

LONDON ASSEMBLY

Len Duval AM, Chair of the GLA Oversight Committee

London Assembly
City Hall
The Queen's Walk
London
SE1 2AA

Mike Brown MVO

Commissioner
Transport for London
Palestra
Blackfriars Road
London SE1 8NJ
(sent by email)

13 March 2020

Dear Mike,

Transport for London response to the Garden Bridge Working Group report

Thank you for your response to the London Assembly Garden Bridge Working Group's report on the Garden Bridge project. I note all the responses and the following are those where I feel strongly the need to highlight the continued concerns of the Working Group.

In general, we are disappointed to see Pathway held up as the solution to the majority of issues identified in the London Assembly's review of the Garden Bridge project. As you have highlighted yourself, Pathway had already been adopted by TfL before the Garden Bridge project. As a result, we remain concerned that you have not put adequate changes in place to prevent a similar loss of public funds.

Your response stated that:

"this particular project was delivered outside of that investment programme by an independent charity and with our role established by a series of Mayoral Directions."

The findings of our Garden Bridge report make it very clear that we see TfL had full sight of the situation and was fully aware that the required conditions for the release of funds had not been met.

We find the multiple references to Pathway, a system that was not even used with the Garden Bridge project, as insufficient to alleviate our concerns. I repeat my assertion from the report that it is clear that the public must have full confidence that TfL is carrying out its financial responsibilities in the right way – and this includes oversight of third-party stakeholders to whom public money is used to deliver infrastructure projects.

LONDON ASSEMBLY

Len Duval AM, Chair of the GLA Oversight Committee

We remain unconvinced with your assurance that it is “highly unlikely that we would enter into the same governance arrangements for a major project in the future” really cover the full range of our concerns which we highlighted in the following recommendations.

Recommendation 1

By December 2019, TfL to update its procurement processes to include an overarching procurement strategy for each relevant stage of delivery for all significant infrastructure projects (that is, those valued over £50 million).

Your response stated that:

“Since 2013, we have used a single integrated and consistent project delivery methodology framework, called Pathway.”

The Working Group remains concerned that despite the existence of Pathway, mistakes still occurred that led to the failure of the Garden Bridge project and cost taxpayers £43 million without a single brick being laid. We are yet to be convinced that TfL has made adequate changes to its procurement processes to prevent a recurrence of this issue. We would like to request further explanation in order for the Working Group to understand how Pathway will prevent a repeat of this situation, when it did not prevent the waste of public money for the Garden Bridge project?

Recommendation 2

By December 2019, TfL should update project delivery processes to ensure it signs off on key delivery stages for significant infrastructure projects.

Your response stated that:

“As stated above, our delivery methodology framework, Pathway, is designed to support the assured delivery of our Investment Programme.”

Again, this reference to Pathway seems misplaced. We see no evidence that anything has changed that would prevent a recurrence. Again, I ask if you can help the Working Group to understand how Pathway will ensure a clear assessment of delivery when it did not facilitate it in this case?

Recommendation 4

For infrastructure projects valued at £50 million or greater that are being delivered by third-party stakeholders, TfL should include contractual conditions for TfL oversight and authorisation to better manage risk associated with delivery. It is recommended that procurement and project governance framework updates are implemented by December 2019.

Your response stated that:

“Currently Pathway states that if a project is being delivered by a third party, they are able to use an alternative industry-recognised project management methodology. However, our Sponsorship team will be examining third party schemes and our governance of them in 2020 to see if there are any changes we can make.”

The Garden Bridge project highlighted the problems that a lack of effective oversight and authorisation will allow. Clearly the existence of Pathway did nothing to prevent the issue occurring initially and TfL’s reluctance to change any of its processes means that the risk remains. The Working Group would like to see tangible evidence of how TfL processes have changed to prevent a similar loss of public money. Your reference to an intention to examine the governance of third-party schemes in 2020, could be seen as a worryingly slow response to an event that occurred four years ago.

Recommendation 5

By December 2019, the London Assembly’s capacity to scrutinise third-party stakeholders contracted by the GLA and its functional bodies must be significantly improved. This involves:

- TfL reviewing and reporting back to the GLA Oversight Committee regarding current policies and/or accountability mechanisms for scrutiny of third-party stakeholders who are involved in the delivery of significant infrastructure projects
- the GLA lobbying the Ministry for Housing, Communities and Local Government to amend the *Greater London Authority Act 2007*, to enact an extension of the London Assembly’s powers of summons to include third-party stakeholders.

Your response stated that:

“...we already have clear accountability measures built into our project management processes such as Pathway.”

The Working Group remains concerned with the policies and accountability mechanisms for scrutiny of the third-party stakeholders involved in the delivery of significant infrastructure projects. Once again we would like to highlight that the Garden Bridge project failed despite Pathway having previously been adopted at TfL.

Recommendation 6

Where there is a change in contractual conditions, and subsequent transfer of risk, for significant infrastructure projects valued £50 million or greater, TfL should:

- implement mechanisms for mitigating risk when amending criteria
- consider other provisions that will offset increased short-term risk to minimise exposure to risk in the long-term.

LONDON ASSEMBLY

Len Duval AM, Chair of the GLA Oversight Committee

It is recommended that project governance framework updates are implemented by December 2019.

Your response stated that:

"...we had a number of mechanisms in place to mitigate our financial risk at various stages of the Garden Bridge Trust Board meetings and had regular high level meetings with the leadership of the Trust to keep track of progress."

Despite the 'number of mechanisms in place', a significant amount of public money was lost on this project. This would appear to the Working Group as evidence that these controls were insufficient and need revision. We ask that you provide further information to the Working Group to explain how the mechanisms you have in place to mitigate financial risk would prevent a recurrence of a Garden Bridge type situation.

Recommendation 10

For all future infrastructure projects that will use a hybrid governance model (that is, involving a charity and TfL or another functional body of the GLA), the Charity Commission must be engaged early in the planning and development stage. This involves:

- formal consultation with the Charity Commission during the development of the strategic business plan
- the Charity Commission developing and issuing formal guidance regarding hybrid governance models and monitoring accordingly, within the scope of its regulatory compliance functions.

Your response stated that:

"...it is clear that lessons can be learned for future projects. For example, should we enter into a similar governance arrangement in the future, we would encourage any third sector body involved in the delivery of a major project to engage with the Charity Commission at an early stage and for this to continue throughout the project."

The Working Group is not confident that those lessons that can be learned have been taken on and implemented and ask you to kindly provide tangible examples of how you have applied the lessons of this project.

As I hope that we have made clear in this response, we struggle to accept your references to Pathway as the solution to the weaknesses that led to this loss of public money. Pathway predated this project, was not actually used on this project and would not necessarily be used for a similar project in the future. The lack of any tangible response to the recommendations in our report leaves the Working Group with serious concerns that a similar situation could recur.

LONDON ASSEMBLY

Len Duval AM, Chair of the GLA Oversight Committee

We are asking for a response to this letter as soon as possible. When providing your response please copy in the Working Group's Policy Adviser, Rachael Aldridge (rachael.aldridge@london.gov.uk).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Len Duval', is centered below the text 'Yours sincerely,'.

Len Duval AM

Chair of the GLA Oversight Committee

If you have any questions, please do not hesitate to contact the Garden Bridge Working Group's Committee Officer, Lauren Harvey, on 020 7983 4383 – lauren.harvey@london.gov.uk