

BD MIN 170302

**CROSSRAIL BOARD**

**Minutes of the Meeting of the Board of Directors of Crossrail Limited  
Held on Thursday 2 March 2017 at 13.00  
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>	Phil Gaffney <i>Non-executive Director</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>	
Terry Hill <i>Non-executive Director</i>	Will Parkes <i>External Affairs Director</i>	
Robert Jennings (Part of the meeting by telephone) <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>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> <p>Terry Morgan informed the Board that he had accepted the role of Chair of the London City Airport Board, having received the appropriate consents from Crossrail Ltd, the Mayor of London and the Secretary of State for Transport.</p>
<b>BD MIN 170202</b>	<p><b>Minutes of the Meeting of the Board held on 2 February 2017</b></p> <p>The Board <b>APPROVED</b> the minutes of the meeting held on 2 February 2017 for signature.</p>
<b>BD AC 170302</b>	<p><b>Actions and Matters Arising</b></p> <p>The Board <b>NOTED</b> the completed actions. There were no other actions due that would not be covered on the meeting's agenda.</p>

<p><b>BD CBR 170302</b></p>	<p><b>Crossrail Board Report Period 11</b></p> <p>Andrew Wolstenholme introduced the Board Report for Period 11 highlighting that:</p> <ul style="list-style-type: none"> <li>• The overall programme was 81.6% complete, (3% behind plan). During the Period, the programme had delivered 0.8% against a plan of 0.8%;</li> <li>• Further commercial pressures had been recognised in the AFCDC during the Period with the net effect of these being that the P50 AFCDC was now £53m in excess of IP1 (P10 £27m above). The P80 AFCDC was £212m above IP1 (P10 £186m) and there was a 60% chance that Crossrail would exceed IP1 at completion of the project in 2019;</li> <li>• Crossrail was continuing to pursue glidepath opportunities, value engineering and a tough commercial stance, as well as the National Grid opportunity and NR funding opportunities. However it was unlikely that all of those could be realised by the end of the financial year;</li> <li>• Year to date, spend was £17.6m above the 2016/17 business plan; Strategic risks had remained the same as in the previous period and KPIs had remained stable except for an improvement in LTC AFR;</li> <li>• Following a series of meetings with Unite, Balfour Beatty had agreed an additional bonus payment which it intended to implement for MEP workers at Whitechapel C512 from 13 February and – subject to workforce acceptance – at Woolwich C530 soon thereafter. Crossrail together with Tier 1 contractors was continuing to monitor developments closely; and</li> <li>• During the period, CRL had continued its preparation for changes affecting IR 35 Regulations and had a programme in place of workshops for line managers and agencies. A material event notice had been served on Sponsors. Also Crossrail had written to DfT to suggest that a delay to implementation of the new rules would be beneficial to the project to allow time to ensure compliance and that sufficient resources were in place.</li> </ul> <p><b>Network Rail (NR) – On Network Works (ONW)</b></p> <p>As at Period 11, the estimated forecast final outturn cost of all scope using NR's current FFOC was £2,446m and exceeded the DfT Intervention Amount of £2.3bn.</p> <p>A paper had been prepared in conjunction with Network Rail to look at de-scoping and deferral opportunities. No options were feasible but the paper set out limited areas where value engineering and cost savings initiatives could be pursued to reduce the AFC.</p> <p>It was <b>NOTED</b> that senior representatives from NR had attended the informal session of the Board earlier in the day. Mathew Duncan undertook to contact Robert Jennings to appraise him of the discussion held and to discuss ONW assets.</p> <p><b>Action:</b> Mathew Duncan</p> <p><b>Are We Safe?</b></p> <p>It was <b>NOTED</b> that:</p>
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- Health and Safety performance had been strong in the Period with no RIDDORs; two lost time incidents; and 1 high potential near miss at C610;
- HSPI was at 2.35 with 12 out of 13 contracts above the 2.20 target; and
- Representatives from C610 had been invited to attend the informal session of the Board meeting in April to talk about the contract's health and safety performance.

#### ***Are We Within Funding?***

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

- The AFCDC increase in the Period had been driven by a [REDACTED]
- At Period 11, of the £381m QRA total, £141m was currently Programme risk not allocated to projects; and
- The overall contingency budget of £360m was now inadequate to cover the P50 risk exposure of £381m by £21m, and also inadequate at P95 by £322m, which was a £40m deterioration on Period10.

*(Robert Jennings left the meeting)*

#### **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. Particular focus was placed on C610 and C530.

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

#### **Canary Wharf**

Paul Grammer provided an update on the schedule of works required for Canary Wharf. It was **NOTED** that there were approximately 450 work items with an aggregate value originally estimated at £22m – although it was anticipated that it would be possible, if challenging, to deliver the schedule for £15m. A dedicated task force had been established to review the work items and their costs with outcomes being reported regularly to the Commercial and Change Sub-committee.

***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:

- The Contractor at Bond Street had maintained steady progress with the master plan shaft which was now three weeks ahead of plan. The Contractor's team, supported by Crossrail, continued to work to improve confidence in the overall schedule and to address delays to the completion of the eastern and western ticket halls;
- Following quality issues at Paddington Station, the contractor had now recommenced installation of M&E, focussing on the fibre optics which formed the critical path for the project. Crossrail continued to work with the contractor to manage the consequences of these quality issues and to remain within the programme AFC;
- Low levels of contractor productivity continued to cause concerns at Woolwich Station. Balfour Beatty had submitted a construction schedule to Crossrail but it had failed to achieve substantial completion in October 2017. A new project director had been identified;
- The installation of platform screen doors (PSDs) was critical to achieving a successful Stage 3 opening and the C631 contract had a set sequence of access dates to install PSDs in each station with installation having started at Paddington. However, the contractor's factory production was significantly slower than required. Crossrail was taking steps to address this issue and would report progress in Period 12;
- Signalling integration remained the principal technical risk, including AWS/TPWS for Stage 1 and TCMS/ETCS v 3.4 for Stage 2. Full CBTC testing at Melton was yet to commence. Work continued to conclude the change at Old Oak Common necessitated by the retention of the second link to the Great Western Depot. Confirmation that the second link would be removed by NR by September 2017 remained key to achieving depot readiness; and
- The dynamic testing schedule for zones 3-4 had been updated to reflect MOHS 2017, which would be briefed to the Board at its meeting on 30 March.

**Operations**

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

In addition, Howard Smith explained the service enhancements proposals that Sponsors were pursuing for peak and off peak services.

At the request of the Board, Howard Smith undertook to provide an update on the soft launch of Stage 1 Opening at the next meeting.

**Action:** Howard Smith

***Are we world class?***

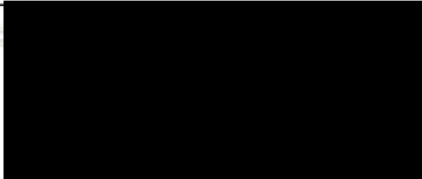
	<p>It was <b>NOTED</b> that:</p> <ul style="list-style-type: none"> <li>• TUCA had started training again, having been successfully transferred to TfL from Crossrail at the beginning of the year;</li> <li>• Transition plans were progressing satisfactorily with opportunities for secondments and some transfers to TfL being pursued;</li> <li>• The overall quality performance index score had increased in the Period to above the 2.0 target; and</li> <li>• The “Tunnel” archaeology exhibition had been installed at the Museum of London Docklands.</li> </ul> <p>The Board <b>NOTED</b> the Board Report for Period 11.</p>
40/17	<p><b>CRLB 40/17 – Project Representative (PRep) Reports Periods 10 &amp; 11 2016/17</b></p> <p>The PRep report for Period 10 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 11 Report. These related to: Health and Safety at C610; Cost pressures; NR/ONW costs; Schedule and progress; OOC; Rolling Stock; and issues specific to each of the staged openings.</p> <p>The Board <b>NOTED</b> the PRep reports.</p>
41/17	<p><b>CRLB 41/17 – Legal Report</b></p> <p>Mark Fell presented the Legal Report to the Board. The Report highlighted the dispute with Tower Transit and noted the Pritchett appeal case.</p> <p>The Board <b>NOTED</b> the report</p>
42/17	<p><b>CRLB 42/17 - Draft Crossrail 2017/18 Corporate Objectives and Performance Targets</b></p> <p>Mathew Duncan presented the draft 2017/18 corporate objectives and performance targets. The Board would be asked to approve the final version at the meeting on 30 March.</p> <p>It was <b>NOTED</b> that the Executive and Investment Committee had agreed to focus on the schedule for 2017/18 and this was reflected in proportional weighting for each of the sections: Are We Within Funding? (35%); Are We On Time? (50%); Are We World Class (15%). There was a separate section for Health and Safety objectives and targets and it was proposed that these continued to be used to set a multiplier - but possibly at a lower impact level.</p> <p>The Board asked the Executive to do some further work on the document based on the following comments:</p> <ul style="list-style-type: none"> <li>• The weighting for the ‘Are We Within Funding’ section should be increased;</li> <li>• Target F1 should be reviewed;</li> <li>• Target T2 milestones should be focussed and sufficiently incentivise</li> </ul>

	<p>successful Stage 3 opening;</p> <ul style="list-style-type: none"> <li>• The objectives and targets for the 'Are We World Class' should be reviewed and possibly reduced in number so that the overall weighting for the section was lower; and</li> <li>• Performance against Health and Safety targets should continue to be measured but the resulting score should not act as an overall multiplier.</li> </ul> <p>Mathew Duncan undertook to consult Robert Jennings on the corporate objectives and targets after the meeting.</p> <p><b>Action:</b> Mathew Duncan</p>									
	<p><b>Minutes of Board Committees for Reference</b> The Board received the following minutes for reference:</p> <table border="1" data-bbox="363 745 1348 815"> <tr> <td data-bbox="363 745 837 815"><b>Executive and Investment Committee</b></td> <td data-bbox="837 745 1072 815"><b>EIC MIN 170125 HS MIN 160123</b></td> <td data-bbox="1072 745 1348 815">Andrew Wolstenholme</td> </tr> </table> <p><b>Verbal Updates of Recent Board Committee meetings</b></p> <table border="1" data-bbox="363 878 1348 1814"> <tr> <td data-bbox="363 878 837 1467"> <p><b>Executive and Investment Committee 22 and 27 February 2017</b> Matters covered by the Committee were:</p> <ul style="list-style-type: none"> <li>• Draft Corporate Objectives and Performance Targets 17-18</li> <li>• Dynamic Testing – Evolved Schedule for Zones 3-4 to align with MOHS 2017</li> <li>• IR 35 Regulations Update</li> <li>• Integrated Audit Plan 17-18</li> <li>• On Network Works Scope De-scope &amp; Deferral Assessment</li> </ul> </td> <td data-bbox="837 878 1072 1467"> <p><b>EIC MIN 170222 170227</b></p> </td> <td data-bbox="1072 878 1348 1467"> <p>Andrew Wolstenholme</p> </td> </tr> <tr> <td data-bbox="363 1467 837 1814"> <p><b>Health and Safety Committee 20 February 2017</b></p> <ul style="list-style-type: none"> <li>• Period 11 Health and Safety Report</li> <li>• Fatigue Management Research</li> <li>• C510 and C512 – Health and Safety Management Update</li> </ul> </td> <td data-bbox="837 1467 1072 1814"> <p><b>HS MIN 170220</b></p> </td> <td data-bbox="1072 1467 1348 1814"> <p>Andrew Wolstenholme</p> </td> </tr> </table>	<b>Executive and Investment Committee</b>	<b>EIC MIN 170125 HS MIN 160123</b>	Andrew Wolstenholme	<p><b>Executive and Investment Committee 22 and 27 February 2017</b> Matters covered by the Committee were:</p> <ul style="list-style-type: none"> <li>• Draft Corporate Objectives and Performance Targets 17-18</li> <li>• Dynamic Testing – Evolved Schedule for Zones 3-4 to align with MOHS 2017</li> <li>• IR 35 Regulations Update</li> <li>• Integrated Audit Plan 17-18</li> <li>• On Network Works Scope De-scope &amp; Deferral Assessment</li> </ul>	<p><b>EIC MIN 170222 170227</b></p>	<p>Andrew Wolstenholme</p>	<p><b>Health and Safety Committee 20 February 2017</b></p> <ul style="list-style-type: none"> <li>• Period 11 Health and Safety Report</li> <li>• Fatigue Management Research</li> <li>• C510 and C512 – Health and Safety Management Update</li> </ul>	<p><b>HS MIN 170220</b></p>	<p>Andrew Wolstenholme</p>
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<b>AOB</b>	Terry Morgan reported that: <ul style="list-style-type: none"><li>• The independent Board review of costs would start on Monday 6 March; and</li><li>• Development work was continuing for Crossrail International and a fuller report on progress would be presented at the next Board meeting.</li></ul>
	<b>NED Only Session</b> Non-executive Directors provided feedback on the day's meeting.

Signed by:

Terry Morgan  
Non-executive Chairman



**Pre-meeting Board Briefing – Thursday 2 March 2017**

<b>Members:</b>	<b>In Attendance:</b>	<b>Apologies:</b>
Terry Morgan <i>Chairman</i>	Siv Bhamra (Part of meeting) <i>Testing, Commissioning &amp; Handover Director</i>	Phil Gaffney <i>Non-executive Director</i>
Pam Alexander <i>Non-executive Director</i>	Victoria Burnett <i>Head of Secretariat</i>	Robert Jennings <i>Non-executive Director</i>
Michael Cassidy <i>Non-executive Director</i>	Mark Fell <i>Legal Services Director and Company Secretary</i>	
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Andrew Wolstenholme <i>Chief Executive</i>	Howard Smith <i>Operations Director</i>	
Simon Wright <i>Programme Director</i>	Matt Steele (Part of meeting) <i>NR Commercial &amp; Development Director, Infrastructure Projects</i>	
	Neil Thompson (Part of meeting) <i>NR Regional Director, Infrastructure Projects</i>	
	Valerie Todd <i>Talent and Resources Director</i>	
	Matt White (Part of meeting) <i>Surface Director</i>	

**1. Testing and Commissioning – Crossrail Integration Facility**

Siv Bhamra presented an update on Testing and Commissioning including a progress summary of the Crossrail Integration Facility and details of the governance of software and data.

The Board **NOTED** the presentation.

**2. Network Rail Update**

Matt White and representatives from Network Rail, Matt Steele and Neil Thompson presented an update on the On Network Works Programme and discussed financing issues with the Crossrail Board.