

Audit and Assurance Committee

Date: 30 November 2022

**Item: Elizabeth Line Programme Assurance Quarter 2 Report
2022/23**

This paper will be considered in public

1 Summary

1.1 This paper provides an overview of programme assurance activity in relation to the Elizabeth line during Quarter 2 of 2022/23 (26 June 2022 to 17 September 2022) (Q2).

2 Recommendation

2.1 **The Committee is asked to note the report.**

3 Background

3.1 The Elizabeth Line Integrated Assurance Framework (IAF) is based on a Three Lines of Defence (3LoD) model comprising:

- (a) Line 1 – Management functions of Crossrail, Rail for London (Infrastructure) Limited and key interfaces;
- (b) Line 2 – Project and Programme Assurance Elizabeth Line (PPA-EL); and
- (c) Line 3 – TfL Internal Audit and a sub-group of the Independent Investment Programme Advisory Group (IIPAG-EL).

3.2 This paper reports specifically on Line 2 (PPA-EL), Line 3 (Internal Audit) and Line 3 (IIPAG-EL) assurance progress.

3.3 The teams meet periodically with a panel of advisers to ensure that assurance is carried out by the right team, at the right time and to avoid duplication and minimise overlap of effort.

4 Line of Defence 2 (LoD2) Assurance

4.1 The train fleet and overall system continue to perform well in the Central Operating Section (COS). Additional train and signalling software upgrades and other interventions (including for Platform Screen Doors) are providing further operational reliability improvements.

4.2 The reliability of the Network Rail (NR) infrastructure on the Great Western Main Line (GWML) has been of concern ahead of the introduction of Stage 5b minus service, however NR set out a series of interventions aimed at delivering

improvements for Stage 5b minus and beyond through to Stage 5c in May 2023. These improvements are monitored and reported on a weekly basis and good progress is being made.

- 4.3 Work has continued on a continuous assurance basis with formal reporting via the LoD2 Periodic Assurance Review (PAR) Reports. Of particular focus has been the overall system and fleet reliability and availability, the quality of the service response to issues arising during service operation as well as the status of continued works and people and team readiness across all aspects of the Operation and Maintenance teams, in preparation for Stage 5b minus and Stage 5c.
- 4.4 Since the last meeting of the Committee, LoD2 PAR Reports have provided input to the periodic Integrated Assurance Report to the Elizabeth Line Delivery Group.
- 4.5 Regarding cost to complete, although potential new cost pressures are being prudently recognised in the Anticipated Final Crossrail Direct Cost (AFCDC) as they arise, the programme continues to maintain provision and contingency budgets. Actions are ongoing across all areas to identify opportunities to reduce the AFCDC and minimise funding requirements.
- 4.6 The programme for the remaining works to successfully deliver the whole end to end railway has been baselined and is being used to monitor progress.
- 4.7 Deterministic dates are being held and are as follows:
 - (a) Stage 5c is May 2023 (24 trains per hour (tph) full end-to-end service), dictated by the national railway timetable changes. The key drivers continue to be confidence in achieving the required fleet availability and whole systems reliability to support the enhanced intensity of service. The maintenance of the programme is being led by the Elizabeth line Operations team, with support from Crossrail Limited for those elements of work it is responsible for.
- 4.8 The project has continued to make significant progress since the last report, key progress highlights include:
 - (a) the successful opening of Bond Street station to passengers on 24 October 2022;
 - (b) commencement of the physical works at Westbourne Park (civils, fencing and signage) to facilitate later introduction of auto reverse functionality;
 - (c) achievement of the target for fleet availability required for Stage 5b minus as well as the continued strong reliability performance in the COS since the commencement of live operational service;
 - (d) improvements in team working and embedding of lessons learnt across the Operations teams, leading to strong service recovery and incident handling;
 - (e) continued engagement, planning and the implementation of improvement initiatives with NR on the GWML to prepare for the integration of railways for Stage 5b minus; and

- (f) software upgrades to signalling, fleet and infrastructure (Platform Screen Doors) software enhancing performance further.
- 4.9 The maintenance programme has been reviewed and significant improvements implemented to support the enhanced utilisation of resources and the introduction of automation, thereby delivering a more efficient maintenance service. Experience during operational service in the COS is helping to shape the improvements required in terms of response and fix times and root cause analysis to support a 22/24 tph service.
- 4.10 Both fleet and system performance reliability and availability have continued to improve, and achieved the desired performance targets required for Stage 5b minus.
- 4.11 Following our risk based continuous assurance approach, concerns and recommendations are identified throughout each reporting period. Management responses for those items have been provided during Periods 5 and 6 of 2022/23 (24 July to 17 September 2022) (P5 and P6).

5 Line of Defence 3 (LOD3 -TfL Internal Audit) Assurance

- 5.1 This section covers the Internal Audit activities that were agreed in the Integrated Audit and Assurance schedule.
- 5.2 In P5 and P6 we issued four reports and one audit was in progress.

Audit Delivery

- 5.3 Summary information of the reports issued in P5 and P6 is set out below.
- 5.4 Two audits of the Crossrail Complaints Commissioner's Accounts were undertaken for 2021/22 and four months of 2022/23 to provide assurance that figures in the accounts are accurate. On the basis of the work carried out, it was confirmed that the accounts of the Crossrail Complaints Commissioner, in all material aspects, accurately reflect the receipts and payments during the financial periods ended 31 March 2022 and 31 July 2022.
- 5.5 The cost verification audit of Equans (formerly Engie) provided assurance on the adequacy and effectiveness of cost verification controls over payments. We found certain controls were adequately designed and operating effectively. For example, costs were verified for the Canary Wharf contract site through checking a large sample of invoices and staff payments. However, other controls such as competitive quotations, cost benchmarking, or the checking of goods receipt notes were not consistently applied.
- 5.6 The Crossrail Act Obligations Audit was rated as 'Adequately Controlled'. One medium priority issue and one low priority issue were raised. The medium priority issue relates to the need to review resources dedicated to validating and confirming third party agreements and obligation discharge ahead of programme close out. In addition, formal assessment of any long-term monitoring beyond this has yet to take place or be agreed. Audits in progress at the end of Q2 are

included as Appendix 1, and work planned to start in Quarter 3 and Quarter 4 of 2022/23 (18 September 2022 to 31 March 2023) are included as Appendix 2.

Management Actions

- 5.7 The team monitors the implementation of all Internal Audit management actions and confirms whether they have been adequately addressed before closing them. There are no overdue actions at the end of Q2.

Changes to the Audit Plan

- 5.8 TfL Internal Audit regularly review and update the audit elements of the Integrated Audit and Assurance Audit Plan throughout the year, in liaison with management, to reflect changing business priorities. No changes to the plan have been made to date.

6 Line of Defence 3 (LoD3 - IIPAG-EL) Assurance

- 6.1 The terms of reference of the IIPAG-EL sub-group require the group to provide a 'look ahead' of its proposed areas of interest and work. The areas of interest highlighted as part of the revised Integrated Audit and Assurance Schedule in February 2022 continue to apply. We also support the 'continuous assurance' process established by LoD2. This schedule is maintained and reviewed within the Elizabeth Line Programme Assurance Group which is co-ordinated by LoD2.
- 6.2 The focus by LoD3 over the reporting period has been on the preparations for the enhanced service level of Stage 5b minus, and the Stage 5c full 24 tph service.
- 6.3 In general, the overall assurance framework for Elizabeth line has continued to operate effectively.

List of Appendices:

Appendix 1: Line 3 (TfL Internal Audit) Work in progress at the end of Q2 2022/23
Appendix 2: Line 3 (TfL Internal Audit) Work due to start in Q3/Q4 2022/23

List of Background Papers:

None

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