Meg Hillier MP  
Chair  
Public Accounts Committee  
House of Commons  
Westminster  
London SW1A 0AA  
Cc: Hannah Wentworth  

17 May 2019

Dear Chair,

**CROSSRAIL**

It has come to our attention that in evidence to the Committee this week, the Chief Executive Officer of Crossrail Mark Wild made statements about the Crossrail station at Canary Wharf which was designed, built and financed by Canary Wharf Group.

In particular, he is reported to have said the following (according to Building Magazine):

"We've actually spent nearly £80m at Canary Wharf changing the equipment to make it the equivalent safety standards that are required for a London Underground station." "It was completed in 2015 but we still haven't finished the work at Canary Wharf and we won't finish Canary Wharf until September or October this year. "It's fair to say the quality of the work we've found in Canary Wharf, completed by Canary Wharf Group, before my time actually, has had to have a wholesale retrofit, particularly in the safety systems."

This is a very unfortunate misrepresentation of the facts.

Canary Wharf Group offered to redesign, to finance and to build the Crossrail station as part of our commitment to support the Crossrail project.

The original cost estimate in the Crossrail plans for the station was £800m plus the Treasury's "optimism bias" of some £300m, ie approximately £1.1bn.

Canary Wharf Group contracted to build the station for a fixed price of £500m, of which the company agreed a contribution of £150m. This therefore saved the project between £450m and £750m compared to the original estimate.

With some changes mutually agreed to the station, the station project was completed by 2015 at a total cost of some £530m.
We regard this deal as an exemplar of public and private sector collaboration, saving the taxpayer very significant amounts of money.

The Canary Wharf Crossrail station was designed and built to the standards and specifications agreed between Canary Wharf Group and Crossrail (Cross London Rail Links Ltd) under a development agreement.

At the time of this agreement Crossrail was being designed to meet the best and latest international standards for a metro rail system, using specifications which are in use in many, if not most, metro systems around the world.

Throughout the project there were monthly meetings and continual inspections with Crossrail to monitor progress. When practical completion was reached in September 2015 Crossrail complimented Canary Wharf Group on the quality of the workmanship and materials used. Indeed our station has been continually used as the flagship project for the scheme for events, visits and other promotional activity.

Between start of construction and today, Crossrail has changed its specifications from those original international standards to meet London Underground (LUL) Standards.

LUL standards are not necessarily better than those of other countries and systems but they are often different and in some cases very particular or unique.

Crossrail has now decided to retrofit the Canary Wharf Station to LUL specifications.

This entails taking out equipment which was agreed and specified by Crossrail ten years ago (and accepted at handover) and replacing it with different equipment.

As an example, the fire alarm system was a change and addition to our scope. So they are now taking out the system which they specifically asked us to install and replacing it with a different system.

In total we understand that £80m of changes are being made to the station to ensure that it operates to LUL specifications. Similar and far more extensive changes are being carried out along the entire line and at all stations.

In our opinion this is to a large extent a waste of taxpayers’ money – the line could have operated perfectly safely on the original specifications – as do metro and rail systems in many other countries around the world.

It is not right for the Chief Executive Officer of Crossrail to suggest that additional costs and delay are in any way down to the “quality” of the work rather than Crossrail’s unilateral decision to change the specifications. Obviously if we had been asked to build the entire station to LUL specifications in the first place we would have done so, but this would have been at a great cost.

Incidentally our project managers on the Crossrail station raised the specific issue of the potential costs of changed specifications with Crossrail during construction. When it became clear that they were moving away from the originally agreed standard and towards LUL specifications, our team specifically asked if they wanted us to change anything. We were told to stick to the original specifications.

In terms of Mr Wild’s comments about the delay, the station was handed over on time in 2015 and until summer 2018 they were insisting that the rail service would be operational in December 2018.
If the retrofit work was identified at the point of handover, it could have easily been carried out in the four years since we completed the station and to therefore seek to blame Canary Wharf Group for any delay is disingenuous.

I am sorry to say that this is a typical example of how the mishandled transition from CLRL as constructor to Transport for London as operator, and the late changes to specifications on the project, coupled with numerous management failures, have led to the cost delays and over-runs on Crossrail.

We are very proud of our station, and how it was designed, financed and constructed. Mark Wild’s misinformed and misleading comments yesterday are an insult to the professionalism of our team and our company and must not go unchallenged.

I hope that is a useful contribution to your inquiry.

Please let us know if you need any further information.

Yours sincerely

Howard Dawber
Managing Director, Strategy