

TRANSPORT FOR LONDON

BOARD

**SUBJECT: CROSSRAIL PROGRAMME PARTNER AND PROJECT DELIVERY PARTNER – BOARD DELEGATION TO FINANCE AND POLICY COMMITTEE**

**DATE: 3 FEBRUARY 2010**

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**1 PURPOSE AND DECISION REQUIRED**

1.1 The purpose of this paper is to:

- (a) provide the Board with an update on the current status of the Programme Partner and Project Delivery Partner contracts with Crossrail (CRL);
- (b) advise the Board of CRL's current options and intentions in relation to proceeding with these contracts beyond 31 March 2010; and
- (c) request the Board to delegate authority to the TfL Finance and Policy Committee to make the final decision as to whether or not to exercise break options contained in these contracts.

**2 BACKGROUND**

2.1 CRL has developed a delivery strategy for the Crossrail programme which is based on the appointment of delivery partners for two rather different roles:

- (a) Project Delivery Partner (PDP): To manage the safe delivery of the central tunnel section to time, cost and quality. The central tunnel section will be designed and constructed through a number of contracts with a variety of consultants and contractors. The PDP is responsible for the procurement and management of these contracts and for managing all the consequent interfaces, reporting to the CRL Implementation Director and his team.
- (b) Programme Partner (PP): To work alongside CRL staff in an integrated programme delivery team, helping CRL to discharge its responsibilities for end-to-end programme management and integration of the Crossrail programme. In particular, the Programme Partner will provide the integrated team with ready access to highly-capable resources skilled in programme and project controls and engineering management. The specific skill sets required will change as the Programme progresses and organisations like the PP are best placed to meet these changing and sometimes short term needs from their pools of talent.

- 2.2 Following an extensive procurement exercise, lasting approximately 12 months, appointments were made to both roles:
- (a) At its meeting on 10 February 2009 the TfL Board delegated to the Finance Committee authority to award the PP and PDP contracts;
  - (b) On 10 March 2009 the Finance Committee approved the award of the PP contract to Transcend (a joint venture between Aecom, CH2M HILL and Nichols Group), provided that the contract would have a maximum financial commitment of £15m covering the project to 31 March 2010; and
  - (c) On 31 March 2009 the Finance Committee approved the award of the PDP contract to Bechtel Ltd (in association with Halcrow and Systra as sub-contractors), provided that the contract would have a maximum commitment of £20m covering the period to 31 March 2010.
- 2.3 At its meeting on 24 November 2009, the Finance and Policy Committee endorsed CRL's request to increase the cap to cover an increased scope of services provided by the PDP during 2009/10 to £23m, and this was approved by the Board at its meeting on 10 December 2009.
- 2.4 "Break clauses" were added to both the PDP and PP contracts. The contracts allow CRL to terminate at will at any time. If this happens then (subject to below) the contractors are entitled to payment for works carried out but not loss of profit. In the case of the PDP, the contractor is also entitled to its demobilisation costs. If such termination takes effect on or before 31 March 2010, then the contractors' entitlements are limited to the aggregate payments due under the contracts for the first contract year, which were capped as described above.
- 2.5 Crossrail progressed successfully through Review Points 2.5 (in July 2009) and 3A (in October 2009) and is now working towards Review Points 3B in March/April 2010 and Review Point 4 at the end of 2010. CRL's delivery strategy has been developed progressively over this time and has been critically reviewed through the review points. The draft delivery strategy, accepted in principle by the Sponsors as part of Review Point 3A, is structured around the continuing roles of the PP and PDP in providing CRL with services for the duration of the programme. The final delivery strategy, which will be a key document for consideration and approval at Review Point 3B, remains consistent with this approach.

### **3 APPROVALS PROCESS**

- 3.1 The PP and PDP contracts will expire on 31 March 2010 unless extended with the approval of the Board. Discussions with the partners are still in progress and so it was not possible to bring a paper to this meeting seeking approval for extension. The next Board meeting, due to be held on 24 March 2010, would leave too little time between approval and the expiry of the current contract. Consequently, in order to provide a workable timetable, the Board is asked to delegate the final decision to the Finance and Policy Committee.

## **4 RECOMMENDATION**

4.1 The TfL Board is asked to:

- (a) NOTE the contents of this paper;
- (b) NOTE that, subject to the DELEGATION in paragraph 4.1(c) below being made, CRL expects to bring a paper to the Finance and Policy Committee asking it to consider recommendations on extending the roles of the Project Delivery Partner and Programme Partner beyond 31 March 2010; and
- (c) DELEGATE to the Finance and Policy Committee authority to decide whether or not to exercise contractual break options, as described in this paper, terminating the roles of the Project Delivery Partner and Programme Partner beyond 31 March 2010.

## **5 CONTACT**

5.1 Contact: Rob Holden, Chief Executive, Crossrail  
Number: 020 3229 9299  
Email: [RobHolden@Crossrail.co.uk](mailto:RobHolden@Crossrail.co.uk)