

4. Revised assurance update

Crossrail 2 Programme Board

13 February 2019

Introduction

- 1.1 The Senior Responsible Owners have provisionally approved a revised assurance regime for the project, building on key indicative lessons from the delivery difficulties encountered by the original Crossrail. An important lesson already identified is the need for detached expert oversight; remaining at arm's-length from the project, but having the expertise to challenge the substance of the team's work in detail.
- 1.2 Another key lesson drawn is the importance of conveying the right information to senior and executive levels, at the right time to support decision-making. The perception of Crossrail as a highly-successful project may have limited the ability of working-level personnel to convey bad news and emerging issues.
- 1.3 The revised CR2 assurance approach is shown diagrammatically as Appendix 1, which also demonstrates interaction between the proposed lines of assurance and the governance providers. As is standard in both TfL and Government, a 'three lines' approach is taken, adapted from the concept first devised by the Institute of Internal Auditors. This note briefly describes the operation of each line of assurance, and how it increases the resilience of the project team's work.

2 First-Line Assurance

- 2.1 The Integrated Project Team's (IPT) first-line assurance remains unaltered from that currently in operation. External suppliers to the IPT implement quality assurance procedures which are agreed at (or shortly after) the award of their contracts. The procedures reflect the standard industry approach of originator / checker / reviewer / approver. Parallel acceptance checks are carried out by the IPT on its receipt of deliverables. The outcomes of both sets of QA activities are formally recorded.
- 2.2 The direct work of IPT members is peer-reviewed, again with formal records kept.
- 2.3 The final stage of first-line approval is quality sign-off by the head of each team. In the case of the two Scheme Development teams, the largest components of the IPT, a variety of mechanisms support this sign-off, including the Design Review Meeting (Central Operating Section), GRIP and the Network Rail assurance processes (On-Network Section), the work of the System Design Authority and System-Level Reviews.
- 2.4 First-line assurance encompasses the controls processes implemented by the IPT, and formally accepted by the Management Team. Examples of these controls processes include progress reporting, change control, schedule control and contract management. In addition, benchmarking and lessons learnt comparison against other major projects provide reference points to verify performance.

3 Second-Line Assurance

- 3.1 Existing second-line assurance will remain in force, including the requirements of the development organisations; TfL and Network Rail. TfL Project Assurance will continue to undertake point-in-time assurance reviews with the

support of contracted External Experts. The reviews typically cover annual business plans, delivery costs and schedule and programme management. In addition, the central Network Rail peer review system will still apply.

Expert Review Groups (ERGs)

- 3.2 The focal point of second-line assurance for technical quality will be the recommendations and advice from new ERGs. These discipline-specific panels will be formally-constituted, with members technically-competent to challenge the content of the IPT's work and highlight any weaknesses where necessary. The view of the ERGs will inform the Managing Director's approval (or otherwise) of Crossrail 2 outputs.
- 3.3 The independent Chair of each ERG shall provide advice to the Managing Director, and also report to the Independent Assurance Panel (see 5.2, below). The ERGs shall not behave purely reactively on receipt of IPT documents, but provide ongoing support and constructive challenge of the IPT's decisions, assumptions and approaches.
- 3.4 The membership of the ERGs may include senior individuals from existing suppliers not involved in the delivery of work, with arrangements put in place to avoid conflicts of interest regarding each item of work under review. Given the plurality of designers, it is thought that this will create a degree of constructive tension, with experts and firms providing visible cross-challenge to their competitors' work. The meeting frequency of the ERGs will vary, according to the volume of work produced by the IPT in each particular field. The IPT will provide secretariat.
- 3.5 The number of ERGs is to be confirmed, but it is provisionally envisaged that they will cover the following disciplines;
 - Scheme Development
 - Case-Making Analysis
 - Cost, Commercial, Schedule and Risk
- 3.6 The Central Operating Section Scheme Development team is in the final stages of convening a Technical Peer Review Group. This body will be re-formed as the Scheme Development ERG, and the prototype for others to follow.

4 Third-Line Assurance

- 4.1 The IPT currently faces third-line scrutiny from the Independent Investment Programme Advisory Group (IIPAG), on behalf of the Mayor of London, and the Infrastructure and Projects Authority (IPA), on behalf of HM Treasury. These two bodies are both required by their constitutions to carry out point-in-time reviews of Crossrail 2.

Independent Assurance Panel

- 4.2 To provide ongoing and wholly-external challenge to the IPT, it is proposed to introduce an Independent Assurance Panel (IAP), directly appointed by the SROs. The IAP will comprise senior industry figures with the knowledge, experience and standing to advise the SROs on the quality of the IPT's work and decisions, and to recommend any further work/assurance required, rather

than merely verifying the implementation of process. The IAP will have a designated Chair, and is expected to convene every two to three months.

- 4.3 The Terms of Reference for the IAP will be agreed by the SROs. The workplan of the IAP will be determined by the Panel's Chair, to fulfil the remit of providing wholly-independent assurance. In determining the workplan, the Chair will be mindful of the needs of the SROs, and any requests made.
- 4.4 The IAP will receive reports from the ERG Chairs, and will ordinarily challenge the Managing Director regarding any occasions where ERG recommendations have been rejected. The Chair of the IAP will attend SRO meetings as required to provide an independent view of the project's development, submitting papers on designated topics at the request of the SROs.
- 4.5 To rationalise and coordinate third-line assurance, IIPAG shall be offered a seat on the IAP, to be filled by either an IIPAG member or a competent individual selected by the Group. The Chair of IIPAG, Alison Munro, has provisionally expressed an interest in sitting on the IAP.
- 4.6 DfT will be invited to nominate at least one member of the IAP. The Panel's work will also be made available to the IPA to inform the focus of its Project Assessment Reviews and prevent duplication, and the IPA will be offered the opportunity to appoint a member should they wish to do so.

5 Implementation

- 5.1 The new approach is being incorporated into a revised Integrated Assurance & Approvals Plan (IAAP). A senior reviewer will be procured to provide an independent opinion on the suitability of the arrangements described in the IAAP and its associated documents.
- 5.2 ERG and IAP Terms of Reference are being drafted at present. Once the terms are agreed between TfL and the DfT, recruitment will proceed. If the Groups and Panel cannot be initiated before completion of the 2019 SOBC, an alternative plan to assure the SOBC will be implemented; this plan exists in draft form.
- 5.3 The ERGs will provide ongoing advice to the IPT from their inception, but meetings may be held at a reduced frequency prior to the start of the Development Phase.