



## Department for Transport

### From the Permanent Secretary

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## Infrastructure and Projects Authority

### From the Chief Executive

Infrastructure and Projects Authority  
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28 April 2021

To: Matt Lodge

### **Subject: Appointment as Senior Responsible Owner for the Crossrail Project**

We are pleased to confirm your reappointment as Senior Responsible Owner (SRO) of the Crossrail Project (“the Project”) which took effect from 01 October 2020. Prior to the governance transition to Transport for London (TfL) on 1 October 2020, you were the SRO from 7 December 2015 on an interim basis and from 3 March 2016 on a permanent basis. As SRO, you are directly accountable to Director General Rail Infrastructure Group, and the Department for Transport (DfT) Board, under the oversight of the Secretary of State. Given the recent changes made to the project governance and the delegation of delivery responsibilities to TfL, your overall time commitment to the project should be no less than 20%. This commitment will be combined with your wider management and leadership responsibilities within the Department and your other responsibilities as SRO of the Intercity Express Programme, the Great Western Route Modernisation programme, the Western Rail Link to Heathrow programme, the South Western Route Capacity programme and the Thameslink programme.

Regular conversations with your Permanent Secretary and Directors General will take place to ensure an appropriate balance is maintained across your portfolio of activities and that you receive support as needed to carry out your responsibilities. This will take place as a minimum annually, but may be more frequent, with agreement.

On 1 October 2020, the Crossrail governance changes were implemented. The purpose of these changes is to give TfL the best opportunity to complete the project and to integrate the Elizabeth Line service into its operations. The changes simplify governance structures and clarify accountability to TfL as the ultimate operator of the project. They will help drive the project towards completion by enabling TfL to make appropriate trade-offs between operational delivery and bringing entry into service as soon as possible.

We acknowledge these changes and recognise DfT’s evolving role as a joint Sponsor of the project with Transport for London (TfL). It is important that these governance changes have occurred at this stage of the project given TfL will be the future operator of the Elizabeth Line and the revenue it will generate is a key part of their business plan. We acknowledge the governance changes have led to the delegation of several responsibilities to a non-government organisation or delivery body that would usually be assigned to an SRO.

As per the letters exchanged between DfT and TfL on 1 October 2020, we recognise that the TfL Commissioner, Andy Byford, has been delegated ultimate accountability for achieving Crossrail’s completion and delivering the high-level objectives of the project through to project close-out. The TfL Commissioner’s role in the delivery and completion of a government major project has been established in the Principles Letter dated 1 October 2020 and reiterated in the Crossrail Further Funding Package Letter dated 30 November 2020. We also note that under these changes the

Department will retain joint decision making over any potential change to the scope and high-level objectives of the Crossrail Project, these decision-making rights are known as the Secretary of State Rights which are protected by the Crossrail Joint Sponsors Agreement (2008). As part of their new accountability for Crossrail's delivery and completion, the TfL Commissioner has agreed to adhere to the following principles:

- If it is reported that the central section will not be delivered within the opening window of the first half of 2022 agreed at the Crossrail board in August 2020 and the £1,071m funding shortfall currently agreed by TfL and DfT, then the TfL commissioner should escalate this issue to the DfT Accounting Officer without delay.
- Quarterly attendance at the DfT Investment, Portfolio and Delivery Committee (IPDC) to provide project progress updates.
- To meet with Ministers on a regular basis to update them on the project's delivery performance, including cost and schedule.
- To communicate regularly with the Accounting Officer to advise on any significant issues relating to regularity, propriety, feasibility and value for money.
- To attend as required, with the Accounting Officer, future hearings at the Public Accounts Committee and Transport Select-Committee.
- To cooperate with all future National Audit Office (NAO) and Infrastructure and Projects Authority (IPA) reviews of the Crossrail project.

However, it is important that HMG continues to have oversight and accountability for ensuring its interests are protected and investments delivered in line with the Sponsor requirements. Therefore, it is necessary to have a senior official in DfT who can monitor TfL's progress and ensure that it delivers to the agreed Sponsor requirements, schedule, scope and within the available funding.

As SRO you will retain direct accountability for the project in DfT, as well as monitoring benefit delivery and realisation. Your role and responsibilities include maintaining independent assurance of the project and ensuring the project is properly governed; monitoring performance and delivery of the project by the TfL Commissioner and the Elizabeth Line Committee (which replaced the Crossrail Ltd Board on 1 October 2020); and ensuring that the high-level objectives and benefits are delivered. You will also be expected to uphold existing levels of transparency in project reporting, ensuring that TfL maintains this commitment and, if necessary, to escalate issues to the Accounting Officer as you become aware of them. You will be expected to secure appropriate internal resources to manage the following activities:

- Ensuring that TfL and Crossrail Ltd (CRL) deliver the project's high-level objectives and policy intent;
- Ensuring that TfL and CRL delivers the project within the agreed scope;
- To inform the DfT Accounting Officer of any significant issues relating to regularity, propriety, feasibility and value for money as well as any significant deviations from the approved business case;
- Protecting the interests of the Department and vision of the project;
- Draw upon independent assurance to ensure that the project is governed responsibly, reported honestly, escalated appropriately by TfL and CRL;
- Identifying and managing risks and issues, as well as coordinating prevention and mitigation where appropriate;
- To ensure that TfL delivers the project within the available funding envelope and revised schedule (once it is known);
- To monitor the performance and spending on the project;
- To oversee the management of the GLA and TfL Loan Agreements;
- With reference to the On-Network Works (ONW) programme, be responsible for the Network Rail (NR) Protocol, which sets out the responsibilities for NR, CRL and DfT, and monitoring ONW funding and delivery. You should assist TfL on resolving NR integration issues that

interact with the project and oversee NR's timely completion of the ONW and Crossrail's integration into the wider rail network;

- Identification, quantification and monitoring of the agreed project benefits, as well as successful delivery of any benefits due to be realised during the life of the project. You will also ensure that a plan, with appropriate budget and resources, for the ongoing monitoring and realisation of benefits is in place for after project closure; and
- Ensuring a plan is in place for the closure of the project at the appropriate time. This should include transfer of Business as Usual activities to TfL, and its subsidiaries, and to the Department's finance and London policy teams, and capture and dissemination of appropriate lessons.

Like all civil servants, you remain accountable to Ministers, as set out in the Civil Service Code, and should ensure the delivery of the project in accordance with the objectives and policy intent as set by Ministers. Where you are asked to undertake a course of action by Ministers which is contrary to your own or others' professional advice and puts outcomes or value for money at risk, you should – if you judge it necessary – discuss with the Principal Accounting Officer what escalation is appropriate. In circumstances where the action may be inconsistent with [Managing Public Money \(MPM\)](#), this may include consideration of whether Ministerial direction is required.

As SRO the responsibilities and guidance listed under **Annex A** apply.

### **Tenure of Position**

We expect you to undertake this role at least until achievement of Stage 3 (central section) opening, planned for the first half of 2022.

It is important that you support your line manager in the development of a succession plan at the appropriate time. This will then need to be agreed with the Investment, Portfolio and Delivery Committee (IPDC).

### **Objectives and Success Criteria of the project**

The policy intent supported by this project is to enable a significant increase in public transport capacity for London and the South East via the delivery of a new high-frequency rail service and supporting infrastructure.

Proposed changes to the project scope which impact on this intent or benefits realisation must be authorised by the Rail Investment Board (RIB) and IPDC and may be subject to further levels of approval.

The objectives and vision of the project are to deliver the following outputs:

- Create economically vital new transport infrastructure to support London's growth;
- Deliver faster journey times for passengers;
- Provide an uplift in rail-based transport capacity; and,
- Put an additional 1.5 million people within 45 minutes of London's business centres, facilitating employment growth of up to 30,000 jobs by 2026 in central London.

As SRO, you are expected to manage and monitor your project in accordance with the Government Functional Standard for Project Delivery and other government requirements as mandated by the IPA.

## **Financial Accountability**

### Finance and Controls

HM Treasury (HMT) spending controls will apply on the basis set out within your department's delegated authority letter. Where the project exceeds the delegated authority set by HMT, the Treasury Approval Point process will apply, and the details of each approval process must be agreed with your HMT spending team.

With reference to ONW, the Crossrail Network Rail Programme Protocol between the Department, CRL and NR lays out NR's responsibilities for delivering the surface sections of the Crossrail route within their £2.9 billion funding envelope.

On Crossrail further funding, the TfL Commissioner has committed that TfL and the Greater London Authority (GLA) will exhaust all available options to fund the project before engaging with Government on further financial assistance. You will be required to monitor and report on the development of the revised schedule and cost forecasts to IPDC and Ministers.

Further information on finance and controls is provided under **Annex B**.

The overall budget for the project is £18.977bn, excluding VAT, which comprises Government grant, government lending, funding from CP5 and 6, and funding from other parties (including TfL's funding contribution). The overall budget includes the GLA and TfL Loans, which contain a number of conditions that have been agreed to support delivery of the project. As SRO, you are responsible for overseeing the management of these loans.

The current approved expenditure figure is £18.977bn, which provides cover to complete delivery of the project, including on-network works, but excluding the rolling stock and depot contract.

### Delegated Departmental/Project Authority

- Your authorised expenditure is set out in your delegation letter.
- Where issues arise that you are unable to resolve, you are responsible for escalating these issues to RIB and IPDC.
- You are also responsible for recommending to IPDC the need to either pause or terminate the project where necessary and in a timely manner. Again, this may require, in certain cases, wider cross-government agreement.

## **Professional Development and Wider Support**

It is important that you have the appropriate professional skills and are committed to your own CPD (continuing professional development). This includes maintaining and sharing your knowledge and experience with your own and other project teams.

As SRO of a DfT Tier 1 and Government Major Projects Portfolio project you are enrolled on Major Projects Leadership Academy and we will continue to support your ongoing development.

There will be wider support available to help you to discharge your responsibilities as a SRO. This includes, but is not limited to the following:

- Advice and support from DfT's Project Delivery and Portfolio directorate;
- Access to the various subject matter experts across DfT's Centres of Excellence;

- Being part of a shared community of project delivery professionals across DfT (including being a member of an SRO network comprised of peers and taking part in/supporting key learning activities); and
- Access to the benefits of professional project delivery networks.

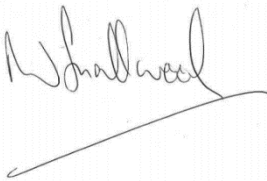
There will also be cross-government specialist support provided by the IPA to further help support you and your team.

We would like to take this opportunity to wish you success in your role as SRO.

Yours sincerely,



**Bernadette Kelly**  
Permanent Secretary  
Department for Transport



**Nick Smallwood**  
Chief Executive Officer  
Infrastructure and Projects Authority

I confirm that I accept the appointment including my accountability for overseeing and ensuring the implementation of the project as detailed in the letter above.



**Matt Lodge**

## **Annex A – Guidance Documentation**

- [Giving Evidence to Select Committees – Guidance for Civil Servants](#)
- [The Role of the Senior Responsible Owner](#)
- [Project Delivery Functional Standard](#)
- [A Handbook for Leaders of Transformation Programmes](#)

## **Annex B – Additional Finance and Controls**

Where expenditure is considered novel, contentious, repercussive or likely to result in costs to other parts of the public sector, HMT approval will be required, regardless of whether the project expenditure exceeds the delegated authority set by HMT. If in doubt about whether approval is required you should, in the first instance, consult departmental finance colleagues before raising with the relevant HMT spending team.

You should operate at all times within the rules set out in [Managing public money](#). In addition, you must be mindful of, and act in accordance with, the specific Treasury delegated limits and Cabinet Office controls relevant to your project or programme. Information on these controls can be found here: [Cabinet Office controls](#).