

MAYOR OF LONDON

Lord Davies of Abersoch CBE

Chair
Garden Bridge Trust
Somerset House
Strand
London WC2R 1LA

Date: 28 APR 2017

Dear Lord Davies,

Response to Dame Margaret Hodge's review into the Garden Bridge

Following receipt of Dame Margaret's review, I said I would take some time to reflect on her findings and the status of the project. I have also seen your reply to Dame Margaret and been briefed on the meeting you held with my officials and other project partners on 20 April.

With planning permission due to expire in December 2017, an aggressive schedule of activities would be required for the bridge to be delivered. Three significant hurdles are outstanding:

- i. Reaching all necessary land agreements;
- ii. The necessary capital funds being raised;
- iii. Guarantees to underwrite operational and maintenance costs being in place.

I will deal with each issue in turn.

Land agreements

On the North bank, Transport for London (TfL) stands ready to work with the Trust and Westminster City Council to finalise and execute the necessary agreements at Temple Station. This requires significant expenditure by the Trust, including TfL's legal fees.

On the South bank, despite three years of negotiation, agreement has still to be reached with Coin Street Community Builders. My officers have hosted negotiations between yourselves, Lambeth Council and Coin Street on three separate occasions and I know that discussions have continued. In addition, there are still matters to be resolved between Coin Street and Lambeth Council, with the potential to require further formal decision making from Lambeth that could imperil your project timetable.

Clearly without agreement with Coin Street and Lambeth Council the project cannot proceed and it is concerning that a huge amount of effort and expenditure has been expended on other aspects of the project when there is a real possibility that agreement will not be reached before the expiry of planning permission, or at all.

MAYOR OF LONDON

Capital fundraising

Dame Margaret's review concluded that the project has had an increasing reliance on public funds over time. As you know, I have been clear both before and since my election, that I would not allow additional taxpayers' funds that I control to be spent on this project.

In the three years since the inception of the Trust, you have secured pledges of just under half of the funds required from sources other than the public sector. The total pledged now stands at £69m compared to £85m in spring 2015, illustrating both the remaining significant gap (over £70 million) and also the risk of further existing pledges being lost, notwithstanding your efforts to mitigate this.

I note Dame Margaret's opinion that "the Trust will not succeed in raising all the private capital monies required and will need more public money to complete the construction", and also that the Trust disagrees with this.

My view is that the confirmed pledges figure demonstrates a lack of progress over two years. Whilst I note your comment about not being able to "approach funders when we are coping with the uncertainties caused by third party delays", there will always be challenges and third party issues on a project of this nature. Pledged funds being lower than two years ago strongly suggests that support for the project is not robust enough to generate the required funds. And of course a pledge is not the same thing as a payment into your account.

Your most recent accounts, signed in December 2016 following the Trust's decision to delay the end of its financial year, demonstrated material uncertainty as to whether the Trust can properly regard itself as a going concern. This reflects the challenging status of the project, and the levels of public opposition to it. These factors must reasonably be expected to deter some potential donors.

You have previously publically discussed how commencing construction would aid fundraising and that the Trust was prepared to start construction before all funds have been raised. This raises the issue of what would happen should the Trust subsequently prove unable to raise the necessary funds, either due to the concerns already expressed or for example an unexpected change in the economic climate.

While the Trust would be accepting liability for this situation, were the Trustees unable to personally meet this commitment (and noting that the membership of your board will change over time), then London would have a partially-built bridge which would either require completion or demolition. The costs of this would inevitably fall to the public sector and most likely the Greater London Authority (GLA) or TfL.

Accordingly, I have been advised that "the construction starting without the necessary funds being totally or nearly raised would create the risk of additional taxpayer funds (that [the Mayor] controls), being required to be spent on the project."

It is worth noting that the situation is not comparable with the Tate Modern extension, as has been suggested by a Trust spokesperson. The Tate decided to proceed and secure loans when they had sufficient pledged but not yet received donations, significant reserves and resources and a Parliamentary Minute setting out Government support, recorded as an Unquantifiable Contingent Liability in DCMS's accounts. None of these apply to the Garden Bridge.

MAYOR OF LONDON

Operational and maintenance funding guarantees

I note that the Trust has decided to fundamentally re-visit your Operations and Maintenance Business Plan, though I do not understand why it took so long for this to happen following the significant public criticism it received.

I have been clear on the importance of the Plan being properly assessed before consideration can be given to whether I could give guarantees for the bridge's operations and maintenance. As I have previously advised, this would include the review by a visitor attraction expert being commissioned by Lambeth Council, and an analysis of the Trust's ability to establish an endowment fund of the required size.

The Lambeth review is not expected to be complete until sometime in June and the Trust has advised previously that changes to the Plan may follow from this. While some limited progress has been made on an endowment fund, it is clear that this is a lower priority for the Trust than capital fundraising. The lack of progress on capital fundraising does, inevitably, give rise to concerns as to the Trust's ability to raise the necessary funds to operate and maintain the Bridge. As Dame Margaret noted, it is not clear why anyone would wish to contribute to an endowment fund after I, as Mayor, had committed the public sector to guarantee the ongoing operation and maintenance costs of the Garden Bridge.

A robust Plan is essential, both to avoid future costs to the taxpayer and to ensure the funds are available to repay the £20m of the £30m TfL funding that is a long-term loan. If the TfL loan is not repaid, then the public sector contribution to the project would be £60m in addition to the risk of the ongoing operation and maintenance guarantee being called upon, versus £46.4m of public funds lost if the project does not proceed.

Conclusion

I have been supportive of the Garden Bridge project, both for the benefits it could bring and because the taxpayer would be better off than if it was not built.

However, I have to set this against the project's current situation:

- Agreement still not having been reached between land interests on the south bank, with this delaying the necessary formal decision making
- Less than half of the required private sector funds having been pledged, never mind paid into your account
- Material uncertainty as to whether the Trust can properly regard itself as a going concern, which together with the levels of public opposition to the project, must reasonably be expected to deter some potential donors
- Consideration of your Operations and Maintenance Business Plan not being possible in the time required by your project schedule
- The significant risk of further judicial reviews, with the consequent delays and costs
- The endowment fund has not been established and agreeing the guarantees would remove the incentive for donors to contribute to it.

With planning permission expiring in December, it does not seem reasonable to me to believe that all these obstacles can be overcome.

MAYOR OF LONDON

The conclusion I have reached is that Dame Margaret was right to conclude that the project progressing would expose the London taxpayer to additional financial risk, both with regard to the bridge's construction and its maintenance.

I have been clear that this should not be allowed to happen. Accordingly, the GLA is unable to provide Mayoral guarantees for this project.

I regret that the significant expenditure of public funds and effort from both public bodies and the Garden Bridge Trust has not led to a situation where I can provide the guarantees requested.

I am copying this letter to the Secretary of State at the Department for Transport, the leaders of the London Borough of Lambeth and Westminster City Council, the Chief Executive of the Port of London Authority, the Chair of Coin Street Community Builders and the Commissioner of Transport for London. I shall also be making it publicly available.

Yours sincerely,



Sadiq Khan
Mayor of London

The Mayor of London
City Hall
The Queen's Walk
London
SE1 2AA

8th May 2017

Dear Mayor Khan,

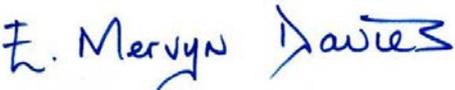
I acknowledge receipt of your letter dated 28 April.

Needless to say, both the reasons given for your decision and the manner and timing of its communication to us need a full response, and will receive one.

You will understand, however, that we need to consult and communicate not just with all of the Trustees, but also with the wide range of stakeholders including many who have been supportive of both the project and the Trust over the three and a half years it has been endeavouring to deliver this landmark for London.

There are a number of meetings organised in this coming week, and I anticipate being able to respond in full to your letter in due course.

Yours sincerely



Lord Davies of Abersoch Chair
Garden Bridge Trust

The Mayor of London
City Hall
The Queen's Walk
London
SE1 2AA

26th May 2017

Dear Mayor Khan,

As you know, the Garden Bridge Trust is in discussion with a philanthropic foundation about underwriting future operational costs, effectively stepping in to provide the guarantee which you notified us in your letter dated 28 April would not be forthcoming from the GLA. This provides an exciting opportunity that would enable us to complete this fantastic project; maximising the value of public sector funding already spent and delivering all the associated benefits locally, to London and to the UK.

I believe you are meeting representatives of the foundation next Tuesday, and the purpose of this letter is to make two points.

Firstly, that the substantive reply to your 28 April letter which I referred to in my acknowledgment dated 17th May 2017 is on hold pending that meeting, and will obviously be influenced by the outcome of those discussions.

Secondly, though the Trustees are clearly aware (and have always been frank) about risks that extend beyond the provision of the operational guarantee, I want to assure you that they remain confident of being able to manage their way through those risks, particularly as the stakeholders who were represented at the meeting with your Chief of Staff on 20th April confirmed they were committed to working to the programme necessary to implement the planning permissions in December of this year. This is made even more achievable if the political will is there.

I believe the attitude of Trustees and that of the potential benefactors are entirely aligned: we cannot build a new landmark for the capital if the Mayor of London is not wholeheartedly and vocally supportive of the venture. Given that support, though, we know other funders are keen to work with us – there is a strong pipeline of donors ready to commit once the guarantee issue is resolved – and believe others will be attracted by the reputation and ability to support delivery, that the philanthropic foundation would bring. Likewise, for the action required of third parties who, with your support and resolution of the guarantee issue, have been clear that the timescales can be met.

I am also confident that the overwhelming support that I am convinced the project has from the public, businesses, private donors and delivery partners – and which we have seen in letters, emails and even individual donations since 28th April – will be more clearly articulated if it is seen to have political and other high profile support, and that the tide of published opinion will turn in its favour.

I sincerely hope, therefore, that you will welcome this opportunity and that the outcome of next Tuesday's meeting will be your confirmation, both to the Trustees and to the potential benefactor, that the project does indeed have your wholehearted support, and that we can rely on that support in proceeding to address the remaining challenges. With this we will commit to deliver this unique place, which will send a message to the world that London and the UK still lead the way in creativity, ambition and innovation. And of course, that London is open.

Yours sincerely



Lord Davies of Abersoch
Chairman of the Garden Bridge Trust



The Mayor of London
City Hall
The Queen's Walk
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SE1 2AA

21 JUN 17

19th June 2017

Dear Mayor Khan,

As you know, since receiving your letter notifying us of your decision that the GLA will not provide the guarantee previously agreed by your predecessor as Mayor, we have been investigating the possibility of finding an alternative guarantor to underwrite operational costs in a form satisfactory to the respective Planning Authorities and the Port of London Authority. We felt that we had to do this, notwithstanding the potentially fatal impact of that decision, both because of the amount already invested in the project and because we continue to believe that it will be a real asset to London.

As you also know, I'm sure, a philanthropic foundation of appropriate standing, having expressed interest in providing both the guarantee and additional funding, decided not to proceed after speaking with you. We have, however, a proposal for an alternative guarantor, which we believe will be acceptable to all parties. Clearly, however, the Trustees cannot build such a high-profile project in the City, intended wholly for the public good, if it does not have the whole-hearted support of you as our Mayor.

I'm therefore writing to ask you whether, if we do find an alternative guarantor of appropriate standing, the project will enjoy your support, including using your influence to encourage the various public sector bodies to re-commit to use every endeavour to work to a timetable which enables the project to make a substantive start on site later this year, as they did at the meeting with your Chief of Staff in April. From our point of view, we believe that we are able to do that, but it does include actions that are beyond our control; and hearing the Mayor's support is also critical to the interest of existing and potential donors in advancing funds.

Obviously, I understand that the appalling events at the Grenfell Tower last week, must be a priority for you, along with the attack of only last night, but I would very much appreciate it if we could know by the end of this week whether your support will, in principle, be forthcoming. To that end I am, as I always have been, ready to meet you at any time.

Yours sincerely

F. Mervyn Davies

Lord Davies of Abersoch
Chairman of the Garden Bridge Trust

MAYOR OF LONDON

Lord Davies of Abersoch CBE

Chair
Garden Bridge Trust
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Our ref: MGLA270617-7958

Date: 13 JUL 2017

Dear Lord Davies,

Thank you for your recent letter. I am sorry that I have not been able to reply within the timeframe you requested, but as you mentioned in your first letter I have had to focus my time on the consequences of the terrible events at Grenfell Tower and Finsbury Park.

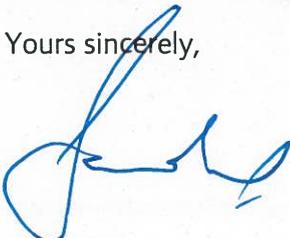
I have been supportive of the Garden Bridge project both for the benefits it could bring and because the taxpayer would be better off with it completed than if it was not built. Equally, I have been clear that I will not agree to spending any more of London taxpayers' money that I am responsible for on the Garden Bridge project, and that the provision of guarantees for the operating and maintenance costs of the bridge would place an unacceptable financial risk on the GLA.

I remain committed to that consistent position. Clearly, for the Trust to continue with the project, you would need to secure financial support and structure your arrangements so that there is no risk of additional financial support being required from the GLA Group in any circumstances at any time in the future. This includes your proposed guarantor being to the satisfaction of the local authorities and the Port of London Authority.

As you are aware, my officials have devoted significant time over the last year to supporting the Trust in attempting to obtain the necessary agreement with Coin Street Community Builders (CSCB), and their related agreement with Lambeth Council. This follows from the, doubtless considerable, efforts made under the previous Mayor.

CSCB, Lambeth Council and Westminster City Council are sovereign bodies with their own democratic mandates from local residents. I am satisfied that they understand my position and are able to work directly with the Trust without assistance from my officials.

Yours sincerely,



Sadiq Khan
Mayor of London