



**TYNWALD COURT
OFFICIAL REPORT**

**RECORTYS OIKOIL
QUAIYL TINVAAL**

PROCEEDINGS

DAALTYN

(HANSARD)

**SELECT COMMITTEE ON THE
MANX ELECTRICITY AUTHORITY**

**BING ER-LHEH TINVAAL MYCHIONE
LUGHT-REILL LECTRAGHYS ELLAN VANNIN**

Douglas, Monday, 8th December 2008

Members Present:

The Deputy Chairman: Mrs C M Christian, MLC
Mr D M W Butt, MLC
Mr D Callister, MLC
Mr D J Quirk, MHK

Clerk:
Mrs M Cullen

Apologies:
The Chairman: The Speaker of the House of Keys (Hon. S C Rodan)

Business transacted

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The Committee sat in private at 11.30 a.m.

Tynwald Select Committee on the Manx Electricity Authority

*The Committee sat in public at 10.30 a.m.
in the Millennium Conference Room,
Legislative Buildings, Douglas*

[MRS CHRISTIAN *in the Chair*]

Procedural

The Acting Chairman (Mrs Christian): Good morning, everybody.

Welcome to this meeting, which is a sitting of the Select Committee of Tynwald on the Manx Electricity Authority to hear evidence in public session.

The Committee was established in Tynwald in July 2005 and it might be helpful if I set out our remit, which is:

‘To investigate the true and correct position with regard to the Manx Electricity Authority’s affairs and, noting the PKF Report, to investigate the role of the Authority, the Treasury, the Department of Trade and Industry and other parties deemed appropriate, to ascertain what went wrong and to report to Tynwald with findings and recommendations.’

My I first introduce you to my colleagues on the Committee: Mr Butt; Mr Callister; Mr Quirk; Mrs Marilyn Cullen, our Clerk; and our *Hansard* Editor this morning, Mr Clive Alford – he is responsible for recording today’s proceedings. Mr Speaker, our Chairman, is off Island today and I am taking the Chair in his absence.

Can I ask everyone to switch off their phones, please, and that means to switch them off, not simply turn them on to silent, because if they are left on the silent mode, they will interfere with the recording.

As you have gathered from our remit, the investigation is very wide ranging and we have received a considerable quantity of written evidence. The Committee has, therefore, decided to progress its investigation by separating various issues where practicable and investigating them in sequence, and we will be issuing a series of interim reports. We are, therefore, currently concentrating on the MEA’s compliance with financial regulations and the provision of information by the MEA to Treasury and the Department of Trade and Industry.

We are conscious that many of the events to be investigated took place some years ago; we have, therefore, in fairness to the witnesses, prepared a file of evidence which relates to the subject matter currently under investigation, and witnesses have had an opportunity to view that documentation in order to refresh their memories, and the file has been placed in the Tynwald Library and is available to members of the public. In addition, the transcripts of the earlier evidence sessions are on the Tynwald website.

Administration of the Oath

The Acting Chairman: Our witness today is Mr Lewis.

Good morning, Mr Lewis. Thank you for attending today. Can I first ask our Clerk to invite you to take the Solemn Oath, please.

Mr Lewis took the Bible in his right hand and repeated the Oath.

Mr Lewis: I solemnly and sincerely declare that the evidence I shall give to the Committee, at this and any further hearing, shall be the truth, the whole truth and nothing but the truth.

The Acting Chairman: Thank you.

EVIDENCE OF MR A LEWIS

The Acting Chairman: Could you start, please, by stating for us your name and your role and the responsibilities that you held at the time in question.

Mr Lewis: My name is John Ashton Lewis. I am a Chartered Electrical Engineer, a Fellow of the Institute of Engineering and Technology and, at present, the Chief Executive Officer of the Manx Electricity Authority. I was appointed to this post on 16th January 2005.

Prior to that, I worked for the MEA and the former Isle of Man Electricity Board since 1965. I have worked in many different roles and during the period in question, I was, firstly, the Design and Construction Manager, with overall responsibility for network design and construction management.

Moving on from that, I was promoted to the role of Capital Investment Manager, then Director of Network Services and, finally, Chief Executive Officer. I have been involved in most of the major construction projects undertaken by the MEA since its inception in 1984. This would include the Pulrose D Station, Peel Power Station, the sub-sea cable and the Pulrose combined cycle gas turbine (CCGT) and gas-supply works.

The Acting Chairman: Thank you.

Now, do you want to...? Those are the points that you want to make in your opening statement, okay.

Mr Lewis: Yes.

The Acting Chairman: Can I ask you, in respect of the capital development – this major capital development – what exactly your role was in relation to it, please, specifically with regard today to the power station itself, as opposed to the rest of the...

Mr Lewis: During the period we are talking about, I was Capital Investment Manager and, prior to that, I was Design and Construction Manager. My role actually changed halfway through, or a portion of the way through the project.

Procedural

Administration of the Oath

Tynwald Select Committee on the Manx Electricity Authority – Evidence of Mr A Lewis

Does that help?

The Acting Chairman: It might! So as Capital Investment Manager, how did you function in that role?

Mr Lewis: I was responsible for the day-to-day management of the capital schemes.

The Acting Chairman: Of the capital schemes, so you were aware of the budgets of the capital schemes and the day-to-day expenditure incurred?

Mr Lewis: Yes.

The Acting Chairman: So you recorded all of that.

Mr Lewis: All of it is recorded, yes. Not me personally.

The Acting Chairman: Right, all of it is recorded, but you were responsible for it.

Mr Lewis: Yes.

The Acting Chairman: So you knew how the projects were progressing –

Mr Lewis: Yes.

The Acting Chairman: – the expenditure that was incurred.

Mr Lewis: Yes.

The Acting Chairman: The issue, as I have indicated, that we are particularly focusing on is the compliance with financial regulations and the relationship with Treasury and DTI. In the early stages, in January 2001, you had a meeting with Mr Thompson, who was the Capital Projects Unit representative, following which he sent you a letter stating that:

‘The purpose of procedures is to ensure that all Government projects follow a consistent and clear process that will allow all concerned to carry out their duties in a manner that should be above criticism, using methodologies that are tried, tested and considered to be good practice.’

Can you tell us anything about the procedures that you were using and why it was felt that you did not need to comply with the... or did you feel you needed to comply with the Capital Projects Unit and the financial regulations?

Mr Lewis: I do not actually recall ever seeing this letter. It may be that it was never issued to me, but I have been able to establish the meeting details by reference to diaries and day books.

To the best of my knowledge, the meeting referred to in Mr Thompson’s letter of 29th January actually took place on 15th December 2000, nearly eight years ago – eight years ago next week.

The meeting was the first time I had ever met Mr Thompson. There was no agenda, the meeting was very informal and, to the best of my knowledge, no actions were agreed. I would not have had the authority to agree actions such as changing the MEA procedures. The Authority had

used its own procedures, although specifically implemented by the consultants for the various projects.

On the sub-sea cable, which had only been commissioned six weeks earlier, we used procedures from National Grid, and as far as I know, Capital Project Unit procedures were never used.

My review of the records shows that there was a meeting scheduled for 29th January. I did not attend this meeting, neither was I invited to; however, Mr Proffitt’s diary indicates that a meeting was scheduled for 16:30 on this date with Mr Heaton Armstrong – I assume from the Water Authority – and Mr Thompson, although I cannot comment on whether the meeting took place or what was discussed. I agree with the intent of the letter, that the CPU procedures needed to be amended, and agreed with Mr Thompson’s starting point that a meeting between MEA, the CPU and Government internal audit would have been very useful. Indeed, I note the meeting did [*Technical interruption*]

The Acting Chairman: Sorry for that interruption. Is it adjusted now? Continue, thank you.

Mr Lewis: I agree with Mr Thompson’s starting point that a meeting between MEA, the CPU and Government internal audit would have been a very useful meeting. Indeed, I note that this meeting did, in fact, take place some months later, once Mr Dewar and Mr McGreal became involved.

The Acting Chairman: With regard to the letter on the 29th, which you say you had not received, that was about a previous meeting, not about a meeting on the 29th.

Mr Lewis: I am very aware of that.

The Acting Chairman: Yes.

Mr Lewis: It arrived, I understand... It was sent on the 29th. It was sent on the same day there was actually a meeting, and it was six weeks after the date of our meeting. I find that a bit...

The Acting Chairman: Do you have any recollection of that meeting six weeks earlier and the purpose of it?

Mr Lewis: No, I do not. Sorry, I have very little. It was a get-to-know meeting, as far as I know. I do not even know why I was at the meeting. The meeting was sprung on me very much at the last minute.

The Acting Chairman: The December meeting?

Mr Lewis: Yes.

The Acting Chairman: Was someone else at it?

Mr Lewis: No.

The Acting Chairman: So you did not understand why

Mr Lewis: I was asked fairly late in the day would I go and meet Mr Thompson.

The Acting Chairman: You understood his role was as

Capital Projects Unit Manager?

Mr Lewis: Vaguely. Bear in mind that MEA had never used the Capital Projects Unit procedures at all.

That is the background I had come from and I had been involved in all of these other schemes over a long period of time, so this was –

The Acting Chairman: And you had not really anticipated using Capital Projects relationships for this scheme.

Mr Lewis: You are absolutely right. We had a detailed set of procedures set up through our consultants, covering all the facets of the operation, which I will cover with you later, but that is the way we were structured at the time. This was very late in the day now.

The Acting Chairman: Your procedures... To what extent did they relate to maintaining records as to expenditure vis-à-vis budget and so on?

Mr Lewis: Very, very extensive.

The Acting Chairman: Extensive?

Mr Lewis: Yes.

The Acting Chairman: So you would know when things were going astray with regard to budget.

Mr Lewis: Yes.

The Acting Chairman: Any further questions on that issue, on this meeting?

Mr Quirk: Can I just ask, Mr Lewis, regarding your involvement in the particular project, what other officers did you have for support for this particular project? Could you identify what their job descriptions were, how they were involved, what their duties were and functions?

Mr Lewis: Off the top of my head, I cannot give you all of them, but there were dozens and dozens.

You are talking about my particular role... I had electrical consultants, mechanical consultants, civil consultants, control instrumentation consultants, environmental consultants, legal advisers, commercial advisers, quantity surveyors, architects, mechanical engineers. There was a whole raft. Is that what you are meaning?

Mr Quirk: Yes, that is fine, but on the financial side, regarding the way the capital project was going, I just wondered when did you find out you were going to be under capital procedures? Could you actually give us a date?

Mr Lewis: No, I cannot.

Mr Quirk: Were you under the perception when the project started you were doing your own thing with the MEA procedures, and when did you find out you were going to be running on capital procedures of the Treasury?

Mr Lewis: We never ran on the Treasury's CPU procedures.

Mr Quirk: No.

Mr Lewis: We did not.

Mr Quirk: But you had an indication, obviously, that when Mr Thompson was... You were asked to attend a meeting. Certainly I would have thought you would –

Mr Lewis: No, I did not have an indication when I was asked to attend that meeting. No, I did not.

Mr Quirk: No?

Mr Lewis: No.

Mr Quirk: Did you not query why you were meeting Mr Thompson?

Mr Lewis: I have to say you are talking about eight years ago. I cannot remember. I have no day book files.

As I say, you do have to remember where we were. We had only just finished commissioning the sub-sea cable six weeks before. Can you imagine what that task was? We were only just coming out of that and we were moving rapidly up to the building of the new power station. We had a huge amount of work on the table and dealings with the Treasury were not something that I would normally have dealt with. The Chief Executive and the Chief Financial Officer would have dealt with those issues.

Mr Quirk: So, not to put words in your mouth, but as far as the capital procedures that worked under Treasury, you are suggesting to the Committee that others within the MEA were responsible for those?

Mr Lewis: Others within the MEA would have been responsible for the procedures that I would work to, and for a project like this we went to Parsons Brinckerhoff.

Parsons Brinckerhoff are a very large consultancy involved in the construction of power stations who have vast experience in this area, both in the commercial, the legal and the engineering side, and we employed them to undertake those roles for us.

Mr Quirk: Did they report back to you?

Mr Lewis: They reported back to me, yes.

Mr Quirk: Would they report back to the Chief Executive?

Mr Lewis: No, they would report to me; I would report to him.

Mr Quirk: So there was a chain of command?

Mr Lewis: Absolutely, yes.

The Acting Chairman: Coming back to the issue of the wish of Treasury and the Capital Projects Unit to have some form of compliance with the financial regulations, a further letter was sent to you on 1st June 2001 in which Mr Thompson states that:

'I have expressed concern previously at the complete absence of the capital projects procedures framework from your schemes. However, although the Capital Procedure Unit concurrence was not given to your appointments, we will be more than pleased to regularise matters relating to the professional indemnity insurance for your various consultants. I do believe that it was agreed that we would be part of the tender review and appraisal process and I must record a degree of concern that at the time of writing we have heard nothing on this matter (formally) from yourselves.'

There is an implication in that letter that there had been some discussion between yourselves and CPU – or someone in the MEA – about compliance with the regulations and the requirement for approval of the CPU for the appointments that were made. Was it agreed that CPU should be involved in the tender processes, in your view, and if so, why did that not happen?

Mr Lewis: This offer appears to be made on 11th April 2001 during a meeting at Ballacottier, followed by a visit to the power station site. My record of the meeting shows that I was only present for that part of the meeting held at Ballacottier, and Mr Thompson, Mr Dewar and Mr McGreal were shown around the power station by Mr Proffitt.

I do not recall the offer being made, and in any case I would not have had the authority to make this level of change to the procedures at that point in time, only two-and-a-half weeks before the tender evaluation exercise was due to start. So we are now two-and-a-half weeks away from the tender evaluation exercise. The tenders were evaluated by a large team of experts from the various disciplines involved: electrical, turbine performance evaluation, mechanical, control instrumentation, civil, environmental, legal and commercial.

The Acting Chairman: So, if there was an agreement, you were not aware of it?

Mr Lewis: If there was an agreement, I was not aware of it, and I certainly did not have the authority to change it. As I have said before, there was a massive tender evaluation exercise being set up with all the various experts.

The Acting Chairman: Thank you.

Mr Butt: Can I just ask, Chairman –

The Acting Chairman: Yes, Mr Butt.

Mr Butt: Can you explain, then, why these letters were addressed to you if you were not part of these discussions or these agreements? Why were you actually receiving these letters?

Mr Lewis: To be quite honest with you, I have no idea. A senior member of the Treasury should have been writing to the Accounting Officer, who was the Chief Executive. I have no idea why he was writing to me.

The Acting Chairman: Mr Callister.

Mr Callister: Could I just ask you who the Chief Financial Officer was at that time?

Mr Lewis: The Chief Financial Officer was Clive Wilcox.

Mr Callister: And was he Chief Financial Officer through this entire period?

Mr Lewis: No.

Mr Callister: What changed?

Mr Lewis: John Kelly was there in the early days.

Mr Callister: When would that have changed? That was before Clive Wilcox, was it, or –

Mr Lewis: He was there before Clive Wilcox.

Mr Callister: So during the process that the power station was being built, Clive Wilcox would have been the Chief –

Mr Lewis: He was the Chief Financial Officer, yes.

Mr Callister: Thank you.

The Acting Chairman: Mr Butt.

Mr Butt: If you could just clarify for me, in your earlier statement you said that you were, at one time, Capital Investment Manager –

Mr Lewis: That is right.

Mr Butt: – but your role changed at some stage. Can you give us some dates about what your other role was and when that changed?

Mr Lewis: I have to say, largely... I cannot remember the exact date. I can write to you and give you the dates.

Mr Butt: Were you Capital Investment Manager during this period when these letters we mentioned –

Mr Lewis: Oh, yes.

Mr Butt: Late 2000, early 2001.

Mr Lewis: Well, I am saying yes. I will have to write to you and give you the exact date. I do not want to mislead you.

Mr Butt: And you said that you had the day-to-day management of the capital schemes, so therefore when the Capital Projects Unit of the Treasury were speaking to you, would you accept that you would be the person they would need to speak to?

Mr Lewis: No, because I am aware, from the files, that these have been issues that have been going on since the late 1990s and I find it a little bit rich that somebody is writing to me.

Mr Butt: Before we move on to other points, you did also say, 'I would know when things were going astray in terms of finances'. You said earlier today.

Mr Lewis: That is a fair comment, yes.

Mr Quirk: Could I just ask, Mr Lewis, regarding the

tender documents and the delivery of the tender documents, were you present when the documents were delivered and opened?

Mr Lewis: I was there when the documents were opened, bearing in mind these were files like that... There must have been archive box files, about 20 or 30 of them.

Mr Quirk: Can I just ask you who would do the authentication? Normally, on the procedures, you would open them up and look at them, and then somebody would sign them off that they were received, present, and according –

Mr Lewis: That was all done. I do not recall exactly who did that, but again I can write to you on those details if you so wish.

Mr Quirk: But you were there present?

Mr Lewis: I would have been present, yes. It was not a big issue, as far as I was concerned. There were others there who would be dealing with that. The Chief Executive would have been there and the Chief Financial Officer would have been there, representatives from the consultants would have been there.

Mr Quirk: Can I just step back a little bit –

Mr Lewis: If I can just explain to you how tenders for those sort of schemes will arrive in: they are very complicated – and you have got to understand, I am not being condescending to anybody – but you have got to know your way through the paperwork. It is not a matter of just opening an envelope and saying it is going to cost that. It is not like that at all. It would take a very experienced person a long time to actually work out the individual price.

Mr Quirk: Did the MEA evaluate it themselves?

Mr Lewis: We did not evaluate it ourselves. There was a team of people who evaluated it and the tenders were split into various sections. Pricing information was taken off and all the technical details were then split out and passed to the various teams to evaluate them.

Mr Quirk: Just to go... Can I just say, Chairman... regarding the capital procedures, then, when all this was happening and you were getting letters, did you not have a concern to report to your senior officer to say, 'Why am I getting these letters?'

Mr Lewis: You actually cover those points in some of your later questions. If I can go back to that, I will cover those points then.

The Acting Chairman: You could come to the next point, which is a further letter, and you have expressed your concern that you are not sure why you were receiving these letters, but on 20th July 2001, Mr Thompson writes to you again and stated:

'As I have stated on many occasions, the procedures do apply to the Authority, whether they are appropriate or not –'

The implication there is that there has been some

discussion about their appropriateness.

' – and we must deal with that as a matter of urgency. I will also restate my acceptance that they are not entirely appropriate and confirm once again my willingness to work with you to find something acceptable to all parties. I would suggest that you now formally seek concurrence to the proposed appointments for the delivery of the project.'

What did you do when you received that letter?

Mr Lewis: As I had no authority to change the MEA procedures, as far as I can recall, these letters would have been forwarded to the Chief Executive for him to review them and deal with them as he saw fit.

The Acting Chairman: You think that you forwarded them to him?

Mr Lewis: Yes, that is my position.

The Acting Chairman: And then, again, we go on to the next month and, on 23rd August, you had another letter from Mr Thompson:

'In the absence of a response on this or any other occasions, it causes me great concern that it is clear to me that what we understood to be commitment to compliance in some form or other is not your intention, which is extremely disappointing. I have advised Treasury of the current situation and I have included in that advice your view that compliance is not possible in the commercial environment. The Authority's failure in this respect leaves the Authority and Treasury exposed to a primary breach of the financial regulations, which is being compounded by continued non-compliance.'

There is again an implication there that you have had a discussion somewhere with Mr Thompson or the CPU and said that you are not going to comply.

Did you understand why CPU wanted this information, and what actions did you take, or did you still not take any actions?

Mr Lewis: Yes, I did understand the Treasury's concern and I passed the letters to Mr Proffitt, whom they should have been addressed to in the first place. However...

The Acting Chairman: Why do you think, then, that Mr Thompson was addressing them to you?

Mr Lewis: I have no idea.

The Acting Chairman: Would it not be part of the structure of the financial regulations that the person who is dealing with the budget and the control might be a person to be involved in discussion on the capital project?

Mr Lewis: I would have expected items of that nature to have been passed to the Chief Executive, who would then instruct me what he wanted to do, and that is the way our structure was and is.

The Acting Chairman: You did not look at what the capital projects structure, or financial regulations structure, might imply or require?

Mr Lewis: Not specifically. I passed those to my boss, for the want of a better way of describing it.

The Acting Chairman: And had you expressed the view that it was not possible to comply in a commercial environment?

Mr Lewis: I would like to discuss that other point. My comment noted by Mr Thompson with regard to the commercial environment was not in relation to projects of this sort; it was referring to commercial arrangements the MEA would have had with builders and developers with regard to installing supplies of electricity to housing estates or office blocks to commercially agreed deadlines up to and including significant substation constructions and fit-out.

My concerns at the time were that if the CPU procedures were to be applied to these types of works, then the review of all points on the capital procedure notes would cause delay in the Authority's ability to provide network design and quotations on a timely basis to meet the commercial requirements of our customers.

We could also be prevented from delivering supplies of electricity to new developments where we had previously made commitments to make supplies available. I considered this to be highly relevant in any revision of the procedure notes to ensure that the MEA's commercial customer-driven aspects were protected.

At no time did I consider the commercial considerations overrode compliance, as I was already complying with MEA procedures in this area but wanted assurance that any compliance discussions would include my concerns. Those are items that were discussed at the meeting back in December. I do remember that particular point of the meeting. That is where I was coming from with that comment. That comment is taken completely out of context.

The Acting Chairman: Mr Butt.

Mr Butt: Thank you.

The letters from Mr Thompson to you are quite strongly worded in some ways, so they must have caused you some concern. You have just read out, or just stated what your view of the situation was of complying with capital procedures. Is that advice which you gave to Mr Proffitt and the Chief Executive and the board? Did you pass on that advice to them?

Mr Lewis: First of all, I did not advise the board. That is not a job that I did. The Chief Executive advised the board.

Mr Butt: Sorry, what you have just said to us now is that was your view. Had you expressed that view to the board about the possibility of complying with capital procedures?

Mr Lewis: Did I express that view to the board? I did not express that view to the board.

Mr Butt: You just have to us, you see, so I wondered have you...

Mr Lewis: Sorry. No, I would not have expressed that view to the board. That was not my position. The Chief Executive would have expressed that view to the board, or he *may* have expressed that view to the board.

Mr Butt: But when you had these letters in your hand,

which are very strongly worded with concerns from the Treasury – from the Government, who have given the money – what did you do with that letter when you gave it to the board, or Mr Proffitt?

Mr Lewis: I gave it to Mr Proffitt and asked him to deal with it.

Mr Butt: Did you actually have a discussion about the concerns of Treasury, and did you –

Mr Lewis: I do not remember a discussion *per se*. I can remember giving him the correspondence and his comment would be something along the lines, 'Well, I'll deal with that, that is fine.' I cannot do any more than that.

Mr Butt: You have just said to us, though, that for various reasons, because of the technical nature of the work you were doing, they would have slowed things down, made things more complicated, more difficult. That was your view.

Mr Lewis: I have explained there, that is my view with regard to typical schemes that we might have to work on around the town of Douglas, for example.

Mr Butt: Was that view shared between you and the board and between you and Mr Proffitt?

Mr Lewis: I do not honestly know, to be honest with you. I would suspect it would be shared between myself and Mr Proffitt. Whether he took that to the board, I have no idea.

Mr Butt: You say 'suspect' – was it, or not?

Mr Lewis: I honestly cannot remember.

The Acting Chairman: Sorry, Mr Callister.

Mr Lewis: It would be unlikely if it was not, but I cannot remember now.

Mr Callister: The statement in the letter from Mr Thompson says:

'... your view that compliance is not possible in a commercial environment.'

You have explained in certain circumstances that you would think that it would not be appropriate. Did you believe that it was not appropriate in the case of creating a power station of this kind? Do you think that still applied in a large public works?

Mr Lewis: I have to say, at this point in time, we are very late in the game now, and there was an offer earlier on to talk with the CPU, to talk to Mr McGreal, to talk to Mr Dewar, and that procedure had not taken place at that stage. If that procedure had taken place, maybe things could have been modified, but what you have got to bear in mind... I was incredibly busy on other works at this point in time. I passed these items away to Mr Proffitt to deal with and he would then come and tell me how he wanted them dealt with. They were not my decisions.

Mr Butt: You say it is late in the day; it is actually only

a month after Tynwald voted the money to undertake the capital projects.

Mr Lewis: The contract had already been signed for the power station work to start and work was starting, so it was late in the day.

Mr Butt: So it was very early in the day.

Mr Lewis: No, late in the day. The design, the tender, all of that process, which is very detailed in the Capital Projects Unit... We are now at something like... I am not sure of the numbers, but you are a very long way down the process at that stage.

The Acting Chairman: But you were only at the start of the major spend on the capital project itself.

Mr Lewis: That is not where the procedure starts. The procedure starts a long way back.

The Acting Chairman: But there was a willingness to modify the procedures. Bearing in mind that you had some procedures yourself which you have indicated you were following –

Mr Lewis: Yes.

The Acting Chairman: – there was no consideration of to what extent they could be modified? You did not get involved in any of that, then?

Mr Lewis: I did not get involved; no, I did not.

The Acting Chairman: Can we move on to the next question, and it does relate to the same letter. You have indicated that you handed that to Mr Proffitt, or you consulted him about it, because he sent the reply to Mr Thompson, not yourself. What was his reaction to the letter? Did he express any view to you before he replied?

Mr Lewis: I honestly do not remember his reaction to the letter, to be honest with you.

The Acting Chairman: So he did not directly discuss it with you, so far as you can remember?

Mr Lewis: I do not remember. He was... As I say, you have got to bear in mind we were very busy at the time and I would pass him a letter. I had my job to do, I had my things to do; he would go and do his job.

The Acting Chairman: So we then move on to... We are starting to develop the power station and you have indicated that you were responsible for the capital investment and the major construction elements as a project manager, so you were recording the expenditure. What information did you produce and for whom in relation to the progress of the capital project?

Mr Lewis: Written monthly reports were prepared by our consultants, PB Power, and in some cases these were issued by different team leaders. Bear in mind there were many teams functioning at the time and they would all write their

various progress reports. I would then combine the reports into a single document and submit it to Mr Proffitt. It was this document that I issued to the Capital Projects Unit.

The Acting Chairman: Did that indicate expenditure against budget?

Mr Lewis: The document that I issued to Mr Proffitt indicated all of the expenditure.

The Acting Chairman: Against budget?

Mr Lewis: Against budget.

The Acting Chairman: What was the budget for the power station?

Mr Lewis: I cannot remember the figures at this point in time.

Mr Butt: Can I just... But the document submitted to CPU did not reflect those figures, did it?

Mr Lewis: That is correct.

The Acting Chairman: So the document you sent to CPU? You sent it to CPU –

Mr Lewis: Yes.

The Acting Chairman: – did not reflect expenditure against budget.

Mr Lewis: That is correct.

The Acting Chairman: Why not?

Mr Lewis: Because that is what I was instructed to send. I was instructed not to send them that information.

Mr Quirk: By whom?

The Acting Chairman: By whom?

Mr Lewis: The Chief Executive.

The Acting Chairman: What did he tell you to send them?

Mr Lewis: The written part of the report, the narrative section.

The Acting Chairman: Why did you think that they would not have found the financial information necessary?

Mr Lewis: I do not know. I do not know what arrangements he had with the Treasury or what arrangements he had with regard to reporting information, reporting lines.

The Acting Chairman: Was that information to your board? Did you send information to your board?

Mr Lewis: I sent all of the information that I had to the board. Sorry, I sent it to the Chief Executive; he then sent it

to the board. I know that, and you cover those in your...

You are now moving on to later questions, but do you want me to cover it, then?

The Acting Chairman: Well, just clarify this issue. You have said that there was no financial information, effectively, included in the reports to the Treasury CPU. We will clear that point.

Mr Callister.

Mr Callister: Yes. We have got on file copies of the reports that were sent to the CPU. Could I ask you if you have still retained, or are there still available, the reports that were sent to the Chief Executive before they were presumably changed in some way?

Mr Lewis: Those reports are all on file. In fact, I know they are in the old board packs that you have got.

Mr Callister: But the ones with the financial information?

Mr Lewis: Yes, you have got them in the board packs. They are on your file.

Mr Callister: We will seek those, then. How detailed – because I have not seen those – was the financial information in those documents?

Mr Lewis: Very detailed; all of the expenditure is there.

Mr Quirk: Can I just ask, regarding the detail of expenditure, was there any point in time, when you were submitting those reports, that you were concerned about the implications of possibly an overspend or the requirements of the MEA that may not have particular funding to deliver the particular projects?

Mr Lewis: We were concerned about all of the expenditure at all of the time.

In regard to MEA arranging the funding, that was something that was entirely carried out by the Chief Executive and the Chief Financial Officer.

Mr Quirk: But can I ask you, if you were responsible for delivering the particular project, surely on the day-to-day... I can appreciate that a lot of people would have been talking to you, there would have been a lot of goings on, but wouldn't you have required or wanted to talk to financiers or the in-house accountant to say, 'I have concerns here'? Were you, on the way the project was running, concerned that you would simply just run out of money?

Mr Lewis: No. We never reached that stage, as far as I am concerned. We knew the cost was going to be more than the original estimate because, remember, it was an EPC contract that was ring-fenced and the contractor went out of business right at the start of the job.

Mr Quirk: Sorry, when you said you knew it was going to be more, when did you know, roughly? The year, date?

Mr Lewis: I cannot remember now. You only have to

look at the additional resources that we had to put in once the contractor had gone bankrupt. The contractor went out of business and we had to take over a huge range of activities that were being done by the EPC contractor originally, so we had to change our whole structure.

Mr Quirk: Can I ask, at that time – and I appreciate it was fairly hectic – what sort of procedures did you have? Did the board and the Chief Executive get together with yourselves to say, 'This is what we are going to do; this is how we are going to retrieve it,' and disseminate that information up and down?

Mr Lewis: I do not remember the board being involved, but they may have been. We certainly had a number of meetings on how we were going to salvage the project, yes. I was involved in some of those, not all of them. So the answer to your question, David, is yes, we did have meetings.

The Acting Chairman: Mr Butt.

Mr Butt: On the PB Power subject, you just confirmed... You said PB Power... various parts of the organisation collated their reports together, which you then had. You put them into one document, which was then given to the board.

Mr Lewis: No, it was given to the Chief Executive by me and I now know, from the board packs that I have seen since, that that is where the information went.

Mr Butt: And you say that you had a budget, you were trying to match a budget when you had these reports. When was the first inkling you had that it was going to be over the budget?

Mr Lewis: I cannot remember now. An awful lot of the expenditure was in different categories. You would have to go over the reports, and I have not been over those reports for a long time now.

Mr Callister: You said just a few minutes ago that you were aware that it would be over budget.

Mr Proffitt made an announcement to Members of Tynwald, I think in early 2003, that the project was on time and within budget. What was your view of that?

Mr Lewis: My recollection of that, and I do not remember the comment but I have heard about the comment since... He was referring, as far as I know, if it had been a like-for-like construction as built under the EPC – and it was not a like-for-like construction as would have been built under the EPC. Things changed, and changed dramatically.

Mr Butt: But his public announcement was that it was on time and in budget, the power station.

Mr Lewis: I cannot comment on his announcement. You must ask him about his announcement.

The Acting Chairman: Were you surprised to hear an announcement of that nature, if you knew that it was over budget?

Mr Lewis: Was I surprised? I suppose you might say that,

but at that point in time I was aware that the contract, or the works that we were undertaking, had completely changed. I was aware of that. I knew the way we were building it, the type of construction we were using.

The Acting Chairman: In what way had it changed from the original plan?

Mr Lewis: All the design risk had become MEA's design risk. We had put in contractors. These were contractors who were working directly for us. Originally, it was an EPC contractor.

We had built, effectively, a contracting arm, so we had to take on a lot of contract risk and design risk that would not normally have been ours. That would be –

The Acting Chairman: But it presumably was budgeted for by the original contractor?

Mr Lewis: I would assume so, yes. I would assume that to be the case.

The Acting Chairman: And it was a transfer of budget from them to you?

Mr Lewis: No, it is not as simple as that. I do not –

The Acting Chairman: It might not be as simple as that, but there must have been... Would you not agree there must be some element of budget? They were not doing it for charity.

Mr Lewis: I would agree with that statement, but I do not know what the contractor was going to do.

The Acting Chairman: Right.

Mr Lewis: I do not know how he was going to handle things commercially.

Mr Butt: Chairman, can I just finish off the PB reports?

The Acting Chairman: Yes.

Mr Butt: The PB reports were collated by you and sent to the Chief Executive.

Mr Lewis: Yes.

Mr Butt: A version without figures was sent to the Capital Projects Unit of Treasury. We had evidence a few months ago from Mr Dewar, your internal auditor, and he said he was not given access to those reports, either. Can you say why that would be?

Mr Lewis: No, I cannot.

Mr Butt: Would you expect him to be given access, if he required them?

Mr Lewis: If he required them, if it was part of his audit plan to do that, but I would not expect it to be any other way.

He has an audit plan, and if it is part of his audit plan, he would have it. His audit plan is agreed by the audit committee, and if he had given me a copy of his audit plan, showing that that was what he wanted – and I have to say I never received any requests – he would have had that.

The Acting Chairman: Did you, in any sense, have a team working on this project, or were you all working in isolated silos?

Mr Lewis: Why do you say that?

The Acting Chairman: You seemed to hand everything to the Chief Executive. Did you have joint meetings with investment managers, auditors, project managers, on the various elements of it?

Mr Lewis: Every day of life, yes, many, but they were mainly around the technical areas. We did. We had scheme teams, we had various review processes, we had many meetings.

The Acting Chairman: Discussion about things going over budget in those meetings?

Mr Lewis: They would be. Well, not put in the way you are trying to, shall we say, get me to put it.

The Acting Chairman: Please... I am not trying to get you to put it in any way. Just tell me how it was, please.

Mr Lewis: The costing would be discussed and was discussed frequently, yes.

The Acting Chairman: So there was an awareness that you might be, and if you were going over budget, an attempt to constrain over-expenditure?

Mr Lewis: There was an attempt all the time to do the job as cheaply as we could, but bear in mind that is all it was. Once you have started down a road like this, you cannot stop three-quarters of the way through, unless some other mechanism has been invented, but certainly not from where we were.

The Acting Chairman: That is understood. Can I just go back to a point that you made earlier? You said the PB Power people produced documents for various elements of the work which were sent to you. Who had an overall view then on the expenditure? Yourself?

Mr Lewis: Yes.

The Acting Chairman: Right, okay.
Mr Callister.

Mr Callister: Yes. What we are trying to get at is the information that was sent to the Treasury, the financial information that the Treasury received.

When Panel Kerr Forster examined the situation in July 2005, their Report shows that, after an initial cost of the power station of somewhere about, I think, £80 million, it finished up... These are their figures: power station and related costs, £138,000,866. We are talking almost £139 million. They

say in this document that the figure that the Treasury had included in capital returns was £183.5 million, so there was certainly £89 million plus in differences in the figures that were submitted in capital returns to the Treasury. They do identify these as a shareholding in Manx Cable Company and a certain amount, £36 million, that was capitalised, but nevertheless it seems to me that, from these figures, the Treasury were not correctly informed about the increasing expenditure that occurred from the start of the scheme to the completion. Would you agree?

Mr Lewis: From what you have just said to me there, I would agree with you.

Mr Callister: So are we talking then... This looks like a kind of deception, perhaps, does it?

Mr Lewis: I am not familiar with the figures that you have just quoted me there, and you must –

Mr Callister: I will certainly arrange for you to have a copy of this, yes. It is the PKF Report.

Mr Lewis: I am quite happy to write to you about the numbers that you are talking about there. I know they have been taken from the PKF Report, but I could certainly write to you and give you an explanation of what you have just said there, but I have not got that information to my fingertips today.

The Acting Chairman: Yes, Mr Butt.

Mr Butt: Can I ask, then... The overall project was £185 million. That was the bond that the Treasury approved, or Tynwald approved.

Mr Lewis: That was the value of the bond, yes.

Mr Butt: Yes. Your role as Capital Investment Manager included, presumably, the other aspects as well – the cables and the pressure stations etc.

Mr Lewis: I do not know what was included in it.

Mr Butt: No, in your role.

Mr Lewis: No, not in my role. My role was nothing to do with raising the funding for the bond.

Mr Butt: No, your role of the actual construction of the whole facilities from the power station to the cable: that would all be under you?

Mr Lewis: Construction of the cable, yes.

Mr Butt: So you knew there was a budget of £185 million. That was what was approved by Tynwald; that is what you were working to. Would you agree with that?

Mr Lewis: I would agree with that, but the budget that I get is the budget from the board. That is their borrowing with regard to the bond. I do not know what other borrowings they have done. I do not know what other financial arrangements they have got in place. I was not involved in any of that. That

would not be my job.

Mr Butt: So you are saying, then, that you presumed that, in addition to the £185 million, there may have been some other money to pay for extras?

Mr Lewis: Yes.

Mr Butt: That was your view?

Mr Lewis: That was my view, yes. It still is my view.

The Acting Chairman: I am trying to understand how your budget operated, then. The bond was £185 million. There was an indication –

Mr Lewis: The £185 million was not a budget given to me for a particular task.

The Acting Chairman: What budgets were you given? Did you design the budgets? Who dealt with the budget preparation?

Mr Lewis: The budget preparation would have been dealt with by the Chief Executive, the Chief Financial Officer, and myself at times.

Bear in mind we were left with... We had to build the power station. If Enron had stayed in being, we would have been very comfortable and we know we would have had a fight and a battle but we would have got there in the end. Once Enron went bust, it changed the whole financial picture and we were left with what we were left with: pick up the pieces.

The Acting Chairman: What were you left with in terms of your estimates of budget, then? You say Enron made a difference: what difference did the Enron situation make? Did you budget for that?

Mr Lewis: I cannot tell you off the top of my head. I can write to you with a breakdown of those numbers, but I have not got those numbers here with me today.

The Acting Chairman: Mr Callister.

Mr Callister: Could I just go back on this bit. Clearly, the costs were escalating, which you must have known. You would have known, surely, the monthly amount that it was increasing by over and above the original contract figures. Who else would be aware of that escalation?

Mr Lewis: The Chief Executive would be aware of it, the Chief Financial Officer would be aware of it, and whoever else my reports went to.

Mr Callister: The board would be aware?

Mr Lewis: I cannot pass comment on the board.

The Acting Chairman: Did you ever attend a board meeting, Mr Lewis?

Mr Lewis: I did not, no.

The Acting Chairman: You did not?

Mr Lewis: No.

The Acting Chairman: Did you think that unusual with a major project going on?

Mr Lewis: Not particularly, no. I had never attended a board, had not been in the habit of attending a board meeting. The Chief Executive attended the board meeting. That is the way the structure was at the time, and all the time that I had worked on the Peel Power Station job, the Pulrose D job, I would not have dealt with the board; the board would have been dealt with by the Chief Executive at the time.

The Acting Chairman: Did you have an assessment... You have mentioned that the bond was one amount of capital that was available, but you thought that there were other amounts of capital available to take you through these schemes, but did –

Mr Lewis: I do not know what was in the £185 million bond. I was never involved in that process. I was involved in the work that I was –

The Acting Chairman: You were not involved in looking at the budgets for the various elements of the scheme?

Mr Lewis: Not for the various elements of what went into the £185 million bond.

The Acting Chairman: But did that not equate to the budgets that you were working to?

Mr Lewis: No. Bear in mind you have said that in the £185 million there was the buy-out of National Grid for the Manx Cable Company. I had nothing to do with that. I have no idea what happened on that.

Mr Butt: It was stated publicly in Tynwald that there would be £185 million to do the whole project, and it was stated in Tynwald, in public, it would be £80 million for the power station, £15 million for National Grid, £10 million for a wind farm. It was all itemised in detail.

Surely, as the Capital Projects Manager of the MEA, you would know this is what the bid is, this is what the money is for, and these are the pricings that have been put forward. They come from the MEA, these pricings, and given to Tynwald.

Mr Lewis: I was not involved in the preparation of those prices. I have no idea where a lot of that information came from. It did not come from me.

The Acting Chairman: Alright, the bond was approved and the money was there. What budget were you presented with, then, for the development of the power station?

Mr Lewis: I cannot remember the figures, again, off the top of my head. I again would have to write to you on that. I am quite happy to write to you on that.

The Acting Chairman: Mr Quirk.

Mr Quirk: Can I just ask on that, where the Chairman has just gone on: there should be some sort of figure in your

head... When people do capital schemes or whatever, it is usually a round-about figure. It is not £999... Was it £60 million? Was it £50 million?

Mr Lewis: At the very start?

Mr Quirk: Your requirements to pull this project together would have been *x*, £45 million, £50 million, or whatever.

Mr Lewis: What you have to remember is there were so many... When I started work on that, there were so many unknowns with regard to what we were going to do – how we were going to get a gas supply, for example. There were so many unknowns. I do not know what the total figure was at the start; I was not involved in that.

Mr Quirk: Can I just refer you then to the Enron collapse?

Mr Lewis: You can.

Mr Quirk: When the Enron collapse happened, surely the Chief Executive and the board must have had the senior members in to talk about the particular issue?

Mr Lewis: We have already covered that ground.

Mr Quirk: No, I was just going to ask you regarding the collapse itself on that.

What were the ground rules issued then regarding taking the project forward? What were you issued with as the project director? Were you issued with the directive just to crack on and get it done, or were you issued with 'We need to deliver this for the good of the nation. Do this, that and the other. Don't worry about it, we'll take all the risk. You just crack on and get all the contractors together, secure them on the Island, keep them going.'?

Mr Lewis: The latter position.

Mr Quirk: Go on, you explain to me.

Mr Lewis: Well, you have just explained it to me.

Basically, we were asked to put together an arrangement of how we could make the system work, and once we had put that arrangement together, there were a lot of unknowns that we had to deal with. Where could we have gone otherwise? Could we have just left the site? That is the position we were faced with and it is alright many years later sitting here in a nice warm room, discussing it –

Mr Quirk: I'm flipping cold, actually!

Mr Lewis: That is not the situation we were faced with at the time. We had a giant hole in the ground with a contractor going bust and not knowing where we would go to next, and we had to build it all up again and pull those pieces together.

We were on a very tight timescale because of the winter loads that were coming on. Bear in mind we had demolished the old power station, so all the capacity that was in the old power station had been lost to us. We had had massive growth over the last few years. We had to move and get supply back on and get capacity back available for the system. That was

what we were faced with.

Mr Quirk: Can I just ask: was that part of the risk, then, to say that... Did you ever evaluate the risk yourself, personally, or were you ever aware of the risk... if all those contractors went back to their homes in the UK and far and wide, how much that potential risk was?

Mr Lewis: I did. I put a huge amount of personal effort into that, securing the services of a number of the key players before they went. They went out of business just before Christmas and one of the issues that we were faced with was if all the key players go away before Christmas, what is likely to happen is they are all going to pick up jobs. These are guys who go round the world working and we had to work very fast to get them to stay. We asked local employment agencies to take them on in the first instance, because we just did not know how it was going to drop out. That is the problem we were faced with, and it was not an easy one.

The Acting Chairman: It is understood capital projects can have their difficulties, and obviously –

Mr Lewis: Quite an understatement.

The Acting Chairman: – you were faced with a lot of difficulties, which you managed.

The issue, I think, that we are focusing on is a transparency and an openness between the MEA and the Treasury, so that at least Government knew what the situation was developing into. The issue, from what we hear here and the evidence we seem to have had, is that Government were not getting the information which would have given them an understanding of the situation that the MEA was getting into. Would you agree with that?

Mr Lewis: I would agree with that, yes.

The Acting Chairman: Mr Callister.

Mr Callister: Since taking over as Chief Executive of the MEA, have there been any capital schemes carried out in your time as Chief Executive, or not?

Mr Lewis: There have, yes.

Mr Callister: What was the capital project procedure for those? Was there a capital project procedure involved?

Mr Lewis: Yes. We used the CPU procedures and they worked alright, but they were not building a power station; they were –

Mr Callister: So if you were building another power station, would you operate under Treasury capital procedures?

Mr Lewis: If we were building another power station... but let us be blunt about it: the world has moved on and there are a whole lot of people understand a whole lot of things in a completely different way. The answer would be, yes, we would have the Capital Projects Unit involved at the start.

You probably are aware, without me saying too much, there are other schemes being proposed at the moment, and that is where we are. But I am the Chief Executive now; that is my decision, along with the board.

Mr Callister: Yes, indeed, but with hindsight, then, perhaps they should have been used, anyway.

Mr Lewis: We are all very clever with hindsight, aren't we?

Mr Callister: We are.

Mr Lewis: Not wanting to be flippant on the point, but...

The Acting Chairman: Can I just ask Committee members if they have any further questions to wind up. Mr Butt.?

Mr Butt: Yes, just on the PB Power reports that you received, Mr Lewis. You took out the financial details to pass on to CPU. Can you explain again why you did that, or who told you to do that?

Mr Lewis: I was instructed to do that by the Chief Executive.

Mr Butt: Have you anything in writing to confirm that?

Mr Lewis: No.

Mr Butt: It was a verbal instruction from the Chief Executive?

Mr Lewis: Well, I have not anything in writing.

Mr Quirk: Just on that, Chairman, if I can say... Wouldn't you find that strange, not to cover yourself, to say to the Chief Executive, 'Please could you indicate to me in writing,' or on an e-mail or a note, or something like that, a memo?

Mr Lewis: Not necessarily, no.

Mr Quirk: Can I just ask you, in your particular role now, then, would you accept the same procedure, or would you put in a mechanism where things are communicated differently?

Mr Lewis: I think, from that perspective... I have come up through the Government. I have been 40-odd years working for the Government in one form or another. That is probably what I... Yes, that is what I would do today to protect that other person, but just because I do that... lots of others do not do that.

The Acting Chairman: Mr Callister.

Mr Callister: Yes, just one final point. Could you describe your working relationship with the Chief Executive, Mr Proffitt?

Mr Lewis: The working relationship was good. He was very able, very strong, knew what he wanted. If you did not deliver, you soon found out.

Mr Butt: And what was your relationship with the board? How often did you meet the board?

Mr Lewis: I did not have a relationship with the board; I

did not meet with the board.

Mr Butt: Did you meet with them individually?

Mr Lewis: No, not specifically. We would have met with Mr Ferrer, who was on one of the commissioning teams. He would have been involved, but I would not have met with the other members of the board on a regular basis, no. I might have, to say hello to, but that is as far as it would ever be.

Mr Butt: Did you have any involvement with the subsidiary companies, Manx Cable Company and Skyward? Were you involved in those at all in any way?

Mr Lewis: No. Well, Manx Cable Company, yes. I was the MEA's project manager for the construction of the sub-sea cable, so I spent –

Mr Butt: The board of MCC, then, what was your –

Mr Lewis: I spent a long time working on that job.

Mr Butt: So who did you report to in that relationship?

Mr Lewis: At the time, Brian Machin, who was the Chief Executive.

The Acting Chairman: So the pattern, then, was that you reported to the Chief Executive, who had the link with the board.

Mr Lewis: Sometimes. It was a split reporting arrangement. My line manager was the Director of Network Services, but I was taken out of my normal day-to-day job to actually... I worked across for two years in the project office in Harrogate. I went over there to work so I was effectively taken out, and I operated at that point in time directly for the Chief Executive.

Mr Butt: One more question, please.

The Acting Chairman: Right.

Mr Butt: The final for me.

When did you first become aware of the loans that were taken out, the extra loans for £50 million and £70 million? What was the first knowledge you had of those?

Mr Lewis: About four years ago today.

Mr Butt: So you are saying November or December 2004. You had no inkling before that?

Mr Lewis: No.

Mr Butt: Thank you.

Mr Quirk: Last one for me.

The Acting Chairman: Just a quick one, yes.

Mr Quirk: Just regarding the wind turbine project, which Government earmarked £10 million for: was that on your radar? Did you have a responsibility for that?

Mr Lewis: It was on my radar, yes. I did a lot of work on the wind turbine project.

Mr Quirk: Were you not concerned, then, that that particular element of the project was not carrying forward?

Mr Lewis: Well, it was. That element of the project was carrying forward. I did a huge amount of work on that project. We actually took that project forward to a position where, in practical terms, the sites that were chosen, it was impractical to go for planning approval on them because of the Wildlife Act.

Mr Quirk: So you knew that there was a potential £10 million budget for the particular project to deliver it?

Mr Lewis: I did, yes.

Mr Quirk: So when you found out, then, that there was a technical glitch between planning, which was to do with the wildlife issue at one of the particular sites, what happened, then, to the money? Was that just frozen?

Mr Lewis: I have no idea what happened to the money *per se*. All the information on that is in the PKF and the KPMG Report. It is all there, recorded.

Mr Quirk: So how much over the £10 million do you think you actually spent? Could you remember off-hand?

Mr Lewis: I cannot remember off the top of my head.

Mr Quirk: The accounts... *[Interruption]*

Mr Lewis: No, I was not, but it would be a few thousand. I could write and give you a number, but I would suspect it was probably somewhere in the region of £20,000-£30,000.

We did quite a lot of environmental studies, we did a lot of wind-turbine testing, wind-sample testing. This was all running concurrently with the power station build, and we actually only stalled on that, really, at the end of the power station construction. The two jobs were running together. That is the answer on that.

The Acting Chairman: Thank you.
Mrs Cullen, do you have any questions?

Mrs Cullen: No, I think we have covered everything, thank you.

The Acting Chairman: That, I think, concludes our questions, Mr Lewis. Do you want, at this opportunity, to add anything?

Mr Lewis: I do not think so, no.

The Acting Chairman: Thank you very much for your assistance to the Committee. We will be taking further evidence and it might be necessary to invite you to come back again, but we will let you know in due course.

That concludes today's evidence session, and we will be publishing details of further sessions in due course.

Thank you.

The Committee sat in private at 11.30 a.m.