

Date: 24 March 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 11 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 11 was £37m and is £508m for the financial year to date. The period spend was £8m below the Delivery Control Schedule 1.2 (DCS1.2) Budget and the Programme is £54m below the DCS1.2 Budget for the year to date.
- 3.2 On average the Programme has seen an underspend of £10m a period over the past financial year. This average has reduced to £8m since DCS 1.2 was set in Period 5.
- 3.3 The number of Crossrail full time equivalent staff is 581 (note this excludes any consultancy resource). This was 78 higher than had been forecast in the DCS1.2 Workforce Plan, driven by deferred demobilisation of staff due to a delay in milestone dates being achieved, together with additional resources at Bond Street station where Crossrail is acting as the Tier 1 contractor.

4 Anticipated Final Crossrail Direct Cost (AFDCD)

- 4.1 The current P50 (50th percentile) AFDCD is £15,963m, £23m higher than DCS1.2, and £24m higher than previously reported in Period 9.
- 4.2 The P50 AFDCD is currently £174m above the additional funding of £825m, £23m higher than as at DCS1.2. When the £825m additional funding was confirmed, the funding package was £91m lower than the P50 AFDCD 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 significant risk and contingency budgets. Actions are ongoing across all areas to identify opportunities to reduce the AFCDC and mitigate cost pressures.

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 11, Programme and Project Authority drawn down is £15,702m.
- 5.3 This means of the additional £825m funding, £738m has been drawn down as at Period 11.
- 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 £15,548m versus 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 has been key to facilitating the demobilisation of the Tier 1 Station contractors which has now been achieved at all stations with the exception of Bond Street and Canary Wharf where Crossrail acts as the Tier 1 contractor.

7 Risk

- 7.1 There are 17 Level 1 Programme Risks at Period 11.
- 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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