

STATES OF JERSEY

COMMITTEE OF INQUIRY INTO TENDER PROCESS AND AWARD OF BUS SERVICE CONTRACT

BLAMPIED ROOM, STATES BUILDING

Committee: Mr Huw Shephard (President)
 Mr Christopher Blackstone (Member)
 Mr Trevor Garrett (Member)

In attendance Mr Mac Spence (Committee Clerk)

EVIDENCE FROM:

MR J. RICHARDSON
(Chief Executive, Environment and Public Services Department)

on

Thursday, 3rd February 2005

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MR SHEPHEARD: Ladies and gentlemen, good morning. The Committee of Inquiry is resuming its

work and the witness appearing before us this morning is Mr John Richardson, the Chief Executive of the Environment and Public Services Department. Mr Richardson, I think you may be well aware that we are receiving evidence on oath and I will proceed to administer the oath to you.

The witness was sworn

MR SHEPHEARD: Thank you. Mr Richardson, you are Chief Executive of Public Services (using a sort of shorthand of your full title). When did you take up that post?

MR RICHARDSON: May 2002.

MR SHEPHEARD: And you had previously been one of the senior directors in that Department; is that right?

MR RICHARDSON: I had been Director of Operations from 1997 to November 2000, when I was Chief Executive designate for the period November 2000 to May 2002.

MR SHEPHEARD: And while you were Chief Officer designate, you were working under Dr Swinnerton; is that right?

MR RICHARDSON: Yes, that is correct.

MR SHEPHEARD: What has your experience been within the Department? When did you join?

MR RICHARDSON: Overall experience?

MR SHEPHEARD: Yes.

MR RICHARDSON: Right, I joined the Resources Recovery Board, as it was then known, in 1983, I think it was, at the Bellozanne site, where I worked for a short period of time. Then I had an appointment at the hospital as an engineer. And then I went back to the Resources Recovery Board in February 1986 and spent a number of years at Bellozanne as Site Manager or Maintenance Manager/Site Manager until I took over as Director of Operations in 1997 and, at that time, my remit broadened considerably to cover not only the waste management site, but municipal services, parking, car parks, etc. Then, when Dr Swinnerton wanted to re-organise the Department in 2000, just about the period of time that I was taking over as Chief Executive designate, I was then involved in reorganisation.

Perhaps I should explain that prior to that in 1997, I think it was, all States Departments went through a service review. Ours was carried out by Deloitte & Touche and I spent a

considerable period of time in the 1997/98 period to the 2000 period implementing the service review that we had undertaken. One of the outcomes of that was a further reorganisation that Dr Swinnerton wanted to implement and I was involved in the implementation of that from about late 2000 through 2001. I think we finally got the final structure in place in about, I think it was, March or April. I am not sure of the exact date, but it was certainly the first half of 2001.

MR SHEPHEARD: You are an engineer by background; is that right?

MR RICHARDSON: Yes, that is correct.

MR SHEPHEARD: Of which discipline?

MR RICHARDSON: Mechanical. I am a Chartered Mechanical Engineer.

MR SHEPHEARD: But for the last 18 years or so you have been more involved in management. Is that fair?

MR RICHARDSON: Yes. Well, I would say since about 1986. The rôle was engineering with management and then certainly from 1997 onwards it was definitely pure management and very little, if any, engineering. **(Pause)** I have been managing a very large workforce, manual workforce, with considerable industrial relations expertise.

MR SHEPHEARD: I have got no further questions for you at this stage. I will hand you over to my colleague, Mr Garrett.

MR RICHARDSON: Okay.

MR GARRETT: Good morning.

MR RICHARDSON: Good morning.

MR GARRETT: Can you describe your management structure at Public Services, with particular reference to your relationship, management relationship, with Mr Muir and Mr Collier?

MR RICHARDSON: Current or previous? **(Pause)** It is quite important, because there have been a number of changes. That is the reason I ask the question.

MR GARRETT: In the sort of period really from the year 2000 through to date.

MR RICHARDSON: Right. In the year 2000, Mr Muir reported to the Director of Engineering, Mr Keeling, who has retired, and it was, as I described earlier, the reorganisation that took place that I was implementing in late 2000 over to 2001. I am not sure of the exact date, but I would have

said it was about March or April time 2001, after Mr Keeling had retired, that Alan Muir, as Director of Traffic and Transport, as part of the restructuring, reported to me and from that point, certainly as Chief Executive designate, the Director of Traffic and Transport reported to me all the way through. Obviously now with the reorganisation there is a slight change in the current position, but certainly in the period we are talking about that was the relationship.

Mr Collier started working for us as the school bus co-ordinator. I can't recall the exact date when he started with us, but he was reporting to the Parking Control Manager, who had as part of her management portfolio to implement school buses. It was as the gradual reorganisation took place, with eventually the integration of the new Traffic and Transport Directorate that Mrs Calvert, who was the Parking Manager, moved from reporting directly to me in my previous rôle of Director of Operations, now to the Traffic and Transport Directorate. Everything was organised into functional areas. At that time, I think Mr Collier was still predominantly involved in the school bus service and still reported ... the school bus service was still effectively working through me up until, um, I think it was, 2002. There is a particular event that took place and I am pretty sure it was 2002. But, gradually, certainly Mr Collier moved then once the bus contract for Connex had been awarded. Mr Collier's rôle moved to be more of a hands-on administration manager to assist Alan Muir in the implementation side of the Connex contract after it had been appointed.

MR GARRETT: Okay. During my research, I was struck by the amount of time that Mr Muir apparently spent in his office. I found emails being generated at between 7 and 7.30 in the morning through to sort of the evening. I also understand that he spent time in there at weekends and took work home and so forth. Would you agree that that was sort of his style and do you have any knowledge of what his average working week would have comprised and what the worst case scenario was? How many hours would he have spent in the office?

MR RICHARDSON: Taking it in reverse order, I couldn't give you the number of hours he has worked in the office, although I do see that the Traffic and Transport Directorate use a clock system of flexi-time, and Mr Muir uses it, although he doesn't abide by it in any way and I do see the excess hours notices come through each month. He certainly works considerable excess hours,

along with a number of other senior managers in the Department. I think Mr Muir's hours are very high and it has been noted. I have certainly been aware of it for some time, but I wouldn't single Mr Muir out as any individual. I think there are a number of other Officers who work similar hours. It has been like that in the Department for a number of years. It is not an uncommon thing. We all take work home with us at weekends and the evening. It is a regular occurrence for certainly most of the directors to be working well over their contracted 37 hours a week.

MR GARRETT: Would you accept that working such extended hours brings with it a risk of errors, omissions and even accidents in the workplace through fatigue?

MR RICHARDSON: There is an increased risk. Certainly my knowledge of Mr Muir has been that his performance has been exemplary and he provides an extremely competent service to the Department and the Committee. So we are all conscious of each other's hours, considerably excess hours.

Certainly part of my rôle as the Chief Officer or the Chief Executive before I took over in September 2004 the combined Environment and Public Services Committee, when Alan Muir was in a direct report to me as Director of Traffic and Transport to the Chief Exec and part of the management team within Public Services, we used to have a system of one to one meetings on a four to six weekly cycle, where I would actually sit down with each individual director probably for about an hour every four to six weeks, where it would give us an opportunity of having, where doors were closed, a completely open discussion about how was work, workload and if they were getting or falling behind, what were the problems. One of the questions which I regularly asked all my staff, especially because my directors because I was conscious of the hours that we were all working, was "How are you?" So there would be an opportunity to just monitor how they were doing, were there problems, was it becoming excessive and, if so, right, can we reprioritise work, can we do something about it. I think it was a case of, as a directorate, the directors, myself and the management team kept an eye out for each other because, on one or two occasions, they said to me "And how are you because your hours are the same as ours?" So I think we had a system of almost self-monitoring in there and there have been occasions where we have actually said "Right, that appears to be getting excessive, that piece of works tops and

concentrate on that piece.”

MR GARRETT: Is it the fault of the reorganisation that you have ended up with directors working such extended hours?

MR RICHARDSON: I’m not sure I would say it is the fault of the reorganisation. I think it is a system that has been developing for some time and the Department has for many years been undergoing significant budget reductions and staff reductions, reductions in staff numbers, all in fact going back well before I took any senior management rôle. A number of senior managers were retiring on a retirement or voluntary redundancy, so the workload has stayed as it was, but it has been effectively passed across to the remaining staff.

MR GARRETT: You have explained the mechanism that you have in place for monitoring workload, but do you have anywhere in your Department a sort of welfare specialist who would actually spend time with staff and monitor their actual day to day activities, just gently observe them to assess whether or not there were any problems developing in terms of health and so forth? Do you have a welfare specialist or is anybody tasked with a welfare rôle?

MR RICHARDSON: Our Human Resource Manager is very experienced in managing staff and staff welfare matters and she will be one of the people who will come to me occasionally and say “We need to keep an eye on this” or “So and so has been out to have a word with me because work is getting too much”, or it might be problems, family problems, personal problems. But I think my Human Resource Manager is, I would say, my eyes and ears in the Department, not just at senior level but across the whole Department to monitor. The States have a system where, using BMI, the healthcare specialists, we have a system with them where, if we have a member of staff who does appear to have problems, be it work problems or family problems, we have a very open system where we can refer them to them. Staff also have a self-referral system, where they can themselves refer themselves to the BMI services.

MR GARRETT: It is my experience that, certainly in the case of senior staff, they are probably the last people to ever say “I have a problem.”

MR RICHARDSON: I would agree with you, but I think one of the things that was of benefit were these one to one meetings that I had. They gave me an opportunity to just talk through with staff

the workload, assess how they were actually achieving their targets or various objectives they had been set and really take the opportunity of just helping them if there was any reprioritisation required.

MR GARRETT: When you describe members of staff taking, was it, voluntary early retirement or voluntary redundancy or whatever, there is a mechanism there where people go and they are not replaced.

MR RICHARDSON: That is right, yes.

MR GARRETT: That is right. On every occasion when that happens, do you actually go through an assessment process to determine whether or not you can actually afford to lose that post or whether the loss of that post is going to create such a bulge in the workload that it will actually tilt the scales and cause people to go sick?

MR RICHARDSON: Certainly any voluntary redundancy that goes through at any level in the organisation, certainly in the last years that I have been involved with it, is something to be discussed at the senior management team level. Certainly the most recent ones that have been through have been subject to many hours of discussion in terms of the number of volunteers, which ones are achievable, why they are achievable and what is the implication of that member of staff leaving. So we have had a system of monitoring and vetting and we have on a number of occasions, and I think the Traffic and Transport Directorate is one in particular, said to the Committee "This is your prioritised work list. We can achieve this list of work in the year", regardless of whether it is buses, highways improvements, highways resurfacing or whatever, "if you want something else done, if you want to introduce something new, then that is fine, but it does mean that we will have to reprioritise or something on that list will have to drop." I think, certainly in recent years, the last couple of years, our Committee has been very good at recognising that. You always get the inevitable questions from the public or letters coming in from the public or complaint about the highways or whatever that has to be dealt with straightaway and the usual political system has questions which have to be answered. But, as I have said, in the last couple of years the Committee has been quite responsive to the fact that we have a workload and you have a certain number of staff and they have recognised that.

MR GARRETT: Bearing in mind all that background, when the bus project emerged suddenly --

it did actually happen fairly suddenly, and I will come on to that later -- did you actually say to the Committee "That's going to create a bit of a bulge in the workload, do you think we should employ a project manager on this to actually ease the workload on Alan Muir?"

MR RICHARDSON: No, we didn't say that to the Committee because the Committee had agreed that, or the Committee had decided to appoint consultants to manage that project for us, so that the actual management of the tender process and appointment of a contractor was managed by a consultant, which is a regular method of working that we use not only in bus situations, but engineering contracts, where we have considerable experience in managing either in-house contracts or managing contracts through consultants. So the bulk of that work was effectively outsourced to a consultancy to run that project for us. Following the implementation or the appointment and then the implementation phase of it, there was a period of time in the summer of 2002, before Connex actually started operating, where there was a considerable bulge in work just to get them established then.

I think Alan and myself in particular put a lot of effort into assisting Connex in getting themselves set up and running over here. They were a new organisation obviously starting up over here and we certainly envisaged that, once they were running, the workload would then reduce back again, and it really was at that point that Mike Collier then provided administration assistance to Alan in looking after the day to day side of the contract, the actual administration work. It was only at later times that Alan and I became more involved, or certainly I became involved at a later stage, when there were specific issues, which no doubt we will cover later on.

MR GARRETT: Are you saying that Halcrow was retained to manage the project?

MR RICHARDSON: If I use the mechanism that we would appoint consultants for an engineering contract or project, then, yes, they were appointed to manage the tender process for the bus contract.

MR GARRETT: Can I point out that when I interviewed Roger Childs on this, that is not the impression that he had. He was of the view that he was working in partnership. He didn't see himself, or he didn't see anybody, as being in a supreme position at all. He was working in partnership with Public Services.

MR RICHARDSON: Well, I ----

MR GARRETT: I did press him on the point.

MR RICHARDSON: As I say, I am not aware of what Roger Childs said to you, but if I use the analogy of how we manage an engineering contract, we have two ways of managing an engineering contract in Public Services. One is if you manage it in-house, where we have a design team who will design an airport taxi way or a new highway or new structure or whatever. Then that project team, from the draftsman all the way up to the engineers for the contract and the project manager, will be the project team and there will be somebody who will be project manager.

If we appoint consultants, then the consultant will be the project manager effectively who would draw up a specification, prepare the tender documents, administer the tender process, evaluate and write the report on the tender evaluation and submit it to us. We would have someone who was the ... well, in engineering contract terms we would term him the client's representative.

Now, that is how I certainly viewed the process with Halcrow's. They were managing the project in terms of they wrote the pre-tender specification. They drafted the tender document and the contract. So that was their project that they managed for us. I would accept there was a partnership with toing and froing a lot, but they had a responsibility for specific pieces of work.

MR GARRETT: Was there a contract between yourselves and Halcrow?

MR RICHARDSON: I'm not aware of a contract under what we would term ICE conditions, that is consultancy conditions of contract. I think there was an appointment made by the Committee of Halcrow and obviously they were retained under the normal terms and conditions that you would normally apply to the employment of a contractor, but I am not aware that there was a formally, legally formal contract that we would develop under ICE conditions of contract -- not ICE, sorry consultancy provisions.

MR GARRETT: Were there sort of strict terms of reference for them?

MR RICHARDSON: I don't recall seeing them. We may have had terms of reference, but there would certainly be an understanding of what their rôle was and certainly that is evident from the work

they produced.

MR GARRETT: But not evident from what Roger Childs told us, where he certainly didn't see himself as running the project.

MR RICHARDSON: Well, it is quite time consuming, but we can go through the files, if you wish, where we can actually pull out the various pieces of work that Halcrow produced for us.

MR GARRETT: I'm fully aware of the work that they did. What I am trying to make sure is that they were aware of their responsibilities when they were appointed, because it is fundamentally important bearing in mind what happened later as to who was responsible for any errors or omissions or whatever that arose later. Were they fully aware of their responsibilities when they were appointed?

MR RICHARDSON: I believe they were aware of their rôle, which was to develop the tender documents, administer the tender process, evaluate the tenders and report to us and the Committee on the tender process.

MR GARRETT: But that responsibility was not specified in paper?

MR RICHARDSON: I do not have a copy of that sheet of paper, no. I don't have that, but, from the work they produced, I have no doubt that they knew that they had specific pieces of work to do and, from the work they have actually produced and the evidence they have produced, which you have got and we have got, they produced that work.

MR GARRETT: You are aware of our terms of reference and you are clearly conscious of the issues that are critical in terms of our investigation. You have had a lot of time to reflect on this as a result of events at Committee and so forth. In your view, and just in summary at this stage, what do you think went wrong? Why are we here? Why have we reached this point?

MR RICHARDSON: If we look at the terms of reference -- and I will restrict myself to your terms of reference -- we are here because a shift allowance was paid that was viewed as inappropriately paid. I think that is why we are here. The reason that shift allowance was paid was because I did not know, and I am confident Alan Muir did not know, that when we entered into negotiations with Connex and they brought it to our attention, the first I knew about that shift allowance was in May 2002. Prior to that, I did not know, and I do not believe that any of my staff, including

Alan Muir, knew the existence of the claim for the shift allowance. I recall very vividly being told about it. The reason I know it was in May was because I had just taken over as Chief Executive and I had literally just moved into the Chief Executive's office. I can remember someone coming through the door and telling me, so I have a very vivid recollection of exactly when I was told of the shift allowance for the first time. That was the first time I knew and I believe any of my staff knew of the existence of the shift allowance.

The reason we are here now, I believe quite firmly, is that, because that shift allowance was, in our view, a matter that had been negotiated and settled outside of the contract or after the contract had been awarded, when Connex brought it to our attention in the May and in the run-up here to implementation, there was a lot of discussion about how they were going to manage it or absorb it and they took the decision that they would go ahead with implementing and running the service, which they did. But, on 31st December 2002 -- I think the letter would be in you file -- we actually got a letter from them on two specific issues. One was the relief services and one was the shift allowance.

Certainly I was then quite heavily involved with it and when we reviewed it, we reviewed one aspect. We considered it as a claim on contract in exactly the same way as I would consider a claim on an engineering contract. When we reviewed the specification, our view -- certainly my view and Alan's -- was that the additional services, the relief services, were clearly specified in the contract, but the shift allowance, at that time, we were not aware of the existence of the claim during the tender process, and our view, which was then later confirmed by the consultants, who also confirmed to us that they didn't know about it, was that it was a reasonable claim outside of the contract. That is why I believe we are here, because I recommended it. I was the Chief Officer. It was my responsibility and I recommended to the Committee that this was a claim outwith the contract and it was a reasonable claim.

MR GARRETT: You were notified in May of the settlement of the claim in respect of the shift allowance and, by December that same year -- the same year or the following year?

MR RICHARDSON: The same year.

MR GARRETT: The same year. You still didn't know the origins of that wage claim. Had you

not initiated any form of enquiry between May and December to establish the background to that claim?

Did you not anticipate that that was going to come to bite you, the Department and the Committee at any stage between May and December?

MR RICHARDSON: The process between May and December was the implementation of the new bus service, and there were discussions certainly in, I think it was, August of 2002 with Mr Ord, who was the project manager, if you like, for Connex to actually get the project up and running, the service up and running, about the shift allowance and there was considerable discussion in my office -- and I think Alan Muir was there -- about how they were going to manage the shift allowance.

MR GARRETT: That is not the question I asked. What I wanted to know is why didn't you go back to the union? Why didn't you go back to Halcrow and say "Why are we in this situation today? Why are we facing this potential nightmare of there being, you know, this huge additional cost? Please explain, Halcrow, what has gone wrong. Please explain, union, how this situation has arisen. Please, Jersey Bus, explain how this situation has arisen."

MR RICHARDSON: Right, well Halcrow's were involved and I think we can find a letter.

MR GARRETT: That was right at the very end. They came back in when the claim was made by Connex. What I am trying to establish is what steps were taken between May -- what steps did you take between May -- and December to establish the origins of that claim and how that situation had arisen. Why was it in December you still didn't know that Connex had been advised of the existence of that claim before they submitted their tender?

MR RICHARDSON: Well, we didn't know until December 2003 that this claim existed, because all the advice that we received was that this claim had been, or this shift allowance had been, made after the contract had been awarded.

MR GARRETT: Sorry, that is what Connex was telling you. The union advised you of the settlement of the claim. Connex advised you that they knew nothing of the agreement. What steps did you take to find out the origins of that agreement? Do you accept that if you had actually made the enquiries, or somebody had made the enquiries, you would have established that the Transport and General Workers' Union letter was forwarded to Halcrow and that

Halcrow circulated it to all tenderers on 12th February before they submitted their tenders? Why weren't those enquires conducted?

MR RICHARDSON: Well, my recollection is that Halcrow's were saying that they didn't know about it, but I would need to go into my files if you want to look at the detail of it.

MR GARRETT: That was by the time that Connex claim was very much in play. What I am saying is in May, when you were first notified of the settlement of this claim, why didn't somebody immediately initiate an enquiry to establish the background to it so that you could determine the extent to which it might actually impact on the contract subsequently? There seems to have been an attitude of "Oh dear, it's happened."

MR RICHARDSON: Well, I think we will have to go back, sorry. We are looking at 2002, May to July, I think. My recollection is that the enquiries that were made came up with that this was outside of the contract, that this was a negotiation that took place after because we have a letter from Jersey Bus in March 2002. Yes, **here** is one. March 2002, which you have in your file: "*All existing negotiations regarding pay and conditions must continue to be on hold until the Steering Group make their announcement.*" So our recollection or our view was that we had advised the tenderers through Halcrow's that a pay award should be allowed for. We did not know of the existence of this claim for the shift allowance, and the letter we received from Jersey Bus in March said that all pay negotiations were on hold until after the announcement of the appointment of the contractor. So there was nothing at all to suggest to us ----

MR GARRETT: No, you are sort of missing the point. What I am trying to establish is why didn't somebody conduct a thorough investigation into the origins of the pay award which you were notified of in May? Surely it was perfectly foreseeable that that was going to have a serious impact on the contract.

MR RICHARDSON: Right. I believe enquiries were made. I didn't make them personally, but certainly what came out of it was that we had ... that this had been a settlement made after the award of the contract. I haven't got the ----

MR GARRETT: I agree it was a settlement made after the contract. I say it was a settlement, but there is some discussion as to the point at which an agreement was actually reached and how

long or what gap there was between that sort of agreement. Whether it was an informal agreement pending final ratification, I don't know, but the agreement was signed in May. I accept that. What I am trying to establish is the sequence of events to establish whether or not anybody really looked at the origins of it. I accept the claim was settled, that it was signed off in May.

MR RICHARDSON: I believe enquiries were made.

MR GARRETT: Do you know who made those enquiries?

MR RICHARDSON: I think they were made of Connex -- not Connex, of Halcrow's. I think we made those. I think Alan would have made those of Halcrow and my understanding, but I would need to start going through this in detail, is that the advice was that they did not know about it. It is going to take some time, but I will go through this.

MR GARRETT: But that was a matter of only months after they had actually circulated *Bulletin 2* with a copy of the Transport and General Workers' Union claim.

MR RICHARDSON: Right, but ... I understand what you are saying, but Halcrow's have advised us that ... you have **this** in your files. **This** is from Roger Childs to Alan Muir: "*We have also given further thought to the issue of the meeting of additional costs and the attached extract from a note from RM*" -- that is Roger Macklin -- "*to me sums up our feelings on this.*"

MR GARRETT: Yes, I am fully aware of that, but that was ... what date was that?

MR RICHARDSON: This is November 2002.

MR GARRETT: Clearly there had been some catastrophic problem in communication or they had completely forgotten about what had happened months before.

MR RICHARDSON: Well ...

MR GARRETT: I am fully aware of the terminology used in that document.

MR RICHARDSON: They ... right, this is from Roger Childs to us, which is where, I believe, the issue really sits, this cost: "*This was a cost that none of the tenderers at the time of tendering were aware of and was therefore not either within their power to foresee or to escape from paying if they were successful.*" Now, that ----

MR GARRETT: But would you accept that that is wholly inaccurate, with the benefit and knowledge of all the correspondence that existed, that was generated in February 2002?

MR RICHARDSON: I think that is a matter you have to refer to Halcrow's. What I was saying ----

MR GARRETT: Well, you are CEO.

MR RICHARDSON: What I am stating is my knowledge at the time.

MR GARRETT: No, what I am saying is, in your judgment, would you say that that assessment from Roger Macklin is inconsistent with the correspondence that was generated in February 2002?

MR RICHARDSON: Yes, is the answer to that.

MR GARRETT: Thank you. **(Pause)** While I was conducting my research, I was struck by the number of people who became involved in this project. There was obviously the Committee. Then there was the Department. There was a working group set up to progress the service level agreement. There was the Bus Strategy Steering Group. Latterly, there was the Transport Strategy Task Force, together with a number of consultants. There was OXERA, Halcrow, Andium, FourSight and there were probably others. Why were so many people involved in the project?

MR RICHARDSON: Well, I think probably you need to split it into consultants technical and the political system and the Department. There are three separate elements here. The consultants obviously had differing rôles to play and at different times. Halcrow's, as we have discussed already, had effectively two rôles, I think. One was the management of the bus tendering process, which I have described so far. They were also involved prior to actually the tender process in a last attempt to try and make an agreement for a service level agreement with Jersey Bus. Those were the two pieces of work or that piece of work that Halcrow's undertook, I think it was in 2001, before the Bus Strategy.

The use of FourSight was in 2000, I think it was. They were appointed to effectively try and develop a service level agreement with Jersey Bus and the Committee for a longer term service level agreement which would effectively have prevented the Bus Strategy and going out to tender. So there was a rôle for the various consultants.

OXERA, certainly there is reference to OXERA there. I don't think they were used to any great degree in terms of ... I said they weren't used because I found a reference when I was

reading the files that their costs were considerably higher and it was felt that their expertise wasn't as good as, I think it was, Halcrow's at the time ... (indistinct) ...

So the consultants used effectively were OXERA and FourSight. Sorry, were Halcrow's and FourSight, FourSight initially for the service level agreement and then later on Halcrow's for the service level agreement prior to the Bus Strategy and then, post-Bus Strategy, the actual managing of the tender process. Andium I think you referred to, which was the ----

MR GARRETT: Law Draftsman.

MR RICHARDSON: Specific law drafting. I think there was a specific piece of work which was fairly unique and required special expertise in law drafting.

In terms of the various Bus Strategy Steering Groups, the political side, that was a decision of the Committee and that was a Committee decision. I can't really add any more to that. That was their decision to have sub-groups looking at specific areas of activity. The people appointed were appointed by the Committee on that, so that was something you will have to address with the relevant Presidents, I think.

In terms of within the Department, there were relatively few staff actually involved with the process. Dr Swinnerton, certainly in the 2000/2001 period and the run up to the Bus Strategy and post-Bus Strategy, but not to the same degree, was effectively Chief Officer, so he was leading. Certainly the files in the evidence there which you have show that at most negotiations he was leading them.

My rôle was also part of it, leading up to taking over eventually, but most of my rôle, certainly most of my dealings at that stage, were more to do with the school bus service, because that came down to me. Alan was obviously very much in a supportive rôle and there were one or two other staff, but relatively few in the early days, who were helping to develop the service level agreement using FourSight.

MR GARRETT: I heard your comments before about Halcrow and their position, but who was actually responsible for co-ordinating the efforts of all of those groups and consultants and whatever at the various stages?

MR RICHARDSON: The Chief Officer.

MR GARRETT: Right. And how was that achieved?

MR RICHARDSON: Um, well, I think there are a couple of references to a piece of work that Clive Swinnerton produced, which are sort of chronologies, so he was effectively managing the negotiations and various pieces of work that were going on and certainly he was leading on many of the negotiations that were taking place in the 2000/2001 period prior to the Bus Strategy being taken to the States.

MR GARRETT: Is there not a danger when there are so many people involved of either duplication of effort or, worse still, bits of works actually falling through the gaps?

MR RICHARDSON: There is a risk of that happening, but obviously the Chief Officer has to make the decision as to how he wants to manage that. Some of them, I think, were fairly specific pieces of work, so there was one person actually doing, shall I say, the leg work, but the Chief Officer was obviously keeping a brief overview of how the procedures were going along.

MR GARRETT: Moving backwards, in fact, initially, did you contribute in any way to the Sustainable Transport Strategy?

MR RICHARDSON: No, I don't recall being involved in that at all. I was at Committee meetings, but I wasn't involved in actually developing it. That is the 1999 one you are talking about?

MR GARRETT: That is the 1999 one, yes. You are aware of the document?

MR RICHARDSON: Oh yes. I was at Committee meetings, so I am aware of the process the Committee went through to actually determine that and to agree it.

MR GARRETT: I have looked at the document and it is a fairly weighty beast, is it not? It is filled with wonderful ideas. What real progress has been made on the delivery of that or the conversion of that Strategy into action? I know there are some issues that have been addressed.

MR RICHARDSON: Actually, I think you have summed it up. It was quite a high level document with some ----

MR GARRETT: Wonderful ideas?

MR RICHARDSON: That is your expression.

MR GARRETT: Idealistic views.

MR RICHARDSON: Those are your terms, not mine. The Bus Strategy has been implemented.

MR GARRETT: Yes, I know.

MR RICHARDSON: From that a number of others, in terms of urban renewal, pedestrianisation, improvements within town and within a relatively tight budget, pedestrian safety have been certainly improved from where it was. The Committees of the day from 1999 or 2000 onwards had a prioritised list of pedestrian improvement schemes which we have worked through as budgets allow, but the scheme is fairly long. It is still very long and budgets haven't allowed us to implement it.

MR GARRETT: That is the point I was coming to.

MR RICHARDSON: The simple answer to your question is relatively little has been achieved of that high level framework.

MR GARRETT: Is the problem not the budget?

MR RICHARDSON: In terms of some of the requirements of that high level Transport Strategy, yes, finances have prohibited a lot of it being implemented.

MR GARRETT: I appreciate that strategies are interesting documents, but is there a lot of sense in producing such a high level and, you know, broad, far reaching strategy if the money is not there to actually achieve it? Is it not a recipe for failure if you produce a strategy that says "We want to achieve these wonderful goals over X years", but the money is not there and, to be quite honest with you, there is no realistic prospect of the money being there?

MR RICHARDSON: Well, first of all, I think you would have to address that to the Committee. That was a political decision that was taken and certainly within that document there were outlines of costs for their services. I can remember a few. The bus service was one that had, I think, a £6 million price tag on it. There were a number of others that had very high targets set on them. I think you have probably got to look at the climate in which the Committee was working, both the financial climate that they were working in in those days, which is somewhat different from the financial climate that they working in today. So clearly, had the Committee of the day been able to look forward and recognise that there would be some significant budget reductions over the four or five year period, maybe they would have taken a different view, but that is something you would have to address to a Committee Member, I am afraid.

MR GARRETT: Bearing in mind that, in 1999, in the Sustainable Transport Strategy, there was acknowledgement that a bus service was going to cost in the order of £6 million, why is it that within a couple of years if not less effectively the Committee was really struggling to come to terms with providing Jersey Bus with any funds?

MR RICHARDSON: Um, I think there was recognition from within the Committee that the bus service as being operated was starting to have problems in terms of its sustainability because of the tourism market declining. Certainly, I remember sitting in Committee meetings when the operator, which was Jersey Bus, had to come to a Committee for its summer licence and its winter schedules and there were discussions there about requiring a subsidy at some stage, but it wasn't until, I think, 2000 that it certainly started to identify the need that that subsidy would be required in the future. It was about that time that the Committee agreed that we should start -- I think you have got the details -- looking at some form of service level agreement to understand exactly what the nature and background was and how something could be worked out.

MR GARRETT: We will come back to that later. Returning to the issue of consultants, can you explain the circumstances under which John Griffiths became involved with the bus project?

MR RICHARDSON: I don't have any direct recollection. I certainly wasn't involved in his direct appointment. I do recall a meeting with Jersey Bus where we discussed the sort of outline of some form of (I loosely term the word) partner and (loosely termed) working together to try and develop an understanding, a service level agreement, whatever you like, and I think the concept of an open book principle was then discussed for the first time. The principles were discussed. There were one or two specific pieces of information I remember talking to them about, but, after that, I wasn't actually involved in appointing FourSight or the meeting that took place between FourSight and Jersey Bus and in fact to a main degree the Officers within the Department. The other Officers did that piece of work.

MR GARRETT: Did you not have any involvement in or knowledge of the work that John Griffiths was providing to the Committee?

MR RICHARDSON: Not detailed. I was certainly aware of progress as it was discussed at management meetings, but I don't recall being involved in meetings with John Griffiths and

Jersey Bus. There were some later on, but certainly that first piece of work in 2000, I don't recall actually being at any of those specific meetings.

MR GARRETT: When we interviewed Mr Griffiths last week, he conceded that he had never received any formal training in relation to work in service level agreements; he wasn't a qualified accountant; he had never worked in any aspect of the bus industry or the broader transport industry. Applying today's rules and guidelines in relation to the selection of consultants, would he have been chosen to become involved in the development of an SLA between the Committee and Jersey Bus?

MR RICHARDSON: I don't think I can comment on trying today to look back. I can certainly comment on his appointment at that time as I understand it. I think you are right in saying that he declared upfront that he didn't have any experience in the bus industry, but he did have experience in developing service level agreements within the public sector.

MR GARRETT: That was in the Health Service, which is so far removed from the bus industry, it is difficult to find or to contemplate a greater gap really.

MR RICHARDSON: Well, I think you would probably need to refer to, I think it was ... if I look back, there is, I think, a letter from ... just bear with me at the moment because I am not sure what time it was, so I might just have to find this letter.

MR GARRETT: Can you just describe your ----

MR RICHARDSON: The letter is from Jersey Bus to Mr Lusby. He was our Corporate Resources Director. He was then involved with appointing FourSight and effectively that letter is saying that they have spoken with Mr Griffiths and they are quite happy to work with him.

MR GARRETT: However, is it not the case that subsequently they poured scorn on him?

MR RICHARDSON: Well, I won't agree with your comment "*scorn*", but there is a note from Mr Griffiths saying that he felt that relationships had broken down between himself and Jersey Bus at a later date, but certainly the indications were that there was considerable progress being made in developing a service level agreement. I can show you that evidence in a moment. Let me see if I can find this letter from them.

MR GARRETT: Don't worry, we will find it.

MR RICHARDSON: It is a letter from Jersey Bus. It was addressed to ----

MR BLACKSTONE: We have seen that.

MR GARRETT: We have seen it.

MR RICHARDSON: You have seen it, right. So you are aware of that.

MR GARRETT: What concerns me is do you think employing somebody who clearly was not experienced and wasn't really even qualified in that field and wasn't experienced was actually going to enhance the relationships? I accept that Jersey Bus indicated their preparedness to work with him, but I would imagine that fairly quickly his inadequacies in terms of experience and so forth would have shone through. Can you imagine that that would have actually have enhanced the relationship between Jersey Bus and the Committee?

MR RICHARDSON: Well, I think the actual development of the service level agreement initially appeared to go fairly well. Let me see if I can just find it. In 2000, there was a document produced. There is a document. There is a letter from Jersey Bus to the President, dated 21st September, I think, 2000. It is in here somewhere. **(Pause)** There you are, 21st September 2000 to the President: *“Congratulations on your re-election as President. I look forward to re-establishing a progressive and structural relationship between our two bodies. I would like to thank the Department for providing me with the amendments to its service level agreement (SLA) which, following our meeting of 4th July, were to be separated into nine month periods.”* That was September 21st 2000.

There is then a document dated 18th September 2000. That is a draft. It was October 2000 and that is a fairly meaty document which is fairly well progressed in terms of the service level agreement. If you look though it, there were specific actions for individuals to draft. Just under here there is one: *“Operator to keep himself informed of important environmental standards and aims to comply with such standards.”* There were various points there. So the point I am getting to is, come October 2000 ----

MR BLACKSTONE: Mr Richardson, I think they having a problem with the transcription?

MR SPENCE: Yes, if I can come in. These mikes, for some reason, aren't the most sensitive. So if you could speak up a little bit and as directly to the mike as you could.

MR RICHARDSON: Yes.

MR SPENCE: I am sorry.

MR RICHARDSON: Right. The point I was getting to is that the work that Mr Griffiths did, which was the early part in 2000, as I say, I wasn't involved in the detail at all, but looking through the files and from my recollection of it, it was that what we had here appeared to be a fairly substantial document towards developing a service level agreement. Now, if that is not the case, well, then ----

MR GARRETT: My understanding is that when the lawyers looked at that they found some significant difficulties with it.

MR RICHARDSON: Well, that is as maybe. I have got no knowledge of that.

MR GARRETT: Okay, you say there was substantial progress being made. That was in 2000. What went wrong then between the production of **that** document and the position that was adopted by the Committee subsequently that said Jersey Bus were not co-operating?

MR RICHARDSON: I think the problem was when the discussions centred around the financial arrangements.

MR GARRETT: Which was the open book policy?

MR RICHARDSON: Effectively, yes.

MR GARRETT: Okay. What was your understanding of the term "*open book policy*"?

MR RICHARDSON: If the subsidy was to be provided, the Committee wanted to ensure that any subsidy provided was purely for the operation of a transport service and I think I am right in saying that, at this stage, the transport service was for the public bus service. I don't think the school bus service was in at this stage. It came in at a later stage in 2001 before the Bus Strategy was approved by the States. I think that is correct. Where I think the problem arose was in getting a full understanding of the company's accounts, their accounting arrangements.

MR GARRETT: Is it correct that Mr Griffiths was actually involved in the progression of that open book policy issue?

MR RICHARDSON: Er, with others, yes.

MR GARRETT: And he wasn't a qualified accountant?

MR RICHARDSON: I understand that to be correct, but his colleagues in his company were.

MR GARRETT: But they weren't involved. Mr Griffiths was making the judgments. Mr Griffiths was making the recommendations to Committee. He wasn't an accountant.

MR RICHARDSON: I am not sure that is correct.

MR GARRETT: Can you explain how an open book policy on Jersey Bus, which I can understand if they are looking for public subsidies, suddenly got extended to demands being made of them to open their books on areas such as the Living Legend, the Boardwalk Café and other commercial interests which they have that are non-bus related?

MR RICHARDSON: I wasn't party to that discussion where we were asking for that information. I do recall it being discussed, but I don't think I was party to that discussion. I did sign a confidentiality document, along with a number of other Officers, and I am one of the people who has seen and had access to Jersey Bus accounts, but I certainly was not party to any other accounts and I am not an accountant, so ----

MR GARRETT: Neither am I.

MR RICHARDSON: So I ----

MR GARRETT: What I am trying to understand is why it is that such a demand should be made.

MR RICHARDSON: I think you need to address that to the accountants because they clearly have a better understanding of accounts than I do. I think ----

MR GARRETT: I'm trying to find out where the inspiration came from for that work to be carried out. Somebody clearly told Mr Griffiths to progress it.

MR RICHARDSON: Well, there is reference. There is a file note on it and I do recall other companies' names being mentioned.

MR GARRETT: I don't want to sort of go too far.

MR RICHARDSON: I am trying to give you the answer, but I know there was a piece of work. I have seen it in the file, but I was not party to saying we needed to see accounts from all the other companies associated with it.

MR GARRETT: Can you understand the reluctance of Jersey Bus to part with information which was absolutely nothing to do with the bus service?

MR RICHARDSON: I can, as long as the accountants could satisfy themselves as to the adequacy of the information within the Jersey Bus accounts.

MR GARRETT: I don't want to steal the thunder of my colleague, who is an accountant, but he looked at some fairly interesting figures from Jersey Bus and was able to do an analysis, I understand, almost within minutes and come up with some satisfactory answers about the finances of Jersey Bus.

MR RICHARDSON: As I said, I am not an accountant, so I think you would have to address those questions to an accountant.

MR GARRETT: It is possible that my colleague may come back on that.

MR BLACKSTONE: I think we have covered that area quite well with the specialists in the field.

MR GARRETT: Okay.

MR SHEPHEARD: Can I interject at this point, Mr Richardson? Do you recall where the Committee was getting its accountancy advice from, apart from Mr Griffiths?

MR RICHARDSON: The Treasurer was asked to ... I think the Treasurer was the first person to see the accounts of Jersey Bus before any of us saw them.

MR SHEPHEARD: I think that may be right. We saw Mr Black yesterday.

MR RICHARDSON: Yes. My recollection is that Mr Black and Deputy Maltwood (as he was then), who was a Finance and Economics Committee Member, well before the confidentiality agreement for Public Services Officers was even thought of, I think Mr Black and Deputy Maltwood (as he was then) were agreed between the Committee, the Finance and Economics Committee, and Jersey Bus as the signatory or being available they could have access to their accounts. So that is where that advice started from. After or as things progressed, the confidentiality agreement which I was a signatory to, I think it was signed by ... well, I know it was signed by Clive Swinnerton, Stuart Lusby, our Corporate Resource Finance Director and John Griffiths signed it. I am not sure whether any politicians signed it -- I would have to go back and have a look -- but certainly the financial advice predominantly in the early stages came from Mr Black, the Treasurer, when he attended Committee meetings.

MR GARRETT: Okay. Moving forwards to the Bus Strategy, can you confirm that Deputy Crowcroft (as he was then) produced the initial draft of the Bus Strategy?

MR RICHARDSON: That is my recollection.

MR GARRETT: Do you know why the President of such a busy Committee would spend time developing a Bus Strategy when he had access to the Officers of your Department?

MR RICHARDSON: No, I can't answer that.

MR GARRETT: Was it because he was impatient?

MR RICHARDSON: I don't know the answer to that.

MR GARRETT: Did he not trust the Officers of your Department to produce a piece of work for him?

MR RICHARDSON: I said I don't know why he produced that draft. I remember he produced a draft, but I can't tell you why he produced that draft.

MR GARRETT: Would you describe it as highly unusual for a President of a Committee to do something like that?

MR RICHARDSON: Er, yes.

MR GARRETT: What is your understanding of the objectives of the Bus Strategy?

MR RICHARDSON: Er, as it is, as it was approved by the States, it was to seek an operator who would provide a new service. There were certain criteria in terms of a fleet of buses, access, etc. There was certainly a desire to see the operator have a thorough review of the original service, with a view to seeing if it could be modernised. Those are the sort of very high level sort of salient points that I think would have described what the Committee was trying to achieve. They certainly wanted to see, or they were certainly aware that the Jersey Bus fleet of vehicles was aged. I think that is very clear from the age of the fleet at the time and it was clear that at some stage a replacement programme needed to be put in, but obviously the Committee wanted to be sure that, in implementing a new strategy, while there was provision for that service, it wanted to look at the whole service.

MR GARRETT: Just seizing on one comment you made there, would you accept that, whilst the Jersey Bus fleet was aged, they had problems in terms of investment in so far as, so long as you

are being awarded a one year contract, you are not going to be in a position to invest in new fleet?

Would you accept that?

MR RICHARDSON: Yes, I accept that comment.

MR GARRETT: So the state of the fleet was not necessarily exclusively the fault of Jersey Bus.

MR RICHARDSON: But the opportunity was there from 2000, and I think that is probably when there was recognition that the routes were getting to a stage, because of the decline in the tourist industry, that if the States or the Committee of the day wanted to continue with that level of route network, then some degree of subsidy was inevitably going to be required, and I think they were aware that the fleet was ageing and clearly any business operating which wanted a degree of comfort in terms of its length of tenure would be looking for a reasonable service level agreement. Again, you have got it, so you know it is there in the files, but there was certainly reference, I think in the early stages, that there would be a, was it, three or five?

MR GARRETT: Three to five years.

MR RICHARDSON: Three to five years. I mean, that should have given them, once that was all agreed with the finances, that would have hopefully given the company sufficient comfort that they had a longstanding relationship which would allow them to invest.

MR GARRETT: I accept that, but that is not what happened eventually. Negotiations on that three to five year option died spectacularly.

MR RICHARDSON: It didn't progress.

MR GARRETT: A variation on the terminology. You mentioned the Bus Strategy. I have read it and I have been involved in the production of strategies. Would you accept that it was not a perfect strategy in so far as it was actually a bit of a sort of strategy and a bit of policy, because not only did it set out what people were trying to achieve, but it also dealt with the how?

MR RICHARDSON: It probably was a combined document which was setting out the vision for the future, but there were some stages in it that ----

MR GARRETT: But a vision for the future was not a long future, was it? It was really focusing on the "Let's go to competitive tendering." I mean, the substantial thrust of it was "Let's go to competitive tendering."

MR RICHARDSON: I think there was ----

MR GARRETT: I know they set out some sort of long term ----

MR RICHARDSON: I think the Bus Strategy went further than that.

MR GARRETT: I accept it did, but a substantial portion of it dealt with the competitive tendering issues and, indeed, the mechanism or the steps that would have to be progressed to implement competitive tendering.

MR RICHARDSON: Competitive tendering was part of it, but I think you need to look at the ... well, we can look at the document if you wish, but I think it went far further than just competitive tendering.

MR GARRETT: Yes, I accept that, but what I am saying is that a substantial portion dealt with competitive tendering.

MR RICHARDSON: I don't think I can agree with you. Competitive tendering is section 3 -- 3.1, 3.2, 3.3 out of **that** much of the document.

MR GARRETT: But there are also issues of law and the reason why the law needed to be changed was to facilitate the competitive tendering.

MR RICHARDSON: Well, I think, if you refer to the proposition, which is what is adopted by the States, not the report, to agree a competitive bid, so that is (a), correct; a licence for up to seven years should be awarded to the operator that best fulfils the specification prepared to work in partnership with the States and enhance the quality of the bus service in the Island; the Motor Traffic Regulations ----

MR GARRETT: Which were necessary to implement the competitive tendering.

MR RICHARDSON: Absolutely, and to investigate and to bring to the States for approval proposals for public subsidies. So I think ----

MR GARRETT: Two out of those four are competitive tendering, are linked to the competitive tendering.

MR RICHARDSON: No, I disagree with you. One is competitive tendering. I am assuming you are referring to the proposals for subsidies?

MR GARRETT: No, the law bit of it. The law needed to be changed to implement competitive

tendering.

MR RICHARDSON: No, the law ... well, yes, but the law also needed to be changed in order to have a service level agreement with the operator.

MR GARRETT: We may have to agree to disagree on that, to an extent. **(Pause)** Can you explain why the Bus Strategy was not fully and comprehensively costed?

MR RICHARDSON: Yes. I think the reason was that the Committee of the day and previous Committees for that matter did not have full understanding or full access to the whole of the operation of the Island's public bus service. At that time, it did not have loadings with loadings on the network and full factual knowledge and information of the cost of running the service.

MR GARRETT: Right. Would you accept that if the original proposal for Jersey Bus to be licensed further to operate for another three or five years had been progressed, that would have given you, the Department, time to assemble that information without infringing the confidentiality of Jersey Bus?

MR RICHARDSON: Had that three to five year service level agreement been accepted, approved and implemented, yes, it would have given that period of time, and it I think it is very clear in one of the documents, which was saying that Jersey Bus agreed that at the end of that time the Committee or the States -- I think it said the Committee -- would be free to tender if it wished.

MR GARRETT: Going back and bearing in mind the advantages to be derived from a three to five year contract, in terms of providing you with an opportunity to gather information, what went wrong? Why did that deal ... why was that deal not progressed?

MR RICHARDSON: I think, from the Officers' side, we were trying very hard to progress that and to implement it. Unfortunately, there was a break down in terms of the gaining sufficient financial information and agreeing on certain levels of profit or a cross mark-up or whatever you call it and I think it broke down because agreement couldn't be reached on a financial position.

MR GARRETT: Who was the driving force for the sort of rapid movement between the original offer of a three to five year deal with Jersey Bus to the Bus Strategy and basically the appointment of Connex?

MR RICHARDSON: Well, ultimately the Committee is the driver. The Committee makes the

decisions.

MR GARRETT: Was it the Committee or was it the President?

MR RICHARDSON: The Committee make the decision.

MR GARRETT: That is not the question that I asked.

MR RICHARDSON: I can only answer the question that the Committee make the decision.

MR GARRETT: Yes, but who was influencing the Committee the most?

MR RICHARDSON: I'm not going to ask a politically biased question. You will have to ask that to the previous President. I am sorry. **(Pause)**

MR GARRETT: Did anybody actually work through? When the Bus Strategy was approved, in effect, immediately before the Bus Strategy was approved, did anybody from the Department actually go through a sort of risk analysis process to look at all the pitfalls, all the benefits or otherwise of all the options that were available to the Committee at that stage?

MR RICHARDSON: Er, well, I think you have seen the risk analysis that was undertaken, which was about the Strategy.

MR GARRETT: But that was, if the Bus Strategy is implemented, what could up-end it. What I am after is did anybody look at before the decision was taken to progress the Bus Strategy, did anybody look at the potential pitfalls?

MR RICHARDSON: Er, I think the answer to that is yes. I think I would have to go through the files to actually get the information out, but I think there was, I seem to recall, discussions at the Committee or certainly meetings of the Committee to say "These are the issues if we go forward", but I would need to check that.

MR GARRETT: I am sorry, that is with the Bus Strategy?

MR RICHARDSON: With the Bus Strategy, yes.

MR GARRETT: But what I am looking for is did anybody undertake an analysis of the strengths and weaknesses of all of the options that were available?

MR RICHARDSON: Er, I'm not aware of that. I think the centre of focus was on still trying to get an agreement with Jersey Bus for a service level agreement.

MR GARRETT: Is it a swat analysis or?

MR RICHARDSON: Yes, but I'm not quite ----

MR GARRETT: Strengths and weaknesses.

MR RICHARDSON: I'm not quite ----

MR GARRETT: But nobody went through that process?

MR RICHARDSON: But I'm not quite sure where you are ... exactly which stage you are referring to here because my recollection is that there was clearly a view and a wish, or certainly from where I'm sitting and I know from where my colleagues were sitting, to try to develop a service level agreement. That was the focus prior to the Bus Strategy. We were all trying to get a service level agreement that was workable and acceptable for both parties, but that didn't materialise unfortunately. I think the breakdown, as I have already said, was because agreement couldn't be reached on the financial aspects of it.

MR GARRETT: Moving on ----

MR RICHARDSON: From that point, I think it was the Committee that took the decision that that was the end of that discussion and the only option for them was then to go out to seek tenders. I think there is a letter from Dr Swinnerton to Jersey Bus which is effectively saying -- the words aren't right, but effectively -- "This is the end of the road. We have given you the figures and that is basically what we have given you. Please respond within so long. If you don't, then we go out to tender." So I think that was the cut-off point.

MR GARRETT: Would it be fair to say that the Bus Strategy was progressed in haste, without the benefit of analysis of strengths and weaknesses of the options of a formal process, without the benefit of projected costings and without the benefit of data on passenger demand?

MR RICHARDSON: Um, but we knew that there was no data on passenger demand. We have known that all along. That was one of our problems. We didn't have that information, and we had very limited information on costings, which was one of the reasons why Halcrow's had brought in experts to advise on bus services and that is why they advised on this form of tender process and this form of contract being implemented. In terms of analysing what the options were, I don't think there were any options that the Committee had.

MR GARRETT: But they hadn't looked possibly in detail at the risks associated with those

options: the strengths and weakness, the pitfalls and what could go wrong at that stage.

MR RICHARDSON: I don't think there is a formal swat analysis which I could turn to the file to say ---

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MR GARRETT: I am not aware of one.

MR RICHARDSON: No, I don't think there is, but I think the Committee were very aware of the options that they had available to them.

MR GARRETT: Okay. Would you agree that, proceeding on that basis, actually is a fairly high risk activity?

MR RICHARDSON: I think the Committee, given the knowledge and the available information that was there for them at the time, were aware that there was a risk, and there is certainly a Committee Act which is clearly saying and does identify the potential level of subsidy, which is in the pack you have got, which does show at that time it was identified that the subsidy could -- I am not sure whether it was subsidy or cost -- could be in the £4 million mark, so that figure was certainly known at that time.

MR GARRETT: I understand that the present Committee is moving towards the replacement, updating of the Bus Strategy. Do you know the reason for that move?

MR RICHARDSON: Well, I don't think I quite agree with exactly your interpretation of it. The Committee have for some time been saying that they want to review the Transport Strategy because clearly, as we have already discussed, it was a fairly high level document with aspirations which, given the current financial climate, are probably not deliverable. So the Committee want to review that to actually have something which is a workable document, which would then get States' approval so that it is something that is deliverable. But, within that, there will be buses, taxis, the school bus service, highways, pedestrianisation and all the range of activities within a transport strategy.

We have now had two years operation of Connex. We are into year three, so we now have good data to work from and certainly Connex have put forward a number of suggestions for changes/modernisation to the bus service. Those, for various reasons, haven't been implemented. I think the Committee's view now is that we have got good data to work from,

good statistics. We need to reflect on the needs of the travelling public now to change probably considerably from where we were when the tender documents were being developed. We are certainly all very aware of the nature of the tourism industry today and the loads in the winter and summer. So I think it is probably quite a sensible decision to say “We now know what the service is providing. We have good accurate statistics and data on it. Therefore, we need to review to determine how to go forward” and, at the same time, I am sure you are aware from the documents you have had, we have the school bus service, which is run almost independently, although there is already some integration and the Committee really want to look for as much integration as they can so that we arrive at the most cost-effective service.

MR GARRETT: Thank you. Can I now focus on some correspondence that I spotted? There was actually a flurry of emails in May 2000 which made reference to “*doing a Condor*” in relation to the bus service. As far as you are concerned, what was meant by that phrase?

MR RICHARDSON: I would need to refer to it, sorry.

MR GARRETT: If you are not aware of it, we will move on. I mean, I didn’t know if you were aware of it, because it seems to have been a significant turning point. It seems that, in May 2000, somebody was fairly determined to move towards competitive tendering already and at the same time, almost within weeks, those same people were talking to Jersey Bus about a commitment to a three to five year deal.

MR RICHARDSON: I’m not aware of “*doing a Condor*”. If you have got the information or you can refer me to it, I will look at it, but ----

MR GARRETT: I don’t have the reference.

MR RICHARDSON: I don’t recall being a party to that “*doing a Condor*”. My focus at that time, and I think that was early -- did we say May 2000?

MR GARRETT: May 2000.

MR RICHARDSON: There is a piece of correspondence which I saw reviewing the files, which was Jersey Bus or Chris Lewis produced a chronology of events and he does refer to a meeting in early 2000. **(Pause)** “*In January 2000, the Directors of Jersey Bus met with the Public Services President, Deputy Simon Crowcroft, and J. Richardson to discuss how to take the SLA forward.*”

All parties agreed it must be in place before the end of Jersey Bus' one year licence in September 2000.

A fair of return is discussed and J. Richardson suggests that should be on the basis of an agreed costs plus mark-up.” So my position here ----

MR GARRETT: So in January 2000, you were still, everybody was still, happy to run with the three to five deal and yet, in May, there is discussion about, which you may not have been a party to and have knowledge of, “*doing a Condor*”, which is a clear reference in my understanding to going out to competitive tendering. Is it honourable, do you think, for such a diversion of sort of processes to be contemplated simultaneously? On the one hand you were giving all kinds of assurances to Jersey Bus and, on the other side of the door, you are actually progressing a move towards competitive tendering?

MR RICHARDSON: I was not party to that. I was party to working to try to develop a service level agreement.

MR GARRETT: Moving forwards to December 2000, I notice that there was a Committee Act which made reference to (and I quote) “*Considerable opposition to the company*”, that was Jersey Bus, “*both within the States and among the general public.*” Do you know the origins of that?

MR RICHARDSON: December 2000?

MR GARRETT: 19th December. **(Pause)**

MR SPENCE: It is B1 of 19 December.

MR RICHARDSON: B1?

MR GARRETT: Sorry, no, it is the Act of the Committee B1.

MR RICHARDSON: Sorry.

MR SPENCE; Not your B1.

MR RICHARDSON: Sorry, forgive me. Do you have it there?

MR SPENCE: Yes. **(Same handed to witness) (Pause)**

MR RICHARDSON: Sorry, can you refer me to which section?

MR GARRETT: There is a section mentioned in there (and I don't know which paragraph because I have only got notes on it) to “*considerable opposition to the company both within the*

States and among the general public.”

MR RICHARDSON: Right, let me read the first paragraph just to get the background. **(Pause)** No, I can't comment on that. I am certainly aware of the first sections, which are about the three to five year service level agreement and five year open book partnership arrangements. *“The Committee having noted that the President, the Vice President and its Officers favoured entering into a partnership arrangement with Jersey Bus, endorsed this as the preferred way forward.”* I am very familiar with that. I can't recall and I'm certainly not aware of the details from the other statements there.

MR GARRETT: So you have no idea where that came from?

MR RICHARDSON: No, I can't make any comment on that.

MR GARRETT: It is interesting, moving forwards, maybe it is in the same file, I don't know, but 8th January 2001. It is in the next file. You may not have it. It is an Act of the Committee again, B2, of 8th January 2001: *“The Public Services Committee considered a draft proposition outlining the future Bus Strategy.”* Do you know the origins of that document? **(Pause)**

MR RICHARDSON: They agreed to set up a working group. Are you referring to the final paragraph?

MR GARRETT: Again, I have only got notes on it. I had to condense everything into ----

MR RICHARDSON: Right, well, let me just check this. *“The Committee was advised that a letter received from Advocate Lewis ... querying the legal advice given to it in respect of its ability to enter into a Service Level Agreement with one company. The Committee noted that he had been sent a copy of the advice given by H.M. Solicitor General.*

“The Committee received Messrs Lewis ... Cotillard ... and Pickering ...of Jersey Bus, to discuss the proposed Service Level Agreement. The Committee advised Jersey Bus representatives that it had just considered a draft proposition on its future bus strategy and was in favour of entering into a partnership arrangement with the company, subject to advice from the Law Officers' Department.”

MR GARRETT: The final paragraph in B2, at the bottom of page 1: *“Considered a draft proposition on its future bus strategy.”*

MR RICHARDSON: Yes, and I am referring back to the third paragraph: *“The Committee advised*

Jersey Bus representatives that it had just considered a draft proposition on its future bus strategy and was in favour of entering into a partnership arrangement with the company”

MR GARRETT: So that Bus Strategy made no mention of competitive tendering.

MR RICHARDSON: That is my recollection from reading this minute.

MR GARRETT: Do you know if there is an actual document to accompany this anywhere?

MR RICHARDSON: There would have been a report put in with it. I might have it. It is 8th January, so ...

MR GARRETT: Can you possibly separately from this have a trawl through your files to see if you can find the document that would have actually supported that?

MR RICHARDSON: Yes, I will see what we have got. Let me just go back to the ----

MR GARRETT: Don't worry because we need to move on.

MR RICHARDSON: Can you make a note for me?

MR SPENCE: Yes, I will.

MR GARRETT: I am just trying to understand the point at which the competitive tendering aspect of the Strategy actually appeared. Presumably that is not the document. The document that they are referring to there is not the document that Deputy Crowcroft (as he was then) actually produced later.

MR RICHARDSON: It is certainly not the one I was referring to there. No, that was much later. That was July, wasn't it, 2000?

MR GARRETT: Yes, it was July.

MR RICHARDSON: Yes.

MR SHEPHEARD: The one that became P104 was certainly debated in July of 2001.

MR RICHARDSON: That is July. No, I think ... I would need to check back, but I am fairly certain that this document **here** is not the one that is being referred to ----

MR GARRETT: The document that is being referred to there is a document that probably your Officers would have produced.

MR RICHARDSON: The one back in?

MR GARRETT: Back in January.

MR RICHARDSON: I would need to check, but I am fairly sure that is information which ... certainly my recollection of what we were trying to do was about developing the service level agreement and that was the direction we were going in, as we have already discussed, and the change and the strategy that came in July was a different strategy.

MR GARRETT: Thank you. Were you involved in any way with the revision of the legislation, the Motor Traffic (Jersey) Law 1935?

MR RICHARDSON: No, not in any detail.

MR GARRETT: Do you have any knowledge of the sort of timescale that was applied to that?

MR RICHARDSON: I remember the original appointment of Richard Syvret. I think ... (indistinct) ... met him to discuss a brief with him to actually undertake work for us. I am very well aware, having read all the files and looked through it all, of the considerable work that went on and the toing and froing of emails, but I wasn't involved in the detail at all in the preparation of that piece of work.

MR GARRETT: Right. You have seen the legislation and you are aware of it. Are you satisfied that it is a sound piece of work or, with the benefit of experience, do you think that elements of it should be tightened and further amended, or do you think there is any case for relaxing elements of it in order to achieve the overall objective of providing a good bus service to the people of Jersey?

MR RICHARDSON: I think the legislation as it is now is providing us with the backbone of what is required to deliver a public bus service. There are further changes that could help that might be considered for the future, but the current legislation appears to provide the basis of the framework that allows the bus service to operate.

MR GARRETT: Okay. Moving onwards, do you accept that the tender documents issued in January 2002 highlight an agreement dating from August 2001, whereby the States gave an undertaking to the unions regarding the preservation of their terms and conditions of employment with respect to bus drivers and support staff?

MR RICHARDSON: Yes.

MR GARRETT: In the first instance, do you know why Mr Shenton became involved in

brokering that deal?

MR RICHARDSON: There had been a number of discussions prior to him becoming involved, some of which were Officer only some of which were Officer and politicians and some of which were politicians only, I think. I think ... well, obviously an agreement hadn't been reached between the two parties. I can't recall the exact events that led up to Mr Shenton becoming involved, but there is certainly a file reference I found where Clive Swinnerton was talking to Dave Witherington of JACS, which had just been set up effectively at that time, to try and use JACS as the mediator -- I think would be a reasonable word -- to form that agreement, but I can't recall sitting here and I certainly can't recall even from reading the notes why JACS wasn't an acceptable solution to Jersey Bus, because clearly Clive Swinnerton was leading that bit of it. I recalled actually only a couple of nights ago reading that note of Clive Swinnerton's meeting with JACS, with Dave Witherington. What I can't tell you is why the outcome of that meeting didn't prove to be the mechanism that would allow Dave Witherington from JACS to be the mediator between Jersey Bus, the Transport and General Workers' Union and the Committee to come up with an agreement.

MR GARRETT: I don't know that Jersey Bus were involved in that process. I think it was a union ----

MR RICHARDSON: Oh sorry, it must have been just the union and the Committee.

MR GARRETT: In his evidence, Mr Shenton described the attitudes that he encountered at Public Services. He said he was "*appalled*" by the attitudes he encountered. Are you aware of any difficulties that existed at that time?

MR RICHARDSON: Absolutely not.

MR GARRETT: Was there a view within the Committee that bus drivers were earning too much money?

MR RICHARDSON: I would like to go back to the first question, please?

MR GARRETT: Certainly.

MR RICHARDSON: I am not aware certainly within Public Services that there was still -- and I am speaking for myself here ----

MR GARRETT: Sorry, is this Department or Committee?

MR RICHARDSON: Department.

MR GARRETT: Okay.

MR RICHARDSON: I am not referring to Committee. That is political and you would need to refer that to the politicians. From the Department's point of view, I was clearly still trying to work towards a service level agreement.

MR GARRETT: Okay. Can I take you into the Committee arena? In your presence, whilst you were there, did any Committee Member -- President or Member -- ever express the view that bus drivers were earning vast sums of money?

MR RICHARDSON: I don't recall that being expressed.

MR GARRETT: Did any politician ever say in your presence or make any kind of comment which was derogatory or which implied dissatisfaction with the union or with the conduct of the bus drivers and support staff?

MR RICHARDSON: I'm not aware of a direct comment that I could refer to or attribute to an individual.

MR GARRETT: In general terms?

MR RICHARDSON: I was aware, but this goes back earlier and you have got all the notes on it, that the Hoppa bus dispute had been a significant catalyst in damaging relationships, shall we say. It didn't damage my relationship. I don't feel it damaged my relationship, but there was clearly damage to relationships. That was in July of 2000, I think. So we were ----

MR SHEPHEARD: July/August, I think.

MR RICHARDSON: July/August 2000, so we were approximately a year on from that point. I certainly feel that I still tried to maintain a very -- I tried and I think I succeeded in maintaining -- a positive relationship as best we could with Jersey Bus to try to make this thing work. I couldn't attribute any individual comment to an individual person that you refer to.

MR GARRETT: But it was not a harmonious relationship. There were still feelings arising from, adverse feelings arising from, the Hoppa bus issue?

MR RICHARDSON: I think I would say yes, but that was true on both sides.

MR GARRETT: When it was stipulated that a new operator would have to employ bus drivers and support staff on the same terms and conditions of employment as applied in August 2001, did you or anybody else specify that wage negotiations scheduled for February or March 2002 would have to be suspended until the new operator took up their post?

MR RICHARDSON: Er, no. There was a letter from us to Halcrow's to advise the tenders that they should advise ... there is a letter from us to Halcrow's that they should advise tenderers to include for a pay award.

MR GARRETT: But nobody in the political arena that you are aware of ever suggested that there should be no further wage negotiations until this had been resolved?

MR RICHARDSON: No. I'm not aware of that. I think it was a private company, who was obviously dealing with their own workforce, who were still in office. They were a private organisation and they had to manage their own organisation up to the point where they were either successful and their tender continued or the new ones were brought in and the staff had to change over.

MR GARRETT: As a slight development of the previous question, did anybody ever indicate that any wage negotiations for the spring of 2002 should be limited to the cost of living only?

MR RICHARDSON: Um, no. The letter, I think, from the Department to Halcrow's was saying that they should advise the tenderers that they should allow for a ----

MR GARRETT: For wage negotiations?

MR RICHARDSON: For wage negotiations and a wage increase.

MR GARRETT: But there was no limit on what that wage negotiation should be?

MR RICHARDSON: If you want confirmation, we need to confirm it from the letter that went from the Department to Halcrow's, I can ----

MR GARRETT: It's in the files.

MR RICHARDSON: Well, it's in the files, so there was a letter there. You know the contents of it, but we can refer to it if you wish.

MR GARRETT: I just wanted to make sure that there was nothing outside of the letters that we have seen, the correspondence that we have seen.

MR RICHARDSON: No.

MR GARRETT: Moving on into the sort of tendering process, we have covered this a little bit previously, but was any kind of system implemented with action plans between yourself, Halcrow and other people involved in it so that there was a clear understanding of who was responsible for what activity and over what kind of timescale, or did you, as you previously indicated, assume that Halcrow were managing the tendering process from the issue of the first documents through to the sort of delivery of a first ----

MR RICHARDSON: As I said, I think my recollection is that Halcrow's were responsible for managing the process. I am fairly sure there were some key dates set in terms of "We will get tenders out." I think there is actually ----

MR GARRETT: I have seen that. That is a Halcrow document. I didn't know whether there was anything ----

MR RICHARDSON: There is a Halcrow pre-tender document which is laying out the procedure.

MR GARRETT: Yes.

MR RICHARDSON: And I think that document has got some key dates in it.

MR GARRETT: Yes.

MR RICHARDSON: So those were the sort of ----

MR GARRETT: But there were no other developments on that, you know, a series of action plans, timescales, who is responsible, identifying deliverables and so forth. None of that?

MR RICHARDSON: Well, I think that is what was in that document that Halcrow's produced. It was tender documents will be produced by and distributed; expressions of interest; tender documents produced; evaluate the expressions of interest; distribute those. Those are all listed.

MR GARRETT: That is the only document that was ever produced?

MR RICHARDSON: As far as I know, yes.

MR GARRETT: In order to resolve some of the matters we are investigating, it is vital to establish the sequence of events relating to the distribution of tender documents and so forth. Most critically, we need to establish when *Bulletin 2*, together with the Transport and General Workers' Union pay claim, was distributed. Do you have any knowledge of that? Are you satisfied that Halcrow did send it out on 12th February on the basis of subsequent enquiries

possibly?

MR RICHARDSON: On the basis of subsequent enquiries, I am satisfied that they received the information and they sent it out, but they did not, as far as I am concerned or aware, send it to us.

MR GARRETT: I hear what you say, but can I just clarify one point? This is absolutely critical. When you were conducting your regular management meetings with Mr Muir, did he on any occasion between February and May, ever indicate that he had received notification of the pay claim?

MR RICHARDSON: No.

MR GARRETT: Have you ever had reason to suspect that he may have received notification of the pay claim?

MR RICHARDSON: No.

MR GARRETT: Have you ever had reason to believe that anybody else in the Department might have received details of that pay claim?

MR RICHARDSON: No.

MR GARRETT: At any stage prior to the opening of the tenders, did you or anybody else within the Department or indeed of the Committee indicate, infer, imply that Jersey Bus would not be selected as the preferred operator as a result of earlier events, including previously reported difficulties in the relationship between the Committee and Jersey Bus? **(Pause)**

MR RICHARDSON: Right. I am going to have to ask you to repeat the question. Sorry, it is just the reason why I want you to repeat the question.

MR GARRETT: Okay. At any stage prior to the opening of the tenders, did you or anybody within the Public Services Department or Committee ever state, indicate, infer or imply that Jersey Bus should not be selected as the preferred operator as a result of earlier events, including the previously reported difficulties in the relationship between the Committee and the management of Jersey Bus?

MR RICHARDSON: I will speak for myself and my colleagues. I will not comment on the Committee. That is political. The answer to that question is no. I am not aware of it for myself for my colleagues.

MR GARRETT: I understand your reluctance to talk political, but do you have knowledge? Bearing in mind our terms of reference, do you have any knowledge of any politician ever expressing views along the lines that I have just described?

MR RICHARDSON: Not formal at a Committee meeting.

MR GARRETT: Informal. Tell me, please.

MR RICHARDSON: I am aware that there were some Members, not necessarily of my Committee, but there were some Members in informal conversations who clearly were not happy with Jersey Bus. I couldn't name them because I might be wrong as to who those people might have been, but I am aware that there was unease or unrest.

MR GARRETT: That leads me into my next question really. I noticed that in the Halcrow evaluation document they made reference to, or they made a comment that they felt that the relationship between Jersey Bus and the Committee was not conducive to the development of a successful partnership necessary for the delivery and enhancement of future services. Now, clearly, Jersey Bus wouldn't have told them that. So where did they get that information from?

MR RICHARDSON: I have read that comment as well. I don't know. That is a comment that you would have to address to Halcrow's. From my own position, I was disappointed that we could not actually get something to work. I felt that there was an opportunity to achieve a service level agreement. I would say that I think it is correct to say that negotiations/relationships with Jersey Bus were at times very good and very much wanting to work towards a service level agreement document and at times they were quite contractual and confrontational, commercial. But at no time would I have ... I personally never had a position where I could not continue to carry on a dialogue and I think that is borne out by the fact that only two months after the contract had been awarded to Connex I was able to work with Mike Cotillard from Jersey Bus and renegotiate the school bus contract. So I think my relationship with them was stable. It was commercial. It was contractual. But I feel that I was able to maintain that relationship and continue with it.

MR GARRETT: Applying your professional standards, do you think that, bearing in mind that the task that Halcrow were performing at that stage, which was the evaluation of tenders, that that kind of comment has any place in their report?

MR RICHARDSON: I think it is unfortunate.

MR GARRETT: Were you present when the tenders were opened?

MR RICHARDSON: Yes.

MR GARRETT: And Halcrow was represented by Roger Childs and Roger Macklin?

MR RICHARDSON: Roger Macklin, I believe.

MR GARRETT: Can you explain your recollection of the process?

MR RICHARDSON: They brought the tenders into, I think it was, Clive Swinnerton's office, as it was.

Yes, it was Clive's office and now my office, the Chief Officer's office. We have a formal tender evaluation sheet which we use for all tenders received in the Department. The tenders were opened. I can't remember who actually opened them, but the tender sum was then recorded on the evaluation sheet for the compliant and non-compliant bids from each operator as they were read out and then those of us present -- we can check, but I think it was Clive Swinnerton, myself, Alan Muir, Roger Macklin and Roger Childs -- then signed the bottom of the sheet. Those documents were then gathered up and Halcrow's, I think, started to do the evaluation in our offices that day before they then went back to their offices in the UK to carry out the full evaluation process.

MR GARRETT: So in your presence nobody got into the detail of the tenders?

MR RICHARDSON: Definitely not at that meeting, no.

MR GARRETT: How long did that initial process take?

MR RICHARDSON: What, the opening process?

MR GARRETT: Yes, and initial review.

MR RICHARDSON: The opening process would have been half an hour probably.

MR GARRETT: Right.

MR RICHARDSON: I think ... You would have to check with Halcrow's, but I think they went back on the plane that day.

MR GARRETT: Sorry, the bit you were involved in only took half an hour or so?

MR RICHARDSON: Yes, opening them. It was just purely to open them, to witness them and sign that we had then witnessed the tender sums.

MR GARRETT: While Mr Childs was at Public Services, did he supply you, Mr Muir or anybody else that was present with a series of envelopes, brown envelopes?

MR RICHARDSON: No, I do not recall that at all and we have no recollection of that in our files. So we have no record. I am aware of what is being said, but, no, we have no recollection of that.

MR GARRETT: Is it possible that anybody in your Department could have picked these things up unconsciously?

MR RICHARDSON: I think not because of the way in which it happened. They were opened in Clive Swinnerton's office, which is just a big open office with a very large glass topped table, meeting table. So the table would have been empty, the documents put down, opened and then Halcrow's would have gathered them up and taken them away. I think they used Alan Muir's office for the rest of that afternoon to start looking at the detail, looking at it in more detail, and, as far as I know, they then gathered up those documents and took them back to England with them. But certainly I don't have any recollection whatsoever of additional information being left with us and I know Alan has said the same thing.

MR GARRETT: Is it possible that they were left with Clive Swinnerton? **(Pause)**

MR BLACKSTONE: I think the brown envelopes were taken to the beauty contest rather than to the opening of the tenders.

MR GARRETT: No, I think it was then.

(To the witness): Sorry, is it possible it was left in Mr Swinnerton's office?

MR RICHARDSON: No, no. Knowing how Dr Swinnerton worked, no. He was a very meticulous man and his office was always very clean and his desk was always very tidy, so if anything had been left there, it would have been passed on to the respective manager.

MR GARRETT: I have to say that Mr Childs is absolutely adamant that he brought three envelopes to your offices and that he left them with your staff. What possible reason would he have for providing inaccurate information on that point?

MR RICHARDSON: I don't know. I can only recall that I do not recall seeing any envelopes left with us in the Department. I have no recollection of that whatsoever.

MR GARRETT: We will move forwards. Can you confirm something that Alan Muir told us

yesterday, that 28th February was agenda day and that he would have been actively involved in the preparation of material for the next Committee meeting or States meeting?

MR RICHARDSON: Well, without looking at the dates I can't ----

MR GARRETT: 28th February 2002. I don't know what day that was.

MR RICHARDSON: If it was an agenda day, then, yes, it would have been ----

MR GARRETT: Would you still have a list of agenda days going back into 2002?

MR RICHARDSON: Yes, we should have.

MR GARRETT: Would you be able to provide me following this with that confirmation?

MR RICHARDSON: Yes, I just want to understand what you mean by "*agenda day*"?

MR GARRETT: It is a term that he used.

MR RICHARDSON: Right. If it was a Monday, and I need to be quite specific here ----

MR GARRETT: If you hang on a second, we will see if we can consult the technology. **(Pause)**

MR SHEPHEARD: It was a Thursday, 28th February 2002.

MR RICHARDSON: Right. Thursday was the deadline for Committee papers. Perhaps I need to just explain this a bit to you. The way in which we worked in Public Services then and now is that we have certain cut-off dates for papers for Committee agendas. Thursday is an agenda day, which is noon on Thursday all Committee reports have to be in with the Chief Officer's secretary, so that she can then compile those papers and print them and distribute them to the management team on the Friday so that they can read them over the weekend and then the management team on the Monday morning then reviews all of the Committee papers for the next Committee meeting. So if you are referring to a Thursday as an agenda day, that Thursday is the noon cut-off day for any Committee reports for the Committee meeting the following ... in those days the Committee met on a Monday, so it would be Monday week for the deadline.

The management team reviewed the papers on the Monday. Any amendments that the management team wanted to make had to be made on the Monday afternoon/Tuesday morning, so that Tuesday afternoon, or late Tuesday afternoon/at the latest Wednesday morning, they went to the Greffe for printing so they could then be sent out to Committee Members on the Thursday, who would receive them the latest Friday, so they could read them over the weekend for the

following Committee on the Monday. So we had a particular cycle of events.

MR GARRETT: But every Thursday there was a committee day?

MR RICHARDSON: It was alternate Thursdays.

MR GARRETT: Can you confirm from your diary or whatever that that Thursday, 28th February 2002, was a Committee day?

MR RICHARDSON: Yes.

MR GARRETT: Was an agenda day.

MR RICHARDSON: An agenda day, yes.

MR GARRETT: You said that the sort of deadline was midday.

MR RICHARDSON: Yes.

MR GARRETT: Was there any flexibility in that, or would all the work be completed by midday?

MR RICHARDSON: I think, with the pressures we were under, there was always a degree of flexibility. It depended on my, the Chief Officer's secretary, who usually noon/after lunch was pushing to get the papers in.

MR GARRETT: Would you be able to trawl back through your records, in addition to confirming that it was an agenda day, to give us an outline of the kind of work that was produced on that day?

MR RICHARDSON: I certainly won't be able to give you which papers came in at what time.

MR GARRETT: No, no.

MR RICHARDSON: But I can from the agenda that went to the Committee the following Monday week tell you which were the papers that were on the agenda for that week.

MR GARRETT: Can you do that for us, please?

MR RICHARDSON: Yes. **(Pause)**

MR GARRETT: Was your ... sorry, I will wait until Mac has finished writing your note.

MR SPENCE: I am with you, sir.

MR GARRETT: Okay, thank you.

MR RICHARDSON: Thank you.

MR GARRETT: Was your next involvement in this process what has been referred to as the

“*beauty parade*” or did you actually review the evaluation that Halcrow performed?

MR RICHARDSON: I had a copy. I received a copy of the tender evaluation report from Halcrow’s. I can’t recall when I received it, but I certainly received it and read it and my next involvement was with what you have termed the “*beauty parade*”.

MR GARRETT: When you received the Halcrow documents, did you also receive a copy of the tenders, certainly for the shortlisted people?

MR RICHARDSON: No.

MR GARRETT: Did you ever receive that material?

MR RICHARDSON: No, I never received a personal copy. I think I saw the ... during the “*beauty parade*”, as you refer, I think I did see a copy of them, but I never actually had a full set which I then sat at the desk and evaluated.

MR SHEPHEARD: If you had had, of course you would have received the letter of 6th February.

MR RICHARDSON: The letter of 6th February?

MR SHEPHEARD: From the union to Jersey Bus.

MR GARRETT: If you had a complete set of documents referring to the tendering process, not just the tenders submitted.

MR RICHARDSON: If I had had a complete set of documents from Halcrow?

MR GARRETT: Supplied by Halcrow.

MR RICHARDSON: Then that letter would have been present, I assume, yes.

MR GARRETT: Okay. Would you have expected, bearing in mind his position and so forth, Alan Muir to have drilled down into the detail of the tenders?

MR RICHARDSON: No is the answer to that. I refer back to how I described how we would manage a consultancy type project versus an in-house project management rôle.

MR GARRETT: So you looked to Halcrow to be responsible for going right through the detail of all the tenders?

MR RICHARDSON: Yes.

MR GARRETT: Okay. Can you describe fairly briefly the format of the presentations on 15th March?

MR RICHARDSON: Yes. The Committee room was laid out in an attempt to be less formal type arrangements than the normal Committee meeting room and I think the first presentation was from Connex, the second presentation was from Dunn-Line and the third was Jersey Bus. I think that was the order. Connex had, from memory, three people present. One was Dennis Ord, one was a French lady called Tania Morisson and the third was their commercial director whose name slips my mind at the moment, but there were three of them, from recollection, present. They did a PowerPoint presentation and then it was a question and answer session from the Bus Strategy Steering Group Members. Alan and I did not ask questions at the meeting.

MR GARRETT: Okay. At any stage during that process did any of the tenderers express concern about the timescales that had been set?

MR RICHARDSON: I don't recall any specifically. I do recall, but I wouldn't like to say whether it was at that meeting or at another meeting, I think, Jersey Bus did express concern about the timescale for delivering new vehicles, but ----

MR GARRETT: But not about the timescale of the tendering process, the tightness of it?

MR RICHARDSON: I don't recall that, no.

MR GARRETT: No. Did anybody express concern or dissatisfaction about the completeness or accuracy of the documents that had been generated by Halcrow?

MR RICHARDSON: No, I don't recall that.

MR GARRETT: Nobody said they hadn't had enough time to gather information on aspects of public demand and so forth, particularly with reference to the requirements in relation to relief services.

MR RICHARDSON: I certainly don't recall Connex and Dunn-Line making that statement.

MR GARRETT: Okay, thank you. Most critically, did any of the tenderers indicate that, for any reason whatsoever, they had not taken account of the whole wage claim submitted by the Transport and General Workers' Union, including the claim in respect of the shift allowance?

MR RICHARDSON: I certainly don't recall a detailed discussion about that. I think their tender was clear as to what they allowed for and I don't recall any of them making a specific reference to what they had built into the wage claim.

MR GARRETT: And nobody said “Oh by the way, we have made an allowance for a cost of living increase, but we have not included this claim for a shift allowance”? Nobody made that specific reference?

MR RICHARDSON: Categorically no.

MR GARRETT: Thank you. Following the presentations, did the Bus Strategy Steering Group hold a sort of meeting to discuss the tenders?

MR RICHARDSON: They reviewed the presentations. They reviewed the outcome of each presentation, yes.

MR GARRETT: And that was a wash-up event at the end of the session? It wasn't sort of presentation review, presentation review, presentation review?

MR RICHARDSON: I think there was a very short interlude in between them where there was a sort of general discussion about the quality of the presentation and what was on offer etc, but it was at the end of the meeting where they actually reviewed the final ... compared the three submissions.

MR GARRETT: Can you describe how that meeting ended. In particular, we wish to hear about exactly what decisions were made at that time?

MR RICHARDSON: Yes. The meeting ended with having reviewed the three submissions that had been made. The Bus Strategy Steering Group had identified its preferred bidder, but obviously that had to be referred at a later date to the Committee because it was the Committee that made the decision and that had to be referred because of the changes to the legislation that were required.

MR GARRETT: Is it not true that, bearing in mind the representation of the Committee, the Public Services Committee, on the Steering Group that a decision was taken to select Connex, but that really had to be put on hold subsequently almost immediately because the legislation wasn't in place?

MR RICHARDSON: Well, the Bus Strategy Steering Group didn't make the decision. It was the Committee that made the decision. So the Bus Strategy Steering Group from its review and appraisal of the submissions was making a recommendation to the Committee as to its preferred

bidder, but the Committee couldn't make that decision until the legislation was correctly in place.

MR SHEPHEARD: Was it only Members of the Bus Strategy Steering Group who were present on 15th March?

MR RICHARDSON: For the beauty parade?

MR SHEPHEARD: Yes.

MR RICHARDSON: Yes. That is my recollection.

MR GARRETT: How many Members of the Public Services Committee?

MR RICHARDSON: Um, two, I think, or maybe three. Two, I think, but I would need to check. I think it was Robin Hacquoil, I think Celia Scott Warren and I am not sure about Simon Crowcroft. I would need to check. You may have it there.

MR BLACKSTONE: I have got it here. Do you want me to carry on with this line of questioning?

MR GARRETT: Certainly.

MR BLACKSTONE: You did say earlier, Mr Richardson, that you were aware of what has happened earlier in these hearings.

MR RICHARDSON: Sorry?

MR BLACKSTONE: You did say earlier on that you were aware of what has happened earlier in these hearings at the Committee of Inquiry, particularly yesterday's discussions.

MR RICHARDSON: I am aware of some of the discussion, but I am not aware of all of it.

MR BLACKSTONE: You are aware that, in questioning Mr Muir, he said at first that the decision to appoint Connex was taken on 30th April and that subsequently he admitted, once I presented **this** document that the decision had actually been taken following the beauty contest on 15th March. Are you aware of that?

MR RICHARDSON: I am not aware of that.

MR BLACKSTONE: Well, I have here, and this was dealt with in detail yesterday, an email from Alan Muir to Robin Hacquoil with two attachments, and it is clearly a file reference that came from the Public Services Department to the Committee of Inquiry.

MR RICHARDSON: Do you have a reference number?

MR BLACKSTONE: The first document is a statement to be made by the President of the Public Services Committee in the States on 19th March. Obviously, it was not made because advice came through that it could not be made under the law as it stood then, but the announcement was to include the following statement: *“On 15th March each of these operators presented their proposals to a joint meeting of the Steering Group and the Public Services Committee.”* (Pause) If you want the reference, it is H249 through H252 in your files, which were submitted to the Committee. (Pause) Do you have it?

MR RICHARDSON: I have it, yes.

MR BLACKSTONE: Yes. So again, I repeat the statement that was quite clear: *“On 15th March each of these operators presented their proposals to a joint meeting of the Steering Group and the Public Services Committee. The Committee and the Steering Group unanimously selected Connex Bus UK Limited to be the preferred operator.”* That was the announcement dated 19th March 2002 to the States by Deputy Hacquoil, President of Public Services.

Also attached is a Public Services Committee press release for a briefing of representatives of the press to be held at 9.15 on 20th March: *“Connex Bus, a subsidiary of the French giant Vivendi, has been selected as the preferred operator for the Jersey bus network from October.”*

MR RICHARDSON: Yes.

MR BLACKSTONE: It is quite clear, isn't it? The selection was made by the Committee and by the Steering Group on 15th March.

MR RICHARDSON: The first thing you would need to do, and I look to the Clerk, is do we have a copy of the Committee minute book? If not, I can get a copy.

MR SPENCE: I don't have a copy of the complete minute book.

MR BLACKSTONE: There were not minutes that we have seen of this meeting on 15th March.

MR RICHARDSON: Well, in that case, the question is -- and I don't have the answer here now for me to refer to -- that the Bus Strategy Steering Group and the Committee, unless it was formally constituted at a formal Committee meeting, would not have made that decision. The decision would have to be made by the Committee at a formally constituted Committee meeting, so ----

MR BLACKSTONE: This states quite clearly that the decision was taken by the Committee and the Bus Steering Group.

MR RICHARDSON: In that case, I would need to refer to the Act of the Committee.

MR BLACKSTONE: I would suggest that any Act was suppressed when it was found an illegal position.

MR RICHARDSON: You may suggest, but I would need to see whether there was a formal Committee meeting. If there was, the Greffe will have a copy, the Greffe Committee Clerk will have a copy of that meeting.

MR BLACKSTONE: Are you denying that this decision was taken on 15th March?

MR RICHARDSON: What I am saying is that I believe a decision was taken and the decision was that the Bus Strategy Steering Group -- and I only recall them, I don't recall the Committee -- made a decision as to their preferred bidder.

MR BLACKSTONE: That is not what these documents say.

MR RICHARDSON: I accept what you say, but my recollection is, as I have said, that I don't recall the Committee meeting following on. I recall the Bus Strategy Steering Group undertaking the interviews and the selection process. I do recall that the outcome of that meeting was that they had a clearly preferred bidder. I don't recall, and I would need to refer to the Greffe and to the Greffe minute book, as to whether there was an official Committee meeting that endorsed that decision either then or at a later date. I am clearly aware that it is at a later date because we have got the minutes and you have got the Acts there.

MR BLACKSTONE: Hmm hmm.

MR RICHARDSON: I cannot and I will not say whether or not it took place at the time. I don't recall it taking place at that time.

MR BLACKSTONE: But the decision was taken. It says quite clearly in these documents.

MR RICHARDSON: I can only comment on my recollection and what I have here and what you have. Unless there is a formal Committee Act, then to appoint a contract, the Greffier will not sign a contract unless there is a formal Committee Act. So there has to be a formal Committee Act of appointment. The Bus Strategy Steering Group may say the preferred bidder. It may say who it

is recommending to appoint, but it is the Committee that make that decision and it has to be recorded in an Act before the Greffier will sign a contract.

MR BLACKSTONE: There followed on from this a great deal of documentation. The tender covering sheets were sent out again to these three tenderers with the request that they be redated 29th April and a number of superficial questions were asked of the tenderers to make it appear that a decision had not been taken. You are familiar with all that documentation?

MR RICHARDSON: I am familiar with the emails that were sent, yes.

MR BLACKSTONE: Letters went out to various tenderers who were concerned about the delay, saying that the decision had not been taken.

MR RICHARDSON: I have a copy here.

MR BLACKSTONE: But it is clear that the decision had been taken.

MR RICHARDSON: To appoint a preferred bidder, not to appoint ----

MR BLACKSTONE: Letters went to the union, saying “No, we haven’t appointed the preferred bidder.” The union were concerned because its people were so up in the air. They didn’t know what was happening. For about a further six weeks they were kept up in the air ----

MR RICHARDSON: I have got the letter **there**, yes.

MR BLACKSTONE: ---- purely by this window dressing exercise. The decision had been taken.

MR RICHARDSON: That is your interpretation.

MR BLACKSTONE: I have a document here which says that. I can interpret that in plain English or I can use semantics. I prefer plain English.

MR RICHARDSON: Right, but what you need to go with your plain English then is the copy of the Committee Act, because it is a copy of the Committee Act which formally constitutes a Committee decision and, without that, the Greffier at the States will not sign a contract.

MR BLACKSTONE: Well, I maintain that, once it got to the Greffier and the Law Officers, they said “Oh no, you can’t do this yet, the law is not in place. Don’t tell a soul.”

MR RICHARDSON: Well, you would need to take that up with others.

MR BLACKSTONE: Hmm hmm. I maintain that this clearly says that the decision was taken.

Your Department then proceeded to indulge in a dance of deception of the union, the tenderers and the general public of Jersey until such time as the law came into place. Then you had your official meeting to formalise what had taken place six weeks earlier.

MR RICHARDSON: That is your interpretation. Mine is, as I have said and I repeat, the interviews and the outcome of the interviews was that there was a preferred bidder and it is clear that the formal Committee decision as to the award of contract, which is then referred to later on in ----

MR BLACKSTONE: On 30th April, yes, I have seen the Committee minutes.

MR RICHARDSON: That is the formal Committee decision to appoint the contractor. That is the formal decision of the Committee.

MR BLACKSTONE: During the six week period, we were looking at the delivery of 33 new buses to Jersey by the end of September. Was Connex still kept in the dark that they had not been appointed as the preferred operator or were they tipped off so that they could get on with the job?

MR RICHARDSON: Connex were advised after the Committee had made their formal decision, and you have copies of those letters.

MR BLACKSTONE: So there was no unofficial notification to Connex after the decision was taken on 15th March?

MR RICHARDSON: No, I am not aware of that.

MR BLACKSTONE: I will hand it back over to you.

MR GARRETT: Thank you.

MR RICHARDSON: Sorry, do you want reference to the Committee Act?

MR BLACKSTONE: No, no, I've got it.

MR SHEPHEARD: We have that. We are aware of that. Would it be fair to say that this was in reality an example of bad administrative practice? **(Pause)** This episode between 15th March and 30th April.

MR RICHARDSON: I think that there was certainly a hiccup, in that the Queen Mother's funeral caused a delay.

MR SHEPHEARD: Accepting that, here you had a situation where, on the one hand, we have

documents that clearly suggest that a final decision was taken on 15th March. It is also clear that, as a matter of law, a final decision could not be taken on 15th March because any decision reached that day to that effect would in law be a nullity because the law wasn't there to enable it to be given effect to. What I am saying is that, by getting into a position where it was possible for the documentation that Mr Blackstone has referred to to be prepared when the legislation had not in fact been enacted was an example of bad administrative practice.

MR RICHARDSON: I am sorry, but I think it is unfortunate that there was a delay, but I am clear as to the process that took place.

MR SHEPHEARD: Thank you.

MR GARRETT: Going back on that point, is it possible to provide a copy of the minute book, or copies of ... are they filed in successive pages, locked into a document so that nothing can be withdrawn or?

MR RICHARDSON: Certainly ours in Public Services through my office are in loose leaf A4 binders. The Committee ... the Greffe keep the official Committee minute book. I have copies in my office, but they are slightly crude versions of this. They come to me in A4 sheets after each Committee meeting.

MR GARRETT: Can I ask our Committee Clerk, could we access that material?

MR SPENCE: I am nearly sure, yes, Sir.

MR GARRETT: If it is necessary, I may come back to you on that point to seek clarification, but if we are able to address it separately so that we can look at the last entries before the 15th and the entries afterwards and just see whether or not there is any reference to this.

MR SPENCE: I am telling the Committee nearly, Sir, because, as everybody knows, those Committee meetings and minutes deal with a number of matters outside your terms of reference.

MR GARRETT: I appreciate that, but I would assume that this would be a special meeting outside of the normal cycle of activity, so if there is any reference on the 15th to this it should be fairly obvious. Would the Greffier himself undertake on our behalf a review of the material that is not related to our terms of reference?

MR SPENCE: He has just left the room, but I will approach him during the lunch break, Sir.

MR GARRETT: Fine. Thank you.

MR RICHARDSON: I think you might find that ... No, it is only an Act.

MR SPENCE: I can say the pages are numbered serially.

MR RICHARDSON: Yes. If I had the minute rather than the Act, I could have taken you through that, but I have only got the Act rather than the actual ... these are the Acts. I haven't got the full minute.

MR SPENCE: I can say, Sir, that we can either produce the minute book or we can produce a certificate from the Greffier as to the sequence of events.

MR GARRETT: That would be helpful. Thank you.

(To the witness): Can I now focus on a limited number of issues relating to the contract that was awarded to Connex which Alan Muir was not in a position to help us on yesterday? When was the last time that an independent audit was conducted on the performance of Connex to compare their actual performance, their actual service delivery, against the contract that they signed?

MR RICHARDSON: Um, the Internal Audit Department carried out an audit.

MR GARRETT: Was that on financial issues or did you look at does the number 3 bus turn up at wherever it should be? Does anybody look at those kind of issues?

MR RICHARDSON: Oh right, sorry. Right, **that** was the financial audit, which is ----

MR GARRETT: I have seen that.

MR RICHARDSON: You have seen that, which is January 2005?

MR GARRETT: I have not seen that one.

MR RICHARDSON: Right, so that is ----

MR SHEPHEARD: We have not seen that one, no. We have seen the one for 2004. We have not seen the one for 2005.

MR RICHARDSON: Well, **that** is January 2005, which is absolutely right. This is about the internal audit of Connex Transport cash controls.

MR GARRETT: Yes. I am aware of that process going on. I am more worried about the actual service delivery.

MR RICHARDSON: Okay, the operational service delivery is monitored by a member of staff from

Public Services and we rely on complaints from the Public Services as a mechanism of reviewing performance. Michael Collier, who is our Transport Co-ordinator, does keep a watching brief on it from two counts. One is because part of the Connex service is integrated with the school bus service on a number of routes -- not many, but a number are -- and obviously it is absolutely critical that their performance is spot on in order to get the children to school on time and we know very quickly whether there is a failure there because headteachers will be on to us very quickly. The other aspect of operation is we do use a system of mystery travellers.

MR GARRETT: Right.

MR SHEPHEARD: Has Mr Collier ever been a mystery traveller?

MR RICHARDSON: Mr Collier is not one of our mystery travellers.

MR SHEPHEARD: I have seen an email from him in which he says that his face is becoming a bit too clearly known.

MR RICHARDSON: Mr Collier is a regular bus user from a personal position in terms of his mode of transport as well as a regular traveller to monitor, but I wouldn't disagree with your comment. As I say, we do have a system of mystery travellers, but I wouldn't want to comment further on that.

MR SHEPHEARD: Obviously not, no.

MR GARRETT: Section 10 of the conditions of contract makes it clear that the States will -- and I emphasise the word "*will*" -- from time to time monitor the provisions of the service operated under the contract. Are you satisfied as CEO that the work of Mike Collier and the occasional use of mystery travellers satisfies that requirement as set out in the contract?

MR RICHARDSON: I am satisfied, but I think we probably will be looking at some revisions to that.

MR GARRETT: Do you think you could do more?

MR RICHARDSON: I have ideas as to how I would like to improve that, but I would not want to discuss that openly today.

MR GARRETT: Can I raise ----

MR SHEPHEARD: I do not think that is an area within our terms of reference anyway.

MR GARRETT: No. When I raised the issue with Connex about the provision of inspectors out

on the roads to make sure their buses were where they should be at the appropriate times and that tickets were being issued and that the money was being collected actually out on the buses, they referred me back to that provision and said “No, no, that’s not our responsibility, that’s the States’ responsibility.” How could that confusion have arisen?

MR RICHARDSON: I think it is clear in the contract that Connex are there to provide that inspection service. They have maintained that they have other systems in place to monitor the performance and had a policy of cash controls and controls of different things. To be fair to Connex, they have brought to our attention a number of issues which they have dealt with through their own internal procedures. Those appear to have been fairly satisfactory. As I say, we have our own systems in place for monitoring, but, as I have said already, we are in the process of reviewing that with a view to introducing further changes.

MR GARRETT: Bearing in mind what I have just said, would you contemplate making some representations to Connex to make sure there is absolutely no uncertainty in their minds as to the obligations that the contract placed on them?

MR RICHARDSON: As I say, we are in the process of undertaking some changes to the way in which we manage the service.

MR GARRETT: In some correspondence that was generated by Roger Childs in July 2002, he made reference to the appointment or the identification of a Public Transport Manager. Who would that be? Is that Mr Collier?

MR RICHARDSON: Um, no. Have you got a file reference? Have you got my reference there?

MR GARRETT: Bear with me. I just want to make sure that I have actually got the right document.

MR RICHARDSON: The top right-hand corner.

MR GARRETT: Yes, I just want to make sure. I will come on to K186 and 187. That is where I am leading to. **(Pause)** Paragraph 2.4.

MR RICHARDSON: Okay, this is before the ... sorry, this is July 2002, after the contract had been awarded?

MR GARRETT: Yes.

MR RICHARDSON: Right, 2.4. **(Pause)**

MR GARRETT: On the rôle of the Public Transport Manager. **(Pause)**

MR RICHARDSON: Right, I think I would loosely, but I would have to say loosely, translate the rôle ... *“The Officer of PDS will hold the rôle of Public Transport Manager, who will maintain a register of licence variations.”* In this particular circumstance, under this paragraph, it would be Michael Collier, but I wouldn't term Michael's job as Public Transport Manager.

MR GARRETT: Okay. You led me into the next question. Did he set up that register?

MR RICHARDSON: We have. We maintain a system of checking the licences and licence variations, yes.

MR GARRETT: And there is a register which shows every variation, how it was achieved and so forth? That actually exists?

MR RICHARDSON: I believe it does. I don't believe there have been many variations to the licences though.

MR GARRETT: Can you tell me, on page 2 of that ----

MR RICHARDSON: Sorry, can I just continue? I think there wouldn't only be a register internally. There would be a register at the Committee because it would, I think I am right in saying -- I would have to check this -- it would have to be a decision of the Committee. I would need to check that, but there would certainly be a register of any changes.

MR GARRETT: If you look at section 4 of that Halcrow document, of the page marked K187, you will actually see a sort of chart made out there and clearly the suggestion there is that not all variations need to go to Committee.

MR RICHARDSON: Right.

MR GARRETT: What I wanted is an assurance that you have a mechanism in place to record any variations and really that the guidance that was provided by Roger Childs on that occasion, as set out in section 4, has actually been followed meticulously.

MR RICHARDSON: I believe we do have a register. I cannot confirm today that it is in exactly this layout. I would need to check on that, but I know we maintain a register of any changes or anything that goes on in terms of operation. Whether it is laid out as per category C1, 2, 3, 4, 5,

6 etc as per that table, I can't confirm that today.

MR GARRETT: Would that register be a single document, a single book? It is not a series of emails filed within hundreds of other unrelated emails?

MR RICHARDSON: As I say, I don't know the answer to that. I can check for you.

MR GARRETT: Can you advise us on that, please?

MR RICHARDSON: Can you do me a note, Mac, of that?

MR GARRETT: And, if there is a list of variations, can you forward that to us, please?

MR RICHARDSON: Yes, certainly.

MR GARRETT: An issue that you have touched on previously -- can you just describe the mechanism that is in place for dealing with complaints from the public?

MR RICHARDSON: Yes. Any complaints that are received by Connex are logged and Michael Collier would be the person who would then on a regular basis have meetings with Connex and would review those complaints. He will then bring those complaints back and there is within the contracts, as I am sure you are aware, a penalty point procedure and any complaints that we receive directly to the Department, within the Department we have a system where, if a formal complaint is received and it is about a service we provide, a member of staff or whatever, the secretaries who open the mail will invariably send that, if they see it clearly as a complaint, they will send it to me because I have a system to vet. If it is a staff complaint, we have a system of dealing with it. If I see it, I will then mark it out for action and probably send it to the Director, which in this case is Alan Muir, and he will then instigate procedures with Michael Collier to investigate that.

MR GARRETT: And there is actually an investigation?

MR RICHARDSON: Michael Collier, who is our link man between ourselves and Connex, will then deal with that complaint with Connex. There have been instances where I think there have been disciplinaries within Connex over a complaint and, equally, there is a system where we log the point scores so that if they do get to a particular points score there is a financial penalty system in place.

MR GARRETT: Does the investigation involve going back to the complainant to speak to them

personally?

MR RICHARDSON: I don't know the answer to that.

MR GARRETT: Do you think it would be beneficial in terms of your PR and indeed the PR with -

MR RICHARDSON: Knowing how conscientious Michael Collier is in doing his job, I suspect he will make contact, but I can't confirm that categorically today.

MR GARRETT: Maybe it is an issue you want to think about. Moving forwards to one of our key subjects, how would you describe your rôle and indeed your responsibility on the issue of ensuring the accuracy of reports that are generated by members of your staff for the information of the Committee? Do you hold ultimate responsibility if there is a problem?

MR RICHARDSON: Yes. From May 2002, I am the Chief Officer.

MR GARRETT: Is it the case that every document heading for the Committee since you took over as CEO would have passed over your desk and you would have been aware of it, or is it possible for documents to be diverted past you in any way?

MR RICHARDSON: No. I will always see the documents. As I have already said, we have a fairly rigorous procedure in place for vetting and monitoring normal run-of-the-mill Committee papers, which makes up the pack for the particular Committee meetings. There are inevitably times when we have to have urgent telephone meetings with the Committee where the Officer responsible will draft the paper. He will email it usually to me. Well, he would certainly email it to me if it is done by electronic form. I will receive it. It will also go to the Greffe and the Greffe will then arrange with the President for a telephone meeting to be held. But those are not, I have to emphasise ... telephone meetings are for non-contentious items. Normally, the run-of-the-mill material is all carried out through the normal Committee process.

MR GARRETT: How about when you are on leave, or do you only take leave when nothing much is happening?

MR RICHARDSON: No, I try to take leave when it doesn't coincide with a Committee meeting, but that could well mean that I would miss the previous review meeting where they go through all the papers, but I will always see the Committee papers. If I am on leave, then I delegate my full

power as the Chief Officer to a nominee.

MR GARRETT: Ordinarily who would that be?

MR RICHARDSON: In the past, certainly up until September 2004 when we combined Environment and Public Services, my direct would have been Caroline Anderson, our Director of Corporate Services.

MR GARRETT: Right. **(Pause)** One of the things that concerns me, really arising from our interview with Mr Muir yesterday, is the difficulty that we may experience, if necessary, in identifying the actual author of specific pieces of work. There is one report that I discussed with Mr Muir where it became clear that a number of people had contributed to the production of this piece of work. He only produced what one might refer to as the executive summary and, to achieve that, he drew from information inside the report. If it became necessary, would it be possible to identify the author of specific pieces within a report?

MR RICHARDSON: Um, I would have to ask you to be a bit more specific as to which report you are referring to, because the authors could be from varying ... well, authors invariably would be from varying sources. If the report contained detailed financial information, that financial information should always come from or be vetted by our financial accountant or finance directors to ensure that the accuracy and numeracy is correct. So I think I would have to ask you to be a bit more specific as to what we are looking at.

MR GARRETT: I don't want to get into specifics because there is quite a range of reports that I have looked at. There is certainly one, the one that I spoke to Mr Muir about yesterday. There is clearly a financial aspect to it, but there are other sections in there which may have been -- I understand may have been -- produced by Mr Collier. Now, as I said, if I was to show you a report, would you be able to look at the contents and say, yes, that element of the report would have been produced by Mr Muir, Mr Collier or your financial people?

MR RICHARDSON: I don't think I can be that specific, but if I can just try to complete the answer to your question, we have a system which is fairly clear. I don't recall one here, I don't think there is a Committee date, but effectively the system is that the report might ... at the end of the Committee report, it will say the report written by whoever wrote it, endorsed by and that

director of that directorate has to endorse that report. So the report might be written by a more junior member of staff and that more junior member of staff might have had to get information from a number of sources to find that section or whatever. That member of staff, most members of staff who write it, will be sort of obviously manager level. They will then produce that as a draft report, which will go to their director and certainly, of course, we have a system which says “*Written by*” and “*Endorsed by*” and in some cases it might be endorsed by two directors if there is any cross over of service area.

So, by the time it hits my desk as Chief Officer, when I see the first drafts on what we have already discussed as the agenda day, I will be expecting to see two signatures or two names, “*Written by*” and “*Endorsed by*”. If at that stage, and I usually have a very quick cursory look through the papers, I pick anything up of any significance which I am not happy with or I think needs more clarification or whatever, I will always go back to the director. Invariably, I try not to go back to the person who writes it, because I think you have got to keep the chain of command in place. So I will take that report back to the director and it is usually a pretty quick. I have to say that on a Thursday it is a fairly quick look in the papers just to see what is there, look at the recommendations and if anything comes out, if I think I am not too keen on that or it doesn't quite make sense or I need more clarification on it, I will take that back to the director or I flag it up to myself and then, on the Monday morning when the management team review the papers and I have had more time over the weekend to actually read the papers in depth, I will make a note and flag it up. It is at that time that our review process allows us either to bin the paper if we are not happy with it, make minor alterations if we think it needs minor alterations or, if we are happy with it, it goes forward.

MR GARRETT: Okay. So the short answer is it is probable or it is possible that we would be able to identify the author of a particular piece of work?

MR RICHARDSON: I think we would be able to have a fairly good idea as to who wrote the bits of the report.

MR GARRETT: Okay, thank you. Developing that further, one of the areas that I have looked at were the answers given to the questions posed by Senator E. Vibert in the States, as presented by

Mr Dubras. My understanding of that, and I am looking for confirmation from you, was that that was a bit of a sort of corporate event, in that quite a number of people, including, as I understand it, the President, were present during the formulation of those responses.

MR RICHARDSON: Is that the 18 questions?

MR GARRETT: That is the 18 questions.

MR RICHARDSON: That was. That was, as you say, a corporate event. A lot of people were involved in writing those answers. They were vetted by the President before they were forwarded to the Greffe.

MR GARRETT: Right. If -- and I emphasise the word "*if*" -- there is anything contentious in those answers, would it be possible to actually backtrack to identify who supplied the piece of information which led to that answer? **(Pause)**

MR RICHARDSON: Unlikely, I think, is the answer to that question. I would need to look. I would need to have a very specific look at it to see whether there is an identifiable track I could follow.

MR GARRETT: Possibly the terminology that is used maybe indicative of the source because people have pet phrases and ----

MR RICHARDSON: Any terminology that is used is approved by the President before a question goes out.

MR GARRETT: Right, so are you saying that if there are difficulties ----

MR RICHARDSON: Sorry, can I finish? No question leaves the Department to the Greffe without the President approving it.

MR GARRETT: So are you telling me that if -- and I emphasise, again, the word "*if*" -- there are difficulties in any of the answers, really the responsibility rests with the President?

MR RICHARDSON: He vets the questions and answers, yes.

MR GARRETT: Thank you. **(Pause)** Can I move on to an interview that you had with Senator Vibert, where I understand he raised some questions about Mr Muir attending a meeting of Jersey Bus on 28th February? My understanding is that your initial response was to deny that Alan Muir was at that meeting, but then, when you were pressed, you said something along the lines "Well, he only went there to introduce Mr Macklin." Can I just confirm that you did

actually respond in that way?

MR RICHARDSON: No, I will not confirm that that was my response.

MR GARRETT: Oh right. Can you explain?

MR RICHARDSON: I recall the meeting.

MR GARRETT: I have got a letter, P127.

MR RICHARDSON: Right, let us get P127 out first. I recall a meeting that Deputy Hilton chaired, who was our Finance President at the time. It was probably ... **(Pause)** It was probably not one of the most productive meetings. Sorry, page?

MR GARRETT: P127.

MR RICHARDSON: P127. It was probably not one of the most productive meetings I have attended, but I do recall the meeting. **(Pause)** Right, and this was January 12th, 2004. **(Pause)** Sorry, I think I have the wrong book. This one starts on 19th January 2004, so I will have to get another book.

MR GARRETT: Right.

MR RICHARDSON: I do recall the meeting with Senator Vibert. As I said, I don't think you could describe it as the most productive meeting. This is the first paragraph you are referring to here?

MR GARRETT: Yes. **(Pause)**

MR RICHARDSON: I think it was after that meeting, because it was ... right, yes. It was at this time that we had first become aware of this whole issue to do with the shift allowance and this meeting was, as I said, not a particularly productive meeting. This was, I believe, I think, the first time I had heard of this particular meeting and, as a result of this, I am fairly sure that I then spoke to Alan Muir afterwards, with his handwritten notes of that meeting and it was at that time, for that time and what I assume was the next few days or weeks, because I think Senator Vibert, I am not sure if it was at this meeting or not ... Right, yes: "*Jersey Bus have given me a copy of their notes on the meeting and have given me permission to ...*" Yes, that is right. The meeting, Senator Vibert didn't provide me with these notes. That is my recollection. He provided them afterwards. That meeting identified Alan Muir as having been present at this meeting with Jersey Bus with Roger Macklin and that, I think, was the first I knew of this event. I then tackled

Alan Muir afterwards and asked him for his recollection of it. He then produced, within minutes for me, his handwritten notes which were on a shorthand book, which were two pages. I think he has since forwarded those to you. I reviewed those notes straightaway and I can confirm that there was no mention in those notes of the shift allowance.

We then discussed this with Halcrow's, because this was about the time when this whole issue came forward, and Halcrow's then -- I am not sure if it is here -- produced a copy of Roger Macklin's notes. Well, this is dated 12th January coming into the Department. At some stage after that, I compared Roger Macklin's notes, Alan Muir's notes and Jersey Bus' notes. So that was the first time we were aware of the matter.

MR GARRETT: Can you confirm that you actually received this letter on the 12th? Was it faxed to you, the Senator Vibert one?

MR RICHARDSON: I ...

MR GARRETT: There appears to be a sort of fax heading on it.

MR RICHARDSON: There is a fax number, which is 01534 86992. I think 86992 is our fax number, but I certainly ... we received it. There is no question about that. It has got our PSD fax number on it.

MR GARRETT: Can you confirm that Elizabeth Vince (or Burst as she was then) actually started her audit about a day after this letter was generated.

MR RICHARDSON: Um, yes. We have that. As soon as I became aware of there was clearly a problem with this whole issue of the shift allowance -- as I have already said and I will say again, I was not aware of this whole issue of the shift allowance being notified to the tenderers -- the first thing I did was notify the President that I thought we had a problem, which clearly we did, and I then called in Internal Audit.

MR GARRETT: Okay.

MR RICHARDSON: That was my responsibility.

MR GARRETT: The point is that she arrived at your offices the day after this letter was generated by Senator Vibert. So the question that flows from that is did you share this material with her?

MR RICHARDSON: Er, she had ... as far as I can recall, she had access to every piece of information

in the Department.

MR GARRETT: She didn't see this document. It is not in her schedule of documents that she saw.

MR RICHARDSON: Well, I can't answer that. I ----

MR GARRETT: But it was addressed to you. You were CEO. Why didn't you share it with her, because clearly it falls within her terms of reference?

MR RICHARDSON: Because any document that would have come into the Department, and I do accept that this document is ----

MR GARRETT: It is date stamped 12th January.

MR RICHARDSON: Well, it is date stamped, but it hasn't got any ticks on it, so I am querying why it is date stamped and it hasn't got a tick anywhere in the box. What I would need to do is, on the assumption that this document has been faxed into the Department, what I would then need to do, and I don't think it is here but we would need to check, is it says clearly on the front "*By fax and post*" ... sorry, no, it is the other one. It is the letter that is stapled to it which says "*By fax and post*". I would need to check whether this came in in hard copy format, in which case, was there an action on there. I can't tell you why it wasn't forwarded to Liz Vince. Anything which comes into the Department will normally have a hard copy. The original hard copy goes on our files, our main files, which were the files she would have reviewed, and a copy, a photocopy, is then given to the person who is actioned or marked for information.

MR GARRETT: I accept that there is reason to believe -- in fact, I would say it is close to being an absolute fact -- that Alan Muir was not present at the meeting when the wage issue was discussed, but, nevertheless, having regard to the terms of reference of Elizabeth Burst/Vince and her audit, don't you think it was a document that you should have raised with her, referred to her, and possibly discussed with her any concerns that existed about the value of that document?

MR RICHARDSON: Yes, I think it should have been.

MR GARRETT: Now, I have actually seen the correspondence that flowed. I am aware that Alan Muir was referring these documents to Halcrow certainly within about a week of their receipt.

MR RICHARDSON: Which?

MR GARRETT: The P127 document that you have got there.

MR RICHARDSON: Yes.

MR GARRETT: He was emailing Halcrow, I think it was, or writing to Halcrow, asking them for an explanation or whatever within a week. I will accept that the audit had been completed then, but the report hadn't been produced. So this issue was being actioned before the report was finalised. Subsequent to that, I saw emails from various members of staff, I think including yourself, to Elizabeth Burst (as she was then) addressing errors in the draft of her report. Did you ever say to her "Oh by the way there is a piece of material"? Within your correspondence with her, did you ever say to her "There is a piece of correspondence here that I think you should be aware of"?

MR RICHARDSON: No, I don't recall that.

MR GARRETT: Okay. So, by the time the final audit report was produced about three weeks after this, nobody had referred her to this piece of material?

MR RICHARDSON: I certainly had not referred her specifically to this piece of material.

MR GARRETT: Don't you think somebody should have done, bearing in mind her terms of reference?

MR RICHARDSON: I had assumed, but maybe incorrectly, that this copy that came into the Department would have gone on file and she would have had access to it.

MR GARRETT: Clearly she didn't, because I have looked at her schedule of the material she ----

MR RICHARDSON: I can only comment on what I know about.

MR GARRETT: Okay, I am sort of coming towards the end of my questions. The question that I have put to everybody is if you were embarking on this kind of project again, what would you do differently? **(Pause)**

MR RICHARDSON: Um, I don't think I'm here to answer questions which are a reflection back on hindsight. I think I am here to answer questions on facts.

MR GARRETT: I would welcome your views on anything, because it may help us in determining what went wrong.

MR SHEPHEARD: And it would also help us, do bear in mind, Mr Richardson, that we are under a

duty to make recommendations as well as to report on facts. Your views on what you would do differently might suggest a recommendation to us.

MR RICHARDSON: Fine. My views are restricted to your terms of reference, not what events led up to. They are restricted to your terms of reference, not that events that led up to, but they are to your terms of reference. I am of the view that the consultants, Halcrow's in this case, have not advised us appropriately. I feel that there is an error or there has been an omission in the way in which they carried out their evaluation of the information they received and passed one to the tenderers and passed to us. So I think there is something which I would certainly be looking at in terms of managing procedures and managing consultants. Normally, with all the consultants we deal with, it is very rare that an omission such as this occurs, but clearly, an omission has occurred where, in our view, they have not and they did not advise us of the notification of the shift allowance.

MR GARRETT: Developing that slightly, would you accept that, if people had been diligent, the truth would have been revealed and the outcome would have been very different?

MR RICHARDSON: I wouldn't say "*may*". I would say the outcome would have been very different. Had we been advised of notification of this shift allowance during the tender period at the same time as the tenderers were advised, we would have made a decision as to how to manage that -- either tackle the Transport and General Workers' Union as this is a claim which is outside of the loosely termed "Shenton" agreement, therefore it is not valid, or, if there was argument and a validation for it, then we would have advised the tenderers on very standard contractual management, contract management. It is either to issue a statement which leads to a variation to the tender or contract or we would treat it as outside of the contract. What we could and what we would have done is to ensure that all the tenderers worked on a level playing field. It is a very easy thing to do. It has just happened in some engineering contracts. You issue a variation, but that variation is issued to all of them. We could have easily have managed that.

MR GARRETT: But, moving forwards, when the claim was submitted by Connex -- again, I use the terminology I used before -- if people had been diligent at that time in thoroughly researching the background to the claim which culminated from the agreement, if people had been diligent,

the outcome would have been different. Roger Macklin would not in his paper have sort of said it was reasonable to pay this money -- sorry, Roger Childs would not have said it was reasonable to pay this money.

MR RICHARDSON: I am sorry, but I don't agree with you there. Your question isn't clear. I think you are mixing two specific issues here.

MR GARRETT: If when the claim came in ----

MR RICHARDSON: Right, can I just stop you there? The claim? Can you?

MR GARRETT: Sorry, this is the claim that Connex submitted for additional money.

MR RICHARDSON: Which date? Sorry, I need to be clear because there are two key issues here. I will explain where I was coming from. We were notified of the additional payments that had been agreed in May 2002.

MR GARRETT: Yes.

MR RICHARDSON: We did not have notification of a claim, in terms of the contractual claim, until 31st December 2002.

MR GARRETT: That is the one I am looking at.

MR RICHARDSON: Right.

MR GARRETT: Okay. When that came in ----

MR RICHARDSON: Yes.

MR GARRETT: ---- if people had been diligent in thoroughly researching the background to that claim, going back through files of meetings with the union and Jersey Bus, so that it was a firm understanding of the origins of the agreement which you were notified of in May 2002, would the outcome have been different? Would Halcrow have come forward with their recommendation that it was reasonable to pay the money to Connex?

MR RICHARDSON: I would have expected when we were notified of that claim, we went back to our consultants, Halcrow's, and asked them for an explanation and evaluation. I would have expected them at that time to have told us that they had identified in their records that this was a slip. They did not. You have got the paperwork. From that point on, the advice they gave us was (and I have read it out already) wasn't aware.

The evaluation that Alan Muir and I then carried out, looking at it from a contractual claims position, was that there were two elements to it. One was the relief services and we said “Sorry, that’s in the contract. If you didn’t allow enough, that’s your problem.” But the shift allowance, on the lack of evidence coming from Halcrow’s, who we now know knew of the existence of this claim, they advised us that, in their opinion, it wasn’t known about and therefore it was a reasonable claim to make.

I am trying to answer your question, and I think we did carry out that review. We did not go back to the individuals. We went back to our consultants, who were managing it, who had received a notification, as we now know, from Transport and General Workers’ Union for the wage award, which they then sent out to the tenderers and which included the shift allowance. It was very clear, in my book, that they had that information. We asked them for an evaluation of that claim, which they undertook for us, and their recommendation was clear.

MR GARRETT: Have you ever challenged anybody at Halcrow on this?

MR RICHARDSON: Yes. **(Pause)** At a meeting on 30th January 2004 -- it was a meeting with Maurice Dubras (or Deputy Dubras) and Deputy Hilton, the President and the Vice President -- Alan Muir and myself met with Halcrow’s and Connex to try to get the bottom of this, and my notes are fairly clear on this. **(Pause)** If I can find it. **(Pause)** Right, Maurice Dubras to Roger Childs: “*Was £72 shift allowance discussed? No, definitely not at Dunn-Line. Appears to be discussion at JB*” -- Jersey Bus -- “*but Roger Childs had spoken to RM in last few days to confirm that shift allowance of £72 was not discussed and a figure was not known at Connex.*” So that was in fact Roger Child’s notes. They are, as you can see, handwritten notes at that time on 30th January when we challenged Halcrow’s and Connex.

MR GARRETT: Fine. It is possibly an issue for another day. Before I finish up, do you want to make any statement on any issues that I have not covered that you think we should be aware of or, alternatively, do you want to point us in the direction of an issue that you think we should be examining in greater detail?

MR RICHARDSON: No. I think we have covered most of the points. I will ... I have said it many times, but I will just reiterate for the record to be absolutely clear on this, that the first I knew,

and I believe Alan Muir knew, of the existence of this shift allowance was in May 2002 and the first I knew and I also believe Alan Muir knew that the consultant had been aware of this shift allowance during the tender period was not until we got to December '04.

MR GARRETT: Thank you.

MR RICHARDSON: That is my clear recollection of events.

MR SHEPHEARD: Mr Richardson, would you consider this? Before the bus tendering process, before the service level agreement, we had a situation here in Jersey where the bus service was provided by Jersey Bus and it was operated by Jersey Bus.

MR RICHARDSON: Yes.

MR SHEPHEARD: The situation we have now is that the service is provided by the States and operated by Connex.

MR RICHARDSON: No, I wouldn't agree with that. The service is provided and operated by Connex under contract from the States.

MR SHEPHEARD: Thank you. Mr Blackstone?

MR BLACKSTONE: Sorry, I have got to come back to the shift allowance again, the main issue. There are two points on the shift allowance. One is who knew about it and when and unfortunate statements made in the States from misinformation, that side of it. I don't want to go into that any more. I think it has been dealt with. The other side of it is that Connex made a claim and the claim was duly paid -- £187,000 of taxpayers' money -- plus in subsequent years a reduction in services. They were certainly claimed by Connex, but I am not quite sure yet whether they were all put into effect.

The question, as I see it now, is should that -- let us deal with the £186,000 to start with -- should that payment have been made? If it shouldn't have been made, who are we going after to get it back or to claim compensation from? I am a Jersey taxpayer and I find this a much more interesting subject. Let us start at the beginning.

MR RICHARDSON: I don't think we should enter into our position as Jersey taxpayers, I think we all are, but I take your point. The answer, I think -- I thought we had been through it now, but I am more than happy to go through it again -- is that the decision to recommend to the Committee

that we should pay that was a decision that I made. I am responsible for that decision with Alan Muir. I am the Chief Officer and I made that recommendation, or I agreed with that recommendation, to the Committee.

The background and the reasons for making that recommendation was that, in administering and managing many contracts, it is part of my job for many years now, I have played several rôles, one as the client where I am clearly sitting there as the client who is trying to get the job for as little money as possible and I have also acted in the rôle as -- this is engineering contracts -- the engineer to the contract; and as a professional chartered engineer I have a responsibility as the engineer to the contract to ensure that I deal with the client and the contractor in a fair, unbiased, impartial way.

In determining this claim, I put myself in the rôle of the engineer because I thought it was the appropriate thing to do, given that we clearly had a claim from the contractor, Alan had done all the background work (and that was very much his rôle in administering the detail of the contract and managing it) and I put myself in that rôle as to how do I see that claim in respect to the contract? My view was, and still is, that, as we determined that claim, we had sought clarification from the consultants who were advising us. Those consultants, I have read out, but I think for the record we need to be absolutely clear, had advised us, and this is ----

MR BLACKSTONE: That is the November 2002 document?

MR RICHARDSON: This is the ... yes, 24th November 2002.

MR BLACKSTONE: Do you have a copy of that, Mac?

MR SPENCE: We do.

MR RICHARDSON: You do have a copy. It is M271.

MR BLACKSTONE: Thank you.

MR RICHARDSON: I think, for the record, this is paragraph 8: *"With regard to the increased costs of drivers' 2002 bonus payment" -- I think that should read shift payment -- "awarded after the tendering process by the previous operator, the situation is rather different. This was a cost that none of the tenderers at the time of tendering were aware of and was therefore not either within their power to foresee or to escape from paying if they were successful."*

Now, that, I think, is the point where I sit as the independent trying to administer fairly a contract and say “With the evidence I have before me and with the knowledge I had at that time, which was no one knew about it, it was reasonable to say that this was a claim outside of the contract and the tender.

MR BLACKSTONE: Mr Winston ----

MR RICHARDSON: Can I finish?

MR BLACKSTONE: Yes.

MR RICHARDSON: I also, along with Alan, but I tried to put myself into this rôle of trying to be fair and impartial between both parties to ensure that we had the right outcome, considered with Alan the request for additional funds for the route subsidy. That, in my determination, was clearly defined within the contract. Connex had or had not made sufficient allowance and we therefore said “We are not interested in that claim. Sorry, you have got to bear the cost of that.” In terms of the shift allowance, my view was that they were not aware of that at that time, given my knowledge. We know now that it is different, but that is where we were sitting at the time. Therefore, it was reasonable to consider that as being outside of the contract.

MR BLACKSTONE: You have stopped me rather in my tracks, because I think you are being unfair to yourself to some extent. Let’s go back through the chronology. Jersey Bus notify Halcrow on 12th February of the shift allowance and the whole TGWU claim. They give them a copy. The same day that is emailed or faxed out to all the tenderers. So, on 12th February, six clear days before the final date for submitting tenders, all tenderers were aware of exactly what was in the claim. The tenders then come in and Connex, in their tender, state: “*Included in our costs is the assumption that the wage claim of the present Jersey Bus staff is met in full. We would be prepared to discuss the reduction of staff costs directly applicable to the present staff should the claim be settled at a lower level.*”

Now, I have been through that with a number of people in these last two weeks, including Mr Ord and Mr Childs, and nobody sees any ambiguity in that statement. The claim is in two parts in one letter -- the across the board 4½% and the £72 shift allowance. Connex say they put it in. Again, I am not going to the issue of whether your Department was aware of this at the

time. I think that is irrelevant to the issue I want to get to. Some time later ... I am sorry, I beg your pardon. The tender documents come here to Jersey. They are opened. Connex takes them away

MR SHEPHEARD: Do you mean Halcrow?

MR BLACKSTONE: Halcrow, sorry, and then they eventually come back to Jersey. They are now with your Department, all the tender documents. Mr Childs says that Halcrow did not keep copies, which surprises me, but the job was over, so I suppose it was possible. You then get the claim from Connex for an extra payment for the shift allowance, which I find is a bit dodgy, but they ask you to pay it a second time, when they have clearly said **here** that they have included it in their tender price.

You then, quite rightly, go back to Halcrow for consultation on it, and I have, again, discussed with Mr Childs the advice he gave you in a memorandum dated, I think, 3rd April 2003. There was also your one of November, which is equally definitive. As he didn't have the tender documents himself at that stage, I think he may have been a bit careless in making such definitive statements without referring back to the tender and seeing what was actually in it. On the other hand, the tender documents were now with the Public Services Department. Did you and Mr Muir, or either or both of you, go back to the original tender documents by Connex and see what was in it?

MR RICHARDSON: I'm not ... the answer to that is no, because I am not aware that we actually had those documents in the Department.

MR BLACKSTONE: Well, Halcrow say that all the tender documents were at ... they did not have them after their job was finished. They were all returned to PSD.

MR RICHARDSON: I cannot confirm that.

MR BLACKSTONE: I think they had been in the Department for some time, because **this** one, again, bears the file reference from your files.

MR RICHARDSON: Sorry, which one is that?

MR BLACKSTONE: It is a copy of the Connex contract. G310 is the actual page.

MR RICHARDSON: Yes.

MR BLACKSTONE: So you certainly had them in your files to give them to us.

MR RICHARDSON: Right, what we have got in our files, you are absolutely right, are ... **(Pause)**

MR BLACKSTONE: This is the Connex tender document.

MR RICHARDSON: Absolutely. We have those in their files and there is the signature sheet, which you have. What I am not aware that we have or we had in the Department at that time was the Connex full files with all of the information in that would have included that letter from the Transport and General Workers' Union.

MR BLACKSTONE: I'm not talking about the letter from TGWU. I'm talking about the Connex tender document, your ref G310.

MR RICHARDSON: Yes, which is **this** document **here**.

MR BLACKSTONE: Which includes the clause 2.2, "*Staff Issues*", which I have just read out.

MR RICHARDSON: Yes.

MR BLACKSTONE: That was in your Department's files?

MR RICHARDSON: Yes.

MR BLACKSTONE: So you and Mr Muir, in assessing this claim by Connex for an extra payment, could have referred back to this document.

MR RICHARDSON: I think we did.

MR BLACKSTONE: Why did you then make the payment, because it is quite clear that they had included it? Maybe Halcrow made a mistake, but it doesn't mean to say you had to make one too.

MR RICHARDSON: I am very clear as to why this was made. Our state of knowledge at that time -- at that time -- was that we had advised the tenderers via Connex -- sorry via Halcrow's -- to include for a wage claim, a wage allowance, which we know they did. We did not know that subsequently the Transport and General Workers' Union had advised Halcrow's of (1) the wage claim, but (2) the shift allowance.

MR BLACKSTONE: But that is not the question.

MR RICHARDSON: I am sorry, but I am going to continue.

MR BLACKSTONE: Whether you were aware of it not at that time is not relevant. Whether it

was in Connex's contract when you came down to the time of considering Connex's claim for an additional payment, that is the crucial time as to whether you were aware of this document.

MR RICHARDSON: Chairman, I am sorry, but I am going to have to interject here. I don't know if you are aware, but if your Members or I interject during a question or answer session in this room you lose your transcript. I have had experience of this during the Scrutiny process. So I'm going to have to ask you, I am sorry, to go right back and we start again, because ----

MR SHEPHEARD: Can I interject because I think we are possibly getting a little bit out of where we ought to be with this? As I understand what you said, Mr Richardson, you knew nothing whatever about the information that had been provided to the tenderers in the tendering process. You didn't have copies of the documents other than anything that was generated by the Public Services Department to go to Halcrow to go out to the tenderers. You didn't know what else the tenderers had got.

MR RICHARDSON: That is correct.

MR SHEPHEARD: Now, on that basis, the statement by Connex in their tender that they had taken the wage claim of the Transport and General Workers' Union into account in full, you had no way of knowing that "*in full*" could be interpreted as including the £72 shift allowance.

MR RICHARDSON: That is correct.

MR SHEPHEARD: That is right, isn't it?

MR RICHARDSON: Yes, and that is exactly where I am trying to get to in my answer, is that my interpretation of what is written in Connex's tender, with the knowledge I had, was that they had taken into account the wage claim that we had advised Halcrow to advise them of, which was that because the Jersey Bus pay year would have included, I think it was, March ----

MR SHEPHEARD: It was March, yes.

MR RICHARDSON: ---- they needed to allow for an increase in cost because the Shenton agreement (if I can use it as that) which was entered into, which was then subsequently supported by a document supplied by the Transport and General Workers' Union which outlined the terms and conditions of employment and payment for the employees would have been in the pay year March 2001 or March 2002. What we were saying in the tender period, because they weren't

going to commence operation until October (or 29th September) 2002 -- that is correct -- is that they would need to allow for a wage allowance to tide them through the period March 2002 to March 2003, which would be an increase on the figures that the Transport and General Workers' Union had supplied.

So, trying to get to the answer, which I know you want, is that my interpretation of that statement in Connex's tender is that they had taken into account through their own means, determining what a reasonable pay award would be and they were taking the responsibility for if that wage agreement had been more than they had allowed for, they had to meet it. If Jersey Bus had negotiated the wage agreement less than they had allowed for, they would obviously be in pocket.

MR BLACKSTONE: When did you learn about the TGWU letter of 6th February 2002?

MR RICHARDSON: Not until December '04. That is the letter including the wage claim.

MR SHEPHEARD: Including the shift allowance, yes.

MR GARRETT: December '04 or December '03?

MR RICHARDSON: Um, '04, I think.

MR SHEPHEARD: This December just gone?

MR RICHARDSON: No, sorry, '03, when the issue blew up with Deputy Dubras, sorry. **(Pause)**

MR BLACKSTONE: But Halcrow did know about it, so they gave you bad advice.

MR RICHARDSON: That is what appears.

MR BLACKSTONE: And Connex knew about it, so they should never have made the claim.

MR RICHARDSON: Connex knew about it. I am not leaping to anyone's defence, but there had been a considerable change in management between those parties who put the tender together and the ones I was negotiating with when we were evaluating the claim, but I will just make that statement.

MR BLACKSTONE: We are talking about a contractual commitment based on a tender.

MR RICHARDSON: I'm not disagreeing with you.

MR BLACKSTONE: You did refer to a meeting which took place just recently on this matter of the shift claim and the payment. What is going to happen about it? Are you going to try and get

it back from Connex? From what you now know, they clearly did include it and said so in words of one syllable and yet then they tried to get it paid a second time and, because you weren't aware of all the circumstances, due to the failure of your contractors, your consultants, you paid it.

MR RICHARDSON: I wouldn't want to say what we are going to do. I think that it is something that the Committee will have to consider as to how we actually address this matter.

MR SHEPHEARD: Can I jump in again, please? Mr Richardson, I asked Mr Muir yesterday if you had the benefit of legal advice before agreeing to make this payment and he indicated that you had. Now, I have gone looking through the files that have been provided to us for a copy of that advice and I have not found anything, although I have found, in information that was disclosed to us very recently, in the last few days, a letter from Mr Muir to the Law Officers seeking advice, but I have not found any reply to that.

Now, quite clearly, there are a number of complicated legal issues regarding or concerning whether or not you can get the money back from Connex or whether you are going to have to look elsewhere to recover that, but there is also the question that is troubling me, which is really whether you did have legal advice before you decided that this was a payment that could properly be made and, more to the point, on what information. What information did your lawyers have on which to base their advice, because it is the same the whole world over -- garbage in, garbage out.

MR RICHARDSON: Right, yes. Sorry, I was looking for a letter which I need to refer you to, and that is my letter over my signature dated 27th March 2003 to the Attorney General.

MR SPENCE: President, should we be doing this in open session, Sir?

MR SHEPHEARD: I don't want to ... no, that letter is privileged. I don't want to trespass into matters of legal/professional privilege in open inquiry.

MR RICHARDSON: No, of course. I was going to restrain myself, Sir, to a limited amount of information. If you want to go further, we would probably need to discuss it separately.

MR SHEPHEARD: I think that is quite clearly a matter that we need to discuss separately.

MR RICHARDSON: Right.

MR SHEPHEARD: Thank you.

MR RICHARDSON: All I can say is ----

MR SHEPHEARD: You asked for legal advice. Did you get some?

MR RICHARDSON: There is a letter there, dated 27th March, from the Attorney General. We subsequently did receive advice from one of the law officers.

MR SHEPHEARD: Right. That is all I need to know at this stage, that you asked for advice and you got it. Thank you.

MR BLACKSTONE: I think I have got to leave this line of questioning, although obviously we have got to have some further investigation on it. **(Pause)** A specific question, which I would be very surprised if you would be able to answer without reference to your files, I am afraid, but I will ask it. The school bus service was on a flat fare of 35p a head, I believe, and then it was increased to 39p.

MR RICHARDSON: If it was 35, you are going back to 2000?

MR BLACKSTONE: I am going back a bit, yes.

MR RICHARDSON: You are going back a long way, yes.

MR BLACKSTONE: Do you know when it was increased to 39?

MR RICHARDSON: Er ...

MR BLACKSTONE: I will explain the question afterwards.

MR RICHARDSON: Right, the answer is that 35 was a very early fare and I am not sure whether you have got all the information on the school bus service, because it clearly is ----

MR BLACKSTONE: No, I don't, because this actually relates to another matter, but it is a key -

MR RICHARDSON: Well, let us see if we can answer it from here.

MR BLACKSTONE: We are bowling you a bit of a googly, I'm afraid.

MR RICHARDSON: Have you got any paperwork which refers to a ----

MR BLACKSTONE: No, I have no paperwork.

MR RICHARDSON: Well, certainly in reviewing and reading all of these files, I know there is reference in here to the school bus service. How long it is going to take me to find it I don't know. Certainly it is going to be early on because that 35p fare was ----

MR BLACKSTONE: It was in fact increased to 39 in September 2001, I believe, but I am just wondering when that increase was mooted.

MR RICHARDSON: Right. Well, I have had control effectively of the school bus service for a long while because when it transferred from Education it came under the Director of Operations' rôle, which was mine. So all the way through, certainly until 2000 or mid/late 2001, it was definitely under my control and I continued with the negotiations into 2002 with Jersey Bus. So it is definitely in my area.

MR BLACKSTONE: If there was to be an increase from 35 to 39, presumably that would go up to Committee for approval.

MR RICHARDSON: Absolutely. That is what I am looking for because I know it is in this pack. There is a paper to Committee outlining a lot of options with the school bus service, because it was at that time when we were trying to ... we were negotiating with Jersey Bus obviously for this service level agreement for the public bus service, but my involvement, my continuing involvement, was the school bus service and I was certainly very concerned at that stage -- and I think I probably need to go on a year from there -- I was concerned at the cost of the school bus service. Some of the options that the Committee had were to improve efficiencies as best we could but we had already made significant inroads into it in the 1997 and 2000/2001 period. Once you get to that stage, you don't want to cut any more because of the public service you are providing for the school bus service. There are only two ways: one is increased cost or reduce. So some of the options I was putting forward ----

MR BLACKSTONE: Sure.

MR RICHARDSON: ---- and there is quite a long paper on it and I think it is in here somewhere was actually outlining the options for change. I don't know if I can find it. We can come back to it, if you like.

MR BLACKSTONE: Perhaps you could have a look. I will explain it. I will explain this rather strange question to you now. I have got a document here from Halcrow. When is your impression that Halcrow was first engaged to deal with the buses?

MR RICHARDSON: Er, 2001.

MR BLACKSTONE: I think there was a bill paid in January 2001 for something like £5,000 to Halcrow, but, again, my memory on this is not exact. I would have to look it up again. Certainly it was very early in 2001 that a bill was paid. So it indicates there was work done in the year 2000. Now, I have a document here which I showed to Alan Muir yesterday, which is *Jersey Bus Strategy: Implementation, Issues and Methodology* by Halcrow. Not only does its timetable refer to dates right through the year 2000, starting in July, but nearly all the other references in the document are to dates in the year 2000, which indicates that Halcrow were working on bus strategy and particularly competitive tendering as early as 2000.

Also, there is a computer reference at the bottom, dated September 2000, which is not one of yours. I made a mistake there. Mr Muir pointed out, quite rightly, that the bottom line is his reference, but the September 2000 is immediately above that so it is probably a Halcrow reference. So we have a document here not only stating throughout that it was dealing with proposals for starting in the second half of 2000, but it also has a computer reference of September 2000 on it. Mr Muir pointed out to me, because I showed him the document, that they were crystal ball gazing, because they do make a reference to this change in the school bus service.

MR RICHARDSON: Have you got page numbers on that?

MR BLACKSTONE: Sorry?

MR RICHARDSON: Have you got our page reference number on that?

MR BLACKSTONE: Yes, F7 through F25. If you look at F13, para 332, Mr Muir very quickly picked up, and I think very brightly, that they were crystal ball gazing. It appears that a September 2001 date is suddenly thrown in, but it may be that this fare increase effective September 2001, which is the start of the school year, was mooted back in the previous year, in which case it is not an obstacle to the whole document having been produced in mid-2002, which it appears to have been.

MR RICHARDSON: Right. I can say I have never engaged Halcrow's to undertake work for me on the school bus service. The only time that I am aware they became involved with looking at the school bus service was when they were looking at the second attempt to produce a service level

agreement, which was from 2001 onwards. I cannot comment on that because I am not aware that we were employing Halcrow's.

MR BLACKSTONE: No, it was just a key date because we would be very surprised to hear that Halcrow was actively proposing this sort of work back in 2000. If you look right through that document, every date except that one about the school buses is 2000.

MR RICHARDSON: I certainly was not involved and I was not aware that Halcrow's were doing work for us on the Bus Strategy or that type of thing.

MR BLACKSTONE: And if you look at clause 334, which is about fuel duty, there is a note at the bottom "*Simon/Alan please verify*", which indicates that Simon -- Mr Crowcroft, I can't think of any other Simons -- and presumably Mr Muir were involved or were asked to comment.

MR RICHARDSON: Yes. That would make sort of sense, but I can't add to it.

MR BLACKSTONE: So it is a mystery document, but it does look very much as if somebody was dealing with Halcrow in mid-2000.

MR RICHARDSON: I can confirm that I was looking after the school bus service and I did not employ Halcrow's to advise me on the school bus service.

MR BLACKSTONE: No, I am not saying Halcrow advised you, but I just ask, if you could, to look back and let us know when that 35p was increased to 39p?

MR RICHARDSON: I will do, yes.

MR BLACKSTONE: Well, that was September 2001, but when that was first mooted and whether that change would have been known in mid-2000.

MR RICHARDSON: Right.

MR BLACKSTONE: The Hoppa business, July/August 2000. The drivers were out on strike and there was all sorts of chaos and confusion and an agreement was reached between Public Services, JMT and TGWU at a meeting on 3rd August chaired by Senator Terry Le Sueur and you were present, as was Deputy Simon Crowcroft, Dr Clive Swinnerton, representatives of the TGWU and Jersey Bus. Maybe this didn't come from your files. I don't have your file reference on it, but I suspect you do have it.

MR RICHARDSON: I am certainly aware of that.

MR SHEPHEARD: What is the reference at the bottom of the page?

MR BLACKSTONE: “*Swinnertoncmeeting0308000.doc.*”

MR RICHARDSON: Yes, carry on. I am aware of that, but I haven’t got it here.

MR BLACKSTONE: The agreement reached at this meeting was confirmed by a Public Services Committee meeting the following day, I believe.

MR RICHARDSON: Yes.

MR BLACKSTONE: And it was that there would be a three to five year agreement with Jersey Bus and that tendering would not start until after completion of that period and that a memorandum of agreement would be prepared by September 2000, followed by a full SLA by March 2001. **(Pause)** Within 12 months of that agreement it seems that the Public Services Committee had completely reneged on it and instituted a tendering process. Do you consider that is honourable or honest?

MR RICHARDSON: I wouldn’t say it was ... I would disagree with your word “*reneged*”. I think the -

MR BLACKSTONE: They made an agreement that they didn’t follow through.

MR RICHARDSON: I was involved with that second evening meeting. I think it is in this file, but I can recall it. I think, if you look at the minutes of the meeting, Dr Swinnerton’s minutes, I think there is a very early line, which says something to the effect that Officers had attended, but didn’t expect or were expecting all the Committee Members, or something to that effect. Have you got that? It is in Dr Swinnerton’s note. It is quite an important point to bring out and I need to find it. I have got it here somewhere, so just bear with me while I look for that.

MR BLACKSTONE: But because it was confirmed, the basic agreement was confirmed, the following day by a PSC meeting, is that relevant?

MR RICHARDSON: I think it is. I was called at home that evening and asked if I would attend a Committee meeting, which I agreed to. When I attended that meeting, I was advised by Dr Swinnerton that it wasn’t a Committee meeting, that it was a meeting that only he and I were going to be present at as Officers with, I think, the Constable, or Deputy Crowcroft, and it was effectively, as you say, chaired by Senator Le Sueur and it was a negotiation meeting.

MR BLACKSTONE: Yes.

MR RICHARDSON: Which is not what we were expecting.

MR BLACKSTONE: No, but the following day ----

MR RICHARDSON: The outcome of that was a ----

MR BLACKSTONE: A Committee meeting.

MR RICHARDSON: ---- an recommendation to the Committee meeting and that was confirmed then that we would be going forward with a service level agreement as you have described. From that point on, there was, I believe, strong attempts made to develop that service level agreement. From an Officer perspective, I think we were, or I was certainly committed to help make that work, although I didn't have much direct involvement. Dr Swinnerton was leading the majority of the discussions with them.

I did attend a few meetings with Jersey Bus, but relatively few. I can recall one in particular fairly late on when we were approaching the point where we were trying to determine the level of subsidy, and that -- we have got the information here -- that meeting was at Jersey Bus' offices and there was myself, Dr Swinnerton and I think John Griffiths was still with us.

MR BLACKSTONE: That was probably through to May the following year.

MR RICHARDSON: That was into 2001, yes.

MR BLACKSTONE: Yes, when you were trying to get the subsidy level agreed.

MR RICHARDSON: The subsidy level agreed.

MR BLACKSTONE: Shortly after this August 2000 meeting though, you were meant to produce this memorandum of agreement. Was that ever produced in September 2000?

MR RICHARDSON: Um, I don't recall it. I have to say I don't recall seeing it as I have been through the files.

MR BLACKSTONE: I don't recall seeing it either.

MR RICHARDSON: I think ----

MR BLACKSTONE: What happened? It was agreed that this memorandum would be prepared and it never was.

MR RICHARDSON: I don't know. I can't comment. I wasn't involved in doing that, but I did get

involved at a later date in order ... (indistinct) ... trying to make this service level agreement work and there was this issue about the subsidy, but I simply didn't draft a memorandum of understanding.

MR BLACKSTONE: And the service level agreement to be produced the following March was never produced either, was it?

MR RICHARDSON: The detail, no. There was considerable discussion -- it is all documented, you have got them there -- about trying to determine the subsidy level.

MR BLACKSTONE: Well, hang on a second. Let us deal with the rate of return separately, because that would not actually appear in the SLA, would it? That would be a separate agreement.

MR RICHARDSON: Er, no, I ----

MR BLACKSTONE: Or would the SLA state the ----

MR RICHARDSON: The SLA would have been one encompassing document for terms and conditions. It would have had to, I think, because if we were going to forward for a three to five year period, which is what the intention was (and it comes back to the point we made earlier, I think, about vehicle fleet replacement), then clearly Jersey Bus would have wanted the comfort in the service level agreement (1) of a time period, and (2) of a rate of return that would have been acceptable.

MR BLACKSTONE: Right, yes.

MR RICHARDSON: So my understanding is that the service level agreement would have been an encompassing document which would have been terms and conditions of operation between the two parties and agreed rates of subsidy and return.

MR BLACKSTONE: I was looking at the rate of return as a slightly separate object, as an accounting exercise rather than the SLA, where the large bulk of it was a legal or quasi legal exercise.

MR RICHARDSON: I accept that, but I think it would have been incorporated all in one document.

MR BLACKSTONE: You are probably right, yes. Mr Muir, I think it was, told us yesterday that the SLA got progressed so far and then it fell apart when it got to the lawyers. I have certainly seen letters of legal advice from both sides and they are fairly detailed in making

comments that it wasn't suitable, so the SLA probably fell apart there on the legal side, as Mr Muir said, but also there was the rate of return, which Mr Griffiths was battling with, with no prior knowledge of the transportation industry.

MR RICHARDSON: Right. I think there was clearly still quite a long way to go in terms of agreeing the structure of the service level agreement. I think that is clear.

MR BLACKSTONE: Anyway ----

MR RICHARDSON: But I don't think that was the reason for the failure.

MR BLACKSTONE: No.

MR RICHARDSON: I think the reason for the failure was that we could not get to a point where we had an agreed level of subsidy and rate of return.

MR BLACKSTONE: Yes. I suspect so, yes.

MR SHEPHEARD: Would that be a convenient moment?

MR BLACKSTONE: Yes. I probably don't have more than about half an hour or so more, but you never know how these things will develop, do you?

MR SHEPHEARD: No. I think, with one eye on the clock, it would be a convenient moment now for us to adjourn and we will resume, as we have stopped at five past one, at five past two.

Adjourned until 2.05pm

MR SHEPHEARD: The Committee of Inquiry having reassembled, we will resume our deliberations. Mr Richardson, you are still the witness and I have to remind you that you are still on oath.

MR BLACKSTONE: I only have a couple more points, Mr Richardson. Changes in the contract between the terms as set out in the tender documents and the contract signed with Connex. It has been suggested to the Committee of Inquiry that there was one material one. In the tender documents there was provision that if the States of Jersey couldn't raise money for the bus service, that was grounds for termination. We have been told that that was eliminated from the final contract.

MR RICHARDSON: Right. I wasn't involved in the detailed drafting of any revisions. I think we have had confirmation from our legal advisers that there were no material differences.

MR BLACKSTONE: Sorry?

MR RICHARDSON: I think we have had confirmation from our legal advisers that there were no material differences in the contract between what was put out as the tender documents and in the final document.

MR BLACKSTONE: Right. The other big question is Jersey Bus was getting some money, whether you call it subsidies or pensioners' monies or fuel rebate or whatever -- we won't include school contracts because they are a separate item -- but it wasn't a huge sum, and suddenly we move from that to a tendered service which is costing the States something like £2½ million a year. Did nobody say "Oy, that is the way we are going to end up" when the tendering process was considered?

MR RICHARDSON: I think I have referred to that already, that there was an indication to the Committee very early on with the cost of this new service, especially if two aspects were taken into consideration. One was the requirement for new low floor special access buses, with obviously a significant capital investment in a new fleet of vehicles required; and, secondly, I think there was recognition that, although there was difficulty in coming to an agreement, there was recognition that the public bus service was going to require subsidy, public subsidy, for it to continue operating in its current route network and format.

MR BLACKSTONE: Hmm hmm.

MR RICHARDSON: Although they were somewhat protracted negotiations, a figure was eventually arrived at for six routes, I think, for a period of time. If you then take those six routes and scale it up to full service and add onto that the depreciation curve for a new fleet of buses, you are looking at a very significant amount of money.

Now, certainly it was ... as I say, there is a Committee Act where there is reference to figures that it could have been and I think Halcrow's and I think everyone was aware going into this that, because we didn't have all of the route network information and all of the financial information we needed to try and evaluate the true cost of what we would have to provide if you want to maintain that service as it was at that time, there was a risk. Clearly the risk -- and I think it is in one of the documents -- the risk was on the States of Jersey.

MR BLACKSTONE: And that risk was accepted by the PSC?

MR RICHARDSON: I think it was known. That risk was known, yes.

MR BLACKSTONE: And have the costs in the first couple of years worked out more than you had estimated?

MR RICHARDSON: Slightly more if you take into account the impact of the Hoppa bus service.

MR BLACKSTONE: Do you mean Easylink?

MR RICHARDSON: Sorry, the Easylink service, yes. It brings the overall cost to slightly more than we had originally estimated, but not to a large degree more. The figures that were calculated from our perspective to try to come up with a base income stream were calculated from, I think, information received in 1993. That information was then extrapolated forward for inflation and an estimate based upon a reduction in the number of tourists visiting the Island by one Officer and, on a completely separate line and also unbeknown to that Officer, another one calculated it again from the same base material, that is to say all the information we had to go on, and it was probably a little more detailed because he actually went to Tourism and got printout statistics for each year from 1993 onwards for the number of tourists visiting the Island. So it produced a plot effectively and those two estimates came up to be very similar.

MR BLACKSTONE: You did, of course, have a lot of much later information from Jersey Bus, but that was all under a confidentiality agreement.

MR RICHARDSON: Yes.

MR BLACKSTONE: Hmm hmm. The Easylink coach service was a bus service obviously, and the States then went to Court to have that proved. They won that case, yet nothing was done by Easylink. It is still continuing. Why?

MR RICHARDSON: That certainly is a matter which is one under close review at the moment. The main reason for that is that in year one operation of Connex, it was on a baseline of the original service contract that Jersey Bus had operated and it was in year one of operation that Connex were obliged to run that same service that Jersey Bus had run and obviously Easylink had a significant impact on that service.

The plan then was that, once we had -- and it was in the contract and specification -- once

we had one year's data to work from, accurate data, the operator would then be required to come forward with proposals for alterations for service. That really did not, or that did not and has not happened because we have been obviously caught up with the Committee of Inquiry and clearly the operator throughout year two has been very reluctant to undertake any further significant changes without having the certainty of the outcome of this Committee of Inquiry. As we go into year three, the operator is perfectly willing to come forward and has got proposals ready to look at reviewing and modernising the service, but clearly they want some certainty from the outcome of the this Committee of Inquiry.

MR BLACKSTONE: Obviously, Easylink was not going to go into that as a loss making service. They would only pick it up from a profitable viewpoint. The fact that they were able to put on this service and make money on it, does it not indicate that Connex were not meeting a completely full service on those routes?

MR RICHARDSON: No, Connex were obliged in year one to operate the service as operated by Jersey Bus.

MR BLACKSTONE: And the route adopted by Easylink was not previously run by Jersey Bus?

MR RICHARDSON: No.

MR BLACKSTONE: No, thank you. I have no further questions.

MR SHEPHEARD: I don't know if you can help me with this, Mr Richardson. We have been given over the short adjournment some documents under privilege which are an exchange of correspondence with the legal advisers. Now, the last one ... this began on 17th June 2003, in response to your letter of 27th March and I see going forward to 19th June, but I don't seem to have anything beyond that and I don't seem to have any clear conclusion or clear advice one way or the other as to what should be done. It is not a ... I don't want to delve into matters of privilege at all if I can avoid it, but I think we are going to need a bit more than that if it exists, please?

MR RICHARDSON: Well, right, obviously the review was taken in a very short period of time. I literally got back to the office and got back here. We can certainly look to see if there was more information. I recall the legal advisers actually attending the Committee meetings, but I would

need to clarify it on exactly which dates and for what purposes. Now, it could have been that some of the advice the Committee received was verbal advice across the table, but we can certainly review that and come back to you.

MR SHEPHEARD: That would be very helpful, Mr Richardson, please. Then thank you very much for attending before us today and for your contribution to the Inquiry. We have to reserve our position for the time being as far as possibly calling for further information from you and from the Department, but I am sure you understand that. When we come to assimilate everything that we have heard in the last fortnight, then there may be more things that we need to ask about. Thank you very much. We will now adjourn. Is there any way in which we could start earlier than 3.30, Mr Spence?

MR SPENCE: I will see if I can get in touch with the Senator, Sir.

MR SHEPHEARD: If we can start earlier, we will start earlier, but otherwise we will adjourn until 3.30.
