



Department for Transport

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20 August 2021

Dear Stephen,

I am responding to three letters you have written in the last month on Hammersmith Bridge: your letters to me on 23 July and 13 August, and your letter of 30 July 2021 to Ms Kelleher. Given the degree of overlap, I have combined my responses into a single letter.

It is welcome news that the London Borough of Hammersmith and Fulham (LBHF) has made a decision on its preferred approach to stabilisation as requested in my letter of 1 June. This letter also clearly outlined the conditions which the Government has attached to the offer of funding for the repair of the bridge, through the Transport for London (TfL) extraordinary funding and finance deal.

Regarding points made in your recent letters, there are a number of areas that I must address to ensure there is a collective and agreed understanding of the issues.

Memorandum of Understanding (MoU)

Since writing to you on 1 June, our officials have been in contact regarding the MoU. It is not the case that you did not hear anything for eight weeks following the funding announcement. On 7 June, three working days after the TfL funding deal was announced, DfT officials met with LBHF and TfL officials to discuss the spirit and content of the MoU. It is factually correct that the draft MoU was shared with you on 7 July, which happened to correspond with a Taskforce meeting, but the MoU was not a substantive agenda item, and the topic was only mentioned to confirm receipt of the document.

Since then, our officials met on 3 August, where LBHF undertook to provide revised comments for my officials. These were received on 12 August and

are being considered by the department. My officials are seeking a further meeting with yours in the week commencing 23 August.

Finally, it is worth being absolutely clear that the MoU is important in agreeing a joint approach to addressing issues pertaining to the Bridge and communications around it in the future.

Misrepresentation of the MoU in your 23 July letter

The draft MoU states, in paragraph 2.1, the intention for all parties to provide funding to reopen the bridge to all users. At paragraph 4.1, we set out the commitment of all parties to providing a share of the capital costs, including an equal share of the stabilisation costs. Your assertion that paragraph 4.3 implies that the Government will not contribute to the strengthening costs is therefore not correct. The Government has committed to providing up to a third of the costs of the overall project, subject to funding being agreed at the Spending Review. We will meet a proportion of the costs of strengthening works.

You stated that the MoU does not fully acknowledge the financial proposal you have suggested as a way to fund the borough's contribution. The analysis for your toll or road charge proposal is not yet complete and so it is not known whether the proposal is viable. The MoU refers, in paragraphs 6.5 and 6.6, to your financial proposal and to your continued development of methods to service any debt you may take out. It would be imprudent to focus on one option – the toll – that has yet to be proven viable. As such, I consider that we redraft this section of the MoU to encompass all possible routes LBHF might take to fund its contribution, to keep an open mind and avoid prejudicing any future decisions.

I note your point on cost-sharing and cost overruns. This is a condition of the TfL deal (that "repair costs are to be led by LBHF") and is consistent with, for example, the Large Local Majors programme or a successful bid to the Levelling Up Fund. Government funding is for a fixed, finite amount of the costs of the project, as should be agreed in the Full Business Case (FBC) for stabilisation. Following the release of funds, it is the borough's responsibility to manage costs. The costs in the business case for stabilisation should include a prudent amount of contingency (which the proposed £5.82m for stabilisation does not) in line with HM Treasury Green Book guidance. Therefore, LBHF would only be liable for cost overruns should the spend exceed the project costs and the contingency.

Turning to the funding of resource and capital costs of a project. Government contributions to transport infrastructure projects are provided from the Department's capital budget to support the capital costs of the project. As set out in paragraph 4.5, the Department and/or TfL can provide, by exception,

from their capital contribution, a proportion of resource costs, subject to scrutiny and assessment as part of the business case process.

Regarding the new draft terms of reference for the Taskforce, these have been included in the MoU for discussion between the three parties. As such, they have not been unilaterally approved nor do they change the focus of the Taskforce. The original terms sought:

to urgently pull together all necessary information, including technical and operational information and costs, in order to reach a decision on the most appropriate way to safely re-open Hammersmith Bridge and the River Thames to full use, and provide appropriate temporary measures during the works

whilst the new terms seek:

to bring key stakeholders together with the shared ambition of finding a solution to the current closure, including temporary crossing, and enabling repair works to begin as soon as possible.

Now that the bridge has temporarily reopened, I will ensure the drafting reflects the ambition to find a solution that reopens the bridge fully. All three parties will have the opportunity to discuss the draft terms of reference as we develop the MoU. We will then put the revised terms of reference to the Taskforce for its consideration.

The business case

The Government's governance process is not merely a rubber-stamp of decisions already taken or money already spent, but a robust process which ensures that spend from the public purse is assured and sufficiently scrutinised. In your 13 August letter, you seek to brush aside these critical processes, suggesting that they are disproportionate to the amount required for stabilisation. I do not agree, and the Government cannot and will not treat LBHF any differently than we would other local authorities seeking funding. Furthermore, although we have not received a breakdown of the £5.82m, our early conclusion is that the figure may be incomplete given that the WSP report suggests no allowance for contingency or preliminary costs. It is for circumstances such as this that we have our governance process.

I want to reiterate therefore that any Government funding is conditional on the approval of a robust business case. This is standard for any local project to ensure prudent management of public money. We cannot simply take costs and programme at face value; these must be adequately scrutinised. If you decide to borrow the full amount for stabilisation and then seek reimbursement from my Department in the absence of an agreed business case, this would be entirely at LBHF's financial risk. If we do not consider that

the business case submitted represents good value for money or lacks the requisite detail, it remains our right to reject the case and/or withhold funding. However, I share your commitment to expediency, and we will do whatever we can to work with your officials to ensure that the information provided is robust, and expedite the project through the process.

Other claims made in your letter to Ms Kelleher on 30 July

You state that the ferry is a matter solely for TfL and the Government. This is not the case. The proposal for a ferry was agreed by all Taskforce members. The Government provided funding for, and TfL agreed to operate, the ferry as there seemed to be limited appetite or capacity at a local level to take the project forward and which, at the time, was seen as being essential for residents when the bridge was closed. As we receive greater clarity from LBHF on the likelihood of the bridge being closed in the future, there will be an opportunity for the Taskforce to consider again whether the ferry is needed to retain connectivity, now or in the future.

I was also disappointed that you referred to an Evening Standard article as being the first time you encountered the potential for costs to be shared in thirds. This had previously been discussed at a meeting which you were at in March 2020 and subsequently at Taskforce on 24 September and 8 October 2020. I wrote to you at the earliest opportunity on 1 June, the day the TfL extraordinary funding and finance deal was agreed, to inform you of the conditional funding from Government for Hammersmith Bridge. This commitment itself was made in recognition of the unique situation facing TfL since the beginning of the pandemic. The Government would normally not contribute any funding to this type of maintenance project, as is illustrated by the example you provide of repairs to the Albert Bridge.

The remit of the Taskforce has been misrepresented on several occasions; I would like to use this opportunity to restate its role. As per the Terms of Reference that all Taskforce members agreed on 20 September 2020, the Taskforce is not a decision-making body. Hammersmith Bridge is owned by LBHF, and others cannot fulfil the asset owner's responsibility to make decisions on how to repair the bridge. Therefore, the Taskforce brings key stakeholders together to discuss and address challenges and to ensure that the permanent reopening is progressed as soon as possible.

Finally, you submit that the temporary limited and controlled reopening to pedestrians, cyclists and river traffic on 17 July was not influenced by the work of the Taskforce or the Government. However, the bridge would not have been reopened on 17 July without the Government's investment of £4m via the TfL deal on 31 October 2020. This funding ensured that the further investigative work required was completed as quickly as possible. These assessments and reports were instrumental in enabling the Board responsible for the CCSO to decide that the bridge was safe to reopen to

pedestrians, cyclists and river traffic. Furthermore, to ensure that a temporary reopening remained a top priority for LBHF, I made the reconsideration of the risk assessments a condition of any future funding. Without the Government acting swiftly and providing funding, works would at best still be ongoing, and residents of Barnes would remain cut off from the rest of London.

The closure of Hammersmith Bridge has had and continues to have a significant impact on local residents. My officials are focussed on working with yours to develop the business case and the MoU to take this project forward.

A copy of this letter will be published on the Hammersmith Bridge pages of the gov.uk website as it is helpful for residents to understand where we are and the key next steps.

Yours,
Charlotte

BARONESS VERE OF NORBITON