

Project: Crossrail 2 Development (CR-PR16)

Board: Programmes & Investment Committee 06 March 2019

Decision: Programme & Project Authority of £9.63m to continue key activities through 2019 only.

Key Facts

EFC: £116.30m	Financial Authority: £117.27m	Current Project Authority: £107.64m	Cost to go: N/A
Risks: Key risks: Further delay to Government Strategic Outline Business Case (SOBC) acceptance, route safeguarding and core staff retention.			

Background

- Target to submit Hybrid Bill delayed from Jan 2020 to Jan 22 and that is dependent on Government Spending Review outcomes by end of 2019.
- Development stage funding (£160m) agreed in 2016 split 50/50 between DfT and TfL. Additional early initiation stage funded by TfL (£19.7m) sunk cost.
- Financial Authority reduced from £179.70m to £117.27m by DfT and TfL in early 2019. Further funding decisions to be made following Government Spending Review direction by end 2019.
- Work in 2019 comprises transport planning, engineering and cost estimating to complete the third version of the SOBC for April 2019 and progress towards the procurement of a project development partner to support the Hybrid Bill process.

Summary of Review Findings

- Work Plan for 2019 appropriate noting any decision to move forward with scheme following Spending Review will require rapid and extensive mobilisation to meet Hybrid Bill timetable.

Summary of Review Findings

- Securing Safeguarding remains moderate risk with ongoing work to mitigate.
- Staff resources well managed with ability to flex the numbers as required with TfL seconded or contractor staff.
- Risk of core staff retention as programme development stage extends and domain knowledge could be lost.
- Lessons learnt process is robust. Minor enhancements would improve effectiveness for risk management and obtaining wider external input.

Recommendations:

TfL Project Assurance recommends the award of Programme & Project Authority of £9.63m, with the following recommendations:

1. Project team to consider increasing the frequency and alignment of risk management and lessons learnt exercises.
2. Work to increase variety of sources for lessons learnt activity should continue, notably programmes outside of the rail industry.
3. TfL and Network Rail should create a combined conciliated lessons learnt register.



INDEPENDENT INVESTMENT PROGRAMME ADVISORY GROUP

TRANSPORT FOR LONDON

SUBJECT: INDEPENDENT INVESTMENT PROGRAMME ADVISORY GROUP ADVICE ON THE

CROSSRAIL 2 INTEGRATED ASSURANCE REVIEW

DATE: 17 January 2019

1 PURPOSE AND DECISION REQUIRED

- 1.1 This paper sets out the advice from the Independent Investment Programme Advisory Group in relation to the decision by PIC on whether to grant the requested Project Authority for the Crossrail 2 Project.
- 1.2 The project is seeking an additional £9.63 m to enable it to continue development work until the end of 2019. With carryover from 2018/19, this would allow total expenditure from April 2019 of £20.00m. The CFO has imposed this cap at £20m until the outcome of the 2019 Spending Review is known; the future rate of progress of the project and the associated spending requirements for the remainder of the year should then become clearer.
- 1.3 With this approval, total development cost to date on Crossrail 2 would come to £117m. [REDACTED]

2 ADVICE ON THE ADEQUACY OF THE ASSURANCE PROCESS

- 2.1 Given that a number of other assurance reviews have already been conducted on Crossrail 2, this review was a targeted one, focussing on the funding request for 2019 and the work to be undertaken in that year. External experts (EE) Turner and Townsend provided a Targeted Assurance Review (TAR) which formed the basis of the IAR.
- 2.2 IIPAG fully supports the targeted approach to this review, and would expect future assurance reviews to be similarly streamlined and integrated.
- 2.3 A full and open discussion on the findings and recommendations of the TAR was held at the IAR meeting with members of the Integrated Project Team (IPT) and representatives of PA and the EE. IIPAG is content that the review was carried out in a professional and competent manner.

3 ADVICE ON THE ISSUES IDENTIFIED FROM THE REVIEW AND PLANNED MANAGEMENT ACTIONS

- 3.1 The project has suffered from delays and challenges over the past couple of years, with continued uncertainty about the future funding and pace of the project. There have been a number of reviews of the project, including an independent affordability review (IAR) of funding and financing, a Technical Assurance Report, and a Cost Estimate Review. Numerous different project

INDEPENDENT INVESTMENT PROGRAMME ADVISORY GROUP

scopes and scenarios have been considered. The project submitted a Strategic Outline Business Case (SOBC) in 2017, but the response to this was delayed by the General Election and an updated SOBC will now be considered as part of the 2019 Spending Review. In these circumstances the IPT has done very well to maintain people and progress, and IIPAG was impressed by how the team has handled the challenges, and the comprehensiveness of planning for the project.

- 3.2 In defining the work to be undertaken in 2019/20, the IPT has considered what needs to be done to put it in a good place to move forward after the Spending Review outcome, balanced against the need to avoid abortive expenditure. The Spending Review outcome is expected in Autumn 2019, but the IPT has considered different scenarios for timing and outcomes. It has concluded that expenditure is needed in 2019/20 on safeguarding, updating the business case for the SR, procurement of a delivery partner, and preparing for public consultation in 2020. IIPAG considers that the team's approach and conclusions are very sound. IIPAG notes the EE's advice that the proposed budget is realistic. The cap of £20m (until the SR outcome) is a sensible approach to ensuring abortive expenditure is avoided.
- 3.3 IIPAG notes that delays in updating the safeguarding of the Crossrail 2 route, which are outside the team's control, place the project at significant risk of increased costs and construction difficulties. It commends the approach the IPT is taking to identify all possible means of addressing these risks to get safeguarding in place as soon as possible.
- 3.4 The IPT is developing its procurement strategy for taking the project forward in the event of a positive SR outcome. The expectation is that a Delivery Partner will be appointed, but the different options will be considered as part of the strategy. It is expected that procurement activity will start after April 2019. Market soundings suggest a strong level of interest. IIPAG agrees that this procurement activity should be progressed in parallel with the SR, so that additional resources can be mobilised quickly if needed. The team also told us that flexibility would be built into the procurement in order to handle uncertainties about the how quickly the project would progress after the SR. We were content that the risks of starting procurement ahead of the SR were being adequately addressed.
- 3.5 The project is proactive in identifying and managing risks – for example as noted above in respect of safeguarding. The IAR discussed the risk around resources for Crossrail 2, both currently, and after the SR. The team benefits from staff 'matrixed' in from TfL, and has been able to return people to TfL (with conditions) during less busy periods. It has benefited from a stable and committed leadership team. A good relationship has been developed with Network Rail, and earlier resource deficiencies there have now been addressed. The IPT recognises that it will face challenges in retaining personnel if the outcome of the SR imposes further delays or reviews, and is aware of the need to address corporate memory for this eventuality. On the other hand, should the SR outcome be positive, the proposed Delivery Partner approach should ensure that the project has access to the necessary resources.
- 3.6 The IAR also discussed lessons learned. The IPT is actively learning from other projects such as Crossrail and HS2. IIPAG notes the PA and EE recommendations to broaden the scope of projects from which lessons are learned.

INDEPENDENT INVESTMENT PROGRAMME ADVISORY GROUP

4 SUMMARY OF RECOMMENDATIONS

- 4.1 IIPAG considers that the funding approval request has been thoroughly considered, and is appropriate in the current circumstances of the project. It considers that the project is being well led and managed. IIPAG has no additional recommendations in respect of this funding request.

Contacts: Alison Munro, IIPAG
Joanne White, IIPAG



Crossrail 2

Management Response to the recommendations from the January 2019 TAR

Purpose

This is the management response to the Issues and Recommendations made in the TfL Project Assurance and IIPAG reports. TfL Project Assurance identified 0 critical issues, and made 3 secondary recommendations. IIPAG made no recommendations. These are summarised in the table below, along with the actions being undertaken by the project team in response:

Report	Ref	Issue / Recommendation	Agreed / Not Agreed	Management Response	Person Responsible	Due Date
PA	1.	Project team to consider increasing the frequency and alignment of risk management and lessons learnt exercises.	Agreed	Risk and lessons learned management will be more-closely integrated, with each discipline used to inform prioritisation in the other.	Julian Hazeldine / Sophie Saussier	30 Sept 2019
PA	2.	Work to increase variety of sources for lessons learnt activity should continue, notably programmes outside of the rail industry.	Agreed	The project team will build on recent work with CR1 and HS2, and expand its lessons learned capture to include major non-rail projects.	Julian Hazeldine	31 Mar 2020
PA	3.	TfL and Network Rail should create a combined conciliated lessons learnt register.	Agreed	The two parallel registers will be combined.	Julian Hazeldine	30 June 2019