Department for Transport

From the Permanent Secretary

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4 August 2021

Meg Hillier MP
Chair
Public Accounts Committee

[Sent via email]

Dear Chair,

Crossrail: A progress update

Following the Public Accounts Committee session on Crossrail, which took place on Monday, 19 July 2021, I committed to writing to you with further detail on several points. I have addressed your questions in turn below.

Guardian article regarding COVID risk on trains

The level of risk of transmission in public transport is always evolving and as with many other settings is highly correlated with the wider community prevalence – the higher community prevalence is, the higher the risk of transmission is on public transport (and in any other setting; e.g. shops). The RSSB figure of 11,000 is from a specific point last year.

Modelling is an important part of the evidence base but, like any other model, this work relies on a series of parameters and assumptions. As such the model from RSSB is one of many sources of evidence being used to inform decision-making. Our approach considers the scientific consensus once we look across the weight of the evidence, rather than a single model. Current evidence available does not allow us to distinguish whether public transport poses significantly higher risk than other settings with similar risk factors.

Crossrail Board

As indicated at the session, the NAO has detailed, and I have previously responded to questions from the Committee, on bonuses paid to any members of the previous Crossrail board when they left post. This refers to historic payments to previous chief executives before they stood down in 2018.

The 2019 NAO memorandum on the Crossrail programme sets out the payments that were made in Figure 10 of the report. My previous comments to the committee are set out in Annex A.

The Department had no role in the severance payment process. Crossrail Limited, a wholly owned subsidiary of TfL, were responsible for setting the remuneration of the Crossrail Board and Executive Team. The remuneration and benefits package, including severance payments, were determined by the Crossrail Remuneration Committee. TfL were informed of the Committee's decisions and this information was published annually as part of their Annual Report which can be found on the TfL website.

Yours sincerely,

Bernadette Kelly

Bernadette Kelly CB
Permanent Secretary

Annex A

The extract from the 15 May 2019 Committee hearing:

Q161 **Chair**: You gave evidence to our sister Committee about remuneration and bonuses—someone in your Department did anyway. I will find the exact reference and whizz it round to you, so you can have a look at what someone—you, I'm sure—wisely said. You were talking about limits on remuneration, and it gives you some wriggle room for certain commercial elements of this. I will pass the exact copy over now. I just wondered whether you think that there are issues here. We have also had issues with HS2, as you know, with redundancy payments. We have had some exchange about that. Do you feel that these remuneration packages were well handled? Do you have any comments to make about it?

Bernadette Kelly: It was not me who gave this evidence, actually, so I am reading it as I speak. My views are very much, as I indicated at the last hearing on remuneration, particularly in these arm's length bodies delivering these large projects, which are very challenging roles, that we need to have a remuneration framework that allows us to recruit people with the right sorts of skills and experience. In this instance, I would take the view now that there was insufficient sponsor oversight of, challenge of, or opportunity to be consulted upon the remuneration decisions. It is important to remember in this regard that our role was very limited. Crossrail is a wholly owned subsidiary of TfL. It had a slightly different role in being consulted on remuneration, but I would say that both sponsors had a very limited role, and the accountability in that sense was possibly not what I would expect to see.

As we now organise this within the arm's length bodies that my Department is responsible for, I would say that certainly we ensure that we have an opportunity directly to participate in the RemCo in a challenge function, and an observer function. We very much see it as our responsibility to do that. Also, we probably take a different view about the balance to be struck between base pay and variable pay in incentive structures as well. I would say that the practice that we have in place for our other arm's length bodies, where we have been responsible for setting the remuneration principles more directly, are somewhat different and give greater accountability.

The extract from the 15 October 2020 Committee hearing:

Q52 **Sir Geoffrey Clifton-Brown:** I have one final question. I am sorry to go over this; it is slightly old ground. You and I have discussed this in the Committee before. When I visited Crossrail in 2017-18, I was clearly not given the full picture, and the true depths of the problems of Crossrail emerged very quickly afterwards. Various chief executives have come and gone. They were paid bonus payments. Were those bonus payments properly due?

Bernadette Kelly: I think you are talking again about historic payments to a previous chief executive. The Department had no role in the payment of those processes. They were determined by the remuneration committee for Crossrail, which took the view at the time that it did that they were properly due.
You know, it is an interesting judgment with hindsight. I think your observation from your visit goes to the earlier point; the real problem with this project in that period—2017, early 2018—was that things were going wrong, but those things were not being escalated, identified, acknowledged, reported in any way, and that is the fundamental problem there.