was already allocated leaving £540m of 'free' programme contingency. That amount is insufficient to fund the forecast programme P50 risk exposure leaving £283m as subject to drawn from Board contingency. The Board commented that this provision was very tight.

At the end of Period 11 the works were 48.9% complete against a planned figure of 49.6%, a variance of 0.7%.

A total of 2.3km TBM productivity had been achieved during the Period. Progress continued to be shown, conservatively, as 6 weeks behind plan. As there were currently only two TBM machines in operation productivity would be low in the current period. However, the expectation continued that the slippage in tunnelling would reduce to nearly zero by the end of March 2014. The scheduled date for Stage 3 completion remained at December 2018 with a P78 level of confidence. All key milestones were on track to be achieved. Eastbourne Terrace had re-opened to buses on 15 February 2014 as agreed with Westminster Council. Spray concrete lining progress remained ahead of schedule.

Network Rail remained on target to achieve all key output dates for the surface works

and plans for Easter and Christmas possessions were well advanced. The contract for the Northeast spur was due to be awarded in March 2014.

The joint CRL/RfL visit to Bombardier at its Derby factory had gone well. Among other things the meeting had discussed the achievement of milestones, the first of which was due in just over two months. The Board commented on the importance of learning lessons from other rolling stock projects to ensure that even the first units of rolling stock are fit for purpose and free from defects. Bombardier is developing off line testing to avoid these potential problems. The Expert Panel would also be asked to advise on this issue.

The bid process for the Crossrail Train Operating Company had closed on 14 February 2014 and four bids had been received. The aim was to appoint the train operator by the end of 2014.

As part of the business planning process the Executive had been considering ways of gaining early access for C610 (Systemwide Main Works). A weighted assumption of early access had been included in the P78 level of confidence reported in SACR11 and that level of confidence would fall if early access was not achieved. Alongside this work the Executive, with advice from the Engineering Expert Panel, was considering options to resolve tunnelling issues at Durward Street shaft, Whitechapel and Moorgate in order to maintain tunnelling progress. A full evaluation of all the options would require some time. The Board commented that the Executive should undertake a rigorous analysis of the financial cost of securing C610 early access against the risk mitigation and schedule benefits, before a decision could be made.

The Executive explained the various actions being taken to manage and mitigate the schedule difficulties arising from the works at Moorgate and Durward Street Shaft. Important decisions would fall to be made on the return of the Programme Director. The Board asked to be updated at the next meeting as to the decisions made and the implications.

Action: Andy Mitchell


The Executive was making considerable efforts to push the Tier 1 stations contractors towards entering into sub-contracts with Otis and Kone to provide lifts and escalators.

The Board noted that the Risk Sub-committee had undertaken a first review of risk 11497 (operational issues at opening due to non Crossrail service issues) at its meeting in January. This risk was likely to be upgraded before the next Board meeting.

Sellar Property Group was continuing discussions with Royal Mail, the NHS and Network Rail regarding the purchase of buildings necessary for its proposed scheme at Paddington. This would have implications for the design of the Bakerloo Line Link. The Executive continued to monitor the situation.

The project remained on target for recycling and reuse of waste and excavated material and for the use of recycled content in new construction materials. CRL was working with a number of engineering institutions to develop schemes to recognise engineering technicians. The number of Crossrail apprentices remained on target. The Board requested that further analysis should be undertaken of the forecast target for the total number of apprentices for the project and that an update be provided to the Board.

Action: Valerie Todd

	<p>380 innovation ideas had been submitted since April 2013 from which a further 12 ideas had been recommended to the Crossrail Innovation Forum for investment. If successful this would increase the innovation portfolio to 18 projects totalling over £200,000. CRL was considering opportunities for accessing match funding to develop innovation projects. CRL was also developing innovative methods for spray concrete lining and was considering how to share this knowledge externally.</p> <p>No corrective action reports (CARs) has been missed for 6 months which was a very good achievement. Much progress had been made towards the Crossrail target that 90% of certification packages would be complete in 60 days. The current level was 60-70% and it was likely that it would take a further 1-2 years to reach 90%.</p> <p>The Crossrail 'half-way there' celebrations would come to an end the following day. The events had provided opportunities for 400 staff and 800 members of the public to attend visits and seminars on Crossrail. Feedback had been very positive.</p> <p></p> <p>The Board had received an update by email regarding progress on the recruitment of a replacement Programme Director. The job description reflected the nature of the work which would be undertaken in the second half of the project. The search firm Heidrick and Struggles had presented an impressive long and short-list of potential candidates and the role had been advertised in the Sunday Times Newspaper. Currently interviews were scheduled for late March/April and the final decision would be brought to the Board for ratification. Sponsors would be offered an opportunity to meet the preferred candidate before an appointment is made.</p> <p>The Board NOTED the report.</p>
88/14	<p>33/14 – Project Representative Report</p> <p>The Board received the Project Representative's Project Status Report for Period 10.</p> <p>The report commented that there is a falling trend in the value of open NCEs and highlights that 35 % of open NCEs are 90 days or more. The Board noted that the Executive were aware to this issue and were working to resolve it.</p> <p>The Board NOTED the report.</p>
89/14	<p>34/14 – Update on Surface Station Design</p> <p>The Board received a paper which provided an update on progress on the design of surface stations following discussion at the CRL Board on 30 January 2014.</p> <p>CRL had reviewed its on-going programme of design development and communication with surface station stakeholders in light of comments from some Assembly Members, Councils, and other local stakeholders and some negative publicity in the media. Working with Mike Forster, CRL had undertaken an internal review to formulate an approach to each station design. Design Steering Groups had been established at Director level with the four Councils from which CRL had not attained Schedule 7 consents. Bi-lateral design co-ordination meetings were being held between CRL and Network Rail architects. Progress had been made towards resolving issues with a number of the local authorities. The Executive's aim was to avoid the risk of undermining this progress by committing to an external review and to continue to with consensus building so far as possible. CRL retained the option at a future date to</p>

	<p>proceed with an external review if satisfactory progress was not made. The potential impact on the timetable for achieving Schedule 7 consents would be a factor in deciding how to progress with this.</p> <p>The Board NOTED the paper and requested that this issue should be kept under review and the Board updated.</p> <p>Action: Andrew Wolstenholme</p>
90/14	<p>35/14 – DRAFT 2014/15 Objectives and Performance Metrics</p> <p>The Board received a paper which summarised the draft 2014/15 metrics that would be used to calibrate CRL's performance as the year progresses.</p> <p>The paper proposed the specific KPI targets which would attach to each of the objectives which had been agreed by the Board at its meeting on 5 December 2013.</p> <p>Following a series of informal discussions with individual Board members, the proposal was to retain for 2014/15 the overall structure of CRL's performance management framework. This structure was based on four key performance challenges:</p> <ul style="list-style-type: none"> ▪ Are we safe? ▪ Are we within funding? ▪ Are we on time? ▪ Are we World Class? <p>These were supported by a series of Key Performance Indicators and a series of specific objectives.</p> <p>At the end of the year, an overall performance score would be calculated by multiplying the Board's subjective view of CRL's safety performance by the aggregate score achieved against the three primary metrics.</p> <p>The Board NOTED the proposed KPIs for 2014/15 and requested that the Finance Director collate the input of Non-Executive Directors and bring a final draft of the paper to the March 2014 Board meeting for final sign off.</p> <p>Action: David Allen</p>
91/14	<p>36/14 – Update on Crossrail Ltd Pension Arrangements</p> <p>The Board received a paper which provided an update on the current position in relation to the CRL pension arrangements and the plans for their management between now and the end of the project.</p> <p>CRL participates in the multi-employer Omnibus Shared Cost Section ('the Omnibus Section') of the Railways Pension Scheme ('RPS'). If it were to withdraw from this on completion of the Crossrail project in 2018, it is likely that the Railways Pension Trustee would serve a section 75 debt on CRL giving rise to a debt currently estimated to be in the region of £50m.</p> <p>At its meeting in December 2013, the CRL Audit Committee received a report which identified five options for tackling this issue. A further report on these options would be prepared in due course. In the meantime the Executive had appointed a specialist pensions consultant to advise on setting up a defined contribution pension scheme as a</p>

	<p>means of controlling and reducing pension cost and risk.</p> <p>The Executive tabled a letter from the TfL Commissioner which stated TfL's view that any pension related liabilities should be treated wholly as a cost of the project and that the approval of TfL would be required before any firm commitments are made.</p> <p>The Board noted that the potential £50m section 75 debt had been calculated on the basis that all CRL staff employed on the project until 2018 joined the scheme. The debt would be less if the current scheme was closed to new members and a defined contributions scheme established and the Board indicated that this action should be pursued.</p> <p>The Board requested that all options for mitigating the future liabilities of the current scheme should be considered, including closing the current scheme to existing members and arranging the purchase of the liabilities of the scheme by a specialist company, and that a further report should be provided to the Board for decision.</p> <p>Action: Valerie Todd</p>									
92/14	<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 MIN 220114 EIC MIN 030214 EIC MIN 100214</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>- Health & Safety Committee</td> <td>HS MIN 200114</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>- Sustainability Committee</td> <td>SUS MIN 111213</td> <td>Andrew Wolstenholme</td> </tr> </table>	- Executive and Investment Committee	EIC MIN 220114 EIC MIN 030214 EIC MIN 100214	Andrew Wolstenholme	- Health & Safety Committee	HS MIN 200114	Andrew Wolstenholme	- Sustainability Committee	SUS MIN 111213	Andrew Wolstenholme
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93/14	<p>Verbal Updates of Recent Board Committee Meetings</p> <p>The Board received verbal updates on recent meetings of Board Committees;</p> <table> <tr> <td>- Executive and Investment Committee</td> <td>EIC 190214</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>- Health & Safety Committee</td> <td>HS 170214</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>- Sustainability Committee</td> <td>SUS 050214</td> <td>Andrew Wolstenholme</td> </tr> </table>	- Executive and Investment Committee	EIC 190214	Andrew Wolstenholme	- Health & Safety Committee	HS 170214	Andrew Wolstenholme	- Sustainability Committee	SUS 050214	Andrew Wolstenholme
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94/14	<p>AOB</p> <p>There was no other business.</p>									

Signed by:



Terry Morgan
Non-executive Chairman

Pre-meeting Board Briefing-Thursday 27 February 2014

Terry Morgan (Chairman) <i>Chairman</i>	Mark Fell <i>Legal Services Director & Company Secretary</i>	Martin Buck <i>Commercial Director</i>
Andrew Wolstenholme <i>Chief Executive</i>	Jeremy Bates (part) <i>Head of Integration</i>	Andy Mitchell <i>Programme Director</i>
David Allen <i>Finance Director</i>	Steve Elliott <i>Programme Controls Director</i>	Heather Rabbatts <i>Non-executive Director</i>
Ian Brown <i>Non-executive Director</i>	Rob Jones <i>Head of Organisational Effectiveness</i>	
Michael Cassidy <i>Non-executive Director</i>	Niamh O'Sullivan <i>Head of Secretariat</i>	
Phil Gaffney <i>Non-executive Director</i>	Will Parkes <i>External Affairs Director</i>	
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Bringing Crossrail into Use

The Board received a presentation from Jeremy Bates, Head of Integration.

The Board noted that a handover strategy was currently being written and that a briefing would be provided to the Board when this was complete – target date June 2014.

The Board NOTED the presentation.

C610 Schedule Opportunities

The Board received a presentation from Steve Elliott, Programme Controls Director.

The Board NOTED the presentation.

Crossrail Organisation

The Board received a presentation from Chris Sexton, Technical Director.

The Board NOTED the presentation.

Big Dig Survey

The Board received a presentation from Valerie Todd, Talent and Resources Director on the findings of the recent 'Big Dig' staff survey.

The Board noted that the very positive findings of the survey and expressed its thanks to the Executive for the work it had undertaken to achieve a successful outcome.

The Board NOTED the presentation.

Update on Half-Time Review Meetings

The Board received a presentation from David Allen, Finance Director.

The Board NOTED the presentation and the follow-on actions arising from the half time review meetings.

