

LONDON

Len Duvall AM, Chair of the GLA Oversight Committee

Mike Brown MVO

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Ref:

20 November 2017

Dear Mike

Re: Garden Bridge matters, meeting of 15 November 2017

Thank you for attending the meeting of 15 November 2017, during which issues arising out of the extensive and forensic work carried out by the Assembly regarding the Garden Bridge project, and lessons learned following the investigation were discussed.

At the conclusion of the last meeting of the Greater London Authority (GLA) Oversight Committee meeting on 11 October 2017, I indicated that the Committee was minded to pursue certain lines of enquiry further, as there continues to be concern regarding the loss of £46m of public money on this project.

One particular issue, raised during questioning by the Oversight Committee, was the release of the £7m after the construction contract was signed. The Committee has requested clarity regarding how criteria and processes, if they were in place at all, were applied by Transport for London (TfL) to decisions on whether and when to release payments.

On the broader issues, I do acknowledge and appreciate your approach to Members' questioning on these matters; you have understood the concerns and made a number of statements to indicate that changes are now being made within TfL.

However, it is fair to say that there is no single statement or place where, to date, you have set out the full details of the changes being made to TfL's Board, governance and procurement procedures, to officer conduct rules and the handling of Mayoral directions, both before and after they are issued, as a result of the failings of the Garden Bridge Project. May I invite you to provide the Assembly with that clarity as part of your response to this correspondence.

Furthermore, could I also ask you to detail how TfL ensures compliance with the 'decision making' and 'roles and responsibilities' sections of the Corporate Governance Framework Agreement for the GLA Group, as approved by the Mayor (following consultation with all functional bodies and the Assembly), which deal specifically with the need for clear and accountable decision-making procedures, including in relation to Mayoral Directions.

On behalf of the Assembly, I look forward to your response.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Len', positioned below the text 'Yours sincerely'.

Len Duvall AM
Chair of the GLA Oversight Committee



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08 December 2017

Dear *Len*

Garden Bridge

Thank you for your letter of 20 November, following our meeting about the Garden Bridge. I am grateful for the work your Committee has done to explore what went wrong with the project, and for the opportunity to set out in one place the action we have taken to improve our processes as a result of your and others' investigations.

Over the last three years there have been a number of reviews and investigations into the project, including your own but also, for example, our Internal Audit report; an External Auditor review of that report; the Charity Commission's review of the Garden Bridge Trust; an investigation by the National Audit Office; and the comprehensive review that Dame Margaret Hodge completed at the request of the Mayor.

Let me be clear that we welcome the findings of all of these reports and investigations. In response to their recommendations, we have taken the following actions:

- **Board level transparency and scrutiny:** Under the clear guidance of the Mayor, we have implemented significant changes to our Board and Committee structure, including creating a Programmes and Investment Committee specifically to focus on our Investment Programme and give us an appropriate level of detailed attention.

Your Committee and Dame Margaret Hodge have both voiced concerns about the level of direct involvement by the previous Mayor and his team in this project, and the use of Mayoral Directions; under our new arrangements, our Audit and Assurance Committee, Finance Committee and Programmes and Investment Committee will also be more closely monitoring activities which are subject to a Mayoral Direction.

We are also supporting the GLA to ensure that where the Mayor takes decisions or provides significant advice in informal meetings, this is properly minuted.

- **Exercise of Commissioner's authority:** We have tightened the processes under which the Commissioner and Chief Finance Officer exercise the approvals delegated to them by our Board. In addition, we have expanded the regular reports to the Programmes and Investment Committee on matters they approve, and strengthened the process for ensuring the Chair of the relevant Committee is involved in authorities proposed to be given by the Commissioner or the Chief Finance Officer for matters which are not in the Business Plan or Budget.
- **Senior communication on procurement compliance:** The Mayor and I are crystal clear that all of our procurement processes must be fully complied with at all times. I have recently written personally to all of my senior staff to stress the importance of this, and explain the training and whistleblowing facilities that are available.
- **Escalation of issues:** It is crucial that staff involved in procurement know when and how to escalate concerns and risks about non-compliance with procurement processes. We have reminded all relevant staff that this escalation must happen, with particular focus on the Commercial, Internal Audit and Legal teams.
- **Assurance activity:** We have reviewed our assurance processes, for procurement activity but also more widely, and brought in specialist software to improve processes and reduce risk and error.
- **Review of employment conditions for senior staff:** We are very clear that our leavers remain bound by our Code of Conduct and Business Ethics policy. When we become aware of the impending departure of one of our senior staff, we will now be undertaking an assessment to determine whether there is, or might be perceived to be, a conflict so that responsibilities can be reallocated as necessary. We are also undertaking a review of the contractual terms of all senior employees to ensure that a consistent approach is taken to potential conflicts of interest.

Separately and following Dame Margaret Hodge's review, the GLA is currently considering options for her recommendation to amend employment conditions to limit the potential for 'revolving doors' among senior staff. We will support the GLA in this work.

We also set out a summary of these actions in a paper to our Board on 19 July 2017. This paper is published on our website at: <http://content.tfl.gov.uk/board-20170719-item15-garden-bridge.pdf>

Your letter also asked two specific questions, which I have answered below.

Releasing the £7m grant payment to the Garden Bridge Trust following the signing of their construction contract

We signed our Deed of Grant with the Trust on 2 July 2015, and subsequently varied it on 13 November 2015. These grant documents are published on our website at: <https://tfl.gov.uk/corporate/publications-and-reports/temple-footbridge>.

Under the terms of this Deed of Grant, the Trust was entitled to a payment of £7 million within 10 days of the award of the main construction contract, provided certain Conditions of Payment were met. These Conditions of Payment were:

- The Trust has demonstrated to TfL's satisfaction that it has secured, or is able to secure, a sufficient level of funding, including the Grant from TfL, to cover the costs of construction of the Garden Bridge;
- The Trust has demonstrated to TfL's satisfaction that it has secured, or is able to secure, all necessary consents needed to deliver the Project;
- The Trust has demonstrated to TfL's satisfaction that an appropriate project "go/no go" gateway review has been passed, including proper assessment and management of risks;
- The Trust has demonstrated to TfL's satisfaction that it has appropriate plans in place for the operation and maintenance of the Garden Bridge;
- The Trust has demonstrated to TfL's satisfaction that it has secured a satisfactory level of funding to operate and maintain the Garden Bridge once it is built for at least the first 5 (five) years; and
- The Trust has demonstrated that these funds will only be used in respect of the construction of the Garden Bridge.

Following negotiations between the Trust and its preferred construction contractor, Bouygues, the Trust was in a position to award the main construction contract in late January 2016. This contract was between the Trust and Bouygues; we were not party to it and the Trust did not require our approval to enter into it.

Paul Morrell (Vice Chair of the Trust) wrote on 27 January 2016 to Richard de Cani, our Managing Director, Planning and the named TfL Representative under the Deed of Grant, to request the release of the £7 million payment. A copy of this letter is attached, together with a subsequent, clarifying email of 29 January from Bee Emmott, the Executive Director of the Trust).

We considered the evidence supplied in this letter, as well as the wider information we had available on the status of the project from our regular progress meetings with the Trust, and determined that the Conditions of Payment had been met and it was necessary to release the payment to the Trust.

While we have been the Trust's primary contact on the public funding for the project, half of the public sector contribution has come from the Government and we have always kept colleagues at the Department for Transport informed on the status of the project and its funding. This was also true in this instance, where we provided the Trust's evidence and our view that the Conditions of Payment had been met to the DfT by email on 29 January 2016.

Compliance with the GLA Group Corporate Governance Framework Agreement

I take compliance with Corporate Governance very seriously, and I am committed to our leading the way in terms of transparent and accountable decision-making.

The GLA Group Framework Agreement is an important part of this, and our Board approved us being a signatory to the agreement in September 2016.

Our decision-making and reporting procedures are set out in our Standing Orders and the Terms of Reference of our Committees and Panels. These were most recently updated on 9 November 2017.

In addition, our Code of Conduct sets out how we expect our people to behave and how their day-to-day responsibilities relate to our organisational commitment to professional business conduct and ethics. This includes guidance around the management of conflicts of interest, and our requirement for all Board Members and senior officers to complete the GLA Framework's Register of Interests form.

We carry out an annual review of our Board and decision-making structures, to ensure that they remain effective and compliant with our Standing Orders, our Code of Conduct and the GLA Framework Agreement. We report the outcomes and recommendations of the effectiveness review to our Board, and our Audit and Assurance Committee considers an Annual Governance Statement including a Governance Improvement Plan.

It is crucial that our decision making is completely transparent. Our Board, Committee and Panel meetings are held in public and the papers are published online. We report any instances of my or our Chief Finance Officer's use of delegated authority to our Finance Committee and/or our Programmes and Investment Committee (depending on the nature of the approval) and we are expanding this report to specifically reference if the authority was granted for an item outside of our Business Plan or Budget.

As described in my summary of actions above, the latest revisions to our Standing Orders take this further by adding further internal review processes before any authority is granted and requiring the Chair of the relevant Committee to be consulted on any authority request for a project that is not in our Business Plan or Budget.

Finally, as part of our review our Finance Committee and Programmes and Investment Committee as appropriate will also receive reports on the implementation of Mayoral Directions.

I hope that this answers the points in your letter, but if you or your Committee have any further questions then please let me know. Thank you again for the opportunity to set out the steps we have taken to improve our processes and ensure that the mistakes made on this project can not happen again.

I will also be sending a copy of this letter to all of our Board Members, and publishing it on our website.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Mike Brown', with a long horizontal stroke extending to the right.

Mike Brown MVO

Encl. Correspondence from the Garden Bridge Trust requesting drawdown of the £7m grant payment following the signing of their construction contract

Appendix: correspondence from the Garden Bridge Trust requesting drawdown of the £7m grant payment following the signing of their construction contract

Richard De Cani
Managing Director, Planning
Transport for London
Windsor House
42-50 Victoria Street
London
SW1H 0TL

27 January 2016

Dear Richard

As per the payment profile in the Deed of Variation, dated 13th November 2015, the Garden Bridge Trust ("GBT") is due to drawdown on the next tranche of funding within 10 days of award of the main construction contract (29th January 2016).

I am writing to set out the progress made to satisfy the conditions of this instalment of TfL funding, since my last letter dated 11th December 2015.

The GBT's preferred contractor, Bouygues TP, has provided a revised offer with a viable programme as of December 2015. This has been reviewed by Arup on behalf of GBT for acceptability and assurance purposes. Following final negotiations and receipt of the tender report, a reconciliation with the funding situation was undertaken in parallel. This has been reviewed by the Trustees who intend to proceed to the next stage of award of the construction contract.

The Trust continues to work jointly with TfL and both Westminster City Council ("WCC") and London Borough of Lambeth Council ("LBL") to ensure that any outstanding planning conditions are approved and any outstanding property issues are resolved.

The following outlines our progress in meeting the conditions as set out in the agreement.

The Trust has demonstrated to TfL's satisfaction that it has secured, or is able to secure, a sufficient level of funding, including the Grant from TfL, to cover the costs of construction of the Garden Bridge

The Garden Bridge Trust has raised a total of £145 million, of which £85 million is from the private sector. This is enough to cover the cost of the bridge's construction contract, which is in the region of £100 million. The Trust continues to raise funds from the private sector to cover the remainder of the total project cost and will continue to do so, throughout construction.

Over the last six months, the Trust has secured more than £20 million in private sector contributions to the project. This is an unprecedented achievement for a capital project that has yet to begin construction. The Garden Bridge Trust expect fundraising to accelerate further once construction commences later this year.

The Trustees have a robust strategy to raise the remaining funds, including a series of major opportunities available totalling £42m and a Patron Scheme that will raise £1.5m. In addition, a strong pool of over 200 prospects has been developed, each with the capacity to give donations at the £500k level and above. Support for the project is strong amongst the philanthropic community. The Trust recently went to the market with ticket sales for its forthcoming inaugural fundraising Gala in aid of the charity and has sold all tickets to the event which will host 400-500 guests.

GBT is in advanced discussions with three major corporations for contracts to the value of £15 million which we anticipate will be signed by June 2016.

The Trust's fundraising activities will include the launch of a major public fundraising campaign in 2016, giving the opportunity for the public to engage and support the project.

Contractual agreements are in place for all of the commitments received to date. Each agreement clearly outlines the obligations of the Trust and funder and the release of tranches of funding in accordance with the Trusts requirements and projects progress. The full list of donors includes support from a range of Trusts, Foundations, philanthropists and major corporations, including Google, Sky and Citi Bank. This material has been shared with TfL for assurance purposes.

The Trust has a Development Sub-Committee that is focused on raising funds for the project as well as an in-house fundraising team and consultants that has grown since inception. A further Sub-Committee has been set up to focus on securing Patrons.

The Trust has demonstrated to TfL's satisfaction that it has secured, or is able to secure, all necessary consents needed to deliver the Project;

GBT has a fully articulated plan to address and attend to planning conditions and section 106 requirements prior to commencement of works as outlined in the supporting document Conditions Status Log.

The Garden Bridge Trust have submitted all pre-commencement conditions to Lambeth Council. Twelve of these conditions have been discharged already - seven planning conditions were recommended for approval and discharged at Lambeth's December Planning Committee and a further eight have been submitted for Lambeth's February Planning Committee, all recommended for approval. The remaining conditions, largely operational, will go to Lambeth's March Planning Committee and GBT representatives will attend a technical briefing with Committee Members in advance. TfL have been consulted on relevant conditions and are comfortable with the Trust's approaches and have provided approval to the Local Authorities.

There is one outstanding pre-commencement condition to be submitted to Westminster Council relating to the permanent highway layout for Temple Place, and the expectation is that this will be submitted shortly. Westminster Council planning conditions are unlikely to require a Committee determination and the expectation is that any outstanding conditions will be approved at officer level as has proven the case to date.

Section 106 agreements with both Local Authorities are in final draft form and the Trust expects to finalise these over the next month.

The Trust has demonstrated to TfL's satisfaction that an appropriate project "go/no go" gateway review has been passed, including proper assessment and management of risk;

A Stage gate review checklist has been approved by the Trust's Project Delivery Committee, against a revised short term (30 week) and long term programme which demonstrates progress to date and a plan to succeed on any outstanding property and planning fronts. This has been reviewed along with any associated risk by the Board of Trustees at the Board meeting held on January 14th 2016, who are satisfied to proceed to the next stage. TfL are observers of the Garden Bridge Trust Board meetings and have received a copy of the meeting minutes.

The Garden Bridge Trust Board of Trustees have resolved to execute the construction contract on 29 January 2016. The contract is engrossed and comprehensive and allows for the foreseen work to be delivered within the development forecast. There is provision outside the contract sum for works, yet to be procured, for example the works at London Underground.

The Trust has demonstrated to TfL's satisfaction that it has appropriate plans in place for the operation and maintenance of the Garden Bridge

As explained in the letter dated 11th December, the Trust has produced an Operation and Maintenance Plan which has been through a number of peer reviews.

The Operation and Maintenance Plan is a pre-commencement condition that needs to be discharged by both Lambeth and Westminster. The Plan has been submitted to both Councils for their review.

The Trusts construction contract with Bouygues TP includes the novation of a landscape contract with Willerby. Willerby will be responsible for the maintenance of the garden for the first five years of the bridges life.

The Operations and Maintenance Business Plan (the "OMBP") is subject to approval by Westminster City Council (WCC) and the London Borough of Lambeth (LBL) through a Section 106 obligation.

As explained previously, GBT has prepared a revised OMBP, since that submitted prior to planning consent in 2014, to set out how running costs associated with the Garden Bridge will be funded for five years from opening in 2018 until the end of 2023. The OMBP shows that the Trust is able to fund the costs associated with operating and maintaining the Garden Bridge over the five year business plan period.

The Trust has demonstrated that these funds will only be used in respect of the construction of the Garden Bridge.

The overall programme is being progressed with specific pre-construction activities pursued over the next six months, as indicated in the short term programme reviewed by the Trustees and TfL. The intention is to pursue these activities in parallel with Bouygues progressing the design and enabling works with main construction starting on site in the second quarter of 2016.

This notice is intended to trigger the immediate release of the £7m payment due within 10 days of award of construction contract as set out in Deed of Variation. For cash flow purposes, the Trust requests an initial payment of £2.5m immediately following receipt of this letter, to be followed by the drawdown of the remaining of the £7m on the 13th March 2016. This notice is also intended to provide evidence to trigger the release of the £3m due on 13th February as set out in the Deed of Variation.

We hope the above meets the conditions set out in the agreement. Please confirm acceptance of this proposal.

Yours sincerely,



Paul Dring Morrell
Vice Chair of the Garden Bridge Trust

From: Bee Emmott <bee.emmott@gardenbridge.london>
Sent: 29 January 2016 08:59
To: Richard de Cani (MD Planning)
Cc: Brown Andy (Corporate Affairs); Rebecca Olajide; Jim Campbell; Jane Hywood
Subject: Re: FAO Richard De Cani

Dear Richard

Further to the below, I wanted to clarify that the information supplied in Paul's letter of 27 January relating to the fourth condition of payment in TfL's Deed of Grant, namely that

"The Trust has demonstrated to TfL's satisfaction that it has appropriate plans in place for the operation and maintenance of the Garden Bridge"

Is also intended to demonstrate fulfilment of the fifth condition of payment in the deed, that

"The Trust has demonstrated to TfL's satisfaction that it has secured a satisfactory level of funding to operate and maintain the Garden Bridge once it is built for at least the first 5 (five) years"

If you'd like to discuss, just let me know.

Best wishes

Bee

On 28 Jan 2016, at 15:32, Bee Emmott <bee.emmott@gardenbridge.london> wrote:

Dear Richard
Please find attached letter from Paul Morrell, Vice Chair, Garden Bridge Trust.

Best wishes
Bee
Bee Emmott
Executive Director, Garden Bridge Trust
Somerset House, Strand, London, WC2R 1LA

m: +44 77 3754 8461

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