

# MAYOR OF LONDON

**Caroline Pidgeon MBE AM**

Chair of the Transport Committee  
City Hall  
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*Dear Caroline,*

Thank you for your letter of 3 October about the delay to the opening of the central section of the Elizabeth line.

As I explained at the full Assembly Plenary meeting on 6 September, I am deeply angered and disappointed at the delay to the opening of the Elizabeth line, which is made worse by the length of the delay and how late in the project it was announced. I have expressed my frustrations directly to the leadership of Crossrail Ltd, and I have launched a full governance review which will identify action required going forward. That review will obviously seek to understand what has not worked properly, and this will inform its recommendations.

I do not agree that the information and evidence provided to the Assembly has been partial or contradictory, or that the timing of decisions was unclear. Nor did I claim to have been "completely uninformed."

Since 2016 I have met regularly with the senior leadership of Crossrail Ltd, and the Chair of Crossrail Ltd has attended meetings of Transport for London's (TfL) Board and its Programmes and Investment Committee to provide updates on the project. On 6 September, I explained to the Assembly in some detail the events that led to Crossrail Ltd's decision on 29 August that a later opening date would be required, and I will summarise that again here.

## **Timing of decisions and announcements**

As I explained on 6 September, Crossrail Ltd has been open throughout 2018 that there were significant growing cost and schedule pressures on the project.

However, that is very different from any decision to delay the opening of the railway through central London. That decision was taken by the Crossrail Ltd Board on 29 August. Until that meeting, Crossrail Ltd's project status had been that it was on schedule. There have been discussions in public at three TfL Board meetings - in March, May and July 2018 - confirming that the Crossrail Ltd team was managing schedule and cost pressures as this enormously complex project drew towards completion, but until 29 August, Crossrail Ltd's position remained that the central section of the railway would open in December 2018.

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Crossrail Ltd has explained that at the Crossrail Board meeting on 19 July, as at other Crossrail Board meetings and at TfL Board meetings, the growing pressure on the schedule was discussed. You assert that it is highly likely that I was informed on or soon after that 19 July meeting that there was very likely to be a delay. From my discussions with Crossrail Ltd, I was aware of the growing cost and schedule pressures that they were addressing – as was everyone who had been following the conversations at TfL Board meetings and elsewhere over the last ten months. It was Crossrail Ltd's responsibility to decide when the project schedule was no longer achievable, and they did not do this until the Crossrail Ltd Board meeting on 29 August.

You have also alleged that Parliament and the London Stock Exchange have been misled through the statements made to them on 24 July. This is not true. As I explained on 6 September, when the revised funding agreement was made Crossrail Ltd had not advised the sponsors that the December 2018 opening date could no longer be met. As at 24 July, the project sponsors' independent representative had confirmed there were significant schedule pressures but both the Department for Transport (DfT) and TfL, as joint sponsors, had been informed by Crossrail Ltd that they were managing these risks and were continuing on the basis that the Elizabeth line would open in December 2018 as planned.

## **Governance**

As mentioned, I have commissioned KPMG to carry out an urgent review of Crossrail Ltd's governance. Although Crossrail Ltd is a wholly-owned subsidiary of TfL, the contractual arrangements agreed with the DfT in 2008 provided for separate governance arrangements, explicitly providing Crossrail Ltd a very high degree of autonomy in the delivery of the project. That is why, for example, it has not in the past followed the same approach to transparency as TfL.

The scrutiny and oversight of Crossrail Ltd's delivery and performance sits with its own independent board. Until recently, those arrangements meant that TfL and the DfT, as joint sponsors, only had one non-executive representative each on the Board of Crossrail Ltd.

Once it became clear that Crossrail Ltd had exceeded its funding envelope for the project, the governance arrangements enabled both sponsors to strengthen their representation on the Crossrail Ltd Board. From July, there are now three TfL and two DfT non-executive directors on the Crossrail Ltd Board.

Within those governance arrangements it was the responsibility of the Crossrail Ltd Board to oversee delivery of the project and to decide any changes to the project schedule. This decision was taken by the Crossrail Ltd Board on 29 August, and Crossrail Ltd immediately advised TfL and the DfT, as joint sponsors, of the change in schedule following that meeting. A public announcement was made on 31 August.

As I have said, there is now a serious question about whether these arrangements are fit for purpose for the remainder of the project. The Deputy Mayor for Transport explained to the Transport Committee on 12 September that we have now commissioned an independent review into cost assurance and commercial practices within Crossrail Ltd and also a review of the appropriate arrangements for governance for the completion of the project.

## **Reasons for the delay**

Crossrail Ltd's assessment of a revised opening date of autumn 2019 is the result of their review of the remaining work to be done for the completion of the construction and integrated systems testing ahead of the line opening safely and reliably to passengers.



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This year has seen the most complex phase of the project, finalising the communications systems and bringing together and testing the complicated interfaces such as track, power and signalling.

In your letter you asked for an explanation from TfL about the procurement and delivery of the Elizabeth line rolling stock, and how this has affected overall project delivery. It is not reasonable to assert that TfL has failed to expand on this subject when, in fact, it was explicitly discussed at the meeting of the Assembly on 6 September.

Crossrail Ltd is responsible for the delivery of the end to end railway, including signalling and systems testing. Crossrail Ltd made very clear at the Assembly Plenary meeting on 6 September that the decision to delay the procurement of the trains had no impact on overall project delivery other than to reduce costs. The trains are already serving parts of the Elizabeth line route in the east and the west and their procurement has had no bearing on the fact that the completion of the line, including tunnel fit out and a range of safety-critical railway systems by Crossrail Ltd, has not been completed in time for the planned opening.

## Transparency

I am committed to transparency and supported the Deputy Mayor for Transport's request to Crossrail Ltd that they publish the minutes of their Board meetings as soon as possible. The Chair of Crossrail Ltd confirmed in the 12 September Transport Committee meeting they will do that, with appropriate redactions for commercially sensitive information. Crossrail Ltd will also provide monthly reports on progress to the Committee.

I am just as committed to transparency for meetings of the TfL Board, and where possible all matters are discussed in public and papers published in advance in line with the Local Government Act 1972 (as amended). In early 2018, I explicitly asked for the fact that the project was facing schedule pressures to be discussed in public session as I felt it to be important to do so.

You say that in the public session of the TfL Board on 25 July, it was stated that the project was on track "before turning off the cameras for the 'real' discussion" in the private session. This is not true. In the public session, Mark Wild made clear in his opening remarks that there were "acute" cost and scheduling pressures. Terry Morgan then went on to explain that finalising the construction of the programme was "extremely challenging".

Discussions relating to Crossrail at the TfL Board and its committees have only been held in private session and papers not published in circumstances where that was necessary and appropriate. Crossrail is a hugely complex construction project with multiple large contracts in play. Relationships with those contractors, particularly in the final stages of the project, have to be very carefully managed in order to preserve Crossrail Ltd's commercial position and ultimately deliver value for public money.

The same assessment will need to be applied to the reports from the various independent reviews that TfL has commissioned into the project on behalf of the joint sponsors. I have asked TfL to ensure that as much information as possible is published and released to the Committee. TfL has already published the terms of reference on their website, with the papers published for the TfL Board meeting on 24 October.

## Crossrail 2

You asked in your letter for all Crossrail 2 Board meetings to be held in public. Crossrail 2 is in the very early stages of development; the Government has not yet committed to funding the scheme, we are working with the DfT and Network Rail to reach agreement on its shape, and the team continues to refine its scope.

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The Secretary of State for Transport and I recognise the importance of ensuring Crossrail 2 is sufficiently assured and scrutinised, which is why we instructed an Independent Affordability Review. Over the last 18 months the project has also been reviewed by the Infrastructure Projects Authority, TfL's Independent Investment Programme Advisory Group (IIPAG) and the Government Internal Audit Agency, in addition to the regular assurance reviews completed by TfL's Internal Assurance Team supported by external expert advisors.

During this period, the Programme Board acts as an advisory forum for the Crossrail 2 team and their work supporting these reviews, not as a decision-making body. Once Crossrail 2 receives Government approval, a review of governance and transparency arrangements will need to be undertaken. It is at that stage, and when a funding package is agreed, that additional parties will rightly have the opportunity to scrutinise the work programme and associated expenditure in greater detail. And Crossrail 2 will, of course, also undertake further public consultation with the wider public and will be subject to scrutiny through the Hybrid Bill process.

## **Next steps and requests for further information**

As I said at the beginning of this letter, the delay to opening the Elizabeth line is extremely disappointing. It is important to learn lessons from how this project has been managed to improve how large infrastructure projects are delivered in the future. Our focus now remains on working closely with Crossrail Ltd and the Government to complete and open the railway as quickly as possible. Ensuring that the Elizabeth line is safe and reliable for our customers from day one has to be our top priority.

Crossrail Ltd is also working to establish any additional impact on funding from the revised delivery schedule. We are working closely with the Government on this, and on 26 October the DfT announced a short-term financing package to make available an additional £350m towards the project this financial year. We will provide details of how the changes to the project's funding will be managed as soon as we are in a position to do so.

Crossrail Ltd and TfL will provide the further information that the Committee has requested as soon as possible, once they have examined the commercial sensitivity of the material. I note that the Deputy Mayor for Transport wrote to you on 21 September to confirm that TfL expects to lose approximately £10m of commercial income in 2018/19 because of the delay in opening the Elizabeth line, and the Transport Commissioner explained on 6 September that TfL expects to receive approximately £20m less net passenger revenue in 2018/19 because of the delay. Both of these reductions can be accommodated within TfL's 2018/19 budget, and TfL's updated Business Plan will provide more detailed information on the total revenue impact of the delay.

Yours sincerely,



**Sadiq Khan**  
Mayor of London