



Northern Ireland
Assembly

Committee for Regional Development

OFFICIAL REPORT (Hansard)

Inquiry into the Coleraine to Londonderry
Rail Track Phase 2 Project:
Department for Regional Development
and Translink

24 June 2015

NORTHERN IRELAND ASSEMBLY

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Inquiry into the Coleraine to Londonderry Rail Track Phase 2 Project:
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Members present for all or part of the proceedings:

Mr Trevor Clarke (Chairperson)

Mr Seán Lynch (Deputy Chairperson)

Mr Joe Byrne

Mr Alex Easton

Mr Chris Lyttle

Mr Declan McAleer

Mr David McNarry

Mr Stephen Moutray

Mr Cathal Ó hOisín

Witnesses:

Mr Ciaran Doran

Department for Regional Development

Mr John McGrath

Department for Regional Development

Mr Philip O'Neill

Translink

The Chairperson (Mr Clarke): I welcome John, Ciaran and Philip. I remind members that, as we are in public session and are being recorded, if they have any electronic devices, they should be turned off. John, I assume that you are kicking off — not literally of course; we will save that.

Mr John McGrath (Department for Regional Development): Thank you, Chair. We are glad of the opportunity to talk about the issue. We previously gave evidence at the session in Derry. Since then, events have moved on in that contracts for the project have been let and are proceeding. The Minister was able to make a statement and release the project assessment review (PAR) report to the Committee, which he felt he could not do earlier for commercial reasons, as it could have jeopardised the entire project. Beyond that, we are happy to take any questions, comments or whatever you and the members wish to put to us.

The Chairperson (Mr Clarke): I have a couple of questions, and I will then open it to the floor. You talked about the sensitive nature of the report, John. That left the Committee in a difficult situation in which we had to go toe to toe with the Department. We took no pleasure in that. However, we have now seen the PAR. Can you tell me what items are in that report that were of such a sensitive nature as to prevent the Committee seeing it prior to the tender documents?

Mr McGrath: Essentially, it comes down to what is summarised in the delivery confidence assessment, which makes it clear that, uniquely for capital projects here, there was a significant risk that the contract might not be let at all because of the heat of the market in the UK, which is still burning up, the fact that it is a low-scale, small project, that it is not leading technology and that it will

not give way to a pipeline of projects. The PAR report, helpfully although challengingly, made it clear that there was a real risk that we might not get any tenders for it. Points were made in the PAR report about the previous Invensys bid, and there was also the risk that, in that very restricted market, we could be held to ransom. Therefore, because of those risks, the Minister took the view that those comments should be kept under wraps until the procurement process was concluded. With the outcome of the procurement process and the tightness of that, I think the Minister's concerns were valid and borne out.

The Chairperson (Mr Clarke): I fundamentally disagree with that. Everything that you said probably had a precursor. From memory, only one tender was received previously, and we have gone through a process again. I am maybe not being reasonable but, when I looked at it, I could not see any glaringly obvious examples of what you were trying to hide. Had you released the report, it would have made the relationship with the Committee much smoother. We all recognise that there was heat within the market; we did not need the PAR report to tell us that. In my opinion — it is not a Committee opinion — you made the situation much worse through your reluctance to release the report. I will open it to the floor.

Mr McNarry: You are welcome. John, you opened by saying that the thought line was that the contract might not be met. Do you agree that it did not help that it was so far out in the guesstimated cost? Who drew up the tender documentation that contained only 40% of the necessary works?

Mr McGrath: Are you talking about the Invensys bid?

Mr McNarry: The tender documentation contained only 40% of the necessary works. Who put that together?

Mr Philip O'Neill (Translink): To clarify, that was the original tender that we received in 2013.

Mr McNarry: Oh, yes. We have moved on light years since then, but that is where it began.

Mr P O'Neill: Yes. I just wanted to clarify.

Mr McNarry: I am going back because you said that the contract might not be met. That was part of the same thought process. That is why I am asking who drew up the tender documentation that contained only 40% of the necessary works.

Mr P O'Neill: OK. The procurement route that was taken at that time was a single design and construction, and I can explain what that is if it is helpful. That was done by Translink.

Mr McNarry: So, you drew up your own specification, design and contract liabilities.

Mr P O'Neill: In that procurement, we set out the high-level output such as the requirements of the signalling system that were required by the organisation in terms of frequency, speed and other operating characteristics.

Mr McNarry: Are you agreeing with me that the tender documentation contained only 40% of the necessary works?

Mr P O'Neill: Can I put in context why that was the case?

Mr McNarry: Will you just tell me whether you agree with me?

Mr P O'Neill: Yes, it contained 40% of items.

Mr McNarry: At what stage was that 40% identified as a mistake?

Mr P O'Neill: Again, putting it in context, that was a design, so the procurement strategy required, when we went to the market —

Mr McNarry: This was your design. You have already said that you did all this.

Mr P O'Neill: We did the high-level concept design. We were asking the market to tender for a more detailed scheme design. After that, you measure, quantify and qualitatively assess it and, if you are happy enough with it and the resulting costs for the construction, you can let the construction element —

Mr McNarry: Did the market identify that you were asking for only 40% of the necessary work? Did they identify that, tell you that, and did they then tell you, "Hang on, this is what you need to do to get to 100%"?

Mr P O'Neill: The market would have been aware of the elements that we asked them to cost; in other words, typically 40% of the entire work. Those were common elements like signalling and level-crossing equipment. The idea was that it was common and kept the market open; it did not close the market down to anyone. A lot of the market is made up of equipment suppliers, but some of them integrate design with that. In other words, they will not just supply and construct, they will also do a design. So, the theory behind going to the market with that procurement strategy at the time was to —

Mr McNarry: OK, I understand. I would like to finish on this point. You have agreed with me on the 40% figure, I would like to know the stage at which a fault line was identified in what you were asking people to tender for, which created this massive jump in cost. Was it the case that what was written in the tender was picked up by the people tendering, who said that the work could not be done for the estimated cost? Was it the case that it was an ineffective tender, did not make any sense and was lacking in too many elements and, therefore — I just need an answer — the tender was rewritten for you? Was this tender written for you by professionals or not?

Mr P O'Neill: We certainly had professional advisers assisting in the writing of the tender.

Mr McNarry: I am asking whether it was rewritten.

Mr P O'Neill: In the second process, which is the one we are in, we also used advisers to help us with the writing of the tender.

Mr McNarry: So, somebody identified that the thing was really professionally inadequate, working from the original transcript, if you like, which your company put on the market. They identified all that for you. Is that where we are?

Mr P O'Neill: Yes, the original approach was very much geared towards a single-stage design and build, where the supplier did the detailed design and gave us a cost for 40% of the elements. That enabled us to do comparative assessments against the bids. We only had one bid. We were not happy with that bid because of the open-ended nature of the tender and the very high premiums on any change events or variations.

In the second approach that we took, we decided to split design. In other words, we did a detailed design and put that to the market. That actually managed to bring in some additional players or suppliers who, in our follow-up in lessons learned, said that they would tender for work if the detailed design was given to them. They were not designers by profession; that was not their core competence. They were installers and equipment suppliers. Does that help to explain it to the member?

Mr McNarry: It explains it fully because I can now see just how we have reached the stage where we are approximately 140% over budget. Has anybody either in the Department or Translink been sacked over this debacle, or do you not see it as a debacle?

Mr McGrath: Can we just be clear, David? Only 40% of the Invensys bid was costed, and there was no competition. As a result of that, Translink took the view that it was too open-ended and too at-risk —

Mr McNarry: I understand all that.

Mr McGrath: — and, therefore, we aborted it.

Mr McNarry: I understand all that.

Mr McGrath: It was aborted.

Mr McNarry: We know where the 40% started.

Mr McGrath: No, it was aborted. That contract was over. A different approach was taken. The response to that tender at that time has had no direct impact on the contract now let.

Mr McNarry: I am glad that you have said that on record. I am sure that our inquiry will look at the professional coherence that has been brought to this by Philip. I will just ask the question again: has anybody been sacked?

Mr McGrath: No.

Mr McNarry: No disciplinary action whatsoever?

Mr McGrath: No, I —

Mr McNarry: Not even after your own inquiries into how we reached this spot and how we walk from that spot.

Mr McGrath: The PAR report, which is independent, makes it clear that it is not a matter of individuals being at fault. Secondly, on the process adopted with the Invensys thing, if there had been competing bids, that process could well have concluded because Translink would have had some benchmarks. If the market does not respond —

Mr McNarry: OK, John. In light of the PAR report that you are talking about, do you accept that officials failed your Minister? If officials failed your Minister —

Mr McGrath: In what regard?

Mr McNarry: In every regard, taking the Minister to the point of having to stand up in the House and explain what went wrong.

Mr McGrath: I recognise that the Minister was, as he put it himself, disappointed when he had to be briefed about the escalation of costs. He was not happy that the previous figure of around £20 million to £22 million, which had been maintained, had not been updated in the light of the experience of the Invensys bid and changing the approach to procurement. There are lessons to be learned from that. I think that we should have been alerted earlier, and Translink should have been more alert earlier that the £20 million to £22 million figure was unreliable.

Mr McNarry: It is Translink's fault now. OK.

Mr McGrath: No, I have made it —

The Chairperson (Mr Clarke): John, can I take you back? Central Procurement Directorate (CPD) described it as a failed procurement. There were lessons learned from, in CPD's words, a failed procurement. I will take you back to where David was. Whilst this did not run, there will be costs associated. Philip, that day in Londonderry, you described Booz Allen as:

"a well-respected and renowned industry consultant".

Booz Allen estimated a 25% increase when there was actually a 238% increase. Have any moneys being recouped from the fees that Booz Allen charged Translink at that time?

Mr P O'Neill: The fees were not actually charged to Translink. We did not commission that —

The Chairperson (Mr Clarke): Right, but Booz Allen was paid for estimating a 25% increase as opposed to a 238% increase.

Mr Ciaran Doran (Department for Regional Development): The Booz Allen Hamilton estimate was really more in relation to passenger journey forecasts for the railway network generally. My understanding is that it related to the Department's rail strategy.

The Chairperson (Mr Clarke): My understanding on the day we met was that one of the reasons why we were looking at phase 2 again was because the capacity and the way that the design was done was not going to be adequate because the passenger numbers were wrong. Is that not right, Philip?

Mr P O'Neill: The demand forecasts that they predicted were certainly outperformed by the market in Northern Ireland.

The Chairperson (Mr Clarke): Hence we now have a passing loop as part of the second-stage design at Bellarena.

Mr McGrath: Yes.

The Chairperson (Mr Clarke): So, given that they were employed to do a piece of work and paid, I am sure, to do it, have any moneys been recouped for the failed piece of work that has necessitated a passing loop at Bellarena, which increased the cost?

Mr McGrath: There might be an issue that the figures were higher.

The Chairperson (Mr Clarke): Higher? I am sorry, John: for the record, 238% versus 25% is not marginal.

Mr McGrath: Absolutely. I am making the point that the reality is that those are the passenger numbers and that the passing loop at Bellarena is desirable.

The Chairperson (Mr Clarke): The reality is that public money was paid to, as Philip described them, a well-respected and renowned industry consultant for them to come up with 25% when the reality was 238%. I ask you this because David asked you a direct question about disciplining or sacking employees or whatever you want to call it. That is one point; I do not believe that he got a straight answer. We all know what people think of consultants' firms and their cost to the public purse. These consultants were commissioned and paid to do a piece of work and they did not get it marginally wrong; they got it horribly wrong. Have fees been recouped from that firm?

Mr McGrath: To be clear, Chair, David asked whether anyone had been sacked and I said no.

The Chairperson (Mr Clarke): OK, let us be clear on this one, then. Have fees been recouped from Booz Allen?

Mr Doran: Chair, I am not trying to be unhelpful here, but I am not —

Mr McNarry: Just to be absolutely clear, you never told me why not.

Mr Doran: I am trying to understand the work that you are referring to. I think that Philip talked about the Department commissioning that work.

The Chairperson (Mr Clarke): You are asking me a question. It is usually the other way round but, now that you have asked me the question, I will answer it: as part of the phase 2 approach, Booz Allen was brought in to design what that was going to look like.

Mr Doran: No, I think —

The Chairperson (Mr Clarke): Let me finish. It was consulted as part of that process. It estimated that passenger numbers were going to increase by 25%. Then, there was a design around a 25% increase in numbers. None of us is disappointed that they increased much more than that, and I am sure that the people of the north-west are very pleased with that increase. What bothers me is that public money was used to bring in consultants to guesstimate or estimate — whatever you want to call it — the increase. No right-thinking person would hold anyone to account over that work had it been a marginal error, but it was out by 200%. It increased to 238%. That necessitated a redesign of phase

2, which necessitated the passing loop at Bellarena, which added more money to the original tender. Some may say that it is a good thing that we got that done before the work was commissioned, but Booz Allen was paid money from the public purse to do failed work. In the response to David McNarry, you said that, after that whole failed process, no one has been disciplined or sacked. All that I am trying to establish now is whether Booz Allen's fees have been recouped for the public purse.

Mr Doran: Chair, I am not trying to be unhelpful, but I do not connect the consultants who did that piece of work to phase 2 as a project.

The Chairperson (Mr Clarke): I am sorry; hold your counsel for a second. Philip, am I right that Booz Allen was used as a consultant to do with the design of phase 2 of the Coleraine to Londonderry line?

Mr P O'Neill: To keep it in context, the Booz Allen Hamilton work was originally done for the new trains, but the information contained in Booz Allen — the 25% forecast that you referred to — was then used to inform the design for the original 2010 economic appraisal.

The Chairperson (Mr Clarke): Is that a yes, then?

Mr P O'Neill: Yes, it is. It was not bespoke or specific to that project; it was information that was available. Effectively, we used it because it was available.

The Chairperson (Mr Clarke): I am trying to recall what was said that day in Londonderry; it was to do with the design. I see you nodding your head, John. The reason was that it was that piece of work, and it was because it was so far out that you had to redesign that part of the track. Is that not right? I will let Philip answer the question, because I do not think you were there that day, Ciaran. Let Philip answer the question.

Mr P O'Neill: I will do my best, Chair. The Booz Allen Hamilton demand analysis was used as part of the input to the concept design, as I answered to the member here. The information was available, and it was the best that we had at the time, so you are quite rightly saying that we used it. It was originally developed for the new train project, which, if you think about it, is all connected, because it is all about that corridor. It gave us a projection, and when we were developing a high-level design to inform the tender documents, we used it. Everyone was aware of that. That was the best forecast we had at that time. I am not here to defend Booz Allen, but —

The Chairperson (Mr Clarke): Nor should you be.

Mr P O'Neill: — demand forecasting is not an exact science. I stress that I am not here to defend it, but it would point to the fact that it requires information from other sources. I do not want to go back over it, because I think that you quite correctly curtailed me at the last session when I was trying to inform you of how it got to that point. Things changed, but I know that you are asking whether anything was recouped or an approach was made. I cannot comment, because we used information from a study that was commissioned by the Department.

The Chairperson (Mr Clarke): I think that members will all accept that any work of this type is not an exact science, but, Ciaran, while we appreciate that it is not an exact science, 25% to 238% is far from exact. Has anything been done to recoup public money paid to Booz Allen?

Mr Doran: Apologies, I did not understand the original question. My understanding is that the Booz Allen Hamilton report was commissioned by the Department as part of a wider strategy to develop the rail network across Northern Ireland. As Philip pointed out, the main element of that was the New Trains Two project. So, it was looking at the potential growth in rail passenger numbers across Northern Ireland, including the Derry to Coleraine line. It is clearly the case that the growth in passenger numbers on the Northern Ireland railway network has exceeded those projections, but my understanding is that that report was done around 2006 or 2007. At that stage, the main focus was the New Trains Two programme, which is a project that has been implemented over the last number of years and that has led to significant growth in passenger journeys. We would have to look at that within the remit of the report.

What happened subsequently is that Translink took one element of the piece of work that was being done, focused on Derry to Coleraine and used that in the original economic appraisal. It was actually work done by other consultants, who worked out the projected costs of that piece of work. That was

the essence of the economic appraisal, or the costing, that was used on phase 2. That is my understanding.

The Chairperson (Mr Clarke): So, there is another consultant here. Do you know who the consultants were for the first attempt at phase 2?

Mr P O'Neill: KPMG was the lead consultant.

The Chairperson (Mr Clarke): Was any money recouped from it?

Mr Doran: That was Translink, and I am not trying —

Mr P O'Neill: We commissioned it. It did the original economic appraisal, which was not approved, so there was no basis for us to go back and do anything. There was no recourse to KPMG. It fully fulfilled its remit through its terms of reference.

Mr Doran: I think it is also —

The Chairperson (Mr Clarke): Maybe I am wrong, because I am coming in on the back of some of this. Was it not out to tender previously?

Mr Doran: Yes, but —

The Chairperson (Mr Clarke): Sorry; yes? Phase 2 was out to tender previously?

Mr P O'Neill: Phase 2, yes. That was the —

The Chairperson (Mr Clarke): It came in at how much?

Mr P O'Neill: The Invensys bid?

The Chairperson (Mr Clarke): Yes. Was any money recouped from that?

Mr Doran: Recouped from whom?

The Chairperson (Mr Clarke): Well, who was to blame, John? Who was to blame?

Mr McGrath: Chairman, if you are running a procurement process, you run on market response. If you get one response that turns out to be too open-ended, value for money dictates that you do not accept it.

The Chairperson (Mr Clarke): You are running a failed procurement process.

Mr McGrath: It failed because it did not get an outcome. It does not —

The Chairperson (Mr Clarke): Why did it not get an outcome?

Mr McGrath: Because, Chair, there was only one response, and that response —

The Chairperson (Mr Clarke): How many responses were there this time?

Mr McGrath: It started off with four and ended up with one, but the nature of —

The Chairperson (Mr Clarke): One response.

Mr McGrath: In reality, procurement means that you have risks in the same way —

The Chairperson (Mr Clarke): John, did you learn anything from the Audit Office report on the Belfast to Bangor rail track?

Mr McGrath: Indeed, yes.

The Chairperson (Mr Clarke): So, you will remember that it rose by 140%.

Mr McGrath: That was a contracted —

The Chairperson (Mr Clarke): And you will remember that this one, according to the PAR report, rose by 140%.

Mr McGrath: Chair, there is a complete difference.

The Chairperson (Mr Clarke): Well, 140% and 140% are just the same in my book.

Mr McGrath: There is a complete difference between the two.

The Chairperson (Mr Clarke): Where is the difference?

Mr McGrath: Belfast to Bangor ended up with end costs being 140% higher than was anticipated when the contract was let. No contract was let here until recent weeks. A tightly specified contract was let, and we had the expectation that it would come in within it. That demonstrates that lessons from the Belfast to Bangor project were learned.

I will just make this point. Projects change over time. Demand increases for a lot of projects, and one of the main failings of our system in the past has been not tempering projects to take account of rising demand. If we open a hospital or school or we build this and it is not able to cope with the demand at the time, we would be crucified, and rightly so.

The Chairperson (Mr Clarke): When did the rise in demand come? Was it during the tender process?

Mr McGrath: No, I am not talking about that. You are talking about the Booz Allen Hamilton report, the numbers and the passing loop. Any good project oversight will make sure that you are up to speed with the demand almost to the point that you let the contract. That is what happened in this case.

Mr Ó hOisín: The bottom line in this for people in my constituency, in Foyle and, indeed, in North Antrim is that we are looking at an increase in costings of 140% but we are also looking at a delay in delivery. The project was to be delivered by the end of this year. It will not even be delivered by the end of next year, so that is a consideration. It was described this morning as a "small project", and in the scheme of things it probably is a small project, but the fact is that the PAR report has delivered something that was described as sobering. I would say that it is damning, actually, because it reflects many of the concerns that we as a Committee have had for quite some time. Indeed, as far back as September 2013, we asked whether the project could be delivered for £27 million. We also questioned right through, even before your time as Chair, the relationship between the Department and the organisations that work on its behalf.

To cut to the chase on the PAR report, is too much trust given in the Department to the organisations that carry out work on its behalf? That certainly seems to be the conclusion of the PAR recommendations. How is the Department looking at those recommendations, and how will it implement them?

Mr McGrath: The Department produced an action plan to implement those recommendations, and the PAR team then came back to assure itself and the Minister that the recommendations were being taken forward. Since then, we have commissioned a wider review of how we oversee all our capital projects across DRD business in Northern Ireland Water (NIW), Translink and Transport NI (TNI). A report from that went to the Minister. It said that, in general, the Minister could take confidence that, for routine projects across most of his bailiwick, systems, procedures and rigour were in place but that, where you have innovative or different projects that we are not used to, they should be subject to greater scrutiny. As a result, as the Committee knows, we have commissioned a PAR exercise on bus rapid transit (BRT). That will be taking place in a matter of days, and we are about to commission a PAR exercise on the Belfast hub.

We are learning the lessons and are strongly taking the point from the PAR report about the need for benchmarking and some degree of independent assurance on costs. Lessons have been learned. We have acknowledged that, after the Invensys bid, there should have been a stocktake about what lessons came out of that about the cost of the project. It would not have enabled us to work out the true cost of the project then, but it probably would have told us that the £20 million to £22 million figure had very little basis in reality and, therefore, could almost have been scrubbed. As the PAR report points out, simply using the higher recommended optimum bias figure at that time would have produced a figure of £27 million.

We finally agreed a contract after a robust process with a well-known supplier. That is the cost in the market now. It may be higher than when it started, but that is the cost in the market now. Those are the true costs of the project. There will be cost escalation only if that contract comes in higher than was agreed, which would be a matter of concern.

Mr Ó hOisín: That is the cost today, and that is the process. We all know that things increase in price, but the strapline on this is that the Department had too little scrutiny of the process all the way through. That is the strapline of the report.

Mr McGrath: I have acknowledged that the Department has lessons to learn about oversight. The PAR report is very clear that sometimes we perhaps need to get self-assurance on figures that are brought from Translink or indeed any of our agencies. We are taking that forward. We acknowledge that.

Mr Ó hOisín: The bottom line is £19.9 million to £46.1 million, and, just as a matter of interest, that happens to be the exact cost of the transfer of the DARD headquarters to Ballykelly. It shows you what can be done in a different process if it is done right.

The Chairperson (Mr Clarke): John, did we get a straight answer to David about who drew up the tender documentation and included only 40%?

Mr McGrath: I think that it was probably Philip who covered that.

Mr P O'Neill: We at Translink drew it up. The thinking behind it was very simple. The 40% in the tender represented items that we could discern from the high-level design that we had available. We were working with a high-level concept design. We made the market very much aware that the 40% was for very tangible items, such as equipment. That formed the basis of a model. It was not in the second stage of tendering where we detailed everything; we did not have the benefit of that detailed design, because it was hoped that the procurement would transfer the risk to the supplier for the detailed design and subsequent construction. So, you see why we could specify only 40% of the items. Until a detailed design is actually done, you do not know the quantity of the items, but if you know the type of items when the quantities become available, you can extrapolate the total cost and make comparisons and benchmark, basically.

Mr Lynch: Most people outlined the criticisms and failures etc. How will the Department implement the recommendations of the PAR report so that we do not see this happening again?

Mr McGrath: As I said, Seán, we have produced a detailed action plan to implement all the recommendations, and they are all being taken ahead by either us or Translink. We have brought the PAR team back to check that the implementation is going ahead, and a further report on that went to the Minister. We have followed up now with, as I said, further exercises. We are also looking at the Department's oversight of all the major projects in the bailiwick. We have introduced dashboard reporting, and we are looking at the oversight that the departmental board, on behalf of the Minister, will give to all our major projects.

We accept that there are lessons to be learned from this, and we are learning them. We will look at the whole issue of the Department getting independent assurance on costs for those projects that are outside the norm. A lot of the issues about this are that the core element of this project was ultimately basically an IT project, as opposed to a civil engineering one —

Mr P O'Neill: It was a non-civil engineering project.

Mr McGrath: — and we were not sensitive enough to the variability of that. Everyone knows how IT projects are viewed. We have learned that lesson. One of the next major projects coming up is integrated ticketing in Translink. That is the nature of the projects. We already have our antennae up around that project and will be looking at it in great detail the whole way through.

Mr Lynch: No doubt that it is something that will come in front of us at some stage. You said that the debacle with the Belfast to Bangor line — I was not here at the time — was because it was a different concept from this one and that you cannot compare the two.

Mr McGrath: The Belfast to Bangor line predates your time here. In essence, contracts were let and the costs then went through the roof. That has not happened. The fact that the cost of a project can rise before it goes out to the market is normal, frankly. You can look at any major project, whether it is in health, in education, stadia or whatever and see that the final costs are invariably higher than the original concept. That is just the way it happens. The further and harder you go, the more the demand rises. That is a fact of life. It does not mean that somebody has done something wrong; it frequently means that you are watching it closely and are trying to take account of demand or a change in circumstances.

Mr Lynch: But sometimes it can go completely out of kilter. We all expect things to increase. I will leave it at that.

The Chairperson (Mr Clarke): John, I think you are dismissing how far out of hand this project has got. You have allowed nothing for error from either your Department or Translink. That worries me.

Mr McGrath: I have acknowledged that there are lessons to be learned.

The Chairperson (Mr Clarke): No, you have not; you are saying, "This is the demand, and this is really just the price. Really, there is nobody to blame here". That is your attitude.

Mr McGrath: No, Chair, let me very clear: I said that there were lessons to be learned in the Department in particular and in Translink. We acknowledge that. Translink produced its own lessons-learned report; the Minister mandated David Strahan to do that. There are lessons to be learned. That means that we could have done better, and we need to do better. I am simply saying that, because of all the issues that happened, it does not mean that the eventual contract price is somehow wrong or that the taxpayer is not getting what they want. It is higher than we imagined, but we are in a market where —

The Chairperson (Mr Clarke): It is higher not because the specification changed but because you failed to pull it together correctly in the first place.

You talked in response to the Deputy Chair about an action plan, which the review team has reviewed. Can we get sight of that?

Mr McGrath: Absolutely.

The Chairperson (Mr Clarke): You also talked about the lessons-learned report. Did we see it?

Mr McGrath: No. That was produced for Translink.

The Chairperson (Mr Clarke): Would there be any harm in us getting sight of that?

Mr O'Neill: None at all.

Mr McGrath: None at all. There is a lot of it.

The Chairperson (Mr Clarke): I imagine that there were a lot of lessons to learn.

Mr Byrne: Sorry for being late. I missed the thrust of the debate. I think it is fair to say that the wrong specification was given initially on the potential of the full extent of the contract. That seemed to lead to a great variance, given that only 40% of the requirements were included. The bottom line is this: are we getting value for money in phase 2, even though the contract price has increased from what

was originally thought to be the case? Secondly, do we have to improve the relationship with Translink to make sure that there is less of this falling between two stools and of it being Translink's fault and the Department's fault?

Mr McGrath: On the contract that has been let, I think that the whole process has been much more rigorous over the last year or so. The nature of the contract itself is different from what it was the first time around. There have been some hard-nosed discussions with the supplier before a contract has been let. The price is higher than we estimated to reflect the heat in the market. That raised value-for-money issues — the Minister has been very clear on that — for my accounting officer and the accounting officer in Translink. However, the view was that this was still the best option to proceed with, and, as a result, the Minister issued a direction to the permanent secretary, which was approved by the Minister of Finance in line with the guidance on managing public money. Our general view is that the market was still overheating — Philip can give some stories about that from the mainland — therefore, we were not going to get a better deal than this one. Indeed, the options were to do nothing and let the line fall apart eventually, do this one, or use the contingency plan that we had to produce on foot of the PAR report. That would have entailed Translink trying to do it itself in a lot of small batches, which would have taken some considerable time, meaning that it was likely to have come in at a higher cost. Basically, those were the options the Minister assessed in the end and on the basis of which he was prepared to issue a direction. That was the argument he put to the Minister of Finance for, eventually, her approval.

Mr Byrne: Does that represent value for money on the expected demand figures?

Mr McGrath: It responds to what we expected the demand to be.

The Chairperson (Mr Clarke): Are all other members content?

Thank you. It would be interesting to get sight of the two documents we talked about to see where that takes us. Thank you, Ciaran, John and Philip.