From the Permanent Secretary

Meg Hillier MP
Chair, Committee of Public Accounts
House of Commons, London
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[Sent via email]

Dear Chair

Public Accounts Committee report – Crossrail: progress reviews

Further to your report dated 3 April 2019, I am writing to respond to recommendation 6, detailed below.

Recommendation

_The Department should, as a matter of urgency, write to the Committee clearly articulating what it, Transport for London and Crossrail Limited are responsible and accountable for in relation to Crossrail and what the consequences have been for those senior officials in positions of accountability and responsibility for failures on the programme. We expect this letter by the end of April 2019._

Response

Crossrail Ltd (CRL) is a wholly-owned subsidiary of Transport for London (TfL)\(^1\). This reflects the expectation when the current governance arrangements were established that CRL would ultimately be integrated into TfL, which would assume responsibility for operating the railway, now to be called the Elizabeth line.

The Department for Transport (DfT) and TfL are the joint sponsors of the Crossrail project. This joint sponsorship arrangement balances the Department’s responsibilities for transport services nationally with TfL’s responsibilities for transport services to, from and within Greater London. It also reflects the co-funding arrangements which exist between Central Government and London for this project.

The clear separation between CRL and the Sponsors was created to enable CRL to have a single focus on delivery of the project and to protect the project from the risk of changes in sponsor priorities.

Specifically, CRL is responsible for managing and delivering the Crossrail Project in line with Sponsor Requirements. The project is defined in the Project Development Agreement (PDA) as the development, design, procurement, construction, commissioning, integration and completion of the railway system. This includes CRL having responsibility for:

\(^1\) Cross London Rail Links Ltd (CLRL) was established as a 50/50 joint owned company of TfL and DfT in 2001 for the purpose of implementing the development of the Crossrail Project. On signature of the Sponsors Agreement in December 2008, ownership of CLRL transferred solely to TfL.
• Developing the Crossrail Programme Functional Requirements; and delivering the project in accordance with these requirements;

• Developing the Delivery Strategy and delivering the project in a manner consistent with the Delivery Strategy;

• Producing, maintaining and updating a Project Delivery Schedule setting out the anticipated timetable for implementation of the Crossrail project, and identifying its projection for the final delivery of the project;

As explained in the National Audit Office’s recent memorandum on the Crossrail project, the Crossrail project sponsor role is underpinned by a Sponsors Agreement and the PDA.

Key Sponsors’ responsibilities include:

• making the case for investment, the provision of funding, and defining the scope, delivery schedule and outputs of the project via the Sponsors Requirements document;

• responding to and approving any change or amendment to the Sponsors Requirements, including any requested by CRL;

• approving any amendment, variation or modification to or waiver in respect of the PDA;

• approving the appointment of Independent Non-Executive Directors and (i) the Executive Chair or (ii) if applicable, the Non-Executive Chair and the Chief Executive Officer of CRL;

In addition, as owner of CRL, TfL have some additional responsibilities that include:

• Managing the integration and transition of CRL into TfL;

• Responsibility for operations through its operator organisations, Rail for London (RfL) and London Underground (LU), and ensuring the readiness of RfL and LU to accept the accountability for the management of Crossrail infrastructure upon completion;

• Awarding and managing (through RfL) the rolling stock and depot contract with Bombardier Transportation;

• Awarding and managing the contract with MTR Crossrail to operate Crossrail services.

The Committee asked about the consequences for individuals in positions of responsibility for failures on the programme.

It is my understanding that the NAO report to be published shortly will not attribute responsibility to any single individual or individuals. As the Committee is aware however the previous Chair, Sir Terry Morgan, resigned from his position on 4 December 2018. CRL have also advised that the CRL Remuneration Committee, which had responsibility for decisions on performance and LTIP payments, withheld elements of these payments
from members of the CRL executive team during 2018, including the previous Chief Executive, Andrew Wolstenholme.

Within TfL and DfT our focus has been on ensuring that the governance of the project is sufficient to ensure the project can be successfully completed. Key changes have included:

- CRL remains responsible for managing and delivering the Crossrail project. A new Chair, Deputy Chair and Chief Executive have been appointed to the Board, and three new Non-Executives are shortly to be appointed.
- Joint sponsors have written to the Senior Independent Non-Executive Director to set expectations of the Chair and to emphasise the importance of a robust revised schedule and cost forecast.
- CRL has reviewed its capacity and capability across the programme. It has established a new systems integration team, improved its commercial and financial management, and reinstated its internal audit function.
- CRL has also strengthened its project controls, planning, risk-management and management reporting.
- Joint sponsors (the Commissioner for London and myself) meet the CRL Board after each of their Board meetings to ensure there is a shared understanding of project challenges and progress.
- The Joint Sponsor Board has been strengthened including through the appointment of an independent member and a technical adviser.
- The Project Representative function has been reviewed to ensure assurance has full visibility of project delivery.

More broadly, as set out in my letter of 25th April, I commissioned a joint report with the IPA into lessons learned from Crossrail and other major transport projects. We are now seeking to fully embed the best practice identified in this report into all our major project delivery.

I hope this is helpful.

Yours sincerely,

[Signature]

Bernadette Kelly CB
Permanent Secretary