



BD MIN 180201

CROSSRAIL BOARD

**Minutes of the Meeting of the Board of Directors of Crossrail Limited
Held on Thursday 1 February 2018 at 14:00
28th Floor Boardroom, 25 Canada Square, Canary Wharf, London E14 5LQ**

Members:	In Attendance:	Apologies:
Terry Morgan <i>Chairman</i>	Sarah Allen <i>Head of External Affairs</i>	Robert Jennings <i>Non-executive Director</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>	Howard Smith <i>Operations Director</i>	
Mark Wild <i>Non-executive Director</i>	Valerie Todd <i>Talent and Resources 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>Directors' Interests</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 business of the meeting.</p> <p>Informal Session</p> <p>It was NOTED that the Board had received detailed briefings on the following topics at an informal session held earlier in the day:</p> <ul style="list-style-type: none"> • Schedule Overview – progress across the programme; • MOHS 2018 – including the most up to date schedule; the Bombardier dates for P50 and P80; and what would be needed to complete the 'paper railway' – including regulatory and RAB-C approvals; and
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	<ul style="list-style-type: none"> • AFCDC and IP2 – The implications under the PDA for Crossrail and Sponsors if the AFCDC exceeded IP2.
BD MIN 180111	<p>Minutes of the Meeting of the Board held on 11 January 2018</p> <p>The Board APPROVED the minutes of the meeting held on 11 January 2018 for signature.</p>
BD AC 180201	<p>Actions and Matters Arising</p> <p>18.048 and 18.090 – Regulatory and RAB-C Approvals – Improvements had been made to the Board Report to amend reporting on regulatory approvals as requested by the Board. An update on progress with regulatory and RAB-C approvals had been included in the presentation on MOHS 2018 provided at the informal session of the Board.</p> <p>18.103 – NR Christmas Works – A letter had been sent to the NR Board commending them on the work carried out over the Christmas break.</p> <p>18.105 – Canary Wharf Station – Simon Wright had provided an update on progress at the informal session as part of the schedule overview.</p> <p>18.106 – Farringdon Station – Simon Wright had provided an update on progress with the lift installation at the informal session as part of the schedule overview. Performance had improved since the report made at the Board meeting in January 2018.</p> <p>18.107 – Reliability growth curve and trend in train performance – Howard Smith provided information as part of his Operations update – (see Board Report Period 10 – Are We On Time – below).</p>
BD CBR 180201	<p>Crossrail Board Report Period 10</p> <p>Andrew Wolstenholme introduced the Board Report for Period 10 highlighting that:</p> <ul style="list-style-type: none"> • Energisation of Zones 1 & 2 had started on 31 January 2018 with dynamic testing due to follow in late February 2018. (Details of the energisation and dynamic testing plan had been presented to the Board in the context of MOHS 2018 at the informal session); • In January 2018, Bombardier had delivered its latest rolling stock programme including delivery of the required software. The plan prioritised the delivery of Stage 3 in December 2018 with amended plans for Stage 2 with TfL Rail services starting in May 2018 by operating two reduced length C345 trains per hour between Paddington and Hayes and Harlington and two trains per hour (class C360s leased from Heathrow Express) between Paddington and Heathrow (MOHS 2018 had incorporated the dates to deliver the full Stage 2 service after May); • Design and quality failings by CRL's contractors, such as [REDACTED] would continue to be challenged as would poor productivity and unwarranted compensation claims. Escalation to the highest management levels was being implemented as appropriate; • Overall the programme was now at 90.1% complete with progress slightly ahead of plan in the period; • Period 10 costs were stable with the AFCDC unchanged since Period 9,

although there had been a drawdown from risk of £71.1m to cover cost increases in Period 10;

- Strategic risks continued to be addressed. Key risks related to delivering the railway and managing cost increases. The need to ensure CRL maintained the confidence of Sponsors and stakeholders was also important; and
- KPIs performance in Period 10 remained the same as for the previous Period.

Are We Safe?

It was **NOTED** that:

- Strong performance had been maintained during Period 10. RIDDOR AFR had remained at 0.07 and LTC AFR reduced to 0.16. There were no significant incidents reported during Period 10 – the first ‘totally green’ Period since the earliest days of the project;
- HSPI had reduced slightly from 2.58 to 2.48, with Bond Street dropping below the target of 2.20;
- Woolwich had reported over two million hours without a lost time case; Bond Street was over a million hours; and Farringdon was approaching the million hours milestone; and
- Significant focus remained on the health and safety regime for energisation and the dynamic testing periods as well as continuing construction safety.

Are We Within Funding?

Mathew Duncan presented a summary of financial performance for the Period **NOTING** that:

- The P50 AFCDC had remained at £12,464m in the Period which was £43m below the P80 AFCDC and £48m below IP2. Cost increases at [REDACTED]
- Of the £328m QRA total, £287m was currently programme risk not allocated to projects. If all £157m of URTs were approved, the QRA total would reduce to £171m;
- In the Period, CRL had spent £18.3m above the 2017/18 Business Plan. This was predominantly due to lower than planned productivity, access delays and prolongation at [REDACTED] and offset by apparent unspent Programme risk due to cost being reported in the Sectors (£10.8m); and

- The overall contingency budget of £199m was insufficient to cover the P50 risk exposure of £328m by £129m (a £17m deterioration from Period 9);

The Board **REQUESTED** a breakdown of 'cost to go' and outstanding risks for Land and Property.

Action: Mathew Duncan

IP2

With reference to the briefing held earlier in the day on the implications if the AFCDC went beyond IP2, it was **NOTED** that:

- CRL was continuing to look at a range of options to mitigate costs, working through the schedule presented to the Board on 11 January 2018;
- A discussion on funding and costs had taken place at the Sponsor Board meeting on 26 January 2018. CRL asked for confirmation that TfL would issue a further letter (issued in the past by TfL as part of the annual audit of CRL's accounts) extending the period of assurance that it would continue to underwrite CRL's debts for as long as CRL remained a TfL subsidiary;
- CRL also requested Sponsors to review earlier decisions not to provide funding for various items described by CRL as 'unfunded' scope changes, particularly certain items which had cost the project in the region of £256m;
- Sponsors indicated that a response to these requests could not be provided until CRL had produced an analysis of the possible extent of a breach of IP2 (the 'bookend estimates');
- CRL presented Sponsors with a list of planned activities which, if not carried out, could provide savings of around £32m. These were: Ilford Line Speeds; Ilford Wire Heights; and Plumstead Sidings. The Sponsors directed that these activities must be carried out if they were critical to ensuring operability of the railway;
- Sponsors acknowledged that they would need to decide how to raise any additional funding. They also informed CRL of their intention to carry out an independent cost review;
- Sponsors made the following requests to CRL:
 - To provide 'bookend estimates' to show the range of likely cost increases and the final AFCDC quantum; and
 - To clarify the timing of required decisions regarding funding linked to the cash flow profile.

The Board **REQUESTED** a briefing on the 'bookend' estimates under preparation and that the Executive provide an explanation and analysis of the reasons for the cost forecasts having increased substantially over the past 12 months.

Action: Mathew Duncan

Commercials Update

The Board **NOTED** that:

- The total gap between CRL's and its contractors' views of target had decreased by [REDACTED] and the total forecast gap in forecast defined cost decreased by [REDACTED]. However, the gap between Programme AFC and CRL's view on forecast defined cost had increased by £72m since Period 9; and

- [REDACTED]

The Board **NOTED** the proposed risk drawdowns greater than £12.5m for:

[REDACTED]

The Board **REQUESTED** that a financial background check be carried out [REDACTED].

Action: Mathew Duncan/ Paul Grammer

NR ONW and Funding

The Board **NOTED** that the Forecast Final Outturn Cost (FFOC) had reduced to £2,480m to reflect £22m funded via the Additional Funding Agreement between CRL and NR in addition to the £28m cash funding NR secured via the DfT Grant Funded Agreement. CRL had received confirmation from the DfT that the required £84m was now approved, meaning the £154m required funding package had been secured subject to NR formally confirming their £20m contribution.

Are We on Time?

Simon Wright had presented an overview of delivery performance during the informal session held earlier in the day. The following current issues were **NOTED** by the Board:

- Progress on the essential cable pulling activities of C660 continued to run four to six weeks behind schedule. Dynamic testing in Zones 1 to 4 was now scheduled to commence on 11 June 2018 and continue until 5 August 2018;
- There remained ongoing pressure on Siemens delivery of C660 communications software – essential to the testing of the SCADA network. The CRL team was working with Siemens to recover the schedule to avoid delays to Phase 3 testing in Zones 3 & 4;
- The provision of asset data, O&M manuals and training materials by contractors in time to meet the Infrastructure Managers' needs remained challenging, principally because the complete information would only

	<p>become available after testing and commissioning. All parties were working to accelerate the production of asset data and to make best use of it progressively as it becomes available. (Full details of plans to deliver handover documentation were presented at the informal session as part of the MOHS 2018 briefing.)</p> <ul style="list-style-type: none"> • CRL was working to finalise MOHS 2018 and would cross refer to the business plan to ensure the right resources were retained. <p>The Board REQUESTED that Simon Wright present a one-page high level overview of any changes to the MOHS at each future Board meeting.</p> <p>Action: Simon Wright</p> <p>Operations</p> <p>Howard Smith provided an update on key operations matters, highlighting some of the issues relating to Stages 1, 2, 3, 4 and 5 opening. As previously requested by the Board, Howard also presented a graph showing Class 345 reliability growth forecast against actual performance.</p> <p>Are we world class?</p> <p>It was NOTED that:</p> <ul style="list-style-type: none"> • CRL was continuing to support contractors to communicate with their workforces to avoid or mitigate the effects of any industrial action; and • New close out accommodation plans had been agreed by the Executive and Investment Committee which should facilitate an efficient transition. <p>In addition, Sarah Allen provided an overview of planned external affairs activities for 2018 including the final phase of communications; milestones; the final exhibition; the 'secret life' of the project; the final consumer book – 'the art of the build'; showcasing events at central stations; and Crossrail artwork.</p> <p>The Board NOTED the Board Report for Period 10.</p>
41/18	<p>CRLB 41/18 – Project Representative Report (P-Rep) Period 9</p> <p>The Board reviewed and NOTED the P-Rep Report for Period 9.</p> <p>Andrew Wolstenholme provided a verbal summary of the issues that were expected to be raised in the Period 10 report which were NOTED by the Board. These included matters relating to: Financials; Schedule and Progress; Stage 2 Opening; Stage 3 Opening; Assurance; and Rolling Stock and Depot.</p>
42/18	<p>CRLB 42/18 – Legal Report</p> <p>Mark Fell presented the Legal Report which was NOTED by the Board. The report included updates on an application for a judicial review in respect of a land disposal policy relating to a site at Woolwich and land tribunal proceedings.</p>
	<p>Minutes of Board Committees for Reference</p> <p>The Board received the following minutes for reference:</p>

