



BD MIN 180111

CROSSRAIL BOARD

**Minutes of the Meeting of the Board of Directors of Crossrail Limited
Held on Thursday 11 January 2018 at 12:00
Old Oak Common Depot, Old Oak Common Lane, London, NW10 6DW**

Members:

In Attendance:

Apologies:

Terry Morgan <i>Chairman</i>	Sarah Allen <i>Head of External Affairs</i>	Terry Hill <i>Non-executive Director</i>
Pam Alexander <i>Non-executive Director</i>	Funmi Amusu <i>Company Secretarial Assistant</i>	Mark Wild <i>Non-executive Director</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>	
Robert Jennings <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>		

The meeting was quorate.

	<p>The Chairman welcomed Board members and attendees. Sarah Allen was welcomed to her first CRL Board meeting.</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>(Before the formal meeting had started, members of the Board had been taken on a tour of the new facilities at Old Oak Common including the depot operator's control room with a view of the sidings; train maintenance shed and train simulator suite. Board members thanked the Old Oak Common team for hosting the meeting.)</p>
BD MIN 171207	<p>Minutes of the Meeting of the Board held on 07 December 2017</p> <p>The Board APPROVED the minutes of the meeting held on 07 December 2017 for signature.</p>

BD AC 180111	<p>Actions and Matters Arising</p> <p>The Board NOTED that the actions due had either been completed or were covered by the agenda for the day's meeting.</p>
BD CBR 180111	<p>Crossrail Board Report Period 9</p> <p>Andrew Wolstenholme introduced the Board Report for Period 9 highlighting that:</p> <ul style="list-style-type: none"> • Due to the failure of the transformer at Pudding Mill Lane, energisation and hence the start of dynamic testing in Zones 1 and 2 had been delayed, giving rise to increased focus on the reworking of delivery dates and testing plans for both Zones 1 & 2 and Zones 3 & 4; • MOHS was being revised to include ongoing delays to the delivery of the on-board TCMS train software necessary for Stages 2 & 3 and further delays to energisation; • Network Rail successfully completed all core works over the Christmas period including significant Stage M works; the interface to the central tunnel and Old Oak Common depot; and DOO CCTV installation for Stage 2. The Board AGREED that a letter should be sent to the Board of Network Rail commending them on a job well done; <p>Action: Lucy Findlay</p> <ul style="list-style-type: none"> • The P50 AFCDC increased by £161m to £12,464m, with the quarterly cost QRA and the 2018/19 business plan accounting for the increase. The headroom to IP2 at P50 was now £48m. <p>Are We Safe?</p> <p>It was NOTED that:</p> <ul style="list-style-type: none"> • Health and Safety performance was good in Period 9, with the RIDDOR AFR reducing by 0.01 and the LTC AFR remaining static at 0.17; • There were five significant incidents during the Period, (one RIDDOR, one lost time injury and three high potential near misses); • HSPI had improved to 2.58 from 2.56; with all 11 contracts measured (100%) achieving a score of 2.20 or above; • The main focus remained on preparedness for energisation as well as health and wellbeing; and • Work had begun on planning for the next phase of HSPI. <p>The Chairman commented that the project's safety performance to date remained exemplary and offered the Board's congratulations on achieving further improvements in the face of difficult circumstances. The efforts of the Health and Safety Director over the Christmas period were noted.</p> <p>Are We Within Funding?</p> <p>Mathew Duncan presented a summary of financial performance for the Period</p>

NOTING that:

- The £161m increase in AFCDC was driven by the refresh of Programme and Delivery risk following the Q3 QRA (£149.2m) and an increase in Indirect costs following the approval of the 2018/19 Business Plan (£12.2m);
- A £444m drawdown of TfL contingency funding was agreed in the Period. This was to be paid in instalments between January and April 2018;
- Crossrail spent £40.4m above the 2017/18 Business Plan. This was predominantly due to lower than planned productivity and prolongation at [REDACTED] offset by apparent unspent Programme risk due to cost being reported in the Sectors (£10.8m);
- The Period QRA total increased by £70m to £399m, £360m of which was currently Programme risk not allocated to projects. If all £213m of URTs were approved, the QRA total would reduce to £186m;
- The overall contingency budget of £288m was insufficient to cover the P50 risk exposure of £399m by £112m; and
- A significant number of risks had not been incorporated in the AFCDC and it would only take a few of them to materialise for the headroom to IP2 to be reduced.

Commercials UpdateThe 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 had decreased by [REDACTED];

Paul Grammer also provided more detail on the [REDACTED] commercials **ADVISING** that:


- The suite of commercial agreements with [REDACTED] covering all [REDACTED] projects – [REDACTED] – were close to being finalised and included contractual Accepted Programmes that met CRL's overall programme objectives;
- On conclusion of the commercial agreements, the responsibility for the costs associated with [REDACTED] would remain the only major outstanding commercial issue. Preparations to defend an adjudication were continuing; and
- There was continued progress with all [REDACTED] projects. [REDACTED], the teams under new leadership had started a joint [REDACTED] campaign and there was an emerging but vital sense of optimism. Some early signs included progress on the [REDACTED] installation and improved quality scores.

NR ONW and Funding

- The Board **NOTED** that the Forecast Final Outturn Cost (FFOC) had reduced to £2,508m to reflect £22m funded via the Additional Funding Agreement between CRL and NR. CRL had received confirmation from the DfT that the required £84m was approved, which meant that the required funding package of £154m had been secured, subject to NR formally confirming their £20m contribution. CRL was arranging the execution of the agreement to terminate the Delivery Incentives Agreement and the Additional Funding Agreement.

Are We on Time?

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

- The programme was now 89.5% complete against a plan of 91.5% with 0.8% achieved in the Period against a revised plan of 0.5%. The reduction was due to a re-baseline at Bond Street station;
- The ONW were 90% complete, including Variation Notices.
- Following the failed energisation attempt in November 2017, a full investigation into the failure of one of the voltage transformers had been carried out. Final conclusions in the investigation were still pending.
 A series of additional checks were being undertaken ahead of the revised schedule, with particular focus on ensuring that a failure of any voltage transformers could not happen again;
- Progress on the essential cable pulling activities of C660 continued to run 4-6 weeks behind schedule. In accordance with the revised plan for Zones 3 & 4, the C620 signal cable installation was now scheduled to re-commence in mid-January 2018. Dynamic testing in Zones 3 & 4 was now scheduled to commence on 23 April 2018 following energisation on 7 April 2018;
- Lifts and escalators installation was progressing well, with installation complete at Pudding Mill Lane and Custom House stations. The Board **NOTED** that there had not been much progress with the installations at Farringdon station and **REQUESTED** that this should be looked into;

Action: Simon Wright

- There remained ongoing pressure on Siemens' delivery of C660 communications software, which was essential to the testing of the SCADA network and was continuing to show significant slippage. CRL was working with Siemens to recover this slippage, which has the potential to delay testing in Zones 3 & 4.

The Board **REQUESTED** that Canary Wharf station should be included in future schedule updates.

Action: Simon Wright

Operations

Howard Smith provided an update on key operations matters, highlighting some of the issues relating to Stages 1, 2, 3, 4 and 5 opening.

The Board **NOTED** that:

- The Period 9 Performance Measure for Stage 1 operations was 92.0%, reducing the Moving Annual Average (MAA) down to 94.4% and representing fifth in the industry. This was due to autumn and 345 fleet issues. The Board **REQUESTED** that the reliability growth curve and trend in train performance should be included in future Operations updates.

Action: Howard Smith

- ETCS dynamic testing was further delayed in the Period. BT's revised programme and QSRA covering all Stages was received at the start of December 2017 but was rejected as it was inadequate in detail and methodology. TfL wrote to BT and met them at senior level with BT required to deliver a compliant programme (all be it not one that necessarily meets key dates) in the first week of January, with a presentation to TfL and CRL on 9 January 2018; and
- Prioritising rolling stock for Stage 3 over Stage 2 would be beneficial and not have a significant impact on Stage 2, however, the prioritisation plan would require careful scrutiny and the instructions to BT would require careful definition and execution. The Board supported the prioritisation plan in principle and highlighted the importance of managing any reputational impact this decision would have when finalised. There was a six week period within which a final decision would have to be made on whether to proceed with prioritisation.

Are we world class?

It was **NOTED** that:

- The CEO gave a presentation at the annual Crossrail High Level Forum and responded to questions. The Deputy Mayor for Transport, Val Shawcross CBE and the Rail Minister, Paul Maynard MP, were present;
- Crossrail hosted the new DfT Rail Director-Generals, Polly Payne and Ruth Hannant, on a site visit to Farringdon station;
- A display on CRL and its Britain-wide supply chain was installed in the Upper Waiting Hall of the House of Commons. It highlighted the benefits of the project; and
- Two industrial relations issues were being monitored by the project – an RMT ballot of works train controllers on C610 and a Unite ballot of BBK electricians at C530 Woolwich.

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

<p>Verbal</p>	<p>Stage 2 and Stage 3</p> <p>Howard Smith presented the Board with an update on Stage 2 Plan B, Stage 3 operational readiness and Stages 4 & 5.</p> <p>The Board NOTED the update.</p>						
<p>39/18</p>	<p>CRLB 39/18 – AFCDC Mitigation Options and Scope</p> <p>In response to a request made at the Board meeting in December 2017, a piece of work had been carried out to identify all possible means of mitigating further increases in AFCDC and avoiding a breach of IP2.</p> <p>Mathew Duncan gave a presentation to the Board highlighting cost efficiency review options categorised as hard savings and soft savings (cost avoidance). These were further divided into three areas – internal cost efficiencies; savings driven through the supply chain; and transfer of scope.</p> <p>The Board NOTED that the cost mitigation measures represented a continuation of the efforts made to date by the Executive to contain cost and that they would be implemented so far as they were under CRL’s control. The Board commented that the Executive should initiate a dialogue with Sponsors regarding the measures which are matters for the Sponsors.</p> <p>The Board discussed the ability of CRL to enter into new commitments in the context of the current AFCDC forecasts. [REDACTED]</p> <p>The Board NOTED the presentation.</p>						
<p>40/18</p>	<p>CRLB 40/18 – Project Representative Report (P-Rep) Period 8</p> <p>The Board reviewed and NOTED the P-Rep Report for Period 8.</p> <p>Andrew Wolstenholme provided a verbal summary of the issues that were expected to be raised in the Period 9 report which were NOTED by the Board. These included matters relating to: Financials, Schedule and Progress, Stage 2 Opening, Stage 3 Opening and Assurance.</p>						
	<p>Minutes of Board Committees for Reference</p> <p>The Board received the following minutes for reference:</p> <table border="1" data-bbox="363 1568 1382 1697"> <tr> <td data-bbox="370 1576 842 1688"> <p>Executive and Investment Committee</p> </td> <td data-bbox="849 1576 1114 1688"> <p>EIC D 171129 EIC D 171204 EIC D 171211</p> </td> <td data-bbox="1120 1576 1375 1688"> <p>Andrew Wolstenholme</p> </td> </tr> </table> <p>Verbal Updates of Recent Board Committee meetings</p> <table border="1" data-bbox="363 1769 1382 2096"> <tr> <td data-bbox="370 1778 842 2096"> <p>Executive and Investment Committee 4 January 2018</p> <p>Matters covered by the Committee were:</p> <ul style="list-style-type: none"> • Stage 2 and Stage 3 • AFCDC Mitigation Options and Scope • Bi-annual Gifts and Hospitality </td> <td data-bbox="849 1778 1114 2096"> <p>EIC MIN 180104</p> </td> <td data-bbox="1120 1778 1375 2096"> <p>Andrew Wolstenholme</p> </td> </tr> </table>	<p>Executive and Investment Committee</p>	<p>EIC D 171129 EIC D 171204 EIC D 171211</p>	<p>Andrew Wolstenholme</p>	<p>Executive and Investment Committee 4 January 2018</p> <p>Matters covered by the Committee were:</p> <ul style="list-style-type: none"> • Stage 2 and Stage 3 • AFCDC Mitigation Options and Scope • Bi-annual Gifts and Hospitality 	<p>EIC MIN 180104</p>	<p>Andrew Wolstenholme</p>
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	Returns and Expenses • [REDACTED]		
AOB	There was no other business.		
NEDs Only Session	Non-executive Directors provided feedback on the day's meeting.		

Signed by:

Terry Morgan
 Non-executive Chairman

[REDACTED SIGNATURE]