

## CROSSRAIL BOARD

**Minutes of the Meeting of the Board of Directors of Crossrail Limited  
held on Thursday 07 November at 14.00  
28<sup>th</sup> Floor, 25 Canada Square, Canary Wharf, E14 5LQ**

<b><u>Members:</u></b>	<b><u>In Attendance:</u></b>	<b><u>Apologies:</u></b>
Terry Morgan (Chairman) <i>Chairman</i>	Martin Buck <i>Commercial Director</i>	Phil Gaffney <i>Non-executive Director</i>
Andrew Wolstenholme <i>Chief Executive</i>	Mark Fell <i>Legal Services Director &amp; Company Secretary</i>	Heather Rabbatts <i>Non-executive Director</i>
David Allen <i>Finance Director</i>	Niamh O'Sullivan <i>Head of Secretariat</i>	
Ian Brown <i>Non-executive Director</i>	Will Parkes <i>External Affairs Director</i>	
Michael Cassidy <i>Non-executive Director</i>	Howard Smith <i>Operations Director</i>	
Terry Hill <i>Non-executive Director</i>	Valerie Todd <i>Talent &amp; Resources Director</i>	
Robert Jennings <i>Non-executive Director</i>		
Andy Mitchell <i>Programme Director</i>		
Daniel Moylan <i>Non-executive Director</i>		

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

<b>54/14</b>	The Chairman welcomed Board members and attendees.
<b>BD MIN 101013</b>	<b>Minutes of the Meeting of the Board held on 10 October 2013.</b>  The Chairman signed the minutes of the meeting as a correct record.
<b>BD AC 071013</b>	<b>Actions and Matters Arising</b>  The Board noted the updates on the outstanding actions.  Action: 23/14: The Board noted that the Finance Director had provided an individual briefing on NCEs to a Non-Executive Director, which had covered the nature of the NEC 3 contract and how Notified Compensation Events were being dealt with by CRL. A further analysis of the figures had confirmed that 24% of Notified Compensation Events had been rejected, 24% were agreed at zero value and 52%% were implemented (at an average value of 39%). The half-time reviews (meetings with contract suppliers at MD level to discuss costs and targets) had proved useful in promoting an understanding among contractors at a senior level of the Crossrail approach to NCEs and in encouraging a more collaborative approach among the majority of contractors. The notes used for the briefing are available on request.

	<p>Action: 27/14: The Board noted that further discussions had been held individually with a number of Board members regarding the transfer of the Bakerloo Line Link scope to London Underground (LUL). The Board clarified that there were no concerns regarding the principle of entrusting work to LUL but wished to have greater visibility of the mechanism for controlling cost outcome and risk exposure. There was a discussion of the envisaged contracting arrangements and it was explained that CRL would effectively retain all client-side risk and that LUL's contractor would bear the normal risks under an NEC target contract subject to a pain/gain mechanism. The Board requested that a note should be circulated to members setting out that explanation.</p> <p><b>Action: Andrew Wolstenholme</b></p> <p>Action 04/14: The Board noted that Howard Smith, Crossrail Operations Director would become the Senior Reporting Officer for the Rolling Stock procurement after award of the contract.</p> <p>Action: 21/14: The Board noted that a presentation on the new format of the Board report would be included on the agenda for the informal Board briefing in December and that, following input from the Board, the aim was to launch the new format in the New Year.</p>
55/14	<p><b>BD CBR 071113 - Crossrail Board Report</b></p> <p>The Board was informed of the sad news of a recent fatal accident involving a cyclist and a heavy goods vehicle engaged on the project. It is currently the subject of a police investigation.</p> <p>The Board noted that there had been a significant improvement in safety performance in Period 7 with no RIDDOR incidents reported and the highest HSPI recorded (2.04 in P7 compared to 1.91 in P6). While this is a positive indication the Accident Frequency Rate (AFR) as a rolling 13 period average had increased to 0.41 in Period 7 (0.40 in P6). Representatives of Dragados/Sisk Joint Venture had attended the CRL Health and Safety Committee on 28 October and had outlined the programme of actions they had put in place to improve the safety performance on C305 Eastern Running Tunnels. The Executive would continue to keep this under close review.</p> <p>At the end of Period 7 the works were 44.6% complete against a planned figure of 45.7%. The gap had reduced by 0.4% in the Period. Overall schedule status had improved to minus 7 weeks (minus 8 weeks in P 6). Total TBM productivity had been 2.7km in the Period, the highest recorded in a single 4 week period. TBM Phyllis had completed her journey to the Eastern ticket hall at Farringdon and TBM Victoria was now clear of the uncharted piles to the West of Canary Wharf station. The average production rate required to reduce the current programme deficit of 7 weeks to zero by the end of Q1 2014, reported in Period 6 as 68m/day, had reduced to 62.5m/day. The end date for the stage 3 programme remained December 2018.</p> <p>The surface works, delivered by Network Rail, are now approximately 19% complete and on target to achieve all Key Output Dates.</p> <p>Contract C336 (Paddington New Yard), the last significant Crossrail civils contract, had been awarded to Costain, which had largely mitigated a significant contractual interface with Contract C610.</p>

The Board noted that the City of London Corporation had questioned why it was necessary to continue extended working hours at Farringdon. CRL would continue to maintain that this is necessary.

The Anticipated Final Crossrail Direct Cost (AFDCD) (P50) in Period 7 had increased slightly (by £2m) to £11,625 which was £123m below Intervention Point 0. The P80 AFDCD was £5m above Intervention Point 1.

Total costs were £110.4m in the Period, £8.9m below forecast. The underspend against forecast resulted from, among other things, net Project, Area and Programme Risk mitigation underspend, vacant Central and Technical Staff posts, lower than forecast property commitments at Abbey Wood, lower than forecast volume of spoil being shipped, expenditure for hazardous material and asbestos removal not yet being incurred, work on site at Ilford Yard commencing later than assumed in the Business Plan and delay to completion at Canary Wharf due to a re-sequencing of works to accommodate the C305 TBM.

The Period 7 Schedule Performance Indicator (SPI) was 1.52 (up from 1.22 in Period 6). The Cost Performance Indicator (CPI) was 0.90 (up from 0.89 in Period 6).

Total costs in the year to date were £916.0m. The £34.6m overspend against forecast was principally due to a £19.0m overspend in Delivery and a £30.0m overspend in Land & Property, offset by an underspend on indirect costs of £14.4m.

The overall CPI remained at 0.93 and the overall SPI is 0.98 (up from 0.97 reported in Period 6).

The number of open NCEs in the period had increased from 808 to 851. The value of open NCEs increased from £372.4m to £382.1m. 328 new NCEs were raised in the Period compared with 336 in the previous Period. This continued the downward trend in the number of NCEs being raised.

The percentage of open NCEs against the total raised was currently 7.4% which was below the 10% business target. The majority of open NCEs were in the sub £50k category.

The Board noted that certain issues regarding the lifts and escalators at the central section stations would be discussed at the Stations Programme Board.

The Crossrail Innovation Forum met on 9 October and agreed that the areas of focus during the next stage of the programme would be the Civils to M&E fit-out of the Stations, 'Smart' railways and railway systems, Railway Operations and the Customer & Operator experience

The Board noted that CRL continued to experience IT problems. Discussions were ongoing with CRL's IT service provider Fujitsu.

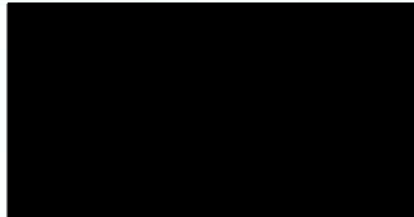
The Board NOTED the report.

56/14	<p><b>19/14 - Project Representative Report</b></p> <p>The Board received the Project Representative's Project Status Report for Period 6.</p> <p>The main focus of the report was the reduction in risk exposure following the update of the QRA and the corresponding increase in headroom between the AFCDC and IP0 to £124.8m. The report commented that an analysis of current performance data by the Project Representative has produced an Estimate at Completion which, at the upper estimate, was £190m higher than the equivalent produced by CRL. The Board noted that this difference in reported EACs was unhelpful and that although discussions between the Executive and the Project Representative had established the nature of the discrepancy, there was not yet an agreement on how a single set of numbers could be produced. The Board noted that CRL uses industry standard methodologies for producing its EAC figures. The report also commented on the low in-period CPIs on particular contracts (generally as a result of planned pauses in tunnel production, which had not been reflected accurately in the breakdown of budgeted cost). The Project Representative noted the challenge facing CRL in driving contractor performance towards a successful outcome.</p> <p>The Board NOTED the report.</p>
57/14	<p><b>20/14 Draft Semi-Annual Construction Report (SACR)10 and Look-ahead to Future SACRs</b></p> <p>The Board received the Semi-Annual Construction Report 10 (SACR 10) and a presentation which set out the key themes in the report.</p> <p>The Board noted that each of the SACR reports for periods 8,9 and 10 had reported improving trends in all of the key metrics save for safety performance. The Health and Safety Performance Indicator had improved but there had been a disappointing number of safety incidents during the reporting period. The confidence level for completion in December 2018 had been reported at 65% in SACR 8, 75% in SACR 9 and would be reported at 78% in SACR 10. The AFCDC would be reported as having reduced to £125m below IP0 at P50 and £6m above IP1 at P80. The CPI (cost performance indicator) had reduced slightly to 0.93 (0.94 at SACR 9). Schedule performance indicated an improving trend with SPI at 0.97 (0.95 in SACR 9). At the end of SACR 10 the early start schedule was 8 weeks behind (as against 9 weeks at SACR 9). Based on the increased tunnelling production rate the project was on track to recover the 8 week delay by the second quarter of 2014.</p> <p>The Board noted that TBM Phyllis had completed her 6,859m drive on 6 October, just after the end of the SACR10 period. Key accomplishments during the SACR10 period included completion of the primary SCL lining at Stepney Green Cavern, award and mobilisation of contract C610 and 100% completion of the Land and Property acquisition programme in July as planned.</p> <p>Looking forward towards SACR11, plans to reconfigure the Delivery Team to focus on stations and systems were well advanced. The half time reviews which focused on achieving a commercially acceptable close out of main civils contracts were nearing completion. Negotiations were on-going with C610 and other systems contractors to capture the schedule opportunities identified during SACR10, opportunities for strategic incentives for the stations and systems contracts were being examined and planning for the commissioning and handover phase of the project continued with the full engagement of the operators. The contract award process for rolling stock and depot was on track for award by the end of the first quarter of 2014.</p>

	<p>The Board noted the areas where CRL would look to the Sponsors for support during SACR11, which included the award process for the rolling stock and depot contract, decisions regarding any additional accessibility or modernisation work on the Surface stations and the identification of risks associated with potential conflicts between the Crossrail programme and other major rail programmes on the national network.</p> <p>The Board requested that the report should include a paragraph on the two cyclists who had lost their lives as a result of collisions with lorries working on the project and should note that CRL was doing everything possible to avoid similar tragedies in future.</p> <p>The Board noted that since RP4 discussions with (or in some instances direction from) Sponsors had led to CRL undertaking £172.9m of additional works for which Crossrail had no budget provision as it had been CRL's view that these items were outside the scope of the Project Development Agreement. The Board directed that an appropriate narrative should be included in the report.</p> <p>The Board;</p> <ul style="list-style-type: none"> <li>• APPROVED the SACR 10 for submission to the Crossrail Sponsors subject to the revisions outlined above;</li> <li>• NOTED that the Financial Model which informs the forecast costs in SACR 10 has been updated in accordance with the requirements as defined in Schedule 7 ('Financial Model') of the Crossrail Project Development Agreement (PDA); and</li> <li>• NOTED that the CRL Finance Director has approved the release of the updated Financial Model to the Sponsors;</li> <li>• NOTED the look ahead to SACR 11.</li> </ul>
58/14	<p><b>Verbal Update on Rolling Stock and Depot Procurement</b></p> <p>The Board received a verbal update on the rolling stock and depot procurement from the Commercial Director.</p> <p>The Board noted that the evaluation of the RSD tenders continued ahead of programme. The technical and financial evaluation had been completed and the evaluation process had been endorsed by the Procurement Expert Panel. The tender evaluation criteria were available to Board members on request. It was anticipated that contract close out talks could begin with the bidders in November. It was at CRL's discretion to decide the number of bidders with which to engage in close out talks. The Executive was working with the Joint Sponsor Team to streamline the governance process leading up to contract award by TfL and to agree a communications plan.</p> <p>The Board NOTED the verbal report.</p>
59/14	<p><b>AOB</b></p> <p>The Board noted that following the Board meeting the following meetings would take place; Non-Executive Directors only, Non-Executive Directors without the Chairman present and Non-Executive Directors with the CEO.</p>

<b>60/14</b>	<p><b>Minutes of Board Committees for Reference</b></p> <p>The Board received the following minutes for reference;</p> <table data-bbox="367 291 1436 459"> <tr> <td>Executive and Investment Committee</td> <td><b>EIC MIN 021013</b> <b>EIC MIN 211013</b></td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>Health and Safety Committee</td> <td><b>HS MIN 300913</b></td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>Sustainability Committee</td> <td><b>SUS MIN 210813</b></td> <td>Andrew Wolstenholme</td> </tr> </table>	Executive and Investment Committee	<b>EIC MIN 021013</b> <b>EIC MIN 211013</b>	Andrew Wolstenholme	Health and Safety Committee	<b>HS MIN 300913</b>	Andrew Wolstenholme	Sustainability Committee	<b>SUS MIN 210813</b>	Andrew Wolstenholme
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<b>61/14</b>	<p><b>Verbal Updates of Recent Board Committee Meetings</b></p> <p>The Board received verbal updates on recent meetings of Board Committees;</p> <table data-bbox="367 627 1436 750"> <tr> <td>Executive and Investment Committee</td> <td><b>EIC 301013</b></td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>Health and Safety Committee</td> <td><b>HS 281013</b></td> <td>Andrew Wolstenholme</td> </tr> <tr> <td>Sustainability Committee</td> <td><b>SUS 161013</b></td> <td>Andrew Wolstenholme</td> </tr> </table>	Executive and Investment Committee	<b>EIC 301013</b>	Andrew Wolstenholme	Health and Safety Committee	<b>HS 281013</b>	Andrew Wolstenholme	Sustainability Committee	<b>SUS 161013</b>	Andrew Wolstenholme
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Signed by:



**Terry Morgan**  
Non-executive Chairman