

Date: 26 January 2022

Item: Finance and Risk Update

This paper will be considered in public

1 Summary

- 1.1 This paper provides an update on the financial performance at Period 9 2021/22 and on risk management progress.
- 1.2 A paper is included on the Part 2 agenda which contains supplementary information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL and other parties. Any discussion of that exempt information must take place after the press and public have been excluded from the meeting.

2 Recommendation

- 2.1 **The Committee is asked to note the paper and the supplementary information on Part 2 of the agenda.**

3 Financial Performance

- 3.1 Spend in Period 9 was £46m and is £440m for the financial year to date. The period spend was £5m below the Delivery Control Schedule 1.2 (DCS1.2) Budget and the Programme is £26m below the DCS1.2 Budget for the year to date.
- 3.2 On average the Programme has seen an underspend of £8m a period over the past financial year. This average has reduced to £6m since DCS1.2 was set in Period 5.
- 3.3 The number of Team Crossrail full time equivalent staff is 645 (note this excludes any consultancy resource). This was 20 lower than had been forecast in the DCS1.2 Workforce Plan, driven by vacant roles.

4 Anticipated Final Crossrail Direct Cost (AFCDC)

- 4.1 The current P50 (50th percentile) AFCDC is £15,939m, £1m lower than DCS1.2 and that previously reported in Period 7.
- 4.2 The P50 AFCDC is currently £150m above the additional funding of £825m, unchanged from DCS1.2. When the £825m additional funding was confirmed, the funding package was £91m lower than the P50 AFCDC at the time.
- 4.3 At higher levels of probability, current estimates of up to £1.1bn additional funding are consistent with previous estimates.

- 4.4 Although potential new cost pressures are being prudently recognised in the AFCDC as they arise, the Programme continues to maintain substantial risk and contingency budgets. Actions are ongoing across all areas to identify opportunities to reduce the AFCDC, mitigate cost pressures and deliver the Programme within the £825m funding.

5 Funding

- 5.1 On 30 November 2020, a funding and financing agreement was reached between TfL, Greater London Authority and the Government providing £825m of additional funding for the Crossrail Programme.
- 5.2 Following the funding and financing agreement of November 2020 and the TfL Board's approval of Programme and Project Authority, as at Period 9, Programme and Project Authority drawn down is £15,676m.
- 5.3 This means of the additional £825m funding, £712m has been drawn down as at Period 9.
- 5.4 The authority currently drawn down by the Programme covers commitments over a number of future periods, and in some instances, particularly in relation to resources, for the remainder of the Programme.
- 5.5 Cost to date recognised on the Programme is £15,479m, against the total Programme and Project Authority available of £15,789m, indicating there is no short term concern that the Project will not be able to continue to meet its commitments.

6 Alternative Delivery Model (ADM) / Residual Works Team (RWT)

- 6.1 An ADM/RWT working group has been set up which has engaged senior management across TfL to ensure that appropriate agreements between future operators, maintainers and the Project have taken place in relation to scope delivery.
- 6.2 The focus continues to be on clarifying the requirement for the remaining items of scope and ensuring delivery timescales are aligned to key project milestones, particularly those items needed for Revenue Service.
- 6.3 The ability to accelerate the scope transfer to the ADM/RWT is key to facilitating the demobilisation of the Tier 1 contractors.

7 Risk

- 7.1 There are 18 Level 1 Programme Risks at Period 9.
- 7.2 The Level 1 Programme Risks summarise the significant risks that face the Programme. The review and update of Level 1 risks is now a well-established part of the Executive Group cadence, with a substantive review of risks and interventions on a bi-weekly basis. Risks are also tracked and monitored by the Elizabeth Line Delivery Group.

List of appendices to this report:

Exempt supplemental information is contained in a paper on Part 2 of the agenda.

List of Background Papers:

None

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