

**Garden Bridge Review
Meeting transcript**

Event: *MH-Mike Brown*

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Present: *Dame Margaret Hodge MP
Claire Hamilton
Mike Brown MVO
Andy Brown*

DAME MARGARET HODGE (MH):

So you never remember the TfL board discussing the Heatherwick contract?

MIKE BROWN (MB): No.

MH: The Arup contract?

MB: No.

MH: Or the £30 million of TfL money?

MB: No, I don't. I never recall that.

ANDY BROWN (AB):

Well, it wouldn't have been actively discussed at the board. There was never a board paper to do with it, but it would have been mentioned in Commissioner's reports that Peter Hendy gave.

MH: Verbal or written?

AB: Written.

MB: We can perfectly happily provide any Commissioner's reports of the past because they're all in the public domain. The reason that I'm quite categorically "No" is because the nature of the TfL board as such, it's a long meeting with lots of topics. And I have to confess that now of course my role as Commissioner, I am on my toes all the time and I'm listening and hanging on every word that --

MH: Because you worry about the stuff that was yours.

MB: But then I was really honestly worrying about the stuff that was my own. So my input into the Commissioner's report at that time was all about the Underground and what was going on there. And my report, such as it was to the board, would have been entirely on Underground matters.

I have to be clear that it could well have been in one of those Commissioner's reports. But it wasn't on my radar at all, Margaret, in that context.

MH: So can I just ask you? You'll have reviewed the papers now.

MB: Yes.

MH: I bet you haven't reviewed as much as I have, which has taken me forever. But the way in which the project was handled by TfL, if you compare it to other sort of similar projects or let's say the Rotherhithe project if you were doing Canary Wharf/Rotherhithe or even the cable car: what lessons would you say you've learnt looking at the Garden Bridge project that you think they could have done better?

MB: Yes. So I think there's two fundamental things from my perspective. One is that I think having a much more open perspective as to what an initial procurement might turn into is really important. My understanding of this project was that it started off with the contract with Heatherwick Studios, was seen as being one particular piece of work, and then the thing kind of evolved over time. You know, various mayoral discussions and everything else seemed to have taken place and therefore evolved over time.

MH: You mean Heatherwick Studio was seen -- I'll check that with Peter. But you think they thought, "We'll just do the design phase and then it'll flow into the private sector"?

MB: Well, I think there was a genuinely well-intentioned procurement process at the outset. But I think what materialised was that --

MH: You mean procurement of Heatherwick?

MB: Well, yes, and I think that what happened was that evolved. The whole thing evolved in a series of stages. So I definitely wouldn't want to see that is a lesson going forward, and to that end, just a couple of things that I have done explicitly.

One is to ensure that all our people in our planning team have had some quite intense training on procurement processes and activities. Now you could have said, "Well, why wasn't that in place before?" It wasn't, but it certainly is now.

And the other thing that we've done is we've actually changed our senior people in procurement. So we've got a very experienced person, who's Steve Jackson who's our acting head of procurement around TfL. It's an interim role but we are recruiting for that full-time. That replaces two previous senior roles, both of who have left the organisation. I'm not saying they left because of the procurement so I don't want to be misunderstood with this. But I do think that that freshness and new approach has added a level of renewed discipline to this, linking particularly with the planning function.

MH: At the best it was not a fair competition in that they'd had this -- both of them had worked up -- both Arup and Heatherwick. They had an advantage. Equally, you could say "You shouldn't leave them out" but they had an advantage.

MB: I think certainly on the Arup's one, as I understand it, a good practice would have been in that case to have gone to BAFO stage, a best and final offer process. As I understand it, the Arup's proposal was seen as technically very competent but a bit expensive in terms of day rate.

And actually what you would have done in that situation in normal practice -- In my judgement, you would have said, because of their technical competence being demonstrated, you want to keep them in the game.

But actually you want at the very least to have best and final offer for them and somebody else who had a comparator to base that on. I think that's fair.

MH: But the technical competence came from the advantage of having worked on it for --

MB: That could well be the case, yeah.

MH: Which is not a level playing field.

MB: Yeah and, as I say, it's that level playing field that I'm determined going forward that we need to resolve.

MH: Or you could have just given Heatherwick, without even pretending to do a tender process.

MB: Yes and actually you could have done because from the value of the design contract for Heatherwick that was perfectly within the standing orders to allow that to happen.

MH: Yeah.

MB: Now it didn't. I think my view on all of these things would be to -- and my direction that I've given the organisation going forward as we talked about this - well, not this but we talked about moving forward - is to ensure that we always err on the side of driving ourselves to do the right thing whatever the value of a contract going forward.

And that's why I think the planning team, under Alex Williams who you met last week and he's still interim. But, you know, we will resolve the permanent role very soon on that, which is part of our organisation change. But he and his team, fully apprised of the procurement process, I think, is a really important activity going forward, and I'm not sure all their people always have been in the past.

MH: The other thing that surprises me or I'm observing as I move through this process is the extent of your delegations.

MB: Yeah.

MH: I don't know where your delegations stop, but it seems that you have huge delegation powers to spend one heck of a lot of money before you have to account for it. I can understand the 60k.

MB: Yeah, much less than we --

MH: I just find it iffy.

MB: -- yeah, much less than we did actually.

MH: Well, you've self-imposed.

MB: Well, actually under Ken when we were first created we had much higher delegation powers than we did when --

MH: Under Boris?

MB: Yes.

MH: So take me through that.

MB: Well, I can't tell you the exact numbers. We can get you the details of those numbers. But there definitely was a change at that transition. And the reason, I think, is that if you think about what TfL does -- for the point of view of the record.

Of course TfL is not like a conventional local authority to the extent that it just has operational budgets and does very important things like, streets and refuse collection in terms of local authority and operational expenses. There is a massive capital programme. So if you think of TfL's core capital programme, it is larger than Crossrail. So Crossrail is often put out there as being huge. Well, actually you more than double it when you add the rest of TfL. So our capital spend is really one of the biggest in Europe.

And therefore, I think for -- what you would conventionally find in such organisations is there would have to be an element of delegation or literally the board or a committee of the board would be meeting almost weekly on various approvals.

MH: So what's your level of delegation then?

AB: I don't actually know that off the top of my head.

MB: But for procurement -- well, I'll check the detail of that because there's a couple of different ones. There's a different one for procurement and operation. I want to make sure I give you the right figures so I will give you that.

MH: Yeah, obviously it's different on operation.

MB: Well, the one thing I would say is that the -- and this has again changed more recently actually. But coincidentally -- not as a result of this but has also changed that we now report all decisions made under delegation to either a project or an investment committee or a finance committee. So it's not that there is no public reporting of this. But let me give you an example. We're doing some work down at Victoria station at the moment, which you've probably noticed. I'm sure you occasionally use it. The good news is we're about to open our first new ticket hall out there -- which is the one on the Cardinal Place which is going to be. I was down there the other day. I

tell you, it's going to be fantastic. And we're going to have, you know, new escalators, new lifts, accessibility to platform. Fantastic. It's all great.

Now in that scenario, there may be -- as you get towards the end of that type of project, there may well be a couple of variations that you need to put into place with one of the subcontractors or through the main contractor to get the thing delivered. Now it's not a -- it's not the wrong commercial decision. You go through a proper process of discussing it with the project manager. In that case, it would be the managing director of London Underground, my successor, and also with my CFO to make sure that you had proper controls in place. And that's -- relatively small amounts of money but they might be --

MH: What do you call that?

MB: Well, I don't know. I mean, it could be -- you know, it could be £15,000, £20,000 or --

MH: Yeah, that -- now that, I wouldn't quarrel with. I mean, I think we're talking here -- the Arup contract was four point -- what was it, £4.6 million something?

AB: It ended up being £8.4 million.

MH: So that went on and we'll come to the Bouygues contract. But those are quite big sums and --

MB: They are, yeah.

MH: What I'm really interested is -- obviously I'm interested in the specific, but I'm also interested in the general because this is a review that will look at process.

MB: Sure, yeah.

AB: I will get the scheme of delegation.

MH: And then who's on these various committees? So it goes to this committee. Is that internal or external?

MB: No, these are TfL board members.

MH: Right, so does the Mayor chair them all?

MB: No, the Mayor wouldn't chair them. The Mayor only chairs the board itself. So the finance committee, for example, is now chaired by somebody called Ron Kalifa who's a board member.

MH: And is he external?

MB: Yeah, they're all external. So nobody on the board of TfL is -- I'm not even on the board of TfL. I'm on the exec. Obviously, I lead the executive team.

MH: You're not? Right.

MB: I attend the board but I'm not on the board.

MH: You're not a member of the board?

MB: No. No and that in fact is specifically excluded under, I think, the GLA Act so it's fully independent members.

AB: Yeah, it's fully independent.

MB: It is slightly strange because normally -- convention would have the chief exec and the finance director would be on the board. That doesn't happen. So the finance director and myself will always attend the finance committee, normally the programme investment committee, the key committees -- those are the two key committees, I guess, of the board.

AB: Yeah. So on the specifics here, I will check. I think I'm right that directors have £1 million delegated.

MB: Yeah.

AB: And then the initial £4 million for the Arup was approved by finance and policy committee. So that was too large for a delegated decision so it went to the finance and policy committee.

MH: So it did go. And who chaired that?

MB: That would have been Peter Anderson, who was the previous chair of the committee who was one of the board members.

MH: And he's what?

MB: He's the finance director of Canary Wharf Limited in his day job.

MH: Peter Anderson? Right.

MB: Yeah, but he's no longer on the board.

MH: But he would have approved it?

MB: Yes, he would have approved it through that.

MH: Although he wouldn't have known at the time all the day rate stuff and all that sort of stuff.

MB: Well, again, we can check what went to that committee meeting.

AB: And I think the paper that went to them is in the pack that Charles Ritchie sent through at the end of last week.

CLAIRE HAMILTON (CH): It came through late on Friday.

MB: Yeah, so you've already got that.

MH: I haven't seen that.

MB: But obviously if there's more you want on that, Margaret, I'll send that.

AB: -- it's all right. I have it here. It's an update on everything that's happened and what needs to happen next and requesting financial and project authority for up to £4 million.

MH: And then when it goes to £8 million?

AB: At that point, we had a mayoral direction in place to spend £30 million on this project. And that £8 million forms part of the £30 million.

MH: So you didn't have to go --

AB: So the mayoral direction takes it outside of the scheme of delegation.

MH: But it gets reported to --

MB: Well, that's the difference that the new Mayor has put in place, I have to say. So Sadiq's been very clear that mayoral directions taken by him should go to the board and be reported to the board at the least.

MH: But under the older system, they weren't?

MB: But that wouldn't necessarily follow. It doesn't have to happen, so it did necessarily.

AB: Yeah, so I think there's sort of a sentence in the back of a Commissioner's report in the old way and now it's more --

MH: Explicit?

AB: -- proactive.

MB: Yeah. So for example, last week at the TfL board last week there was a reporting of the mayoral decision, the direction that he'd given us on aviation where he's asked us to do a piece of work for him as Mayor on the Government's decision on Heathrow. And that he was very clear that he wants that reported to the board and made sure that everyone on the board was aware and understood that. That is a difference in style and substance than what we'd seen before, which I welcome by the way. I mean, it's just the right thing.

MH: So go on. Any more lessons from the Garden Bridge?

MB: Yeah. I mean, I think the other thing is on the various recommendations that came up from various audits and everything else. Again, I've been very clear that I want to see a tracking of those lessons and that they're followed through -- in many ways, that was the first thing, Margaret, I was keen on when I took over as Commissioner --

MH: I mean, one thing because it just so happens this is high profile and I bet if you dug into other contracts you'd find similar -- that's my slight concern that this was a relatively small contract.

MB: But I think in a sense -- that's always the challenge because of the nature of the contract and what it was and --

MH: You'd have thought they'd be over-sensitive?

MB: Yes. So, for example, at the moment we're going through a procurement process for buying a new of trains on the Piccadilly line and --

MH: Yeah, thank goodness.

MB: Thank goodness, although it's back to good this morning, I have to say. But these are old trains. So these are 1973 trains and these are pretty ancient things and that procurement process is underway. Now the level of diligence and scrutiny that goes through --

MH: But that's a big procurement.

MB: Well, it is and I suppose that's what I'm saying. Even if we go through procurement -- you know, we're doing a lot more on accessible stations on London Underground now moving forward than we did before -- but quite a rigorous set of hoops and processes before it gets final sign-off. And the final sign-off will come for those projects because of their value from the programme and investment committee of the board which again, as I said, is populated by non-exec board members.

But quite a lot of scrutiny from the executive team who goes there, and then that will be reported to the board. So they will always have -- the report of their minutes always comes to the board and the chair of those committees always outlines it. So

there is quite a lot of transparency of that process. You would expect that from a high-value contract such as that.

MH: Right. I mean, the other thing that I've just seen the GLA. I'm probably jumping around a bit which is what I did last time. Really sorry I'm not more organised.

MB: That's fine.

MH: But all those end of April changes. One was the amendment to the guarantees from securing funding -- just before an election. And the other was the release of the £1.5 million on 26 April, which I still can't work out what they needed it for.

AB: So we didn't give them any money is first. No money left our bank account, is the first thing to make clear. The trust will be able to explain their accounts to you, I would hope --

MH: I don't think they can or --

AB: Okay. They didn't need the cash. They needed to meet the promise to be able to draw on that if the worse came to worst and --

MH: And they had to cancel the contract?

AB: -- they had to cancel and a number of effectively termination penalties in their contracts came through. So it would be imprudent of them to proceed without a way to meet those liabilities.

MH: Yeah. So this is on top of the £9 million that -- guarantee that it got from central government?

AB: No, the £9 million replaced that £1.3 million. So the first idea of this "Can we have this money there in case we have to cancel?" was the £1.3 million in April of this year.

MH: Right.

AB: That was intentionally by design a very small amount for a small period to get them through the election because it was not considered appropriate to give them the larger amount they asked for during the pre-election period.

MB: I mean, in many ways that was entirely responding to the pre-election period because I was pushing back all the time in this to say --

MH: Were you already appointed by then?

MB: I was there by that stage. I was saying, "Look, we have to be very, very clear that we can't be doing anything to fetter any decision that a new Mayor might wish to make".

And clearly, that would have been totally inappropriate. So this was in effect -- as Andy rightly says, this was --

MH: No, that was the £15 million guarantee, was it?

AB: So they asked for £15 million in April of this year and Mike said, "No, we can't do that pre-election. Not okay". What can be done is a smaller -- this was agreed with the GLA and the Mayor and their monitoring officer. What can be done is a small amount just to get through the pre-election period so that neither a large commitment is made nor the Garden Bridge Trust is forced to cancel the project during that pre-election period.

MB: So this was a sort of slight rock and a hard place situation, Margaret, here because if we hadn't gone --

MH: They'd have gone bankrupt?

MB: -- with the underwriting facility then it would have gone bankrupt. And in effect, that would have been a pre-election issue in itself if you see --

MH: But there was a £15 million guarantee somewhere in the --

AB: So having got through the election, there was then a discussion with the new Mayor and the DfT following the election --

MH: But wasn't there under the old Mayor a £15 million guarantee ever?

AB: No.

MH: Okay.

AB: So then at the end of May, the DfT agreed to provide the full £15 million that the Garden Bridge Trust was asking for from their share of the money.

MH: Ah, that's right. Okay.

MB: They had previously refused to even countenance that. We were holding the line and I was saying, "Well, there's no way. We're not going to do this. The DfT's got to -- they've got skin in the game in this. They've got to play their part here as well". I was just not prepared to be driven before the election. It would have been totally inappropriate for my role to have been put on the spot to do so, I think, to have committed something that gave guarantees for this thing way beyond the election period.

So literally, this was the minimum we could have done in my judgement to kind of prevent the thing totally collapsing, which in itself would have been a pre-election challenge the other way round perhaps. So I do try and be very clear in this situation

from the advice of our general counsel and everybody else on this, who's pretty good on the pre-election stuff actually.

MH: Right, okay. So then they get a £15 million --

AB: So yeah -- so the end of May, DfT gave £15 million from their share, which we were holding for them as custodian of the whole £60 million public sector contribution.

MB: But it was theirs.

AB: But it was their money. We have that in writing; that they will agree to that. And then that was to the end of September, which was based on their project plan and when they intend to start construction. And then in September, we had the decision to lower that to £9 million.

MH: And that's all Government. That's not Mayor decision. That's all Government.

AB: That was all the Government decision on how we could use the money they had given us.

MB: But obviously we were in discussion then with the new Mayor as to what was going on. And you know, he made it very clear to me on day 1 and I think I did see him on day 1. He doesn't want any more public money spent and I said, "Absolutely not. That's been entirely our intent that there wouldn't be".

MH: Okay. The other thing that was the change from secure funding to having a, whatever it was, plan in place.

AB: The mayoral direction on guarantees during the pre-election period.

MH: The mayoral direction. "Having secured a satisfactory level of funding" to "... demonstrate to the Mayor's satisfaction that it has a satisfactory funding strategy in place ...". And that change in the mayoral direction, although it was also made towards the end of April.

MB: Yes.

MH: So you were there for that?

MB: I was but to be clear that is a mayoral direction. In a sense we're victims of mayoral direction as much as anything else. I just have to be clear about how mayoral directions work.

MH: But it's your money.

MB: Yes, I know but the Mayor can do what he wants as the chair of the TfL board.

MH: Without accountability to the board?

MB: Yes and mayoral directions are -- the Mayor is actually extremely powerful in terms of mayoral directions. He or she can do whatever they want.

MH: What, to whatever upper limit you want?

AB: That's right, I think, yeah.

MB: Yeah, pretty much is. Yeah -- so arguably it's more direct financial authority than even a Prime Minister would have, for example.

MH: Yeah, quite.

MB: But the slight challenge, I should be clear about this, is our general counsel who sits on my executive team is also the legal advisor to the GLA because it's a shared resource. So the only thing that would happen -- this is out with me, I am excluded from how this goes on -- the general counsel and his team, on behalf of the Mayor will help to draft a mayoral direction in terms of its wording to make sure it's legally watertight and all that kind of stuff.

MH: But they commit your money without you having any say --

MB: They do.

MH: -- and without any accountability?

MB: Yeah. So most recently, the Mayor has issued a mayoral direction on aviation, as I said. That commits my money and my resource to doing some work on the surface access and other things around aviation and Heathrow because it's not within our normal statutory remit, you see. Aviation isn't without our remit because that's not what TfL does.

Now in effect actually the previous Mayor did it as well so this not a party political point in any sense. And we will, we respond to that. I'm obliged then to take that instruction as an instruction and in effect it's a -- you know, a direct order for me to get on and do it, which I will do.

MH: And not accountable to GLA members either? So it's not accountable. It'll get reported.

AB: They're published.

MH: They're published on the website?

MB: Yes.

AB: Published immediately unless there is some commercial sensitivity grounds to withhold.

MH: You've got to look out for it, haven't you?

MB: Well, except that's what the new Mayor has done, I think really quite rightly because the new Mayor is very, very keen on transparency. And I really welcome this, for the avoidance of doubt, insofar as I'm allowed to have a view. But I really am on this. I do have a strong view. I think taking those mayoral decisions to the board and allowing a discussion around the TfL board which is in public and is reported in public. It's on the webcast -- all of that, I think, is really important.

MH: But it's also a post facto decision, at least as a decision after the fact

MB: Yes, but at least it gives --

MH: It gives an airing.

MB: And also it does allow board members, I think, to legitimately be able to question and query.

MH: Yeah and he's got to think that there's going to be this discussion afterwards then. So none of that took place with any of that?

MB: No.

MH: And you were just lumbered with the change which is quite --

MB: Yeah.

MH: So you do have an interest in TfL money and the commitments that come out of the Garden Bridge.

MB: Absolutely.

MH: So I've got two questions out of that really. One is on the capital where they have revised their figure upwards. I mean, I don't know what your latest figure from them is.

AB: I think go back to what I think I said when I saw you with Alex. The official number that we have been told is £185 million. But we expect it to be higher just because we understand the risks and all that sort of thing.

MH: The number to me is £200 million.

AB: But they need to do a detailed reprogramming of the project in light of the delays that everyone knows they're experiencing now. So they won't have a firm figure until they've done that.

MH: Okay. Well, the figure to me is about £200 million. Is it your view that they can raise the capital privately?

MB: Well, that's the only option. So is it my view that they can? I think they're going to have to do some hard work. If they said this is as a magnificent thing as they say it is for London and for London's iconic world status then --

MH: But you've got to sign the guarantee.

MB: Well, yeah, but they've got --

MH: I mean, they will say it's a chicken/egg. They say they can't do the guarantee --

MB: Well, they've got to show me their money from the private sector because there is no more money from us.

MH: They will say that the reason they're not able to raise more private money immediately is (a) me and (b) the Mayor's not got his back on it.

MB: Well, I think the simple fact is we have committed what we have committed previously in terms of underwriting them going forward. I think the reality is that if they are able to secure more private funding and the thing does get built, then that is probably the best outcome for the taxpayer, frankly, because the money's already gone. I would -- personally, I'd rather see it built but with private sector money ensuring it's built.

MH: But you're going to have to provide the guarantee before you have security of the money.

MB: Well -- yes, except that I think we've got to -- it depends how that money is constructed from the private sector. At the moment do I have confidence they'll get that money? Probably not, but you know, they may well do. And I haven't talked to Mervyn Davies for a long time so I don't know actually where their latest work is on this. But I mean, that would really be our position, isn't it?

AB: Yeah.

MH: So you won't sign the guarantee until you have --

AB: So I would just say we won't be the ones signing the guarantees. That'll be the GLA.

MB: Yeah.

MB: And it is different because that means it's not me and I wouldn't --

MH: Yeah, but it'd be committing your money.

AB: Yeah, similar to the mayoral direction position.

MB: Yeah, it is.

MH: If they sign off a guarantee and then the capital's not raised, you're not going to allow half a bridge.

MB: Well, no --

MH: So it'll have to be Tfl money.

MB: Well, yes, and that's why we would have to be absolutely certain of the integrity of any private sector money.

MH: Well absolutely certain won't be there.

MB: Well, I know. I was just -- with the risk of a terrible pun, we're going to have to cross that bridge when we come to it, as it were. You know, would I wish we weren't starting from this point, Margaret? Absolutely, I would wish we weren't and we must never start from this point again, which is your overarching objective, I guess, in putting all this together.

MH: And so we've talked about capital. Let's now go to the operational stuff where they've sent me the most recent plan. You haven't looked at it again. Have you looked at how it's changed?

CH: Yes, you have that summary. That was in some of the stuff I gave you on Thursday. It's just a page from Andy which Andy had pulled together which --

MH: Go on. What has changed?

AB: It's not significant, the changes. Some numbers have moved around to reflect some new assumptions which are reasonable.

MH: Well, what -- they're getting more philanthropic?

AB: There are some ups; there are some downs. It's not all optimistic. "Oh, and it's much better than we thought." They've lowered their expected return on their endowment fund, for instance, to reflect the financial climate, those sorts of things.

MH: Right, yeah and then they've upped it where?

AB: I can't remember. There's a two-page summary in there that explains it all there.

MH: So are you confident that you won't be picking up the tab on the operational costs?

MB: Well, my understanding is, Andy, we won't be because it's not -- that's not the way it's set up.

MH: Well, my view is you will be.

AB: Well, this comes back to the point before of it would be the GLA's decision whether to instruct us to proceed with paying that.

MB: Yeah.

MH: But you've got to have an input, I think. This is your ruddy money. I can't believe --

MB: Yeah, but we would have an input and, for the avoidance of doubt, I would resist it very heavily -- so I would very strongly resist us paying money on the operational upkeep of this.

MH: But you're going to have to because the guarantees require -- the GLA and the two local authorities say that, TfL as the operation -- about fund -- you know, maybe the GLA authorise the --

AB: It's GLA guarantor, but the direction that you talked about during the pre-election period and the one before that say that we will take care of the actual structure of the bridge.

CH: It's the way it's structured as well, isn't it? That TfL would pick up -- if for example, construction stopped halfway or something started falling down, that fits the kind of infrastructure that you guys are experienced in?

AB: No. That will not be guaranteed. The guarantee only begins - if it's ever signed - once the bridge is finished and open to the public. Incomplete construction will not be guaranteed.

CH: And it's only the infrastructure bit of that at moment? The intention is that TfL will pick that up.

AB: The intention is that TfL would cover the bridge because we know bridges and the GLA would cover the garden on top because they have experience of public spaces in London. Trafalgar Square.

MB: -- I think that is an important distinction though just to make, the -- during construction because you would --

MH: Well, except the bridge might collapse because it's got this garden on top.

MB: Well, except you would be pretty clear once it was construction that there was structural integrity there. I mean, it would be very unusual for something like that to be constructed and not to have structural integrity associated with it. And I would imagine the contractor would be --

AB: There's all sorts of warranties and all sorts of, you know, and same thing about the procurement process but --

MH: I tell you what -- I mean, you're going to have to take a judgment, right?

MB: Yeah.

MH: You are going to -- I'm having to do a judgment. If it's your judgment that they can raise the money privately to operationally pick up the tab for this bridge whether it's bridge or garden.

MB: Well, what I don't know, Margaret, is whether they're sort of calling our bluff a bit. I mean, I'll be honest. I don't know whether they think they can but are holding out for further input from the private sector or whether they genuinely think they can. I genuinely don't know that. I mean -- and if I knew that, I can answer your question.

MH: You're going to have to do a judgment, aren't you?

MB: We are but we're not at that point yet and, as I say, this Mayor has been very helpful because we know exactly where his view is in terms of any more commitment from public money and all that. So we're very, very clear on this and in the fullness of time we would then -- if we were faced with those choices, we'd have to obviously talk to the Mayor and to his people at the GLA to work out that judgment between us. It would not be a judgment I would make by myself. Well, within TfL it would be a wider judgment across the GLA group and with the Mayor personally.

MH: But if you had to sign that today, your --

MB: Well, I wouldn't sign it. I wouldn't sign it today, no.

MH: You wouldn't sign it?

MB: No.

MH: Okay, can I go to the Bouygues contract because that was signed in February 2016?

AB: Yeah. We probably can't give you much on that because that was not us. That's the Garden Bridge Trust's contract.

MH: Yeah, but they sought your authorisation under the permissions.

AB: No. They didn't need to.

MH: They must have sought somebody's. I cannot believe they entered into that because that is a substantial -- that's £100 million and whatever it is. What is it?

AB: So it's about £105 million.

AB: Yeah, they'll have to renegotiate what the figure. At the moment Bouygues are effectively on standby while they sort -- because they're not going to keep them as a standing resource, spending lots of money while they have these unknown duration delays.

They talked to us in the run-up to that contract and letting that contract. So we were aware that it was happening but we have no rights to approve or --

MH: Under the terms of your agreement -- according to the GLA, under the terms of your agreement with Garden Bridge Trust you did have the rights. And I haven't got the words in front of me, but you did have the rights to authorise additional expenditure.

Now what was it he just said -- he had a frame of words that they had to seek your agreement. Under the original terms of the funding agreement between yourselves and the Garden Bridge Trust, they couldn't let that contract without seeking your authorisation.

AB: I'm not aware of that.

MB: No, that's not our understanding. My understanding is very clear --

AB: Who told you that, just so I can --

MB: Well, the GLA did? Well, that's a different view to us. So we need to clarify that. Because our view very strongly was we were notified by the trust but we didn't have to approve it.

MH: You probably didn't make a -- did you make a note of it? What did he say?

CH: I don't remember him saying that, I have to say. So I just want to check that.

MB: Well, we can certainly check.

MH: Under the original funding -- terms of the funding agreement before it was --

CH: He talked about under the original terms of the funding agreement that TfL will talk about recouping its costs.

MH: Oh, no, there was more than that.

AB: So what I do think is the -- we'll check that.

MH: Okay.

AB: What I do think is the case is --

MH: They're committing you.

AB: -- they can sign whatever contract they like. They have to then come to us to request the grant payment that is associated with that trigger point.

MH: Okay. Oh, I see what you mean.

AB: And there are conditions to do that. We have choice over whether to give them the money. They don't get that automatically.

MH: Okay.

AB: And there are a number of conditions, one of which was "Have you signed this contract?" But then there are other things to do with project plan, risk, appropriate -

MH: You see, it just seems to me very strange to commit -- we dealt with this a little bit last time. The NAO's argument is that they hadn't got the necessary permissions and they committed themselves to over 100 million quid and rising.

AB: Yeah.

MH: That seems to me odd, and I would add into that: I would have gone further than the NAO and said not only haven't they got permissions; they haven't secured the private sector funding.

MB: This is one of those things where you never would have set this up in this way to start with, Margaret, to be perfectly honest, no doubt. In an ideal world, what you would have wanted was if there was a political or a commercial perspective this was the right thing to build this bridge, then you would secure sufficient private sector funding to make it happen. And you would pay for that over the life of the bridge by various events and various other things at either end of the bridge and the land secured, and actually the public sector wouldn't have been involved at all. That's where we should be with this bridge and we're not, unfortunately.

MH: But you know, they are now committed to this contract and rising.

AB: But they are in -- that it affects their liabilities profile --

MH: Which is the £9 million.

- AB: -- and that comes back to the £9 million. So that is there, that big cost, because of that contract that they went into.
- MH: And they're in danger of closing down because the £9 million's -- I don't quite understand why the £9 million is growing the whole time.
- AB: It grows because they have assets. It's not just Bouygues. It's largely Bouygues, but there are other things that they are doing and other liabilities they're incurring with some of their other smaller scale suppliers. So as they continue month on month, spending money, doing work to resolve the land negotiations and other things they have to do, they are effectively spending their assets. So they don't have it to pay off Bouygues and other people. So they need increasing coverage to deal with the fact that their bank account is getting lower. Does that make sense?
- MH: So normally if they were in the contract now, it would be under the contract that they're incurring the costs to deal with Coin Street et al. Is that what you're telling me? It would have been funded in a different way. So they're now having to fund it out of the money they get from --
- AB: So the reason they need the liability is because a lot of their private money that they secured and the big number that is publicly known isn't in their bank account yet and they can't spend it until they start construction. They had always intended to start construction by now. It's the delays. I mean, they don't have access to the cash to pay people.
- MH: Yeah. It just worries me that -- informally I can't understand the trust committed itself to over a 100 million quid contract without getting an authority from you.
- MB: My view is the oddest thing is that they haven't yet pursued all the options, in my judgement, from the private sector which is --
- AB: Yeah, I don't agree with that.
- MH: I mean, there are cases. You know, I've looked at this. The Tate Gallery when they did their extension, they let the contract before they'd secured all the private sector money. So when you do these -- there are cases where people will start and take a punt and think once the thing's rolling ... So I think -- what I find extraordinary --
- MB: But the payments are usually phased in that way as well. The payments would be phased to take account of that.
- MH: The payments would be phased is one thing, but that's secure with payments phased. But also not having secured everything. So one can sort of understand a little bit.
- MB: Yeah, sure.

MH: When you do a project, depending on philanthropic good, you don't necessarily have to. What I find odd is in a situation where you know it's got to be guaranteed by yourselves in the end because that's the permissions from PLA and the local authorities that they go ahead with that risk, not having secured the permissions, without telling you.

MB: Sure. Yes. Well, they notified us to be fair, to be clear.

MH: You should -- why didn't you then say, "Hang on a minute, guys. Don't let it yet". And this is just all in the run-up to an election --

AB: Well, it was in February which is not immediately before the election.

MH: Pretty clear though.

AB: I think this -- if I were the trust, why would I let that contract then? I think there are two main reasons. They had gone through quite an - expensive for them as a private operator - procurement process because they had been more open than they needed to be. Because that was one of the conditions we set for them in our funding agreement; that you need to run a properly open, competitive procurement process.

And also back to the "Why would anyone kick things off without having raised all the money?" they are of the view and I think it's fair - that they will have much more success raising money when they are confident and going forward and, you know, JCBs are on site.

MH: But you say they informed you. Why the hell didn't you write them a letter back saying, "This is unwise at this point"? They may inform you. There is nothing from you that says, "Hang on a minute. Don't -- this is a bit risky and committing us".

MB: Well, yes, I think in retrospect such a letter might have been a good thing to happen. I think the reality was where the very overt political direction on -- at that time was very much in support of the Garden Bridge and that --

MH: So nobody would have dared write a letter?

MB: Well, the Mayor is my boss, whoever the Mayor is, being honest.

MH: Okay. Okay. Okay. What else have I got? I mean, we're almost -- that's the really -- so it's the future.

MB: The future's a really important thing for me, Margaret, because I'm the Commissioner now going forward. You know, whatever happened in the past, as you rightly said, wasn't under my watch in terms of getting to the point we got to. I am absolutely determined that we don't ever get into a situation in the future where the public sector, the taxpayer, the fare payer, whoever they are, is committing funding to something where it isn't properly secured and guaranteed effectively by the private

sector. Particularly if I'm being honest where from a TfL perspective it's not overtly a transport imperative. Because this is the other thing that is really important for me. In terms of all the transport imperatives in London - and there are many and you will know that, the growing population and all the things we've got to do --this would not feature in my top 100.

MH: Well, Ed Lister, I have to say, said quite clearly to us "This is not a transport scheme".

MB: Yeah, well, need I say more? So I -- just from my perspective, you know, I'm doing this job because I believe in creating great transport in this great city. But that's --

MH: But you couldn't turn it down. If Sadiq just said to you, "I want to build a garden bridge in Rotherhithe", for example -- and he wants to do a garden bridge, what would you then say to him?

MB: Well, I think the difference now is that (a) there would be a very different approach for, as we said earlier on, much more open in terms of mayoral directions and mayoral decisions along the way.

MH: And a counter position for that?

MB: Yeah. And again I wasn't party to all the original discussions but I've read the documentation as much as you have in terms of what happened in the past. I think there were some -- you know, I have met Thomas Heatherwick twice or three times in my life at informal gatherings and do's. But it's not the way, meeting and -- whatever happens in the future no procurement under my watch will be carried out on the basis of dialogues and meetings and all that kind of stuff. It's not the way to do it. It's not the way to do it in a private sector business which I've worked in before, never mind in an organisation such as TfL, in my judgement.

MH: Is it your view you will -- we're now post Lambeth, it's been converted into a debt rather than a grant. Is it your view we'll ever get that back?

MB: I think it's less likely than I'd like it to be, I'm afraid.

MH: And would it be your view that they should charge to get the -- would that be your view?

MB: Charge for access to the bridge?

MH: Yeah.

MB: I think that would be quite good. Or at least the events, I suppose, insofar as they're having them.

MH: It might make it hang together a bit?

MB: Yeah.

MH: I mean, have you looked at the business case? Would you pass a business case as --

MB: Well, not from a transport perspective, I don't think you would. But ...

AB: It was done a long time ago. Things have changed since then. It doesn't reflect the project that's being built now.

MB: Yeah, quite.

AB: So that is often the case with strategic business cases years before they --

MB: If you change two sides -- one of two sides of the equation in terms of costs or benefits --

MH: Quite. I mean, the economic benefits on property values is ...

MB: Sure, yeah.

AB: If we redid the business case now --

MH: It would be a negative?

AB: -- the numbers would certainly be different. Would they be positive? I don't know. I think it would be much closer to a knife edge on it whereas the business case assesses, as it should, a number of scenarios. The one that is being eschewed now is nearly six to one ratio, benefits/cost, which is a very large BCR.

MB: But the reason I said what I said earlier on about priorities of transport projects going forward: if you were being very pure on this, which I think we should always start from the perspective of being very pure, then it wouldn't be in -- it wouldn't be near the top of the list of transport priorities you want to do. I mean, if you compare it to, you know, Holborn station and making it bigger, Camden Town station or whatever, you know, or putting many more lifts in around the Tube system, it wouldn't come close.

MH: And just the property values, the £84 million uplift in -- the economic benefits all come from property values which must be -- is questionable now in the current climate.

MB: Sure. Quite. Exactly.

MH: I think we're in the same place. Okay, what have I forgotten?

The other thing is the financial case, the pre-construction costs, all that stuff, you know. You've spent much more on pre-construction than -- But you've been through that, haven't you?

AB: Yeah, this was a document produced in 2014, long before significant delays were introduced and that pushes up costs.

CH: Can I just check on that? In the early MDs, there was talk of the TfL upfront costs being recouped from the trust, or recouped from the project, sorry, the money that TfL was bringing in. Have all of TfL's costs been accounted for in that --

AB: They're part of the £30 million, yes.

CH: Including all the stuff that happened before MDs?

MB: Yeah.

AB: Yes.

CH: Thank you.

AB: We haven't spent a money that hasn't formed part of our £30 million contribution, yeah.

MB: I mean, Margaret, I'm very conscious that you are seeing other people. And if I can make the offer to you that hopefully is helpful, if there are other things that emerge, either by phone call, email or if you do need to see me again, I --

MH: Thank you. Is there anything I haven't covered that you think --

MB: I don't think so. Obviously my position is, and I'm grateful for you saying so upfront, it's slightly different in that I came to this at a stage in its evolution. And my fundamental objective around all of this is really to make sure that going forward we take on board the reactions of the audit process, that the procurement process is revised significantly going forward and in particular those in the planning team have a different approach to this. And as I say, we've got some new leadership in all of those areas, which is helpful. Just allows that fresh broom to be put through all of this -- that's my absolute intent.

But I don't want you to think in any way that I'm not happy to come and have another chat with you if you want me to.

MH: No, thank you. Thank you. Thank you.

MB: If there's other things that you think -- I know the phase of these things is such that a few people --

MH: It's rather -- especially when I'm doing it on my own.

MB: Yeah, of course. No, I understand that.

MH: I'm setting my own programme and reading the stuff myself and everything. So it's quite a lot. I mean -- I do feel, having got this far, is that it is the Mayor's prerogative to sort of think up, you know, the grand project for the capital. And if he'd done this as -- just as a little grand project. I mean, I always say I think I'd take my grandchildren to see the Garden Bridge --

MB: Yes. Yes.

MH: -- were it there. As a destination. But he just set about it in completely the wrong way.

MB: Well, yes and TfL as the biggest instrument that the Mayor has at his disposal if you like is therefore often party to such things.

MH: And it's a delivery. It's a delivery.

MB: It's a delivery organisation. That's the point.

MH: But you can do it in better ways. I do think it rather -- I don't know whether you're looking at is one -- is an issue that's raised. It's just the de Cani/Dedring, going off and working for Arup. And in central government, you would have quite clear, you know, revolving door provisions in -- I'm sure you had in your contract, which don't exist.

MB: Yeah, sure.

MH: And I can't quite work out why they don't exist, why they can just jump ship and go in.

MB: Yeah. I mean, I think the challenge is that -- I mean, I can't speak for Isabel Dedring because she was a mayoral appointment. But no, the normal process would be for someone like Richard de Cani. I mean, he's someone who needs to work. So there's no provision for me paying him for a period of time after he leaves so, you know --

MH: But that's just part of the deal.

MB: Well, I guess. I guess. It's --

MH: I mean, if you're working for a private sector company, you've got to have a period of probably a year or two years in some --

MB: Yeah. No, I understand. I've got friends obviously who've had that experience so, you know --

MH: You just, that's it. That's part of the deal. If you're a Minister -- actually I always argue in central government it's not low enough and strong enough -- to pick up people to stop them. The revolving door does seem to me, you know --

MB: Yeah.

MH: And there's no impunity on the -- I'm not impugning anything on the individuals.

MB: No.

MH: I think we've got everything, haven't we?

MB: Yeah, but talk to me again if you need to anytime, Margaret, seriously.

MH: Thank you very much indeed.

