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As part of this process, and following our own review of the transcripts, the GLA identified errors in the transcription of the audio recordings of the interviews. These included

- typographical errors;
- comments being attributed to the wrong person;
- text being omitted in the transcription; and
- instances where the transcriber completely misunderstood what was being said, and writing something wholly incorrect.

Where the GLA has identified genuine errors in the transcription when compared to the audio recording, we have made corrections to these transcripts using “tracked-changes”.

In each case, the corrected text is shown in the margins of the page and is accompanied by a brief explanation for that correction.

The GLA has taken this approach to ensure both the corrections and original text are available, and so we can balance our legal obligations under the EIR with our duty to help ensure accurate information is released in respect of the individuals interviewed as part of the Garden Bridge Review.

In some case, the parties interviewed have asked the GLA to include certain comments regarding their comments to help provide some clarification about what they were intending to convey. Again, these are clearly marked on the transcripts.

Please note however, the transcript may, despite our best endeavours, contain errors due the transcription process itself.

**Garden Bridge Review
Meeting Transcript**

Event: GLA – MH/ TfL Audit

Date: 25 January 2017

Present: Dame Margaret Hodge MP
Clive Walker
Claire Hamilton

CLIVE WALKER (CW):

It is for your personal use and not anything else, really?

Commented [GLA FoI1]: Clive Walker has asked us to clarify:
'For context, I had been asked if I was comfortable with the meeting being recorded'

DAME MARGARET HODGE (MH):

Well, it's for the purpose of our protection. So if I say something and you say, "Oh, she never said that", we have a record somewhere around because it's an informal way that I'm -- in which I'm conducting it. I'm looking actually for the bits ... so just talk me -- and whilst I carry on looking here, talk me through ... I tell you one of the things I find quite interesting, TfL have quite extensive delegation powers to the Commissioner for quite a lot of money, up to £25 million as far as I can see they can do it.

So you then think, "What are the checks on this delegation?" and there are processes. So you've got a commercial section that looks at the way in which they do tendering and you've got some other section we've heard about that also has some bit of a check, internal. But you are obviously pretty key as a check with a delegation which seems to me, oddly, even with my central government hat on, quite a generous delegation.

Can you just reflect a little bit back on that and whether you think the checks you have as internal audit are sufficient given the delegation of powers and the absolute nature sometimes of the authority because of the nature of the post? So it's not a, you know, they're bad, wicked people. The nature of the post gives them the mandate they have from the Londoners. Do you sometimes worry about this and reflecting on it a little bit?

CW: Well, so, obviously, the role of audit isn't to, you know, check every major procurement but we put together a plan each year which tries to focus in on the highest risk areas and that would typically pick up on some of the larger procurements that are going on in the organisation.

So we'd have an audit plan which would include looking at that and typically if we are talking about a procurement for the time being, we would normally try to look at that in real time as it progresses. So we do what we call a "real-time audit" where at key stages of the procurement process - so the invitation to tender is going out, the tender evaluation and so forth - we would seek to ensure the proper process had been gone through with all of that in order to, basically, be able to give live input into the audit and if things did start to go -- sorry, into the procurement and if things did start to go astray we could then provide input in order that it can be changed at the right time. So for what --

Commented [GLA FoI2]: This was corrected after the GLA identified an error in the transcription.

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MH: Bigger contracts meaning what? What do you mean?

CW: Well, it's not necessarily just about size of it. There's been a re-tender of the contract to run the Docklands Light Railway a year or so back, so that was one that we looked at. There was a big framework contract for property partners, organisations that

effectively will be on a framework for that property development work which everyone's getting into. So we looked at that one because it's high profile. So it's, it's often the ones that are big money but it can be something which is important, particularly important, to Tfl's business or very high profile you tend to look at.

(bell ringing)

Is that your division bell?

MH: Just tell me quickly because I've got to get your answer and I can come back. Just tell me who authorises your audit plan?

CW: The Audit and Assurance Committee do.

MH: And who are they?

CW: So they are a committee of the Tfl board.

MH: So they're all appointed by the mayor without any non-execs? There's not a non-exec?

CW: Well, they're all -- they're all effectively non-execs.

MH: Yes, but they're all appointed by the mayor?

CW: Yes, they are, ultimately. There was a proper process and Val Shawcross and so forth was involved in the interviewing of them this time around, but the ultimate say is had by the mayor.

MH: By the mayor?

CW: Yes.

MH: So there's nobody that would have a -- non-exec part?

CW: See, I see the board, the role of the board as being effectively to hold the mayor and the Tfl management to account. So I do see them as relatively independent, actually. They are to me the equivalent of a group of non-execs on a board.

MH: Okay. But this contract did go through them?

CW: Because of its size, yes.

MH: Because it's higher, the 8 million, the Arup contract?

CW: Yes.

MH: I'm really sorry about this. So we're talking about the general which I'm quite interested in which as to whether you think you're accountable to the board?

CW: Yes, through the Audit and Assurance Committee.

MH: Which you feel is sufficiently independent of the mayor?

CW: Well, what I think is it's a very similar governance arrangement to what you'd have in a FTSE 100 company actually where, you know, the director of internal audit would report directly to the audit committee and, you know, in my experience they do very definitely hold management to account so that they, you know, they review the papers that come to them and they challenge them quite hard and, you know, they stop them sometimes if they seem to disagree with and tell the people to go away and think again. So I think the governance in that respect works pretty well. You mentioned the specific delegation that the Commissioner has and there is a paper that goes -- and forgive me, I'm not totally sure what committee it is now because they're changing committee structures, obviously, with the new mayor - but it goes to one of the committees where there's a report of any instances where the Commissioner has exercised his delegated authority and I think there's a paper which just lists those so that at least the --

Commented [GLA FoI3]: This was corrected after the GLA identified an obvious error in the transcription.

Deleted: new committees

MH: But how big is that paper? It's probably full of loads of stuff, is it?

CW: It's actually not so big. It's more just a list. It's only for information for the board but at least they are made aware, therefore, of things that the Commissioner has done which I think is a good thing.

I think the other thing that you mentioned was the powers that the mayor has and that's, you know, obviously, that's flagged in a sense that there are things that the mayor is able to direct. And so from an audit standpoint, in those cases, I think we would just be looking to make sure that at least if, you know, where there were risks associated with a mayoral directive or whatever, that management had at least set out what the risks were and, you know, made that clear to the mayor so that he was making the decision in an informed way. But I think it is just a fact of life that the mayor has the right to make these directives and TfL does have to --

MH: Yes, but it doesn't mean that you don't have to account for public expenditure. It's one thing to say that you want to spend money on, you know, whatever it is, but you still have a job to audit and ensure that there's proper --

CW: That the TfL are doing it properly, yes.

MH: That the TfL are following proper process.

CW: Yes.

MH: Do you have any VFM -- do you have a VFM role?

CW: Not in a direct way. We're --

MH: Although you're audited together?

CW: It wasn't really -- no, the audit we did was actually about the process that was followed and, you know, whether the --

MH: But you only looked at it from the point of view of --, that was the whole thing about changing the conclusions, that you looked at only at VFM, you didn't look at -- I'm trying to find where it starts.

CW: No, it's actually the opposite. The audit was really about the processes that were followed and -- but we included a statement in it.

MH: This is the audit on -- the original audit on 22 July which was then -- the final audit was issued on 15 September.

CW: 15 September, yes. So, --

MH: Yes, but in your original audit you're not much of -- if I can find the words ... you will have the words. You were much more -- have you got the words? You'll have them. You must know them.

CW: Sorry, you mean what we said about value for money or --

MH: No, at the original audit when you were very -- and that got removed in later versions of the audit.

CW: Well, the issues that were in the first drafts of the report were basically the same issues that were at the end of it. There were some changes of tone and so forth.

MH: And conclusions?

CW: Well, -- sorry, I've got it here if it's --

MH: Go on.

CW: I'll just show you to get to what you're talking about.

MH: Is that the original one?

CW: So that was the original one and that was the -- the form of the conclusion in there where all it did, basically, was list out the specific points that were included elsewhere in the report. So ...

(15 seconds of silence)

Commented [GLA FoI4]: The GLA believe this has been incorrectly transcribed, but the audio recording is not clear because of background noise. We believe this should read, "...your audit was VFM?"

MH: Right, I think I had a -- just see if I can go into it ... it may be that you are right, that is ...

CW: So the point that has been made about value for money was that when we put this version of the report through the review process and shared it with management, Howard Carter in particular said -- , the conclusion paragraph was changed --

MH: Because?

CW: Because, actually, I just didn't -- well, there were two things. So when it went through the review process, Howard Carter in particular said, "Is it possible to say anything at all about value for money with this, because you're bound to be asked the question if you don't?" So we haven't really reviewed value for money. It wasn't really the theme of the audit.

So I put in what was actually a fairly non-committal statement which said, "Didn't find any evidence that would suggest that the final recommendations did not provide value for money". So a slightly negative bit of assurance which was about the strongest statement I felt I could make.

MH: Who's Howard Carter? He's the --

CLAIRE HAMILTON (CH): He's legal.

CW: So he's actually who I report to for pay and rations purposes.

MH: Okay.

CW: So, you know, I thought he was right because, obviously, this would be -- that we probably would be asked the question but I didn't feel, you know, we hadn't done the work to say any more than that. So I put in a fairly non-committal statement, basically, and I regret doing that just because it's taken on a bit of a life of its own. It's now the thing that everybody has honed in on and it was, you know, it was never really the point, if you like.

, the point was that we were reviewing the process. We did an audit, which identified a number of things which hadn't been done in line with, you know, with what you'd expect to see as far as TfL processes and so forth and good practices --

MH: But you'd never have done it, would you, if you hadn't had a complaint from one of the GLA members? You'd never have looked at it? It was as though --

CW: No, we wouldn't have done.

MH: Because it was too small.

CW: Yes, so as I said at the start, we'd normally, if we were auditing procurement, we would do them at the time they were happening and, actually, these ones would, you know, yes, I don't think anybody at the time had any inkling that they were going to be such high profile procurements.

So, you know, to be quite honest back in 2013 when it was happening I don't think they were even on our radar to look at and, yes, and then Caroline Pidgeon and the Oversight Committee started asking questions about it early in 2015 and in response to that the then Commissioner, Sir Peter Hendy, said, "Okay, well, I'll get our Internal Audit Department to have a look at it". So we were looking back on something that happened more than two years previously, which isn't normally the way that we would particularly work. But, you know --

MH: But this is, you see, it just seems to me you identified all sorts of things in the contract and, actually, so had commercial before -- , there's a note, an email from Paul Plummer and this is on the original Heatherwick contract where he says:

"I note your comments that the brief is based on daily rates not lump sum fixed, not fixed sums clarified. However, all three submissions clearly state fixed sums and I assume they have an expectation of the amount in the tender being invoiced. It should be noted that Heatherwick had not accepted the terms and conditions and whilst I accept this is a contractual matter this does need to be resolved prior to award given the main issues seem to relate to IP. The other major issue with Heatherwick's submission is their expectation that they are appointed as the lead designers throughout the whole process should the process be got beyond feasibility (and they did get quite a few millions of pounds out of this) which surely we cannot commit to. How were the commercial criteria clauses reached as given the range of daily rates submitted all three cannot have scored 15 per cent."

That is pretty critical stuff.

CW: Yes, but , that is part of I think what you would expect a process to be where you, you know, that the role if you like of the commercial team would be --

MH: What would you expect the people in charge of the procurement to do when they get that?

CW: Well, to consider the points that had been raised and --

MH: And ignore them?

CW: Well, no, they shouldn't ignore them and one of the points we made in our report and one of the recommendations was that -- and what I think -- so if the commercial team felt that their advice was being ignored, they should have escalated that up their chain to a suitable level and, you know, that's one of the recommendations that we made, that the escalation process didn't happen. So yes, they made some

observations and so forth and they weren't taken account of at the time but it never got escalated and so their advice wasn't taken.

MH: The reason I'm trying to move from the specific to the general, so if Caroline Pidgeon hadn't spotted this you wouldn't have gone in there?

CW: No.

MH: So one wonders is that rather relaxed attitude towards process which is, you know, the most generous interpretation of what happened here, an entrenched attitude in City Hall, and if not what gives me comfort to think it isn't?

CW: Well, it wasn't -- that wasn't City Hall.

MH: TfL.

CW: It was TfL.

MH: Apologies.

CW: Well, as I say I don't think it is entrenched because we do audits of procurements, as I've said, on this real-time basis and we don't see this thing --

MH: Behaviour.

CW: -- very often. No. And so, you know, I think --

MH: And then losing the notes and --

CW: Yes. Yes.

MH: It's just there's too much happening at the same --

CW: Yes, it wasn't good but --

MH: And you wouldn't have expected, for example, Arup who'd come up so badly on the first six, you know, when they were called down from the framework, even to be called to interview, would you?

CW: Well, I think that's a difficult one because they were, on the technical scores, they were the strongest. So where you --

MH: They were seventh out of 13.

CW: Yes, but the way these things work is that you score them technically on how good a high quality product they're proposing and then you score on the basis of the cost

and you come up with an overall score. So what you have with Arup was that they were the best technically --

MH: Because they'd been working on it forever?

CW: Well, yes, maybe. But they were the best technically but the price that they were charging pushed them down so that they were going to be seventh overall, as you say. So I think in that situation it wouldn't necessarily be wrong to keep them in the mix given that they were the best technically but what we pointed out was that what shouldn't have happened is that they just -- somebody just contacts them and says, "Oh, can you drop your price, please?" What you might have -- should have done was invite maybe the top seven back and get them all to provide a last and final offer or, you know, something along those lines.

MH: The other thing that quite surprised me was Arup were around forever. They've been working on this pro bono for a long time so it's not surprising. One would have expected their technical bid to be the best, as indeed were Heatherwick, and on both contracts. So is that a -- given that, and that nobody else knew that these two had been working on it, was this a fair contract procurement process?

CW: I don't know whether it's -- whether it would be right -- I just don't know whether it'd be right to say that nobody knew they'd been working on it. I guess that wasn't secret. But --

MH: No, it wasn't a secret. There's a load of emails floating around and we all knew that the mayor wanted them.

CW: I think it's difficult to say that it's unfair because you often -- you would often have a situation where you have got an incumbent who's been doing a project for several years and then you re-tender it and that incumbent will always be allowed to re-tender and they will clearly have more knowledge than the others. So ...

MH: Yes. Yes. And what do you feel about the Heatherwick contract? Do you feel that it would have been better -- , it's a very low-value contract so that I don't have a problem with. 5 million -- 8 million I do have a slight, I think, you know, if that's in the delegated structures you need some robust -- more robust check. But just looking back on it as a proper use of -- was it sensible to go through a procurement process for Heatherwick or would it -- doesn't it look a bit rigged and wouldn't it have been better to just say to them, "Well, you've done all this work. It's your idea. Just develop it a bit"?

CW: That would certainly have been an option to do that.

MH: And might it have been more honest?

CW: I don't know. You know, I'm sure that had they just given it to Heatherwick then that would have been criticised as well. So I suspect it's a damned if you do, damned if you don't in that one, really.

MH: But was it was a bit of a rigged?

CW: , I wouldn't use those words myself. They went through a process, a process you might expect them to go through for something of such a small value which --

MH: No one ever wanted to procure Garden Bridge but not making that clear in the tender documents giving the other two only -- we worked out to just less than two weeks --

CH: It was 12 days, I think you said.

MH: Less than two weeks to do something, then just saying they weren't as, you know, then judging them on criteria of two who had never built bridges against two which had built lots of bridges against one that hadn't ever built new bridges. You know, all these things look a bit -- from -- without having any technical knowledge, they look a bit ...

CW: , Richard de Cani is always adamant when he speaks about this that there was no commitment to it being a Garden Bridge at the point when they did that tender. I think he said that in his evidence to the Oversight Committee.

MH: So he gave the others only ten days to work up an alternative and they wanted something innovative and he didn't put "innovative" anywhere in the tender documents?

CW: Okay, well, I'm ... I'm not sure what to say to that, you know, clearly it's been challenged in the way you do it. You've challenged it. I can see that it doesn't necessarily look great and I think it would have been a valid **option** to just have gone forward with Heatherwick who were working on it in the first place, but that was what they opted to do.

Commented [GLA FoI5]: This was corrected after the GLA identified an obvious error in the transcription.

Deleted: opportunity

MH: And if you look at the briefing note, it looks as if they devised a mechanism to ensure that Heatherwick were in there as well, without them being on any framework contract or without any experience of building bridges except for a little bridge, a clumsy bridge over Paddington Basin.

CW: Okay, well ...

MH: Okay, I recognise it's a tiny sum. I just think it might have been more honest just to say, "These are the guys who've done the design". I think -- I don't know if there's anything else you want to say? Single person evaluation you also think was wrong?

CW: Mm hmm. And again not necessarily so much for the Heatherwick one, it was -- and actually it wasn't single person. I don't think it was single person on the Arup one.

MH: No, it wasn't. It wasn't. They just lost the papers on that one so we've no idea what people thought and we did have this Plummer saying on the Arup -- Paul Plummer, that was on the Heatherwick saying, you know, the commercial contract criteria scores, how was those judgments reached and all three charges were 15 per cent? So, you know and that -- I know it's a tiny bit of money but it is public money. It is public money.
Have you got any other observations?

CW: I'm not --

MH: Anything that you would think everybody should do differently?

CW: Well, , we -- the recommendations that we've made in our report are -- there's one we've talked about which is that the commercial people should be -- basically have the courage to escalate up the chain if they feel that their advice isn't being taken.

There were -- there were people from the planning team and from Richard de Cani's team who were, , effectively saying they didn't really quite understand the process. , you know, so Richard de Cani was always completely upfront about what he'd done about phoning up Arup and saying, "Can you drop your price, please?" He said, "Well, you know, they were the best technically but they were expensive so I just phoned them". You know, why wouldn't you? And it seemed -- basically, we -- the other recommendation is around making sure that there's better education. So where there are people who are about to get involved in a procurement --

MH: , he was pretty high up the food chain, wasn't he?

CW: He was, yes. He was --

MH: He'd been around for a few years. He ought to have known how the procurement processes worked.

CW: Yes. , it is surprising --

MH: It's an odd thing.

CW: It's surprising, yes.

MH: Even I would have known and I'm not a procurement expert.

CW: So, you know, some proper materials and training and guidance for people, you know, and they're the two main recommendations that we made and we will be going back in to make sure --

MH: Yes, I was going to ask you when are you going back in?

CW: It's before March. So in this financial year. So in the next couple of months.

MH: And what are you going to check?

CW: Well, we've been working with them anyway to make sure they're doing the stuff. So they've put together guidance materials, they've put in place a training programme. So we'll be going in to make sure all those things have happened and are still live and whatever. So we've given it a while because if you just do it, people will just put things in and then it can stop again. So, you know, we've given it a little bit of time to run.

MH: Yes. Great.

CW: So we're making sure all that is happening, basically. We're also doing an audit because this thing about missing paperwork worries me. So we're doing an audit where we're just going to go in and look at a sample of the procurements to make sure that there aren't so many problems and again we'll be doing that before the end of the -- I think it's due to start this period, obviously.

MH: Great. How big is your team?

CW: At the moment, it's about 57.

MH: It's not a bad team?

CW: No, it's -- that's maybe --

MH: And TfL's budget is -- annual budget?

CW: What? For audit or ---

MH: No, just generally.

CW: Oh, crikey.

MH: Do you know what it is?

CW: It's billions.

CH: It's ten. I think someone was saying in the magnitude of £10 billion or thereabouts.

MH: Right.

CW: Yes, it is huge. , I've read that if it was a FTSE 100 company it would be about number 24 or something. It's pretty big. So yes, it's a fair sized audit team. , some of that is

doing very detailed health and HSE engineering type work down in the lines and things like that. So it's not as if it's, you know, it's a detailed level and there's a fraud investigation team included in there. So yes, it's a decent sized team.

MH: Yes, my very final thing is we had -- there's been some whistle-blowers around this and talking to journalists and one of them says that an auditor got sacked.

CW: Yes, in a way I'm glad you brought this up because --

MH: Yes, because the suggestion is that the auditor who did the audit report was then fired.

CW: It's completely untrue. So the auditor who did the work actually handed his notice in before we'd even got to the end of the audit because he'd got himself a better job in a different organisation, and so he actually left before any comments came back on the first draft of the report even. So he'd gone by then.
We're still in touch with him because he actually works for the MTR Crossrail who will be running the cross-rail services. He's heading up the UK function there. We shall have close contact with him. There was absolutely no ill feeling at all and that was just somebody maliciously, I think, conflating two things to try to make something out of it.

MH: Fair enough.

CW: But, you know, if you wanted to you could check when he left and you'll see that he left well before any of this flared up.

MH: And did de Cani, he didn't have an undue influence on your --

CW: Richard de Cani? No, he didn't.

MH: I know you always negotiate -- I know these things are in negotiations --

CW: Exactly. So he suggested changes and some of them I thought were reasonable, you know, and some of them I thought actually made the report clearer and set the context better. There were other things and, again, the whole trail of all this, it's available. And there are other things which he suggested which I said no to and didn't accept. So, any --

MH: Did you feel bullied by him?

CW: Not at all. No, , we've got some pretty good controls in place in TfL, again, the same things you have in place in a FTSE 100 company. So I have a direct line to the Commissioner. I report to the Audit and Assurance Committee. I'm only one of four roles in the whole TfL organisation who can only be removed by the agreement of the full board. So, you know, I've got quite a lot of protections and no, don't feel

bullied by anybody. So, you know, the changes that went through the report were mine and they were things that I was, you know, that I was comfortable with.

MH: I don't think I have anything -- have I forgotten anything?

CH: I don't think so. Let me check. I don't think so.

MH: And there's nothing you feel ...

CW: I don't think so.

MH: It was really just going through those --

CH: Yes.

MH: That's about it, isn't it?

CW: Yes, I think you've picked up on the major points, actually, out of the audit, yes.

MH: I'm very grateful. You'll be pleased to know you're my last interviewee.

CW: Oh, okay. Good.

MH: I can now start putting together the 3,000 bits of paper.

CW: Okay. So do you know when you're hoping to have a report done by?

MH: No. It depends whether I -- I had hoped to have a half-term week so I have to -- am putting some time aside just to -- we haven't a clue really how much time it will take to -- it's really ordering what I've got, it's finding -- trying to get it into order.

CW: As you were saying, it starts with such a lot of paperwork.

MH: But I'm very grateful to you for coming and clearing all that up.

CW: That's a pleasure.

MH: Thank you. Thank you very much indeed.