



BD MIN 170112

CROSSRAIL BOARD

**Minutes of the Meeting of the Board of Directors of Crossrail Limited
Held on Thursday 12 January 2017 at 13.30
28th Floor Boardroom, 25 Canada Square, Canary Wharf, London E14 5LQ**

Members: In Attendance: Apologies:

Terry Morgan <i>Chairman</i>	Victoria Burnett <i>Head of Secretariat</i>	
Pam Alexander <i>Non-executive Director</i>	Mark Fell <i>Legal Services Director and Company Secretary</i>	
Michael Cassidy <i>Non-executive Director</i>	Lucy Findlay <i>Chief of Staff</i>	
Mathew Duncan <i>Finance Director</i>	Paul Grammer <i>Commercial Director</i>	
Phil Gaffney <i>Non-executive Director</i>	Will Parkes <i>External Affairs Director</i>	
Terry Hill <i>Non-executive Director</i>	Howard Smith <i>Operations Director</i>	
Robert Jennings <i>Non-executive Director</i>	Valerie Todd <i>Talent and Resources Director</i>	
Mark Wild <i>Non-executive Director</i>		
Andrew Wolstenholme <i>Chief Executive</i>		
Simon Wright <i>Programme Director</i>		

The meeting was quorate.

	<p>The Chairman welcomed Board members and attendees.</p> <p>Members were reminded that any interests in a matter under discussion must be declared at the start of the meeting, or at the commencement of the item of business.</p> <p>There were no interests declared in relation to the day's business.</p>
BD MIN 161208	<p>Minutes of the Meeting of the Board held on 10 November 8 December 2016</p> <p>The Board APPROVED the minutes of the meeting held on 8 December 2016 for signature.</p>
BD AC 170112	<p>Actions and Matters Arising</p> <p>[REDACTED]</p> <p>Otherwise there were no actions due that had not been completed or would not be covered on the meeting's agenda.</p>

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Crossrail Board Report Period 9

Andrew Wolstenholme introduced the Board Report providing an overview of Period 9 highlighting that:

- Good progress had been made during the Period including the first seven-car train being delivered to Ilford and the Ilford Yard blockade being completed and handed back. The overall programme was 80.6% complete against a revised plan of 83.5% with delivery in the Period exactly matching the plan for the Period;
- After the Period end, NR had successfully completed the majority (97%) of its planned works for Crossrail. However, there were still cost concerns regarding the On Network Works;
- The P50 AFCDC was £5m in excess of IP1 in the Period with further increases anticipated over future periods due mostly to commercial cost pressures. The Executive was continuing to make efforts to realise savings identified as part of the 'Glidepath' work stream and remained committed to delivering Crossrail on time and within its funding envelope;
- On health and safety performance, the RIDDOR rate had remained at 0.15 but HSPI had fallen slightly from 2.36 to 2.35;
- For the year to date, spend was £1.3m below the 2016/17 business plan but in the Period was £19.1 above the plan - predominately due to overspends in stations, civils and systemwide; and
- Strategic risks had remained stable as had KPIs except for an improvement in SPI from 0.96 to 0.97 and deterioration in ONW headroom and HSPI.

Are We Safe?

It was **NOTED** that:

- Three contracts had scored below 2.20 on HSPI. They were C422 Tottenham Court Road, C502 Liverpool Street and C610 Systemwide. The Health and Safety Committee was continuing to monitor improvement plans from those contracts on a regular basis;
- In the Period there had been four significant incidents comprising: two RIDDOR seven-days lost time; One two-days lost time; and One high potential near miss. All incidents were being investigated;
- The results from the 'Have Your Say' survey had been collated and HSPI measures for 2017/18 were in the process of being reviewed.

Are We Within Funding?

Mathew Duncan presented an overview of the Period's financial position.

It was **NOTED** that:

- The AFCDC had increased by £26m in the Period, driven by increases

- The quarterly QRA process had been carried out in the Period resulting in an increased P50 QRA amount of £400m - mostly due to increased risk for commercial costs. Of the QRA total, £89m was currently programme risk not allocated to projects;
- £203m of the Period 9 QRA represented unresolved trends (anticipated change of uncertain value) which had increased by £15m in the Period, [REDACTED]
- Since the Glidepath work stream had been established in P8 of 2015/16, £103.6m of opportunities had been realised with a further £125.4m identified and being actively pursued; and
- The overall contingency budget of £433m was adequate to cover the P50 risk exposure of £400m by £33m, but inadequate at P95.

The Board discussed the movement in AFCDC and the likelihood of it increasing further above IP1 over the coming periods due to increasing commercial cost pressures. The Board **NOTED** the Executive actions in place to try to offset some of the increase in AFCDC.

Commercials Update

Paul Grammer provided an update on progress with the following contracts: C405 Paddington; C412 Bond Street; C422 Tottenham Court Road; C435 Farringdon; C502 Liverpool Street; C510/512 Whitechapel; C300/410 Tunnels West; C305 Tunnels East; C610 Systemwide; C828 Ilford Yard; C530 Woolwich; C620 Signalling; C660 Communications; and C360 Portals and Shafts.

It was **NOTED** that the total gap between CRL's and its contractors' views of target had increased by [REDACTED] and the total forecast gap in defined cost had decreased by [REDACTED]

NR ONW Funding

Paul Grammer also presented an update on NR AFC funding. It was **NOTED** that DfT had re-instated the £2.296bn available for the NR ONW and NR had increased its AFC to £2.296bn (including variations at £110m) but that this did not reflect the full extent of the variations nor further cost pressure anticipated from its contractors. Crossrail executives were continuing to support NR to monitor, verify and challenge costs from NR's contractors. In addition, financing options were being developed to help NR mitigate the impact of potential cost escalation and these would be discussed later on in the meeting.

The Board **NOTED** that responsibility for any cost escalation beyond £2.3bn rested with DfT and Robert Jennings undertook to speak to DfT to explain the position and ask for its recommendations.

Action: Robert Jennings

Are We on Time?

Simon Wright presented an overview of delivery performance highlighting some of the key issues for the Period. It was **NOTED** that:

- Works to the 'master plan shaft' at Bond Street Station remained critical to timely delivery, but the contractor had maintained steady progress in delivery through Period 9 and was meeting the recovery programme;
- With substantial completion of all main works at Woolwich planned for October 2017, the current low level of contractor productivity was causing concern. While the completion of the station was not on the CRL critical path, the Executive was taking action to intervene;
- Central Engineering Group, the Infrastructure Manager and London Fire Brigade had continued discussions to resolve acceptance issues at Mile End Shaft. During the Period, significant progress had been made and it was anticipated that resolution of this matter would be delivered within the next two periods; and
- Options were currently under review to modify the London end of Ilford Yard to increase the line speed to meet CRL's timetable requirements. CRL was currently assessing the cost implications.

Operations

Howard Smith provided an update on key operations matters **NOTING** some of the key issues for Stage One and Stage Two.

It was also **NOTED** that the Unit 2 train had been tested during the Period and had been tested at over 100mph at the Melton test track facility. The train was then successfully delivered to Ilford on 9 December.

Are we world class?

It was **NOTED** that:

- UNITE's campaign for additional wages and/or incentives from CRL's contractors had intensified in the Period. Projects affected by this action, so far, included Paddington Station, Woolwich and Tottenham Court Road where they had experienced either disruption to work, demonstrations or a combination;
- During 2016 Crossrail had hosted 64 MPs, 20 Ministers, 20 Assembly members, over 80 civil servants and the Queen. The Duke of Cambridge had visited Bombardier's factory in Derby and viewed a new Elizabeth line train;
- There had been some quality management issues in the works at Paddington Station resulting in four Category 1 quality issues being raised since Period 7 and CRL having to issue a notice of defective management system and instruction to stop work; and
- The overall level of complaints received by Crossrail had reduced in the Period, suggesting that changes in the type and level of work at sites had caused less disruption to local residents and that the stakeholder relationships were being managed well.

The Board **NOTED** the Board Report for Period 9.

(Mark Wild left the meeting)

37/17	<p>CRLB 31/17 – Project Representative (PRep) Reports Periods 8 & 9 2016/17</p> <p>The PRep report for Period 8 had been included in the Board Pack and was taken as read.</p> <p>Andrew Wolstenholme outlined the issues that would be raised in the Period 9 Report. These included: commercial cost pressures; schedule float; regulatory approvals; rolling stock progress on testing and integration; NW/ONW costs; and specific issues relating to each of the stage openings.</p> <p>The Board NOTED the PRep reports.</p>						
Presentation	<p>Network Rail Financing Charge Opportunities</p> <p>Mathew Duncan presented a verbal progress report on the work to develop opportunities to assist NR with their potential funding gap for the ONW works as well as providing benefits for CRL's AFDC; namely, the potential to re-profile the existing loan to NR and removal of NR incentives resulting in a reduction in the finance charge payable by CRL.</p> <p>The Board NOTED the report and REQUESTED that a copy be circulated to them following the meeting.</p> <p>Action: Mathew Duncan</p>						
	<p>Minutes of Board Committees for Reference The Board received the following minutes for reference:</p> <table border="1" data-bbox="352 1106 1385 1178"> <tr> <td data-bbox="352 1106 847 1178">Executive and Investment Committee</td> <td data-bbox="847 1106 1094 1178">EIC MIN 161130</td> <td data-bbox="1094 1106 1385 1178">Andrew Wolstenholme</td> </tr> </table> <p>Verbal Updates of Recent Board Committee meetings</p> <table border="1" data-bbox="352 1245 1385 1597"> <tr> <td data-bbox="352 1245 847 1597"> <p>Executive and Investment Committee 4 January 2017 Matters covered by the Committee were:</p> <ul style="list-style-type: none"> • Funding Options for the On-Network Works • Quality Report P1-P9 • Bi-annual Gifts & Hospitality Returns and Expenses </td> <td data-bbox="847 1245 1094 1597">EIC MIN 170104</td> <td data-bbox="1094 1245 1385 1597">Andrew Wolstenholme</td> </tr> </table>	Executive and Investment Committee	EIC MIN 161130	Andrew Wolstenholme	<p>Executive and Investment Committee 4 January 2017 Matters covered by the Committee were:</p> <ul style="list-style-type: none"> • Funding Options for the On-Network Works • Quality Report P1-P9 • Bi-annual Gifts & Hospitality Returns and Expenses 	EIC MIN 170104	Andrew Wolstenholme
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AOB	<p>The Board NOTED that Terry Morgan had been offered the position of Chair of the Board of London City Airport. In accordance with the terms of Terry's appointment at Crossrail, permission would need to be sought from the London Mayor, the Secretary of State for Transport and Crossrail Ltd.</p>						
	<p>NED Only Session</p> <p>Non-executive Directors provided feedback on the day's meeting.</p>						

Signed by:



Terry Morgan
Non-executive Chairman

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Page 5 of 6

Pre-meeting Board Briefing – Thursday 12 January 2017

Members:	In Attendance:	Apologies:
Terry Morgan <i>Chairman</i>	Sarah Allen (Part of the meeting) <i>Head of Marketing Communications</i>	
Pam Alexander <i>Non-executive Director</i>	Victoria Burnett <i>Head of Secretariat</i>	
Michael Cassidy <i>Non-executive Director</i>	Mark Fell <i>Legal Services Director and Company Secretary</i>	
Mathew Duncan <i>Finance Director</i>	Lucy Findlay <i>Chief of Staff</i>	
Phil Gaffney <i>Non-executive Director</i>	Paul Grammer <i>Commercial Director</i>	
Terry Hill <i>Non-executive Director</i>	Will Parkes <i>External Affairs Director</i>	
Robert Jennings <i>Non-executive Director</i>	Chris Sexton (Part of the meeting) <i>Technical Director</i>	
Mark Wild <i>Non-executive Director</i>	Howard Smith <i>Operations Director</i>	
Andrew Wolstenholme <i>Chief Executive</i>	Valerie Todd <i>Talent and Resources Director</i>	
Simon Wright <i>Programme Director</i>		

1. Security Update

Chris Sexton provided an update on Crossrail's security arrangements and activities including those relating to site security; incident response and business interruption; railway security; cyber security and IT security.

At the **REQUEST** of the Board, Chris Sexton undertook to: (a) look at how people security was managed at Crossrail and (b) send a note to the Board after the meeting on Wi Fi/4G arrangements available for each of the stages.

Action: Chris Sexton

The Board **NOTED** the presentation.

2. Tunnel: the Archaeology of Crossrail

Sarah Allen presented and overview of the exhibition on archaeology due to open at the Docklands Museum of London in February.

The Board **NOTED** the presentation and that the External Affairs Communications Strategy would be presented to the Board at the end of March which would include details of the work being carried out to maximise the profile of Crossrail's archaeology story.