

GREATER **LONDON** AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1647

Title: Garden Bridge Guarantees

Executive Summary:

A new footbridge (the "Garden Bridge") is being developed for central London by the Garden Bridge Trust ("the Trust"). It will connect Temple with the South Bank, provide a new pedestrian crossing of the Thames in central London and result in a major new public space. The Mayor is supporting this proposal on the basis it will help deliver his objectives for transport, the environment and social and economic development.

Under the terms of Mayoral Decision MD1472 dated 4 June 2015 the Mayor approved the provision by the GLA of guarantees to the Port of London Authority ("PLA"), Westminster City Council ("Westminster") and London Borough of Lambeth ("Lambeth"), and delegated to the Executive Director of Resources the authority to agree the terms and conditions of the guarantees and the related agreements, and to authorise the execution of the guarantees and any related documentation.

The Mayor's approval under MD1472 was subject (amongst other things) to the Trust demonstrating to the Mayor's satisfaction that it has secured a satisfactory level of funding to operate and maintain the Garden Bridge for at least five years from its completion. This paper amends that requirement in the context of the planning permission for the Garden Bridge that has been granted and the obligations sets out in the draft Section 106 Agreements with Lambeth and Westminster.

Decision:

That, to bring it in line with Lambeth and Westminster's draft section 106 agreements, the Mayor amends the approval given under MD1472 such that his approval being subject to "the Trust demonstrating to the Mayor's satisfaction that it has secured a satisfactory level of funding to operate and maintain the Garden Bridge for at least the first five years from its completion" is changed to "the Trust demonstrating to the Mayor's satisfaction that it has a satisfactory funding strategy in place to operate and maintain the Garden Bridge for at least the first five years from its completion".

All other parts of the approval given in MD1472 remain unchanged.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date: 22.4.16

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1 Introduction and background

- 1.1 Under MD1472 dated 4 June 2015 the Mayor approved (amongst other things) the GLA's provision of a guarantee to the PLA in respect of the obligations on the Trust as a result of the river works licence; and approved the GLA's provision of guarantees to Westminster and Lambeth in respect of the ongoing maintenance of the Garden Bridge.
- 1.2 These approvals are subject to:
- (i) agreement as to the terms of the guarantees (to be agreed by the Executive Director of Resources under this Director Decision),
 - (ii) appropriate arrangements being in place between the GLA and the Trust giving the GLA appropriate rights in the event such guarantees are called upon, and
 - (iii) the Trust demonstrating to the Mayor's satisfaction that it has secured a satisfactory level of funding to operate and maintain the Garden Bridge for at least the first five years from its completion.
- 1.3 In the interests of achieving consistency with the requirements to be placed on the Trust by both Westminster and Lambeth it is proposed that the requirement under paragraph 1.2(iii) above (approved in MD1472) is changed to "the Trust demonstrating to the Mayor's satisfaction that it has a satisfactory funding strategy in place to operate and maintain the Garden Bridge for at least the first five years from its completion".
- 1.4 Both Westminster and Lambeth will impose requirements in their respective s.106 agreements on the Trust to prepare and submit for approval an Operations and Maintenance Business Plan ("OMBP"), which will include its funding strategy for the first five years of operation. It is proposed that this document could sensibly provide the evidence on which the Mayor satisfies himself as to the satisfactory nature of the Trust's funding strategy for the first five years of operation.
- 1.5 The Trust has a business plan for funding the operations and maintenance of the bridge that draws on a variety of income generating opportunities that are set out in the OMBP (currently in draft form). This document has been subject to extensive consultation with both local authorities and will be subject to their approval before construction commences.
- 1.6 The OMBP is constructed on a number of key themes including
- (i) A diverse set of proven income opportunities, whilst maintaining the Trust's community and educational objectives;
 - (ii) A manageable cost structure, with a contingency fund built into the forecasts;
 - (iii) A conservative approach, where assumptions have been market tested with existing contractors, potential partners and stakeholders; and
 - (iv) Low execution risk, with the Trust taking a collaborative approach, working with existing operators in the area and utilising the skills, knowledge and experience of a diverse range of stakeholders and Trustees.
- 1.7 The Trust's projections for income and costs set out in the OMBP have been benchmarked against comparable organisations

- 1.8 It is not realistic to expect the Trust to have secured the income required for the first five years of maintenance from such sources prior to construction of the bridge itself having commenced. A more practical approach, which aligns the position with that of the local planning authorities, is to ensure there is a clear and satisfactory plan in place for the operations and maintenance before construction commences and for the authorities to be required to approve the plan.

2 Objectives and expected outcomes

- 2.1 The strategic objective is:

“To provide an iconic new pedestrian garden bridge across the River Thames, linking Temple Underground station to the South Bank, with construction and maintenance funded by third parties.”

- 2.2 A number of other objectives have been identified as follows:

- To improve the walking links between Temple station and the South Bank, and between Waterloo station and the Temple/Fleet Street area;
- To provide a new garden and amenity space over the River Thames, accessible to the general public;
- To encourage greater interaction between the visitor economy on either side of the Thames in this area; and
- To encourage new visitor trips to this part of central London.

- 2.3 The objectives behind the agreement by the GLA to provided guarantees of certain of the Trust’s obligations are (i) to ensure that the project proceeds (as these have been required by the PLA, Westminster and Lambeth); and (ii) in the unlikely event that the Trust is unable to maintain and operate the Garden Bridge in accordance with its obligations under the planning consents or its river works licence the GLA will be able to ensure that the Garden Bridge remains opens and available to the public.

3 Equality comments

- 3.1 Under section 149 of the Equality Act 2010, as public authorities, the Mayor must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. In addition, the Mayor has a duty to have due regard to the principle that there should be equality of opportunity for all people.
- 3.2 The footbridge will be accessible to pedestrians with restricted mobility, including ramps and/or lifts to allow access at each end for pedestrians in wheelchairs, with pushchairs, and with difficulty using steps. Currently the adjacent bridges (Waterloo and Blackfriars) are not directly accessible from the South Bank without the use of steps or a lengthy diversion to the nearest step-free route. As well as providing a step-free route across the river for pedestrians, the bridge will provide a new garden in the centre of London, a new amenity space for both residents and visitors, and will better link the communities on the South Bank with the rest of central London. There will be no charge to access the bridge, allowing its enjoyment by all Londoners.

- 3.3 The Garden Bridge is designed for pedestrians and it is not possible to integrate facilities for cycling in the design, given the number of pedestrians expected to use the bridge and its function as a garden. As part of the broader cycling work across London and the delivery of the Mayor's Cycling Vision, initiatives are being developed to improve facilities for cycling in the area, including on the neighbouring Blackfriars Bridge through the North-South Cycle Superhighway. This will provide a safe, convenient segregated route over the Thames at the adjacent bridge for cyclists where the potential conflict with pedestrians is less. Waterloo Bridge, Blackfriars Road and Upper Ground are identified as routes signed or marked for use by cyclists.
- 3.4 To support the planning application for the Garden Bridge a full Environmental Assessment was carried out supported by an Equalities Impact Assessment and Health Impact Assessment. The Environmental Statement highlights some temporary and permanent significant adverse effects on the environment, although these need to be balanced against the significant beneficial effects. Adverse effects include a temporary impact on the ITV studios as a result of construction works and a permanent impact on some London's views (although this should be balanced against the creation of new views and viewing points from the Garden Bridge). The HIA and the EqIA concluded that there are no significant impacts that cannot be satisfactorily mitigated.

4 Other considerations

Links to strategies and Mayoral and corporate priorities

- 4.1 The bridge furthers Proposal 60 of the Mayor's Transport Strategy (MTS) by improving the walking experience, enhancing the urban realm and ensuring safe, comfortable and attractive walking conditions.
- 4.2 It will contribute towards the Mayoral objectives and policies set out in the London Plan. Policy 2.10 of the London Plan states that the Mayor will improve infrastructure for walking within the Central Activities Zone. It will provide additional capacity for pedestrians and encourage walking by ensuring an improved public realm, which is supported by Policy 6.1 of the London Plan. The cultural, environmental and urban realm benefits are supported by Policies 2.18 (Green Infrastructure), 4.6 (Support for Arts, Culture, Sport and Entertainment Provision), and 7.18 (Protecting Local Open Space).

Consultation

- 4.3 Public consultation on the Garden Bridge was held from 1 November 2013 to 20 December 2013. The Consultation Report detailing the key issues from the consultation can be found on the Garden Bridge Trust's website at <https://www.gardenbridge.london/files/Garden%20Bridge%20Consultation%20Report%20V1%203.pdf>. The report also explains how these issues were considered in developing the design of the scheme.
- 4.4 Garden Bridge Trust has continued to carry out consultation exercises through the course of 2014-15 on detailed elements of the bridge's design, to support the discharge of planning conditions by Westminster and Lambeth.
- 4.5 Further consultation is not considered necessary or appropriate prior to this decision.

Risk

- 4.6 There is a risk that the Garden Bridge Trust is unable to meet its obligations to the PLA, Westminster or Lambeth and the GLA is required to meet the obligations set out in one or more of the guarantees. The Garden Bridge Trust is taking steps to limit and manage its own risks, which in turn will limit the likelihood of any of the guarantees being called:

- (i) The bridge structure has been designed and specified for a 120 year life in accordance with current design codes, without the need for unplanned maintenance and with maintenance implications being a critical criterion for design and specification decisions.
- (ii) The Trust has raised sufficient funds to be confident of meeting its financial obligations under the construction contract.
- (iii) The construction contract has been placed with major international contractors (Bouygues and Cimolai acting in joint venture) who are contractually obliged to provide a bond and parent company guarantee or equivalent to offer a margin of protection against insolvency or other grounds for non-performance.
- (iv) The contract has been placed on a design and build basis, with the contractor carrying the performance, cost and defects liability risk.
- (v) The warranty for certain critical elements (the steel soil deck; the copper-nickel bonded plate soffit; and the copper-nickel pier permanent framework) extends beyond the normal 12-year period for contracts executed under seal to 20 years.
- (vi) Routine maintenance in the short/medium term, and the more intensive maintenance that will be required as the bridge ages beyond the warranty period is factored into the Trust's annual budget of £3m pa for whole life operating cost.
- (vii) The bridge will be covered against accidental loss or damage by an Owner Controlled Insurance Policy with £350 million cover for each and every incident throughout its construction.
- (viii) Construction of the bridge cannot commence until the Operations and Maintenance Business Plan has been approved by the local planning authorities.

4.7 The amendment requested by this Decision will align the position with that of the local planning authorities, which is a lower requirement than was originally set out by the Mayor in MD1472. This increases the risk that the guarantees will be called upon during the first five years after the bridge is completed. This risk will be mitigated through continued review of the Garden Bridge Trust's operational and funding strategies throughout the construction process, under the terms of the GLA's and TfL's agreements with the Trust.

5 Financial comments

- 5.1 For the Garden Bridge to proceed, the GLA needs to provide guarantees to the PLA, Westminster and Lambeth, given the conditions imposed by those bodies. The guarantees do not necessarily mean that there will be any further call on the public purse but they do create a contingent liability, i.e. a potential obligation that may be incurred depending on the outcome of a future event.
- 5.2 If any of the guarantees are called upon, obligations relating to the establishment, upkeep, maintenance and operation of the gardens and public spaces in the guarantees will be the responsibility of the GLA. Accordingly, the GLA could be exposed to the costs of meeting those obligations. All other obligations under the guarantees would be TfL's responsibility to fulfil and fund, in accordance with the Delegation and Direction approved by MD1472. In the event that any of the guarantees were called upon, the GLA would have the ability to take certain steps, e.g. to exercise its options to take overriding leases in respect of the Garden Bridge. Appropriate authority for such steps would be sought at the time.
- 5.3 The gross annual operating and maintenance costs for the bridge are estimated to be in the region of £3m, although costs could be expected to be lower than this initially and to increase with the age of the structure. These costs will be the responsibility of the Trust to meet.

6 Legal comments

- 6.1 The delivery of the Garden Bridge falls within the GLA's s.30(2) principal purposes (promoting in Greater London economic development and wealth creation, social development and the environment) under the GLA Act. Providing the guarantees and related documentation referred to in this paper and MD1472, falls within the GLA's general powers under s.30(1) – *"The Authority shall have power to do anything which it considers will further any one or more of its principal purposes"*.
- 6.2 The guarantees and the related documentation have been structured in such a way as to protect the GLA's interests.

7 Investment & Performance Board

- 7.1 This decision falls outside the terms of reference of the Investment & Performance Board.

8 Planned delivery approach and next steps

- 8.1 The Garden Bridge Trust is responsible for delivering the Garden Bridge. It awarded the contract for the construction of the Garden Bridge on 9 February 2016. The timescale for next steps with the Garden Bridge are as follows:
- Acquisition of land interests and Section 106 agreements completed – May - July 2016
 - Commence construction – July - September 2016
 - All bridge sections installed and landscaping commences – Summer 2018
 - Project completion and bridge opens to the public – late 2018

Appendices and supporting papers: none

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Tom Middleton has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

Tom Middleton has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

Martin Clarke has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Sir Edward Lister has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

M. D. Allce

Date

15.4.16

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Edward Lister

Date

15.04.2016

