

Response to the recommendations of the Transport Committee as set out in the Committee's report: *Light at the end of the tunnel – the construction of Crossrail*.

### **Recommendation 1**

*We recommend that, should additional funding be required, London is not asked to contribute further to the construction of Crossrail and that consideration is given to extending a Crossrail levy to local authorities on the route outside the GLA boundary.*

#### **Response**

Transport for London (TfL) and the Department for Transport (DfT) have designed the funding package to protect against cost overruns and ensure that decisions can be made early to help guarantee that the project stays within budget.

The project cost forecasts and risks will continue to be reviewed independently throughout construction of the project, providing necessary confidence that it can be kept within budget. However, should there be a cost overrun above the £15.9 billion funding package, the agreements between TfL and DfT provide that London is not required to contribute further.

What the agreements and package provide is a strong and robust oversight and delivery mechanisms that will bring us a vital new railway. I hope this provides comfort and confidence to London taxpayers, passengers and businesses and the country at large.

The application of a levy by local authorities beyond the GLA boundary falls outside of the powers of the Mayor of London, though I do believe they should contribute and I have written to the Transport Secretary about this. I will also be writing to any incoming Transport Secretary to make the same point.

### **Recommendation 2**

*The Committee recommends that Crossrail Ltd report to the Committee in April 2010 with details of the initial control baseline. The information set out in the report should make clear what budget the company holds for 2010/11 and on what specific parts of the project the funds will be spent. It should include the forecast completion cost and a transparent statement of all contingency sums. This will ensure transparency in the expenditure of public money and demonstrate whether costs are being controlled and the various stages of the work are being delivered on time and to budget.*

#### **Response**

As Rob Holden explained in his letter of 21 January to Caroline Pidgeon AM, Crossrail Ltd (CRL) are working with sponsors on finalising an Initial Control Baseline (ICB) and over the next few months will be analysing the implications of the ICB process preparatory to Review Point 4 at the end of this calendar year.

There will be a severe limit to the amount of information on forecast costs, and above all on contingency, that Crossrail could put into the public domain. These are matters of considerable commercial sensitivity which would influence the tendering process now under way and relations with future contractors, and hence affect the ultimate outturn cost of the project itself.

The sponsors and CRL have made clear that they are determined to work within the available funding envelope of £15.9 billion. In addition, as a measure of transparency, at the time of contract awards, the sum of these contracts will also be published so that the public can gain an understanding of the amounts within the £15.9 billion package which have actually been committed.

### **Recommendation 3**

*We request that Crossrail Ltd provide to the Committee by December 2010 a progress report covering construction milestones reached and expenditure against budget for each part of*

*the work; how effectively the procurement strategy is helping to deliver through the supply chain; and an updated risk register showing how risk has been reduced and mitigated during 2010. We request that this report also sets out forecast costs and deliverables for 2011 and that progress against these forecasts is reported regularly and publicly to the TfL Board.*

Response

I have noted your recommendation and CRL will action accordingly in December.

#### **Recommendation 4**

*We recommend that Crossrail Ltd respond to this report setting out what lessons it has learned from the compulsory purchases in Soho and Paddington. In particular, this should set out how it plans to deal with displaced businesses differently in future; what steps have been taken to improve communication with affected businesses; details of a single contact at Crossrail Ltd for all inquiries about compulsory purchases; and a named individual offering one-to-one support for each business affected. Particular attention should be paid to the financial support, such as bridging loans, available to small businesses who may not have the resource to deal with the complex issues involved and are most likely to face cash-flow difficulties at the time of their moves.*

Response

CRL and I acknowledge that having one's property acquired compulsorily can be an unpleasant and emotional experience. In the case of residential property this can be very disruptive to people's lives and in the case of investment property it can crystallise losses, particularly when the market is at a historic low. The fact that ownership transfers before a price is agreed makes it unusual in normal business terms and this can also cause confusion and anxiety.

CRL tell me they have always tried to take as sympathetic a view as they can on compensation, while always bearing in mind they are disbursing public funds and the need to avoid establishing costly precedents.

I have asked Rob Holden to write to the Transport Committee in greater detail on the other points raised.

#### **Recommendation 5**

*We recommend that Crossrail's skills and employment strategy includes targets for the employment of previously unemployed Londoners; an action plan to set out how this target will be supported; and examines ways of targeting looked-after children in its apprenticeship programme. We ask that Crossrail report six-monthly on progress against its employment and skills targets based on information collected from its contractors.*

Response

The strategy is nearing finalisation and will be published in the summer.

Meanwhile, the Assembly will have seen the welcome announcements on funding towards a Tunnelling and Underground Construction Academy and approval of a National Skills Academy for Railway Engineering on 17 March.

#### **Recommendation 6**

*We recommend that when Crossrail updates its carbon footprint model in May 2010 it sets out for the building of the line and stations, design of trains and the final operation of the railway: figures for expected electricity consumption; targets for minimising energy consumption; expected carbon emissions per passenger km travelled compared with the underground and other UK railways; and details of how renewable energy and environmentally-friendly design criteria are being adopted.*

#### Response

Crossrail is currently gathering and processing data on the actual energy consumed in the 2009/10 financial year and calculating the associated carbon dioxide emissions in accordance with TfL annual environmental reporting requirements.

TfL's annual Environmental Report will be published in late 2010 and will contain Crossrail's contribution.

I have asked Rob Holden to write to the Transport Committee in greater detail on the other points raised.