



CROSSRAIL BOARD

**Minutes of the Meeting of the Board of Directors of Crossrail Limited
held on Thursday 23 May at 13.30 at the
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>	Martin Buck <i>Commercial Director</i>	Heather Rabbatts <i>Non-executive Director</i>
Andrew Wolstenholme <i>Chief Executive</i>	Louise Brooker-Carey <i>External Relations Director</i>	
David Allen <i>Finance Director</i>	Mark Fell <i>Legal Services Director & Company Secretary</i>	
Ian Brown <i>Non-executive Director</i>	Eddie Goddard (part) <i>Chair of Systems Expert Panel</i>	
Michael Cassidy <i>Non-executive Director</i>	Niamh O'Sullivan <i>Head of Secretariat</i>	
Phil Gaffney <i>Non-executive Director</i>	Howard Smith <i>Operations Director</i>	
Terry Hill <i>Non-executive Director</i>	Valerie Todd <i>Talent & Resources Director</i>	
Andy Mitchell <i>Programme Director</i>		
Robert Jennings (by telephone) <i>Non-executive Director</i>		

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

010/14	The Chairman welcomed all members and attendees.
011/14	Minutes of the Meeting of the Board held on 25 April 2013. The Chairman signed the minutes of the meeting as a correct record.
012/14	Actions and Matters Arising Action: 58/13 - The Board noted that the overall structure of the 2013/14 incentive scheme for the Programme Partner and Programme Delivery Partner would be substantially the same as for the Executive other than the omission of the multiplier in respect of performance against the Health and Safety KPI. A paper on the proposed change would be submitted to the Board for approval. Action: Andy Mitchell Action: 68/13 – The Board noted that the source of funding for the Crossrail Infrastructure Maintenance Facility at Plumstead would be reported to the next Board meeting.

013/14	<p>Crossrail Board Report</p> <p>The Board noted the improving trend in CRL's principal health and safety performance metrics. The Health and Safety Performance Index had increased in Period 1 to 1.94 compared to a score of 1.75 in Period 13. The Crossrail Central Section Only RIDDOR AFR had decreased to 0.34 in Period 1 (0.36 in Period 13) and the Lost Time Case AFR had also decreased to 0.67 (0.70 in Period 13). There had been 2 RIDDOR major reportable incidents in the Period – an injury from a jet washer when an individual used the equipment to clean his footwear and an injury to an operative when an unsecured concrete pumping line struck him in the chest during cleaning operations (it was noted that the Health and Safety Executive had recently prosecuted a contractor on a non-Crossrail project as a result of an individual being struck by an unsecured pressurised airline). Contract C360 (Eleanor Street and Mile End Shafts), C503 (Liverpool Street) and C511 (Whitechapel) had all achieved 7 periods without an incident. The Health and Safety Committee had held its recent meeting at the Bond Street site. The meeting was preceded by the Gateway Inspiration Award to the C411 Contractor (Bond Street Station).</p> <p>The actual progress of work in the Central Section at the end of Period 1 was 37.5% complete against a planned figure of 39.4%. Overall schedule earned value was £129m behind plan. These measures both showed a very slight deterioration from the position at Period 13. The overall schedule status remained at minus 9 weeks against the RP4.2 baseline agreed in April 2011. Production was picking up across the programme and most of the minor issues that had affected performance in Period 1 have been resolved. The Executive continued to forecast that the programme would achieve the December 2018 opening date and this would be formally reported to the Sponsors in Semi Annual Construction Report 9 (SACR9).</p> <p>The Anticipated Final Crossrail Direct Cost (AFDCD) was £11,658.6m (P50), compared to £11,652.5m in Period 13 and remained below Intervention Point 0 (IP0) by £10.6m. Delivery spend in the period was £106.5m which was £4.2m above the forecast. Schedule performance in the Period reduced from the Period 13 high of 1.24 to an SPI of 0.95. In period cost performance also fell to 0.80 (against 0.96 in Period 13). Performance in the West Area had been particularly unsatisfactory with a CPI for the period of 0.61. In response to this the Executive had instigated a series of 'deep dive' contract cost reviews to ascertain the underlying reasons and the required management actions to improve cost performance. A briefing on the issues in the West had been provided to Sponsors. The Board commented that it wished to monitor progress in addressing the issues in the West Area and requested that a briefing on the improvement plan and commercial risks should be provided at an Informal Board briefing session.</p> <p>Action: Andy Mitchell</p> <p>The Board noted that the cumulative SPI remained at 0.95 whilst the cumulative CPI fell to 0.93 (from 0.94 in Period 13).</p> <p>The TBMs were averaging 550 meters of tunnelling per week. Periods of down-time were planned as scheduled stops following breakthroughs into the station boxes at Woolwich and Canary Wharf. Ada had arrived at Bond Street and had experienced a delay before she could pass through the diaphragm wall at the Western Ticket Hall. Based on recent tunnelling performance the Executive believed that this delay could be mitigated and that her arrival date at Farringdon would remain unchanged. Good progress was being made at Connaught Tunnel.</p>
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The Board noted the importance of maintaining schedule in this area due to the Defence Exhibition which required hand-back of the dock.

The tunnel breakthrough at Woolwich had been marked by a staff celebration event. This was well attended and very successful. A stakeholder event was planned for 31 May for the tunnel breakthrough at Canary Wharf station.

The Board discussed an updated master control schedule which had been revised to reflect actual progress on site. The aim was to create additional timetable float and greater certainty within the programme so as to protect the time set aside for commissioning the railway. The Board noted that the revised programme was fundamentally more robust however its implementation would require careful commercial handling. There is no intention at present to re-baseline the programme agreed at RP4.2. However this would be considered once discussions regarding programme had been completed with C610. Future milestones would reflect the revised plan. The Board commented on the need for consistency when discussing the programme and any revisions with stakeholders.

The Board asked to be kept informed regarding Spray Concrete Lining productivity by a regular update in the Board report.

Action: Andy Mitchell

Shipping from Northfleet to Wallasea had resumed and the initial results indicated that the new screw conveyors were able to process the excavated material from tunnelling effectively. Wallasea was expected to be fully operational in June following completion of modifications to one of the pontoons.

The Board noted that the glide-paths for the East, West, Central and Projectwide areas were forecasting an outturn cost that was within £117.3m or 2.2% of the targets established during the summer of 2012. The variance to target had worsened by £15.8m since Period 13. A detailed review of progress with the glide-paths would be undertaken over the coming periods to improve confidence in the achievability of the relevant Project and Area action plans.

The number of open NCEs had increased slightly in the Period to 7.4%. It was anticipated that the rate of new NCEs would increase.

The Board noted the year end position with regard to the key risks for the programme. Performance in mitigating key risks was at 94%. 5 out of the 87 key risks had not been mitigated, of which at least 2 were for reasons beyond CRL's control. These included the Sponsor decision to increase the project scope to include traction power and to include these costs in the AFCDC, issues in removing spoil to Wallasea Island, delays in aligning the work programmes for C336 and C300 and delays in the preliminary works for C435.

The Board noted that a new methodology for calculating media tonality had been adopted for 2013/14 and that tonality was now weighted by audience reach. Under the previous methodology, a small article in a trade publication carried the same weighting as a double page feature in a national broadsheet. The Board noted that this was a sensible revision to the method of calculation and that for governance purposes this would require a change to the relevant Key Performance Indicator which would be submitted the Board for approval.

Action: David Allen

The Board noted that at Bond Street/ Tottenham Court Road discussions with recording studios had led to an agreement to carry out noisy works at times which would have least impact on the studios and that agreement had been reached with Bonhams auctioneers which would enable them to operate their new lift for vintage cars.

The Board noted that the Land and Property team were on track to serve all notices before the expiration of the compulsory purchase powers in July 2013.

The Board noted that a joint exercise is due to commence with Network Rail to update and evolve a more current and operationally robust Crossrail service timetable properly integrated with other developments along the route.

The Board noted that a briefing on timetabling would be provided at an informal Board session.

Action: Howard Smith

The Board noted that the Railway Integration Review Point 2 assessment was on-going with no major issues identified so far. The results would be presented to the Railway Integration Authority Panel for endorsement on 19 June 2013 and the status would be reviewed by the Systems Expert Panel. A mock-up of the Route Control Centre was under construction at Leighton Buzzard to enable evaluation of the room layout/environment/HMI options for the Route Control Centre and back-up facility in conjunction with the Operations team.

The Executive had asked the Ethical Trade Initiative (ETI) to assess the extent to which CRL was compliant with the ETI base code. CRL is not a member of the ETI but aspired to comply with its principles. A review would take place in July 2013.

The Unite leverage campaign continued. So far impact on site operations had been minimal and reasonable security precautions had been taken for those members of staff who could be targeted as part of the campaign. The Employment Tribunal proceedings brought by Frank Morris had been stayed due to the liquidation of EIS Ltd, his former employer. It is expected that Unite will apply to the High Court for the stay to be lifted and then apply to join CRL in the tribunal proceedings.

CRL was awaiting the outcome of its application for Investors in People with reasonable confidence of a successful result.

The Board noted that market testing for IT services suppliers had commenced.

The Board NOTED the report.

014/14 Project Representative Report

The Board received the Project Representative's Project Status Report for Period 13.

The main focus of the Project Representative's Report was the change in schedule delay from 10 weeks to 9 weeks. The Project Representative agreed with CRL that this change was justified by the performance that was achieved in Period 13.

	<p>The report contained detailed commentary on contingency management, noting the adjustments that were approved by the CRL Board in Period 13 to ensure that the Current Control Budget was below Intervention Point 1. Members of the CRL Finance Team had discussed these changes with members of the Project Representative's team to ensure that their understanding of them is accurate.</p> <p>The Report had noted the positive trend in the management of Compensation Events.</p> <p>The Board NOTED the report.</p>
015/14	<p>Systems Expert Panel Update</p> <p>The Board received a presentation from Eddie Goddard (Chairman of the Systems Expert Panel) which provided an update on the work of the Panel.</p> <p>Good progress had been made on the signalling system and only minor conflicts with the operating principles had emerged so far. That was not surprising but it was essential to resolve these issues as early as possible. The assurance process must also be defined, and agreed by all parties.</p> <p>With regard to rolling stock procurement, the Panel wished to highlight that any delays would put rolling stock commissioning on the critical path. There was a need for a strict change control process and the interfaces with Network Rail and London Underground needed to be clarified and assurance processes agreed. The appointment of Siemens as the C660 (Communications) contractor should assist systems integration. It was essential that electromagnetic compatibility requirements for existing and proposed Rail for London and Network Rail infrastructure should be established and agreed as a matter of priority.</p> <p>The Panel strongly supported the approach being taken with regard to maintenance, and wished to highlight the importance of agreeing the rail grinding requirements and processes. There were strict obligations on Crossrail regarding noise and maintenance access possessions would be short. The Panel welcomed the decision regarding the infrastructure maintenance depot at Plumstead. In response to a question regarding the cleaning of tunnels Mr Goddard confirmed that this was an issue the Panel could consider at its next meeting.</p> <p>The Panel had considered the interfaces between Network Rail and Crossrail and agreed that there had been good progress on the civil engineering works. The Panel considered the programme of roll out of ERTMS in time for the Crossrail Heathrow link to be very challenging and noted that it was essential that the link between the Crossrail control system and Network Rail's Control Centres should be developed and agreed. There had been some delays but this was not yet a cause of concern.</p> <p>The Panel was concerned that the current provisional timetables for the operation of Crossrail were not robust and susceptible to delays from the other regions of the mainline network. Under the current performance regime Crossrail would be liable for delays passed on to other services.</p> <p>The Board noted the upcoming programme of work for the Panel and that further discussions regarding an end to end railway would take place at the Board away day in June. The Chairman thanked Eddie Goddard for his report.</p>

016/14	<p>Semi-Annual Construction Report 9</p> <p>The Board received the Semi-Annual Construction Report 9 (SACR 9). The Board discussed the key themes from the report</p> <p>SACR 8 had reported a 65% confidence level of a December 2018 completion. In the SACR 9 period this had improved to a level of 75% and AFDCD was £20m beneath intervention Point 0.</p> <p>The major procurement cycle for the project had come to an end, which also meant an end to significant buying gains on procurement which had resulted from very competitive tendering conditions. The procurement savings had been identified as part of the £1.1bn of savings returned as part of the 2010 Comprehensive Spending Review however they exposed the project to additional risks of future cost increases. The focus remained on managing risk at every level and minimising change.</p> <p>The timetable and budget for the project remained tight but deliverable. The total contingency contained within CRL's current control budget was £2,391m of which £685m had already been allocated to Projects and Areas. Total contingency had decreased by £299m from that reported at SACR 8 principally due to the drawdown of contingency to cover design changes and new scope including: Network Rail Traction Power (£124m); Bakerloo Line link design changes (£24m); and Moorgate shaft pile removal (£23m).</p> <p>At P50, CRL's total contingency budget (including Board contingency) is sufficient to cover the forecast risk exposure, leaving a £232m surplus. At P95 the risk exposure exceeds total contingency by £469m.</p> <p>There are substantiated likely calls on the £1,067m of current programme contingency. Delivery to the current P50 forecast would see project and area budgets exceeded by an aggregate of £346m, reducing programme contingency to £721m (i.e. if projects were funded at a P50 level, there would be a programme contingency equating to just 11.9% of the total future spend of £6,046m to which that contingency relates).</p> <p>Included in the risk exposure that this contingency will be required to cover (which totals £1,101m at P50) are £346m of unresolved trends: items that are likely to require funding, the precise cost of which is not yet known. This leaves programme contingency of £375m to cover the remaining 'pure' risk exposure of between £755m (at P50) and £1,456m (at P95).</p> <p>The current focus is on identifying opportunities to build additional float into the schedule and beginning to understand in more detail the interfaces between each of the railway systems contractors.</p> <p>The Board noted the vital importance of achieving the rolling stock and depot contract award milestone in April 2014.</p> <p>The Board suggested that the Executive consider producing a publicly available document setting out key features of progress on the project to align with future issues of the SACR.</p>
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	<p>The Board:</p> <ul style="list-style-type: none"> • APPROVED the SACR9 for submission to the Sponsors; • NOTED that the Financial Model which informed the forecast costs in SACR9 had been updated in accordance with the requirements as defined in Schedule 7 ('Financial Model') of the Crossrail Project Development Agreement (PDA) • NOTED that the CRL Finance Director has approved the release of the updated Financial Model to the Sponsors. 									
017/14	<p>Any Other Business</p> <p>The Board noted that the revised paper on the increase in the authorised share capital of CRL had been approved by the Board by email circulation.</p> <p>The Chairman reported that a paper on the fit-out of the station box at Woolwich had been considered at the TfL Finance and Policy meeting that morning and would be considered by the TfL Board.</p> <p>The Board noted that discussions were on-going with the Sponsors regarding the merits of the Bakerloo Line link and reconsideration of alternative means of addressing any capacity concerns.</p> <p>The Board noted that the CRL Remuneration Committee would be meeting after the Board meeting and that discussions were still ongoing with TfL regarding the Long Term Incentive Plan for 2012-2019.</p> <p>The Board thanked Louise Brooker-Carey, External Relations Director for her contribution to the project and wished her well in her future career following her departure from Crossrail.</p>									
018/14	<p>Minutes of Board Committees for Reference</p> <p>The Board received the following minutes for reference.</p> <table data-bbox="351 1422 1436 1534"> <tr> <td>Executive & Investment Committee</td> <td>EIC MIN 170413</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td></td> <td>EIC MIN 220413</td> <td></td> </tr> <tr> <td>Health & Safety Committee</td> <td>HS MIN 150413</td> <td>Andrew Wolstenholme</td> </tr> </table>	Executive & Investment Committee	EIC MIN 170413	Andrew Wolstenholme		EIC MIN 220413		Health & Safety Committee	HS MIN 150413	Andrew Wolstenholme
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019/14	<p>Verbal Updates of Recent Board Committee meetings</p> <p>The Board received verbal updates on recent meetings of Board Committees;</p> <table data-bbox="351 1691 1452 1803"> <tr> <td>Executive and Investment Committee</td> <td>EIC MIN 150513</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>Health & Safety Committee</td> <td>HS MIN 130513</td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>Sustainability Committee</td> <td>SUS MIN 010513</td> <td>Andrew Wolstenholme</td> </tr> </table>	Executive and Investment Committee	EIC MIN 150513	Andrew Wolstenholme	Health & Safety Committee	HS MIN 130513	Andrew Wolstenholme	Sustainability Committee	SUS MIN 010513	Andrew Wolstenholme
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Signed by:

Terry Morgan

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Non-executive Chairman**Pre-meeting Board Briefing-Thursday 23 May 2013**

<u>Members:</u>	<u>In Attendance:</u>	<u>Apologies:</u>
Terry Morgan (Chairman) <i>Chairman</i>	Louise Brooker-Carey <i>External Relations Director</i>	Robert Jennings <i>Non-executive Director</i>
Andrew Wolstenholme <i>Chief Executive</i>	Martin Buck <i>Commercial Director</i>	Heather Rabbatts <i>Non-executive Director</i>
David Allen <i>Finance Director</i>	Mark Fell <i>Legal Services Director & Company Secretary</i>	
Ian Brown <i>Non-executive Director</i>	Sarah Johnson <i>Chief of Staff</i>	
Michael Cassidy <i>Non-executive Director</i>	Ian Lindsay (part) <i>Land and Property Director</i>	
Phil Gaffney <i>Non-executive Director</i>	Niamh O'Sullivan <i>Head of Secretariat</i>	
Terry Hill <i>Non-executive Director</i>	Howard Smith <i>Operations Director</i>	
Andy Mitchell <i>Programme Director</i>	Mark Thurston (part) <i>Strategic Projects Director</i>	
	Valerie Todd <i>Talent & Resources Director</i>	

MCS05 Briefing

The Board received a presentation from Andy Mitchell, Programme Director.

The Board noted the presentation.

Innovation Strategy

The Board received a presentation from Mark Thurston, Strategic Projects Director.

The Board noted the overall approach, work to date and planned programme wide rollout out of the Innovation Strategy. The Board also noted examples of innovation on the programme.

The Board noted the presentation.

Land and Property Valuations and Savings

The Board received a presentation from Ian Lindsay, Land and Property Director.

The Board noted that the Land and Property team were on track to serve all notices for land required before the expiration of the compulsory purchase powers in July 2013.

Crossrail is the 1st UK rail project where property development profits contribute to core project funding. The original target had been £545m based on Q1 2007 values. However this had been reduced to £444m in April 2012 due to decrease in sites/scope.

The Board noted that TfL is the landowner and takes the risk/reward from oversite developments. The role of Crossrail is to work up schemes and submit planning applications while managing risks and maximising returns. Detailed working arrangements are set out in the Project Development Agreement (PDA) and the OSD Protocol and the Land and Property Team were working closely with TfL.

The Board noted the progress on planning applications across the project, scheme by scheme.

The Board noted the presentation.

Governance of CTOC within TfL

The Board received a presentation from Howard Smith, Operations Director.

The Board noted the objectives, timeline and governance process for the procurement of a Crossrail Train Operating Company.

The Board noted the presentation.

