

# 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. GRIFFITHS**  
**(FourSight Consultants)**

-----

on

**Thursday, 27th January 2005**

-----

(Digital Transcription by Marten Walsh Cherer Limited,  
Midway House, 27/29 Cursitor St., London, EC4A 1LT.  
Telephone: 020 7405 5010. Fax: 020 7405 5026)

-----

*Reviewed 15/03/05 Committee Clerk*

MR SHEPHEARD: Mr Griffiths, good morning.

MR GRIFFITHS: Good morning.

MR SHEPHEARD: Take a seat.

MR GRIFFITHS: Thank you.

MR SHEPHEARD: As I have explained to all the witnesses, the Committee of Inquiry is receiving evidence from witnesses on oath, and I will immediately proceed to administer that oath to you.

### **The witness was sworn**

MR SHEPHEARD: Thank you, Mr Griffiths. Now, I am right, I think, in saying that you are the Chief Executive Officer of FourSight Consultants.

MR GRIFFITHS: I am indeed, yeah.

MR SHEPHEARD: And that company was retained by the States of Jersey Public Services Department to assist it in formulating a service level agreement for bus operations in Jersey. Is that right?

MR GRIFFITHS: It was helping to develop a service agreement, yes.

MR SHEPHEARD: We want to ask you some questions about that, and I think my colleagues, Mr Blackstone and Mr Garrett, will be your principal interrogators this morning, though I may have a few questions for you as well.

MR GRIFFITHS: Okay.

MR SHEPHEARD: Mr Blackstone?

MR BLACKSTONE: Yes, Mr Griffiths, you were appointed by the Public Services Committee?

MR GRIFFITHS: I was indeed, yes.

MR BLACKSTONE: Yes. Who actually appointed you?

MR GRIFFITHS: It was their Director of Finance in April 2000.

MR BLACKSTONE: Director of Finance?

MR GRIFFITHS: Yes.

MR BLACKSTONE: His name?

MR GRIFFITHS: Mr Stuart Lusby.

MR BLACKSTONE: Sorry?

MR GRIFFITHS: Stuart Lusby.

MR BLACKSTONE: Stuart?

MR SPENCE: Lusby, Sir.

MR BLACKSTONE: Oh Lusby, right. Yes, indeed the Director of Finance. Do you have a copy of your letter of engagement?

MR GRIFFITHS: I do not, Sir.

MR BLACKSTONE: You don't?

MR GRIFFITHS: No.

MR BLACKSTONE: But you do have a letter of engagement?

MR GRIFFITHS: I ... we had a verbal conversation, Sir, and he asked me to help undertake a review of developing a service agreement for the States, and I did a report on -- when was it -- 13th May, Sir.

MR BLACKSTONE: No letter of engagement from PSC?

MR GRIFFITHS: It was ... no, there was no letter of engagement. It was a verbal conversation and I met up with him at the offices at ... at his office.

MR BLACKSTONE: Because your engagement did go on quite a long time, didn't it? You started when?

MR GRIFFITHS: I started in, as I say, April 2000.

MR BLACKSTONE: I have got some correspondence going back to February 2000 ... oh April 2000, I beg your pardon, yes, 2000.

MR GRIFFITHS: And there were various stages, to be honest, Sir. That was part one. I was involved again in June 2000 and again in January 2001.

MR BLACKSTONE: And then I believe you were also involved later. Later, after Connex became the bus operator, you did some further work then?

MR GRIFFITHS: Yes, which my colleague mostly did.

MR BLACKSTONE: Sorry?

MR GRIFFITHS: Yes, we did. My colleague ... well, in terms of recently?

MR BLACKSTONE: I think it was in 2003, was it?

MR GRIFFITHS: Yes, we did.

MR BLACKSTONE: And your colleague Mr Winston?

MR GRIFFITHS: He did as well, yes.

MR BLACKSTONE: He said he didn't have any involvement with the bus operation?

MR WINSTON: Is this the other thing we were talking about?

MR GRIFFITHS: Yes.

MR WINSTON: I am very sorry, but I did actually have ... was it 2003?

MR GRIFFITHS: Yes.

MR SPENCE: If you get a back up like that from your colleague, could you just repeat it into the microphone for the tape, please?

MR GRIFFITHS: Of course, yes.

MR SPENCE: Yes, thank you.

MR SHEPHEARD: I think perhaps it may be necessary for us to recall Mr Winston after Mr Griffiths has finished giving his evidence.

MR BLACKSTONE: It is possible.

(To the witness): Mr Griffiths, your contract work was essentially on an hourly or daily fee basis, no fixed price contract.

MR GRIFFITHS: It was on a daily rate basis.

MR BLACKSTONE: And that would be how much per day?

MR GRIFFITHS: Oh God, I can't recall because it varies.

MR BLACKSTONE: I have got details of your work in 2001, but I wasn't aware that you were working for the States as early as April 2000. What were you doing then?

MR GRIFFITHS: Um, I supported the department through the development of a service level agreement for the bus service, for which I did a report.

MR BLACKSTONE: So the SLA work started in April 2000?

MR GRIFFITHS: It did indeed, Sir.

MR BLACKSTONE: Ah right, and in June 2000, the same work?

MR GRIFFITHS: No, that was separate. I produced my report at the end of May/early June and I was requested to come and help support the facilitation of a service agreement with Public Services and Jersey Bus.

MR BLACKSTONE: But your May report, was that the actual service level agreement?

MR GRIFFITHS: No, it wasn't, Sir.

MR BLACKSTONE: It was a report?

MR GRIFFITHS: It was a report.

MR BLACKSTONE: I don't think we've seen that one. Could you make sure that our Committee Clerk gets a copy, please? *{Handed up at end of session – Committee Clerk}*

MR GRIFFITHS: Yes. I can tell you the report contained the introduction of a service agreement; the benefits of a service agreement; it outlined steps in constructing a service agreement; a bit of background on the UK bus service industry; our findings; a description of the service in Jersey; a description of the Transport Strategy; and it came to conclusions and recommendations and I came up with a draft structure of the service level agreement.

MR BLACKSTONE: So it was general rather than specific?

MR GRIFFITHS: It was indeed, yes. This report, as I know, was reported to the Committee on 30th May.

MR BLACKSTONE: And in June 2000, you were again working for PSD, you say?

MR GRIFFITHS: I carried on. Yes, I was asked or requested again, by Mr Lusby again, to help support on an interim management basis to facilitate and help and support putting a service agreement together, as outlined in my report earlier, which was passed by the Committee.

MR BLACKSTONE: To prepare an SLA at that stage, was it?

MR GRIFFITHS: Yes. It was to help facilitate that process on behalf of the PSD.

MR BLACKSTONE: And did you produce an SLA?

MR GRIFFITHS: I produced some drafts, yes. To add correctly, it was an outline framework structure really.

MR BLACKSTONE: Ah, that I have seen.

MR GRIFFITHS: Right. It's not a proper service agreement. It was like a discussion document which we met with ----

MR BLACKSTONE: Did you ever produce a final SLA?

MR GRIFFITHS: No, there was never a final SLA.

MR BLACKSTONE: Why not?

MR GRIFFITHS: Why not?

MR BLACKSTONE: Hmm.

MR GRIFFITHS: Because they couldn't get agreement between the two parties. **(Pause)**

MR BLACKSTONE: Based on the information we have had documented, I am just confused, because, for example, I have got a letter here from Jersey Bus' lawyers in July 2000 commenting in detail on an SLA which had been prepared in July 2000. Is that one prepared by you?

MR GRIFFITHS: I drafted a template service agreement.

MR BLACKSTONE: It wasn't an outline; this was a full document.

MR GRIFFITHS: It was, right. It certainly wasn't a completed document by any means. It was a draft document. The service agreement, it was a working document whereupon the organisations collectively agree upon.

MR BLACKSTONE: Well, this letter I'm looking at, you see, refers to headings in the document they are talking about -- "*Operator's Licence*", "*Operator's Responsibilities*", "*Termination*", "*Statutory Regulation*", "*Provision of Equipment*", "*Health And Safety*", "*Indemnity Insurance*", "*Lost Property*", "*Marketing Information Policy*", "*Advertising Policy*", "*Intellectual Property Rights and Confidentiality*", "*Bus Vehicle Standards*", "*Maintenance*", "*Customer Care*", "*Public Information*", "*Jersey Bus*" and "*Environmental Policy*". It sounds like a pretty full document. So it wasn't you who prepared that one?

MR GRIFFITHS: I didn't prepare **that** document, no, Sir.

MR BLACKSTONE: No, no, this is a letter from the lawyers.

MR GRIFFITHS: Right.

MR BLACKSTONE: But you didn't prepare the document to which they are referring?

MR GRIFFITHS: I prepared a framework document.

MR BLACKSTONE: Did it include those headings?

MR GRIFFITHS: The structure was outlined in my original report, which I met with Jersey

Bus back in ... just forgive me.

MR BLACKSTONE: Did you prepare at this stage, or had you prepared at this stage -- July 2000 -- a full service level agreement in draft?

MR GRIFFITHS: It wasn't a full service agreement, no, Sir.

MR BLACKSTONE: And the headings to which I have just referred from this lawyer's letter, they weren't contained in the skeleton document you prepared?

MR GRIFFITHS: I can't recall that letter.

MR BLACKSTONE: This letter starts off: "*Service level agreement. I have reviewed the agreement, which needs a lot of work doing on it. In its current form, it is not acceptable.*" It sounds like it was a full agreement they were referring to.

MR GRIFFITHS: Well, as I say, Sir, I drew up, and it was fairly well at quite an advanced stage and I ----

MR BLACKSTONE: I referred to a number of headings there. Were those included in that draft?

MR GRIFFITHS: Can you just repeat those, because I'm ----

MR BLACKSTONE: Well, let's take section 1, "*Termination*". Section 2 is "*Statutory Regulations*".

MR GRIFFITHS: I have got "*Termination*" as section 7, Sir, in my document.

MR BLACKSTONE: Section 2 "*Statutory Regulations*" then "*Provision of Equipment, "Health and Safety"*", "*Indemnity Insurance*", "*Lost Property*"? Any of those under your section 2?

MR GRIFFITHS: Section 2. No, that is "*Operator's Licence*".

MR BLACKSTONE: That is strange. This must be a different agreement. **(Pause)** You have never seen any other agreement which PSC may have been working on at that time?

MR GRIFFITHS: Not that I'm aware. I was working on this document here on the framework, which was well documented with the PSD and Jersey Bus at the time.

MR BLACKSTONE: I think, Mr President, we may have some questions for PSD on this. There seems to have been two parallel exercises going on.

MR SHEPHEARD: Yes, it looks like it, doesn't it? **(Pause)**

MR BLACKSTONE (to the witness): Perhaps, again, just for our records, you could let the Committee Clerk have your draft documents, and he can photocopy them and return it to you?

MR GRIFFITHS: Of course. If you remind me what these documents are.

MR SPENCE: Yes, I will do that.

MR GRIFFITHS: Thank you. *{Handed up at end of session – Committee Clerk}*

MR BLACKSTONE: Now, an SLA is essentially a document setting out the rights of the service users; rights and duties of the service provider; obligations of the service provider to the local authority, which in this case would be the PSD. Am I right?

MR GRIFFITHS: It is a formal document, yes.

MR BLACKSTONE: Yes. It is a quasi-legal document, yes.

MR GRIFFITHS: It is not a contract, no. It is a formal ... Service level agreements tend to be worked within organisations, but tend to be internal documents between service provider and a commission, I would say.

MR BLACKSTONE: In this case PSD and Jersey Bus in other words?

MR GRIFFITHS: Yes, but it wasn't a formal contract; it was a voluntary agreement.

MR BLACKSTONE: But it is not really an accounting exercise in any way, is it? It sets out conditions and all the rest of it.

MR GRIFFITHS: Indeed.

MR BLACKSTONE: The rate of return is an entirely separate exercise?

MR GRIFFITHS: It is indeed, yes.

MR BLACKSTONE: Yes. (**Pause**) In considering a rate of return -- and as we don't have written terms of reference for you, it is a bit difficult -- were you asked to consider a net contract or a gross contract?

MR GRIFFITHS: What we were looking at was ... as I understand it, there were a number of options being asked or negotiated between PSD and Jersey Bus.

MR BLACKSTONE: Broad brush in other words?

MR GRIFFITHS: Yes. They kept going round in circles, to be quite honest, in terms of the ordinary negotiations and ----



MR BLACKSTONE: But you were the expert, but you had no terms of reference, no written terms of reference. Surely you were the one who had to lay down and say “This is what we want”.

MR GRIFFITHS: I do not make any decisions, Sir. I mean, I just facilitate the process in putting the service agreement together. I’m not a signatory and I’m not negotiating on behalf of PSD or Jersey Bus.

MR BLACKSTONE: But how would you know what to report on if you didn’t know whether you were operating on gross or net or mark-up on expenses or mark-up on sales?

MR GRIFFITHS: As I understand it, at one stage they were looking for total cost plus a percentage contribution on top of that.

MR BLACKSTONE: Mark-up on costs?

MR GRIFFITHS: Yes.

MR BLACKSTONE: You said “*at one stage*”, not throughout?

MR GRIFFITHS: Mostly throughout, but there were other stages where ----

MR BLACKSTONE: It was either throughout or not throughout, it was not “*mostly throughout*”.

MR GRIFFITHS: Well, okay, it wasn’t throughout then, Sir.

MR BLACKSTONE: Right. So as the expert employed in this field, it was your responsibility to negotiate with Jersey Bus a fair rate of return based on costs?

MR GRIFFITHS: No, it wasn’t, Sir.

MR BLACKSTONE: Sorry?

MR GRIFFITHS: I’ve just mentioned to you, Sir, that I was not negotiating on behalf of PSD.

MR BLACKSTONE: Not negotiating on behalf of PSD?

MR GRIFFITHS: My rôle was to facilitate putting the service level agreement together.

MR BLACKSTONE: No, we have moved on from the service agreement and we are now on the rate of return, which I think you were also asked to, well not negotiate, but at least to report on.

MR GRIFFITHS: I was certainly to report on in terms of findings, yes, but I certainly was not negotiating. **(Pause)**

MR BLACKSTONE: Report on a fair rate of return, correct?

MR GRIFFITHS: A fair rate of return, but what is a definition of a fair rate of return?

MR BLACKSTONE: You are the expert, Mr Griffiths.

MR GRIFFITHS: I was an expert on service level agreements, but I wasn't sure what a fair rate of return was in terms of the bus industry. It was made quite clear at the very start that I did not have any expertise in the bus industry or the transport industry, Sir.

MR BLACKSTONE: I have that email. **(Pause)** Now, I have here your emails of 15th February 2001 and 19th February 2001 to Alan Muir of the Public Services Department. These set out detailed lists of rates of return experienced in the UK bus industry.

MR GRIFFITHS: That's right, Sir.

MR BLACKSTONE: You are familiar with those documents? Can you see them from here?

MR GRIFFITHS: Yes, I do.

MR BLACKSTONE: Right. Where did you get that information from?

MR GRIFFITHS: I can't remember the exact source, but it was a secondary source and I got it from market research on the company or something like, from Mintel, or somebody like that.

MR BLACKSTONE: A market research company?

MR GRIFFITHS: Yeah, or something like that. I can't actually quote that. It is going a long time back and, to be honest, I left all my files with Public Services, so I have got no files on me at all to do with my review. I left all those with Public Services.

MR BLACKSTONE: Now, at the bottom of each list there is an average figure. Did you work those out, or were they part of the market research information received?

MR GRIFFITHS: I worked the average figure out from all the ... I did an Excel spreadsheet and divided out between the total.

MR BLACKSTONE: But included in your average there were companies that were making losses of up to 12%. Do you think you should work a profit figure by including companies that are making losses? It doesn't sound very logical to me.

MR GRIFFITHS: Say that again, Sir?

MR BLACKSTONE: You are including companies that are making losses of up to 12% in your

average figure. That must bring the average way down.

MR GRIFFITHS: Well ----

MR BLACKSTONE: Would it not have been better to do a bell curve analysis to get a mesne?

MR GRIFFITHS: No, I did a straight average on all those bus companies, yes.

MR BLACKSTONE: Do you know what I mean by a bell curve?

MR GRIFFITHS: Hmm.

MR BLACKSTONE: Yes. That surely would have shown a mesne figure, which would have excluded the extremes. This average brings in the extremes, including companies making losses. It doesn't seem very logical.

MR GRIFFITHS: Well, I did an average, Sir.

MR BLACKSTONE: Hmm. Your average has come out at 8.4%.

MR GRIFFITHS: Yes.

MR BLACKSTONE: And 10.1%.

MR GRIFFITHS: That's right.

MR BLACKSTONE: Why did you then recommend to PSD that a fair rate of return for Jersey Bus would be 5.3%?

MR GRIFFITHS: I can't recall 5.3, Sir.

MR BLACKSTONE: We have been told, and I will have to look up the reference for that. We might need to recall you on that point later in the day, but I'm quite certain that you recommended to Public Services that Jersey Bus should operate on a 5.3% return on expenses.

MR GRIFFITHS: I can't recall that, Sir.

MR BLACKSTONE: At this stage, I don't want to aid your recall because I don't have the documents here myself, but, in view of the schedules you produced, would you think that 5.3 is low and possibly unreasonable?

MR GRIFFITHS: I would have thought so, yes, Sir.

MR BLACKSTONE: You would. At about the same time, Jersey Bus had their own bus advisers in and, as a matter of interest, they came up with average figures from the UK of something like 18% -- on the high side possibly -- and we have heard from the consultants

involved with the tendering process that even 15 is possibly a bit on the high side. In that process, most came in at about 12%, even though one was as high as 23%. So 5.3 certainly seems pretty low, screwing Jersey Bus down. Do you agree, if you had made that statement?

MR GRIFFITHS: I agree with that, but I was not negotiating with Jersey Bus anyway.

MR BLACKSTONE: No, but you were making recommendations to PSD, your employers.

MR GRIFFITHS: I think I recall that I made a report talking about 8% as the average.

MR BLACKSTONE: Well, I shall have to get the exact chapter and verse on that. We do have it on our files, which are extensive. **(Pause)** Now, PWC Belfast advised Jersey Bus at this stage. I think their gentleman was Mr Gordon Poots. Did you ever met with him?

MR GRIFFITHS: I recall that I did meet with him once, yes.

MR BLACKSTONE: Hmm hmm. And you had detailed discussions with him, you representing PWC (sic) and him representing Jersey Bus and there were other people from both sides present?

MR GRIFFITHS: There were other people present, including Alan Muir.

MR BLACKSTONE: Hmm hmm.

MR GRIFFITHS: If I recall right there was a legal representative also from Jersey Bus.

MR BLACKSTONE: Now, PWC Jersey are the auditors of Jersey Bus, but they themselves are not transport experts, so I understand they brought somebody all the way from Belfast, because that is where PricewaterhouseCoopers have their transportation management consultancy expertise.

MR GRIFFITHS: I will take your word for it.

MR BLACKSTONE: Okay. So, in view of your own admitted lack of experience in transportation matters, you would not be surprised to hear, in a letter dated 28th February 2001 to his client, Mr Poots described the representatives of PSD as "*simplistic*"?

MR GRIFFITHS: Simplistic?

MR BLACKSTONE: Yes.

MR GRIFFITHS: I wouldn't call myself simplistic, Sir.

MR BLACKSTONE: I beg your pardon?

MR GRIFFITHS: I would not call myself simplistic, Sir.

MR BLACKSTONE: But your experience of transportation might be simplistic.

MR GRIFFITHS: That I made out right from the outset, Sir.

MR BLACKSTONE: Thank you. Going on to accounting, in your efforts to establish a fair rate of return, you asked Jersey Bus to supply accounts. Did you receive the audited accounts of JMT 1987 Limited for the years ended 30th October 1999 and 2000?

MR GRIFFITHS: If I could just check that, Sir. **(Pause)** Yes, I received those in mid to late April 2001.

MR BLACKSTONE: Audited accounts ----

MR GRIFFITHS: I just received JMT 1987 audited accounts for the year ending 30th October 2000.

MR BLACKSTONE: 2000. Well, the comparative figures for 1999 obviously, so they would be available.

MR GRIFFITHS: Yes.

MR BLACKSTONE: In April 2001. Were you also given additional information relating to the management accounts of the company?

MR GRIFFITHS: I was given various types ... yes, I was given some additional information for the management accounts for the 2002 ... just bear with me. **(Pause)** It was 2001, Sir.

MR BLACKSTONE: And what further information did you request in connection with your efforts to establish a fair rate of return?

MR GRIFFITHS: Sorry?

MR BLACKSTONE: What further information did you request from Jersey Bus?

MR GRIFFITHS: I requested information on the route analysis.

MR BLACKSTONE: Hmm hmm.

MR GRIFFITHS: Costs in terms of the wages and salaries, the management costs and various other statistical information.

MR BLACKSTONE: That's it?

MR GRIFFITHS: I think that is right, from the accountant.

MR BLACKSTONE: Did you not on a number of occasions demand to see the accounts of all

the companies in the Diamond Group?

MR GRIFFITHS: I did indeed, yes, Sir.

MR BLACKSTONE: And you had forgotten that?

MR GRIFFITHS: Yes, I did.

MR BLACKSTONE: You did demand that on a number of occasions? (**Pause**) Why?

MR GRIFFITHS: At a latter stage, towards the end of April/May time, in a review of the accounts there was a management cost being charged to other companies within the group and, in addition to that, from the balance sheet itself there looked as though there had been disinvestment in the company.

MR BLACKSTONE: If you were establishing a fair rate of return, disinvestment in the circumstances of Jersey Bus at the time -- I won't go into the disinvestment side --but it doesn't affect trading figures. I just do not see ----

MR GRIFFITHS: Well, with respect, Sir, there were management costs going between the companies and because of that we wanted to check out ... because of the disinvestments, if I recall rightly, the bank charges and the interest were quite significant as well, because disinvestment is largely ----

MR BLACKSTONE: Have a look at **that** piece of paper, please, Mr Griffiths? (**Same handed to witness**) This is a very simple and basic analysis which I have prepared purely from the accounts, the audited accounts, of JMT 1987 Limited, which were provided to me. The highlighted items, management fees (if you are familiar with accounts) is a pretty universal catch all in group accounts, so I have eliminated it. I think probably you advised in your management information that no rent was charged in the accounts for the Weighbridge properties. I have added back in a commercial assessment as provided by professional valuers. No account was taken of the directors' remuneration, which was all charged in the published accounts to the group holding company. So we have added in what is not an unreasonable amount for the fairly full-time involvement of two directors. You will also note that I have deducted interest on group loans. Yes, there were loans, quite clearly stated on the balance sheet, interest-free to other group companies. When I queried Mr Lewis on that point, he admitted that, yes, if you are going

to take a fair result on bus trading operations, an equivalent rate of interest should be charged on those loans. Having made those adjustments, Mr Griffiths, I come to a percentage mark-up on expenses declining from 11% down to about 5% in the year ending October 2000. It is not really an excessive return, is it?

MR GRIFFITHS: Well, I would like to review your documentation because it is the first time I have seen this document.

MR BLACKSTONE: Well, I only prepared it during the course of the Inquiry.

MR GRIFFITHS: Okay.

MR BLACKSTONE: But, if I can do that and come to a reasonable return on the Jersey Bus accounts -- remember these are audited by a big five company ----

MR GRIFFITHS: I have never ever disputed the figures.

MR BLACKSTONE: Right, so you have never disputed the accuracy of the audited accounts?

MR GRIFFITHS: Not at all.

MR BLACKSTONE: Right. So, by adding back the extraneous items -- and I use the term loosely -- do you consider that the result I have reached is fair?

MR GRIFFITHS: No, I can't comment to the same.

MR BLACKSTONE: What else would you need to do?

MR GRIFFITHS: I made my report back in May of 2000 and I stand by my report.

MR BLACKSTONE: We will come to your report in a little while. Anyway, just for the record, I have discussed these analyses with the audit partner of PWC and Mr Lewis has happily confirmed that, as far as he is concerned, yes, he should have added back the group loans, but this final result is a true record of the trading operations on the Jersey public bus service and some elements of school bus contracts. So I am afraid, Mr Griffiths, I cannot see why you should need information from the Living Legend tourist attraction, the Board Walk Café or any other company in the Diamond Group.

MR GRIFFITHS: Well, I disagree with you, Sir.

MR BLACKSTONE: On what grounds do you disagree?

MR GRIFFITHS: Because there is a weak balance sheet in there and ----

MR BLACKSTONE: Sorry, a weak balance sheet?

MR GRIFFITHS: It was indeed, Sir.

MR BLACKSTONE: Why is it weak?

MR GRIFFITHS: Because of the lack ... because there is a disinvestment in the business.

MR BLACKSTONE: Jersey Bus, to use the loose term, had, for the last three years up to 2002, had its licences reduced to one year, which really didn't encourage them to make a major investment in the company, did it?

MR GRIFFITHS: Well, my experience, Sir, is when you are trying to negotiate and provide a service agreement or any kind of contract, you try and become more positive in terms of your attitude, in terms of the way you actually develop things. When you ----

MR BLACKSTONE: I think you said earlier, Mr Griffiths ----

MR GRIFFITHS: Could you please let me finish? When you talk, when you negotiate, businesses, people tend to come with business plans and look at investment and look at how they wish to progress the business and how they are looking forward and how they are going to develop the business, etc. None of that came through to me at all in terms of business plans or looking at business cases or looking at developing forward. It is all very historical information. I also looked at these accounts and I saw the disinvestment in the business and naturally wanted to raise these questions.

MR BLACKSTONE: But you said earlier that there was no real connection between the SLA and the rate of return; they were two separate exercises. Why could you not proceed with the SLA even if the rate of return information you considered was not available.

MR GRIFFITHS: But I did try and proceed with the SLA, Sir.

MR BLACKSTONE: And what happened?

MR GRIFFITHS: Well, I was waiting for information to come back from Jersey Bus and that never arrived, Sir.

MR BLACKSTONE: Have you got a letter specifying what information you were waiting for?

MR GRIFFITHS: Well, I met with the legal representatives and I was waiting for confirmation to come back and that I didn't receive.



MR BLACKSTONE: And did you write to them asking for this information?

MR GRIFFITHS: I met with both Jersey Bus and with PSD and recorded that. In fact, I have put this in my report.

MR BLACKSTONE: What time was that about? **(Pause)**

MR GRIFFITHS: I met with the legal representatives in February 2001.

MR BLACKSTONE: And you asked them verbally, but not in writing, for further information?

MR GRIFFITHS: I did indeed, Sir.

MR BLACKSTONE: Which you said was never forthcoming.

MR GRIFFITHS: No.

MR BLACKSTONE: Did you follow up the letter?

MR GRIFFITHS: Verbally, yes.

MR BLACKSTONE: You did follow up with a letter?

MR GRIFFITHS: No, I didn't follow up with a letter.

MR BLACKSTONE: Would that not have been normal business practice?

MR GRIFFITHS: I was talking to them on an individual basis and I liaised through Public Services and I spoke to ... at various meetings with Jersey Bus, I did mention it.

MR BLACKSTONE: In writing?

MR GRIFFITHS: No.

MR BLACKSTONE: Not in writing?

MR GRIFFITHS: No. **(Pause)**

MR BLACKSTONE: I have seen from your CV, Mr Griffiths, that you were employed by Moran & Co, chartered accountants, as a trainee accountant in 1985/86.

MR GRIFFITHS: Yes.

MR BLACKSTONE: Were you an articled clerk?

MR GRIFFITHS: No.

MR BLACKSTONE: You weren't articled?

MR GRIFFITHS: No.

MR BLACKSTONE: A firm of chartered accountants usually does put its trainees under

articles, doesn't it?

MR GRIFFITHS: I was doing my degree course, Sir. It was a placement.

MR BLACKSTONE: Sorry?

MR GRIFFITHS: It was a degree course, Sir, it was a placement.

MR BLACKSTONE: A degree course. And in this period '85/86, how many actual months did you work for Moran & Co.

MR GRIFFITHS: I worked on a full-time basis for 12 months and I then worked on a periodic basis during summer periods etc, about two summer periods.

MR BLACKSTONE: And 12 months full-time doesn't really give you a great deal of accounting experience when you consider that the shortest articles are normally three years.

MR GRIFFITHS: I agree.

MR BLACKSTONE: You agree. I think your colleague, Mr Winston, has said that you are not an accountant, so that is fairly admitted.

MR GRIFFITHS: I would admit to that, Sir.

MR BLACKSTONE: You don't hold any accounting qualifications?

MR GRIFFITHS: No.

MR BLACKSTONE: What experience do you have in reviewing the accounts of commercial companies?

MR GRIFFITHS: What experience do I have?

MR BLACKSTONE: Yes.

MR GRIFFITHS: I have experienced reviewing various sets of accounts and I also get the support of my colleague, Mr Winston.

MR BLACKSTONE: He said you used him as a sounding board, but he never came to Jersey, I think he said. Your work with Jersey Bus was really purely yourself?

MR GRIFFITHS: I met with them on an individual basis because there was a confidentiality situation, where Jersey Bus was not happy for me to talk to anybody, any other outside parties, about that.

MR BLACKSTONE: Anyway, Mr Griffiths, you have admitted at the start of the assignment

that you had no expertise in law or transportation.

MR GRIFFITHS: No.

MR BLACKSTONE: And it seems you had no qualification in accounts. In the circumstances, do you consider you were wise -- and in retrospect -- do you consider you were wise to take on this assignment?

MR GRIFFITHS: I was wise ... it was wise in terms of putting ... my terms of reference were to act on an interim management basis to put together a service level agreement, which I frequently do for a number of clients.

MR BLACKSTONE: And to establish a fair rate of return?

MR GRIFFITHS: I never actually negotiated a fair rate of return. I have never been, as I quite rightly said, originally said, I've never been in the bus industry and I just took some information for that 8%.

MR BLACKSTONE: But you produced great schedules on fair rate of return. You obviously worked on it, didn't you?

MR GRIFFITHS: That I got from secondary research, Sir.

MR BLACKSTONE: Hmm hmm. And you made recommendations or you reported your findings to PSD, your employers?

MR GRIFFITHS: I gave them that schedule, yes, Sir.

MR BLACKSTONE: Hmm hmm. On 2nd May 2001, you sent an email to Alan Muir of Public Services. It starts off "*Alan, I attach a financial analysis of the ding ding.*" What is the "*ding ding*" exactly?

MR GRIFFITHS: It is a phrase we used to refer to the bus industry.

MR BLACKSTONE: A phrase well known in the bus industry?

MR GRIFFITHS: Yes, Sir.

MR BLACKSTONE: It continues: "*In confidence to you, Clive and John only. Please no further, including the President if you don't mind! I can't afford to get sued.*" Presumably the President you are referring to is Mr Simon Crowcroft, who was at the time the President of the Public Services Committee?

MR GRIFFITHS: Yes, it was, Sir.

MR BLACKSTONE: Why did you not want him to know about this report?

MR GRIFFITHS: Which report was this, Sir?

MR BLACKSTONE: The one enclosed with your email of 2nd May 2001.

MR GRIFFITHS: 2nd May 2001. You will have to show me which report that is, Sir.

MR BLACKSTONE: Have a look at it, but I will have to have it passed back because I want to ask you some questions on it. Just look at it and confirm that that is your email and that is your report. **(Same handed) (Pause)**

MR GRIFFITHS: Yes, that's my report, Sir, yes.

MR BLACKSTONE: Fine. Thank you. May I have it back, please? **(Same handed)** What do you mean by that opening sentence, not for the President, "*including the President if you don't mind*"?

MR GRIFFITHS: This was in draft form, Sir, and I wanted to get the agreement of the officers of the PSD.

MR BLACKSTONE: Why shouldn't the President or the Public Services Committee in general see the report?

MR GRIFFITHS: There is no reason why, but, in all honesty, I would rather have gone to the officers first, to be honest, because they are who I was reporting to, who is my client.

MR BLACKSTONE: Well, the ultimate client was the Public Services Committee, of which Mr Crowcroft was President.

MR GRIFFITHS: Yes, but I'm quite happy about that, Sir.

MR BLACKSTONE: It is quite strange that you would keep stuff from him and you explain your reason for not giving it to him by "*I can't afford to get sued*". That seems a bit outlandish. What would you be sued for?

MR GRIFFITHS: It's just a phrase, Sir, to be honest.

MR BLACKSTONE: It's not a phrase. What were you frightened of being sued for by the President of the Public Services Committee?

MR GRIFFITHS: Well, I can't ... I've got no recall why the President would want to sue me,

Sir, no.

MR BLACKSTONE: So why did you make the statement?

MR GRIFFITHS: It was just a passing phrase, Sir.

MR BLACKSTONE: It seems a rather dangerous one. In the report attached, you say “*JMT are producing small profit margins*”.

MR GRIFFITHS: Yeah, yeah.

MR BLACKSTONE: So you agree that my accounting analysis that I showed you earlier might be quite reasonable?

MR GRIFFITHS: I’m not disputing it, no, I’m not.

MR BLACKSTONE: No, right. We have seen elsewhere a statement by a PSD officer to the effect that Mr Crowcroft was of the opinion that JMT were making excessive profits from the taxpayer. Would your statement there that they are making small profits be anything to do with your fear of being sued?

MR GRIFFITHS: Not at all, Sir. I wasn’t aware of that and, in fact, I met with Mr Crowcroft, during which time a bit before that, Sir ... **(Pause)** On 30th April, Sir, I met up with the PSD Committee, including Clive Swinnerton and John Richardson and Simon Crowcroft and Robin Hacquoil.

MR BLACKSTONE: Hmm hmm.

MR GRIFFITHS: And I stated my findings.

MR BLACKSTONE: Yes, we will come on to that in a moment. **(Long pause)** Another interesting statement, and it would seem to be yours, Mr Griffiths is, “*I do not intend to reveal any of this information at Monday’s meeting.*” That was your meeting with the Public Services Committee.

MR GRIFFITHS: I certainly did.

MR BLACKSTONE: Sorry? You certainly did reveal information?

MR GRIFFITHS: I didn’t reveal the confidential information, Sir. I revealed my findings.

MR BLACKSTONE: Confidential to whom?

MR GRIFFITHS: I wasn’t going to produce the accounts.

MR BLACKSTONE: This is to Alan Muir, of course. *“I would welcome your advice as to how much or little you want me to disclose.”* Did you have some of cartel going with the Public Services Department not to give information to the Committee?

MR GRIFFITHS: Not at all, Sir.

MR BLACKSTONE: One of the problems we have had is that States members have made statements to the public based on information they have received because obviously they were not fully informed. This seems to be further evidence that that sort of thing went on.

MR GRIFFITHS: No, Sir, because I gave my whole file indeed over to ----

MR BLACKSTONE: I will just read that sentence again: *“I do not intend to reveal any of this information at Monday’s meeting. I would welcome your advice as to how much or little you want me to disclose.”*

MR GRIFFITHS: When you say *“actual information”*, I was not prepared to provide the financial accounts themselves to the Committee or to the officers. **(Pause)**

MR BLACKSTONE: And your draft report: *“In conclusion, FourSight would not currently recommend to the Public Services Committee to grant subsidies to JMT.”*

MR GRIFFITHS: *“Not currently”*, Sir, yes.

MR BLACKSTONE: *“And will recommend that the Committee further examines the controlling company and all other companies”* -- *“all”* highlighted -- *“other companies within the group in order to be sure that best value is being achieved.”*

MR GRIFFITHS: Yes.

MR BLACKSTONE: I qualified as a chartered accountant 40 years ago and I’ve been in various aspects of the business all my business life. I consider that is utter rubbish. The Living Legend accounts, the Broad Walk Café, what relevance do they have to the operation of Jersey Bus service, Mr Griffiths, please tell us?

MR GRIFFITHS: I said to you before, Sir, there were management costs going between various companies and we wanted to ensure that those management costs were actually real.

MR BLACKSTONE: Management costs are a moveable feast, as I have said. In my analysis I took them out.

MR GRIFFITHS: I can't see why you should take them out, Sir.

MR BLACKSTONE: Well, I'm not going to go into the details of the management accounts if you are not aware of what they are used for. I just do not see the relevance of all those other companies.

MR WINSTON: Do you want me to actually speak at all?

MR GRIFFITHS: Yes.

MR BLACKSTONE: No, I am talking to Mr Griffiths at the moment. **(Pause)**

(To the witness): I also have a rather strange document here. Alan Muir sent you a draft of the questions that may be asked by Deputy Le Hérisier in the States -- this is May 2001 -- and he asked your advice. It was a little bit outside your brief, I would have thought. The question being asked was, "*Would the President outline the expertise in public transport matters possessed by the independent consultancy which recently analysed the accounts of Jersey Bus and would he confirm the fees paid to the consultancy for performing this task?*" Sorry, would you like to just have a look and confirm that this is your email?

MR GRIFFITHS: I am familiar with the question being raised, yes.

MR BLACKSTONE: And you are happy that this is the answer that you drafted? Would you like to look at it first?

MR GRIFFITHS: I will look at it first. **(Same handed) (Pause)** Where is my answer, Sir?

MR BLACKSTONE: I presume on the top page where I had it folded.

MR GRIFFITHS: Oh, that **there**? I didn't write that, Sir.

MR BLACKSTONE: No?

MR GRIFFITHS: No.

MR BLACKSTONE: Well, if you would like to pass it back we will ... so you know nothing about that?

MR GRIFFITHS: No, that was drafted by Alan or one of his colleagues.

MR BLACKSTONE: I am sorry.

MR SPENCE: Sorry, Sir, I am just making a note of the title.

MR BLACKSTONE: I will just read out, for the benefit of the Inquiry, this series of emails.

This is from Alan Muir to John Griffiths of 18th May: “*Hi John, I attach a copy of the questions being asked by Deputy Le Hérissier next Tuesday. I have to draft the answers later today and they will be finalised early Monday morning and sent off to the Greffe. If you have any contribution to the answer which you would like incorporated, please let me know.*” The reply: “*Hope this helps, Alan.*” And attached thereto in the Public Services Department files is this sheet of paper which I have just showed you, but you say that is not the reply related to “*Hope this helps*”?

MR GRIFFITHS: To be quite honest, Sir, I can’t recall that long ago.

MR BLACKSTONE: No, but it’s here in black and white.

MR GRIFFITHS: I certainly remember the question being raised, Sir, and I think, if I can recall right, Alan was asking me ----

MR BLACKSTONE: To draft a reply.

MR GRIFFITHS: Well, I didn’t draft a reply.

MR BLACKSTONE: Well, what was “*hope this helps*” and an attachment “*Q Dep Le Hérissier Jersey Bus*”?

MR GRIFFITHS: That wouldn’t have been one of my file names. I think ----

MR BLACKSTONE: No, this comes from Helen Gallichan, but the email clearly says “*From John Griffiths, FourSight Consultants to Alan Muir*”, but the attachment is marked “*Q Dep Le Hérissier Jersey Bus*.” Did that originate with you?

MR GRIFFITHS: I don’t think it originated from me, but I agreed with that statement.

MR BLACKSTONE: So this draft answer was not prepared by you?

MR GRIFFITHS: I didn’t originate the document.

MR BLACKSTONE: So what’s this “*Hope this helps*” and there’s the attachment?

MR GRIFFITHS: I think I probably put some amendments to it, Sir.

MR BLACKSTONE: So you say **this** piece of paper should not have been attached to **that** piece of paper?

MR GRIFFITHS: No, not at all, Sir.

MR BLACKSTONE: So somebody somewhere ----

MR GRIFFITHS: I mean, I was happy with the question, with the answer, Sir.



MR BLACKSTONE: You were happy with the answer?

MR GRIFFITHS: Hmm hmm.

MR BLACKSTONE: Right. Well, let's have a look at the answer "*The management consultancy appointment was a joint appointment by the PSC and Jersey Bus*", oops, was it, or was it an appointment by PSC?

MR GRIFFITHS: I was appointed by PSD, indeed ----

MR BLACKSTONE: Thank you.

MR GRIFFITHS: Excuse me, can you let me finish, Sir? I was appointed by PSD, but on the understanding that Jersey Bus was also supporting my appointment. I made that quite clear in a very early email to him. I was not prepared to work if Jersey Bus was not supporting my appointment, for obvious reasons.

MR BLACKSTONE: Well, I would just like to go through this and you can comment at the end. I also have some comments in the meanwhile, which you might like to make a note of. You say in the first sentence: "*The management consultancy appointment was a joint appointment by PSC and Jersey Bus sponsored by PSC.*" I'm a little bit dubious about that.

MR GRIFFITHS: Can I make ----

MR BLACKSTONE: Please don't interrupt. I will let you have your say when I've finished. "*The terms of reference*" -- there never were any, according to your statement -- "*was to project manage and facilitate the development of the service level agreement through one individual from the firm*" -- yes -- "*During this process, Jersey Bus requested four further subsidies from PSC*" -- yes -- "*and the consultancy reviewed the appropriateness of further interim short term subsidies as part of the development of the SLA.*" Ah, that is where your 5.3% came in. I can now look up that reference at lunchtime. "*The management consultancy appointed is not a specialist transport consultancy*" -- true -- "*but they have developed many SLAs within the public service sector. Many other consultancies were requested to propose, including Jersey Bus' advisers, and all declined to support in this process.*" I would like you to comment on that, who these consultancies were.

MR GRIFFITHS: I will indeed, Sir.

MR BLACKSTONE: *“The management consultancy appointed suggested that a UK bus company supports the process should any technical transport issues need to be addressed. Indeed, many bus companies were contacted last year and the majority were forthcoming and were very supportive.”* Were many bus companies contacted and in what way?

MR GRIFFITHS: Yes, they were, Sir.

MR BLACKSTONE: Is that merely just to get the figures for the ----

MR GRIFFITHS: No, it wasn't, Sir.

MR BLACKSTONE: Could you give me details for all that, please, because we know nothing about this?

MR GRIFFITHS: Well, Sir, it is contained in my report of May 2000, Sir.

MR BLACKSTONE: So we are going to get that, okay, fine, but the report does not answer the question on fees, but never mind. I would just like to read from two final documents I have here. One is from an email dated 27th April 2001 from Clive Swinnerton, who was at that time the head of the Public Services Department, I believe, to Deputy Crowcroft, who was the President of the Public Services Committee: *“John Griffiths has advised me of certain issues in the Jersey Bus accounts that lead me to the conclusion that had Jersey Bus managed their finances differently there would be no justification nor need for subsidies. The problem is to explain this conclusion to the Committee, which would require confidential data to be released and clearly this would not be acceptable. In these circumstances, I feel the Committee should conclude that subsidies should not be paid and the logic used in the draft media release could be used.”*

Also the meeting of the Public Services Committee at 30th April 2001: *“The Committee discussed with Mr John Griffiths, financial consultant, the financial status of Jersey Bus. It noted that Mr Lewis had provided full details of the company's accounts for the year 1999 and 2000, from which it was apparent that it had achieved a return of approximately 3% return for 2000. However, there were indications that some inter-trading between the companies of the group had taken place by way of loans”* -- yes -- *“or transfers and the company had sustained substantial management costs relative to its size. Mr Griffiths had not been able to analyse the*

*source activity of the routes, but nevertheless was unable to recommend that the additional subsidies be made bearing in mind the risk factors involved.”*

Mr Griffiths, obviously, the Public Services Committee, not themselves being either accountants or bus experts or any other experts in this field, relied totally on the advice you gave. As a result of that advice, within a short period after this April 2001, Jersey Bus were put in the unenviable position that the bus service was put out to tender and they were granted a short term contract and there was certainly a lot of feeling generated against Jersey Bus based on the advice you had given. You were not a transportation expert, as you admit; you were not a legal expert, you admit; and it seems to me, from the information you have given me, you didn't know a great deal about commercial accounts either. Mr Griffiths, I think you have put people's lives in jeopardy through reporting on areas in which you had no expertise. Would you finally like to comment on that statement?

MR GRIFFITHS: I disagree with that. I presented the facts as I found them. The accounts were producing a small profit, as I stated, of 3.5%, Sir, and my remit was to help to facilitate the business case. That is what I did. The service agreement together typifies from my colleague, who is an accountant, and I stand by my findings, as I say.

MR BLACKSTONE: No further questions.

MR SHEPHEARD: Mr Griffiths, I have got one or two questions that I want to put to you. You were undergoing training with an accountancy firm as part of a degree course.

MR GRIFFITHS: That's right, Sir.

MR SHEPHEARD: What were you doing your degree in?

MR GRIFFITHS: Business Studies, Sir.

MR SHEPHEARD: And when did you in fact graduate?

MR GRIFFITHS: 1987.

MR SHEPHEARD: Did you undertake any further training after you took the first degree?

MR GRIFFITHS: I became a full member of the Chartered Institute of Marketing and a member of the Institute of Management Consultants.

MR SHEPHEARD: What as your first job after you graduated?

MR GRIFFITHS: I worked for a company, a management consultancy company, in London, Central Services Limited

MR SHEPHEARD: Give me the name again?

MR GRIFFITHS: CSL Group. The details are on my CV, Sir.

MR SHEPHEARD: And that is a consultancy business?

MR GRIFFITHS: Yes, it was, Sir.

MR SHEPHEARD: And from there where did you go next?

MR GRIFFITHS: Another consultancy called Capita Group plc.

MR SHEPHEARD: And then?

MR GRIFFITHS: I then went to a company called First Reserve Limited.

MR SHEPHEARD: And what was your rôle there?

MR GRIFFITHS: I was a director for First Reserve Limited, Sir.

MR SHEPHEARD: What did the company do?

MR GRIFFITHS: Provided similar services to what we provide now.

MR SHEPHEARD: What's that?

MR GRIFFITHS: Management consultancy and interim management, Sir.

MR SHEPHEARD: And when was FourSight set up?

MR GRIFFITHS: 1998, Sir.

MR SHEPHEARD: Did you do anything else between First Reserve and FourSight or?

MR GRIFFITHS: No.

MR SHEPHEARD: Mr Garrett?

MR GARRETT: You have spoken about your degree course. Did that degree course focus to any degree on service level agreements?

MR GRIFFITHS: Not particularly, Sir, no.

MR GARRETT: Did you undergo any kind of training in relation to service level agreements subsequently or was it something you grew into?

MR GRIFFITHS: It was something I grew into, to be honest. I have been involved most of my time in service agreements within the health service industry and another public sector as well.

MR GARRETT: Okay. How did you meet Stuart Lusby?

MR GRIFFITHS: I ... **(Pause)** I can't comment on that, Sir. When I met him at that particular meeting, I met him at his office, but I met Stuart Lusby on a number of occasions, Sir.

MR GARRETT: Did he ask you to go and see him on this issue?

MR GRIFFITHS: Oh definitely, yeah.

MR GARRETT: Bearing in mind his rôle, because he was finance director ----

MR GRIFFITHS: Yes, he was.

MR GARRETT: ---- is it not somewhat strange that he was speaking to you about really operational issues?

MR GRIFFITHS: Talking to me about operational issues?

MR GARRETT: An issue outside of his area of expertise, i.e., the relationship between Jersey Bus and the Public Services Department. If he was asking you to engage in work ----

MR GRIFFITHS: I stated right from the outset, Sir, that I had no experience in the bus industry or the transport industry.

MR GARRETT: I am just trying to understand how Stuart Lusby would be approaching you -- he is Finance Director -- and asking you to work on an issue which was really to be progressed by the operational side of the Public Services Department.

MR GRIFFITHS: Well, I was known, and my colleagues were known, through the then Treasurer, George Baird, and with other senior officers in the finance team. I was also working for other States Departments.

MR GARRETT: Was that a preliminary meeting that you had with Stuart Lusby and was that followed up by a more detailed meeting with Alan Muir, John Richardson or Clive Swinnerton, would you say, or did you really progress from the meeting with Stuart Lusby?

MR GRIFFITHS: It just moved on, to be quite honest. I mean, I would break it down into four stages. The first stage was being to undertake the initial review, which I highlighted, in May 2000. That involved meeting Stuart Lusby, who was taking the lead on behalf of Public Services to take the service level agreement forward. My rôle was to deliver the documentation and write up, etc. I was not and never have been involved in the negotiation process. Now, during that

process, which is a fairly short -- in fact, can I just refer to my notes -- I carried out some research in the documentation etc, which I left with Public Services and did my report and market research.

Going back to your question earlier on about expertise, Mr Lusby did state at the time that, because I was not an expert in Public Services, "Perhaps we ought to get expertise from somebody else." A named contact with Pricewaterhouse was mentioned in Jersey. I then contacted that guy. I can't remember his name, but I then contacted that person from Pricewaterhouse and they declined that because of a conflict of interest. I then contacted a number of old contacts that I had and Capita, who I used to previously work with, had been advising the London Bus service etc on a major business case and development within that rôle. I also contacted the CSL Group and I also contacted the Institute of Management Consultants and a number of other small providers both within Jersey and outside and nobody wanted to provide support. I then, however, did get one company called SGD and they did express an interest, but failed to provide the proposal to Stuart, so we did try and get some external support in that. Having said that, I carried on and gained various documentations and support from various bus companies throughout the country, including West Midlands, London, Guernsey, Isle of Man etc and I left that all with Public Services, all the source documentation.

MR GARRETT:            Would you agree that your relationship with Public Services certainly at the outset was a bit sort of woolly and you have gone from working really or being known to Mr Baird at the Treasury to a meeting with the Finance Director at the Public Services Department, who really was not ----

MR GRIFFITHS:            I mean, primarily my rôle, I was brought in on an interim management basis like a subcontractor to bring in an extra resource, as a person to help.

MR GARRETT:            But not a qualified resource, not an experienced resource in this field.

MR GRIFFITHS:            No. I have documented that right from the start.

MR GARRETT:            Were you subject to any kind of contract arrangement with Public Services?

MR GRIFFITHS:            We have general terms and conditions and our services would have been charged at the daily rate.

MR GARRETT:            No, no, I'm talking about a specific contract which would have protected you

and made clear your relationship with Public Services and, indeed, to a certain extent, protected Public Services. There is no contract?

MR GRIFFITHS: I was hired on a daily rate basis to undertake this process on their behalf and my terms and conditions were always attached. This tended to be common practice.

MR GARRETT: Prior to being retained by Stuart Lusby or by Public Services, had you ever worked on SLAs anywhere in the transport industry?

MR GRIFFITHS: No. I said that straight from the start.

MR GARRETT: And, more specifically, as a result you hadn't worked on anything connected with the bus industry?

MR GRIFFITHS: No.

MR GARRETT: Do you really think that it was safe to proceed on the basis of a total lack of knowledge, or indeed lack of access, it seems, to other expertise within your company that could guide you through this process?

MR GRIFFITHS: I ... there was an understanding with myself and Public Services that we were able to support them through this process and I would help with the documentation, to put the documentation together, which I did within my report, which was accepted by the Committee.

MR GARRETT: But it may have been that in fact what you were proposing in terms of the SLA was totally outrageous in the context of transport and the bus industry and would have been rejected by the bus service locally. So is it not conceivable that anything that you may have said or done may have actually created divisions and problems in the relationship ----

MR GRIFFITHS: Not at all.

MR GARRETT: ---- between Jersey Bus and Public Services?

MR GRIFFITHS: Because at the second stage, when I met Chris Lewis etc and I formed it through an email, I actually stated that again, that we were ... that I was not an expert in ----

MR GARRETT: So why proceed? This was dangerous territory. This was going to have lasting effects, surely, and if the relationship broke down, that was it -- goodbye Jersey Bus, which is what happened.

MR GRIFFITHS: Why ... why?

MR GARRETT: Why proceed when you were not qualified and not experienced in an area which had such serious implications?

MR GRIFFITHS: We proceeded to ... we proceeded to act on the interim management basis to provide support in putting documentation together.

MR GARRETT: No, you went further than that because you actually did end up meeting with Mr Lewis.

MR GRIFFITHS: That's common ... that's common practice in terms of ... a service level agreement is an internal document where you are trying to bring two parties together.

MR GARRETT: I am fully aware of what service level agreements are. I have actually worked with them.

MR GRIFFITHS: You need to get the agreement of two parties.

MR GARRETT: But you had no knowledge of their industry.

MR GRIFFITHS: And I documented that.

MR GARRETT: You clearly had some contact, some involvement, with the public sector side of things, which is fine, but you had no knowledge of the bus industry. So how could you ever work in the business of getting agreement between two parties when you have no knowledge of the business of one of them and you couldn't even go back to your office and consult with a colleague who had that expertise?

MR GRIFFITHS: We have got colleagues who have worked in the public sector, Sir.

MR GARRETT: Yes. No, no, I'm asking you about the bus industry. Were you able to consult with anybody to determine whether or not any of the proposals or any of the issues being raised by Jersey Bus were in any way legitimate?

MR GRIFFITHS: No, but I was hoping to gain support from both Jersey Bus and both from the Public Services Department to provide technical support. I was in on an interim management basis, Sir, to actually provide or an agency to actually put this documentation together.

MR GARRETT: With the benefit of hindsight, wouldn't you agree that really you shouldn't have got involved in this issue?



MR GRIFFITHS: Definitely, Sir.

MR GARRETT: Sorry, just going back to your CV, can you illustrate really quite specifically what kind of SLA experience you've got? I mean, what kind of areas would you consider yourself an expert in? Is it health department?

MR GRIFFITHS: Healthcare, Sir.

MR GARRETT: Healthcare, and that is a long way from the bus industry.

MR GRIFFITHS: Yes.

MR GARRETT: And really that is the public sector. Are those internal SLAs within the health industry?

MR GRIFFITHS: Yeah ... well, both, Sir, but there are internal service agreements between NHS trusts and with primary care trusts (health authorities as was), but there are also agreements between hospitals and private hospitals, nearby private hospitals, etc, so it can be external organisations as well, or it can be a laundry provider, etc, support service managers.

MR GARRETT: In your evidence you made a comment that said along the lines of you couldn't get agreement between the parties. Who was involved in those sort of discussions? Were you sort of in the middle between Jersey Bus and Public Services?

MR GRIFFITHS: It varied. There were meetings going on between myself and some of the officers and Jersey Bus. There were also meetings with Committee members and Jersey Bus independently, with which I wasn't involved, and I was sometimes involved and sometimes I wasn't.

MR GARRETT: I'm trying to understand this. You're working on an SLA and sort of quite separately other people are meeting without you?

MR GRIFFITHS: Yes.

MR GARRETT: Is that normal?

MR GRIFFITHS: I think it is because of availability and, at the end of the day, it was put to Public Services if they wanted to take my service on that particular day or not, if they wanted me to attend.

MR GARRETT: But is it not dangerous, because you then are outside the information loop?

There are things happening that you have no knowledge of. There are things being said that you have no knowledge of. How can you pick up the threads and actually run with it the following day when you have no knowledge what happened the previous day?

MR GRIFFITHS: None of the emails were sent back to ... Alan Muir quite often sent me an email back briefing me with what actually happened in those meetings.

MR GARRETT: But emails are limited. Were minutes kept of those meetings? File notes? Detailed file notes?

MR GRIFFITHS: There weren't particularly detailed file notes because I think ... I mean, a lot of the meetings I think were behind the scenes as well, which I wasn't involved with, but with formal meetings there tended to be file notes kept, but ...

MR GARRETT: I have got to say that I've seen little evidence of file notes being produced in the material that has been sent to us so far.

MR GRIFFITHS: I've got some file notes here.

MR GARRETT: Those are your file notes.

MR GRIFFITHS: No. I have some file notes created by the Committee.

MR GARRETT: By the Committee?

MR GRIFFITHS: Yes.

MR GARRETT: Could you share those with us possibly? **(Pause)**

MR GRIFFITHS: There is one from 8th March, for example, 2001.

MR GARRETT: Can you pass those to Mr Spence at the end of the session so we can get them copied, please? *{Handed up at end of session – Committee Clerk}* When these meetings were happening, involving the Committee, members of the Committee, or Jersey Bus or the officers of Public Services, what kind of feedback were you getting? What kind of briefing were you getting on the performance of Jersey Bus, or the perceived performance of Jersey Bus, or the relationship between the Committee and Jersey Bus?

MR GRIFFITHS: The relationship between Jersey Bus and the Committee was quite fraught, to be honest.

MR GARRETT: Why?

MR GRIFFITHS: I think it was lack of distrust (sic). I think it all started off ... It originally

started off very well when Stuart Lusby was involved at the initial start in July. If you could bear with me. **(Pause)** There were two attempts, to be honest, to put together the service level agreement. On the first attempt, which started on 15th June, we had a meeting on 15th July with Jersey Bus and Stuart Lusby and the President at the time and we were discussing the framework of the document and things were going pretty well, to be honest. Mr Lusby was talking about the finances independently and separately and from that weekend, which was Friday 15th July, I went back home, back to Birmingham for the weekend, and, as I understand it, the process was delayed because there was a dispute between the President and Jersey Bus about the Hoppa service or something. So it got delayed.

MR GARRETT: Was there a different relationship following the ----

MR GRIFFITHS: From then on, yes.

MR GARRETT: From then on?

MR GRIFFITHS: Yes. There appeared to be a lack of distrust (sic) between Jersey Bus and ---

-

MR GARRETT: Are you able to amplify that point at all? What was the basis of that? How did the situation change?

MR GRIFFITHS: I wasn't involved before the Hoppa.

MR GARRETT: But it was based on a disagreement over the Hoppa service?

MR GRIFFITHS: As I understand it, yes.

MR GARRETT: And from then on the President of the Committee's view of Jersey Bus was hostile?

MR GRIFFITHS: No, I don't think so, not on his part.

MR GARRETT: He didn't trust them?

MR GRIFFITHS: He certainly did trust them. I think he was trying to be supportive actually.

I mean, we were all trying to get a service level agreement together.

MR GARRETT: But you are saying that there was a change in atmosphere following the dispute over the Hoppa bus.

MR GRIFFITHS: Hmm.

MR GARRETT: I'm trying to understand the position, the view, of the President of the Committee following that dispute. I'm trying to understand where your comments about the distrust came in. When did that situation come in, why did it change and whose views changed?

MR GRIFFITHS: I'm not sure views changed, but certainly stage one was obviously delayed.

MR GARRETT: But that was fairly amicable. Things seemed to be going along smoothly.

MR GRIFFITHS: No, they picked up again in January of the following year, 2001.

MR GARRETT: And the situation had changed, the atmosphere had changed?

MR GRIFFITHS: I think the atmosphere had changed, yes. But, saying that, the President was keen to progress things from there on in 2001.

MR GARRETT: What kind of views was he expressing about Jersey Bus then?

MR GRIFFITHS: What was he expressing?

MR GARRETT: Hmm.

MR GRIFFITHS: He was trying to develop the service level agreement in a positive way.

MR GARRETT: But you have spoken before about changes in the sort of atmosphere and so forth. What kind of changes?

MR GRIFFITHS: It is two way changes, Sir.

MR GARRETT: So there was then something of a rift between Jersey Bus and ----

MR GRIFFITHS: There appeared to be. I mean, I'm not from Jersey, as you all well know, but working in Jersey myself everybody tends to know each other and, unlike in a big city like Birmingham, people talk to each other and meet regularly and they all know each other on a fairly individual basis, I guess, more than you would in the UK. But I did notice that there seemed to be a change in the support and comradeship that I had tried to develop. I mean, if you are trying to get a service level agreement, it has to be done in a positive way, in trying to get two parties together and trying to develop things.

MR GARRETT: In the circumstances, if there was a rift between the President of the Committee and Jersey Bus, accepting that Jersey Bus really were a commercial entity and you can't ask them to go away, do you think that, in the circumstances, it would have been more prudent for the President, if the President had certain fixed views about Jersey Bus at that stage,

because of an earlier fall out over the Hoppa service, do you think he should have withdrawn from the process?

MR GRIFFITHS: It's hard for me to say.

MR GARRETT: Well, you're never going to get agreement ----

MR GRIFFITHS: No.

MR GARRETT: ---- if you've got the President of the Committee on the one hand, who is a moveable individual, it has got to be said, and you've got a commercial company which isn't really a moveable beast because they have a management team, although a reasonably small management team, so they are there, they're not moveable. Do you think it would have been more prudent and more beneficial in terms of achieving the goal in relation to the SLA if the President had withdrawn from the process?

MR GRIFFITHS: Yes, probably.

MR GARRETT: Again, going on, I'm not an accountant, nor would I describe myself as a mathematician, but I have done some work in that field. You used an average in your calculations.

MR GRIFFITHS: Are you talking about that ----

MR GARRETT: This was in reference to the rate of return. Would you agree that that average was a dangerous beast and that something like a standard deviation calculation, which produces some kind of range, might have been a fairer way of presenting the information?

MR GRIFFITHS: It is more scientific, yeah.

MR GARRETT: Do you know who within Public Services -- I understand that you have some expertise in relation to SLAs, although I'm not convinced on the migration into the transport aspect of it, but anyway -- who sort of got you involved in looking at the finance? Was it somebody from Public Services who sort of pointed you in the direction of the finance aspects with Jersey Bus, or did that simply happen?

MR GRIFFITHS: Well, the prime figures which were being made by Jersey Bus were as something in the cost plus program and I think what I wanted to identify was the true cost of that service and I wanted to get somebody independent to actually ... because normally, within the

UK, you get sets of accounts and they all end up ... you can get them Companies House etc and people are open. Unfortunately, Jersey Bus were not open with their accounts right from the start, which made things very, very difficult in trying to put all this lot together. If they had been a lot more open right originally, right from day one with these accounts and made them knowledge through the offices of Public Services, I think life would have been a lot easier because, quite honestly, putting together a service level agreement shouldn't take too long.

MR GARRETT: No, I'm just ... I think, to be quite honest, what I'm trying to get to is do you think that you should have stuck to the SLA and left the finance aspect to somebody who really was into that field?

MR GRIFFITHS: Well, both Public Services and Jersey Bus were happy for me to look at those accounts.

MR GARRETT: But shouldn't you have said "No, hold on a minute. This is not my area. I'm out of here. Give me a call when you want to get back to the SLA and I will come back and deal with that, but finance, no, sorry"?

MR GRIFFITHS: I did offer to resign before I had looked at those accounts, Sir.

MR GARRETT: Why?

MR GRIFFITHS: Why?

MR GARRETT: Why?

MR GRIFFITHS: Because I was getting ... I met with Jersey Bus at one stage and with Mr Alan Muir and personal abuse was being thrown at me for my lack of experience and it was quite obvious that lack of confidence was shown. I was also aware of another meeting which I was not in attendance whereupon the President, John Richardson and Clive Swinnerton was also in attendance with a number of others, including Mr Lewis and Mr Lewis senior and, again, it was documented that abuse was made to me that in fact ... **(Pause)** I have referred to an email from Mr Muir on 9th March to myself regarding a meeting that took place on 8th March with Simon Crowcroft, Robin Hacquoil, Celia Scott Warren, Derek Maltwood, Chris Lewis, Mr Lewis senior, Mike Cotillard, Carl Pickering, Clive Swinnerton and John Richardson and himself. It says: "*However, before we got down too much detail, Mr Lewis senior exploded much along the*

*same pattern as Chris at our last meeting, including a personal attack on you.”* He actually stated that to me, so, after that, I thought “Well, there is obviously not enough confidence in that”, so I offered to resign.

MR GARRETT: You offered to resign? To be quite honest, your position in terms of developing any kind of SLA under those circumstance were untenable. There is absolutely no way you were ever going to ... Bearing in mind an SLA is based on agreement, you were never going to facilitate agreement, were you? If the situation had reached that level, where people were exchanging insults over your competence or whatever, you were never going to facilitate agreement on anything. You should have just walked away. It is not a case of offering to resign; you should have resigned. You should have just walked away, should you not?

MR GRIFFITHS: I did offer that, Sir.

MR GARRETT: No, no, don't you agree that you should ... never mind about offering it, you should have just walked out?

MR GRIFFITHS: But the PSD Committee wanted us to continue.

MR GARRETT: But how could you? You said before, you emphasised the point, that an SLA is based on agreement. If you are in the middle as the facilitator and clearly one of the parties has no faith in your ability, you are never going to achieve agreement. Would you agree? So, from that point, your position was untenable and, to be quite honest, you were wasting your time, but you were actually costing this Island a lot of money, £400 a day, to achieve nothing?

MR GRIFFITHS: No, because I was not involved with the negotiation process, Sir. The ----

MR GARRETT: But they are never going to agree to anything that you propose.

MR GRIFFITHS: I wasn't proposing anything, Sir.

MR GARRETT: But, by way of an SLA. You were never going to advance the SLA ----

MR GRIFFITHS: No, no, no, no. I was putting a documentation together as part of an SLA.

The two parties were agreeing the terms of that SLA. I was not part of that process. I am literally just trying to write up the documentation for them.

MR GARRETT: But somebody has to ----

MR GRIFFITHS: ---- based on their individual agreement, whereupon documents can be

exchanged between the two parties and agreed or amended accordingly.

MR GARRETT:           Somebody has to facilitate it. Somebody has to be recognised as a credible individual in the middle of this. Who was that going to be? You've got two parties who are clearly in disagreement. There has been some falling out over the Hoppa service. You have a President of the Committee whose attitude towards Jersey Bus has clearly changed. The atmosphere is tense. You have Jersey Bus on the other side who are clearly in disagreement with you and probably with the Committee. Who was going to facilitate any kind of forward movement on the SLA?

MR GRIFFITHS:           Well, meetings from there on were taken forward by the Chief Executive Officer and the President to carry on and take that process forward.

MR GARRETT:           But it was never going to happen, was it? I mean, you are experienced in SLAs. If you have got two people who are feuding, you are never going to get an SLA.

MR GRIFFITHS:           Not necessarily. I mean, they could turn around and come to some agreement. People's minds can suddenly change.

MR GARRETT:           Do you think that the prudent way forward at that stage would have been for both parties to have withdrawn, for there to have been some kind of cooling-off period, possibly a change of personalities and come back and have another go?

MR GRIFFITHS:           Well, I think that happened twice or maybe three times, on more occasions.

MR GARRETT:           Thank you.

MR SHEPHEARD:           Mr Blackstone?

MR BLACKSTONE:           Just one clarification. Going back to the request for companies in the Diamond Group, you said you needed these accounts because you were not satisfied of the strength or stability of JMT 1987's balance sheet. No such reference was made in your colleague's report on the accounts of the tenderers and also I refer to the audited accounts, which you saw, which said that the overdraft of JMT was cross-guaranteed throughout the group. So I don't really see where this perceived weakness in the JMT accounts was?

MR GRIFFITHS:           The actual asset value was diminished.

MR BLACKSTONE:           Yes, because they had bank borrowings of something like ... I haven't got



the accounts here today, but it was something like 1.3 million, but they were cross-guaranteed throughout the group and I believe there were also personal guarantees from outside members of the family.

MR GRIFFITHS: I was not familiar. I was not aware of that.

MR BLACKSTONE: It is in the notes to the published accounts, the audited accounts, which you received.

MR GRIFFITHS: I think, if I recall, I only had the balance sheet and the profit and loss accounts, Sir.

MR BLACKSTONE: And what does it say at the bottom of the balance sheet?

MR GRIFFITHS: I can't remember. I haven't got it with me.

MR BLACKSTONE: *"These accounts should be read in conjunction with the accompanying notes."* It always does. You weren't aware of that?

MR GRIFFITHS: No, Sir.

MR BLACKSTONE: But then you are not an accountant. I have no further questions.

MR SHEPHEARD: Mr Griffiths, thank you very much for coming today. As there is no further business for the Committee this morning, we will adjourn until 2.30pm.

— — — — —